

2024 Kansas Legislative Session

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Individual Income Tax

Individual Income Tax Rates

Effective Tax Year 2024

Married Filing Jointly 5.2% (Taxable Income Not Over \$46,000)
5.58% (Taxable Income Over \$46,000)

All Other Individuals 5.2% (Taxable Income Not Over \$23,000)
5.58% (Taxable Income Over \$23,000)

Senate Bill 1, Section 16, Amending K.S.A. 79-32,110(a)

Individual Income Tax

Individual Income – Standard Deduction and Personal Exemptions

Effective Tax Year 2024

Standard Deductions

Single - \$3,605 Head of Household - \$6,180

Married Filing Separately - \$4,120 Married Filing Jointly - \$8,240

Personal Exemptions

Married Filing Jointly \$18,320

Single, Head of Household, or Married Filing Separately \$9,160

Exemption for Dependents \$2,320

Senate Bill 1, Section 19 and Section 20, Amending K.S.A. 79-32,119 and K.S.A. 79-32,121

Corporate Income Tax

For Tax Year 2024

Normal Tax of 3.5% of the Kansas taxable income of such corporation.
Surtax of 3% of Kansas taxable income of such corporation in excess of \$50,000.

K.S.A. 79-32,110 and K.S.A. 74-50,321

Privilege Tax

Effective Tax Year 2024

National Banking Association and State Banks

Normal Tax 1.94% of net income, Surtax of 2.125% of net income in excess of \$25,000

Trust Company and Savings and Loan Associations

Normal Tax 1.93% of net income, Surtax of 2.25% of net income in excess of \$25,000

Senate Bill 1, Sections 12 and 13, Amending K.S.A. 79-1107 and K.S.A. 79-1108

Partnership or Small Business Income Tax SALT Parity Act

Effective for tax years commencing on or after January 1, 2022

Legislative finding that the purpose of the tax credit found in K.S.A. 2023 Supp. 79-32,288 is to avoid double taxation of income on electing pass-through entity owners.

An electing pass-through entity shall be subject to a tax in an amount equal to the highest rate of tax for the applicable income tax year under K.S.A. 79-32,110(a).

Non-resident pass-through entity owners are taxed on their pro rata or distributive share of the electing PTE's income attributable to the state.

Resident pass-through entity owners are taxed on their pro rata or distributive share of the electing PTE's income calculated as either the sum of income attributable to the state and income not attributable to the state; or income attributable to the state.

Senate Bill 410, Sections 20 & 21, Amending K.S.A. 2023 Supp. 79-32,287

Partnership or Small Business Income Tax SALT Parity Act

Credits attributable to the activities of an electing pass-through entity in the taxable year shall be passed through and claimed by the electing pass-through entity owner.

Modifications to federal taxable income and the Kansas expensing deduction attributable to the activities of an electing pass-through entity in the taxable year shall be claimed on both the electing pass-through entity return (K-120S) and each electing pass-through entity owner's individual return (K-40).

Individual Income Tax Social Security Subtraction Modification

Effective Tax Year 2024

For all taxable years beginning after December 31, 2023, amounts received as benefits under the Federal Social Security Act that are included in Federal Adjusted Gross Income of a taxpayer.

Senate Bill 1, Section 18, Amending K.S.A. 79-32,117(c)(xviii)

Individual Income Tax

Contributions to a 529, ABLE, or First-time Home Buyer Savings Account

For taxable years beginning after December 31, 2022.

Allows individuals contributing to an ABLE account, 529 program account, and first-time home buyers account, between January 1st and the tax filing deadline, to choose between the previous or current tax year to take the subtraction modification.

No contribution shall be used as a modification in more than one taxable year.

Individual Income Tax Household and Dependent Care Expense Credit

Effective Tax Year 2024

Fifty percent of the amount of the credit allowed against such taxpayer's federal income tax liability pursuant to 26 U.S.C. 21 for the taxable year in which the credit was claimed against the taxpayer's federal income tax liability.

Senate Bill 1, Section 17, Amending K.S.A. 79-32,111c

Individual Income Tax

Net Operating Loss Subtraction Modification

Creates a subtraction modification for taxpayers who carried back a federal net operating loss arising in tax years 2018, 2019, and 2020.

