

SENATE BILL No. 61

By Committee on Assessment and Taxation

1-19

1 AN ACT concerning taxation; relating to income tax rates; providing a 5%
2 tax rate for individuals and corporations and providing that future tax
3 rate decreases be contingent on exceeding revenue estimates; relating to
4 privilege tax rates; decreasing the surtax; amending K.S.A. 79-1107
5 and 79-1108 and K.S.A. 2022 Supp. 79-32,110 and repealing the
6 existing sections.
7

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

9 New Section 1. (a) Commencing with fiscal year 2024, the director of
10 the budget, in consultation with the director of legislative research, shall
11 certify, at the end of each such fiscal year and not later than June 30, the
12 amount of actual tax receipt revenues to the state general fund that is in
13 excess of the amount of estimated tax receipt revenues to the state general
14 fund pursuant to the most recent joint estimate of revenue under K.S.A.
15 75-6701, and amendments thereto, for such fiscal year, and shall transmit
16 such certification to the secretary of revenue. Upon receipt of such
17 certification, the secretary shall compute the reduction of the income tax
18 rate pursuant to K.S.A. 79-32,110(a) and (c), and amendments thereto. The
19 certified amount shall be computed in dollars by the secretary for a
20 reduction rounded down to the nearest 0.01% in the income tax rate, if
21 any, to go into effect for the next calendar year that would reduce the
22 income tax rate in an amount approximately equal to the amount computed
23 by the secretary. Such rate reductions shall remain in effect unless further
24 reduced pursuant to this section.

25 (b) The rate reductions pursuant to this section shall be applied until
26 the rates of income tax are reduced to 0%. The secretary shall publish the
27 new income tax rates to take effect on January 1 for all calendar years by
28 October 1 of the preceding year.

29 Sec. 2. K.S.A. 79-1107 is hereby amended to read as follows: 79-
30 1107. (a) Every national banking association and state bank located or
31 doing business within the state shall pay to the state for the privilege of
32 doing business within the state a tax according to or measured by its net
33 income for the next preceding taxable year to be computed as provided in
34 this act. Such tax shall consist of a normal tax and a surtax and shall be
35 computed as follows:

36 (a)(1) The normal tax shall be an amount equal to ~~2~~⁺/₄% 2.25% of

1 such net income; and

2 ~~(b)(2)~~ (A) for tax years prior to tax year 2024, the surtax shall be an
3 amount equal to ~~2⁺/₈%~~ 2.125% of such net income in excess of \$25,000;
4 and

5 (B) for tax year 2024, and all tax years thereafter, the surtax shall be
6 an amount equal to 0.88% of such net income in excess of \$25,000.

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

11 Sec. 3. K.S.A. 79-1108 is hereby amended to read as follows: 79-
12 1108. (a) Every trust company and savings and loan association located or
13 doing business within the state shall pay to the state for the privilege of
14 doing business within the state a tax according to or measured by its net
15 income for the next preceding taxable year to be computed as provided in
16 this act. Such tax shall consist of a normal tax and a surtax and shall be
17 computed as follows:

18 ~~(a)(1)~~ The normal tax on every trust company and savings and loan
19 association shall be an amount equal to ~~2⁺/₄%~~ 2.25% of such net income;
20 and

21 ~~(b)(2)~~ (A) for tax years prior to tax year 2024, the surtax on every
22 trust company and savings and loan association shall be an amount equal
23 to ~~2⁺/₄%~~ 2.25% of such net income in excess of \$25,000; and

24 (B) for tax year 2024, and all tax years thereafter, the surtax shall be
25 an amount equal to 0.96% of such net income in 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. 4. K.S.A. 2022 Supp. 79-32,110 is hereby amended to read as
31 follows: 79-32,110. (a) *Resident individuals.* Except as otherwise provided
32 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
33 upon the Kansas taxable income of every resident individual, which tax
34 shall be computed in accordance with the following tax schedules:

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

36 (A) For tax year 2012:

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

42 (B) For tax year 2013:

