Kansas
Department of Revenue

2026 KANSAS TAX LEGISLATION AND RELATED GUIDANCE DOCUMENTS

Office of Policy and Research

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2026 KANSAS TAX LEGISLATION AND RELATED GUIDANCE DOCUMENTS

The 2026 Kansas Legislature made significant changes to the landscape of income tax credits by enacting new credits, extending some existing credits that were set to expire, and repealing or discontinuing several others. Further notable changes include new Individual Income Tax subtraction modifications for contributions to healthcare sharing ministries and portable benefit plans for independent contractors. All statutory changes and any related tax agency guidance documents are summarized below.

S.B. 82 – CREDITS

I. Income Tax

A. Lockable Gun and Ammunition Storage Tax Credit

Individual Income Tax Credit (K-40) for tax years 2026 through 2028.

The tax credit allowed against the tax liability of a resident individual equal to 25% of the expenditures made by the individual during such tax year to purchase lockable gun and ammunition storage that is designed primarily for gun and ammunition storage.

The amount of such credit allowed each tax year shall not exceed $250 for any taxpayer.

Credit is non-refundable but may be carried forward in the succeeding tax year or years until the total amount of the credit has been deducted from tax liability.

Senate Bill 82, Section 1

Notice 26-06 Income Tax Credit for Gun and Ammunition Storage

B. New Tax Credit for Higher-Ethanol Blends of Fuel

Credit is available for tax years 2026 through 2028

Credit is non-refundable but may be carried forward for three taxable years immediately following the taxable year in which the credit was earned.

The amount of the credit is equal to $0.05 per gallon of higher ethanol blend sold by the retail dealer on a retail basis and dispensed through meter pumps at the retail dealer's retail service station during the tax year for which the tax credit is claimed.

Higher ethanol blend: An ethanol blended fuel E15, as defined in 40 C.F.R. Section 1090.80, as in effect on July 1, 2026, or any higher percent ethanol blend.

Retail service station: A location in this state from which higher ethanol blend is sold to the public and is dispensed directly into motor vehicle fuel tanks for consumption

Total amount of credit issued under this legislation shall not exceed $2,500,000 per tax year. If the total amount of credits claimed under this legislation exceeds the maximum amount of tax credits available, the credits claimed shall be apportioned or divided among all eligible retail dealers.

As part of any claim for tax credits pursuant to this legislation, the dealer shall include an annual report to the Department or Revenue on forms prescribed by the Department, which includes the name and address of the retail dealer. In addition, the report will document the total number of gallons of higher ethanol blend sold by the retail dealer on a retail basis and dispensed through metered pumps at the retail service station or stations owned or operated by the retail dealer during the tax year for which the tax credit is claimed.

Senate Bill 82, Section 4; Amending K.S.A. 79-32,201

C. Discontinuation of the Alternative Fuel Tax Credit

Discontinuation of the Alternative Fuel Tax Credit for Alternative-Fuel Vehicles and Alternative-Fuel Fueling Station (claimed using K-62)

Credit was allowed to Corporate Income Tax Filers.

No credits shall be allowed for these two tax credits for years after December 31, 2026.

Unused tax credits for Alternative-Fueled Motor Vehicles earned prior to 2027 can continue to be carried forward for the three taxable years succeeding the taxable year the credit was earned.

Unused tax credits for Alternative-Fueling Stations earned prior to 2027 can continue to be carried forward for the four taxable years succeeding the taxable year in which the credit was earned.

Senate Bill 82, Section 4; Amending K.S.A. 79-32,201

Notice 26-04 Ethanol Retailer Tax Credit

II. Income Tax and Privilege Tax

A. Changes to Child Care Tax Credits

Beginning on or after January 1, 2027, there will be two new Child Care Tax Credits. The first is for a taxpayer that pays expenses related to the provision of child care for the taxpayer's employees.