Such losses are subtracted from their income for the purpose of determining Kansas Adjusted Gross Income (KAGI).

If the amount of such net operating loss exceeds the KAGI of the taxpayer, the taxpayer is permitted to carry forward such net operating loss for up to 20 years.

The bill extends the deadline for filing amended returns for tax years 2018 through 2020 until April 15, 2025.

Senate Bill 410, Section 18, Amending K.S.A. 79-32,117(c)(xxviii)

Income Tax

Work Opportunity Tax Credit and Employment Retention Credit

Work Opportunity Tax Credit (WOTC)

The bill would enact, for taxable years after December 31, 2021, a subtraction modification, the amount of which, would equal any federal credit disallowance under the provisions of 26 U.S.C. 280C(a).

Employee Retention Credit (ERC)

For taxable years 2020 and 2021, a subtraction modification, equal to 50% of the amount of the employee retention credit disallowance. To be eligible for the ERC modification, the taxpayer is required to prove that the taxpayer filed Kansas income tax returns and paid Kansas income tax on the disallowed amount.

Any amended return filed claiming the ERC modifications shall be filed on or before of April 15, 2025.

Income Tax

Disallowed Business Interest

For tax years 2018, 2019, and 2020, Kansas was coupled with the federal code and only recognized the business interest deduction allowed under the IRC.

For tax years 2021 and beyond, Kansas decoupled from the federal code and allowed a deduction for current year's interest expense in its entirety – rather than the amount allowed under TCJA.

For tax years 2021 and beyond, Kansas taxpayers will need to examine their business interest deduction on the federal return with the portion of the federal deduction attributable to prior year carryforward qualifying for an addition modification on the Kansas return. Any current year interest disallowed on the federal return would qualify for a subtraction modification on the Kansas return.

The addition/subtraction modifications will be netted, and if, in aggregate, the carryforward add back exceeds the current year disallowance, the difference is treated as an addition modification to the Kansas return. If the carryforward add back is less than the current year disallowance, the difference is treated as a subtraction modification on the Kansas returns.

Senate Bill 410, Section 18, Amending K.S.A. 79-32,117(b)(xxvii) and 79-32,117(c)(xxvi)

Income Tax

Disallowed Business Interest

For tax year 2021, an amount equal to the sum of any interest expenses paid or accrued in tax years 2018, 2019, and 2020 less the sum of amounts allowed as a deduction pursuant to section 163 of the federal internal revenue code in tax years 2018, 2019 and 2020.

Income, Privilege, Premium Tax

Credit for Contributions to Nonprofit Pregnancy Centers and Residential Maternity Centers

For tax years commencing after December 31, 2023, a credit in the amount equal to 70% of the total amount contributed during the taxable years by a taxpayer to an eligible charitable organization.

Credits can be carried forward for up to five future tax years following the tax year in which the eligible contribution was made.

Maximum contribution to a single charitable organization cannot exceed \$5,000,000 per tax year, with the maximum amount of credits claimed in aggregate not exceeding \$10,000,000 per tax year.

- Prior to claiming any credit on the return, the taxpayer will make or pledge the contribution to the eligible charitable organization, who will submit the application to the Department via the web application.
- The Department shall allocate the credit within 30 days of receiving the application.
- If the full amount of the contribution cannot be allocated due to the aggregate limit on contributions, the Department will notify the taxpayer of the amount of the credit.
- Once the Department has allocated the credit to a taxpayer, the taxpayer has 90 days to make the contribution. If the contribution is not made in the 90-day window, the allocation is cancelled and returned to the Department for reallocation.

Income Tax

Single City Port Authority Tax Credit

Existing Credit allowed against taxpayer's income tax liability.

Credit has been extended through 2029. Total amount of credits allowed under this provision shall not exceed \$500,000 in any one fiscal year. Credit is non-refundable and cannot be carried forward.

The credit is equal to 100% of the amount attributable to the retirement of indebtedness authorized by a single city port authority established before January 1, 2002.

Senate Bill 410, Section 19, Amending K.S.A. 79-32,212

Income Tax

Adoption Savings Accounts

Effective July 1, 2025, any individual may open an account with a financial institution, and designate such, adoption savings account to be used to pay or reimburse a designated beneficiary's eligible expense for an adoption of a child.

