2026 Kansas Legislative Update

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Kansas Department of Revenue
Office of Policy and Research

Carl York
Carl.York@ks.gov
785-296-1048

Roger Basinger
Roger.Basinger@ks.gov
785-296-3089

Edward Collazo
Edward.Collazo@ks.gov
785-296-7776

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Senate Bill 82 - 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.

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Senate Bill 82 – New Tax Credit for Higher-Ethanol Blends of Fuel

- Credit allowed for **Income Tax Filers**
- 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 metered 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

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Senate Bill 82 – New Tax Credit for Higher-Ethanol Blends of Fuel

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 of 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.

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Senate Bill 82 – Discontinuation of the Alternative Fuel Tax Credit

- Discontinuation of the **Alternative Fuel Tax Credit** for Alternative-Fuel Vehicles and Alternative-Fuel Fueling Station
- 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 in which 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.

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Senate Bill 82 - Child Care Tax Credits

- Two new **Income** and **Privilege Tax Credits** for tax years beginning on or after **January 1, 2027**.
- The first credit 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 of 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.

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Senate Bill 82 - Child Care Tax Credits

- The second credit is for 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.

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Senate Bill 82 - Child Care Tax Credits

- 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**.
- 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.

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Senate Bill 82 – Discontinuation and Repeal of Certain Tax Credits

Effective January 1, 2027, the following credits are repealed

- **K.S.A. 65-7107** – Assistive Technology Contribution Credit (Corporate Income) (K-42)
- **K.S.A. 79-32,204 –** Swine Facility Improvement Credit (Corporate Income Tax) (K-38)
- **K.S.A. 79-32,262 –** Declared Disaster Capital Investment Credit
  (Income, Privilege, and Premium Tax) (K-87)
- **K.S.A. 79-32,266 –** Owners Promoting Employment Across Kansas (PEAK)
  (Individual Income Tax) (K-88)
- **K.S.A. 2025 Supp. 32-1438 –** Agritourism Liability Insurance Credit (Corporate Income Tax) (K-33)

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Senate Bill 300 – Apportionment of Business Income for the 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

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Senate Bill 300
Removal of Reference to Global Intangible Low Tax Income (GILTI)

The bill amends K.S.A. 79-32,117(c)(xxv) to remove the reference to global intangible low tax income.

The section now reads:

(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.

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Senate Bill 361 – Federal Tax Credit for Scholarship Granting Organizations

The legislation provides that the State of Kansas elects to participate in the **new federal tax credit** for contributions of individuals to **scholarship granting organizations** pursuant to section 25F of the federal internal revenue code of 1986, as amended, for all taxable years beginning after December 31, 2026.

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.

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Senate Bill 368
Health Care Sharing Ministries Subtraction Modification

- Effective tax years beginning after December 31, 2026.
- Individual Income Tax
- Legislation allows a qualified individual taxpayer to **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.
- 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 return.

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Senate Bill 368
Health Care Sharing Ministries Subtraction Modification

- Legislation provides that 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**.
- The legislation defines Health Care Sharing Ministry, Qualified Health Care Share Received, Qualified Health Care Sharing Expense, and Qualified Individual.

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House Bill 2464
Extension of Angel Investor Tax Credit

- **Income Tax** and **Premium Tax**
- **Nonrefundable** – Credit can be **carried forward until used**
- Credit was extended through **tax year 2031**.
- 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.
- Total amount of credits that may be allowed for tax years **2026 through 2031** shall not exceed **$8,000,000**.
- 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.

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House Bill 2464
Aviation / Aerospace Tax Credit

Credit was extended through tax year 2031.

- 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

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House Bill 2464
Eisenhower Foundation Tax Credit

- **Income Tax** and **Privilege Tax**
- Credit is **nonrefundable**, **non-transferable**, and **cannot be carried forward**.
- Credit was extended through tax year **2030**.
- 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.

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House Bill 2464
Friends of Cedar Crest Association Tax Credit

- **Income Tax** and **Privilege Tax**
- Credit is **nonrefundable**, **non-transferable**, and **cannot be carried forward**.
- Credit was extended through tax year **2030**.
- 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.

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House Bill 2481
World Cup – 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.

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House Bill 2481
World Cup - Application for Permits

- Provides that 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.

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House Bill 2481
Alcohol Sales During the World Cup

- The legislation authorizes the **board of county commissioners of any county by resolution**, or the **governing body of any city by ordinance**, to allow entities licensed by the State to sell alcoholic liquor or cereal malt beverages in the original package or for consumption on the premises would be permitted to make such 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**.
- 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.

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House Bill 2602
Portable Benefit Plans for Independent Contractors

- **Subtraction modification** from Federal Adjusted Gross Income (FAGI) for contributions made to portable benefit plan of an independent contractor.
- The subtraction modification is effective for **tax years beginning after December 31, 2026**.
- Contribution can be made by an **independent contractor** or **hiring party taxpayer**.
- Hiring party taxpayers and independent contractors could subtract contributions 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**.

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House Bill 2602
Portable Benefit Plans for Independent Contractors

- The bill defines portable benefit plan to mean a benefit plan chosen by an independent contractor and assigned to a beneficiary and that is administered by a **bank**, **credit union**, **investment management firm**, or **technology provider or program manager that offers services through such entities**.
- Portable benefit plans **do not include benefit plans administered by a hiring party**.
- The bill would require administrators of portable benefit plans to provide an account for the costs related to one or more of the following benefits: **health insurance**, **income replacement insurance**, **disability insurance, life insurance**, or **retirement benefits**.

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Disabled Veteran's Sales Tax Exemption – 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

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Questions?

Carl York	Edward Collazo	Roger Basinger
785-296-1048	785-296-7776	785-296-3089
Carl.York@ks.gov	Edward.Collazo@ks.gov	Roger.Basinger@ks.gov

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