1	If the taxable income is: _____	The tax is:
2	Not over \$30,000.....	3.0% of Kansas taxable income
3	Over \$30,000.....	\$900 plus 4.9% of excess over
4	_____	\$30,000
5	(C) For tax year 2014:	
6	If the taxable income is: _____	The tax is:
7	Not over \$30,000.....	2.7% of Kansas taxable income
8	Over \$30,000.....	\$810 plus 4.8% of excess over
9	_____	\$30,000
10	(D) For tax years 2015 and 2016:	
11	If the taxable income is: _____	The tax is:
12	Not over \$30,000.....	2.7% of Kansas taxable income
13	Over \$30,000.....	\$810 plus 4.6% of excess over
14	_____	\$30,000
15	(E) For tax year 2017:	
16	If the taxable income is: _____	The tax is:
17	Not over \$30,000.....	2.9% of Kansas taxable income
18	Over \$30,000 but not over \$60,000.....	\$870 plus 4.9% of excess over
19	_____	\$30,000
20	Over \$60,000.....	\$2,340 plus 5.2% of excess over
21	_____	\$60,000
22	(F) For tax-year years 2018, and all tax years thereafter through 2023:	
23	If the taxable income is: _____	The tax is:
24	Not over \$30,000.....	3.1% of Kansas taxable income
25	Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
26		over \$30,000
27	Over \$60,000.....	\$2,505 plus 5.7% of excess
28		over \$60,000
29	(2) <i>All other individuals.</i>	
30	(A) For tax year 2012:	
31	If the taxable income is: _____	The tax is:
32	Not over \$15,000.....	3.5% of Kansas taxable income
33	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
34	_____	over \$15,000
35	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
36	_____	over \$30,000
37	(B) For tax year 2013:	
38	If the taxable income is: _____	The tax is:
39	Not over \$15,000.....	3.0% of Kansas taxable income
40	Over \$15,000.....	\$450 plus 4.9% of excess over
41	_____	\$15,000
42	(C) For tax year 2014:	
43	If the taxable income is: _____	The tax is:

1	Not over \$15,000.....	2.7% of Kansas taxable income
2	Over \$15,000.....	\$405 plus 4.8% of excess over
3	_____	\$15,000
4	(D) For tax years 2015 and 2016:	
5	If the taxable income is: _____	The tax is:
6	Not over \$15,000.....	2.7% of Kansas taxable income
7	Over \$15,000.....	\$405 plus 4.6% of excess over
8	_____	\$15,000
9	(E) For tax year 2017:	
10	If the taxable income is: _____	The tax is:
11	Not over \$15,000.....	2.9% of Kansas taxable income
12	Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over
13	_____	\$15,000
14	Over \$30,000.....	\$1,170 plus 5.2% of excess over
15	_____	\$30,000
16	(F) For tax year years 2018, and all tax years thereafter through 2023:	
17	If the taxable income is: _____	The tax is:
18	Not over \$15,000.....	3.1% of Kansas taxable income
19	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
20		over \$15,000
21	Over \$30,000.....	\$1,252.50 plus 5.7% of excess
22		over \$30,000

- 23
- 24 (3) *All resident individuals.*
- 25 (A) *For tax year 2024, and all tax years thereafter, for all individuals*
- 26 *regardless of filing status, the tax shall be in an amount equal to 5% of the*
- 27 *Kansas taxable income that is in excess of:*
- 28 (i) *\$30,000 for married individuals filing joint returns; and*
- 29 (ii) *\$15,000 for all other individuals.*
- 30 (B) *The tax rate set forth in this paragraph shall remain in effect*
- 31 *unless otherwise modified pursuant to section 1, and amendments thereto.*
- 32 (b) *Nonresident individuals.* A tax is hereby imposed upon the Kansas
- 33 taxable income of every nonresident individual, which tax shall be an
- 34 amount equal to the tax computed under subsection (a) as if the
- 35 nonresident were a resident multiplied by the ratio of modified Kansas
- 36 source income to Kansas adjusted gross income.
- 37 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
- 38 income of every corporation doing business within this state or deriving
- 39 income from sources within this state.
- 40 (1) *For tax years prior to tax year 2024, such tax shall consist of a*
- 41 *normal tax and a surtax and shall be computed as follows unless otherwise*
- 42 *modified pursuant to K.S.A. 2022 Supp. 74-50,321, and amendments*
- 43 *thereto:*

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

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

5 (2) *For tax year 2024, and all tax years thereafter, the tax shall be in*
6 *an amount equal to 5% of the Kansas taxable income of such corporation.*
7 *The tax rate set forth in this paragraph shall remain in effect unless*
8 *otherwise modified pursuant to section 1, and amendments thereto.*

9 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
10 income of estates and trusts at the rates provided in subsection (a)(2)
11 ~~hereof for tax years 2012 through 2023 and at the rate provided in~~
12 ~~subsection (a)(3) for tax year 2024, and all tax years thereafter.~~

13 (e) *For tax years prior to tax year 2024, notwithstanding the*
14 *provisions of subsections (a) and (b):* ~~(1) For tax years 2016 and 2017,~~
15 ~~married individuals filing joint returns with taxable income of \$12,500 or~~
16 ~~less, and all other individuals with taxable income of \$5,000 or less, shall~~
17 ~~have a tax liability of zero; and (2) for tax year 2018, and all tax years~~
18 ~~thereafter, married individuals filing joint returns with taxable income of~~
19 ~~\$5,000 or less, and all other individuals with taxable income of \$2,500 or~~
20 ~~less, shall have a tax liability of zero.~~

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

25 Sec. 5. K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 79-
26 32,110 are hereby repealed.

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