Session of 2024

HOUSE BILL No. 2798

By Committee on Taxation

Requested by Eric Stafford on behalf of the Kansas Chamber of Commerce

2-13

AN ACT concerning taxation; relating to income and privilege taxes; providing for the apportionment of business income by the single sales factor and the apportionment of financial institution income by the receipts factor; establishing for deductions from income when using the single sales factor and receipts factor; providing for the decrease in corporate income tax rates; amending K.S.A. 79-1129 and 79-3279 and K.S.A. 2023 Supp. 79-32,110 and repealing the existing sections.

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

New Section 1. (a) Commencing with fiscal year 2026, the director of the budget, in consultation with the director of legislative research, shall certify, at the end of each such fiscal year, the amount of actual corporate income tax receipt revenues generated pursuant to K.S.A. 79-32,110(c), and amendments thereto, that is in excess of the prior fiscal year's corporate income tax receipts. The director of the budget shall transmit such certification to the secretary of revenue. Upon receipt of such certification, the secretary shall compute the reduction of the corporate income tax rate pursuant to K.S.A. 79-32,110(c), and amendments thereto. The certified amount shall be computed in dollars by the secretary for a reduction rounded down to the nearest 0.1% in the corporate income tax rate, if any, to go into effect for the next calendar year that would reduce the corporate income tax rate in an amount approximately equal to the amount computed by the secretary. The secretary shall reduce the normal tax on corporations. Such rate reductions shall remain in effect unless further reduced pursuant to law.

(b) The secretary shall publish by October 1, 2026, the new income tax rates to take effect on January 1, 2027.

Sec. 2. K.S.A. 79-1129 is hereby amended to read as follows: 79-1129. (a) Except as otherwise specifically provided, a financial institution whose business activity is taxable both within and without this state shall allocate and apportion its net income as provided in this act. All items of nonbusiness income, income which is not includable in the apportionable income tax base, shall be allocated pursuant to the provisions of K.S.A. 79-3274 through 79-3278 and amendments thereto. A financial institution organized under the laws of a foreign country, the commonwealth of

Puerto Rico, or a territory or possession of the United States whose effectively connected income, as defined under the federal internal revenue code, is taxable both within this state and within another state, other than the state in which it is organized, shall allocate and apportion its net income as provided in this act and its apportionment factors shall include the part of its property, payroll and receipts that is related to its apportionable income.

(b) *(1) For taxable years prior to January 1, 2026, all business income shall be apportioned as follows:*

(A) All business income, income which is includable in the apportionable income tax base, shall be apportioned to this state by multiplying such income by the apportionment percentage. The apportionment percentage is determined by adding the taxpayer's receipts factor, as described in K.S.A. 79-1130, *and amendments thereto,* property factor, as described in K.S.A. 79-1131, *and amendments thereto,* and payroll factor, as described in K.S.A. 79-1132, *and amendments thereto,* together and dividing the sum by three. If one of the factors is missing, the two remaining factors are added and the sum is divided by two. If two of the factors are missing, the remaining factor is the apportionment percentage. A factor is missing if both its numerator and denominator are zero, but it is not missing merely because its numerator is zero.

(B) (i) For tax years commencing December 31, 2023, and ending before January 1, 2026, at the election of the taxpayer, all business income that is includable in the apportionable income tax base, may be apportioned to this state by the taxpayer's receipts factor, as described in K.S.A. 79-1130, and amendments thereto.

(ii) An election under this subparagraph shall be made by including a statement with the original tax return for which the election is made indicating that the taxpayer elects to apply this apportionment method. The election shall be effective and irrevocable for the taxable year of the election and shall be binding on all members of a unitary group of corporations.

(2) For tax years commencing December 31, 2025, all business income shall be apportioned to this state by multiplying the business income by the receipts factor.

(c) Each factor shall be computed according to the method of accounting, cash or accrual basis, used by the taxpayer for the taxable year.

