

SENATE BILL No. 283

By Committee on Assessment and Taxation

3-3

1 AN ACT concerning taxation; relating to income tax; decreasing income
2 tax rates for individuals; discontinuing income, premium and privilege
3 tax credits of the high performance incentive program and the Kansas
4 affordable housing tax credit act; repealing tax credits relating to
5 abandoned well plugging, agritourism liability insurance, assistive
6 technology contributions, declared disaster capital investment,
7 environmental compliance, owners promoting employment across
8 Kansas and swine facility improvement; relating to withholding tax;
9 discontinuing benefits of the promoting employment across Kansas act;
10 discontinuing the crediting of certain amounts to the job creation
11 program fund; amending K.S.A. 65-7107, 74-50,132, 74-50,212 and
12 74-50,213 and K.S.A. 2024 Supp. 74-50,107, 79-32,110, 79-32,160a
13 and 79-32,306 and repealing the existing sections; also repealing
14 K.S.A. 79-32,204, 79-32,207, 79-32,222, 79-32,262 and 79-32,266 and
15 K.S.A. 2024 Supp. 32-1438.

16

17 *Be it enacted by the Legislature of the State of Kansas:*

18

19 Section 1. On and after January 1, 2026, K.S.A. 65-7107 is hereby
20 amended to read as follows: 65-7107. ~~(a)~~ Appropriate state agencies are
21 hereby directed to amend their state plans to protect the benefits of those
22 receiving such benefits by adding language consistent with the following:
23 Any funds in an individual development account, including accrued
24 interest, shall be disregarded when determining eligibility to receive the
25 amount of any public assistance or benefits.

25

26 ~~(b) A program contributor shall be allowed a credit against state~~
27 ~~income tax imposed under the Kansas income tax act in an amount equal~~
28 ~~to 25% of the contribution amount.~~

28

29 ~~(c) The institute shall verify all tax credit claims by contributors. The~~
30 ~~administration of the community-based organization, with the cooperation~~
31 ~~of the participating financial institutions, shall submit the names of~~
32 ~~contributors and the total amount each contributor contributes to the~~
33 ~~individual development account reserve fund for the calendar year. The~~
34 ~~institute shall determine the date by which such information shall be~~
35 ~~submitted to the institute by the local administrator. The institute shall~~
36 ~~submit verification of qualified tax credits pursuant to K.S.A. 65-7101~~
37 ~~through 65-7107, and amendments thereto, to the department of revenue.~~

36

1 ~~(d) The total tax credits authorized pursuant to this section shall not~~
2 ~~exceed \$6,250 in any fiscal year.~~

3 ~~(e) The provisions of this section shall be applicable to all taxable~~
4 ~~years commencing after December 31, 2002.~~

5 ~~(f) For tax year 2013 and all tax years thereafter, the income tax~~
6 ~~credit provided by this section shall only be available to taxpayers subject~~
7 ~~to the income tax on corporations imposed pursuant to subsection (c) of~~
8 ~~K.S.A. 79-32,110, and amendments thereto, and shall be applied only~~
9 ~~against such taxpayer's corporate income tax liability.~~

10 Sec. 2. K.S.A. 2024 Supp. 74-50,107 is hereby amended to read as
11 follows: 74-50,107. (a) *Except as provided further*, commencing on July 1,
12 2021, and on the first day of each month thereafter during ~~fiscal year 2024~~,
13 ~~fiscal year 2025 and fiscal year 2026~~, the secretary of revenue shall apply
14 a rate of 2% to that portion of moneys withheld from the wages of
15 individuals and collected under the Kansas withholding and declaration of
16 estimated tax act, K.S.A. 79-3294 et seq., and amendments thereto. The
17 amount so determined shall be credited on a monthly basis as follows: (1)
18 An amount necessary to meet obligations of the debt services for the
19 IMPACT program repayment fund; (2) an amount to the IMPACT program
20 services fund as needed for program administration; and (3) any remaining
21 amounts to the job creation program fund created pursuant to K.S.A. 74-
22 50,224, and amendments thereto, *except that no amounts shall be credited*
23 *to the job creation program fund during fiscal year 2026*. During ~~fiscal~~
24 ~~year 2024~~, ~~fiscal year 2025 and fiscal year 2026~~, the aggregate amount that
25 is credited to the job creation program fund pursuant to this subsection
26 shall not exceed \$20,000,000 for ~~each~~ such fiscal year.

27 (b) Commencing on July 1, 2026, and on an annual basis thereafter,
28 the secretary of revenue shall estimate the amount equal to the amount of
29 net savings realized from the elimination, modification or limitation of any
30 credit, deduction or program pursuant to the provisions of this act as
31 compared to the expense deduction provided for in K.S.A. 79-32,143a, and
32 amendments thereto. Whereupon such amount of savings in accordance
33 with appropriation acts shall be remitted to the state treasurer in
34 accordance with the provisions of K.S.A. 75-4215, and amendments
35 thereto. Upon receipt of each such remittance, the state treasurer shall
36 deposit the entire amount to the credit of the job creation program fund
37 created pursuant to K.S.A. 74-50,224, and amendments thereto. In
38 addition, such other amount or amounts of money may be transferred from
39 the state general fund or any other fund or funds in the state treasury to the
40 job creation program fund in accordance with appropriation acts.