The maximum contribution to any account in any tax year shall be \$6,000 for an individual and \$12,000 for a married couple filing jointly.

Maximum contributions into an account for all tax years shall be \$48,000 for an individual and \$96,000 for a married couple filing a joint return.

Maximum amount in an account shall be \$100,000.

House Bill 2465, New Section 3

Income Tax

Adoption Savings Account - Modifications

For all tax years beginning after December 31, 2024, the amount contributed to an adoption savings account, in an amount not to exceed \$6,000 for an individual, or \$12,000 for a married couple filing a joint return, or amounts received as income earned from assets in an adoption savings account.

An addition modification is provided for all taxable years beginning after December 31, 2024, in which the amount of any contribution to, or earnings from, if the distributions from the adoption savings account were not used to pay for qualified expenses, or for contributions not being held for the minimum length of time.

House Bill 2465, Section 9, Adding K.S.A. 79-32,117(b)(xxix) and K.S.A. 79-32,117(c)(xxix)

Income Tax Adoption Tax Credit

For tax year 2024, and all tax years thereafter, there shall be allowed as a credit against the tax liability of a resident individual imposed under the Kansas Income Tax Act, an amount equal to 100% of the amount of the credit allowed against such taxpayer's federal income tax liability for the taxable year in which such credit was claimed against the taxpayer's federal income tax liability.

House Bill 2465, Section 10, Adding K.S.A. 79-32,202a (a)(2)

Income Tax

Disability Employment Tax Credit

Allows for a credit in the amount of 15% of the amount for expenditures of goods and services purchased by the taxpayer from a qualified vendor on or after January 1, 2019, including such expenditures made on or after January 1, 2024, but prior to the effective date of the act.

The amount of the credit shall not exceed \$500,000 per qualified vendor per tax year.

The **cumulative amount** of such credits shall not exceed \$5,000,000 for tax years 2019 through 2023; \$8,000,000 for tax years 2024 through 2028; and \$8,000,000 for each consecutive five tax year period thereafter starting with tax year 2029.

Senate Bill 15, Section 4, Amending K.S.A. 79-32,273(b)

Individual Income Tax Workforce Retention Incentive Tax Credit

The recipient of a Kansas Adult Learner Grant shall qualify for a Kansas Workforce Retention Incentive Income Tax Credit of \$1,500 which is allowed against the income tax liability of an individual.

Credit is available for tax years 2024 through 2028.

To be eligible for the credit, the taxpayer must have:

- (A)(1) Successfully complete their grant eligible program with the awarding of their degree, and
- (A)(2) Currently resides in Kansas, have resided in Kansas for at least two consecutive years following the completion of the program, and are currently employed in the State of Kansas, or
- (B)(1) Have commenced military service.

Senate Bill 123 (2023 Legislative Session), New Section 7, K.S.A. 74-32,287

Withholding Tax

Replaces the 15 percent penalty for not remitting timely with the following graduated penalty system.

- 2 percent, if the remittance is 1 to 5 days late;
- 5 percent, if the remittance is 6 to 15 days late;
- 10 percent, if the remittance is more than 15 days late; and
- 15 percent, if the remittance is more than 15 days late, KDOR has notified the taxpayer of the delinquency, but the tax was not remitted within 10 days of the notification.

Senate Bill 410, Section 17, Amending K.S.A. 79-32,107(f)

Sales Tax

Motor Vehicle Sales Tax Deduction

Provides for a sales and compensating use tax deduction, from the sales price of a new or used motor vehicle, in the amount of the proceeds of a used motor vehicle sold by the purchaser within 120 days before or after the purchase.

Effective on the sales of any used motor vehicle on or after January 1, 2025.

Individuals claiming the deduction will need to provide a completed bill of sale and report such sale on the Department's form KDOR TR-312, or the bill of sale provides the information required by the TR-312 and that information matches the information entered in the assignment of title on the back of the certificate of title.

The documents will be presented to the county treasurer when registering the purchased vehicle or by applying to KDOR for a refund within three years of the date of purchase of the replacement vehicle.

House Bill 2098, New Section 2

Sales Tax Manufacturer's Coupons

Excludes from sales price, the dollar amount of coupons issued by a manufacturer, supplier, or distributor when the seller accepts such coupons and is reimbursed by the manufacturer, supplier, or distributor.

