

HOUSE BILL No. 2457

By Committee on Taxation

3-13

1 AN ACT concerning taxation; relating to income tax; providing a 4.95%
2 tax rate for individuals and decreasing the normal tax for corporations;
3 discontinuing possible future corporate rate decreases as a result of
4 agreements under the attracting powerful economic expansion program
5 act; increasing the income limit to qualify for a subtraction
6 modification for social security income; providing that all social
7 security benefits qualify for the subtraction modification commencing
8 in tax year 2026; increasing the Kansas standard deduction by a cost-
9 of-living adjustment; discontinuing the food sales tax credit; relating to
10 sales and compensating use tax; reducing the rate of tax on sales of
11 food and food ingredients; relating to property tax; increasing the
12 extent of exemption for residential property from the statewide school
13 levy; relating to privilege tax rates; decreasing the surtax; amending
14 K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-50,321, 79-
15 201x, 79-32,110, 79-32,117, 79-32,119, 79-32,271, 79-3603, 79-3603d,
16 79-3620, 79-3703 and 79-3710 and repealing the existing sections.
17

18 *Be it enacted by the Legislature of the State of Kansas:*

19 Section 1. K.S.A. 2022 Supp. 74-50,321 is hereby amended to read as
20 follows: 74-50,321. (a) Commencing with fiscal year 2022, in any fiscal
21 year that a qualified firm enters into an agreement with the secretary of
22 commerce for the first time pursuant to K.S.A. 2022 Supp. 74-50,312, and
23 amendments thereto, and commences construction on a qualified business
24 facility under this act the secretary of commerce shall certify such fact to
25 the secretary of revenue, the director of the budget and the director of
26 legislative research. Such certification shall be made when such fact is
27 known to the secretary, but in any event on or before June 30 of such fiscal
28 year.

29 (b) Upon receipt of such certification, the secretary of revenue shall
30 adjust the corporate income tax rate imposed pursuant to the provisions of
31 K.S.A. 79-32,110, and amendments thereto, to go into effect for the next
32 tax year by reducing the rate by 0.5%. The maximum reduction to be
33 applied for one taxable year shall be 0.5% regardless of the number of
34 eligible qualifying firms that may have satisfied the conditions of
35 subsection (a).

36 (c) The rate reduction of 0.5% shall be applied to reduce the normal

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Prepared by: Office of Revisor of Statutes
Social Security

1 amendments thereto, and the provisions of such sections are hereby
2 incorporated by reference for all purposes thereof.

3 (xvi) For all taxable years beginning after December 31, 2004,
4 amounts received by taxpayers who are or were members of the armed
5 forces of the United States, including service in the Kansas army and air
6 national guard, as a recruitment, sign up or retention bonus received by
7 such taxpayer as an incentive to join, enlist or remain in the armed services
8 of the United States, including service in the Kansas army and air national
9 guard, and amounts received for repayment of educational or student loans
10 incurred by or obligated to such taxpayer and received by such taxpayer as
11 a result of such taxpayer's service in the armed forces of the United States,
12 including service in the Kansas army and air national guard.

13 (xvii) For all taxable years beginning after December 31, 2004,
14 amounts received by taxpayers who are eligible members of the Kansas
15 army and air national guard as a reimbursement pursuant to K.S.A. 48-
16 281, and amendments thereto, and amounts received for death benefits
17 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
18 such death benefits are included in federal adjusted gross income of the
19 taxpayer.

20 (xviii) ~~For the taxable year beginning after December 31, 2006,~~
21 ~~amounts received as benefits under the federal social security act which~~
22 ~~are included in federal adjusted gross income of a taxpayer with federal~~
23 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
24 ~~status is single, head of household, married filing separate or married filing~~
25 ~~jointly; and (A) For all taxable years beginning after December 31, 2007,~~
26 ~~and ending before January 1, 2025,~~ amounts received as benefits under the
27 federal social security act which are included in federal adjusted gross
28 income of a taxpayer with federal adjusted gross income of \$75,000 or
29 less, whether such taxpayer's filing status is single, head of household,
30 married filing separate or married filing jointly.