- Expenses qualifying for the credit include:
  - Paying for child care for employees,
  - Establishing or expanding a child care program that is primarily used by employees,
  - Paying for referral services that connect employees to child care providers, and
  - Providing collaborative child care investment with other employers.
- Taxpayers are allowed a credit of 75% of the total amount expended for child care as outlined in the paragraph above.

The second credit is for a taxpayer that is an employer who financially contributes to a third party that expands the availability of community child care.

- Expenses qualifying for the credit include:
  - Establishing or expanding a child care program, including support to establish or maintain licensing,
  - Enabling a program to purchase learning materials or play equipment,
  - Compensating professional development for child care staff,
  - Providing child care tuition assistance for families in need, and
  - Providing referral services that connect families to child care providers.
- Tax credit is 75% of the amount expended if the recipient accepts and serves children and families receiving a child care subsidy, or 50% of the amount expended if the recipient does not accept or serve children and families receiving a child care subsidy.

Between the two credits, the amount claimed shall not exceed $100,000 for any taxpayer during the taxable year. The aggregate number of credits claimed under this act for any fiscal year shall not exceed $3,000,000.

These credits will replace the existing K-56 Child Day Care Assistance Credit.

Credit is non-refundable but may be carried forward for three taxable years succeeding the taxable year in which the credit was earned.

Community child care means a for-profit or not-for-profit provider of child care services that is open at least nine hours per day and located within 45 minutes of the employer that is seeking the credit or such employer's offices.

Senate Bill 82, Sections 3 and 6; Amending and Repealing K.S.A. 2025 Supp. 79-32,190

Notice 26-05 Income and Privilege Tax Credit for Childcare Expenses

III. Income, Privilege, and/or Premium Taxes

A. Discontinuation and Repeal of Certain Tax Credits

- K-42 Assistive Technology Contribution Credit (Corporate Income Tax)
  Senate Bill 82, Sections 2 and 6; Amending and Repealing K.S.A. 65-7107
- K-38 Swine Facility Improvement Credit (Corporate Income Tax)
  Senate Bill 82, Section 6; Repealing K.S.A. 79-32,204
- K-87 Declared Disaster Capital Investment Credit (Income, Privilege, and Premium Tax)
  Senate Bill 82, Section 6; Repealing K.S.A. 79-32,262
- K-88 Promoting Employment Across Kansas Credit (Individual Income Tax)
  NOTE: Only the credit in K.S.A. 79-32,266 is repealed. Other PEAK provisions in K.S.A. 74-50,210 through 74-50,219 remain intact.
  Senate Bill 82, Section 6; Repealing K.S.A. 79-32,266
- K-33 Agritourism Liability Insurance Credit (Corporate Income Tax)
  Senate Bill 82, Section 6; Repealing K.S.A. 2025 Supp. 32-1438

Notice 26-09 Repeal of Various Income, Privilege, and/or Premium Tax Credits

S.B. 300 – CHANGE TO INCOME APPORTIONMENT RULES FOR LIQUOR MANUFACTURERS AND REMOVAL OF REFERENCE TO GLOBAL INTANGIBLE LOW TAX INCOME

I. Corporate Income Tax

A. Apportionment of Corporate Income for Manufacturers of Alcoholic Liquor

The bill categorizes a manufacturer of alcoholic liquor as either a qualifying Kansas investor or general manufacturer and provides for the apportionment of business income based on that categorization.

For tax years commencing on or after January 1, 2027, any taxpayer classified as a manufacturer of alcoholic liquor, as defined in K.S.A. 41-102, and amendments thereto, shall apportion business income to this state as follows:

- A qualifying Kansas investor shall apportion business income using the single sales factor if the taxpayer maintains both:
    - An average value of real and tangible personal property owned or rented that exceeds $5,000,000 and such property is used in this state during the tax year; and
    - The total amount of compensation paid in this state during the tax year exceeded $2,000,000.
- A general manufacturer of alcoholic liquor, including all other manufacturers of alcoholic liquor besides qualifying Kansas investors, shall apportion business income using the three-factor formula.

