

HOUSE BILL No. 2544

By Committee on Commerce, Labor and Economic Development

Requested by Representative Laura Williams

1-18

1 AN ACT concerning taxation; relating to income, privilege and premium
2 tax credits; establishing a tax credit for employers that employ
3 members of the Kansas army and air national guard and establishing an
4 income tax credit for employees that are members thereof.
5

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

7 Section 1. As used in sections 1 through 3, and amendments thereto:

8 (a) "Compensation" means payments in the form of contract labor for
9 which the payor is required to provide a federal tax form 1099 to the
10 person paid, wages subject to withholding tax paid to a part-time employee
11 or full-time employee, or salary or other remuneration. "Compensation"
12 does not include employer-provided retirement, medical or healthcare
13 benefits, reimbursement for travel, meals, lodging or any other expense.

14 (b) "Qualified employee" means any person employed by a qualified
15 employer ~~on a full-time basis~~ and who is also a ~~current~~ member in good
16 standing of the Kansas army or air national guard at some point during the
17 taxable year.

18 (c) "Qualified employer" means a sole proprietorship, general
19 partnership, limited partnership, limited liability company, corporation,
20 other legally recognized business entity or public entity.

21 Sec. 2. (a) For taxable years beginning after December 31, 2024,
22 and ending prior to January 1, 2035, a taxpayer who is a qualified
23 employer shall be allowed a credit against the income, privilege or
24 premium tax liability imposed upon a taxpayer pursuant to the Kansas
25 income tax act, the privilege tax imposed upon any national banking
26 association, state bank, trust company or savings and loan association
27 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
28 amendments thereto, or the premiums tax and privilege fees imposed upon
29 an insurance company pursuant to K.S.A. 40-252, and amendments
30 thereto, for compensation paid during the taxable year to a qualified
31 employee. Except as otherwise provided, the credit shall be in an amount
32 equal to 10% of the compensation paid.

33 (b) The credit shall not exceed \$15,000 annually for each qualified
34 employee.

35 (c) The credit shall be applied against the taxpayer's income, privilege

PROPOSED AMENDMENT
HOUSE COMMITTEE ON COMMERCE, LABOR AND ECONOMIC DEVELOPMENT
1-29-2024

Requiring that qualified employees be residents of Kansas and removing the requirement that qualified employees must be full time.

Prorating the income tax credit for qualified employees based on the number of entire months such employee is a member in good standing of the Kansas army or air national guard. Providing that if the qualified employee is dishonorably discharged, no credit is allowed.

Prepared by Office of Revisor of Statutes

who is a resident of Kansas

the total

1 or premium tax liability after all other credits allowed under the Kansas
2 income tax act, the privilege tax imposed upon any national banking
3 association, state bank, trust company or savings and loan association
4 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
5 amendments thereto, or the premiums tax and privilege fees imposed upon
6 an insurance company pursuant to K.S.A. 40-252, and amendments
7 thereto. The credit shall not be refundable and may not be carried forward.

8 Sec. 3. For taxable years beginning after December 31, 2024, and
9 ending prior to January 1, 2035, a taxpayer who is a qualified employee
10 during the taxable year shall be allowed a credit against the tax imposed
11 under the provisions of the Kansas income tax act in an amount equal to
12 \$5,000. The credit shall be deducted from the taxpayer's income tax
13 liability for the taxable year in which the taxpayer is a qualified employee.
14 The credit shall not be refundable and may not be carried forward.

15 Sec. 4. This act shall take effect and be in force from and after its
16 publication in the statute book.

The credit shall be prorated based on the number of entire months that the qualified employee is a member in good standing of the Kansas army or air national guard during the taxable year, determined on the basis of the date of separation. If the qualified employee is dishonorably discharged from the Kansas army or air national guard no credit shall be allowed to such qualified employee.