

SENATE BILL No. 259

By Committee on Assessment and Taxation

2-11

1 AN ACT concerning taxation; relating to income ~~tax~~ *and privilege taxes*;
2 providing that future tax rate decreases be contingent on exceeding
3 revenue estimates; amending K.S.A. 2024 Supp. *79-1107, 79-1108 and*
4 *79-32,110* and repealing the existing ~~section~~ *sections*.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) As used in this section:

8 (1) "Adjusted consumer price ratio" means the fiscal year consumer
9 price index divided by the base year consumer price index.

10 (2) "Adjusted general revenue fund collections" means actual tax
11 receipt revenues to the state general fund.

12 (3) "Base year revenues" means actual tax receipt revenues to the
13 state general fund for fiscal year 2024 in the amount of \$10,003,833,599.

14 (4) "Base year consumer price index" means a 12-month average of
15 the not seasonally adjusted consumer price index for all urban consumers
16 for fiscal year 2024.

17 (5) "Excess fiscal year general revenue fund collections" means the
18 positive difference from subtracting the inflation adjusted base year
19 revenues from the adjusted general revenue fund collections from the
20 immediately preceding fiscal year.

21 (6) "Fiscal year consumer price index" means a 12-month average of
22 the not seasonally adjusted consumer price index for all urban consumers
23 for the immediately preceding fiscal year.

24 (7) "Inflation adjusted base year revenues" means the base year
25 revenues multiplied by the adjusted consumer price ratio.

26 (b) Commencing on August 15, 2025, and every August 15 thereafter,
27 the director of the budget, in consultation with the director of legislative
28 research, shall determine whether the total fiscal year adjusted general
29 revenue fund collections from the immediately preceding fiscal year are in
30 excess of the inflation adjusted base year revenues. If the total fiscal year
31 adjusted general revenue fund collections from the immediately preceding
32 fiscal year are in excess of the inflation adjusted base year revenues, the
33 director of the budget shall certify to the secretary of revenue the existence
34 of such excess and the amount of the excess.

35 (c) In the event that the secretary of revenue certifies that the adjusted
36 general revenue fund collections from the immediately preceding fiscal

1 year are in excess of the inflation adjusted base year revenues, the
2 secretary shall calculate and publish the income tax ~~rate reduction~~ **and**
3 **privilege tax rate reductions** as a result of the excess. In calculating the
4 ~~income tax rate reduction~~ **reductions**, the excess fiscal year general
5 revenue fund collections shall be computed that would result in the
6 reduction of the ~~income tax~~ rates pursuant to subsection (d) in an amount
7 approximately equal to the rate reductions down to the nearest 0.01% to go
8 into effect for the next tax year. ***In calculating the privilege tax rate***
9 ***reductions pursuant to subsection (d), the reduction shall be a***
10 ***corresponding rate reduction that is equal to the total percentage***
11 ***adjustment to the corporate income tax.*** Such rate reductions shall remain
12 in effect unless further reduced pursuant to this section. The income tax
13 brackets and taxable income thresholds prescribed in K.S.A. 79-32,110(a),
14 and amendments thereto, shall be adjusted to reflect the changes in income
15 tax rates.

16 (d) The secretary shall first compute the reduction of the income tax
17 rates pursuant to K.S.A. 79-32,110(a), and amendments thereto, that
18 decreases proportionally all tax rates in effect. Once the lower income tax
19 rate is decreased to 4.5%, there shall be no further reductions to the lower
20 income tax rate and further reductions shall only be applied to reduce the
21 higher income tax rate in effect. Upon the higher income tax rate being
22 decreased to 4.5%, no further reductions shall occur to K.S.A. 79-
23 32,110(a), and amendments thereto. The secretary shall then compute
24 decreases to:

25 (1) The surtax imposed pursuant to K.S.A. 79-32,110(c), and
26 amendments thereto. The surtax shall be decreased until the combined
27 normal and surtax rates equal 4.5% that are imposed pursuant to K.S.A.
28 79-32,110(c), and amendments thereto. Once the combined normal and
29 surtax rates pursuant to K.S.A. ~~79-32,110(a)~~ **79-32,110(c)**, and
30 amendments thereto, equal 4.5%, no further reductions shall occur;

31 (2) ***the normal tax imposed pursuant to K.S.A. 79-1107, and***
32 ***amendments thereto. The normal tax shall be decreased until the***
33 ***combined normal and surtax rates equal 2.82% that are imposed***
34 ***pursuant to K.S.A. 79-1107, and amendments thereto. Once the***
35 ***combined normal and surtax rates pursuant to K.S.A. 79-1107, and***
36 ***amendments thereto, equal 2.82%, no further reductions shall occur;***
37 ***and***

38 (3) ***the normal tax imposed pursuant to K.S.A. 79-1108, and***
39 ***amendments thereto. The normal tax shall be decreased until the***
40 ***combined normal and surtax rates equal 2.9% that are imposed***
41 ***pursuant to K.S.A. 79-1108, and amendments thereto. Once the***
42 ***combined normal and surtax rates pursuant to K.S.A. 79-1108, and***
43 ***amendments thereto, equal 2.9%, no further reductions shall occur.***

