

House Substitute for SENATE BILL No. 300

By Committee on Taxation

3-25

1 AN ACT concerning taxation; relating to income tax; modifying tax rates
2 for individuals; increasing the income limit to qualify for a subtraction
3 modification for social security income; increasing the Kansas standard
4 deduction and Kansas personal exemption and further increasing the
5 same by a cost-of-living adjustment; relating to privilege tax;
6 decreasing the normal tax rate; relating to property tax; increasing the
7 extent of exemption for residential property from the statewide school
8 levy; decreasing the rate of ad valorem tax imposed by a school district;
9 abolishing the local ad valorem tax reduction fund and the county and
10 city revenue sharing fund and providing for certain transfers to the
11 special city and county highway fund; amending K.S.A. 65-163j, 65-
12 3306, 65-3327, 75-2556, 79-1107, 79-1108 and 79-1479 and K.S.A.
13 2023 Supp. 72-5142, 74-8768, 79-201x, 79-2988, 79-32,110, 79-
14 32,117, 79-32,119, 79-32,121 and 79-3425i and repealing the existing
15 sections; also repealing K.S.A. 19-2694, 79-2960, 79-2961, 79-2962,
16 79-2965, 79-2966 and 79-2967 and K.S.A. 2023 Supp. 79-2959 and
17 79-2964.

18

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

20 New Section 1. On July 1, 2024, the director of accounts and reports
21 shall transfer all moneys in the local ad valorem tax reduction fund to the
22 state general fund. On July 1, 2024, all liabilities of the local ad valorem
23 tax reduction fund are hereby transferred to and imposed on the state
24 general fund, and the local ad valorem tax reduction fund is hereby
25 abolished.

26 New Sec. 2. On July 1, 2024, the director of accounts and reports
27 shall transfer all moneys in the county and city revenue sharing fund to the
28 state general fund. On July 1, 2024, all liabilities of the county and city
29 revenue sharing fund are hereby transferred to and imposed on the state
30 general fund, and the county and city revenue sharing fund is hereby
31 abolished.

32 Sec. 3. K.S.A. 65-163j is hereby amended to read as follows: 65-163j.
33 (a) The dedicated source of revenue for repayment of a loan to a
34 municipality may include service charges, connection fees, special
35 assessments, property taxes, grants or any other source of revenue lawfully
36 available to the municipality for such purpose. In order to ensure

1 repayment by municipalities of the amounts of loans provided under this
2 act, the secretary, after consultation with the governing body of any
3 municipality ~~which~~ *that* receives a loan, may adopt charges to be levied
4 against individuals and entities served by the project. Any such charges
5 shall remain in effect until the total amount of the loan, and any interest
6 thereon, has been repaid. The charges shall, insofar as is practicable, be
7 equitably assessed and may be in the form of a surcharge to the existing
8 charges of the municipality. The governing body of any municipality
9 ~~which~~ *that* receives a loan under this act shall collect any charges
10 established by the secretary and shall pay the moneys collected therefrom
11 to the secretary in accordance with procedures established by the secretary.

12 (b) ~~Upon the failure of a municipality to meet the repayment terms~~
13 ~~and conditions of the agreement, the secretary may order the treasurer of~~
14 ~~the county in which the municipality is located to pay to the secretary such~~
15 ~~portion of the municipality's share of the local ad valorem tax reduction~~
16 ~~fund as may be necessary to meet the terms of the agreement,~~
17 ~~notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, and~~
18 ~~amendments thereto. Upon the issuance of such an order, the municipality~~
19 ~~shall not be required to make the tax levy reductions otherwise required by~~
20 ~~K.S.A. 79-2960 and 79-2961, and amendments thereto.~~

21 (e) Municipalities ~~which~~ *that* are provided with loans under this act
22 shall maintain project accounts in accordance with generally accepted
23 government accounting standards.

24 (d)(c) Any loans received by a municipality under the provisions of
25 this act shall be construed to be bonds for the purposes of K.S.A. 10-1116
26 and 79-5028, and amendments thereto, and the amount of such loans shall
27 not be included within any limitation on the bonded indebtedness of the
28 municipality.

29 Sec. 4. K.S.A. 65-3306 is hereby amended to read as follows: 65-
30 3306. The secretary's annual request for appropriations to the water
31 pollution control account shall be based on an estimate of the fiscal needs
32 for the ensuing budget year, less any amounts received by the secretary
33 from any public or private grants or contributions and moneys in such
34 account shall be used solely for the purposes provided for by this act.
35 Moneys allocated to a municipality shall be encumbered as an expenditure
36 of this account upon the formal letting of a contract for the improvement
37 notwithstanding the date ~~on which~~ *when* actual payment is made of the
38 state financial assistance. Any municipality may contribute moneys to the
39 state water pollution control account. If there are no uncommitted or
40 unencumbered moneys in the water pollution control account, any
41 municipality applying for any water pollution control project as defined in
42 K.S.A. 65-3302, *and amendments thereto*, shall as a condition of such
43 application certify in writing to the secretary that a contribution in the

1 amount of ~~twenty-five percent~~ (25%) of the eligible cost of such project
2 will be made to the water pollution control account by such municipality
3 prior to formal letting of a construction contract. Upon receipt by the
4 secretary, each such contribution shall be retained in a subaccount of the
5 water pollution control account for use solely in the project for which the
6 municipality has made application.

7 ~~Notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, any~~
8 ~~municipality applying for such a water pollution control project may make~~
9 ~~such contribution from all or such part of its share of the local ad valorem~~
10 ~~tax reduction fund as may be necessary for such purpose, and to the extent~~
11 ~~such fund is pledged and used for such purpose the municipality shall not~~
12 ~~be required to make the tax levy reductions otherwise required by K.S.A.~~
13 ~~79-2960 and 79-2961. Taxes levied by any municipality by reason of its~~
14 ~~failure to make such reduction in its levies shall not be subject to or be~~
15 ~~considered in computing the aggregate limitation upon the levy of taxes by~~
16 ~~such municipality under the provisions of K.S.A. 79-5003.~~

17 Sec. 5. K.S.A. 65-3327 is hereby amended to read as follows: 65-
18 3327. (a) The dedicated source of revenue for repayment of the loans may
19 include service charges, connection fees, special assessments, property
20 taxes, grants or any other source of revenue lawfully available to the
21 municipality for such purpose. In order to ensure repayment by
22 municipalities of the amounts of loans provided under K.S.A. 65-3321
23 through 65-3329, and amendments thereto, the secretary, after consultation
24 with the governing body of any municipality which receives a loan, may
25 adopt charges to be levied against users of the project. Any such charges
26 shall remain in effect until the total amount of the loan, and any interest
27 thereon, has been repaid. The charges shall, insofar as is practicable, be
28 equitably assessed and may be in the form of a surcharge to the existing
29 charges of the municipality. The governing body of any municipality
30 which receives a loan under K.S.A. 65-3321 through 65-3329, and
31 amendments thereto, shall collect any charges established by the secretary
32 and shall pay the moneys collected therefrom to the secretary in
33 accordance with procedures established by the secretary.

34 ~~(b) Upon the failure of a municipality to meet the repayment terms~~
35 ~~and conditions of the agreement, the secretary may order the treasurer of~~
36 ~~the county in which the municipality is located to pay to the secretary such~~
37 ~~portion of the municipality's share of the local ad valorem tax reduction~~
38 ~~fund as may be necessary to meet the terms of the agreement,~~
39 ~~notwithstanding the provisions of K.S.A. 79-2960 and 79-2961 and~~
40 ~~amendments thereto. Upon the issuance of such an order, the municipality~~
41 ~~shall not be required to make the tax levy reductions otherwise required by~~
42 ~~K.S.A. 79-2960 and 79-2961 and amendments thereto.~~

43 (e) ~~Municipalities which~~ *that* are provided with loans under K.S.A.

1 65-3321 through 65-3329, and amendments thereto, shall maintain project
2 accounts in accordance with generally accepted government accounting
3 standards.

4 ~~(d)~~(c) Municipalities ~~which~~ that receive a grant and an allowance
5 under the federal act with respect to project costs for which a loan was
6 provided under K.S.A. 65-3321 through 65-3329, and amendments
7 thereto, shall promptly repay such loan to the extent of the allowance
8 received under the federal act.

