

HOUSE BILL NO. ____

AN ACT concerning taxation; relating to income tax rates; providing a 5% tax rate for individuals and corporations and providing that future tax rate decreases be contingent on exceeding revenue estimates; relating to privilege tax rates; decreasing the normal tax; amending K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 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 2024, the director of the budget, in consultation with the director of legislative research, shall certify, at the end of each such fiscal year and not later than June 30, the amount of actual tax receipt revenues to the state general fund that is in excess of the amount of estimated tax receipt revenues to the state general fund pursuant to the most recent joint estimate of revenue under K.S.A. 75-6701, and amendments thereto, for such fiscal year, and shall transmit such certification to the secretary of revenue. Upon receipt of such certification, the secretary shall compute the reduction of the income tax rate pursuant to K.S.A. 79-32,110(a) and (c), and amendments thereto. The certified amount from subsection (a) in dollars shall be computed by the secretary for a reduction rounded down to the nearest 0.01% in the income tax rate, if any, to go into effect for the next calendar year that would reduce the income tax rate in an amount approximately equal to the amount computed by the secretary. Such rate reductions shall remain in effect unless further reduced pursuant to this section.

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

Sec. 2. K.S.A. 79-1107 is hereby amended to read as follows: 79-1107. (a) Every

national banking association and state bank located or doing business within the state shall pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding taxable year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

~~(a)~~(1) The normal tax shall be an amount equal to ~~2⁺/₄%~~ 2.25% of such net income; and

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

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

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

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

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

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

(B) for tax year 2024, and all tax years thereafter, the surtax shall be an amount equal to

0.96% of such net income in excess of \$25,000.

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

Sec. 4. K.S.A. 2022 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:~~

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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 years 2018, and all tax years thereafter through 2023:~~

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~~ years 2018, ~~and all tax years thereafter~~ through 2023:~~

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

(3) All resident individuals.

(A) 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 5% of the Kansas taxable income that is in excess of:

(i) \$30,000 for married individuals filing joint returns; and

(ii) \$15,000 for all other individuals.

(B) The tax rate set forth in this paragraph shall remain in effect unless otherwise modified pursuant to section 1, and amendments thereto.

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

(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~~ for tax years 2012 through 2023 and at the rate provided in subsection (a)(3) for tax year 2024, and all tax years thereafter.

(e) For tax years prior to tax year 2024, 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. 79-1107 and 79-1108 and K.S.A. 2022 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.