SUPPLEMENTAL NOTE ON SENATE BILL NO. 300

<u>As Recommended by Senate Committee on
Assessment and Taxation</u>

Brief*

SB 300 would reduce tax rates for the financial institutions privilege tax.

For banks, the normal tax rate would be reduced from 2.25 percent to 1.94 percent for tax year 2024 and to 1.63 percent for tax year 2025 and all years thereafter.

For trust companies and savings and loan associations, the normal tax rate would be reduced from 2.25 percent to 1.93 percent for tax year 2024 and to 1.61 percent for tax year 2025 and all years thereafter.

[*Note:* Surtaxes of 2.125 percent for banks and 2.25 percent for trust companies and savings and loan associations would not be affected by the bill.]

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Blasi.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Kansas Bankers Association, stating the bill would make commensurate rate

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*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

reductions to the privilege tax rates as are provided for the corporation income tax rates as a result of the two agreements being entered into under the Attracting Powerful Economic Expansion (APEX) program.

Written-only proponent testimony was provided by a representative of the Community Bankers Association of Kansas.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue indicates the bill would reduce State General Fund receipts by $5.8 million in FY 2024, $7.2 million in FY 2025, and $7.4 million in FY 2026. Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; privilege tax; rates