(d) If the allocation and apportionment provisions of this act do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the secretary of revenue may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(1) Separate accounting;

(2) the exclusion of any one or more of the factors;

(3) the inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this state; or

(4) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

(e) In the event a combined report is utilized to determine the Kansas income attributable to a unitary group of financial institutions, the financial institutions in the combined group shall include only those institutions which have a branch or office in Kansas.

(f) (1) There shall be allowed as a deduction an amount computed in accordance with this subsection.

(2) As of July 1, 2024, only publicly traded companies, including affiliated corporations participating in the filing of a publicly traded company's financial statements prepared in accordance with generally accepted accounting principles, shall be eligible for this deduction.

(3) If the provisions of this section result in an aggregate increase in the taxpayer's net deferred tax liability or an aggregate decrease in the taxpayer's net deferred tax asset, or an aggregate change from a net deferred tax asset to a net deferred tax liability, the taxpayer shall be entitled to a deduction, as determined in this subsection.

(4) A taxpayer shall be entitled to a deferred tax impact deduction from the taxpayer's entire net income equal to the amount necessary to offset the increase in the net deferred tax liability or decrease in the net deferred tax asset, or aggregate change from a net deferred tax asset to a net deferred tax liability. Such increase in the net deferred tax liability, decrease in the net deferred tax asset or the aggregate change from a net deferred tax asset to a net deferred tax liability shall be computed based on the change that would result from the imposition of the single sales factor requirements pursuant to this section, excluding the deduction provided under this paragraph, as of the end of the tax year prior to the year in which the taxpayer makes an election or is required to apportion by the sales factor. The amount of the deduction shall equal the annual deferred tax deduction amount set forth in paragraph (5).

(5) The annual deferred tax deduction amount shall be calculated as follows:

(A) The deferred tax impact determined in paragraph (4) shall be divided by the income tax rate for corporations in effect for the tax year pursuant to K.S.A. 79-32,110, and amendments thereto;

(B) the resulting amount shall be further divided by the Kansas apportionment factor that was used by the taxpayer in the calculation of the deferred tax assets and deferred tax liabilities as provided in this subsection; and

(C) the result multiplied by $^{1}/_{10}$ *shall represent the total net deferred tax deduction available for the 2027 tax year and the next nine successive*

tax years.

(6) The deduction calculated under paragraph (5) shall not be adjusted as a result of any events subsequent to such calculation, including, but not limited to, any disposition or abandonment of assets. Such deduction shall be calculated without regard to any tax liabilities under the federal internal revenue code and shall not alter the tax basis of any asset. If the deduction under this section is greater than the taxpayer's Kansas adjusted gross income, any excess deduction shall be carried forward and applied as a deduction for future tax years until fully utilized.

(7) At the discretion of the taxpayer, the taxpayer may be allowed to claim other available tax credits before claiming the deferred tax deduction calculated under this section. Any taxpayer intending to claim a deduction under this subsection shall file a statement with the secretary on or before July 1 of the year after the first tax year for which a single sales factor is required. Such statement shall specify the total amount of the deduction that the taxpayer claims on such form and in such manner as prescribed by the secretary. No deduction shall be allowed under this paragraph for any tax year unless claimed on such timely filed statement in accordance with this paragraph.

(8) For purposes of this subsection:

(A) "Net deferred tax liability" means deferred tax liabilities that exceed the deferred tax assets of the taxpayer, as computed in accordance with generally accepted accounting principles.

(B) "Net deferred tax asset" means that deferred tax assets exceed the deferred tax liabilities of the taxpayer, as computed in accordance with generally accepted accounting principles.

(g) Any taxpayer intending to claim a deduction under this section shall file a statement with the secretary of revenue on or before July 1, 2026, specifying the total amount of the deduction that the taxpayer claims. The statement shall be made on such form and in such manner as prescribed by the secretary and shall contain such information or calculations as the secretary may specify. No deduction shall be allowed under this section for any taxable year except to the extent claimed in the manner prescribed on or before July 1, 2026. This paragraph does not limit the authority of the secretary under K.S.A. 79-3226, and amendments thereto, to review or redetermine the proper amount of any deduction claimed, whether on the statement required under this subsection or on a tax return for any taxable year.

