

**HOUSE BILL No. 2844**

By Committee on Taxation

Requested by Representative A. Smith

3-19

1 AN ACT concerning taxation; relating to income tax; modifying tax rates  
2 for individuals; increasing the income limit to qualify for a subtraction  
3 modification for social security income; increasing the Kansas standard  
4 deduction and Kansas personal exemption and further increasing by a  
5 cost-of-living adjustment; relating to privilege tax; decreasing the  
6 normal tax rate; relating to property tax; increasing the extent of  
7 exemption for residential property from the statewide school levy;  
8 decreasing the rate of ad valorem tax imposed by a school district;  
9 abolishing the local ad valorem tax reduction fund and the county and  
10 city revenue sharing fund; amending K.S.A. 65-163j, 65-3306, 65-  
11 3327, 75-2556, 79-1107, 79-1108 and 79-1479 and K.S.A. 2023 Supp.  
12 72-5142, 74-8768, 79-201x, 79-2988, 79-32,110, 79-32,117, 79-32,119  
13 and 79-32,121 and repealing the existing sections; also repealing  
14 K.S.A. 19-2694, 79-2960, 79-2961, 79-2962, 79-2965, 79-2966 and 79-  
15 2967 and K.S.A. 2023 Supp. 79-2959 and 79-2964.

16

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

18

19 New Section 1. On July 1, 2024, the director of accounts and reports  
20 shall transfer all moneys in the local ad valorem tax reduction fund to the  
21 state general fund. On July 1, 2024, all liabilities of the local ad valorem  
22 tax reduction fund are hereby transferred to and imposed on the state  
23 general fund, and the local ad valorem tax reduction fund is hereby  
24 abolished.

24

25 New Sec. 2. On July 1, 2024, the director of accounts and reports  
26 shall transfer all moneys in the county and city revenue sharing fund to the  
27 state general fund. On July 1, 2024, all liabilities of the county and city  
28 revenue sharing fund are hereby transferred to and imposed on the state  
29 general fund, and the county and city revenue sharing fund is hereby  
30 abolished.

30

31 Sec. 3. K.S.A. 65-163j is hereby amended to read as follows: 65-163j.  
32 (a) The dedicated source of revenue for repayment of a loan to a  
33 municipality may include service charges, connection fees, special  
34 assessments, property taxes, grants or any other source of revenue lawfully  
35 available to the municipality for such purpose. In order to ensure  
36 repayment by municipalities of the amounts of loans provided under this

1 act, the secretary, after consultation with the governing body of any  
2 municipality ~~which~~ *that* receives a loan, may adopt charges to be levied  
3 against individuals and entities served by the project. Any such charges  
4 shall remain in effect until the total amount of the loan, and any interest  
5 thereon, has been repaid. The charges shall, insofar as is practicable, be  
6 equitably assessed and may be in the form of a surcharge to the existing  
7 charges of the municipality. The governing body of any municipality  
8 ~~which~~ *that* receives a loan under this act shall collect any charges  
9 established by the secretary and shall pay the moneys collected therefrom  
10 to the secretary in accordance with procedures established by the secretary.

11 (b) ~~Upon the failure of a municipality to meet the repayment terms~~  
12 ~~and conditions of the agreement, the secretary may order the treasurer of~~  
13 ~~the county in which the municipality is located to pay to the secretary such~~  
14 ~~portion of the municipality's share of the local ad valorem tax reduction~~  
15 ~~fund as may be necessary to meet the terms of the agreement,~~  
16 ~~notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, and~~  
17 ~~amendments thereto. Upon the issuance of such an order, the municipality~~  
18 ~~shall not be required to make the tax levy reductions otherwise required by~~  
19 ~~K.S.A. 79-2960 and 79-2961, and amendments thereto.~~

20 (e) Municipalities ~~which~~ *that* are provided with loans under this act  
21 shall maintain project accounts in accordance with generally accepted  
22 government accounting standards.

23 (d)(c) Any loans received by a municipality under the provisions of  
24 this act shall be construed to be bonds for the purposes of K.S.A. 10-1116  
25 and 79-5028, and amendments thereto, and the amount of such loans shall  
26 not be included within any limitation on the bonded indebtedness of the  
27 municipality.