9 ~~(e)~~(d) Any loans received by a municipality under the provisions of
10 K.S.A. 65-3321 through 65-3329, and amendments thereto, shall be
11 construed to be bonds for the purposes of K.S.A. 10-1116 and 79-5028,
12 and amendments thereto, and the amount of such loans shall not be
13 included within any limitation on the bonded indebtedness of the
14 municipality.

15 Sec. 6. K.S.A. 2023 Supp. 72-5142 is hereby amended to read as
16 follows: 72-5142. (a) The board of education of each school district shall
17 levy an ad valorem tax upon the taxable tangible property of the school
18 district in the school years specified in subsection (b) for the purpose of:

19 (1) Financing that portion of the school district's general fund budget
20 that is not financed from any other source provided by law;

21 (2) paying a portion of the costs of operating and maintaining public
22 schools in partial fulfillment of the constitutional obligation of the
23 legislature to finance the educational interests of the state; and

24 (3) with respect to any redevelopment school district established prior
25 to July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto,
26 paying a portion of the principal and interest on bonds issued by cities
27 under authority of K.S.A. 12-1774, and amendments thereto, for the
28 financing of redevelopment projects upon property located within the
29 school district.

30 (b) The tax required under subsection (a) shall be levied at a rate of
31 ~~20~~ 18 mills in the school years ~~2023-2024~~ and 2024-2025 and 2025-2026.

32 (c) The proceeds from the tax levied by a district under authority of
33 this section, except the proceeds of such tax levied for the purpose
34 described in subsection (a)(3), shall be remitted to the state treasurer in
35 accordance with the provisions of K.S.A. 75-4215, and amendments
36 thereto. Upon receipt of each such remittance, the state treasurer shall
37 deposit the entire amount in the state treasury to the credit of the state
38 school district finance fund.

39 (d) No school district shall proceed under K.S.A. 79-1964, 79-1964a
40 or 79-1964b, and amendments thereto.

41 Sec. 7. K.S.A. 2023 Supp. 74-8768 is hereby amended to read as
42 follows: 74-8768. (a) There is hereby created the expanded lottery act
43 revenues fund in the state treasury. All expenditures and transfers from

1 such fund shall be made in accordance with appropriation acts. All moneys
2 credited to such fund shall be expended or transferred only for the
3 purposes of reduction of state debt, state infrastructure improvements, the
4 university engineering initiative act, ~~reduction of local ad valorem tax in~~
5 ~~the same manner as provided for allocation of amounts in the local ad~~
6 ~~valorem tax reduction fund~~ and reduction of the unfunded actuarial
7 liability of the system attributable to the state of Kansas and participating
8 employers under K.S.A. 74-4931, and amendments thereto, by the Kansas
9 public employees retirement system.

10 (b) On July 1, 2021, July 1, 2022, July 1, 2023, July 1, 2024, July 1,
11 2025, July 1, 2026, July 1, 2027, July 1, 2028, July 1, 2029, July 1, 2030,
12 and July 1, 2031, or as soon thereafter such date as moneys are available,
13 the first \$10,500,000 credited to the expanded lottery act revenues fund
14 shall be transferred by the director of accounts and reports from the
15 expanded lottery act revenues fund in one or more substantially equal
16 amounts, to each of the following: The Kan-grow engineering fund – KU,
17 Kan-grow engineering fund – KSU and Kan-grow engineering fund –
18 WSU. Each such special revenue fund shall receive \$3,500,000 annually in
19 each of such years. Commencing in fiscal year 2014, after such transfer
20 has been made, 50% of the remaining moneys credited to the fund shall be
21 transferred on a quarterly basis by the director of accounts and reports
22 from the fund to the Kansas public employees retirement system fund to
23 be applied to reduce the unfunded actuarial liability of the system
24 attributable to the state of Kansas and participating employers under
25 K.S.A. 74-4931 et seq., and amendments thereto, until the system as a
26 whole attains an 80% funding ratio as certified by the board of trustees of
27 the Kansas public employees retirement system.

28 Sec. 8. K.S.A. 75-2556 is hereby amended to read as follows: 75-
29 2556. (a) The state librarian shall determine the amount of the grant-in-aid
30 each eligible local public library is to receive based on the latest
31 population census figures as certified by the division of the budget.

32 (b) Except as provided by subsection (d), no local public library shall
33 be eligible for any state grants-in-aid if the total amount of the following
34 paragraphs is less than the total amount produced from such sources for
35 the same library for the previous year, based on the information contained
36 in the official annual budgets of municipalities that are filed with the
37 division of accounts and reports in accordance with K.S.A. 79-2930, and
38 amendments thereto:

39 (1) The amount produced by the local ad valorem tax levies for the
40 current year expenses for such library;

41 ~~(2) the amount of moneys received from the local ad valorem tax~~
42 ~~reduction fund for current year expenses for such library;~~

43 (3) the amount of moneys received from taxes levied upon motor

1 vehicles under the provisions of K.S.A. 79-5101 et seq., and amendments
2 thereto, for current year expenses for such library; and

3 ~~(4)~~(3) the amount of moneys received in the current year from
4 collections of unpaid local ad valorem tax levies for prior year expenses
5 for such library.

6 (c) Local public library districts in which the assessed valuation
7 decreases shall remain eligible for state grants-in-aid so long as the ad
8 valorem tax mill rate for the support of such library has not been reduced
9 below the mill rate imposed for such purpose for the previous year.

10 (d) If a local public library fails to qualify for eligibility for any state
11 grants-in-aid under subsection (b), the state librarian shall have the power
12 to continue the eligibility of a local public library for any state grants-in-
13 aid if the state librarian, after evaluation of all the circumstances,
14 determines that the legislative intent for maintenance of local tax levy
15 support for the on-going operations of the library is being met by the
16 library district.

17 (e) The distribution so determined shall be apportioned and paid on
18 February 15 of each year.

19 Sec. 9. K.S.A. 2023 Supp. 79-201x is hereby amended to read as
20 follows: 79-201x. (a) For taxable year ~~2022~~ 2024, and all taxable years
21 thereafter, the following described property, to the extent herein specified,
22 shall be and is hereby exempt from the property tax levied pursuant to the
23 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
24 residential purposes to the extent of ~~\$40,000~~ \$80,000 of its appraised
25 valuation.

26 (b) For taxable year ~~2023~~ 2025, and all taxable years thereafter, the
27 dollar amount of the extent of appraised valuation that is exempt pursuant
28 to subsection (a) *and any subsequent changes pursuant to this subsection*
29 shall be adjusted to reflect the average percentage change in statewide
30 residential valuation of all residential real property for the preceding 10
31 years. Such average percentage change shall not be less than zero. The
32 director of property valuation shall calculate the average percentage
33 change for purposes of this annual adjustment and calculate the dollar
34 amount of the extent of appraised valuation that is exempt pursuant to this
35 section each year.

36 Sec. 10. K.S.A. 79-1107 is hereby amended to read as follows: 79-
37 1107. (a) Every national banking association and state bank located or
38 doing business within the state shall pay to the state for the privilege of
39 doing business within the state a tax according to or measured by its net
40 income for the next preceding taxable year to be computed as provided in
41 this act. Such tax shall consist of a normal tax and a surtax and shall be
42 computed as follows:

43 ~~(a)~~(1) (A) For tax year 2024, the normal tax shall be an amount equal

1 to ~~2⁺/₄%~~ 2.25% of such net income; and

2 *(B) for tax year 2025, and all tax years thereafter, the normal tax*
3 *shall be an amount equal to 1.63% of such net income; and*

4 ~~(b)(2)~~ the surtax shall be an amount equal to ~~2⁺/₈%~~ 2.125% of such
5 net income in excess of \$25,000.

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

10 Sec. 11. K.S.A. 79-1108 is hereby amended to read as follows: 79-
11 1108. *(a) Every trust company and savings and loan association located or*
12 *doing business within the state shall pay to the state for the privilege of*
13 *doing business within the state a tax according to or measured by its net*
14 *income for the next preceding taxable year to be computed as provided in*
15 *this act. Such tax shall consist of a normal tax and a surtax and shall be*
16 *computed as follows:*

17 ~~(a)(1)~~ *(A) For tax year 2024, the normal tax on every trust company*
18 *and savings and loan association shall be an amount equal to ~~2⁺/₄%~~ 2.25%*
19 *of such net income; and*

20 *(B) for tax year 2025, and all tax years thereafter, the normal tax on*
21 *every trust company and savings and loan association shall be an amount*
22 *equal to 1.61% of such net income; and*

23 ~~(b)(2)~~ the surtax on every trust company and savings and loan
24 association shall be an amount equal to ~~2⁺/₄%~~ 2.25% of such net income in
25 excess of \$25,000.