41 Sec. 3. K.S.A. 74-50,132 is hereby amended to read as follows: 74-
42 50,132. (a) For taxable years commencing after December 31, 1997, *and*
43 *before January 1, 2026*, a qualified firm shall be entitled to a credit against

1 the tax imposed by the Kansas income tax act, the premium tax or
2 privilege fee imposed pursuant to K.S.A. 40-252, and amendments thereto
3 or the privilege tax as measured by net income of financial institutions
4 imposed pursuant to chapter 79, article 11 of the Kansas Statutes
5 Annotated in an amount equal to the portion of the qualified business
6 facility cash investment in the training and education of the firm's
7 employees that exceeds 2% of the firm's total payroll costs. The maximum
8 amount of the credit that may be claimed by a single corporate taxpayer in
9 any single tax year under this section shall not exceed \$50,000. Tax credits
10 earned by a qualified business under this section must be claimed in their
11 entirety in the tax year eligible.

12 (b) For tax years commencing after December 31, 2005, *and before*
13 *January 1, 2026*, any taxpayer claiming credits pursuant to this section, as
14 a condition for claiming and qualifying for such credits, shall provide
15 information pursuant to K.S.A. 79-32,243, and amendments thereto, as
16 part of the tax return in which such credits are claimed. Such credits shall
17 not be denied solely on the basis of the contents of the information
18 provided by the taxpayer pursuant to K.S.A. 79-32,243, and amendments
19 thereto.

20 Sec. 4. K.S.A. 74-50,212 is hereby amended to read as follows: 74-
21 50,212. (a) In order to qualify for benefits under this act a qualified
22 company shall:

23 (1) Relocate to Kansas an existing business facility, office,
24 department or other operation doing business outside the state of Kansas
25 and locate the jobs directly related to such relocated business facility,
26 office, department or other operation in Kansas;

27 (2) locate a new business facility, office, department or other
28 operation in Kansas and locate the jobs directly related to such business
29 facility, office, department or other operation in Kansas; or

30 (3) expand an existing business facility, office, department or other
31 operation located in the state of Kansas and locate the jobs directly related
32 to such business facility, office, department or other operation in Kansas,
33 except that no payroll withholding taxes shall be retained prior to January
34 1, 2012.

35 A qualified company may utilize or contract with a third-party
36 employer to perform services whereby the third-party employer serves as
37 the legal employer of the new employees providing services to the
38 qualified company and such services are performed in Kansas and the
39 third-party employer and the new employees are subject to the Kansas
40 withholding and declaration of estimated tax act.

41 *The secretary shall not approve any application for benefits under this*
42 *subsection on and after July 1, 2025.*

43 (b) Any qualified company, approved by the secretary for benefits

1 pursuant to ~~paragraph~~ subsection (a), that locates its business operation in
2 a metropolitan county and will hire at least 10 new employees within two
3 years from the date the qualified company enters into an agreement with
4 the secretary pursuant to K.S.A. 74-50,213, and amendments thereto, or
5 any qualified company, approved by the secretary for benefits pursuant to
6 ~~paragraph~~ subsection (a), that locates its business operation in a non-
7 metropolitan county and will hire at least five new employees within two
8 years from the date the qualified company enters into an agreement with
9 the secretary pursuant to K.S.A. 74-50,213, and amendments thereto, shall:

10 (1) Be eligible to retain 95% of the qualified company's Kansas
11 payroll withholding taxes for such new employees being paid the county
12 median wage or higher for a period of up to:

13 (A) Five years if the median wage or average wage paid to the new
14 employees is equal to at least 100% of the county median wage;

15 (B) six years if the median wage or average wage paid to the new
16 employees is equal to at least 110% of the county median wage;

17 (C) seven years if the median wage or average wage paid to the new
18 employees is equal to at least 120% of the county median wage; or

19 (2) be eligible to retain 95% of the qualified company's Kansas
20 payroll withholding taxes for such new employees being paid the county
21 median wage or higher for a period of up to five years if the median wage
22 or average wage paid to the new employees is equal to at least 100% of the
23 NAICS code industry average wage.

24 *The secretary shall not approve any application for benefits under this*
25 *subsection on and after July 1, 2025.*

26 (c) Any qualified company, approved by the secretary for benefits
27 pursuant to ~~paragraph~~ subsection (a), that engages in a high-impact project
28 whereby the qualified company will hire at least 100 new employees
29 within two years from the date the qualified company enters into an
30 agreement with the secretary pursuant to K.S.A. 74-50,213, and
31 amendments thereto, shall be eligible to retain 95% of the qualified
32 company's Kansas payroll withholding taxes for such new employees
33 being paid the county median wage or higher for a period of up to:

34 (1) Seven years if the median wage or average wage paid to the new
35 employees is equal to at least 100% of the county median wage;

36 (2) eight years if the median wage or average wage paid to the new
37 employees is equal to at least 110% of the county median wage;

38 (3) nine years if the median wage or average wage paid to the new
39 employees is equal to at least 120% of the county median wage; or

40 (4) ~~ten~~10 years if the median wage or average wage paid to the new
41 employees is equal to at least 140% of the county median wage.

