*Session of 2025*

# House Concurrent Resolution No. 5014

By Committee on Taxation

Requested by Representative B. Carpenter

3-14

A PROPOSITION to amend article 11 of the constitution of the state of Kansas by adding a new section thereto; establishing the freedom from taxes fund; establishing the Kansas citizens freedom review board; authorizing the board to review tax exemptions and approve or eliminate such exemptions; eliminating the state-imposed property taxes, income and privilege taxes.

*Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected (or appointed) and qualified to the House of Representatives and two-thirds of the members elected (or appointed) and qualified to the Senate concurring therein:*

Section 1. The following proposition to amend the constitution of the state of Kansas shall be submitted to the qualified electors of the state for their approval or rejection: Article 11 of the constitution of the state of Kansas is hereby amended by adding a new section to read as follows:

"**§ 14. Freedom from taxes section.** (a) There is hereby established the freedom from taxes fund. There shall be two sub-funds within the freedom from taxes fund:

(1) The state property tax elimination fund, which shall be solely dedicated to the elimination of state-imposed property taxes; and

(2) the state income and privilege tax elimination fund, which shall be solely dedicated to the elimination of state-imposed income and privilege taxes.

(b) The freedom from taxes fund and any sub-funds within such fund shall be administered by the state treasurer. All expenditures from the freedom from taxes fund shall be solely for the elimination of state-imposed property and income and privilege taxes and only expended under the provisions of this section. All moneys received by the state treasurer that are identified as moneys collected by the state of Kansas as a result of the elimination, in whole or in part, of the state sales and compensating use tax exemptions, hereafter referred to as tax exemptions, and interest earnings on such moneys shall be deposited in and credited to the freedom from taxes fund.

(c) All moneys received by the state treasurer that are identified as moneys collected by the state of Kansas as a result of the elimination, in whole or in part, of the state tax exemptions including all moneys identified as principal in the freedom from taxes fund shall remain intact and inviolate and shall not be appropriated, transferred, encumbered, borrowed against or otherwise diminished for any purpose whatsoever. Only the interest earnings on the freedom from taxes fund may be expended or transferred as provided for under the provisions of this section.

(d) All moneys in the freedom from taxes fund shall be invested and reinvested by the state treasurer in a prudent and reasonable manner in accordance with investment policies provided by law.

(e) (1) There is hereby established the Kansas citizens freedom review board, which shall exist for the limited purposes as provided for in this section.

(2) The composition, qualifications and manner of appointment for the board shall be prescribed by law.

(3) The board shall review and approve or eliminate, in whole or in part, any existing state tax exemptions to go into effect for the next ensuing tax year.

(4) Upon completion of the review and issuance of the determinations on all existing tax exemptions, the board shall issue and submit a final report to the governor, the state treasurer and the legislature not later than one year following the effective date of the law to carry out the purposes of this section. On the date of the submission of the final report, the board shall be dissolved.

(f) (1) Following the elimination of such tax exemptions, the state treasurer shall annually identify in each tax year the amount of moneys collected in the state treasury that are collected because of the elimination of such tax exemptions.

(2) Annually, the state treasurer shall transfer the amount of such moneys to the state property tax elimination fund of the freedom from taxes fund. Except as provided further, the interest earnings on the state property tax elimination fund shall be retained in such fund. The state treasurer shall present an annual report to the legislature on the balance of the state property tax elimination fund identified by principal and interest earnings.

(3) When the state treasurer determines that the amount of moneys identified as projected interest earnings in the state

property tax elimination fund is an amount greater than the amount of moneys needed to eliminate state-mandated property tax levies and state-imposed property taxes, such property taxes shall be eliminated in the next ensuing tax year. In such year, the state treasurer shall transfer from the state property tax elimination fund to the state general fund interest earnings in the amount equal to the amount of moneys not collected because of the elimination of state-mandated property tax levies and state-imposed property taxes. The state treasurer shall certify the amount of such transfer. In the ensuing tax years thereafter, the amount transferred to the state general fund shall not exceed an amount equal to the amount of moneys transferred from the state property tax elimination fund in the immediately preceding tax year multiplied by 3%.

(4) When the state treasurer makes the determination as provided in subsection (f)(3), the legislature shall not levy a state-mandated property tax or state-imposed property tax on any property in this state.

(5) Upon the elimination of state-mandated property tax levies and state-imposed property taxes, annually, the state treasurer shall transfer the amount of such moneys that continue to be collected because of the elimination of such tax exemptions to the state income and privilege tax elimination fund of the freedom from taxes fund. Except as provided further, the interest earnings on the state income and privilege tax elimination fund shall be retained in such fund. The state treasurer shall present an annual report to the legislature on the balance of the state income and privilege tax elimination fund identified by principal and interest earnings.

