

2/14/12

Session of 2012

HOUSE BILL No. 2747

By Committee on Taxation

2-14

Proposed Committee Amendments to
HB No. 2747
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Office of Revisor of Statutes
February 20, 2012

1 AN ACT concerning taxation; relating to income and privilege tax rates;
2 income tax deductions and credits and income determination;
3 distribution of sales and use tax revenue; severance tax, exemptions;
4 rural opportunity zones; amending K.S.A. 79-32,128 and K.S.A. 2011
5 Supp. 74-50,222, 79-1107, 79-1108, 79-32,110, 79-32,111, 79-32,117,
6 79-32,119, 79-32,205, 79-3620, 79-3710 and 79-4217 and repealing the
7 existing sections.
8

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

9 New Section 1. (a) (1) Except as provided in subsection (a)(2),
10 commencing with fiscal year 2012, in any fiscal year in which the amount
11 of selected actual state general fund receipts from such fiscal year exceeds
12 the selected actual state general fund receipts for the immediately
13 preceding fiscal year by more than 2%, the director of legislative research
14 shall certify such excess amount to the secretary of revenue and the
15 director of the budget. Upon receipt of such certified amount, the secretary
16 shall compute the excess percentage increase in selected actual state
17 general fund receipts above 2%. Based on such excess percentage of
18 calculated receipt growth, the secretary shall compute the income tax rate
19 reductions to go into effect for the next tax year that would reduce by such
20 certified amount the tax rates during the fiscal year after the next fiscal
21 year according to the provisions of this section, as follows: (A) Rate
22 reductions for individual income tax rates shall be applied to reduce the
23 middle marginal income tax rate applicable to the current tax year by such
24 excess percentage, the highest marginal income tax rate applicable to the
25 current tax year, by such excess percentage minus 0.5%, and the lowest
26 marginal income tax rate applicable to the current tax year by such excess
27 percentage plus 0.5%. In any such computation by the secretary pursuant
28 to this subsection in which the income tax rate for any individual marginal
29 income tax rate is below 0.4%, such rate shall be 0%. Based on all such
30 determinations, the secretary shall reduce individual income tax rates
31 prescribed by K.S.A. 79-32,110, and amendments thereto, as required by
32 this section;
33

34 (B) upon all individual marginal income tax rates being reduced to
35 0% pursuant to the provisions of subsection (a)(1)(A), rate reduction next
36 shall be applied for the surtax on corporations applicable to the current tax

1 Smith, Stafford, Stanton, Trego, Thomas, Wallace, Washington, Wichita,
2 Wilson or Woodson counties;

3 (c) "secretary" means the secretary of commerce; and

4 (d) "student loan" means a federal student loan program supported by
5 the federal government and a nonfederal loan issued by a lender such as a
6 bank, savings and loan or credit union to help students and parents pay
7 school expenses for attendance at an institution of higher education.

8 Sec. 3. K.S.A. 2011 Supp. 79-1107 is hereby amended to read as
9 follows: 79-1107. (a) Every national banking association and state bank
10 located or doing business within the state shall pay to the state for the
11 privilege of doing business within the state a tax according to or measured
12 by its net income for the next preceding taxable year to be computed as
13 provided in this act. Such tax shall consist of a normal tax and a surtax and
14 shall be computed as follows:

15 (A)(1) The normal tax shall be an amount equal to 2 1/4% of such net
16 income; and
17 (B)(2) the surtax shall be an amount equal to 2 1/4% of such net income
18 in excess of \$25,000.

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

23 (c) Tax rates provided in this section shall be adjusted pursuant to the
24 provisions of section 1, and amendments thereto.

25 Sec. 4. K.S.A. 2011 Supp. 79-1108 is hereby amended to read as
26 follows: 79-1108. (a) Every trust company and savings and loan
27 association located or doing business within the state shall pay to the state
28 for the privilege of doing business within the state a tax according to or
29 measured by its net income for the next preceding taxable year to be
30 computed as provided in this act. Such tax shall consist of a normal tax
31 and a surtax and shall be computed as follows:

32 (A)(1) The normal tax on every trust company and savings and loan
33 association shall be an amount equal to 2 1/4% of such net income; and
34 (B)(2) the surtax on every trust company and savings and loan
35 association shall be an amount equal to 2 1/4% of such net income in excess
36 of \$25,000.

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

41 (c) Tax rates provided in this section shall be adjusted pursuant to the
42 provisions of section 1, and amendments thereto.

43 Sec. 5. K.S.A. 2011 Supp. 79-32,110 is hereby amended to read as

(d) Commencing in tax year 2017, no tax shall be imposed pursuant to this section.

(d) Commencing in tax year 2017, no tax shall be imposed pursuant to this section.

1 in an amount equal to 3% of the Kansas taxable income of such
2 corporation in excess of \$50,000.

3 (d) *Fiduciaries*: A tax is hereby imposed upon the Kansas taxable
4 income of estates and trusts at the rates provided in paragraph (2) of
5 subsection (a) hereof.

6 (e) *Tax rates provided in this section shall be adjusted pursuant to the*
7 *provisions of section 1, and amendments thereto.*

(f) Commencing in tax year 2017, no tax shall be imposed pursuant to this section.

8 Sec. 6. K.S.A. 2011 Supp. 79-32,111 is hereby amended to read as
9 follows: 79-32,111. (a) The amount of income tax paid to another state by
10 a resident individual, resident estate or resident trust on income derived
11 from sources in another state, and included in Kansas adjusted gross
12 income, shall be allowed as a credit against the tax computed under the
13 provisions of this act. Such credit shall not be greater in proportion to the
14 tax computed under this act than the Kansas adjusted gross income for
15 such year derived in another state while such taxpayer is a resident of this
16 state is to the total Kansas adjusted gross income of the taxpayer. As used
17 in this subsection, state shall have the meaning ascribed thereto by
18 subsection (h) of K.S.A. 79-3271, and amendments thereto. The credit
19 allowable hereunder for income tax paid to a foreign country or political
20 subdivision thereof shall not exceed the difference of such income tax paid
21 less the credit allowable for such income tax paid by the federal internal
22 revenue code. No redetermination of income tax paid for the purposes of
23 determining the credit allowed by this subsection shall be required for the
24 taxable year for which an income tax refund payment pursuant to the
25 provisions of section 18 of article 10 of the Missouri constitution is made,
26 but the income tax paid allowable for credit in the next following taxable
27 year shall be reduced by the amount of such refund amount, except that,
28 for tax year 1998, the income tax paid allowable for credit shall be reduced
29 by the amount of such refunds made for all taxable years prior to tax year
30 1998.

31 (b) There shall be allowed as a credit against the tax computed under
32 the provisions of the Kansas income tax act, and ~~and amendments thereto~~
33 ~~and supplemental amendments thereto~~, on the Kansas taxable income of an
34 individual, corporation or fiduciary the amount determined under the
35 provisions of K.S.A. 79-32,153 to 79-32,158, and amendments thereto.

36 Sec. 7. K.S.A. 2011 Supp. 79-32,117 is hereby amended to read as
37 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
38 means such individual's federal adjusted gross income for the taxable year,
39 with the modifications specified in this section.

40 (b) There shall be added to federal adjusted gross income:

41 (i) Interest income less any related expenses directly incurred in the
42 purchase of state or political subdivision obligations, to the extent that the
43 same is not included in federal adjusted gross income, on obligations of

