

SENATE BILL No. 296

By Committee on Assessment and Taxation

3-23

1 AN ACT concerning income tax; relating to rates, rate reductions and
2 itemized deductions; amending K.S.A. 2014 Supp. 79-32,110, 79-
3 32,120 and 79-32,269 and repealing the existing sections.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2014 Supp. 79-32,110 is hereby amended to read as
7 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
8 by ~~subsection (a)~~ of K.S.A. 79-3220(a), and amendments thereto, a tax is
9 hereby imposed upon the Kansas taxable income of every resident
10 individual, which tax shall be computed in accordance with the following
11 tax schedules:

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

13 (A) For tax year 2012:

If the taxable income is:	The tax is:
14 Not over \$30,000.....	3.5% of Kansas taxable income
15 Over \$30,000 but not over	\$1,050 plus 6.25% of excess
16 \$60,000	over \$30,000
17 Over \$60,000.....	\$2,925 plus 6.45% of excess
18	over \$60,000

19
20 (B) For tax year 2013:

If the taxable income is:	The tax is:
21 Not over \$30,000.....	3.0% of Kansas taxable income
22 Over \$30,000.....	\$900 plus 4.9% of excess over
23	\$30,000

24
25 (C) For tax year 2014:

If the taxable income is:	The tax is:
26 Not over \$30,000.....	2.7% of Kansas taxable income
27 Over \$30,000.....	\$810 plus 4.8% of excess over
28	\$30,000

29
30 (D) For tax year 2015, *and all tax years thereafter:*

If the taxable income is:	The tax is:
31 Not over \$30,000.....	2.7% of Kansas taxable income
32 Over \$30,000.....	\$810 plus 4.6% of excess over
33	\$30,000

34
35 ~~(E) For tax year 2016:~~

36 ~~If the taxable income is: The tax is:~~

1	Not over \$30,000.....	2.4% of Kansas taxable income
2	Over \$30,000.....	\$720 plus 4.6% of excess over
3	_____	\$30,000
4	(F) For tax year 2017:	
5	If the taxable income is: _____	The tax is:
6	Not over \$30,000.....	2.3% of Kansas taxable income
7	Over \$30,000.....	\$690 plus 4.6% of excess over
8	_____	\$30,000
9	(G) For tax year 2018, and all tax years thereafter:	
10	If the taxable income is: _____	The tax is:
11	Not over \$30,000.....	2.3% of Kansas taxable income
12	Over \$30,000.....	\$690 plus 3.9% of excess over
13	_____	\$30,000
14	(2) <i>All other individuals.</i>	
15	(A) For tax year 2012:	
16	If the taxable income is: _____	The tax is:
17	Not over \$15,000.....	3.5% of Kansas taxable income
18	Over \$15,000 but not over	\$525 plus 6.25% of excess
19	\$30,000.....	over \$15,000
20	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
21	_____	over \$30,000
22	(B) For tax year 2013:	
23	If the taxable income is: _____	The tax is:
24	Not over \$15,000.....	3.0% of Kansas taxable income
25	Over \$15,000.....	\$450 plus 4.9% of excess over
26	_____	\$15,000
27	(C) For tax year 2014:	
28	If the taxable income is: _____	The tax is:
29	Not over \$15,000.....	2.7% of Kansas taxable income
30	Over \$15,000.....	\$405 plus 4.8% of excess over
31	_____	\$15,000
32	(D) For tax year 2015, and all tax years thereafter:	
33	If the taxable income is: _____	The tax is:
34	Not over \$15,000.....	2.7% of Kansas taxable income
35	Over \$15,000.....	\$405 plus 4.6% of excess over
36	_____	\$15,000
37	(E) For tax year 2016:	
38	If the taxable income is: _____	The tax is:
39	Not over \$15,000.....	2.4% of Kansas taxable income
40	Over \$15,000.....	\$360 plus 4.6% of excess over
41	_____	\$15,000
42	(F) For tax year 2017:	
43	If the taxable income is: _____	The tax is:

1	Not over \$15,000.....	2.3% of Kansas taxable income
2	Over \$15,000.....	\$345 plus 4.6% of excess over
3	_____	\$15,000
4	(G) For tax year 2018, and all tax years thereafter:	
5	If the taxable income is:.....	The tax is:
6	Not over \$15,000.....	2.3% of Kansas taxable income
7	Over \$15,000.....	\$345 plus 3.9% of excess over
8	_____	\$15,000

9 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
10 taxable income of every nonresident individual, which tax shall be an
11 amount equal to the tax computed under subsection (a) as if the
12 nonresident were a resident multiplied by the ratio of modified Kansas
13 source income to Kansas adjusted gross income.