42 *The secretary shall not approve any application for benefits under this*
43 *subsection on and after July 1, 2025.*

1 (d) In the event that a qualified company contracts with a third party
2 as described in subsection (a), the third party shall remit payments equal to
3 the amount of Kansas payroll withholding taxes the qualified company is
4 eligible to retain under this section to the qualified company, and report
5 such amount to the department of revenue as required pursuant to
6 ~~subsection (a) of~~ K.S.A. 74-50,214(a), and amendments thereto.

7 (e) Commencing January 1, 2013, and ending June 30, 2018, any
8 company, which meets the criteria provided pursuant to the provisions of
9 K.S.A. 74-50,211, and amendments thereto, that retains the employees of
10 an existing business unit located in Kansas and enters into an agreement
11 with the secretary pursuant to K.S.A. 74-50,213, and amendments thereto,
12 shall be eligible to retain 95% of the qualified company's Kansas payroll
13 withholding taxes for such employees for a period of up to five years.

14 (f) (1) Commencing January 1, 2013, and ending June 30, 2018,
15 pursuant to the provisions of subsection (e), the secretary of commerce, in
16 the secretary's sole determination, may provide the benefits of the
17 promoting employment across Kansas act for situations where it is deemed
18 necessary by the secretary that the state of Kansas provide incentives for a
19 company or its operations currently located in Kansas to remain in Kansas
20 so as to keep its retained jobs. The secretary shall establish and verify that
21 a prospective company has competitive alternatives that it is seriously
22 considering and that a company's relocation may be imminent.
23 Furthermore, the secretary shall assess:

24 (A) Whether the retention of the company or its operations is
25 important to the economic vitality of the state;

26 (B) the area where such company or operations is located; or

27 (C) whether the retention of the company or its operations is
28 important to a particular industry in the state due to any number of factors
29 including, but not limited to, the quantity, quality or wages of the retained
30 jobs involved.

31 (2) Effective January 1, 2013, and ending June 30, 2018, the secretary
32 may use the promoting employment across Kansas act in conjunction with
33 other economic development programs to develop a retention package.

34 (g) ~~The provisions of this act as in effect prior to the effective date of~~
35 ~~this act shall apply to employers who have entered into agreements with~~
36 ~~the secretary prior to July 1, 2011. The provisions of this act shall apply to~~
37 ~~employers who enter into agreements with the secretary on and after July~~
38 ~~1, 2011.~~ *The secretary shall not enter into any agreement for benefits*
39 *under this section on and after July 1, 2025.*

40 (h) In the event a qualified company entered into an agreement for
41 benefits under this section prior to January 1, 2013, such qualified
42 company may request the secretary to extend the benefit term of such
43 agreement by a period of up to two additional years. If in the secretary's

1 discretion it is necessary to provide the qualified company with all benefits
2 intended under such agreement, the extension may be granted.

3 Sec. 5. K.S.A. 74-50,213 is hereby amended to read as follows: 74-
4 50,213. (a) Any qualified company meeting the requirements of K.S.A. 74-
5 50,212, and amendments thereto, may apply to the secretary for benefits
6 under this act *before July 1, 2025*. The application shall be submitted on a
7 form and in a manner prescribed by the secretary, and shall include: (1)
8 Evidence that the applicant is a qualified company; and (2) evidence that
9 the applicant meets the requirements of K.S.A. 74-50,212, and
10 amendments thereto.

11 (b) The secretary may either approve or disapprove the application.
12 Any qualified company whose application is approved shall be eligible to
13 receive benefits under this act as of the date such qualified company enters
14 into an agreement with the secretary in accordance with this section. *The*
15 *secretary shall not approve any application for benefits under this*
16 *subsection on and after July 1, 2025.*

17 (c) Upon approval of an application for benefits under this act, the
18 secretary may enter into an agreement with the qualified company for
19 benefits under this act. If necessary, the secretary may also enter into an
20 agreement with any third party described in ~~subsection (a)~~ of K.S.A. 74-
21 50,212(a), and amendments thereto, or such third party may be a party to
22 the agreement between the qualified company and the secretary. The
23 agreement shall commit the secretary to certify to the secretary of revenue:
24 (1) That the qualified company is eligible to receive benefits under this act;
25 (2) the number of new employees hired by the qualified company; and (3)
26 the amount of gross wages being paid to each new employee. *The*
27 *secretary shall not enter into any agreement for benefits under this section*
28 *on and after July 1, 2025.*

29 (d) The agreement between the qualified company and the secretary
30 shall be entered into before any benefits may be provided under this act,
31 and shall specify that should the qualified company fail to comply with the
32 terms and conditions set forth in the agreement, or fails to comply with the
33 provisions set forth in this act, the secretary may terminate the agreement,
34 and the qualified company shall not be entitled to any further benefits
35 provided under this act and shall be required to remit to the state an
36 amount equal to the aggregate Kansas payroll withholding taxes retained
37 by the qualified company, or remitted to the qualified company by a third
38 party, pursuant to this act as of the date the agreement is terminated.

