

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

The Committee on **Commerce** recommends **SB 347** be amended on page 1, in line 20, by striking "11" and inserting "12";

On page 2, in line 1, by striking "(5)" and inserting "(6)";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 8, in line 41, by striking "9" and inserting "11";

On page 10, in line 35, after the period by inserting "The secretary shall also consider factors pursuant to subsection (d)."; in line 43, by striking all after "(c)";

On page 11, by striking all in lines 1 through 5; in line 6, by striking all before "The"; in line 8, by striking all after the period; by striking all in line 9; in line 10, by striking all before "An"; in line 11, by striking "that is not refunded" and inserting "remaining after such installment has been applied against the taxpayer's tax liability"; in line 12, by striking "first"; in line 13, by striking "or for refund, as the case may be,"; in line 14, after "period" by inserting "of time that the earned tax credit may be claimed"; also in line 14, by striking "installment portion of an"; in line 15, by striking "or refunded"; in line 17, after the period, by inserting "An earned tax credit, or any portion thereof, shall not be refundable."; in line 18, by striking all after "(d)"; by striking all in lines 19 through 21; in line 22, by striking all before "The" and inserting "In addition to the factors set forth in subsection (b),"; also in line 22, by striking "additional" and inserting "determination of the"; also in line 22, after "percentage" by inserting "of the tax credit that may be earned by the taxpayer in a taxable year";

On page 17, in line 27, after "facility" by inserting "including, with respect to a qualified

firm, a requirement of an investment"; in line 28, by striking "sections" and inserting "section"; also in line 28, by striking "and 3";

On page 18, following line 26, by inserting:

"New Sec. 12. (a) Commencing with fiscal year 2022, in any fiscal year that a qualified firm or qualified supplier receives benefits under the advancing powerful economic expansion act, sections 1 through 12, and amendments thereto, the secretary of commerce shall certify such fact to the secretary of revenue, the director of the budget and the director of legislative research. Such certification shall be made when such fact is known to the secretary, but in any event on or before June 30 of such fiscal year.

(b) Upon receipt of such certification, the secretary of revenue shall adjust the corporate income tax rate imposed pursuant to the provisions of K.S.A. 79-32,110, and amendments thereto, to go into effect for the next tax year by reducing the rate by 0.5%.

(c) The rate reduction of 0.5% shall be applied first to reduce the normal tax on corporations imposed pursuant to K.S.A. 79-32,110, and amendments thereto. Upon the normal tax on corporations being reduced to 0%, the rate reduction shall next be applied to the surtax on corporations until reduced to 0%.

(d) The secretary of revenue shall report any reduction in corporate income tax rates pursuant to this section to the chairpersons of the senate standing committees on assessment and taxation and commerce, the chairpersons of the house of representatives standing committees on commerce, labor and economic development and taxation and the governor, and shall cause notice of any such reduction to be published in the Kansas register prior to September 15 of the calendar year immediately preceding the tax year in which such reduction takes effect.

Sec. 13. K.S.A. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided by K.S.A. 79-3220(a), and amendments

thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) *Married individuals filing joint returns.*

(A) For tax year 2012:

If the taxable income is:	The tax is:
Not over \$30,000.....	3.5% of Kansas taxable income
Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess over \$30,000
Over \$60,000.....	\$2,925 plus 6.45% of excess over \$60,000

(B) For tax year 2013:

If the taxable income is:	The tax is:
Not over \$30,000.....	3.0% of Kansas taxable income
Over \$30,000.....	\$900 plus 4.9% of excess over \$30,000

(C) For tax year 2014:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.7% of Kansas taxable income
Over \$30,000.....	\$810 plus 4.8% of excess over \$30,000

(D) For tax years 2015 and 2016:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.7% of Kansas taxable income
Over \$30,000.....	\$810 plus 4.6% of excess over \$30,000

(E) For tax year 2017:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.9% of Kansas taxable income
Over \$30,000 but not over \$60,000.....	\$870 plus 4.9% of excess over \$30,000
Over \$60,000.....	\$2,340 plus 5.2% of excess over \$60,000

(F) For tax year 2018, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over \$30,000.....	3.1% of Kansas taxable income
Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess over \$30,000
Over \$60,000.....	\$2,505 plus 5.7% of excess

over \$60,000

(2) *All other individuals.*

(A) For tax year 2012:

If the taxable income is:	The tax is:
Not over \$15,000.....	3.5% of Kansas taxable income
Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess over \$15,000
Over \$30,000.....	\$1,462.50 plus 6.45% of excess over \$30,000

(B) For tax year 2013:

If the taxable income is:	The tax is:
Not over \$15,000.....	3.0% of Kansas taxable income
Over \$15,000.....	\$450 plus 4.9% of excess over \$15,000

(C) For tax year 2014:

If the taxable income is:	The tax is:
Not over \$15,000.....	2.7% of Kansas taxable income
Over \$15,000.....	\$405 plus 4.8% of excess over \$15,000

(D) For tax years 2015 and 2016:

If the taxable income is:	The tax is:
Not over \$15,000.....	2.7% of Kansas taxable income
Over \$15,000.....	\$405 plus 4.6% of excess over \$15,000

(E) For tax year 2017:

If the taxable income is:	The tax is:
Not over \$15,000.....	2.9% of Kansas taxable income
Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over \$15,000
Over \$30,000.....	\$1,170 plus 5.2% of excess over \$30,000

(F) For tax year 2018, and all tax years thereafter:

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

(b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas taxable income

of every nonresident individual, which tax shall be an amount equal to the tax computed under subsection (a) as if the nonresident were a resident multiplied by the ratio of modified Kansas source income to Kansas adjusted gross income.

(c) *Corporations.* A tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

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

(2) (A) for tax year 2008, the surtax shall be in an amount equal to 3.1% of the Kansas taxable income of such corporation in excess of \$50,000;

(B) for tax years 2009 and 2010, the surtax shall be in an amount equal to 3.05% of the Kansas taxable income of such corporation in excess of \$50,000; and

(C) for tax year 2011, and all tax years thereafter, the surtax shall be in an amount equal to 3% of the Kansas taxable income of such corporation in excess of \$50,000.

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

(e) Notwithstanding the provisions of subsections (a) and (b): (1) For tax years 2016 and 2017, married individuals filing joint returns with taxable income of \$12,500 or less, and all other individuals with taxable income of \$5,000 or less, shall have a tax liability of zero; and (2) for tax year 2018, and all tax years thereafter, married individuals filing joint returns with taxable income of \$5,000 or less, and all other individuals with taxable income of \$2,500 or less, shall have a tax liability of zero.

(f) No taxpayer shall be assessed penalties and interest arising from the underpayment of taxes due to changes to the rates in subsection (a) that became law on July 1, 2017, so long as

such underpayment is rectified on or before April 17, 2018.

(g) Tax rates imposed upon corporations provided in this section shall be adjusted pursuant to the provisions of section 12, and amendments thereto.";

On page 55, in line 3, by striking all before "for"; in line 10, by striking "building" and inserting "business"; in line 12, by striking "building" and inserting "business"; in line 33, before "K.S.A" by inserting "K.S.A. 79-32,110 and"; also in line 33, by striking "is" and inserting "are";

And by renumbering sections accordingly;

On page 1, in the title, in line 5, by striking "a refundable" and inserting "an"; in line 10, after the semicolon by inserting "adjusting the income tax on corporations by reducing the rate by 0.5% after any fiscal year that incentives under this act are received by a business;"; in line 12, after "amending" by inserting "K.S.A. 79-32,110 and"; in line 13, by striking "section" and inserting "sections"; and the bill be passed as amended.

Chairperson