28 Sec. 4. K.S.A. 65-3306 is hereby amended to read as follows: 65-  
29 3306. The secretary's annual request for appropriations to the water  
30 pollution control account shall be based on an estimate of the fiscal needs  
31 for the ensuing budget year, less any amounts received by the secretary  
32 from any public or private grants or contributions and moneys in such  
33 account shall be used solely for the purposes provided for by this act.  
34 Moneys allocated to a municipality shall be encumbered as an expenditure  
35 of this account upon the formal letting of a contract for the improvement  
36 notwithstanding the date ~~on which~~ *when* actual payment is made of the  
37 state financial assistance. Any municipality may contribute moneys to the  
38 state water pollution control account. If there are no uncommitted or  
39 unencumbered moneys in the water pollution control account, any  
40 municipality applying for any water pollution control project as defined in  
41 K.S.A. 65-3302, *and amendments thereto*, shall as a condition of such  
42 application certify in writing to the secretary that a contribution in the  
43 amount of ~~twenty-five percent (25%)~~ of the eligible cost of such project

1 will be made to the water pollution control account by such municipality  
2 prior to formal letting of a construction contract. Upon receipt by the  
3 secretary, each such contribution shall be retained in a subaccount of the  
4 water pollution control account for use solely in the project for which the  
5 municipality has made application.

6 ~~Notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, any~~  
7 ~~municipality applying for such a water pollution control project may make~~  
8 ~~such contribution from all or such part of its share of the local ad valorem~~  
9 ~~tax reduction fund as may be necessary for such purpose, and to the extent~~  
10 ~~such fund is pledged and used for such purpose the municipality shall not~~  
11 ~~be required to make the tax levy reductions otherwise required by K.S.A.~~  
12 ~~79-2960 and 79-2961. Taxes levied by any municipality by reason of its~~  
13 ~~failure to make such reduction in its levies shall not be subject to or be~~  
14 ~~considered in computing the aggregate limitation upon the levy of taxes by~~  
15 ~~such municipality under the provisions of K.S.A. 79-5003.~~

16 Sec. 5. K.S.A. 65-3327 is hereby amended to read as follows: 65-  
17 3327. (a) The dedicated source of revenue for repayment of the loans may  
18 include service charges, connection fees, special assessments, property  
19 taxes, grants or any other source of revenue lawfully available to the  
20 municipality for such purpose. In order to ensure repayment by  
21 municipalities of the amounts of loans provided under K.S.A. 65-3321  
22 through 65-3329, and amendments thereto, the secretary, after consultation  
23 with the governing body of any municipality which receives a loan, may  
24 adopt charges to be levied against users of the project. Any such charges  
25 shall remain in effect until the total amount of the loan, and any interest  
26 thereon, has been repaid. The charges shall, insofar as is practicable, be  
27 equitably assessed and may be in the form of a surcharge to the existing  
28 charges of the municipality. The governing body of any municipality  
29 which receives a loan under K.S.A. 65-3321 through 65-3329, and  
30 amendments thereto, shall collect any charges established by the secretary  
31 and shall pay the moneys collected therefrom to the secretary in  
32 accordance with procedures established by the secretary.

33 ~~(b) Upon the failure of a municipality to meet the repayment terms~~  
34 ~~and conditions of the agreement, the secretary may order the treasurer of~~  
35 ~~the county in which the municipality is located to pay to the secretary such~~  
36 ~~portion of the municipality's share of the local ad valorem tax reduction~~  
37 ~~fund as may be necessary to meet the terms of the agreement,~~  
38 ~~notwithstanding the provisions of K.S.A. 79-2960 and 79-2961 and~~  
39 ~~amendments thereto. Upon the issuance of such an order, the municipality~~  
40 ~~shall not be required to make the tax levy reductions otherwise required by~~  
41 ~~K.S.A. 79-2960 and 79-2961 and amendments thereto.~~

42 ~~(e) Municipalities which that are provided with loans under K.S.A.~~  
43 ~~65-3321 through 65-3329, and amendments thereto, shall maintain project~~

1 accounts in accordance with generally accepted government accounting  
2 standards.

3 ~~(d)~~(c) Municipalities ~~which~~ that receive a grant and an allowance  
4 under the federal act with respect to project costs for which a loan was  
5 provided under K.S.A. 65-3321 through 65-3329, and amendments  
6 thereto, shall promptly repay such loan to the extent of the allowance  
7 received under the federal act.

