

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 269** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee amendments, as follows:

On page 1, by striking all in lines 7 through 36;

On page 2, by striking all in lines 1 through 3; following line 3, by inserting:

"New Section 1. (a) As used in this section:

(1) "Adjusted consumer price ratio" means the fiscal year consumer price index divided by the base year consumer price index.

(2) "Adjusted general revenue fund collections" means actual tax receipt revenues to the state general fund from the Kansas income tax act and the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto.

(3) "Base year revenues" means actual tax receipt revenues to the state general fund for fiscal year 2024 in the amount of \$5,969,395,529 from the Kansas income tax act and the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto.

(4) "Base year consumer price index" means a 12-month average of the not seasonally adjusted consumer price index for all urban consumers for fiscal year 2024.

(5) "Excess fiscal year general revenue fund collections" means the positive difference from subtracting the inflation adjusted base year revenues from the adjusted general revenue fund collections from the immediately preceding fiscal year.

(6) "Fiscal year consumer price index" means a 12-month average of the not seasonally adjusted consumer price index for all urban consumers for the immediately preceding fiscal year.

(7) "Inflation adjusted base year revenues" means the base year revenues multiplied by the adjusted consumer price ratio.

(b) Commencing on August 15, 2025, and every August 15 thereafter, the director of the budget, in consultation with the director of legislative research, shall determine whether the total fiscal year adjusted general revenue fund collections from the immediately preceding fiscal year are in excess of the inflation adjusted base year revenues and if the amount of moneys in the budget stabilization fund established pursuant to K.S.A. 75-6706, and amendments thereto, is equal to or exceeds 15% of the prior fiscal year's state tax receipt revenues to the state general fund. If the total fiscal year adjusted general revenue fund collections from the immediately preceding fiscal year are in excess of the inflation adjusted base year revenues and the amount of moneys in the budget stabilization fund is equal to or exceeds 15% of the prior fiscal year's state tax receipt revenues to the state general fund, the director of the budget shall certify to the secretary of revenue the existence of such excess and the amount of the excess.

(c) In the event that the secretary of revenue certifies that the adjusted general revenue fund collections from the immediately preceding fiscal year are in excess of the inflation adjusted base year revenues and the amount of moneys in the budget stabilization fund is equal to or exceeds 15% of the prior fiscal year's state tax receipt revenues to the state general fund, the secretary shall calculate and publish the income tax and privilege tax rate reduction as a result of the excess. In calculating the income tax rate reduction, the excess fiscal year general revenue fund collections shall be computed that would result in the reduction of the income tax rates pursuant to subsection (d) in an amount approximately equal to the rate reductions down to the nearest 0.01% to go into effect for the next tax year. In calculating the privilege tax rate reduction

pursuant to subsection (d), the reduction shall be a corresponding rate reduction that is equal to the total percentage adjustment to the corporate income tax. Such rate reductions shall remain in effect unless further reduced pursuant to this section. The income tax brackets and taxable income thresholds prescribed in K.S.A. 79-32,110(a), and amendments thereto, shall be adjusted to reflect the changes in income tax rates.

(d) The secretary shall first compute the reduction of the income tax rates pursuant to K.S.A. 79-32,110(a), and amendments thereto, that decreases proportionally all tax rates in effect. Once the lower income tax rate is decreased to 4%, there shall be no further reductions to the lower income tax rate and further reductions shall only be applied to reduce the higher income tax rate in effect. Upon the higher income tax rate being decreased to 4%, no further reductions shall occur to K.S.A. 79-32,110(a), and amendments thereto. The secretary shall then compute decreases to:

(1) The surtax imposed pursuant to K.S.A. 79-32,110(c), and amendments thereto. The surtax shall be decreased until the combined normal and surtax rates equal 4% that are imposed pursuant to K.S.A. 79-32,110(c), and amendments thereto. Once the combined normal and surtax rates pursuant to K.S.A. 79-32,110(c), and amendments thereto, equal 4%, no further reductions shall occur;

(2) the normal tax imposed pursuant to K.S.A. 79-1107, and amendments thereto. The normal tax shall be decreased until the combined normal and surtax rates equal 2.6% that are imposed pursuant to K.S.A. 79-1107, and amendments thereto. Once the combined normal and surtax rates pursuant to K.S.A. 79-1107, and amendments thereto, equal 2.6%, no further reductions shall occur; and

(3) the normal tax imposed pursuant to K.S.A. 79-1108, and amendments thereto. The normal tax shall be decreased until the combined normal and surtax rates equal 2.62% that are

imposed pursuant to K.S.A. 79-1108, and amendments thereto. Once the combined normal and surtax rates pursuant to K.S.A. 79-1108, and amendments thereto, equal 2.62%, no further reductions shall occur.

Sec. 2. K.S.A. 2024 Supp. 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 unless otherwise modified pursuant to section 1, and amendments thereto:

(1) For tax year 2024, and all tax years thereafter, the normal tax shall be an amount equal to 1.94% of such net income; and

(2) the surtax shall be an amount equal to 2.125% 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. 2024 Supp. 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 unless otherwise modified pursuant to section 1, and amendments thereto:

(1) For tax year 2024, and all tax years thereafter, the normal tax on every trust company and savings and loan association shall be an amount equal to 1.93% of such net

income; and

(2) the surtax on every trust company and savings and loan association shall be an amount equal to 2.25% 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. 2024 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 unless otherwise modified pursuant to section 1, and amendments thereto:

(1) *Married individuals filing joint returns.*

(A) For tax years 2018 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

(B) For tax year 2024, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over \$46,000.....	5.2% of Kansas taxable income
Over \$46,000.....	\$2,392 plus 5.58% of excess over \$46,000

(2) *All other individuals.*

(A) For tax years 2018 through 2023:

If the taxable income is:	The tax is:
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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

(B) For tax year 2024, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over \$23,000.....	5.2% of Kansas taxable income
Over \$23,000.....	\$1,196 plus 5.58% of excess over \$23,000

(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. 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. 2024 Supp. 74-50,321 or section 1, and amendments thereto:

(1) The normal tax shall be in an amount equal to 4% of the Kansas taxable income of such corporation; and

(2) the surtax shall be in an amount equal to 3% of the Kansas taxable income of such corporation in excess of \$50,000.

(d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable income of estates and trusts at the rates provided in subsection (a)(2).

(e) Notwithstanding the provisions of subsections (a) and (b), for tax years 2018

through 2023, 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.";

Also on page 2, in line 4, by striking "74-2438a is" and inserting "2024 Supp. 79-1107, 79-1108 and 79-32,110 are";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after "to"; by striking all in line 2; in line 3, by striking all before semicolon and inserting "income and privilege taxes; providing that future tax rate decreases be contingent on exceeding revenue estimates and retaining a certain amount in the budget stabilization fund"; also in line 3, by striking "74-2438a" and inserting "2024 Supp. 79-1107, 79-1108 and 79-32,110"; in line 4, by striking "section" and inserting "sections";

And your committee on conference recommends the adoption of this report.

Conferees on part of House

Conferees on part of Senate