39 (e) A qualified company that is already receiving benefits pursuant to
40 this act may apply to the secretary for additional benefits if the qualified
41 company meets the requirements of K.S.A. 74-50,212, and amendments
42 thereto. *The secretary shall not grant any additional benefits under this*
43 *subsection on and after July 1, 2025.*

1 (f) A qualified company seeking benefits shall be allowed to
 2 participate in the IMPACT program pursuant to K.S.A. 74-50,102 et seq.,
 3 and amendments thereto, but shall not be allowed to participate in any
 4 other program in which any portion of such qualified company's Kansas
 5 payroll withholding taxes have been pledged to finance indebtedness or
 6 transferred to or for the benefit of such company. A qualified company
 7 shall not be allowed to claim any credits under K.S.A. 79-32,153, 79-
 8 32,160a or 79-32,182b, and amendments thereto, if such credits would
 9 otherwise be earned for the hiring of new employees and the qualified
 10 company has retained any Kansas payroll withholding taxes from wages of
 11 such employees. A qualified company shall not be eligible to receive
 12 benefits under K.S.A. 74-50,212, and amendments thereto, and under
 13 K.S.A. 74-50,102 et seq., and amendments thereto, for the same new
 14 employees.

15 (g)~~(1)~~ Under no circumstances shall the total amount of benefits
 16 received by the aggregate of all expanding businesses, as such term is
 17 defined in K.S.A. 74-50,211, and amendments thereto, under this act
 18 exceed ~~\$4,800,000 in the fiscal year commencing on July 1, 2011,~~
 19 ~~\$6,000,000 in the fiscal year commencing on July 1, 2012, \$12,000,000 in~~
 20 ~~the fiscal year commencing on July 1, 2013, \$18,000,000 in the fiscal year~~
 21 ~~commencing on July 1, 2014, \$24,000,000 in the fiscal year commencing~~
 22 ~~on July 1, 2015, \$30,000,000 in the fiscal year commencing on July 1,~~
 23 ~~2016, \$36,000,000 in the fiscal year commencing on July 1, 2017, and~~
 24 ~~\$42,000,000 in any fiscal year commencing on or after July 1, 2018.~~

25 (2) ~~Under no circumstances shall the total amount of benefits~~
 26 ~~received by the aggregate of businesses under subsections (e) or (f) of~~
 27 ~~K.S.A. 74-50,212, and amendments thereto, exceed \$1,200,000 in the~~
 28 ~~fiscal year commencing on July 1, 2012, \$2,400,000 in the fiscal year~~
 29 ~~commencing on July 1, 2013, \$1,200,000 in the fiscal year commencing~~
 30 ~~on July 1, 2014, \$1,200,000 in the fiscal year commencing on July 1,~~
 31 ~~2015, \$1,200,000 in the fiscal year commencing on July 1, 2016, and~~
 32 ~~\$1,200,000 in the fiscal year commencing on July 1, 2017.~~

33 (h) The secretary shall adopt rules and regulations necessary to
 34 implement and administer the provisions of this act.

35 Sec. 6. 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:

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

41 (A) For tax years 2018 through 2023:

42 If the taxable income is:	The tax is:
43 Not over \$30,000	3.1% of Kansas taxable income

1 Over \$30,000 but not over \$60,000.....\$930 plus 5.25% of excess
 2 over \$30,000
 3 Over \$60,000.....\$2,505 plus 5.7% of excess
 4 over \$60,000
 5

6 (B) For tax year 2024, ~~and all tax years thereafter:~~
 7 If the taxable income is: The tax is:
 8 Not over \$46,0005.2% of Kansas taxable income
 9 Over \$46,000.....\$2,392 plus 5.58% of excess
 10 over \$46,000

11 (C) For tax year 2025:
 12 If the taxable income is: The tax is:
 13 Not over \$46,0005.2% of Kansas taxable income
 14 Over \$46,000.....\$2,392 plus 5.53% of excess
 15 over \$46,000
 16

17 (D) For tax year 2026:
 18 If the taxable income is: The tax is:
 19 Not over \$46,0005.2% of Kansas taxable income
 20 Over \$46,000.....\$2,392 plus 5.45% of excess
 21 over \$46,000
 22

23 (E) For tax year 2027:
 24 If the taxable income is: The tax is:
 25 Not over \$46,0005.2% of Kansas taxable income
 26 Over \$46,000.....\$2,392 plus 5.35% of excess
 27 over \$46,000
 28

29 (2) All other individuals.

