

SESSION OF 2024

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 2201**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

Senate Sub. for HB 2201 would reduce corporation income tax rates and repeal certain tax credits.

***Corporation Income Tax Rates***

The bill would specify that for tax year 2024, the corporation income tax rate would be 3.5 percent; for tax year 2025, the corporation income tax rate would be 3.0 percent; and for tax year 2026, and all future years, the corporation income tax rate would be 2.75 percent.

[*Note:* The bill would not affect the corporation surtax rate of 3.0 percent on all taxable income in excess of \$50,000.]

***Repealed Tax Credits***

The bill would repeal or discontinue the following tax credits, effective tax year 2025:

- Contributions to an individual development account;
- Business and job development;

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- Plugging abandoned oil or gas well;
- Agritourism liability insurance;
- Assistive technology contributions;
- Declared disaster capital investment;
- Environmental compliance;
- Owners Promoting Employment Across Kansas;  
and
- Swine facility improvement.

### **Background**

The bill was introduced by the House Committee on Taxation at the request of Representative Averkamp. As introduced, HB 2201 contained provisions related to the information provided on annual valuation notices.

On March 24, 2023, the Senate Committee on Assessment and Taxation removed the contents, inserted contents pertaining to residential property tax relief programs and recommended a substitute bill be created.

On January 9, 2024, the substitute bill was withdrawn from the Senate Calendar and rereferred to the Senate Committee on Assessment and Taxation.

On March 25, 2024, the Senate Committee on Assessment and Taxation removed the contents of the substitute bill, inserted the amended contents of SB 546, and recommended a substitute bill be created. Background information for SB 546 is provided below.

## **SB 546**

SB 546 was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Tyson.

### *Senate Committee on Assessment and Taxation*

In the Senate Committee hearing, **proponent** testimony was provided by representatives of Americans for Prosperity-Kansas and the Kansas Policy Institute. The proponents stated the bill would replace corporation tax subsidy programs with broad-based corporation tax relief and indicated the bill would improve economic competitiveness.

**Opponent** testimony was provided by representatives of the Department of Commerce, Great Plains Manufacturing, Greater Topeka Chamber, Kansas Economic Development Alliance, Salina Community Economic Development Organization, and Spirit Aerosystems. The opponents generally stated the economic development programs repealed by the bill have been valuable tools for economic growth and job creation in Kansas, and the repeal of the programs retroactively could expose Kansas to legal liability.

Written-only opponent testimony was provided by representatives of City of McPherson, Harper Industries, Kansas City Area Development Council, Lawrence Chamber, Manhattan Area Chamber of Commerce, Olathe Chamber of Commerce, Ortega Aviation Services, Overland Park Chamber, Shawnee Chamber of Commerce, Sumner County Economic Development, Thrive Allen County, and Wichita Regional Chamber of Commerce.

Neutral testimony was provided by a representative of the Kansas Chamber.

Written-only neutral testimony was provided by a representative of Kansas Grain and Feed Association,

Kansas Agribusiness Retailers Association, and Renew Kansas Biofuels Association.

The Senate Committee amended the bill to eliminate provisions repealing the High Performance Incentive Program and the Promoting Employment Across Kansas Program.

### **Fiscal Information**

According to the Department of Revenue, the bill would reduce state revenue by \$12.0 million in FY 2025, \$46.1 million in FY 2026, and \$60.7 million in FY 2027.

Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Taxation; income tax; credits; repeal; corporation income tax rates