

Senate Substitute for HOUSE BILL No. 2201

By Committee on Assessment and Taxation

3-26

1 AN ACT concerning taxation; relating to income tax; decreasing the
2 corporate income tax rate; eliminating unused tax credits relating to
3 abandoned well plugging, agritourism liability insurance, assistive
4 technology contributions, declared disaster capital investment,
5 environmental compliance, owners promoting employment across
6 Kansas and swine facility improvement; amending K.S.A. 65-7107 and
7 K.S.A. 2023 Supp. 74-50,321 and 79-32,110 and repealing the existing
8 sections; also repealing K.S.A. 79-32,204, 79-32,207, 79-32,222, 79-
9 32,262 and 79-32,266 and K.S.A. 2023 Supp. 32-1438.

10
11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. On and after January 1, 2025, K.S.A. 65-7107 is hereby
13 amended to read as follows: 65-7107.-(a) Appropriate state agencies are
14 hereby directed to amend their state plans to protect the benefits of those
15 receiving such benefits by adding language consistent with the following:
16 Any funds in an individual development account, including accrued
17 interest, shall be disregarded when determining eligibility to receive the
18 amount of any public assistance or benefits.

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

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

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

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

35 ~~(f) For tax year 2013 and all tax years thereafter, the income tax~~
36 ~~credit provided by this section shall only be available to taxpayers subject~~

1 to the income tax on corporations imposed pursuant to subsection (e) of
2 K.S.A. 79-32,110, and amendments thereto, and shall be applied only
3 against such taxpayer's corporate income tax liability.

4 Sec. 2. K.S.A. 2023 Supp. 74-50,321 is hereby amended to read as
5 follows: 74-50,321. (a) Commencing with fiscal year 2022, in any fiscal
6 year that a qualified firm enters into an agreement with the secretary of
7 commerce for the first time pursuant to K.S.A. 2023 Supp. 74-50,312, and
8 amendments thereto, and commences construction on a qualified business
9 facility under this act the secretary of commerce shall certify such fact to
10 the secretary of revenue, the director of the budget and the director of
11 legislative research. Such certification shall be made when such fact is
12 known to the secretary, but in any event on or before June 30 of such fiscal
13 year.

14 (b) Upon receipt of such certification, the secretary of revenue shall
15 adjust the corporate income tax rate imposed pursuant to the provisions of
16 K.S.A. 79-32,110, and amendments thereto, to go into effect for the next
17 tax year by reducing the rate by 0.5%. The maximum reduction to be
18 applied for one taxable year shall be 0.5% regardless of the number of
19 eligible qualifying firms that may have satisfied the conditions of
20 subsection (a).

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

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

32 (e) *Pursuant to the application of the provisions of this section, the*
33 *corporate normal tax rate for tax year 2024 shall be 3.5%. Amendments to*
34 *K.S.A. 79-32,110(c) made pursuant to this act effective July 1, 2024,*
35 *reflect and codify the modified normal tax rate of 3.5% for tax year 2024.*
36 *No further modification for tax year 2024 shall be made pursuant to this*
37 *section.*

38 Sec. 3. K.S.A. 2023 Supp. 79-32,110 is hereby amended to read as
39 follows: 79-32,110. (a) *Resident Individuals.* Except as otherwise provided
40 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
41 upon the Kansas taxable income of every resident individual, which tax
42 shall be computed in accordance with the following tax schedules:

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

1 (A) For tax year 2012:

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

8 (B) For tax year 2013:

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

13 (C) For tax year 2014:

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

18 (D) For tax years 2015 and 2016:

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

23 (E) For tax year 2017:

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

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

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

37 (2) *All other individuals.*

38 (A) For tax year 2012:

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

1 _____ over \$30,000

2 (B) For tax year 2013:

3 If the taxable income is: _____ The tax is:

4 Not over \$15,000.....3.0% of Kansas taxable income

5 Over \$15,000.....\$450 plus 4.9% of excess over

6 _____ \$15,000

7 (C) For tax year 2014:

8 If the taxable income is: _____ The tax is:

9 Not over \$15,000.....2.7% of Kansas taxable income

10 Over \$15,000.....\$405 plus 4.8% of excess over

11 _____ \$15,000

12 (D) For tax years 2015 and 2016:

13 If the taxable income is: _____ The tax is:

14 Not over \$15,000.....2.7% of Kansas taxable income

15 Over \$15,000.....\$405 plus 4.6% of excess over

16 _____ \$15,000

17 (E) For tax year 2017:

18 If the taxable income is: _____ The tax is:

19 Not over \$15,000.....2.9% of Kansas taxable income

20 Over \$15,000 but not over \$30,000.....\$435 plus 4.9% of excess over

21 _____ \$15,000

22 Over \$30,000.....\$1,170 plus 5.2% of excess over

23 _____ \$30,000

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

25 If the taxable income is: _____ The tax is:

26 Not over \$15,000.....3.1% of Kansas taxable income

27 Over \$15,000 but not over \$30,000.....\$465 plus 5.25% of excess

28 _____ over \$15,000

29 Over \$30,000.....\$1,252.50 plus 5.7% of excess

30 _____ over \$30,000

31 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
32 taxable income of every nonresident individual, which tax shall be an
33 amount equal to the tax computed under subsection (a) as if the
34 nonresident were a resident multiplied by the ratio of modified Kansas
35 source income to Kansas adjusted gross income.

36 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
37 income of every corporation doing business within this state or deriving
38 income from sources within this state. Such tax shall consist of a normal
39 tax and a surtax and shall be computed as follows unless otherwise
40 modified pursuant to K.S.A. 2023 Supp. 74-50,321, and amendments
41 thereto:

42 (1) (A) For tax year 2024, the normal tax shall be in an amount equal
43 to ~~4%~~ 3.5% of the Kansas taxable income of such corporation;

1 (B) for tax year 2025, the normal tax shall be in an amount equal to
2 3% of the Kansas taxable income of such corporation; and

3 (C) for tax year 2026, and all tax years thereafter, the normal tax
4 shall be in an amount equal to 2.75% of the Kansas taxable income of
5 such corporation; and

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

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

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

18 ~~(f) No taxpayer shall be assessed penalties and interest arising from~~
19 ~~the underpayment of taxes due to changes to the rates in subsection (a) that~~
20 ~~became law on July 1, 2017, so long as such underpayment is rectified on~~
21 ~~or before April 17, 2018.~~

22 Sec. 4. K.S.A. 2023 Supp. 74-50,321 and 79-32,110 are hereby
23 repealed.

24 Sec. 5. On and after January 1, 2025, K.S.A. 65-7107, 79-32,204, 79-
25 32,207, 79-32,222, 79-32,262 and 79-32,266 and K.S.A. 2023 Supp. 32-
26 1438 are hereby repealed.

27 Sec. 6. This act shall take effect and be in force from and after its
28 publication in the statute book.