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

30 Sec. 12. K.S.A. 79-1479 is hereby amended to read as follows: 79-
31 1479. (a) On or before January 15, 1992, and quarterly thereafter, the
32 county or district appraiser shall submit to the director of property
33 valuation a progress report indicating actions taken during the preceding
34 quarter calendar year to implement the appraisal of property in the county
35 or district. Whenever the director of property valuation shall determine
36 that any county has failed, neglected or refused to properly provide for the
37 appraisal of property or the updating of the appraisals on an annual basis in
38 substantial compliance with the provisions of law and the guidelines and
39 timetables prescribed by the director, the director shall file with the state
40 board of tax appeals a complaint stating the facts upon which the director
41 has made the determination of noncompliance as provided by K.S.A. 79-
42 1413a, and amendments thereto. If, as a result of such proceeding, the state
43 board of tax appeals finds that the county is not in substantial compliance

1 with the provisions of law and the guidelines and timetables of the director
2 of property valuation providing for the appraisal of all property in the
3 county or the updating of the appraisals on an annual basis, it shall order
4 the immediate assumption of the duties of the office of county appraiser by
5 the director of the division of property valuation until such time as the
6 director of property valuation determines that the county is in substantial
7 compliance with the provisions of law. ~~In addition, the board shall order~~
8 ~~the state treasurer to withhold all or a portion of the county's entitlement to~~
9 ~~moneys from either or both of the local ad valorem tax reduction fund and~~
10 ~~the city and county revenue sharing fund for the year following the year in~~
11 ~~which the order is issued.~~ Upon service of any such order on the board of
12 county commissioners, the appraiser shall immediately deliver to the
13 director of property valuation, or the director's designee, all books, records
14 and papers pertaining to the appraiser's office.

15 Any county for which the director of the division of property valuation
16 is ordered by the state board of tax appeals to assume the responsibility
17 and duties of the office of county appraiser shall reimburse the state for the
18 actual costs incurred by the director of the division of property valuation in
19 the assumption and carrying out of such responsibility and duties,
20 including any contracting costs in the event it is necessary for the director
21 of property valuation to contract with private appraisal firms to carry out
22 such responsibilities and duties.

23 (b) On or before June 1 of each year, the director of property
24 valuation shall review the appraisal of property in each county or district
25 to determine if property within the county or district is being appraised or
26 valued in accordance with the requirements of law. If the director
27 determines the property in any county or district is not being appraised in
28 accordance with the requirements of law, the director of property valuation
29 shall notify the county or district appraiser and the board of county
30 commissioners of any county or counties affected that the county has 30
31 days within which to submit to the director a plan for bringing the
32 appraisal of property within the county into compliance.

33 If a plan is submitted and approved by the director the county or district
34 shall proceed to implement the plan as submitted. The director shall
35 continue to monitor the program to insure that the plan is implemented as
36 submitted. If no plan is submitted or if the director does not approve the
37 plan, the director shall petition the state board of tax appeals for a review
38 of the plan or, if no plan is submitted, for authority for the division of
39 property valuation to assume control of the appraisal program of the
40 county and to proceed to bring the same into compliance with the
41 requirements of law.

42 If the state board of tax appeals approves the plan, the county or district
43 appraiser shall proceed to implement the plan as submitted. If no plan has

1 been submitted or the plan submitted is not approved, the board shall fix a
2 time within which the county may submit a plan or an amended plan for
3 approval. If no plan is submitted and approved within the time prescribed
4 by the board, the board shall order the division of property valuation to
5 assume control of the appraisal program of the county ~~and shall certify its~~
6 ~~order to the state treasurer who shall withhold distributions of the county's~~
7 ~~share of moneys from the county and city revenue sharing fund and the~~
8 ~~local ad valorem tax reduction fund and credit the same to the general fund~~
9 ~~of the state for the year following the year in which the board's order is~~
10 ~~made.~~ The director of property valuation shall certify the amount of the
11 cost incurred by the division in bringing the program in compliance to the
12 state board of tax appeals. The board shall order the county commissioners
13 to reimburse the state for such costs.

14 (c) The state board of tax appeals shall within 60 days after the
15 publication of the Kansas assessment/sales ratio study review such
16 publication to determine county compliance with K.S.A. 79-1439, and
17 amendments thereto. If in the determination of the board one or more
18 counties are not in substantial compliance and the director of property
19 valuation has not acted under subsection (b), the board shall order the
20 director of property valuation to take such corrective action as is necessary
21 or to show cause for noncompliance.

22 Sec. 13. K.S.A. 2023 Supp. 79-2988 is hereby amended to read as
23 follows: 79-2988. (a) On or before June 15 each year, the county clerk
24 shall calculate the revenue neutral rate for each taxing subdivision and
25 include such revenue neutral rate on the notice of the estimated assessed
26 valuation provided to each taxing subdivision for budget purposes. The
27 director of accounts and reports shall modify the prescribed budget
28 information form to show the revenue neutral rate.

29 (b) No tax rate in excess of the revenue neutral rate shall be levied by
30 the governing body of any taxing subdivision unless a resolution or
31 ordinance has been approved by the governing body according to the
32 following procedure:

33 (1) At least 10 days in advance of the public hearing, the governing
34 body shall publish notice of its proposed intent to exceed the revenue
35 neutral rate by publishing notice:

36 (A) On the website of the governing body, if the governing body
37 maintains a website; and

38 (B) in a weekly or daily newspaper of the county having a general
39 circulation therein. The notice shall include, but not be limited to, its
40 proposed tax rate, its revenue neutral rate and the date, time and location
41 of the public hearing.

42 (2) On or before July 20, the governing body shall notify the county
43 clerk of its proposed intent to exceed the revenue neutral rate and provide

1 the date, time and location of the public hearing and its proposed tax rate.
2 For all tax years commencing after December 31, 2021, the county clerk
3 shall notify each taxpayer with property in the taxing subdivision, by mail
4 directed to the taxpayer's last known address, of the proposed intent to
5 exceed the revenue neutral rate at least 10 days in advance of the public
6 hearing. Alternatively, the county clerk may transmit the notice to the
7 taxpayer by electronic means at least 10 days in advance of the public
8 hearing, if such taxpayer and county clerk have consented in writing to
9 service by electronic means. The county clerk shall consolidate the
10 required information for all taxing subdivisions relevant to the taxpayer's
11 property on one notice. The notice shall be in a format prescribed by the
12 director of accounts and reports. The notice shall include, but not be
13 limited to:

14 (A) The revenue neutral rate of each taxing subdivision relevant to
15 the taxpayer's property;

16 (B) the proposed property tax revenue needed to fund the proposed
17 budget of the taxing subdivision, if the taxing subdivision notified the
18 county clerk of its proposed intent to exceed its revenue neutral rate;

19 (C) the proposed tax rate based upon the proposed budget and the
20 current year's total assessed valuation of the taxing subdivision, if the
21 taxing subdivision notified the county clerk of its proposed intent to
22 exceed its revenue neutral rate;

23 (D) the percentage by which the proposed tax rate exceeds the
24 revenue neutral rate;

25 (E) the tax rate and property tax of each taxing subdivision on the
26 taxpayer's property from the previous year's tax statement;

27 (F) the appraised value and assessed value of the taxpayer's property
28 for the current year;

29 (G) the estimates of the tax for the current tax year on the taxpayer's
30 property based on the revenue neutral rate of each taxing subdivision and
31 any proposed tax rates that exceed the revenue neutral rates;

32 (H) the difference between the estimates of tax based on the proposed
33 tax rate and the revenue neutral rate on the taxpayer's property described in
34 subparagraph (G) for any taxing subdivision that has a proposed tax rate
35 that exceeds its revenue neutral rate; and

36 (I) the date, time and location of the public hearing of the taxing
37 subdivision, if the taxing subdivision notified the county clerk of its
38 proposed intent to exceed its revenue neutral rate.

39 Although the state of Kansas is not a taxing subdivision for purposes of
40 this section, the notice shall include a statement of the statutory mill levies
41 imposed by the state and the estimate of the tax for the current year on the
42 taxpayer's property based on such levies.