8 ~~(e)~~(d) Any loans received by a municipality under the provisions of  
9 K.S.A. 65-3321 through 65-3329, and amendments thereto, shall be  
10 construed to be bonds for the purposes of K.S.A. 10-1116 and 79-5028,  
11 and amendments thereto, and the amount of such loans shall not be  
12 included within any limitation on the bonded indebtedness of the  
13 municipality.

14 Sec. 6. K.S.A. 2023 Supp. 72-5142 is hereby amended to read as  
15 follows: 72-5142. (a) The board of education of each school district shall  
16 levy an ad valorem tax upon the taxable tangible property of the school  
17 district in the school years specified in subsection (b) for the purpose of:

18 (1) Financing that portion of the school district's general fund budget  
19 that is not financed from any other source provided by law;

20 (2) paying a portion of the costs of operating and maintaining public  
21 schools in partial fulfillment of the constitutional obligation of the  
22 legislature to finance the educational interests of the state; and

23 (3) with respect to any redevelopment school district established prior  
24 to July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto,  
25 paying a portion of the principal and interest on bonds issued by cities  
26 under authority of K.S.A. 12-1774, and amendments thereto, for the  
27 financing of redevelopment projects upon property located within the  
28 school district.

29 (b) The tax required under subsection (a) shall be levied at a rate of  
30 ~~20~~ 18 mills in the school years ~~2023-2024 and~~ 2024-2025 and 2025-2026.

31 (c) The proceeds from the tax levied by a district under authority of  
32 this section, except the proceeds of such tax levied for the purpose  
33 described in subsection (a)(3), shall be remitted to the state treasurer in  
34 accordance with the provisions of K.S.A. 75-4215, and amendments  
35 thereto. Upon receipt of each such remittance, the state treasurer shall  
36 deposit the entire amount in the state treasury to the credit of the state  
37 school district finance fund.

38 (d) No school district shall proceed under K.S.A. 79-1964, 79-1964a  
39 or 79-1964b, and amendments thereto.

40 Sec. 7. K.S.A. 2023 Supp. 74-8768 is hereby amended to read as  
41 follows: 74-8768. (a) There is hereby created the expanded lottery act  
42 revenues fund in the state treasury. All expenditures and transfers from  
43 such fund shall be made in accordance with appropriation acts. All moneys

1 credited to such fund shall be expended or transferred only for the  
2 purposes of reduction of state debt, state infrastructure improvements, the  
3 university engineering initiative act, ~~reduction of local ad valorem tax in~~  
4 ~~the same manner as provided for allocation of amounts in the local ad~~  
5 ~~valorem tax reduction fund~~ and reduction of the unfunded actuarial  
6 liability of the system attributable to the state of Kansas and participating  
7 employers under K.S.A. 74-4931, and amendments thereto, by the Kansas  
8 public employees retirement system.

9 (b) On July 1, 2021, July 1, 2022, July 1, 2023, July 1, 2024, July 1,  
10 2025, July 1, 2026, July 1, 2027, July 1, 2028, July 1, 2029, July 1, 2030,  
11 and July 1, 2031, or as soon thereafter such date as moneys are available,  
12 the first \$10,500,000 credited to the expanded lottery act revenues fund  
13 shall be transferred by the director of accounts and reports from the  
14 expanded lottery act revenues fund in one or more substantially equal  
15 amounts, to each of the following: The Kan-grow engineering fund – KU,  
16 Kan-grow engineering fund – KSU and Kan-grow engineering fund –  
17 WSU. Each such special revenue fund shall receive \$3,500,000 annually in  
18 each of such years. Commencing in fiscal year 2014, after such transfer  
19 has been made, 50% of the remaining moneys credited to the fund shall be  
20 transferred on a quarterly basis by the director of accounts and reports  
21 from the fund to the Kansas public employees retirement system fund to  
22 be applied to reduce the unfunded actuarial liability of the system  
23 attributable to the state of Kansas and participating employers under  
24 K.S.A. 74-4931 et seq., and amendments thereto, until the system as a  
25 whole attains an 80% funding ratio as certified by the board of trustees of  
26 the Kansas public employees retirement system.