14 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
15 income of every corporation doing business within this state or deriving
16 income from sources within this state. Such tax shall consist of a normal
17 tax and a surtax and shall be computed as follows:

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

20 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
21 3.1% of the Kansas taxable income of such corporation in excess of
22 \$50,000;

23 (B) for tax years 2009 and 2010, the surtax shall be in an amount
24 equal to 3.05% of the Kansas taxable income of such corporation in excess
25 of \$50,000; and

26 (C) for tax year 2011, and all tax years thereafter, the surtax shall be
27 in an amount equal to 3% of the Kansas taxable income of such
28 corporation in excess of \$50,000.

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

32 (e) Tax rates provided in this section shall be adjusted pursuant to the
33 provisions of K.S.A. 2014 Supp. 79-32,269, and amendments thereto.

34 Sec. 2. K.S.A. 2014 Supp. 79-32,120 is hereby amended to read as
35 follows: 79-32,120. (a) (1) If federal taxable income of an individual is
36 determined by itemizing deductions from such individual's federal
37 adjusted gross income, such individual may elect to deduct the Kansas
38 itemized deduction in lieu of the Kansas standard deduction.

39 (2) For the tax year commencing on January 1, 2013, the Kansas
40 itemized deduction of an individual means 70% of the total amount of
41 deductions from federal adjusted gross income, other than federal
42 deductions for personal exemptions, as provided in the federal internal
43 revenue code with the modifications specified in this section.

1 (3) For the tax year commencing on January 1, 2014, the Kansas
2 itemized deduction of an individual means 65% of the total amount of
3 deductions from federal adjusted gross income, other than federal
4 deductions for personal exemptions, as provided in the federal internal
5 revenue code with the modifications specified in this section.

6 (4) For the tax year commencing on January 1, 2015, *and each year*
7 *thereafter*, the Kansas itemized deduction of an individual means 60% of
8 the total amount of deductions from federal adjusted gross income, other
9 than federal deductions for personal exemptions, as provided in the federal
10 internal revenue code with the modifications specified in this section.

11 ~~(5) For the tax year commencing on January 1, 2016, the Kansas~~
12 ~~itemized deduction of an individual means 55% of the total amount of~~
13 ~~deductions from federal adjusted gross income, other than federal~~
14 ~~deductions for personal exemptions, as provided in the federal internal~~
15 ~~revenue code with the modifications specified in this section.~~

16 ~~(6) For tax years commencing on and after January 1, 2017, the~~
17 ~~Kansas itemized deduction of an individual means 50% of the total amount~~
18 ~~of deductions from federal adjusted gross income, other than federal~~
19 ~~deductions for personal exemptions, as provided in the federal internal~~
20 ~~revenue code with the modifications specified in this section.~~

21 (b) The total amount of deductions from federal adjusted gross
22 income shall be reduced by the total amount of income taxes imposed by
23 or paid to this state or any other taxing jurisdiction to the extent that the
24 same are deducted in determining the federal itemized deductions and by
25 the amount of all depreciation deductions claimed for any real or tangible
26 personal property upon which the deduction allowed by K.S.A. 2014
27 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,
28 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

29 (c) The provisions of this section that provide for a reduction in the
30 total amount of deductions from federal adjusted gross income shall not
31 apply to contributions that qualify as charitable contributions allowable as
32 deductions in section 170 of the federal internal revenue code, and
33 amendments thereto.

34 (d) Notwithstanding any provision of this section to the contrary, for
35 taxable years commencing after January 1, 2013, the total amount of
36 deductions from federal adjusted gross income shall be reduced by the
37 total amount of wagering losses claimed as an itemized deduction in
38 section 165(d) of the federal internal revenue code, and amendments
39 thereto.

40 Sec. 3. K.S.A. 2014 Supp. 79-32,269 is hereby amended to read as
41 follows: 79-32,269. (a) (1) Except as provided in subsection (a)(2),
42 commencing with fiscal year ~~2018~~ 2016, in any fiscal year in which the
43 amount of selected actual state general fund receipts from such fiscal year