43 (3) The public hearing to consider exceeding the revenue neutral rate

1 shall be held not sooner than August 20 and not later than September 20.
2 The governing body shall provide interested taxpayers desiring to be heard
3 an opportunity to present oral testimony within reasonable time limits and
4 without unreasonable restriction on the number of individuals allowed to
5 make public comment. The public hearing may be conducted in
6 conjunction with the proposed budget hearing pursuant to K.S.A. 79-2929,
7 and amendments thereto, if the governing body otherwise complies with
8 all requirements of this section. Nothing in this section shall be construed
9 to prohibit additional public hearings that provide additional opportunities
10 to present testimony or public comment prior to the public hearing
11 required by this section.

12 (4) A majority vote of the governing body, by the adoption of a
13 resolution or ordinance to approve exceeding the revenue neutral rate,
14 shall be required prior to adoption of a proposed budget that will result in a
15 tax rate in excess of the revenue neutral rate. Such vote of the governing
16 body shall be conducted at the public hearing after the governing body has
17 heard from interested taxpayers and shall be a roll call vote. If the
18 governing body approves exceeding the revenue neutral rate, the
19 governing body shall not adopt a budget that results in a tax rate in excess
20 of its proposed tax rate as stated in the notice provided pursuant to this
21 section. A copy of the resolution or ordinance to approve exceeding the
22 revenue neutral rate and a certified copy of any roll call vote reporting, at a
23 minimum, the name and vote of each member of the governing body
24 related to exceeding the revenue neutral rate, whether approved or not,
25 shall be included with the adopted budget, budget certificate and other
26 budget forms filed with the county clerk and the director of accounts and
27 reports and shall be published on the website of the department of
28 administration.

29 (c) (1) Any governing body subject to the provisions of this section
30 that does not comply with subsection (b) shall refund to taxpayers any
31 property taxes over-collected based on the amount of the levy that was in
32 excess of the revenue neutral rate.

33 (2) Any taxpayer of the taxing subdivision that is the subject of the
34 complaint or such taxpayer's duly authorized representative may file a
35 complaint with the state board of tax appeals by filing a written complaint,
36 on a form prescribed by the board, that contains the facts that the
37 complaining party believes show that a governing body of a taxing
38 subdivision did not comply with the provisions of subsection (b) and that a
39 reduction or refund of taxes is appropriate. The complaining party shall
40 provide a copy of such complaint to the governing body of the taxing
41 subdivision making the levy that is the subject of the complaint.
42 Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee
43 shall be charged by the executive director of the state board of tax appeals

1 for a complaint filed pursuant to this paragraph. The governing body of the
2 taxing subdivision making the levy that is the subject of the complaint
3 shall be a party to the proceeding. Notice of any summary proceeding or
4 hearing shall be served upon such governing body, the county clerk, the
5 director of accounts and reports and the complaining party. It shall be the
6 duty of the governing body to initiate the production of evidence to
7 demonstrate, by a preponderance of the evidence, the validity of such levy.
8 If upon a summary proceeding or hearing, it shall be made to appear to the
9 satisfaction of the board that the governing body of the taxing subdivision
10 did not comply with subsection (b), the state board of tax appeals shall
11 order such governing body to refund to taxpayers the amount of property
12 taxes over collected or reduce the taxes levied, if uncollected. The
13 provisions of this paragraph shall not be construed as prohibiting any other
14 remedies available under the law.

15 (d) On and after January 1, 2022, in the event that the ~~20-mills tax~~
16 levied by a school district pursuant to K.S.A. 72-5142, and amendments
17 thereto, increases the property tax revenue generated for the purpose of
18 calculating the revenue neutral rate from the previous tax year and such
19 amount of increase in revenue generated from ~~the 20-mills such tax levied~~
20 is the only reason *that* the school district would exceed the total property
21 tax revenue from the prior year, the school district shall be deemed to not
22 have exceeded the revenue neutral rate in levying a tax rate in excess of
23 the revenue neutral rate to take into account the increase in revenue from
24 only ~~the 20-mills such tax levied~~.

25 (e) (1) Notwithstanding any other provision of law to the contrary, if
26 the governing body of a taxing subdivision must conduct a public hearing
27 to approve exceeding the revenue neutral rate under this section, the
28 governing body of the taxing subdivision shall certify, on or before
29 October 1, to the proper county clerk the amount of ad valorem tax to be
30 levied.

31 (2) If a governing body of a taxing subdivision did not comply with
32 the provisions of subsection (b) and certifies to the county clerk an amount
33 of ad valorem tax to be levied that would result in a tax rate in excess of its
34 revenue neutral rate, the county clerk shall reduce the ad valorem tax to be
35 levied to the amount resulting from such taxing subdivision's revenue
36 neutral rate.

37 (f) As used in this section:

38 (1) "Taxing subdivision" means any political subdivision of the state
39 that levies an ad valorem tax on property.

40 (2) "Revenue neutral rate" means the tax rate for the current tax year
41 that would generate the same property tax revenue as levied the previous
42 tax year using the current tax year's total assessed valuation. To calculate
43 the revenue neutral rate, the county clerk shall divide the property tax

1 revenue for such taxing subdivision levied for the previous tax year by the
2 total of all taxable assessed valuation in such taxing subdivision for the
3 current tax year, and then multiply the quotient by 1,000 to express the rate
4 in mills. The revenue neutral rate shall be expressed to the third decimal
5 place.

6 (g) In the event that a county clerk incurred costs of printing and
7 postage that were not reimbursed pursuant to K.S.A. 2023 Supp. 79-2989,
8 and amendments thereto, such county clerk may seek reimbursement from
9 all taxing subdivisions required to send the notice. Such costs shall be
10 shared proportionately by all taxing subdivisions that were included on the
11 same notice based on the total property tax levied by each taxing
12 subdivision. Payment of such costs shall be due to the county clerk by
13 December 31.

14 (h) The department of administration or the director of accounts and
15 reports shall make copies of adopted budgets, budget certificates, other
16 budget documents and revenue neutral rate documents available to the
17 public on the department of administration's website on a permanently
18 accessible web page that may be accessed via a conspicuous link to that
19 web page placed on the front page of the department's website. The
20 department of administration or the director of accounts and reports shall
21 also make the following information for each tax year available on such
22 website:

- 23 (1) A list of taxing subdivisions by county;
- 24 (2) whether each taxing subdivision conducted a hearing to consider
25 exceeding its revenue neutral rate;
- 26 (3) the revenue neutral rate of each taxing subdivision;
- 27 (4) the tax rate resulting from the adopted budget of each taxing
28 subdivision; and
- 29 (5) the percent change between the revenue neutral rate and the tax
30 rate for each taxing subdivision.

31 Sec. 14. K.S.A. 2023 Supp. 79-32,110 is hereby amended to read as
32 follows: 79-32,110. (a) *Resident individuals*. Except as otherwise provided
33 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
34 upon the Kansas taxable income of every resident individual, which tax
35 shall be computed in accordance with the following tax schedules:

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

37 (A) For tax year 2012:

38 If the taxable income is:	The tax is:
39 Not over \$30,000	3.5% of Kansas taxable income
40 Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess 41 over \$30,000
42 Over \$60,000	\$2,925 plus 6.45% of excess 43 over \$60,000

1	(B) For tax year 2013:	
2	If the taxable income is:	The tax is:
3	Not over \$30,000	3.0% of Kansas taxable income
4	Over \$30,000	\$900 plus 4.9% of excess over
5		\$30,000
6	(C) For tax year 2014:	
7	If the taxable income is:	The tax is:
8	Not over \$30,000	2.7% of Kansas taxable income
9	Over \$30,000	\$810 plus 4.8% of excess over
10		\$30,000
11	(D) For tax years 2015 and 2016:	
12	If the taxable income is:	The tax is:
13	Not over \$30,000	2.7% of Kansas taxable income
14	Over \$30,000	\$810 plus 4.6% of excess over
15		\$30,000
16	(E) For tax year 2017:	
17	If the taxable income is:	The tax is:
18	Not over \$30,000	2.9% of Kansas taxable income
19	Over \$30,000 but not over \$60,000	\$870 plus 4.9% of excess over
20		\$30,000
21	Over \$60,000	\$2,340 plus 5.2% of excess over
22		\$60,000
23		
24	(F) For tax year years 2018, and all tax years thereafter through 2023:	
25	If the taxable income is:	The tax is:
26	Not over \$30,000.....	3.1% of Kansas taxable income
27	Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
28		over \$30,000
29	Over \$60,000.....	\$2,505 plus 5.7% of excess
30		over \$60,000
31	(B) For tax year 2024, and all tax years thereafter:	
32		
33	If the taxable income is:	The tax is:
34	Not over \$14,000.....	0% of Kansas taxable income
35	Over \$14,000 but not over \$60,000.....	5.2% of excess over \$14,000
36	Over \$60,000.....	\$2,392 plus 5.65% of excess
37		over \$60,000
38	(2) All other individuals.	
39	(A) For tax year 2012:	
40	If the taxable income is:	The tax is:
41	Not over \$15,000	3.5% of Kansas taxable income
42	Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess
43		over \$15,000