27 Sec. 8. K.S.A. 75-2556 is hereby amended to read as follows: 75-  
28 2556. (a) The state librarian shall determine the amount of the grant-in-aid  
29 each eligible local public library is to receive based on the latest  
30 population census figures as certified by the division of the budget.

31 (b) Except as provided by subsection (d), no local public library shall  
32 be eligible for any state grants-in-aid if the total amount of the following  
33 paragraphs is less than the total amount produced from such sources for  
34 the same library for the previous year, based on the information contained  
35 in the official annual budgets of municipalities that are filed with the  
36 division of accounts and reports in accordance with K.S.A. 79-2930, and  
37 amendments thereto:

38 (1) The amount produced by the local ad valorem tax levies for the  
39 current year expenses for such library;

40 ~~(2) the amount of moneys received from the local ad valorem tax~~  
41 ~~reduction fund for current year expenses for such library;~~

42 (3) the amount of moneys received from taxes levied upon motor  
43 vehicles under the provisions of K.S.A. 79-5101 et seq., and amendments

1 thereto, for current year expenses for such library; and

2 ~~(4)~~(3) the amount of moneys received in the current year from  
3 collections of unpaid local ad valorem tax levies for prior year expenses  
4 for such library.

5 (c) Local public library districts in which the assessed valuation  
6 decreases shall remain eligible for state grants-in-aid so long as the ad  
7 valorem tax mill rate for the support of such library has not been reduced  
8 below the mill rate imposed for such purpose for the previous year.

9 (d) If a local public library fails to qualify for eligibility for any state  
10 grants-in-aid under subsection (b), the state librarian shall have the power  
11 to continue the eligibility of a local public library for any state grants-in-  
12 aid if the state librarian, after evaluation of all the circumstances,  
13 determines that the legislative intent for maintenance of local tax levy  
14 support for the on-going operations of the library is being met by the  
15 library district.

16 (e) The distribution so determined shall be apportioned and paid on  
17 February 15 of each year.

18 Sec. 9. K.S.A. 2023 Supp. 79-201x is hereby amended to read as  
19 follows: 79-201x. (a) For taxable year ~~2022~~ 2024, and all taxable years  
20 thereafter, the following described property, to the extent herein specified,  
21 shall be and is hereby exempt from the property tax levied pursuant to the  
22 provisions of K.S.A. 72-5142, and amendments thereto: Property used for  
23 residential purposes to the extent of ~~\$40,000~~ \$80,000 of its appraised  
24 valuation.

25 (b) For taxable year ~~2023~~ 2025, and all taxable years thereafter, the  
26 dollar amount of the extent of appraised valuation that is exempt pursuant  
27 to subsection (a) *and any subsequent changes pursuant to this subsection*  
28 shall be adjusted to reflect the average percentage change in statewide  
29 residential valuation of all residential real property for the preceding 10  
30 years. Such average percentage change shall not be less than zero. The  
31 director of property valuation shall calculate the average percentage  
32 change for purposes of this annual adjustment and calculate the dollar  
33 amount of the extent of appraised valuation that is exempt pursuant to this  
34 section each year.

35 Sec. 10. K.S.A. 79-1107 is hereby amended to read as follows: 79-  
36 1107. (a) Every national banking association and state bank located or  
37 doing business within the state shall pay to the state for the privilege of  
38 doing business within the state a tax according to or measured by its net  
39 income for the next preceding taxable year to be computed as provided in  
40 this act. Such tax shall consist of a normal tax and a surtax and shall be  
41 computed as follows:

42 ~~(a)~~(1) (A) For tax year 2024, the normal tax shall be an amount equal  
43 to ~~2<sup>+</sup>4%~~ 2.25% of such net income; and

1       (B) for tax year 2025, and all tax years thereafter, the normal tax  
2 shall be an amount equal to 1.63% of such net income; and

3       ~~(b)(2)~~ the surtax shall be an amount equal to ~~2<sup>+</sup>/<sub>8</sub>%~~ 2.125% of such  
4 net income in excess of \$25,000.

5       (b) The tax levied shall be in lieu of ad valorem taxes which might  
6 otherwise be imposed by the state or political subdivisions thereof upon  
7 shares of capital stock or the intangible assets of national banking  
8 associations and state banks.