30 (A) For tax years 2018 through 2023:
 31 If the taxable income is: The tax is:
 32 Not over \$15,0003.1% of Kansas taxable income
 33 Over \$15,000 but not over \$30,000\$465 plus 5.25% of excess
 34 over \$15,000
 35 Over \$30,000.....\$1,252.50 plus 5.7% of excess
 36 over \$30,000
 37

38 (B) For tax year 2024, ~~and all tax years thereafter:~~
 39 If the taxable income is: The tax is:
 40 Not over \$23,0005.2% of Kansas taxable income
 41 Over \$23,000.....\$1,196 plus 5.58% of excess
 42 over \$23,000
 43

1 (C) For tax year 2025:

2 If the taxable income is:	The tax is:
3 Not over \$23,000	5.2% of Kansas taxable income
4 Over \$23,000.....	\$1,196 plus 5.53% of excess
5	over \$23,000

6
7 (D) For tax year 2026:

8 If the taxable income is:	The tax is:
9 Not over \$23,000	5.2% of Kansas taxable income
10 Over \$23,000.....	\$1,196 plus 5.45% of excess
11	over \$23,000

12
13 (E) For tax year 2027:

14 If the taxable income is:	The tax is:
15 Not over \$23,000.....	5.2% of Kansas taxable income
16 Over \$23,000.....	\$1,196 plus 5.35% of excess
17	over \$23,000

18
19 (3) All resident individuals. For all individuals regardless of filing
20 status, the tax shall be in an amount equal to 5.2% of Kansas taxable
21 income for tax year 2028, and all tax years thereafter.

22 (b) Nonresident individuals. A tax is hereby imposed upon the Kansas
23 taxable income of every nonresident individual, which tax shall be an
24 amount equal to the tax computed under subsection (a) as if the
25 nonresident were a resident multiplied by the ratio of modified Kansas
26 source income to Kansas adjusted gross income.

27 (c) Corporations. A tax is hereby imposed upon the Kansas taxable
28 income of every corporation doing business within this state or deriving
29 income from sources within this state. Such tax shall consist of a normal
30 tax and a surtax and shall be computed as follows unless otherwise
31 modified pursuant to K.S.A. 2024 Supp. 74-50,321, and amendments
32 thereto:

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

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

37 (d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable
38 income of estates and trusts at the rates provided in subsection (a)(2) for
39 tax years 2018 through 2027 and at the rate provided in subsection (a)(3)
40 for tax year 2028, and all tax years thereafter.

41 (e) Notwithstanding the provisions of subsections (a) and (b), for tax
42 years 2018 through 2023, married individuals filing joint returns with
43 taxable income of \$5,000 or less, and all other individuals with taxable

1 income of \$2,500 or less, shall have a tax liability of zero.

2 Sec. 7. K.S.A. 2024 Supp. 79-32,160a is hereby amended to read as
3 follows: 79-32,160a. (a) For taxable years commencing after December
4 31, 1999, and before January 1, 2012, any taxpayer who shall invest in a
5 qualified business facility, as defined in K.S.A. 79-32,154(b), and
6 amendments thereto, and effective for tax years commencing after
7 December 31, 2010, and before January 1, 2012, located in an area other
8 than a metropolitan county as defined in either K.S.A. 74-50,114 or 74-
9 50,211, and amendments thereto, and also meets the definition of a
10 business in K.S.A. 74-50,114(b), and amendments thereto, shall be
11 allowed a credit for such investment, in an amount determined under
12 subsection (b) or (c), as the case requires, against the tax imposed by the
13 Kansas income tax act or where the qualified business facility is the
14 principal place from which the trade or business of the taxpayer is directed
15 or managed and the facility has facilitated the creation of at least 20 new
16 full-time positions, against the premium tax or privilege fees imposed
17 pursuant to K.S.A. 40-252, and amendments thereto, or as measured by the
18 net income of financial institutions imposed pursuant to article 11 of
19 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for
20 the taxable year during which commencement of commercial operations,
21 as defined in K.S.A. 79-32,154(f), and amendments thereto, occurs at such
22 qualified business facility. In the case of a taxpayer who meets the
23 definition of a manufacturing business in K.S.A. 74-50,114(d), and
24 amendments thereto, no credit shall be allowed under this section unless
25 the number of qualified business facility employees, as determined under
26 K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in
27 employment at the qualified business facility as a direct result of the
28 investment by the taxpayer for the taxable year for which the credit is
29 claimed equals or exceeds two. In the case of a taxpayer who meets the
30 definition of a nonmanufacturing business in K.S.A. 74-50,114(f), and
31 amendments thereto, no credit shall be allowed under this section unless
32 the number of qualified business facility employees, as determined under
33 K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in
34 employment at the qualified business facility as a direct result of the
35 investment by the taxpayer for the taxable year for which the credit is
36 claimed equals or exceeds five. Where an employee performs services for
37 the taxpayer outside the qualified business facility, the employee shall be
38 considered engaged or maintained in employment at the qualified business
39 facility if: (1) The employee's service performed outside the qualified
40 business facility is incidental to the employee's service inside the qualified
41 business facility; or (2) the base of operations or, the place from which the
42 service is directed or controlled, is at the qualified business facility.