1	Over \$30,000	\$1,462.50 plus 6.45% of excess
2		over \$30,000
3	(B) For tax year 2013:	
4	If the taxable income is:	The tax is:
5	Not over \$15,000	3.0% of Kansas taxable income
6	Over \$15,000	\$450 plus 4.9% of excess over
7		\$15,000
8	(C) For tax year 2014:	
9	If the taxable income is:	The tax is:
10	Not over \$15,000	2.7% of Kansas taxable income
11	Over \$15,000	\$405 plus 4.8% of excess over
12		\$15,000
13	(D) For tax years 2015 and 2016:	
14	If the taxable income is:	The tax is:
15	Not over \$15,000	2.7% of Kansas taxable income
16	Over \$15,000	\$405 plus 4.6% of excess over
17		\$15,000
18	(E) For tax year 2017:	
19	If the taxable income is:	The tax is:
20	Not over \$15,000	2.9% of Kansas taxable income
21	Over \$15,000 but not over \$30,000	\$435 plus 4.9% of excess over
22		\$15,000
23	Over \$30,000	\$1,170 plus 5.2% of excess over
24		\$30,000
25	(F) For tax year years 2018, and all tax years thereafter through 2023:	
26	If the taxable income is:	The tax is:
27	Not over \$15,000.....	3.1% of Kansas taxable income
28	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
29		over \$15,000
30	Over \$30,000.....	\$1,252.50 plus 5.7% of excess
31		over \$30,000
32	(B) For tax year 2024, and all tax years thereafter:	
33		
34	If the taxable income is:	The tax is:
35	Not over \$7,000.....	0% of Kansas taxable income
36	Over \$7,000 but not over \$30,000.....	5.2% of excess over \$7,000
37	Over \$30,000.....	\$1,196 plus 5.65% of excess
38		over \$30,000
39	(b) <i>Nonresident individuals.</i> A tax is hereby imposed upon the Kansas	
40	taxable income of every nonresident individual, which tax shall be an	
41	amount equal to the tax computed under subsection (a) as if the	
42	nonresident were a resident multiplied by the ratio of modified Kansas	
43	source income to Kansas adjusted gross income.	

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

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

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

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

14 (e) Notwithstanding the provisions of subsections (a) and (b):~~(1) For~~
15 ~~tax years 2016 and 2017, married individuals filing joint returns with~~
16 ~~taxable income of \$12,500 or less, and all other individuals with taxable~~
17 ~~income of \$5,000 or less, shall have a tax liability of zero; and (2), for tax~~
18 ~~year years 2018, and all tax years thereafter through 2023, married~~
19 ~~individuals filing joint returns with taxable income of \$5,000 or less, and~~
20 ~~all other individuals with taxable income of \$2,500 or less, shall have a tax~~
21 ~~liability of zero.~~

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

26 Sec. 15. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as
27 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
28 means such individual's federal adjusted gross income for the taxable year,
29 with the modifications specified in this section.

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

31 (i) Interest income less any related expenses directly incurred in the
32 purchase of state or political subdivision obligations, to the extent that the
33 same is not included in federal adjusted gross income, on obligations of
34 any state or political subdivision thereof, but to the extent that interest
35 income on obligations of this state or a political subdivision thereof issued
36 prior to January 1, 1988, is specifically exempt from income tax under the
37 laws of this state authorizing the issuance of such obligations, it shall be
38 excluded from computation of Kansas adjusted gross income whether or
39 not included in federal adjusted gross income. Interest income on
40 obligations of this state or a political subdivision thereof issued after
41 December 31, 1987, shall be excluded from computation of Kansas
42 adjusted gross income whether or not included in federal adjusted gross
43 income.

1 (ii) Taxes on or measured by income or fees or payments in lieu of
2 income taxes imposed by this state or any other taxing jurisdiction to the
3 extent deductible in determining federal adjusted gross income and not
4 credited against federal income tax. This paragraph shall not apply to taxes
5 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
6 amendments thereto, for privilege tax year 1995, and all such years
7 thereafter.

8 (iii) The federal net operating loss deduction, except that the federal
9 net operating loss deduction shall not be added to an individual's federal
10 adjusted gross income for tax years beginning after December 31, 2016.

11 (iv) Federal income tax refunds received by the taxpayer if the
12 deduction of the taxes being refunded resulted in a tax benefit for Kansas
13 income tax purposes during a prior taxable year. Such refunds shall be
14 included in income in the year actually received regardless of the method
15 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
16 be deemed to have resulted if the amount of the tax had been deducted in
17 determining income subject to a Kansas income tax for a prior year
18 regardless of the rate of taxation applied in such prior year to the Kansas
19 taxable income, but only that portion of the refund shall be included as
20 bears the same proportion to the total refund received as the federal taxes
21 deducted in the year to which such refund is attributable bears to the total
22 federal income taxes paid for such year. For purposes of the foregoing
23 sentence, federal taxes shall be considered to have been deducted only to
24 the extent such deduction does not reduce Kansas taxable income below
25 zero.

26 (v) The amount of any depreciation deduction or business expense
27 deduction claimed on the taxpayer's federal income tax return for any
28 capital expenditure in making any building or facility accessible to the
29 handicapped, for which expenditure the taxpayer claimed the credit
30 allowed by K.S.A. 79-32,177, and amendments thereto.

31 (vi) Any amount of designated employee contributions picked up by
32 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
33 and amendments thereto.

34 (vii) The amount of any charitable contribution made to the extent the
35 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
36 32,196, and amendments thereto.

37 (viii) The amount of any costs incurred for improvements to a swine
38 facility, claimed for deduction in determining federal adjusted gross
39 income, to the extent the same is claimed as the basis for any credit
40 allowed pursuant to K.S.A. 79-32,204, and amendments thereto.

41 (ix) The amount of any ad valorem taxes and assessments paid and
42 the amount of any costs incurred for habitat management or construction
43 and maintenance of improvements on real property, claimed for deduction

1 in determining federal adjusted gross income, to the extent the same is
2 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
3 and amendments thereto.

4 (x) Amounts received as nonqualified withdrawals, as defined by
5 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
6 family postsecondary education savings account, such amounts were
7 subtracted from the federal adjusted gross income pursuant to subsection
8 (c)(xv) or if such amounts are not already included in the federal adjusted
9 gross income.

10 (xi) The amount of any contribution made to the same extent the
11 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
12 50,154, and amendments thereto.

13 (xii) For taxable years commencing after December 31, 2004,
14 amounts received as withdrawals not in accordance with the provisions of
15 K.S.A. 74-50,204, and amendments thereto, if, at the time of contribution
16 to an individual development account, such amounts were subtracted from
17 the federal adjusted gross income pursuant to subsection (c)(xiii), or if
18 such amounts are not already included in the federal adjusted gross
19 income.

20 (xiii) The amount of any expenditures claimed for deduction in
21 determining federal adjusted gross income, to the extent the same is
22 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,217
23 through 79-32,220 or 79-32,222, and amendments thereto.

24 (xiv) The amount of any amortization deduction claimed in
25 determining federal adjusted gross income to the extent the same is
26 claimed for deduction pursuant to K.S.A. 79-32,221, and amendments
27 thereto.

28 (xv) The amount of any expenditures claimed for deduction in
29 determining federal adjusted gross income, to the extent the same is
30 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
31 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
32 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
33 32,251 through 79-32,254, and amendments thereto.

