

House Concurrent Resolution No. 5014

By Committee on Taxation

Requested by Representative B. Carpenter

3-14

1 A PROPOSITION to amend article 11 of the constitution of the state of
2 Kansas by adding a new section thereto; establishing the freedom
3 from taxes fund; establishing the Kansas citizens freedom review
4 board; authorizing the board to review tax exemptions and approve or
5 eliminate such exemptions; eliminating the state-imposed property
6 taxes, income and privilege taxes.

7
8 *Be it resolved by the Legislature of the State of Kansas, two-thirds of the*
9 *members elected (or appointed) and qualified to the House of*
10 *Representatives and two-thirds of the members elected (or appointed)*
11 *and qualified to the Senate concurring therein:*

12 Section 1. The following proposition to amend the constitution of
13 the state of Kansas shall be submitted to the qualified electors of the state
14 for their approval or rejection: Article 11 of the constitution of the state of
15 Kansas is hereby amended by adding a new section to read as follows:

16 "§ 14. **Freedom from taxes section.** (a) There is
17 hereby established the freedom from taxes fund. There shall be
18 two sub-funds within the freedom from taxes fund:

19 (1) The state property tax elimination fund, which shall be
20 solely dedicated to the elimination of state-imposed property
21 taxes; and

22 (2) the state income and privilege tax elimination fund,
23 which shall be solely dedicated to the elimination of state-
24 imposed income and privilege taxes.

25 (b) The freedom from taxes fund and any sub-funds within
26 such fund shall be administered by the state treasurer. All
27 expenditures from the freedom from taxes fund shall be solely
28 for the elimination of state-imposed property and income and
29 privilege taxes and only expended under the provisions of this
30 section. All moneys received by the state treasurer that are
31 identified as moneys collected by the state of Kansas as a result
32 of the elimination, in whole or in part, of the state sales and
33 compensating use tax exemptions, hereafter referred to as tax
34 exemptions, and interest earnings on such moneys shall be
35 deposited in and credited to the freedom from taxes fund.

1 (c) All moneys received by the state treasurer that are
2 identified as moneys collected by the state of Kansas as a result
3 of the elimination, in whole or in part, of the state tax
4 exemptions including all moneys identified as principal in the
5 freedom from taxes fund shall remain intact and inviolate and
6 shall not be appropriated, transferred, encumbered, borrowed
7 against or otherwise diminished for any purpose whatsoever.
8 Only the interest earnings on the freedom from taxes fund may
9 be expended or transferred as provided for under the provisions
10 of this section.

11 (d) All moneys in the freedom from taxes fund shall be
12 invested and reinvested by the state treasurer in a prudent and
13 reasonable manner in accordance with investment policies
14 provided by law.

15 (e) (1) There is hereby established the Kansas citizens
16 freedom review board, which shall exist for the limited
17 purposes as provided for in this section.

18 (2) The composition, qualifications and manner of
19 appointment for the board shall be prescribed by law.

20 (3) The board shall review and approve or eliminate, in
21 whole or in part, any existing state tax exemptions to go into
22 effect for the next ensuing tax year.

23 (4) Upon completion of the review and issuance of the
24 determinations on all existing tax exemptions, the board shall
25 issue and submit a final report to the governor, the state
26 treasurer and the legislature not later than one year following
27 the effective date of the law to carry out the purposes of this
28 section. On the date of the submission of the final report, the
29 board shall be dissolved.

30 (f) (1) Following the elimination of such tax exemptions,
31 the state treasurer shall annually identify in each tax year the
32 amount of moneys collected in the state treasury that are
33 collected because of the elimination of such tax exemptions.

34 (2) Annually, the state treasurer shall transfer the amount
35 of such moneys to the state property tax elimination fund of the
36 freedom from taxes fund. Except as provided further, the
37 interest earnings on the state property tax elimination fund shall
38 be retained in such fund. The state treasurer shall present an
39 annual report to the legislature on the balance of the state
40 property tax elimination fund identified by principal and interest
41 earnings.

42 (3) When the state treasurer determines that the amount of
43 moneys identified as projected interest earnings in the state

1 property tax elimination fund is an amount greater than the
2 amount of moneys needed to eliminate state-mandated property
3 tax levies and state-imposed property taxes, such property taxes
4 shall be eliminated in the next ensuing tax year. In such year,
5 the state treasurer shall transfer from the state property tax
6 elimination fund to the state general fund interest earnings in
7 the amount equal to the amount of moneys not collected
8 because of the elimination of state-mandated property tax levies
9 and state-imposed property taxes. The state treasurer shall
10 certify the amount of such transfer. In the ensuing tax years
11 thereafter, the amount transferred to the state general fund shall
12 not exceed an amount equal to the amount of moneys
13 transferred from the state property tax elimination fund in the
14 immediately preceding tax year multiplied by 3%.

15 (4) When the state treasurer makes the determination as
16 provided in subsection (f)(3), the legislature shall not levy a
17 state-mandated property tax or state-imposed property tax on
18 any property in this state.

19 (5) Upon the elimination of state-mandated property tax
20 levies and state-imposed property taxes, annually, the state
21 treasurer shall transfer the amount of such moneys that continue
22 to be collected because of the elimination of such tax
23 exemptions to the state income and privilege tax elimination
24 fund of the freedom from taxes fund. Except as provided
25 further, the interest earnings on the state income and privilege
26 tax elimination fund shall be retained in such fund. The state
27 treasurer shall present an annual report to the legislature on the
28 balance of the state income and privilege tax elimination fund
29 identified by principal and interest earnings.