43 (b) The credit allowed by subsection (a) for any taxpayer who invests

1 in a qualified business facility that is located in a designated
2 nonmetropolitan region established under K.S.A. 74-50,116, and
3 amendments thereto, on or after the effective date of this act, shall be a
4 portion of the income tax imposed by the Kansas income tax act on the
5 taxpayer's Kansas taxable income, the premium tax or privilege fees
6 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
7 privilege tax as measured by the net income of financial institutions
8 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
9 Annotated, and amendments thereto, for the taxable year for which such
10 credit is allowed, but in the case where the qualified business facility
11 investment was made prior to January 1, 1996, not in excess of 50% of
12 such tax. Such portion shall be an amount equal to the sum of the
13 following:

14 (1) \$2,500 for each qualified business facility employee determined
15 under K.S.A. 79-32,154, and amendments thereto; plus

16 (2) \$1,000 for each \$100,000, or major fraction thereof, which shall
17 be deemed to be 51% or more, in qualified business facility investment, as
18 determined under K.S.A. 79-32,154, and amendments thereto.

19 (c) The credit allowed by subsection (a) for any taxpayer who invests
20 in a qualified business facility that is not located in a nonmetropolitan
21 region established under K.S.A. 74-50,116, and amendments thereto, and
22 effective for tax years commencing after December 31, 2010, and before
23 January 1, 2012, located in an area other than a metropolitan county as
24 defined in either K.S.A. 74-50,114 or 74-50,211, and amendments thereto,
25 and that also meets the definition of business in K.S.A. 74-50,114(b), and
26 amendments thereto, on or after the effective date of this act, shall be a
27 portion of the income tax imposed by the Kansas income tax act on the
28 taxpayer's Kansas taxable income, the premium tax or privilege fees
29 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
30 privilege tax as measured by the net income of financial institutions
31 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
32 Annotated, and amendments thereto, for the taxable year for which such
33 credit is allowed, but in the case where the qualified business facility
34 investment was made prior to January 1, 1996, not in excess of 50% of
35 such tax. Such portion shall be an amount equal to the sum of the
36 following:

37 (1) \$1,500 for each qualified business facility employee as
38 determined under K.S.A. 79-32,154, and amendments thereto; and

39 (2) \$1,000 for each \$100,000, or major fraction thereof, which shall
40 be deemed to be 51% or more, in qualified business facility investment as
41 determined under K.S.A. 79-32,154, and amendments thereto.

42 (d) The credit allowed by subsection (a) for each qualified business
43 facility employee and for qualified business facility investment shall be a

1 one-time credit. If the amount of the credit allowed under subsection (a)
2 exceeds the tax imposed by the Kansas income tax act on the taxpayer's
3 Kansas taxable income, the premium tax and privilege fees imposed
4 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as
5 measured by the net income of financial institutions imposed pursuant to
6 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
7 thereto, for the taxable year, or in the case where the qualified business
8 facility investment was made prior to January 1, 1996, 50% of such tax
9 imposed upon the amount which exceeds such tax liability or such portion
10 thereof may be carried over for credit in the same manner in the
11 succeeding taxable years until the total amount of such credit is used.
12 Except that, before the credit is allowed, a taxpayer, who meets the
13 definition of a manufacturing business in K.S.A. 74-50,114(d), and
14 amendments thereto, shall recertify annually that the net increase of a
15 minimum of two qualified business facility employees has continued to be
16 maintained and a taxpayer, who meets the definition of a
17 nonmanufacturing business in K.S.A. 74-50,114(f), and amendments
18 thereto, shall recertify annually that the net increase of a minimum of five
19 qualified business employees has continued to be maintained.

20 (e) Notwithstanding the foregoing provisions of this section, and
21 except as otherwise provided in this subsection, any taxpayer qualified and
22 certified under the provisions of K.S.A. 74-50,131, and amendments
23 thereto, that prior to making a commitment to invest in a qualified Kansas
24 business, has filed a certificate of intent to invest in a qualified business
25 facility in a form satisfactory to the secretary of commerce, shall be
26 entitled to a credit in an amount equal to 10% of that portion of the
27 qualified business facility investment that exceeds \$50,000 in lieu of the
28 credit provided in subsection (b)(2) or (c)(2) without regard to the number
29 of qualified business facility employees engaged or maintained in
30 employment at the qualified business facility. For tax years beginning on
31 or after January 1, 2012, for a qualified business facility investment in
32 Douglas, Johnson, Sedgwick, Shawnee or Wyandotte county, such credit
33 shall be in an amount equal to 10% of that portion of the qualified business
34 facility investment that exceeds \$1,000,000. Any taxpayer who has filed a
35 certificate of intent to invest in a qualified business facility pursuant to this
36 subsection in Douglas, Johnson, Sedgwick, Shawnee or Wyandotte county
37 prior to December 31, 2011, and commences investments in a qualified
38 business facility prior to December 31, 2013, may claim credits under
39 K.S.A. 74-50,131, 74-50,132 and 79-32,160a(e), and amendments thereto,
40 in an amount equal to 10% of that portion of the qualified business facility
41 investment that exceeds \$50,000. Timing modifications may be authorized
42 at the discretion of the secretary of commerce and the secretary of revenue
43 during the transition period. The credit allowed by this subsection shall be