Senate Bill 300, Section 1; Amending K.S.A. 2025 Supp. 79-3279

B. Removal of Reference to Global Intangible Low Tax Income (GILTI)

K.S.A. 79-32,117(c)(xxv) is amended as follows to remove the reference to global intangible low tax income: “(xxv) For all taxable years commencing after December 31, 2020, 100% of income under section 951A of the federal internal revenue code of 1986, before any deductions allowed under section 250(a)(1)(B) of such code.”

OBBB replaced the term GILTI with Net Controlled Foreign Corporation Tested Income (NCTI). Kansas is dropping the reference to GILTI and replacing it with section 951A of the federal internal revenue code. The Kansas subtraction modification will now apply to any income in section 951A of the federal internal revenue code.

Senate Bill 300, Section 2; Amending K.S.A. 2025 Supp. 79-32,117

S.B. 361 – PARTICIPATION IN FEDERAL TAX CREDIT PROGRAM FOR CONTRIBUTIONS TO SCHOLARSHIP GRANTING ORGANIZATIONS FOR PRIVATE SCHOOLS

I. Individual Income Tax

A. Education Freedom Tax Credit

Through this bill, the State of Kansas elects to participate in the new federal tax credit for contributions of individuals to scholarship granting organizations (SGOs) pursuant to section 25F of the federal internal revenue code of 1986, as amended, for all taxable years beginning after December 31, 2026. Kansans may claim a federal tax credit for qualifying contributions to qualifying SGOs.

The legislation also directs the State Treasurer, in accordance with section 25F of the IRC, to provide the Secretary of the Treasury with any required information, including, but not limited to, a list of scholarship granting organizations that meet the qualifications of section 25F which are located in the State of Kansas.

NOTE: The amount allowed for the federal tax credit shall be reduced by the amount of the Kansas Low Income Student Scholarship Credit claimed on Form K-70 if the same contribution is the basis for both credits.

Senate Bill 361, Section 1

Notice 26-10 Federal Tax Credit for Contributions by Individuals to Scholarship Granting Organizations

S.B. 368 – SUBTRACTION MODIFICATION FOR QUALIFIED HEALTH CARE SHARING EXPENSES PAID BY A QUALIFIED INDIVIDUAL AND CERTAIN HEALTH CARE SHARES RECEIVED BY A QUALIFIED INDIVIDUAL

I. Individual Income Tax

Effective tax years beginning after December 31, 2026

A. Definitions

- "Qualified health care share received" means an amount that a taxpayer receives as a member of a health care sharing ministry to assist with a medical expense
- "Qualified health care sharing expenses" means the amount paid by a qualified individual for membership in a health care sharing ministry for the individual, or the individual's spouse or dependent, including amounts paid:
  - As contributions for the sharing of medical expenses with respect to such ministry
  - For administrative fees of such ministry

- "Qualified individual" means an individual who is
  - A resident of Kansas; and
  - A member of a health care sharing ministry for at least one month during a taxable year for which the individual claims a subtraction modification under this act
- See *Senate Bill 368, Section 2* for the full definition of "Health care sharing ministry"

B. Subtraction Modification for Expenses Paid

- Qualified individual taxpayers may subtract from federal adjusted gross income (FAGI) an amount equal to the total amount of qualified healthcare sharing expenses they paid during the taxable year.
- Additional optional contributions are only eligible for the subtraction modification if they are not deducted at the federal level as charitable contributions.
- The subtraction modification is only allowed to the extent such amount has not already been subtracted or deducted from the taxpayers FAGI.
- The subtraction modification cannot exceed $5,000 for an individual or $10,000 for a married couple filing a joint Individual.

C. Subtraction Modification for Shares Received

- Any qualified health care share received by a qualified individual taxpayer during the tax year and used for medical expenses shall not be considered taxable income for Kansas income tax purposes.
- Only if the share is included in Federal Adjusted Gross Income, can the taxpayer use a Kansas subtraction modification to remove the amount of the share that is included in FAGI.