1 exceeds the selected actual state general fund receipts for the immediately
2 preceding fiscal year by more than 2%, the director of legislative research
3 shall certify such excess amount to the secretary of revenue and the
4 director of the budget. Upon receipt of such certified amount, the secretary
5 shall compute the excess percentage increase in selected actual state
6 general fund receipts above 2%. Based on such excess percentage of
7 calculated receipt growth, the secretary shall compute the income tax rate
8 reductions to go into effect for the next tax year that would reduce by such
9 certified amount the tax rates during the fiscal year after the next fiscal
10 year according to the provisions of this section, as follows: (A) Rate
11 reductions for individual income tax rates shall be applied to reduce the
12 highest marginal income tax rate applicable to the current tax year, by such
13 excess percentage minus 0.5%, and the lowest marginal income tax rate
14 applicable to the current tax year by such excess percentage plus 0.5%,
15 except that in no case shall such excess percentage plus 0.5% result in an
16 income tax rate increase. In any such computation by the secretary
17 pursuant to this subsection: (i) The resulting income tax rate shall be
18 rounded down to the nearest 0.1%; and (ii) in any case in which the
19 income tax rate for any individual marginal income tax rate is below 0.4%,
20 such rate shall be 0%. Based on all such determinations, the secretary shall
21 reduce individual income tax rates prescribed by K.S.A. 79-32,110, and
22 amendments thereto, as required by this section;

23 (B) upon all individual marginal income tax rates being reduced to
24 0% pursuant to the provisions of subsection (a)(1)(A), rate reduction next
25 shall be applied for the surtax on corporations applicable to the current tax
26 year by such excess percentage. In any such computation by the secretary
27 pursuant to this subsection in which the surtax is below 0.4%, such surtax
28 rate shall be 0%. Based on such determination, the secretary shall reduce
29 the surtax on corporations prescribed by K.S.A. 79-32,110, and
30 amendments thereto, as required by this section; and

31 (C) upon the surtax on corporations being reduced to a rate which
32 when combined with the normal tax rate on corporations is equal to or
33 below the combined surtax and normal tax imposed on national banking
34 associations and state banks or is equal to or below the combined surtax
35 and normal tax imposed on trust companies and savings and loan
36 associations, rate reductions shall be proportionately applied for the tax on
37 corporations, the tax on national banking associations and state banks, and
38 the tax on trust companies and savings and loan associations. Such rate
39 reductions shall be first applied to the surtax until reduced to 0% and then
40 applied to the normal tax for each such tax. In any such computation by
41 the secretary pursuant to this subsection in which any such tax is below
42 0.4%, such tax rate shall be 0%. Based on such determination, the
43 secretary shall reduce the surtax and the normal tax on corporations

1 prescribed by K.S.A. 79-32,110, and amendments thereto, the surtax and
2 normal tax on national banking associations and state banks prescribed by
3 K.S.A. 79-1107, and amendments thereto, and the surtax and normal tax
4 on trust companies and savings and loan associations prescribed by K.S.A.
5 79-1108, and amendments thereto, as required by this section.

6 (2) In any fiscal year in which the amount of selected actual state
7 general fund receipts for such fiscal year are 102% or less than the selected
8 actual state general fund receipts from the immediately preceding fiscal
9 year, the director of legislative research shall certify such amount and fact
10 to the secretary of revenue and the director of the budget. Upon receipt of
11 such amount and fact, the secretary of revenue shall not make any
12 adjustment to the income tax rates for that tax year.

13 (b) The secretary of revenue shall report any reduction in income tax
14 rates prescribed by this section to the chairperson of the assessment and
15 taxation committee of the senate, the chairperson of the taxation
16 committee of the house of representatives and the governor, and shall
17 cause notice of any such reduction to be published in the Kansas register
18 prior to September 15 of the calendar year immediately preceding the tax
19 year in which such reduction takes effect.

20 (c) As used in this section, "selected actual state general fund
21 receipts" means receipts from the following taxes and fees: Individual and
22 corporation income taxes imposed under K.S.A. 79-32,110, and
23 amendments thereto, financial institutions privilege taxes imposed under
24 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
25 thereto, retail sales taxes imposed under K.S.A. 79-3601 et seq., and
26 amendments thereto, compensating use taxes imposed under K.S.A. 79-
27 3701 et seq., and amendments thereto, cigarette and tobacco product taxes
28 imposed under K.S.A. 79-3301 et seq., and amendments thereto, cereal
29 malt beverage and liquor gallonage taxes imposed under K.S.A. 41-501 et
30 seq., and amendments thereto, liquor enforcement taxes imposed under
31 K.S.A. 79-4101 et seq., and amendments thereto, liquor drink taxes
32 imposed under K.S.A. 79-41a01 et seq., and amendments thereto,
33 corporation franchise taxes imposed under K.S.A. 79-5401, and
34 amendments thereto, annual franchise fees charged pursuant to law and
35 mineral severance taxes imposed under K.S.A. 79-4216 et seq., and
36 amendments thereto.

37 Sec. 4. K.S.A. 2014 Supp. 79-32,110, 79-32,120 and 79-32,269 are
38 hereby repealed.

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