The exclusion is effective on or after July 1, 2024.

House Bill 2098, Section 4, Amending K.S.A. 79-3602(II)(3)(G)

Sales Tax

Sales Tax Exemptions

Exemption for the purchase of equipment, machinery, or other infrastructure purchased for use in the provisions of internet access service, telecommunication service, or video service. Exemption for the purchase of repair, maintenance, and installation services purchased by providers of such internet access service, telecommunication service, or video services.

The exemption is effective July 1, 2024, through June 30, 2029.

Exemption for the sales of the services of slaughtering, butchering, custom cutting, dressing, processing, and packaging of an animal for human consumption when the animal is delivered or furnished by the customer that owns the animal, and the meat or poultry is for use or consumption by the customer.

The effective date of the exemption is July 1, 2024.

House Bill 2098, Section 5, Adding K.S.A. 79-3606 (rrrr) and (uuuu)

Sales Tax

Sales Tax Exemptions

On or after **July 1, 2024**, all sales of tangible personal property or services purchase by or on behalf of Doorstep in Topeka.

On or after **January 1, 2024 through December 30, 2030**, all sales of tangible personal property or services purchased by Exploration Place, Inc. in Wichita, when such property or services are used for the purpose of various construction projects for Exploration Place.

On or after **January 1, 2024 through December 30, 2030**, all sales of tangible personal property or services purchased by the Kansas Children's Discovery Center, Inc. in Topeka, when such property and services are used for the purpose of various construction projects for the Kansas Children's Discovery Center, Inc.

House Bill 2098, Section 5, Adding K.S.A. 79-3606 (ssss) and (tttt)

Sales Tax

Sales Tax Exemptions

The legislation provides a sales tax exemption for direct purchases made by the Kansas State School for the Blind and the Kansas State School for the Deaf, if such purchases, are related to the building, maintenance, and enlargement of facilities used for human habitation. The exemption is effective **July 1, 2024**.

All sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a building that is operated by, or is intended to be operated by the Kansas Fairground Foundation, that is located on the grounds of the Kansas State Fair. The exemption is effective **May 19, 2023**. Any qualified expenses incurred between May 19, 2023, and the effective date of the legislation, shall be refunded by the Department of Revenue upon completion of the required forms.

House Bill 2098, Section 5, Amending K.S.A. 79-3606(c) and adding K.S.A. 79-3606(vvvv)

Sales Tax

Disabled Veterans Sales Tax Exemptions

Effective July 1, 2026

Creates a sales tax exemption for tangible personal property and services purchased by Kansas resident veterans who have been honorably discharged and have a 100% percent disability or be deemed totally disabled or unemployable, provided that such disability is permanent and was sustained through military action.

Exemption is capped at \$24,000 of taxable sales per year per eligible person. Exemption cannot be used for the purchase of motor vehicles, alcoholic beverages, tobacco products, electronic cigarettes, as well as purchases not made for personal use or made for the production of income.

Veterans qualifying for the exemption would need to apply to the Department of Revenue for a veteran exemption identification number, which would be provided on a card the size of a driver's license. The card would be presented to retailers when claiming the exemption.

House Bill 2098, New Section 1

Sales Tax Authorization for Ballot Questions

Allows the Board of County Commissioners of the respective counties to submit to the voters a question of imposing a countywide sales tax:

- Marshall County – 1% for the purpose of financing the construction, or remodeling and furnishing of a jail facility;
- Neosho County - .5% for the purpose of financing roadway and bridge construction, maintenance, and improvements; and
- Rawlins County – up to 1% for the purpose of financing the remodel or construction of attendance centers or other facilities of any school district in the county.

Senate Bill 410, Sections 3, 4, and 5 Amending K.S.A. 12-187, 12-189, 12-192

Uniform Commercial Credit Code Credit Card Sales

K.S.A. 16a-2-403

No person or retailer doing business in any sales, service or lease transaction with a customer may impose a surcharge on a customer who elects to use a credit card as payment unless such person or retailer discloses the amount of such a surcharge through a clear and conspicuous notice to the customer at the point of entry or the point of sale and in advance of such transaction.

Effective January 1, 2025, and publication in the statute book.

House Bill 2247, Section 51 Amending K.S.A. 16a-2-403

Questions ?

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