

HOUSE BILL No. 2318

By Committee on Taxation

Requested by Eric Stafford on behalf of the Kansas Chamber of Commerce

2-6

1 AN ACT concerning taxation; relating to income-tax and privilege taxes;
2 providing that future tax rate decreases be contingent on exceeding
3 revenue estimates {and retain a certain amount in the budget
4 **stabilization fund**}; amending K.S.A. 2024 Supp. 79-32,110 and
5 repealing the existing section.
6

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

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

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

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

17 (3) "Base year revenues" means actual tax receipt revenues to the
18 state general fund for fiscal year 2024 in the amount of ~~\$10,003,833,599~~
19 **{ \$5,969,395,529 from the Kansas income tax act and the privilege tax**
20 **imposed upon any national banking association, state bank, trust**
21 **company or savings and loan association pursuant to article 11 of**
22 **chapter 79 of the Kansas Statutes Annotated, and amendments**
23 **thereto**}.

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

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

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

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

3 (b) Commencing on August 15, 2025, and every August 15 thereafter,
4 the director of the budget, in consultation with the director of legislative
5 research, shall determine whether the total fiscal year adjusted general
6 revenue fund collections from the immediately preceding fiscal year are in
7 excess of the inflation adjusted base year revenues **{and if the amount of**
8 **moneys in the budget stabilization fund established pursuant to K.S.A.**
9 **75-6706, and amendments thereto, is equal to or exceeds 20% of the**
10 **prior fiscal year's state tax receipt revenues to the state general fund}**.
11 If the total fiscal year adjusted general revenue fund collections from the
12 immediately preceding fiscal year are in excess of the inflation adjusted
13 base year revenues **{and the amount of moneys in the budget**
14 **stabilization fund is equal to or exceeds 20% of the prior fiscal year's**
15 **state tax receipt revenues to the state general fund}**, the director of the
16 budget shall certify to the secretary of revenue the existence of such excess
17 and the amount of the excess.

18 (c) In the event that the secretary of revenue certifies that the adjusted
19 general revenue fund collections from the immediately preceding fiscal
20 year are in excess of the inflation adjusted base year revenues **{and the**
21 **amount of moneys in the budget stabilization fund is equal to or**
22 **exceeds 20% of the prior fiscal year's state tax receipt revenues to the**
23 **state general fund}**, the secretary shall calculate and publish the income
24 tax **and privilege tax** rate reduction as a result of the excess. In calculating
25 the income tax rate reduction, the excess fiscal year general revenue fund
26 collections shall be computed that would result in the reduction of the
27 income tax rates pursuant to subsection (d) in an amount approximately
28 equal to the rate reductions down to the nearest 0.01% to go into effect for
29 the next tax year. **In calculating the privilege tax rate reduction**
30 **pursuant to subsection (d), the reduction shall be a corresponding rate**
31 **reduction that is equal to the total percentage adjustment to the**
32 **corporate income tax.** Such rate reductions shall remain in effect unless
33 further reduced pursuant to this section. The income tax brackets and
34 taxable income thresholds prescribed in K.S.A. 79-32,110(a), and
35 amendments thereto, shall be adjusted to reflect the changes in income tax
36 rates.

37 (d) The secretary shall first compute the reduction of the income tax
38 rates pursuant to K.S.A. 79-32,110(a), and amendments thereto, that
39 decreases proportionally all tax rates in effect. Once the lower income tax
40 rate is decreased to ~~4.5%~~ **{4%}**, there shall be no further reductions to the
41 lower income tax rate and further reductions shall only be applied to
42 reduce the higher income tax rate in effect. Upon the higher income tax
43 rate being decreased to ~~4.5%~~ **{4%}**, no further reductions shall occur to