  Senate Bill 368, Sections 1-6; Amending K.S.A. 79-32,117

  Notice 26-07 Income Tax Subtraction Modification for Qualified Health Care Sharing Expenses and Qualified Health Care Shares Received

H.B. 2464 – EXTENSION OF CERTAIN CREDITS FOR INCOME, PRIVILEGE, AND PREMIUM TAX

I. Angel Investor Tax Credit (Income Tax and Premium Tax)

A. New provisions

- Credit was extended through tax year 2031.
- For tax year 2027, and all tax years thereafter, at least 25% of the total amount of the credits that may be allowed each year shall be utilized for investors investing in qualified Kansas business located in counties with populations of 50,000 or fewer in years that the number of requests is sufficient to allow such distribution of tax credits. Such determination of whether there are sufficient requests shall be made based on the requests received by Department of Commerce on or before October 1 of each year.
- Total amount of credits that may be allowed for tax years 2026 through 2031 shall not exceed $8,000,000.

B. Additional information about the credit

- Nonrefundable – Credit can be carried forward until used.
- For tax year 2021 and all years thereafter, the credit shall be in a total amount of up to 50% of such investors' cash investment in any qualified Kansas business.
- Credits are limited to $100,000 for a single Kansas business and to $350,000 per investor who is a natural person or permitted entity investor.

II. Aviation/Aerospace Tax Credit (Income Tax)

A. New provisions

- Credit was extended through tax year 2031.

B. Additional information about the credit

- K.S.A. 79-32,291 – Credit for Qualified Employer Tuition Reimbursement
- K.S.A. 79-32,292 – Credit for Qualified Employer for Compensation Paid to Qualified Employees
- K.S.A. 79-32,293 – Credit for Qualified Employee

III. Eisenhower Foundation Tax Credit (Income Tax and Privilege Tax)

A. New provisions

- Credit was extended through tax year 2030

B. Additional information about the credit

- Credit is nonrefundable, non-transferable, and cannot be carried forward.
- Credit is equal to 50% of the amount contributed during the taxable year.
- Credit shall not exceed…
  - $25,000 for any taxpayer subject to the income tax on resident individuals, or
  - $50,000 for any taxpayer subject to the income tax on corporations or subject to the privilege tax on financial institutions.
- The aggregate amounts of credit claimed under this legislation shall not exceed $350,000 for any fiscal year.

IV. Friends of Cedar Crest Association Tax Credit (Income Tax and Privilege Tax)

A. New provisions

- Credit was extended through tax year 2030

B. Additional information about the credit

- Credit is nonrefundable, non-transferable, and cannot be carried forward.
- Credit is equal to 50% of the amount contributed during the taxable year.

- Credit shall not exceed…
    - $25,000 for any taxpayer subject to the income tax on resident individuals, or
    - $50,000 for any taxpayer subject to the income tax on corporations or subject to the privilege tax on financial institutions.
- The aggregate amounts of credit claimed under this legislation shall not exceed $350,000 for any fiscal year.

Notice 26-03 Changes to Angel Investor, Eisenhower Foundation, Cedar Crest, and Aviation Credits

House Bill 2464; Amending K.S.A. 74-8133, 79-32,295, 79-32,274, and 79-32,275

H.B. 2481 – WORLD CUP PROVISIONS FOR ALCOHOL SALES, TRANSIENT GUEST TAX, AND PERMITS FOR SHORT TERM RENTAL UNITS

I. Transient Guest Tax

A. Definition of Transient Guest

The legislation amends the definition of 'transient guest' as found in K.S.A. 12-1692 to include for the period of May 15, 2026, through July 25, 2026:

- A person who, as a guest and during all or any portion of such period, occupies a room in a hotel, motel, or tourist court, one or more individual rooms within a dwelling or residential unit that is offered as a place of accommodation of such a dwelling or residential unit in whole or in part.
- A transient guest shall not include a person who is a permanent guest or who has entered into or enters into a contract for such occupation or accommodation for more than 28 consecutive days within such period, if the contract is intended from long-term or permanent occupancy.