9       Sec. 11. K.S.A. 79-1108 is hereby amended to read as follows: 79-  
10 1108. (a) Every trust company and savings and loan association located or  
11 doing business within the state shall pay to the state for the privilege of  
12 doing business within the state a tax according to or measured by its net  
13 income for the next preceding taxable year to be computed as provided in  
14 this act. Such tax shall consist of a normal tax and a surtax and shall be  
15 computed as follows:

16       ~~(a)(1)~~ (A) For tax year 2024, the normal tax on every trust company  
17 and savings and loan association shall be an amount equal to ~~2<sup>+</sup>/<sub>4</sub>%~~ 2.25%  
18 of such net income; and

19       (B) for tax year 2025, and all tax years thereafter, the normal tax on  
20 every trust company and savings and loan association shall be an amount  
21 equal to 1.61% of such net income; and

22       ~~(b)(2)~~ the surtax on every trust company and savings and loan  
23 association shall be an amount equal to ~~2<sup>+</sup>/<sub>4</sub>%~~ 2.25% of such net income in  
24 excess of \$25,000.

25       (b) The tax levied shall be in lieu of ad valorem taxes which might  
26 otherwise be imposed by the state or political subdivision thereof upon  
27 shares of capital stock or other intangible assets of trust companies and  
28 savings and loan associations.

29       Sec. 12. K.S.A. 79-1479 is hereby amended to read as follows: 79-  
30 1479. (a) On or before January 15, 1992, and quarterly thereafter, the  
31 county or district appraiser shall submit to the director of property  
32 valuation a progress report indicating actions taken during the preceding  
33 quarter calendar year to implement the appraisal of property in the county  
34 or district. Whenever the director of property valuation shall determine  
35 that any county has failed, neglected or refused to properly provide for the  
36 appraisal of property or the updating of the appraisals on an annual basis in  
37 substantial compliance with the provisions of law and the guidelines and  
38 timetables prescribed by the director, the director shall file with the state  
39 board of tax appeals a complaint stating the facts upon which the director  
40 has made the determination of noncompliance as provided by K.S.A. 79-  
41 1413a, and amendments thereto. If, as a result of such proceeding, the state  
42 board of tax appeals finds that the county is not in substantial compliance  
43 with the provisions of law and the guidelines and timetables of the director

1 of property valuation providing for the appraisal of all property in the  
2 county or the updating of the appraisals on an annual basis, it shall order  
3 the immediate assumption of the duties of the office of county appraiser by  
4 the director of the division of property valuation until such time as the  
5 director of property valuation determines that the county is in substantial  
6 compliance with the provisions of law. ~~In addition, the board shall order~~  
7 ~~the state treasurer to withhold all or a portion of the county's entitlement to~~  
8 ~~moneys from either or both of the local ad valorem tax reduction fund and~~  
9 ~~the city and county revenue sharing fund for the year following the year in~~  
10 ~~which the order is issued.~~ Upon service of any such order on the board of  
11 county commissioners, the appraiser shall immediately deliver to the  
12 director of property valuation, or the director's designee, all books, records  
13 and papers pertaining to the appraiser's office.

14 Any county for which the director of the division of property valuation  
15 is ordered by the state board of tax appeals to assume the responsibility  
16 and duties of the office of county appraiser shall reimburse the state for the  
17 actual costs incurred by the director of the division of property valuation in  
18 the assumption and carrying out of such responsibility and duties,  
19 including any contracting costs in the event it is necessary for the director  
20 of property valuation to contract with private appraisal firms to carry out  
21 such responsibilities and duties.

22 (b) On or before June 1 of each year, the director of property  
23 valuation shall review the appraisal of property in each county or district  
24 to determine if property within the county or district is being appraised or  
25 valued in accordance with the requirements of law. If the director  
26 determines the property in any county or district is not being appraised in  
27 accordance with the requirements of law, the director of property valuation  
28 shall notify the county or district appraiser and the board of county  
29 commissioners of any county or counties affected that the county has 30  
30 days within which to submit to the director a plan for bringing the  
31 appraisal of property within the county into compliance.

32 If a plan is submitted and approved by the director the county or district  
33 shall proceed to implement the plan as submitted. The director shall  
34 continue to monitor the program to insure that the plan is implemented as  
35 submitted. If no plan is submitted or if the director does not approve the  
36 plan, the director shall petition the state board of tax appeals for a review  
37 of the plan or, if no plan is submitted, for authority for the division of  
38 property valuation to assume control of the appraisal program of the  
39 county and to proceed to bring the same into compliance with the  
40 requirements of law.