1 K.S.A. 79-32,110(a), and amendments thereto. The secretary shall then
2 compute decreases to:

3 **(1) The surtax imposed pursuant to K.S.A. 79-32,110(c), and**
4 **amendments thereto. The surtax shall be decreased until the combined**
5 **normal and surtax rates equal ~~4.5%~~ {4%} that are imposed pursuant to**
6 **K.S.A. 79-32,110(c), and amendments thereto. Once the combined normal**
7 **and surtax rates pursuant to K.S.A. 79-32,110(a), and amendments thereto,**
8 **equal ~~4.5%~~ {4%}, no further reductions shall occur;**

9 **(2) the normal tax imposed pursuant to K.S.A. 79-1107, and**
10 **amendments thereto. The normal tax shall be decreased until the**
11 **combined normal and surtax rates equal ~~2.82%~~ {2.6%} that are**
12 **imposed pursuant to K.S.A. 79-1107, and amendments thereto. Once**
13 **the combined normal and surtax rates pursuant to K.S.A. 79-1107,**
14 **and amendments thereto, equal ~~2.82%~~ {2.6%}, no further reductions**
15 **shall occur; and**

16 **(3) the normal tax imposed pursuant to K.S.A. 79-1108, and**
17 **amendments thereto. The normal tax shall be decreased until the**
18 **combined normal and surtax rates equal ~~2.90%~~ {2.62%} that are**
19 **imposed pursuant to K.S.A. 79-1108, and amendments thereto. Once**
20 **the combined normal and surtax rates pursuant to K.S.A. 79-1108,**
21 **and amendments thereto, equal ~~2.90%~~ {2.62%}, no further reductions**
22 **shall occur.**

23 Sec. 2. K.S.A. 2024 Supp. 79-32,110 is hereby amended to read as
24 follows: 79-32,110. (a) *Resident individuals.* Except as otherwise provided
25 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
26 upon the Kansas taxable income of every resident individual, which tax
27 shall be computed in accordance with the following tax schedules *unless*
28 *otherwise modified pursuant to section 1, and amendments thereto:*

29 (1) *Married individuals filing joint returns.*

30 (A) For tax years 2018 through 2023:

31 If the taxable income is:	The tax is:
32 Not over \$30,000.....	3.1% of Kansas taxable
33	income
34 Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
35	over \$30,000
36 Over \$60,000.....	\$2,505 plus 5.7% of excess
37	over \$60,000

38
39 (B) For tax year 2024, and all tax years thereafter:

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

1 over \$46,000

2

3 (2) *All other individuals.*

4 (A) For tax years 2018 through 2023:

5 If the taxable income is:

The tax is:

6 Not over \$15,000.....3.1% of Kansas taxable
7 income

8 Over \$15,000 but not over \$30,000.....\$465 plus 5.25% of excess
9 over \$15,000

10 Over \$30,000.....\$1,252.50 plus 5.7% of
11 excess over \$30,000

12

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

14 If the taxable income is:

The tax is:

15 Not over \$23,000.....5.2% of Kansas taxable
16 income

17 Over \$23,000.....\$1,196 plus 5.58% of excess
18 over \$23,000

19

20 (b) *Nonresident individuals.* A tax is hereby imposed upon the Kansas
21 taxable income of every nonresident individual, which tax shall be an
22 amount equal to the tax computed under subsection (a) as if the
23 nonresident were a resident multiplied by the ratio of modified Kansas
24 source income to Kansas adjusted gross income.

25 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
26 income of every corporation doing business within this state or deriving
27 income from sources within this state. Such tax shall consist of a normal
28 tax and a surtax and shall be computed as follows unless otherwise
29 modified pursuant to K.S.A. 2024 Supp. 74-50,321 or section 1, and
30 amendments thereto:

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

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

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

37 (e) Notwithstanding the provisions of subsections (a) and (b), for tax
38 years 2018 through 2023, married individuals filing joint returns with
39 taxable income of \$5,000 or less; and all other individuals with taxable
40 income of \$2,500 or less; shall have a tax liability of zero.

41 Sec. 3. K.S.A. 2024 Supp. 79-32,110 is hereby repealed.

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