30 (6) When the state treasurer determines that the amount of
31 moneys that are identified as projected interest earnings in the
32 state income and privilege tax elimination fund is an amount
33 greater than the amount of moneys needed to eliminate state
34 income and privilege tax, state income tax and state privilege
35 tax shall be eliminated in the next ensuing tax year. In such
36 year, the state treasurer shall transfer from the state income and
37 privilege tax elimination fund to the state general fund interest
38 earnings in the amount equal to the amount of moneys not
39 collected because of the elimination of state income and
40 privilege taxes. The state treasurer shall certify the amount of
41 such transfer. In the ensuing tax years thereafter, the amount
42 transferred to the state general fund shall not exceed an amount
43 equal to the amount of moneys transferred from the state

1 income and privilege tax elimination fund in the immediately
2 preceding tax year multiplied by 3%.

3 (7) When the state treasurer makes the determination as
4 provided in subsection (f)(6), the legislature shall not levy a
5 state income tax on any income earned in this state or privilege
6 tax on net income on national banking associations, banks, trust
7 companies, federally chartered savings banks and savings and
8 loan associations in this state.

9 (g) (1) If the Kansas citizens freedom review board
10 eliminates, in whole or in part, any existing state tax
11 exemptions, the legislature may enact new, identical or similar
12 tax exemptions during any following regular session of the
13 legislature. If the legislature enacts any state tax exemptions,
14 such tax exemptions shall expire at the end of the tax year that
15 is five years from the date of enactment.

16 (2) If the Kansas citizens freedom review board approves,
17 in whole or in part, any existing state tax exemptions, such tax
18 exemptions shall expire at the end of the tax year that is five
19 years from the date of the submission of the final report.

20 (3) The legislature shall not consider renewing any
21 eliminated or expired tax exemption until the regular legislative
22 session immediately prior to such elimination or expiration.

23 (4) If the legislature enacts a law to eliminate, in whole or
24 in part, any existing state tax exemptions or any existing state
25 tax exemptions are allowed to expire, all moneys received by
26 the state treasurer that are identified as moneys collected by the
27 state of Kansas as a result of such elimination or expiration of
28 any state tax exemption shall be deposited in the state treasury
29 and credited to the freedom from taxes fund as provided for in
30 this section.

31 (5) If the legislature enacts a law to transfer or deposit
32 moneys into the freedom from taxes fund, such funds shall be
33 transferred or deposited pursuant to such law until repealed. The
34 legislature shall not suspend such transfer or deposit through an
35 appropriation bill.

36 (h) Upon the date that the state treasurer determines that
37 the state property tax elimination fund and the state income and
38 privilege tax elimination fund are fully funded in order for the
39 interest earnings from each such fund to reimburse the state
40 general fund for the lost revenue as a result of eliminating the
41 state property tax and the state income and privilege taxes,
42 during any ensuing regular session of the legislature, the
43 legislature may:

1 (1) Determine, by two-thirds of the members elected (or
2 appointed) and qualified to the House of Representatives and
3 two-thirds of the members elected (or appointed) and qualified
4 to the Senate, whether to deposit the amount of moneys that are
5 identified as moneys collected by the state of Kansas as a result
6 of the elimination, in whole or in part, of the state tax
7 exemptions in the state general fund; or

8 (2) propose to the citizens of Kansas a constitutional
9 amendment to eliminate other forms of taxes.

10 (i) The provisions of this section shall not apply to any
11 federal exemptions established by the constitution of the United
12 States or federal law.

13 (j) The legislature may enact laws to carry out the purposes
14 of this section.

15 (k) This amendment shall be effective on and after January
16 1, 2027."

17 Sec. 2. The following statement shall be printed on the ballot with
18 the amendment as a whole:

19 "*Explanatory statement.* This amendment would establish the
20 freedom from taxes fund, which would lead to the eventual
21 elimination of state-imposed property taxes and income and
22 privilege taxes. The Kansas citizens freedom review board
23 would be created, and they would review tax exemptions
24 and approve or eliminate them. The money provided from
25 such eliminations would be deposited into the freedom from
26 taxes fund, to be used to eliminate state-imposed property
27 tax and state income and privilege taxes. Any future tax
28 exemptions would not be allowed to exceed five years
29 without further enactment by the legislature.

30 "A vote for this proposition would lead to the future elimination
31 of state-imposed property taxes and state income and
32 privilege taxes. The Kansas citizens freedom review board
33 would be established to review all current tax exemptions for
34 their approval or elimination. Future tax exemptions would
35 be limited to a duration of not to exceed five years without
36 further enactment by the legislature.

37 "A vote against this proposition means the state of Kansas will
38 continue to levy property taxes, income and privilege taxes
39 and sales taxes to fund government operations, with no
40 changes made to the state constitution."

41 Sec. 3. This resolution, if approved by two-thirds of the members
42 elected (or appointed) and qualified to the House of Representatives and
43 two-thirds of the members elected (or appointed) and qualified to the

1 Senate, shall be entered on the journals, together with the yeas and nays.
2 The secretary of state shall cause this resolution to be published as
3 provided by law and shall cause the proposed amendment to be submitted
4 to the electors of the state at the general election in November in the year
5 2026, unless a special election is called at a sooner date by concurrent
6 resolution of the legislature, in which case the proposed amendment shall
7 be submitted to the electors of the state at the special election.