Sec. 3. K.S.A. 79-3279 is hereby amended to read as follows: 79-3279. (a) All business income of railroads ~~and interstate motor carriers of persons or property for-hire~~ shall be apportioned to this state by multiplying the business income by a fraction, in the case of railroads, the numerator of which is the freight car miles in this state and the denominator of which is the freight car miles everywhere~~, and, in the case of interstate motor carriers, the numerator of which is the total number of miles operated in this state and the denominator of which is the total number of miles operated everywhere~~.

(b) *For the tax years ending before January 1, 2026,* all business income of any other taxpayer shall be apportioned to this state by one of the following methods:

(1) By multiplying the business income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three; or

(2) at the election of~~ a qualifying~~ *the* taxpayer, by multiplying the business income by a fraction, the numerator of which is the property factor plus the sales factor, and the denominator of which is two.

(A) For purposes of this subsection (b)(2), a qualifying taxpayer is any taxpayer whose payroll factor for a taxable year exceeds 200% of the average of the property factor and the sales factor. Whenever two or more corporations are engaged in a unitary business and required to file a combined report, the fraction comparison provided by this subsection (b)(2) shall be calculated by using the payroll factor, property factor and sales factor of the combined group of unitary corporations.

(B) An election under this subsection (b)(2) shall be made by including a statement with the original tax return indicating that the taxpayer elects to apply the apportionment method under this subsection (b)(2). The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations. Notwithstanding the above, the secretary of revenue may upon the request of the taxpayer, grant permission to terminate the election under this subsection (b)(2) prior to expiration of the ten-year period.

(3) At the election of a qualifying telecommunications company, by multiplying the business income by a fraction, the numerator of which is the information carrying capacity of wire and fiber optic cable available for use in this state, and the denominator of which is the information carrying capacity of wire and fiber optic cable available for use everywhere during the tax year.

(A) For purposes of this subsection (b)(3), a qualifying telecommunications company is a telecommunications company that is a qualifying taxpayer under paragraph (A) of subsection (b)(2).

(B) A qualifying telecommunications company shall make the election under this subsection (b)(3) in the same manner as provided under paragraph (B) of subsection (b)(2).

(4) At the election of a distressed area taxpayer, by multiplying the business income by the sales factor. The election shall be made by

including a statement with the original tax return indicating that the taxpayer elects to apply this apportionment method. The election may be made only once, it must be made on or before December 31, 1999 and it shall be effective for the taxable year of the election and the following nine taxable years for so long as the taxpayer maintains the payroll amount prescribed by ~~subsection (j) of~~ K.S.A. 79-3271*(j)*, and amendments thereto.

(5) At the election of the taxpayer made at the time of filing of the original return, the qualifying business income of any investment funds service corporation organized as a corporation or S corporation which maintains its primary headquarters and operations or is a branch facility that employs at least 100 individuals on a full-time equivalent basis in this state and has any investment company fund shareholders residenced in this state shall be apportioned to this state as provided in this subsection, as follows:

(A) By multiplying the investment funds service corporation's qualifying business income from administration, distribution and management services provided to each investment company by a fraction, the numerator of which shall be the average of the number of shares owned by the investment company's fund shareholders residenced in this state at the beginning of and at the end of the investment company's taxable year that ends with or within the investment funds service corporation's taxable year, and the denominator of which shall be the average of the number of shares owned by the investment company's fund shareholders everywhere at the beginning of and at the end of the investment company's taxable year that ends with or within the investment funds service corporation's taxable year.

(B) A separate computation shall be made to determine the qualifying business income from each fund of each investment company. The qualifying business income from each investment company shall be multiplied by the fraction calculated pursuant to paragraph (A) for each fund of such investment company.

(C) The qualifying portion of total business income of an investment funds service corporation shall be determined by multiplying such total business income by a fraction, the numerator of which is the gross receipts from the provision of management, distribution and administration services to or on behalf of an investment company, and the denominator of which is the gross receipts of the investment funds service company. To the extent an investment funds service corporation has business income that is not qualifying business income, such business income shall be apportioned to this state pursuant to subsection (b)(1).