Since state laws regarding transient guest tax are very limited in their application, counties and cities adopting the transient guest tax or using their home rule authority to opt out of the state statutes should have their legal counsel review the adoption resolution/ordinance or charter resolution/ordinance to determine the impact the amended legislation has on their transient guest tax.

B. Application for Permits

No municipality shall adopt, administer or enforce any ordinance, resolution, regulation or other code or law that limits the number of issuances of permits or other municipal authorizations required by such municipality for the operation of short-term rentals or vacation units, during the period commencing on May 15, 2026, and continuing through July 25, 2026, or limits the duration of any short-term rental or vacation units or properties during such period.

During the period of May 15, 2026, through July 25, 2026, all completed applications to a municipality required to operate a short-term rental or vacation unit or property shall be processed by the municipality and a response issued to the applicant within 15 calendar days.

If the municipality fails to process and respond to the applicant within 15 calendar days, such application shall be deemed approved.

Notice 26-02 Transient Guest Tax Changes During FIFA 2026 World Cup

II. Alcohol Sales

The board of county commissioners of any county by resolution, or the governing body of any city by ordinance, may allow sales between the hours of 6:00 am and 5:00 am on the immediately following day, from June 11, 2026, through July 19, 2026, by entities licensed by the State to sell alcoholic liquor or cereal malt beverages in the original package or for consumption on the premises.

A county or city making such an election would be required to submit a copy of the resolution or ordinance to the Director of Alcoholic Beverage Control with the Kansas Department of Revenue.

The provisions of this legislation shall expire from and after July 20, 2026.

2026 Amendments to Kansas Liquor Laws

House Bill 2481

H.B. 2602 – PORTABLE BENEFIT PLANS FOR INDEPENDENT CONTRACTORS, SUBTRACTION MODIFICATION FOR CONTRIBUTIONS

I. Income Tax

A. Subtraction Modifications

Beginning in tax year 2027, one may claim a subtraction modification from federal adjusted gross income for amounts contributed to a portable benefit plan. Hiring parties and independent contractors could subtract contribution amounts, provided they are not already deducted on the taxpayer's federal income tax return or otherwise subtracted or deducted from federal adjusted gross income.

B. Portable Benefit Plans

"Portable benefit plan" means a benefit plan:

- Chosen by an independent contractor
- Assigned to a beneficiary
- Administered by one of the following
    - Bank
    - Credit union
    - Investment management firm
    - Technology provider
    - Program manager that offers services through such entities

Administrators of portable benefit plans are required to provide an account for costs related to one of more of the following benefits:

- Health insurance
- Income replacement insurance
- Disability insurance
- Life insurance
- Retirement benefits

Any hiring party can make contributions to a portable benefit account. Contributions could also be withheld from compensation owed to a contractor if the contractor agrees to it. Contributions to a portable benefit account may not be used as a criterion for determining a worker's employment classification.

House Bill 2602, Sections 1-4; Adding K.S.A. 79-32,117(c)(xxxii) and (xxxiii)

Notice 26-08 Income Tax Subtraction Modification for Contributions to a Portable Benefit Plan for Independent Contractors

OTHER PROVISIONS TAKING EFFECT IN 2026

I. Disabled Veteran's Sales Tax Exemption

Beginning July 1, 2026, veterans who are 100% disabled or deemed unemployable, who are Kansas residents, and who have an honorable discharge or general discharge under honorable conditions, are eligible for an exemption from sales tax on $24,000 of qualified purchases.

Qualifying veterans will be provided with a driver's-license sized Sales Tax Exemption Certificate Card which will be presented to retailers when claiming the exemption on qualified purchases.

Veterans may apply for the Exemption Certificate Card by visiting the following webpage:

https://www.ksrevenue.gov/vetsalesexempt.html

Notice 26-01 Sales Tax Exemption for Certain Disabled Veterans

Notes