

As Amended by House Committee

Session of 2024

HOUSE BILL No. 2544

By Committee on Commerce, Labor and Economic Development

Requested by Representative Laura Williams

1-18

1 AN ACT concerning taxation; relating to income, privilege and premium  
2 tax credits; establishing a tax credit for employers that employ  
3 members of the Kansas army and air national guard and establishing an  
4 income tax credit for employees that are members thereof.  
5

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

7 Section 1. As used in sections 1 through 3, and amendments thereto:

8 (a) "Compensation" means payments in the form of contract labor for  
9 which the payor is required to provide a federal tax form 1099 to the  
10 person paid, wages subject to withholding tax paid to a part-time employee  
11 or full-time employee, or salary or other remuneration. "Compensation"  
12 does not include employer-provided retirement, medical or healthcare  
13 benefits, reimbursement for travel, meals, lodging or any other expense.

14 (b) "Qualified employee" means any person employed by a qualified  
15 employer ~~on a full-time basis~~ **who is a resident of Kansas** and who is also  
16 a ~~current~~ member in good standing of the Kansas army or air national  
17 guard at some point during the taxable year.

18 (c) "Qualified employer" means a sole proprietorship, general  
19 partnership, limited partnership, limited liability company, corporation,  
20 other legally recognized business entity or public entity.

21 Sec. 2. (a) For taxable years beginning after December 31, 2024,  
22 and ending prior to January 1, 2035, a taxpayer who is a qualified  
23 employer shall be allowed a credit against the income, privilege or  
24 premium tax liability imposed upon a taxpayer pursuant to the Kansas  
25 income tax act, the privilege tax imposed upon any national banking  
26 association, state bank, trust company or savings and loan association  
27 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and  
28 amendments thereto, or the premiums tax and privilege fees imposed upon  
29 an insurance company pursuant to K.S.A. 40-252, and amendments  
30 thereto, for **the total** compensation paid during the taxable year to a  
31 qualified employee. Except as otherwise provided, the credit shall be in an  
32 amount equal to 10% of the compensation paid.

33 (b) The credit shall not exceed \$15,000 annually for each qualified  
34 employee.

35 (c) The credit shall be applied against the taxpayer's income, privilege

1 or premium tax liability after all other credits allowed under the Kansas  
2 income tax act, the privilege tax imposed upon any national banking  
3 association, state bank, trust company or savings and loan association  
4 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and  
5 amendments thereto, or the premiums tax and privilege fees imposed upon  
6 an insurance company pursuant to K.S.A. 40-252, and amendments  
7 thereto. The credit shall not be refundable and may not be carried forward.

8 Sec. 3. For taxable years beginning after December 31, 2024, and  
9 ending prior to January 1, 2035, a taxpayer who is a qualified employee  
10 during the taxable year shall be allowed a credit against the tax imposed  
11 under the provisions of the Kansas income tax act ~~in an amount equal to~~  
12 ~~\$5,000~~. The credit shall be deducted from the taxpayer's income tax  
13 liability for the taxable year in which the taxpayer is a qualified employee.  
14 The credit shall not be refundable and may not be carried forward. **The**  
15 **credit shall be 10% of the amount of prorated compensation earned**  
16 **by the qualified employee from any qualified employer during the**  
17 **taxable year. The compensation shall be prorated based on the**  
18 **number of entire months that the qualified employee is a member in**  
19 **good standing of the Kansas army or air national guard during the**  
20 **taxable year, determined on the basis of the date of separation from**  
21 **the Kansas army or air national guard. If the qualified employee is**  
22 **dishonorably discharged, discharged under other than honorable**  
23 **conditions or discharged for bad conduct from the Kansas army or air**  
24 **national guard, no credit shall be allowed. The maximum amount of**  
25 **the credit allowed to a qualified employee each taxable year shall be**  
26 **\$5,000.**

27 Sec. 4. This act shall take effect and be in force from and after its  
28 publication in the statute book.