1 a one-time credit. If the amount thereof exceeds the tax imposed by the
2 Kansas income tax act on the taxpayer's Kansas taxable income or the
3 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
4 amendments thereto, or the privilege tax as measured by net income of
5 financial institutions imposed pursuant to article 11 of chapter 79 of the
6 Kansas Statutes Annotated, and amendments thereto, for the taxable year,
7 the amount thereof that exceeds such tax liability may be carried forward
8 for credit in the succeeding taxable year or years until the total amount of
9 the tax credit is used, except that no such tax credit shall be carried
10 forward for deduction after the 16th taxable year succeeding the taxable
11 year in which such credit initially was claimed, and no carryforward shall
12 be allowed for deduction in any succeeding taxable year unless the
13 taxpayer certifies under oath that the taxpayer continues to meet the
14 requirements of K.S.A. 74-50,131, and amendments thereto, and this act.
15 In no event shall any credit allowed under this section that expired during
16 any taxable year prior to the taxable year commencing January 1, 2011, be
17 revived under the provisions of this act. *No tax credit shall be allowed*
18 *pursuant to this subsection for tax years commencing after December 31,*
19 *2025, except that for taxpayers who have excess unused credit pursuant to*
20 *a credit initially claimed under this subsection for a tax year commencing*
21 *before January 1, 2026, the credit carryforward provisions of this*
22 *subsection still apply.*

23 (f) For projects placed into service on and after January 1, 2021, a
24 taxpayer may transfer up to 50% of the tax credit allowed under subsection
25 (e), as provided in this subsection. The taxpayer may make a transfer to
26 one or more transferees, but the total of all transfers shall not exceed 50%
27 of the taxpayer's tax credit. The taxpayer shall make the transfer or
28 transfers within a single tax year. The credit may be transferred to any
29 individual or entity and shall be claimed in the year the credit was
30 transferred against the transferee's tax liability for the income tax under the
31 Kansas income tax act or the premium tax or privilege fees imposed
32 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as
33 measured by the net income of financial institutions imposed pursuant to
34 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
35 thereto. The amount of the credit that exceeds the transferee's tax liability
36 for such year may be carried forward for credit in the succeeding taxable
37 year or years until the total amount of the tax credit is used, except that no
38 such credit shall be carried forward for deduction after the 16th taxable
39 year succeeding the taxable year in which such credit was initially
40 claimed. The taxpayer or transferee shall provide such documentation of
41 the tax credit transfer to the secretary of revenue as may be required by the
42 secretary. *No transfer of credits shall be allowed pursuant to this*
43 *subsection after December 31, 2025. The credit carryforward provisions*

1 *of this subsection still apply for transferees who have excess unused credit*
2 *pursuant to a transfer that occurred before January 1, 2026.*

3 (g) In the event the tax credit earned by the taxpayer and transferred
4 to a transferee is later disallowed in whole or in part by the secretary of
5 revenue, the taxpayer that originally earned the tax credit shall be liable for
6 repayment to the state in the amount disallowed.

7 ~~(h) For tax years commencing after December 31, 2005, Any~~
8 taxpayer claiming credits pursuant to this section, as a condition for
9 claiming and qualifying for such credits, shall provide information
10 pursuant to K.S.A. 79-32,243, and amendments thereto, as part of the tax
11 return in which such credits are claimed. Such credits shall not be denied
12 solely on the basis of the contents of the information provided by the
13 taxpayer pursuant to K.S.A. 79-32,243, and amendments thereto.

14 (i) This section and K.S.A. 79-32,160b, and amendments thereto,
15 shall be a part of and supplemental to the job expansion and investment
16 credit act of 1976, and amendments thereto.

17 Sec. 8. K.S.A. 2024 Supp. 79-32,306 is hereby amended to read as
18 follows: 79-32,306. (a) For all taxable years commencing after December
19 31, 2022, *and ending as provided in subsection (i)*, there shall be allowed a
20 credit against the income tax liability imposed pursuant to the Kansas
21 income tax act, the privilege tax liability imposed upon any national
22 banking association, state bank, trust company or savings and loan
23 association pursuant to article 11 of chapter 79 of the Kansas Statutes
24 Annotated, and amendments thereto, or the premium tax liability imposed
25 upon an insurance company pursuant to K.S.A. 40-252, and amendments
26 thereto, for each qualified development for each year of the credit period,
27 in an amount equal to the federal tax credit allocated or allowed by the
28 KHRC to such qualified development, except that there shall be no
29 reduction in the credit allowable in the first year of the credit period due to
30 the calculation in section 42(f)(2) of the federal internal revenue code.