(D) For tax year 2002, the tax liability of an investment funds service corporation that has elected to apportion its business income pursuant to paragraph (5) shall be increased by an amount equal to 50% of the difference of the amount of such tax liability if determined pursuant to subsection (b)(1) less the amount of such tax liability determined with regard to paragraph (5).

(E) When an investment funds service corporation is part of a unitary group, the business income of the unitary group attributable to the investment funds service corporation shall be determined by multiplying the business income of the unitary group by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three. The property factor is a fraction, the numerator of which is the average value of the investment funds service corporation's real and tangible personal property owned or rented and used during the tax period and the denominator of which is the average value of the unitary group's real and tangible personal property owned or rented and used during the tax period. The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the investment funds service corporation for compensation, and the denominator of which is the total compensation paid by the unitary group during the tax period. The sales factor is a fraction, the numerator of which is the total sales of the investment funds service corporation during the tax period, and the denominator of which is the total sales of the unitary group during the tax period.

(F) A taxpayer seeking to make the election available pursuant to ~~subsection (b)(5) of~~ K.S.A. 79-3279*(b)(5)*, and amendments thereto, shall only be eligible to continue to make such election if the taxpayer maintains at least 95% of the Kansas employees in existence at the time the taxpayer first makes such an election.

(6) At the election of a qualifying taxpayer, by multiplying such taxpayer's business income by the sales factor. The election shall be made by including a statement with the original tax return indicating that the taxpayer elects to apply this apportionment method. The election may be made only once and must be made on or before the last day of the taxable year during which the investment described in paragraph (A) is placed in service, but not later than December 31, 2009, and it shall be effective for the taxable year of the election and the following nine taxable years or for so long as the taxpayer maintains the wage requirements set forth in paragraph (A). If the qualifying taxpayer is a member of a unitary group of corporations, all other members of the unitary group doing business within this state shall apportion their business income to this state pursuant to subsection (b)(1).

(A) For purposes of this subsection, a qualifying taxpayer is any taxpayer making an investment of $100,000,000 for construction in Kansas of a new business facility identified under the North American industry classification system (NAICS) subsectors of 31-33, as assigned by the secretary of the department of labor, employing 100 or more new employees at such facility after July 1, 2007, and prior to December 31, 2009, and meeting the following requirements for paying such employees higher-than-average wages within the wage region for such facility:

(i) The taxpayer's new Kansas business facility with 500 or fewer full-time equivalent employees will provide an average wage that is above the average wage paid by all Kansas business facilities that share the same assigned NAICS category used to develop wage thresholds and that have reported 500 or fewer employees to the Kansas department of labor on the quarterly wage reports;

(ii) the taxpayer's new Kansas business facility with 500 or fewer full-time equivalent employees is the sole facility within its assigned NAICS category that has reported wages for 500 or fewer employees to the Kansas department of labor on the quarterly wage reports;

(iii) the taxpayer's new Kansas business facility with more than 500 full-time equivalent employees will provide an average wage that is above the average wage paid by all Kansas business facilities that share the same assigned NAICS category used to develop wage thresholds and that have reported more than 500 employees to the Kansas department of labor on the quarterly wage reports;

(iv) the taxpayer's new Kansas business facility with more than 500 full-time equivalent employees is the sole facility within its assigned NAICS category that has reported wages for more than 500 employees to the Kansas department of labor on the quarterly wage reports, in which event it shall either provide an average wage that is above the average wage paid by all Kansas business facilities that share the same assigned NAICS category and that have reported wages for 500 or fewer employees to the Kansas department of labor on the quarterly wage reports, or be the sole Kansas business facility within its assigned NAICS category that has reported wages to the Kansas department of labor on the quarterly wage reports;

(v) the number of NAICS digits to use in developing each set of wage thresholds for comparison purposes shall be determined by the secretary of commerce;

(vi) the composition of wage regions used in connection with each set of wage thresholds shall be determined by the secretary of commerce; and

(vii) alternatively, a taxpayer may wage-qualify its new Kansas business facility if, after excluding the headcount and wages reported on the quarterly wage reports to the Kansas department of labor for employees at that new Kansas business facility who own five percent or more equity in the taxpayer, the average wage calculated for the taxpayer's new Kansas business facility is greater than or equal to 1.5 times the aggregate state-wide average wage paid by industries covered by the employment security law based on data maintained by the secretary of labor.