41 If the state board of tax appeals approves the plan, the county or district  
42 appraiser shall proceed to implement the plan as submitted. If no plan has  
43 been submitted or the plan submitted is not approved, the board shall fix a



1 time within which the county may submit a plan or an amended plan for  
2 approval. If no plan is submitted and approved within the time prescribed  
3 by the board, the board shall order the division of property valuation to  
4 assume control of the appraisal program of the county ~~and shall certify its~~  
5 ~~order to the state treasurer who shall withhold distributions of the county's~~  
6 ~~share of moneys from the county and city revenue sharing fund and the~~  
7 ~~local ad valorem tax reduction fund and credit the same to the general fund~~  
8 ~~of the state for the year following the year in which the board's order is~~  
9 ~~made.~~ The director of property valuation shall certify the amount of the  
10 cost incurred by the division in bringing the program in compliance to the  
11 state board of tax appeals. The board shall order the county commissioners  
12 to reimburse the state for such costs.

13 (c) The state board of tax appeals shall within 60 days after the  
14 publication of the Kansas assessment/sales ratio study review such  
15 publication to determine county compliance with K.S.A. 79-1439, and  
16 amendments thereto. If in the determination of the board one or more  
17 counties are not in substantial compliance and the director of property  
18 valuation has not acted under subsection (b), the board shall order the  
19 director of property valuation to take such corrective action as is necessary  
20 or to show cause for noncompliance.

21 Sec. 13. K.S.A. 2023 Supp. 79-2988 is hereby amended to read as  
22 follows: 79-2988. (a) On or before June 15 each year, the county clerk  
23 shall calculate the revenue neutral rate for each taxing subdivision and  
24 include such revenue neutral rate on the notice of the estimated assessed  
25 valuation provided to each taxing subdivision for budget purposes. The  
26 director of accounts and reports shall modify the prescribed budget  
27 information form to show the revenue neutral rate.

28 (b) No tax rate in excess of the revenue neutral rate shall be levied by  
29 the governing body of any taxing subdivision unless a resolution or  
30 ordinance has been approved by the governing body according to the  
31 following procedure:

32 (1) At least 10 days in advance of the public hearing, the governing  
33 body shall publish notice of its proposed intent to exceed the revenue  
34 neutral rate by publishing notice:

35 (A) On the website of the governing body, if the governing body  
36 maintains a website; and

37 (B) in a weekly or daily newspaper of the county having a general  
38 circulation therein. The notice shall include, but not be limited to, its  
39 proposed tax rate, its revenue neutral rate and the date, time and location  
40 of the public hearing.

41 (2) On or before July 20, the governing body shall notify the county  
42 clerk of its proposed intent to exceed the revenue neutral rate and provide  
43 the date, time and location of the public hearing and its proposed tax rate.

1 For all tax years commencing after December 31, 2021, the county clerk  
2 shall notify each taxpayer with property in the taxing subdivision, by mail  
3 directed to the taxpayer's last known address, of the proposed intent to  
4 exceed the revenue neutral rate at least 10 days in advance of the public  
5 hearing. Alternatively, the county clerk may transmit the notice to the  
6 taxpayer by electronic means at least 10 days in advance of the public  
7 hearing, if such taxpayer and county clerk have consented in writing to  
8 service by electronic means. The county clerk shall consolidate the  
9 required information for all taxing subdivisions relevant to the taxpayer's  
10 property on one notice. The notice shall be in a format prescribed by the  
11 director of accounts and reports. The notice shall include, but not be  
12 limited to:

13 (A) The revenue neutral rate of each taxing subdivision relevant to  
14 the taxpayer's property;

15 (B) the proposed property tax revenue needed to fund the proposed  
16 budget of the taxing subdivision, if the taxing subdivision notified the  
17 county clerk of its proposed intent to exceed its revenue neutral rate;

18 (C) the proposed tax rate based upon the proposed budget and the  
19 current year's total assessed valuation of the taxing subdivision, if the  
20 taxing subdivision notified the county clerk of its proposed intent to  
21 exceed its revenue neutral rate;

22 (D) the percentage by which the proposed tax rate exceeds the  
23 revenue neutral rate;