34 (xvi) The amount of any amortization deduction claimed in
35 determining federal adjusted gross income to the extent the same is
36 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
37 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

38 (xvii) The amount of any amortization deduction claimed in
39 determining federal adjusted gross income to the extent the same is
40 claimed for deduction pursuant to K.S.A. 79-32,256, and amendments
41 thereto.

42 (xviii) For taxable years commencing after December 31, 2006, the
43 amount of any ad valorem or property taxes and assessments paid to a state

1 other than Kansas or local government located in a state other than Kansas
2 by a taxpayer who resides in a state other than Kansas, when the law of
3 such state does not allow a resident of Kansas who earns income in such
4 other state to claim a deduction for ad valorem or property taxes or
5 assessments paid to a political subdivision of the state of Kansas in
6 determining taxable income for income tax purposes in such other state, to
7 the extent that such taxes and assessments are claimed as an itemized
8 deduction for federal income tax purposes.

9 (xix) For taxable years beginning after December 31, 2012, and
10 ending before January 1, 2017, the amount of any: (1) Loss from business
11 as determined under the federal internal revenue code and reported from
12 schedule C and on line 12 of the taxpayer's form 1040 federal individual
13 income tax return; (2) loss from rental real estate, royalties, partnerships, S
14 corporations, except those with wholly owned subsidiaries subject to the
15 Kansas privilege tax, estates, trusts, residual interest in real estate
16 mortgage investment conduits and net farm rental as determined under the
17 federal internal revenue code and reported from schedule E and on line 17
18 of the taxpayer's form 1040 federal individual income tax return; and (3)
19 farm loss as determined under the federal internal revenue code and
20 reported from schedule F and on line 18 of the taxpayer's form 1040
21 federal income tax return; all to the extent deducted or subtracted in
22 determining the taxpayer's federal adjusted gross income. For purposes of
23 this subsection, references to the federal form 1040 and federal schedule
24 C, schedule E, and schedule F, shall be to such form and schedules as they
25 existed for tax year 2011, and as revised thereafter by the internal revenue
26 service.

27 (xx) For taxable years beginning after December 31, 2012, and
28 ending before January 1, 2017, the amount of any deduction for self-
29 employment taxes under section 164(f) of the federal internal revenue
30 code as in effect on January 1, 2012, and amendments thereto, in
31 determining the federal adjusted gross income of an individual taxpayer, to
32 the extent the deduction is attributable to income reported on schedule C,
33 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income
34 tax return.

35 (xxi) For taxable years beginning after December 31, 2012, and
36 ending before January 1, 2017, the amount of any deduction for pension,
37 profit sharing, and annuity plans of self-employed individuals under
38 section 62(a)(6) of the federal internal revenue code as in effect on January
39 1, 2012, and amendments thereto, in determining the federal adjusted gross
40 income of an individual taxpayer.

41 (xxii) For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of any deduction for health
43 insurance under section 162(l) of the federal internal revenue code as in

1 effect on January 1, 2012, and amendments thereto, in determining the
2 federal adjusted gross income of an individual taxpayer.

3 (xxiii) For taxable years beginning after December 31, 2012, and
4 ending before January 1, 2017, the amount of any deduction for domestic
5 production activities under section 199 of the federal internal revenue code
6 as in effect on January 1, 2012, and amendments thereto, in determining
7 the federal adjusted gross income of an individual taxpayer.

8 (xxiv) For taxable years commencing after December 31, 2013, that
9 portion of the amount of any expenditure deduction claimed in
10 determining federal adjusted gross income for expenses paid for medical
11 care of the taxpayer or the taxpayer's spouse or dependents when such
12 expenses were paid or incurred for an abortion, or for a health benefit plan,
13 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
14 an optional rider for coverage of abortion in accordance with K.S.A. 40-
15 2,190, and amendments thereto, to the extent that such taxes and
16 assessments are claimed as an itemized deduction for federal income tax
17 purposes.

18 (xxv) For taxable years commencing after December 31, 2013, that
19 portion of the amount of any expenditure deduction claimed in
20 determining federal adjusted gross income for expenses paid by a taxpayer
21 for health care when such expenses were paid or incurred for abortion
22 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
23 amendments thereto, when such expenses were paid or incurred for
24 abortion coverage or amounts contributed to health savings accounts for
25 such taxpayer's employees for the purchase of an optional rider for
26 coverage of abortion in accordance with K.S.A. 40-2,190, and
27 amendments thereto, to the extent that such taxes and assessments are
28 claimed as a deduction for federal income tax purposes.

29 (xxvi) For all taxable years beginning after December 31, 2016, the
30 amount of any charitable contribution made to the extent the same is
31 claimed as the basis for the credit allowed pursuant to K.S.A. 72-4357, and
32 amendments thereto, and is also claimed as an itemized deduction for
33 federal income tax purposes.

34 (xxvii) For all taxable years commencing after December 31, 2020,
35 the amount deducted by reason of a carryforward of disallowed business
36 interest pursuant to section 163(j) of the federal internal revenue code of
37 1986, as in effect on January 1, 2018.

38 (xxviii) For all taxable years beginning after December 31, 2021, the
39 amount of any contributions to, or earnings from, a first-time home buyer
40 savings account if distributions from the account were not used to pay for
41 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-
42 4904, and amendments thereto, or were not held for the minimum length
43 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments

1 thereto. Contributions to, or earnings from, such account shall also include
2 any amount resulting from the account holder not designating a surviving
3 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),
4 and amendments thereto.

5 (c) There shall be subtracted from federal adjusted gross income:

6 (i) Interest or dividend income on obligations or securities of any
7 authority, commission or instrumentality of the United States and its
8 possessions less any related expenses directly incurred in the purchase of
9 such obligations or securities, to the extent included in federal adjusted
10 gross income but exempt from state income taxes under the laws of the
11 United States.

12 (ii) Any amounts received which are included in federal adjusted
13 gross income but which are specifically exempt from Kansas income
14 taxation under the laws of the state of Kansas.

15 (iii) The portion of any gain or loss from the sale or other disposition
16 of property having a higher adjusted basis for Kansas income tax purposes
17 than for federal income tax purposes on the date such property was sold or
18 disposed of in a transaction in which gain or loss was recognized for
19 purposes of federal income tax that does not exceed such difference in
20 basis, but if a gain is considered a long-term capital gain for federal
21 income tax purposes, the modification shall be limited to that portion of
22 such gain which is included in federal adjusted gross income.

23 (iv) The amount necessary to prevent the taxation under this act of
24 any annuity or other amount of income or gain which was properly
25 included in income or gain and was taxed under the laws of this state for a
26 taxable year prior to the effective date of this act, as amended, to the
27 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
28 the right to receive the income or gain, or to a trust or estate from which
29 the taxpayer received the income or gain.

30 (v) The amount of any refund or credit for overpayment of taxes on
31 or measured by income or fees or payments in lieu of income taxes
32 imposed by this state, or any taxing jurisdiction, to the extent included in
33 gross income for federal income tax purposes.

34 (vi) Accumulation distributions received by a taxpayer as a
35 beneficiary of a trust to the extent that the same are included in federal
36 adjusted gross income.

37 (vii) Amounts received as annuities under the federal civil service
38 retirement system from the civil service retirement and disability fund and
39 other amounts received as retirement benefits in whatever form which
40 were earned for being employed by the federal government or for service
41 in the armed forces of the United States.

42 (viii) Amounts received by retired railroad employees as a
43 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and

1 228c(a)(1) et seq.

2 (ix) Amounts received by retired employees of a city and by retired
3 employees of any board of such city as retirement allowances pursuant to
4 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
5 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
6 amendments thereto.

7 (x) For taxable years beginning after December 31, 1976, the amount
8 of the federal tentative jobs tax credit disallowance under the provisions of
9 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
10 amount of the targeted jobs tax credit and work incentive credit
11 disallowances under 26 U.S.C. § 280C.

12 (xi) For taxable years beginning after December 31, 1986, dividend
13 income on stock issued by Kansas venture capital, inc.

14 (xii) For taxable years beginning after December 31, 1989, amounts
15 received by retired employees of a board of public utilities as pension and
16 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,
17 and amendments thereto.

18 (xiii) For taxable years beginning after December 31, 2004, amounts
19 contributed to and the amount of income earned on contributions deposited
20 to an individual development account under K.S.A. 74-50,201 et seq., and
21 amendments thereto.