(6) When the state treasurer determines that the amount of moneys that are identified as projected interest earnings in the state income and privilege tax elimination fund is an amount greater than the amount of moneys needed to eliminate state income and privilege tax, state income tax and state privilege tax shall be eliminated in the next ensuing tax year. In such year, the state treasurer shall transfer from the state income and privilege tax elimination fund to the state general fund interest earnings in the amount equal to the amount of moneys not collected because of the elimination of state income and privilege taxes. The state treasurer shall certify the amount of such transfer. In the ensuing tax years thereafter, the amount transferred to the state general fund shall not exceed an amount equal to the amount of moneys transferred from the state

income and privilege tax elimination fund in the immediately preceding tax year multiplied by 3%.

(7) When the state treasurer makes the determination as provided in subsection (f)(6), the legislature shall not levy a state income tax on any income earned in this state or privilege tax on net income on national banking associations, banks, trust companies, federally chartered savings banks and savings and loan associations in this state.

(g) (1) If the Kansas citizens freedom review board eliminates, in whole or in part, any existing state tax exemptions, the legislature may enact new, identical or similar tax exemptions during any following regular session of the legislature. If the legislature enacts any state tax exemptions, such tax exemptions shall expire at the end of the tax year that is five years from the date of enactment.

(2) If the Kansas citizens freedom review board approves, in whole or in part, any existing state tax exemptions, such tax exemptions shall expire at the end of the tax year that is five years from the date of the submission of the final report.

(3) The legislature shall not consider renewing any eliminated or expired tax exemption until the regular legislative session immediately prior to such elimination or expiration.

(4) If the legislature enacts a law to eliminate, in whole or in part, any existing state tax exemptions or any existing state tax exemptions are allowed to expire, all moneys received by the state treasurer that are identified as moneys collected by the state of Kansas as a result of such elimination or expiration of any state tax exemption shall be deposited in the state treasury and credited to the freedom from taxes fund as provided for in this section.

(5) If the legislature enacts a law to transfer or deposit moneys into the freedom from taxes fund, such funds shall be transferred or deposited pursuant to such law until repealed. The legislature shall not suspend such transfer or deposit through an appropriation bill.

(h) Upon the date that the state treasurer determines that the state property tax elimination fund and the state income and privilege tax elimination fund are fully funded in order for the interest earnings from each such fund to reimburse the state general fund for the lost revenue as a result of eliminating the state property tax and the state income and privilege taxes, during any ensuing regular session of the legislature, the legislature may:

(1) Determine, by two-thirds of the members elected (or appointed) and qualified to the House of Representatives and two-thirds of the members elected (or appointed) and qualified to the Senate, whether to deposit the amount of moneys that are identified as moneys collected by the state of Kansas as a result of the elimination, in whole or in part, of the state tax exemptions in the state general fund; or

(2) propose to the citizens of Kansas a constitutional amendment to eliminate other forms of taxes.

(i) The provisions of this section shall not apply to any federal exemptions established by the constitution of the United States or federal law.

(j) The legislature may enact laws to carry out the purposes of this section.

(k) This amendment shall be effective on and after January 1, 2027."

Sec. 2. The following statement shall be printed on the ballot with the amendment as a whole:

"*Explanatory statement.* This amendment would establish the freedom from taxes fund, which would lead to the eventual elimination of state-imposed property taxes and income and privilege taxes. The Kansas citizens freedom review board would be created, and they would review tax exemptions and approve or eliminate them. The money provided from such eliminations would be deposited into the freedom from taxes fund, to be used to eliminate state-imposed property tax and state income and privilege taxes. Any future tax exemptions would not be allowed to exceed five years without further enactment by the legislature.

"A vote for this proposition would lead to the future elimination of state-imposed property taxes and state income and privilege taxes. The Kansas citizens freedom review board would be established to review all current tax exemptions for their approval or elimination. Future tax exemptions would be limited to a duration of not to exceed five years without further enactment by the legislature.

"A vote against this proposition means the state of Kansas will continue to levy property taxes, income and privilege taxes and sales taxes to fund government operations, with no changes made to the state constitution."

Sec. 3. This resolution, if approved by two-thirds of the members elected (or appointed) and qualified to the House of Representatives and two-thirds of the members elected (or appointed) and qualified to the

Senate, shall be entered on the journals, together with the yeas and nays. The secretary of state shall cause this resolution to be published as provided by law and shall cause the proposed amendment to be submitted to the electors of the state at the general election in November in the year 2026, unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case the proposed amendment shall be submitted to the electors of the state at the special election.