

From: Scott Wells
Date: February 7, 2017
Subject: HB 2237 Summary

House Bill 2237 makes changes to Kansas tax law in the areas of income tax, motor fuels tax and sales and use tax. The following memo will briefly describe those changes.

I. Income Tax

As part of the 2012 House Bill 2117, several tax credits were amended such that individual income tax payers would no longer be eligible to receive the credit. Under the provisions of House Bill 2237, individual income tax payers would be eligible to receive those credits once again beginning in tax year 2018. The nonwage business income exemption found in K.S.A. 79-32,117 would sunset at the end of tax year 2017. Income tax rates would be adjusted beginning in tax year 2018 by adding a third bracket of 6.45% for those individuals making over \$40,000 (\$80,000 married filing jointly). Finally, the “glide path” formula found in K.S.A. 2016 Supp. 79-32,269 would be repealed.

II. Motor Fuels Tax

Beginning July 1, 2017, all motor fuels would see an increase of \$.11 per gallon. Permits for LP-gas users and 24 and 72-hour trip permits for interstate motor fuels users would be increased a proportional amount to account for the increase in the fuel tax. Finally, the distribution of motor fuels tax revenues between the state highway fund (SHF) and the special city and county highway fund would be adjusted such that all the revenues received from the \$.11 increase would go to the SHF.

III. Sales and Use Tax on Food

Beginning July 1, 2017, the sales tax on food and food ingredients would decrease to 5%. The new rate would not apply to candy, dietary, supplement, soft drinks, food sold through vending machines or prepared food, unless such prepared food is sold without eating utensils and is specifically described in the bill.