31 (B) ~~For the taxable year beginning after December 31, 2022, and~~
32 ~~ending before January 1, 2024,~~ a portion of amounts received as benefits
33 under the federal social security act that are included in federal adjusted
34 gross income of a taxpayer with federal adjusted gross income greater
35 than \$75,000 and less than \$125,000, whether that taxpayer's filing status
36 is single, head of household, married filing separate or married filing
37 jointly, calculated as follows:

- 38 (1) Subtract an amount equal to the federal adjusted gross income of
- 39 that taxpayer from ~~125,000~~ (the result must be greater than zero);
- 40 (2) divide the result of subparagraph (B)(1) by ~~50,000~~, and
- 41 (3) multiply the result of subparagraph (B)(2) by the amount in
- 42 dollars received as benefits under the federal social security act that are
- 43 included in federal adjusted gross income of that taxpayer to determine

strike

all

years

\$100,000

100,000

25,000

1 the modification pursuant to this subparagraph.

2 ~~(C) For the taxable year beginning after December 31, 2023, and~~
3 ~~ending before January 1, 2025, a portion of amounts received as benefits~~
4 ~~under the federal social security act that are included in federal adjusted~~
5 ~~gross income of a taxpayer with federal adjusted gross income greater~~
6 ~~than \$75,000 and less than \$175,000, whether that taxpayer's filing status~~
7 ~~is single, head of household, married filing separate or married filing~~
8 ~~jointly estimated as follows:~~

9 ~~(1) Subtract an amount equal to the federal adjusted gross income of~~
10 ~~that taxpayer from 175,000 (the result must be greater than zero);~~

11 ~~(2) divide the result of subparagraph (C)(1) by 100,000; and~~

12 ~~(3) multiply the result of subparagraph (C)(2) by the amount in~~
13 ~~dollars received as benefits under the federal social security act that are~~
14 ~~included in federal adjusted gross income of that taxpayer to determine~~
15 ~~the modification pursuant to this subparagraph.~~

16 ~~(D) For the taxable year beginning after December 31, 2024, and~~
17 ~~ending before January 1, 2026, a portion of amounts received as benefits~~
18 ~~under the federal social security act that are included in federal adjusted~~
19 ~~gross income of a taxpayer with federal adjusted gross income greater~~
20 ~~than \$75,000 and less than \$275,000, whether that taxpayer's filing status~~
21 ~~is single, head of household, married filing separate or married filing~~
22 ~~jointly estimated as follows:~~

23 ~~(1) Subtract an amount equal to the federal adjusted gross income of~~
24 ~~that taxpayer from 275,000 (the result must be greater than zero);~~

25 ~~(2) divide the result of subparagraph (D)(1) by 200,000; and~~

26 ~~(3) multiply the result of subparagraph (D)(2) by the amount in~~
27 ~~dollars received as benefits under the federal social security act that are~~
28 ~~included in federal adjusted gross income of that taxpayer to determine~~
29 ~~the modification pursuant to this subparagraph.~~

30 ~~(E) For all taxable years beginning after December 31, 2025,~~
31 ~~amounts received as benefits under the federal social security act that are~~
32 ~~included in federal adjusted gross income of a taxpayer:~~

33 ~~(xix) Amounts received by retired employees of Washburn university~~
34 ~~as retirement and pension benefits under the university's retirement plan.~~

35 ~~(xx) For taxable years beginning after December 31, 2012, and~~
36 ~~ending before January 1, 2017, the amount of any: (1) Net profit from~~
37 ~~business as determined under the federal internal revenue code and~~
38 ~~reported from schedule C and on line 12 of the taxpayer's form 1040~~
39 ~~federal individual income tax return; (2) net income, not including~~
40 ~~guaranteed payments as defined in section 707(c) of the federal internal~~
41 ~~revenue code and as reported to the taxpayer from federal schedule K-1,~~
42 ~~(form 1065-B), in box 9, code F or as reported to the taxpayer from federal~~
43 ~~schedule K-1, (form 1065) in box 4, from rental real estate, royalties,~~

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