

SESSION OF 2024

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2544

As Amended by House Committee on
Commerce, Labor and Economic Development

Brief*

HB 2544, as amended, would create two tax credits related to the employment of residents of Kansas who are members in good standing of the Kansas Army or Air National Guard (National Guard).

Employer Credit

The bill would create, for tax years 2025 through 2034, a credit applicable to income, privilege, or premium tax credit of employers of Kansas resident members of the National Guard equal to 10 percent of the total compensation, excluding retirement, health care, and other benefits, paid to the National Guard member by the employer during the tax year, with a maximum annual credit of \$15,000 per National Guard member per employer.

The bill would specify the credit could be claimed after all other credits and could not be refunded or carried forward.

Employee Credit

The bill would create, for tax years 2025 through 2034, a credit applicable to the Kansas income tax of Kansas resident members of the National Guard equal to 10 percent of the amount of compensation, excluding retirement, health care, and other benefits, received by the employee, prorated for the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

number of entire months which the individual was a member in good standing of the National Guard during the tax year. The credit would be capped at \$5,000 per taxpayer per year and could not be refunded or carried forward. If the individual is dishonorably discharged, discharged under other-than-honorable conditions, or discharged for bad conduct from the National Guard, no credit would be allowed.

Background

The bill was introduced by the House Committee on Commerce, Labor, and Economic Development at the request of Representative Laura Williams.

House Committee on Commerce, Labor, and Economic Development

At the House Committee hearing on the bill, **proponent** testimony was provided by Representatives Laura Williams and Blake Carpenter and a representative of the Kansas Chamber. Proponents generally stated the bill would improve Kansas retention of National Guard members and improve the connection between members of the National Guard and employers in Kansas.

Written-only proponent testimony was provided by Representative Turk and representatives of the Enlisted Association of the National Guard – Kansas, Greater Kansas City Chamber of Commerce, National Guard Association of Kansas, and Wichita Regional Chamber of Commerce.

No other testimony was provided.

The House Committee amended the bill to eliminate a requirement that the member of the National Guard be employed on a full-time basis, to require the National Guard member to be a resident of Kansas, to provide for the credit to not be available under certain discharge circumstances,

and to replace a flat \$5,000 employee tax credit with a credit of 10 percent of compensation, prorated and capped.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill would reduce State General Fund receipts by \$21.9 million in FY 2026 and \$22.1 million in FY 2027.

An updated fiscal note on the amended bill was not immediately available. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Taxation; tax credits; National Guard