31 (b) The KHRC shall issue an allocation certificate to an owner of a
32 qualified development to which a credit has been allocated. The KHRC
33 shall issue an allocation certificate to the qualified development
34 simultaneously with issuance of federal form 8609 with respect to the
35 federal tax credits.

36 (c) All allocations shall be made pursuant to the qualified allocation
37 plan.

38 (d) If an owner of a qualified development receiving an allocation of
39 a credit is a pass-through entity, the owner may allocate the credit among
40 its partners or members in any manner agreed to by such persons
41 regardless of whether: (1) Any such person is allocated or allowed any
42 portion of any federal tax credit with respect to the qualified project; (2)
43 the allocation of the credit under the terms of the agreement has substantial

1 economic effect within the meaning of section 704(b) of the federal
2 internal revenue code; or (3) any such person is deemed a partner for
3 federal income tax purposes, if the partner or member would be considered
4 a partner or member under applicable state law governing such entity and
5 has been admitted as a partner or member on or prior to the date for filing
6 the qualified taxpayer's tax return, including any amendments to such tax
7 return, with respect to the year of the credit. In the case of multiple tiers of
8 pass-through entities, the credit may be so allocated through any number
9 of pass-through entities in any manner agreed by the owners of such pass-
10 through entities, none of which shall be considered a transfer. Any pass-
11 through entity allocating a credit to its partners or members shall attach a
12 pass-through certification to its tax return annually. Each partner or
13 member shall be allowed to claim or further allocate such amount subject
14 to any restrictions set forth in this act.

15 (e) An owner of a qualified development to which a credit has been
16 allocated and each qualified taxpayer to which such owner has allocated a
17 portion of such credit, if any, shall file with their state income, privilege or
18 premium tax return a copy of the allocation certificate issued by the
19 KHRC with respect to such qualified development and a copy of any pass-
20 through certification, as prescribed by the director.

21 (f) No credit shall be allocated pursuant to this act unless the qualified
22 development is the subject of a recorded restrictive covenant requiring the
23 development to be maintained and operated as a qualified development
24 and is in accordance with the accessibility and adaptability requirements of
25 the federal tax credits and title VIII of the civil rights act of 1968, as
26 amended by the fair housing amendments act of 1988, for a period of 15
27 taxable years, or such longer period as may be agreed to between the
28 KHRC and the owner of the qualified development, beginning with the
29 first taxable year of the credit period.

30 (g) The allocated credit amount may be taken against the income,
31 privilege or premium taxes imposed for each taxable year of the credit
32 period. Any amount of credit that exceeds the income, privilege or
33 premium tax liability of a qualified taxpayer for a taxable year may be
34 carried forward as a credit against subsequent years' tax liability up to 11
35 tax years following the tax year in which the allocation was made and shall
36 be applied first to the earliest years possible. Any amount of the credit that
37 is not used shall not be refunded to the taxpayer.

38 (h) Unless otherwise provided in this act or the context or law
39 requires otherwise, the KHRC shall determine eligibility for a credit and
40 allocate credits in accordance with the standards and requirements set forth
41 in section 42 of the federal internal revenue code. Any combination of
42 federal tax credits and credits allowed pursuant to this act shall be the least
43 amount necessary to ensure the financial feasibility of a qualified

1 development.

2 (i) *The provisions of the Kansas affordable housing tax credit act,*
3 *K.S.A. 2024 Supp. 79-32,304 through 79-32,309, and amendments thereto,*
4 *shall be discontinued on April 1, 2025, except that such provisions shall*
5 *continue to apply through the credit period, and any applicable carry*
6 *forward period, of a Kansas affordable housing tax credit allocation*
7 *awarded to the owner of a qualified development by the KHRC before*
8 *April 1, 2025. No applications to the KHRC approved on or after April 1,*
9 *2025, shall be eligible to receive a state tax credit under the provisions of*
10 *this act. No credit shall be allocated or awarded under this act after*
11 *March 31, 2025. No credit shall be allowed pursuant to this section for tax*
12 *years commencing after December 31, 2025, except as provided in this*
13 *subsection for credits allocated or awarded before April 1, 2025.*

14 Sec. 9. K.S.A. 74-50,132, 74-50,212 and 74-50,213 and K.S.A. 2024
15 Supp. 74-50,107, 79-32,110, 79-32,160a and 79-32,306 are hereby
16 repealed.

17 Sec. 10. On and after January 1, 2026, K.S.A. 65-7107, 79-32,204,
18 79-32,207, 79-32,222, 79-32,262 and 79-32,266 and K.S.A. 2024 Supp.
19 32-1438 are hereby repealed.

20 Sec. 11. This act shall take effect and be in force from and after its
21 publication in the Kansas register.