(B) For the purposes of the wage requirements in paragraph (A), the number of full-time equivalent employees shall be determined by dividing the number of hours worked by part-time employees during the pertinent measurement interval by an amount equal to the corresponding multiple of a 40-hour work week and adding the quotient to the average number of full-time employees.

(C) When the qualifying taxpayer is part of a unitary group, the business income of the unitary group attributable to the qualifying taxpayer shall be determined by multiplying the business income of the unitary group by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three. The property factor is a fraction, the numerator of which is the average value of the qualifying taxpayer's real and tangible personal property owned or rented and used during the tax period and the denominator of which is the average value of the unitary group's real and tangible personal property owned or rented and used during the tax period. The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the qualifying taxpayer for compensation, and the denominator of which is the total compensation paid by the unitary group during the tax period. The sales factor is a fraction, the numerator of which is the total sales of the qualifying taxpayer during the tax period, and the denominator of which is the total sales of the unitary group during the tax period.

(D) For purposes of this subsection, the secretary of revenue, upon a showing of good cause and after receiving a certification by the secretary of commerce of substantial compliance with provisions of this subsection (b)(6), may extend any required performance date provided in this subsection (b)(6) for a period not to exceed six months.

(c) For tax years commencing December 31, 2023, and ending before January 1, 2026, at the election of the taxpayer, all business income of any other taxpayer may be apportioned to this state by multiplying such taxpayer's business income by the sales factor. An election under this subsection shall be made by including a statement with the original tax return for which the election is made indicating that the taxpayer elects to apply this apportionment method. The election shall be effective and irrevocable for the taxable year of the election.

(d) For tax years commencing December 31, 2025, all business income shall be apportioned to this state by multiplying the business income by the sales factor.

(e) Any taxpayer having previously made an election pursuant to

subsection (b)(2) shall be permitted to make a new election pursuant to subsection (c).

(f) (1) There shall be allowed as a deduction an amount computed in accordance with this subsection.

(2) As of July 1, 2024, only publicly traded companies, including affiliated corporations participating in the filing of a publicly traded company's financial statements prepared in accordance with generally accepted accounting principles, shall be eligible for this deduction.

(3) If the provisions of this section result in an aggregate increase in the taxpayer's net deferred tax liability or an aggregate decrease in the taxpayer's net deferred tax asset, or an aggregate change from a net deferred tax asset to a net deferred tax liability, the taxpayer shall be entitled to a deduction, as determined in this subsection.

(4) A taxpayer shall be entitled to a deferred tax impact deduction from the taxpayer's entire net income equal to the amount necessary to offset the increase in the net deferred tax liability or decrease in the net deferred tax asset, or aggregate change from a net deferred tax asset to a net deferred tax liability. Such increase in the net deferred tax liability, decrease in the net deferred tax asset or the aggregate change from a net deferred tax asset to a net deferred tax liability shall be computed based on the change that would result from the imposition of the single sales factor requirements pursuant to this section, excluding the deduction provided under this paragraph, as of the end of the tax year prior to the year in which the taxpayer makes an election or is required to apportion by the sales factor. The amount of the deduction shall equal the annual deferred tax deduction amount set forth in paragraph (5).