1 **Sec. 2. K.S.A. 2024 Supp. 79-1107 is hereby amended to read as**
2 **follows: 79-1107. (a) Every national banking association and state bank**
3 **located or doing business within the state shall pay to the state for the**
4 **privilege of doing business within the state a tax according to or**
5 **measured by its net income for the next preceding taxable year to be**
6 **computed as provided in this act. Such tax shall consist of a normal tax**
7 **and a surtax and shall be computed as follows unless otherwise modified**
8 **pursuant to section 1, and amendments thereto:**

9 **(1) For tax year 2024, and all tax years thereafter, the normal tax**
10 **shall be an amount equal to 1.94% of such net income; and**

11 **(2) the surtax shall be an amount equal to 2.125% of such net**
12 **income in excess of \$25,000.**

13 **(b) The tax levied shall be in lieu of ad valorem taxes which might**
14 **otherwise be imposed by the state or political subdivisions thereof upon**
15 **shares of capital stock or the intangible assets of national banking**
16 **associations and state banks.**

17 **Sec. 3. K.S.A. 2024 Supp. 79-1108 is hereby amended to read as**
18 **follows: 79-1108. (a) Every trust company and savings and loan**
19 **association located or doing business within the state shall pay to the**
20 **state for the privilege of doing business within the state a tax according**
21 **to or measured by its net income for the next preceding taxable year to**
22 **be computed as provided in this act. Such tax shall consist of a normal**
23 **tax and a surtax and shall be computed as follows unless otherwise**
24 **modified pursuant to section 1, and amendments thereto:**

25 **(1) For tax year 2024, and all tax years thereafter, the normal tax**
26 **on every trust company and savings and loan association shall be an**
27 **amount equal to 1.93% of such net income; and**

28 **(2) the surtax on every trust company and savings and loan**
29 **association shall be an amount equal to 2.25% of such net income in**
30 **excess of \$25,000.**

31 **(b) The tax levied shall be in lieu of ad valorem taxes which might**
32 **otherwise be imposed by the state or political subdivision thereof upon**
33 **shares of capital stock or other intangible assets of trust companies and**
34 **savings and loan associations.**

35 ~~Sec. 4.~~ **Sec. 4. K.S.A. 2024 Supp. 79-32,110 is hereby amended to read as**
36 **follows: 79-32,110. (a) Resident individuals.** Except as otherwise provided
37 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
38 upon the Kansas taxable income of every resident individual, which tax
39 shall be computed in accordance with the following tax schedules *unless*
40 *otherwise modified pursuant to section 1, and amendments thereto:*

41 **(1) Married individuals filing joint returns.**

42 **(A) For tax years 2018 through 2023:**

43 If the taxable income is:

The tax is:

1	Not over \$30,000.....	3.1% of Kansas taxable
2		income
3	Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
4		over \$30,000
5	Over \$60,000.....	\$2,505 plus 5.7% of excess
6		over \$60,000
7	(B) For tax year 2024, and all tax years thereafter:	
8	If the taxable income is:	The tax is:
9	Not over \$46,000.....	5.2% of Kansas taxable
10		income
11	Over \$46,000.....	\$2,392 plus 5.58% of excess
12		over \$46,000

13 (2) *All other individuals.*

14 (A) For tax years 2018 through 2023:

15	If the taxable income is:	The tax is:
16	Not over \$15,000.....	3.1% of Kansas taxable
17		income
18	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
19		over \$15,000
20	Over \$30,000.....	\$1,252.50 plus 5.7% of
21		excess over \$30,000

22 (B) For tax year 2024, and all tax years thereafter:

23	If the taxable income is:	The tax is:
24	Not over \$23,000.....	5.2% of Kansas taxable
25		income
26	Over \$23,000.....	\$1,196 plus 5.58% of excess
27		over \$23,000

28 (b) *Nonresident individuals.* A tax is hereby imposed upon the Kansas
 29 taxable income of every nonresident individual, which tax shall be an
 30 amount equal to the tax computed under subsection (a) as if the
 31 nonresident were a resident multiplied by the ratio of modified Kansas
 32 source income to Kansas adjusted gross income.

33 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
 34 income of every corporation doing business within this state or deriving
 35 income from sources within this state. Such tax shall consist of a normal
 36 tax and a surtax and shall be computed as follows unless otherwise
 37 modified pursuant to K.S.A. 2024 Supp. 74-50,321 *or section 1*, and
 38 amendments thereto:

39 (1) The normal tax shall be in an amount equal to 4% of the Kansas
 40 taxable income of such corporation; and

41 (2) the surtax shall be in an amount equal to 3% of the Kansas taxable
 42 income of such corporation in excess of \$50,000.

43 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable

1 income of estates and trusts at the rates provided in subsection (a)(2).

2 (e) Notwithstanding the provisions of subsections (a) and (b), for tax
3 years 2018 through 2023, married individuals filing joint returns with
4 taxable income of \$5,000 or less; and all other individuals with taxable
5 income of \$2,500 or less; shall have a tax liability of zero.

6 ~~Sec. 5.~~ K.S.A. 2024 Supp. **79-1107, 79-1108 and 79-32,110 *is are*
7 hereby repealed.**

8 ~~Sec. 6.~~ This act shall take effect and be in force from and after its
9 publication in the statute book.