22 (xiv) For all taxable years commencing after December 31, 1996, that
23 portion of any income of a bank organized under the laws of this state or
24 any other state, a national banking association organized under the laws of
25 the United States, an association organized under the savings and loan
26 code of this state or any other state, or a federal savings association
27 organized under the laws of the United States, for which an election as an
28 S corporation under subchapter S of the federal internal revenue code is in
29 effect, which accrues to the taxpayer who is a stockholder of such
30 corporation and which is not distributed to the stockholders as dividends of
31 the corporation. For taxable years beginning after December 31, 2012, and
32 ending before January 1, 2017, the amount of modification under this
33 subsection shall exclude the portion of income or loss reported on schedule
34 E and included on line 17 of the taxpayer's form 1040 federal individual
35 income tax return.

36 (xv) For all taxable years beginning after December 31, 2017, the
37 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
38 filing a joint return, for each designated beneficiary that are contributed to:
39 (1) A family postsecondary education savings account established under
40 the Kansas postsecondary education savings program or a qualified tuition
41 program established and maintained by another state or agency or
42 instrumentality thereof pursuant to section 529 of the internal revenue
43 code of 1986, as amended, for the purpose of paying the qualified higher

1 education expenses of a designated beneficiary; or (2) an achieving a
2 better life experience (ABLE) account established under the Kansas ABLE
3 savings program or a qualified ABLE program established and maintained
4 by another state or agency or instrumentality thereof pursuant to section
5 529A of the internal revenue code of 1986, as amended, for the purpose of
6 saving private funds to support an individual with a disability. The terms
7 and phrases used in this paragraph shall have the meaning respectively
8 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
9 amendments thereto, and the provisions of such sections are hereby
10 incorporated by reference for all purposes thereof.

11 (xvi) For all taxable years beginning after December 31, 2004,
12 amounts received by taxpayers who are or were members of the armed
13 forces of the United States, including service in the Kansas army and air
14 national guard, as a recruitment, sign up or retention bonus received by
15 such taxpayer as an incentive to join, enlist or remain in the armed services
16 of the United States, including service in the Kansas army and air national
17 guard, and amounts received for repayment of educational or student loans
18 incurred by or obligated to such taxpayer and received by such taxpayer as
19 a result of such taxpayer's service in the armed forces of the United States,
20 including service in the Kansas army and air national guard.

21 (xvii) For all taxable years beginning after December 31, 2004,
22 amounts received by taxpayers who are eligible members of the Kansas
23 army and air national guard as a reimbursement pursuant to K.S.A. 48-
24 281, and amendments thereto, and amounts received for death benefits
25 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
26 such death benefits are included in federal adjusted gross income of the
27 taxpayer.

28 ~~(xviii) For the taxable year beginning after December 31, 2006,~~
29 ~~amounts received as benefits under the federal social security act which~~
30 ~~are included in federal adjusted gross income of a taxpayer with federal~~
31 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
32 ~~status is single, head of household, married filing separate or married filing~~
33 ~~jointly; and (A) For all taxable years beginning after December 31, 2007,~~
34 ~~and ending before January 1, 2027, amounts received as benefits under the~~
35 ~~federal social security act which are included in federal adjusted gross~~
36 ~~income of a taxpayer with federal adjusted gross income of \$75,000 or~~
37 ~~less, whether such taxpayer's filing status is single, head of household,~~
38 ~~married filing separate or married filing jointly.~~

39 *(B) For the taxable year beginning after December 31, 2023, and*
40 *ending before January 1, 2025, a portion of amounts received as benefits*
41 *under the federal social security act that are included in federal adjusted*
42 *gross income of a taxpayer with federal adjusted gross income greater*
43 *than \$75,000 and less than \$125,000, whether that taxpayer's filing status*

1 is single, head of household, married filing separate or married filing
2 jointly, calculated as follows:

3 (1) Subtract an amount equal to the federal adjusted gross income of
4 that taxpayer from 125,000 (the result must be greater than zero);

5 (2) divide the result of subparagraph (B)(1) by 50,000; and

6 (3) multiply the result of subparagraph (B)(2) by the amount in
7 dollars received as benefits under the federal social security act that are
8 included in federal adjusted gross income of that taxpayer to determine
9 the modification pursuant to this subparagraph.

10 (C) For the taxable year beginning after December 31, 2024, and
11 ending before January 1, 2026, a portion of amounts received as benefits
12 under the federal social security act that are included in federal adjusted
13 gross income of a taxpayer with federal adjusted gross income greater
14 than \$75,000 and less than \$175,000, whether that taxpayer's filing status
15 is single, head of household, married filing separate or married filing
16 jointly, calculated as follows:

17 (1) Subtract an amount equal to the federal adjusted gross income of
18 that taxpayer from 175,000 (the result must be greater than zero);

19 (2) divide the result of subparagraph (C)(1) by 100,000; and

20 (3) multiply the result of subparagraph (C)(2) by the amount in
21 dollars received as benefits under the federal social security act that are
22 included in federal adjusted gross income of that taxpayer to determine
23 the modification pursuant to this subparagraph.

24 (D) For the taxable year beginning after December 31, 2025, and
25 ending before January 1, 2027, a portion of amounts received as benefits
26 under the federal social security act that are included in federal adjusted
27 gross income of a taxpayer with federal adjusted gross income greater
28 than \$75,000 and less than \$275,000, whether that taxpayer's filing status
29 is single, head of household, married filing separate or married filing
30 jointly, calculated as follows:

31 (1) Subtract an amount equal to the federal adjusted gross income of
32 that taxpayer from 275,000 (the result must be greater than zero);

33 (2) divide the result of subparagraph (D)(1) by 200,000; and

34 (3) multiply the result of subparagraph (D)(2) by the amount in
35 dollars received as benefits under the federal social security act that are
36 included in federal adjusted gross income of that taxpayer to determine
37 the modification pursuant to this subparagraph.

38 (E) For all taxable years beginning after December 31, 2026,
39 amounts received as benefits under the federal social security act that are
40 included in federal adjusted gross income of a taxpayer.

41 (xix) Amounts received by retired employees of Washburn university
42 as retirement and pension benefits under the university's retirement plan.

43 (xx) For taxable years beginning after December 31, 2012, and

1 ending before January 1, 2017, the amount of any: (1) Net profit from
2 business as determined under the federal internal revenue code and
3 reported from schedule C and on line 12 of the taxpayer's form 1040
4 federal individual income tax return; (2) net income, not including
5 guaranteed payments as defined in section 707(c) of the federal internal
6 revenue code and as reported to the taxpayer from federal schedule K-1,
7 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
8 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
9 partnerships, S corporations, estates, trusts, residual interest in real estate
10 mortgage investment conduits and net farm rental as determined under the
11 federal internal revenue code and reported from schedule E and on line 17
12 of the taxpayer's form 1040 federal individual income tax return; and (3)
13 net farm profit as determined under the federal internal revenue code and
14 reported from schedule F and on line 18 of the taxpayer's form 1040
15 federal income tax return; all to the extent included in the taxpayer's
16 federal adjusted gross income. For purposes of this subsection, references
17 to the federal form 1040 and federal schedule C, schedule E, and schedule
18 F, shall be to such form and schedules as they existed for tax year 2011
19 and as revised thereafter by the internal revenue service.

20 (xxi) For all taxable years beginning after December 31, 2013,
21 amounts equal to the unreimbursed travel, lodging and medical
22 expenditures directly incurred by a taxpayer while living, or a dependent
23 of the taxpayer while living, for the donation of one or more human organs
24 of the taxpayer, or a dependent of the taxpayer, to another person for
25 human organ transplantation. The expenses may be claimed as a
26 subtraction modification provided for in this section to the extent the
27 expenses are not already subtracted from the taxpayer's federal adjusted
28 gross income. In no circumstances shall the subtraction modification
29 provided for in this section for any individual, or a dependent, exceed
30 \$5,000. As used in this section, "human organ" means all or part of a liver,
31 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
32 paragraph shall take effect on the day the secretary of revenue certifies to
33 the director of the budget that the cost for the department of revenue of
34 modifications to the automated tax system for the purpose of
35 implementing this paragraph will not exceed \$20,000.

