

HOUSE BILL No. 2457

By Committee on Taxation

3-13

1 AN ACT concerning taxation; relating to income tax; providing a 4.95%
2 tax rate for individuals and decreasing the normal tax for corporations;
3 discontinuing possible future corporate rate decreases as a result of
4 agreements under the attracting powerful economic expansion program
5 act; increasing the income limit to qualify for a subtraction
6 modification for social security income; providing that all social
7 security benefits qualify for the subtraction modification commencing
8 in tax year 2026; increasing the Kansas standard deduction by a cost-
9 of-living adjustment; discontinuing the food sales tax credit; relating to
10 sales and compensating use tax; reducing the rate of tax on sales of
11 food and food ingredients; relating to property tax; increasing the
12 extent of exemption for residential property from the statewide school
13 levy; relating to privilege tax rates; decreasing the surtax; amending
14 K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-50,321, 79-
15 201x, 79-32,110, 79-32,117, 79-32,119, 79-32,271, 79-3603, 79-3603d,
16 79-3620, 79-3703 and 79-3710 and repealing the existing sections.
17

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

19 Section 1. K.S.A. 2022 Supp. 74-50,321 is hereby amended to read as
20 follows: 74-50,321. (a) Commencing with fiscal year 2022, in any fiscal
21 year that a qualified firm enters into an agreement with the secretary of
22 commerce for the first time pursuant to K.S.A. 2022 Supp. 74-50,312, and
23 amendments thereto, and commences construction on a qualified business
24 facility under this act the secretary of commerce shall certify such fact to
25 the secretary of revenue, the director of the budget and the director of
26 legislative research. Such certification shall be made when such fact is
27 known to the secretary, but in any event on or before June 30 of such fiscal
28 year.

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

36 (c) The rate reduction of 0.5% shall be applied to reduce the normal

Proposed Amendments
2023 House Bill No. 2457
Prepared by: Office of Revisor of Statutes
Income Tax Rate

1 shares of capital stock or the intangible assets of national banking
2 associations and state banks.

3 Sec. 4. K.S.A. 79-1108 is hereby amended to read as follows: 79-
4 1108. (a) Every trust company and savings and loan association located or
5 doing business within the state shall pay to the state for the privilege of
6 doing business within the state a tax according to or measured by its net
7 income for the next preceding taxable year to be computed as provided in
8 this act. Such tax shall consist of a normal tax and a surtax and shall be
9 computed as follows:

10 (A)(1) (A) For tax years prior to tax year 2022, the normal tax on
11 every trust company and savings and loan association shall be an amount
12 equal to ~~2.4%~~ 2.25% of such net income; and

13 (B) for tax year 2023, and all tax years thereafter, the normal tax on
14 every trust company and savings and loan association shall be an amount
15 equal to 1.61% of such net income;

16 (B)(2) the surtax on every trust company and savings and loan
17 association shall be an amount equal to ~~2.4%~~ 2.25% of such net income in
18 excess of \$25,000.

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

23 Sec. 5. K.S.A. 2022 Supp. 79-32,110 is hereby amended to read as
24 follows: 79-32,110. (a) Resident individuals. Except as otherwise provided
25 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
26 upon the Kansas taxable income of every resident individual, which tax
27 shall be computed in accordance with the following tax schedules:

28 (1) Married individuals filing joint returns.

29 (A) For tax year 2012:

30 If the taxable income is: The tax is:

31 Not over \$30,000..... 3.5% of Kansas taxable income

32 Over \$30,000 but not over \$60,000..... \$1,050 plus 6.25% of excess

33 Over \$30,000 over \$30,000

34 Over \$60,000..... \$2,925 plus 6.45% of excess

35 Over \$60,000 over \$60,000

36 (B) For tax year 2013:

37 If the taxable income is: The tax is:

38 Not over \$30,000..... 7.0% of Kansas taxable income

39 Over \$30,000..... \$900 plus 4.9% of excess over

40 Over \$30,000 \$30,000

41 (C) For tax year 2014:

42 If the taxable income is: The tax is:

43 Not over \$30,000..... 2.7% of Kansas taxable income

1			
2	(E) For tax year 2017:		\$15,000
3	If the taxable income is:	The tax is:	
4	Not over \$15,000.....	2.0% of Kansas taxable income	
5	Over \$15,000 but not over \$30,000.....	\$425 plus 4.5% of excess over	
6		\$15,000	
7	Over \$30,000.....	\$1,170 plus 5.2% of excess over	
8		\$30,000	
9	(F) For tax years 2018, and all tax years thereafter through 2023:		
10	If the taxable income is:	The tax is:	
11	Not over \$15,000.....	3.1% of Kansas taxable income	
12	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess	
13		over \$15,000	
14	Over \$30,000.....	\$1,252.50 plus 5.7% of excess	
15		over \$30,000	
16			

(3) All resident individuals. For tax year 2024, and all tax years thereafter for all individuals regardless of filing status, the tax shall be in an amount equal to ~~4.95%~~ 5.25% of:

- (A) ~~\$11,250~~ \$12,300 for married individuals filing joint returns; and
- (B) ~~\$5,624~~ \$6,150 for all other individuals.

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

(c) Corporations. A tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state.

(1) For tax years prior to tax year 2023, such tax shall consist of a normal tax and a surtax and shall be computed as follows unless otherwise modified pursuant to K.S.A. 2022 Supp. 74-50,321, and amendments thereto:

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

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

(2) For tax year 2023, and all tax years thereafter, such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(A) The normal tax shall be in an amount equal to 3% of the Kansas taxable income of such corporation; and

(B) the surtax shall be in an amount equal to 3% of the Kansas

Individual Income Tax Hypothetical Taxpayers

All taxpayers are assumed to have no Kansas addition or subtraction modifications, to take the standard deduction, and to have no tax credits.

The tax amounts listed below exclude the impact of standard deduction changes in HB 2457 and only include the effects of rate and bracket changes.

The 5.25% Proposal represents a single-bracket individual income tax plan with a rate of 5.25% and the first \$6,150/\$12,300 of taxable income untaxed.

Single Filer, no dependents

Fed. Adj. Gross Inc.	Kansas Taxable Income	Tax, Current Law	Tax, HB 2457	Tax Change	Tax, 5.25% Prop.	Tax Change
12,500	6,750	209	56	(154)	32	(178)
25,000	19,250	688	674	(14)	688	(0)
50,000	44,250	2,065	1,912	(153)	2,000	(65)
75,000	69,250	3,490	3,149	(340)	3,313	(177)
100,000	94,250	4,915	4,387	(528)	4,625	(290)
250,000	244,250	13,465	11,812	(1,653)	12,500	(965)

Married Couple Filing Jointly, no dependents

Fed. Adj. Gross Inc.	Kansas Taxable Income	Tax, Current Law	Tax, HB 2457	Tax Change	Tax, 5.25% Prop.	Tax Change
25,000	12,500	388	62	(326)	11	(377)
50,000	37,500	1,324	1,299	(24)	1,323	(1)
75,000	62,500	2,648	2,537	(111)	2,636	(12)
100,000	87,500	4,073	3,774	(298)	3,948	(125)
250,000	237,500	12,623	11,199	(1,423)	11,823	(800)

Married Couple Filing Jointly, two dependents

Fed. Adj. Gross Inc.	Kansas Taxable Income	Tax, Current Law	Tax, HB 2457	Tax Change	Tax, 5.25% Prop.	Tax Change
25,000	8,000	248	0	(248)	0	(248)
50,000	33,000	1,088	1,077	(11)	1,087	(1)
75,000	58,000	2,400	2,314	(86)	2,399	(1)
100,000	83,000	3,816	3,552	(264)	3,712	(104)
250,000	233,000	12,366	10,977	(1,389)	11,587	(779)