

**NOTICE 25-06**

**DECREASES OF INCOME AND PRIVILEGE TAX RATES – CONTINGENT ON REVENUE**

**(OCTOBER 2, 2025)**

During the 2025 Legislative Session, Senate Bill 269 was passed and signed into law. New Section 1 of the Bill provides for future income and privilege tax rate decreases, contingent upon revenues exceeding inflation adjusted base year revenues and retaining a certain amount in the budget stabilization fund.

New Section 1(a) of the Bill is a definitional section which defines the terms “adjusted consumer price ratio”, “adjusted general revenue fund collections”, “base year revenues”, “base year consumer price index”, “excess fiscal year general revenue fund collections”, “fiscal year consumer price index”, and “inflation adjusted base year revenues”.

New Section 1(b) provides that, commencing on August 15, 2025, and every August 15<sup>th</sup> thereafter, the Director of the Budget, in consultation with the Director of Legislative Research, shall determine whether the total fiscal year adjusted general revenue fund collections from the immediately preceding fiscal year are in excess of the inflation adjusted base year revenues and if the amount of moneys in the budget stabilization fund (the “rainy day” fund) is equal to or exceeds 15% of the prior fiscal year’s state tax receipt revenues to the state general fund. If that determination is positive, the Director of Budget will certify the amount of excess to the Secretary of Revenue.

New Section 1(c) provides that if the Secretary of Revenue also certifies the amount of excess, the Secretary shall calculate and publish an income and privilege tax rate reduction that occurs because of the excess.

New Section 1(d) provides that any reduction shall first apply to individual income tax rates and shall proportionally decrease all rates in effect until the lowest rate is reduced to 4%. Once the lowest rate is reduced to 4% the next highest rate will be reduced until it is reduced to 4%.

After the individual income tax rates have been reduced to 4%, reductions will then occur to the corporate income tax surtax rate, the privilege tax rate for banks, and the privilege tax rate for savings and loans, and trust companies. New Section 1(d)(1), (2), and (3) provides the Secretary will compute decreases to: (1) the surtax rate imposed on corporations until the combined normal and surtax rates for corporations is 4%; (2) the normal tax imposed on banks until the combined normal and surtax rates are reduced to 2.6%; and, (3) the normal tax imposed on savings and loans and trust companies, until the combined normal and surtax rates are reduced to 2.62%.

After the various reductions provided for in New Section 1(d) have been made no further reductions shall occur.

Section 2 amends K.S.A. 2024 Supp. 79-1107 regarding banks, Section 3 amends K.S.A. 79-1108 regarding savings and loans and trust companies, and Section 4 amends K.S.A. 79-32,110 regarding individual and corporate income tax, to reference the tax rate reduction provisions of New Section 1.

The provisions of the Bill take effect and are in force from and after publication in the statute book, which is July 1, 2025.

In accordance with the new statutory provisions, on August 15, 2025, the Director of the Budget notified the Secretary of Revenue the total fiscal year adjusted general revenue fund collections from the immediately preceding fiscal year were \$6,038,279,792 in FY 2025. The base year revenues of \$5,969,395,529 in FY 2024 are adjusted to \$6,126,761,315 after applying an adjusted consumer price ratio of 1.0264. The total fiscal year adjusted general revenue fund collections in FY 2025 are \$88,481,523 lower than the inflation adjusted base year revenues for FY 2025. The amount of monies in the Budget Stabilization Fund is \$1,907,520,483 which is 19.1 percent of the prior fiscal year's state tax receipt revenues to the State General Fund.

The Director of the Budget further notified the Secretary of Revenue that, pursuant to *The 2025 Session Laws of Kansas*, Chapter 116, Section 1(b), the Director of the Budget has consulted with the Director of Legislative Research and together certified the amount of monies in the Budget Stabilization Fund is equal to or exceeds 15.0 percent of the prior fiscal year's state tax receipt revenues to the State General Fund; however, the amount of total fiscal year adjusted general revenue fund collections from FY 2025 are not in excess of the inflation adjusted base year revenues for FY 2025.

As a result of this certification, the Secretary of Revenue will not calculate and publish new income tax rates, and there will be no rate reduction for tax year 2026.

#### TAXPAYER ASSISTANCE

Additional copies of this notice, forms or publications are available from our web site, [www.ksrevenue.gov](http://www.ksrevenue.gov). If you have questions about this Notice, as it pertains to the specific provisions of Senate Bill 269, please contact:

Taxpayer Assistance Center  
Kansas Department of Revenue  
Scott Office Building, 1st Floor  
120 SE 10<sup>th</sup> Ave  
P. O. Box 3506  
Topeka, KS 66601-3506  
Phone: 785-368-8222  
Hearing Impaired TTY: 785-296-6461  
Fax: 785-291-3614

If you have any questions on the bases of the certification made by the Director of the Budget, please contact: [Budget.Info@ks.gov](mailto:Budget.Info@ks.gov).