36 (xxii) For taxable years beginning after December 31, 2012, and
37 ending before January 1, 2017, the amount of net gain from the sale of: (1)
38 Cattle and horses, regardless of age, held by the taxpayer for draft,
39 breeding, dairy or sporting purposes, and held by such taxpayer for 24
40 months or more from the date of acquisition; and (2) other livestock,
41 regardless of age, held by the taxpayer for draft, breeding, dairy or
42 sporting purposes, and held by such taxpayer for 12 months or more from
43 the date of acquisition. The subtraction from federal adjusted gross income

1 shall be limited to the amount of the additions recognized under the
2 provisions of subsection (b)(xix) attributable to the business in which the
3 livestock sold had been used. As used in this paragraph, the term
4 "livestock" shall not include poultry.

5 (xxiii) For all taxable years beginning after December 31, 2012,
6 amounts received under either the Overland Park, Kansas police
7 department retirement plan or the Overland Park, Kansas fire department
8 retirement plan, both as established by the city of Overland Park, pursuant
9 to the city's home rule authority.

10 (xxiv) For taxable years beginning after December 31, 2013, and
11 ending before January 1, 2017, the net gain from the sale from Christmas
12 trees grown in Kansas and held by the taxpayer for six years or more.

13 (xxv) For all taxable years commencing after December 31, 2020,
14 100% of global intangible low-taxed income under section 951A of the
15 federal internal revenue code of 1986, before any deductions allowed
16 under section 250(a)(1)(B) of such code.

17 (xxvi) For all taxable years commencing after December 31, 2020,
18 the amount disallowed as a deduction pursuant to section 163(j) of the
19 federal internal revenue code of 1986, as in effect on January 1, 2018.

20 (xxvii) For taxable years commencing after December 31, 2020, the
21 amount disallowed as a deduction pursuant to section 274 of the federal
22 internal revenue code of 1986 for meal expenditures shall be allowed to
23 the extent such expense was deductible for determining federal income tax
24 and was allowed and in effect on December 31, 2017.

25 (xxviii) For all taxable years beginning after December 31, 2021: (1)
26 The amount contributed to a first-time home buyer savings account
27 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an
28 amount not to exceed \$3,000 for an individual or \$6,000 for a married
29 couple filing a joint return; or (2) amounts received as income earned from
30 assets in a first-time home buyer savings account.

31 (d) There shall be added to or subtracted from federal adjusted gross
32 income the taxpayer's share, as beneficiary of an estate or trust, of the
33 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
34 amendments thereto.

35 (e) The amount of modifications required to be made under this
36 section by a partner which relates to items of income, gain, loss, deduction
37 or credit of a partnership shall be determined under K.S.A. 79-32,131, and
38 amendments thereto, to the extent that such items affect federal adjusted
39 gross income of the partner.

40 Sec. 16. K.S.A. 2023 Supp. 79-32,119 is hereby amended to read as
41 follows: 79-32,119. (a) The Kansas standard deduction of an individual,
42 including a husband and wife who are either both residents or who file a
43 joint return as if both were residents, shall be equal to the sum of the

1 standard deduction amount allowed pursuant to this section, and the
2 additional standard deduction amount allowed pursuant to this section for
3 each such deduction allowable to such individual or to such husband and
4 wife under the federal internal revenue code.

5 (b) For tax year 1998, and all tax years thereafter, the additional
6 standard deduction amount shall be as follows: Single individual and head
7 of household filing status, \$850; and married filing status, \$700.

8 (c) (1) ~~For tax year 2013 through tax year 2020, the standard~~
9 ~~deduction amount of an individual, including husband and wife who are~~
10 ~~either both residents or who file a joint return as if both were residents,~~
11 ~~shall be as follows: Single individual filing status, \$3,000; married filing~~
12 ~~status, \$7,500; and head of household filing status, \$5,500.~~

13 (2) ~~For tax year years 2021, and all tax years thereafter through 2023,~~
14 the standard deduction amount of an individual, including husband and
15 wife who are either both residents or who file a joint return as if both were
16 residents, shall be as follows: Single individual filing status, \$3,500;
17 married filing status, \$8,000; and head of household filing status, \$6,000.

18 (2) *For tax year 2024, and all tax years thereafter, the standard*
19 *deduction amount of an individual, including husband and wife who are*
20 *either both residents or who file a joint return as if both were residents,*
21 *shall be as follows: Single individual filing status, \$3,605; married filing*
22 *status, \$8,240; and head of household filing status, \$6,180.*

23 (3) *In the case of tax years 2025 and 2026, the amounts prescribed in*
24 *paragraph (2) and any subsequent changes pursuant to this paragraph*
25 *shall be increased by an amount equal to such amount multiplied by the*
26 *cost-of-living adjustment determined under section 1(f)(3) of the federal*
27 *internal revenue code for the calendar year in which the taxable year*
28 *commences. Any increase in the standard deduction provided by this*
29 *paragraph shall remain in effect unless further increased pursuant to this*
30 *paragraph. For tax years 2027 and 2028, and all tax years thereafter,*
31 *further increases shall be made only if authorized by legislative*
32 *enactment.*

33 (d) For purposes of this section, the federal standard deduction
34 allowable to a husband and wife filing separate Kansas income tax returns
35 shall be determined on the basis that separate federal returns were filed,
36 and the federal standard deduction of a husband and wife filing a joint
37 Kansas income tax return shall be determined on the basis that a joint
38 federal income tax return was filed.

39 Sec. 17. K.S.A. 2023 Supp. 79-32,121 is hereby amended to read as
40 follows: 79-32,121. (a) *For tax year 2024, and all tax years thereafter,* an
41 individual shall be allowed a Kansas exemption of ~~\$2,250~~ \$2,320 for each
42 exemption for which such individual is entitled to a deduction for the
43 taxable year for federal income tax purposes.

1 (b) In addition to the exemptions provided in subsection (a), any
2 individual who has been honorably discharged from active service in any
3 branch of the armed forces of the United States and who is certified by the
4 United States department of veterans affairs or its successor to be in
5 receipt of disability compensation at the 100% rate, if the disability is
6 permanent and was sustained through military action or accident or
7 resulted from disease contracted while in such active service, such
8 individual shall be allowed an additional Kansas exemption ~~of \$2,250~~ *in*
9 *the amount prescribed in subsection (a) including any increases provided*
10 *for pursuant to subsection (c) for tax year ~~2023~~ 2024 and all tax years*
11 *thereafter.*

12 (c) *In the case of tax years 2025 and 2026, the amount prescribed in*
13 *subsection (a) and any subsequent changes pursuant to this subsection*
14 *shall be increased by an amount equal to such amount multiplied by the*
15 *cost-of-living adjustment determined under section 1(f)(3) of the federal*
16 *internal revenue code for the calendar year in which the taxable year*
17 *commences. Any increase in the personal exemption provided by this*
18 *paragraph shall remain in effect unless further increased pursuant to this*
19 *paragraph. For tax years 2027 and 2028, and all tax years thereafter,*
20 *further increases shall be made only if authorized by legislative*
21 *enactment.*

22 Sec. 18. K.S.A. 2023 Supp. 79-3425i is hereby amended to read as
23 follows: 79-3425i. On January 15 and July 15 of each year, the director of
24 accounts and reports shall transfer a sum equal to the total taxes collected
25 under the provisions of K.S.A. 79-6a04 and 79-6a10, and amendments
26 thereto, and annual commercial vehicle fees collected pursuant to K.S.A.
27 8-143m, and amendments thereto, and credited to the state general fund
28 during the six months next preceding the date of transfer, from the state
29 general fund to the special city and county highway fund, created by
30 K.S.A. 79-3425, and amendments thereto, except that: (1) Such transfers
31 are subject to reduction under K.S.A. 75-6704, and amendments thereto;
32 (2) no moneys shall be transferred from the state general fund to the
33 special city and county highway fund during state fiscal year 2023, ~~state~~
34 ~~fiscal year or 2024 or state fiscal year 2025~~; and (3) all transfers under this
35 section shall be considered to be demand transfers from the state general
36 fund.

37 Sec. 19. K.S.A. 19-2694, 65-163j, 65-3306, 65-3327, 75-2556, 79-
38 1107, 79-1108, 79-1479, 79-2960, 79-2961, 79-2962, 79-2965, 79-2966
39 and 79-2967 and K.S.A. 2023 Supp. 72-5142, 74-8768, 79-201x, 79-2959,
40 79-2964, 79-2988, 79-32,110, 79-32,117, 79-32,119, 79-32,121 and 79-
41 3425i are hereby repealed.

42 Sec. 20. This act shall take effect and be in force from and after its
43 publication in the statute book.