(5) The annual deferred tax deduction amount shall be calculated as follows:

(A) The deferred tax impact determined in paragraph (4) shall be divided by the income tax rate for corporations in effect for the tax year pursuant to K.S.A. 79-32,110, and amendments thereto;

(B) the resulting amount shall be further divided by the Kansas apportionment factor that was used by the taxpayer in the calculation of the deferred tax assets and deferred tax liabilities as provided in this subsection; and

(C) the result multiplied by $^{1}/_{10}$ *shall represent the total net deferred tax deduction available for the 2027 tax year and the next nine successive tax years.*

(6) The deduction calculated under paragraph (5) shall not be adjusted as a result of any events subsequent to such calculation, including, but not limited to, any disposition or abandonment of assets. Such deduction shall be calculated without regard to any tax liabilities under the federal internal revenue code and shall not alter the tax basis of

any asset. If the deduction under this section is greater than the taxpayer's Kansas adjusted gross income, any excess deduction shall be carried forward and applied as a deduction for future tax years until fully utilized.

(7) At the discretion of the taxpayer, the taxpayer may be allowed to claim other available tax credits before claiming the deferred tax deduction calculated under this section. Any taxpayer intending to claim a deduction under this subsection shall file a statement with the secretary on or before July 1 of the year after the first tax year for which a single sales factor is required. Such statement shall specify the total amount of the deduction that the taxpayer claims on such form and in such manner as prescribed by the secretary. No deduction shall be allowed under this paragraph for any tax year unless claimed on such timely filed statement in accordance with this paragraph.

(8) For purposes of this subsection:

(A) "Net deferred tax liability" means deferred tax liabilities that exceed the deferred tax assets of the taxpayer, as computed in accordance with generally accepted accounting principles.

(B) "Net deferred tax asset" means that deferred tax assets exceed the deferred tax liabilities of the taxpayer, as computed in accordance with generally accepted accounting principles.

(g) The amendments made to this section by this act shall apply commencing on and after December 31, 2023.

Sec. 4. K.S.A. 2023 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) *Resident Individuals.* Except as otherwise provided by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) *Married individuals filing joint returns.*

~~(A) For tax year 2012:~~

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

~~(B) For tax year 2013:~~

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

~~(C) For tax year 2014:~~

~~If the taxable income is:~~	~~The tax is:~~
~~Not over $30,000......................................~~	~~2.7% of Kansas taxable income~~

~~Over $30,000..$810 plus 4.8% of excess over $30,000~~

~~(D) For tax years 2015 and 2016:~~

~~If the taxable income is: The tax is:~~

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

~~Over $30,000..$810 plus 4.6% of excess over $30,000~~

~~(E) For tax year 2017:~~

~~If the taxable income is: The tax is:~~

~~Not over $30,000....................................2.9% of Kansas taxable income~~

~~Over $30,000 but not over $60,000.........$870 plus 4.9% of excess over $30,000~~

~~Over $60,000..$2,340 plus 5.2% of excess over $60,000~~

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

If the taxable income is: The tax is:

Not over $30,000....................................3.1% of Kansas taxable income

Over $30,000 but not over $60,000.........$930 plus 5.25% of excess over $30,000

Over $60,000..$2,505 plus 5.7% of excess over $60,000

(2) *All other individuals.*

~~(A) For tax year 2012:~~

~~If the taxable income is: The tax is:~~

~~Not over $15,000....................................3.5% of Kansas taxable income~~

~~Over $15,000 but not over $30,000.........$525 plus 6.25% of excess over $15,000~~

~~Over $30,000..$1,462.50 plus 6.45% of excess over $30,000~~

~~(B) For tax year 2013:~~

~~If the taxable income is: The tax is:~~

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

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

~~(C) For tax year 2014:~~

~~If the taxable income is: The tax is:~~

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

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

~~(D) For tax years 2015 and 2016:~~

~~If the taxable income is: The tax is:~~

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

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

	~~$15,000~~

~~(E) For tax year 2017:~~

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

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

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

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

(c) *Corporations.* A tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state. Such tax shall consist of a normal tax and a surtax and shall be computed as follows unless otherwise modified pursuant to K.S.A. ~~2022~~ *2023* Supp. 74-50,321 *and section 1*, and amendments thereto:

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

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

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

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

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

~~or before April 17, 2018.~~

Sec. 5. K.S.A. 79-1129 and 79-3279 and K.S.A. 2023 Supp. 79-32,110 are hereby repealed.

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