

As Further Amended by House Committee

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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 tax years 2025 through 2029**
3 for employers that employ members of the Kansas army and air
4 national guard and establishing an income tax credit for employees that
5 are members thereof; **requiring notices to be sent to inform such**
6 **members of possible eligibility for the tax credit.**
7

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

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

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

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

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

23 Sec. 2. (a) For taxable years beginning after December 31, 2024,
24 and ending prior to January 1, ~~2035~~ **2030**, a taxpayer who is a qualified
25 employer shall be allowed a credit against the income, privilege or
26 premium tax liability imposed upon a taxpayer pursuant to the Kansas
27 income tax act, the privilege tax imposed upon any national banking
28 association, state bank, trust company or savings and loan association
29 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
30 amendments thereto, or the premiums tax and privilege fees imposed upon
31 an insurance company pursuant to K.S.A. 40-252, and amendments
32 thereto, for **the total** compensation paid during the taxable year to a
33 qualified employee. Except as otherwise provided, the credit shall be in an

1 amount equal to 10% of the compensation paid.

2 (b) The credit shall not exceed ~~\$15,000~~ **\$1,000** annually for each
3 qualified employee.

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

12 Sec. 3. For taxable years beginning after December 31, 2024, and
13 ending prior to January 1, ~~2035~~ **2030**, a taxpayer who is a qualified
14 employee during the taxable year shall be allowed a credit against the tax
15 imposed under the provisions of the Kansas income tax act ~~in an amount~~
16 ~~equal to \$5,000~~. The credit shall be deducted from the taxpayer's income
17 tax liability for the taxable year in which the taxpayer is a qualified
18 employee. The credit shall not be refundable and may not be carried
19 forward. **The credit shall be 10% of the amount of prorated**
20 **compensation earned by the qualified employee from any qualified**
21 **employer during the taxable year. The compensation shall be**
22 **prorated based on the number of entire months that the qualified**
23 **employee is a member in good standing of the Kansas army or air**
24 **national guard during the taxable year, determined on the basis of the**
25 **date of separation from the Kansas army or air national guard. If the**
26 **qualified employee is dishonorably discharged, discharged under**
27 **other than honorable conditions or discharged for bad conduct from**
28 **the Kansas army or air national guard, no credit shall be allowed. The**
29 **maximum amount of the credit allowed to a qualified employee each**
30 **taxable year shall be ~~\$5,000~~ \$1,000.**

31 Sec. 4. **The Kansas army and air national guard shall send to all**
32 **members by February 1 of every year a notice as described in this**
33 **section for any members that were members of the Kansas army or air**
34 **national guard for the prior tax year. Such notice shall be sent by**
35 **electronic mail to the member and shall state that the recipient, as a**
36 **member of the Kansas army or air national guard, may be eligible for**
37 **the income tax credit provided by section 3, and amendments thereto,**
38 **as a result of the individual's service in the Kansas army or air**
39 **national guard.**

40 Sec. ~~4~~ **5.** This act shall take effect and be in force from and after its
41 publication in the statute book.