24 (E) the tax rate and property tax of each taxing subdivision on the  
25 taxpayer's property from the previous year's tax statement;

26 (F) the appraised value and assessed value of the taxpayer's property  
27 for the current year;

28 (G) the estimates of the tax for the current tax year on the taxpayer's  
29 property based on the revenue neutral rate of each taxing subdivision and  
30 any proposed tax rates that exceed the revenue neutral rates;

31 (H) the difference between the estimates of tax based on the proposed  
32 tax rate and the revenue neutral rate on the taxpayer's property described in  
33 subparagraph (G) for any taxing subdivision that has a proposed tax rate  
34 that exceeds its revenue neutral rate; and

35 (I) the date, time and location of the public hearing of the taxing  
36 subdivision, if the taxing subdivision notified the county clerk of its  
37 proposed intent to exceed its revenue neutral rate.

38 Although the state of Kansas is not a taxing subdivision for purposes of  
39 this section, the notice shall include a statement of the statutory mill levies  
40 imposed by the state and the estimate of the tax for the current year on the  
41 taxpayer's property based on such levies.

42 (3) The public hearing to consider exceeding the revenue neutral rate  
43 shall be held not sooner than August 20 and not later than September 20.

1 The governing body shall provide interested taxpayers desiring to be heard  
2 an opportunity to present oral testimony within reasonable time limits and  
3 without unreasonable restriction on the number of individuals allowed to  
4 make public comment. The public hearing may be conducted in  
5 conjunction with the proposed budget hearing pursuant to K.S.A. 79-2929,  
6 and amendments thereto, if the governing body otherwise complies with  
7 all requirements of this section. Nothing in this section shall be construed  
8 to prohibit additional public hearings that provide additional opportunities  
9 to present testimony or public comment prior to the public hearing  
10 required by this section.

11 (4) A majority vote of the governing body, by the adoption of a  
12 resolution or ordinance to approve exceeding the revenue neutral rate,  
13 shall be required prior to adoption of a proposed budget that will result in a  
14 tax rate in excess of the revenue neutral rate. Such vote of the governing  
15 body shall be conducted at the public hearing after the governing body has  
16 heard from interested taxpayers and shall be a roll call vote. If the  
17 governing body approves exceeding the revenue neutral rate, the  
18 governing body shall not adopt a budget that results in a tax rate in excess  
19 of its proposed tax rate as stated in the notice provided pursuant to this  
20 section. A copy of the resolution or ordinance to approve exceeding the  
21 revenue neutral rate and a certified copy of any roll call vote reporting, at a  
22 minimum, the name and vote of each member of the governing body  
23 related to exceeding the revenue neutral rate, whether approved or not,  
24 shall be included with the adopted budget, budget certificate and other  
25 budget forms filed with the county clerk and the director of accounts and  
26 reports and shall be published on the website of the department of  
27 administration.

28 (c) (1) Any governing body subject to the provisions of this section  
29 that does not comply with subsection (b) shall refund to taxpayers any  
30 property taxes over-collected based on the amount of the levy that was in  
31 excess of the revenue neutral rate.

32 (2) Any taxpayer of the taxing subdivision that is the subject of the  
33 complaint or such taxpayer's duly authorized representative may file a  
34 complaint with the state board of tax appeals by filing a written complaint,  
35 on a form prescribed by the board, that contains the facts that the  
36 complaining party believes show that a governing body of a taxing  
37 subdivision did not comply with the provisions of subsection (b) and that a  
38 reduction or refund of taxes is appropriate. The complaining party shall  
39 provide a copy of such complaint to the governing body of the taxing  
40 subdivision making the levy that is the subject of the complaint.  
41 Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee  
42 shall be charged by the executive director of the state board of tax appeals  
43 for a complaint filed pursuant to this paragraph. The governing body of the

1 taxing subdivision making the levy that is the subject of the complaint  
2 shall be a party to the proceeding. Notice of any summary proceeding or  
3 hearing shall be served upon such governing body, the county clerk, the  
4 director of accounts and reports and the complaining party. It shall be the  
5 duty of the governing body to initiate the production of evidence to  
6 demonstrate, by a preponderance of the evidence, the validity of such levy.  
7 If upon a summary proceeding or hearing, it shall be made to appear to the  
8 satisfaction of the board that the governing body of the taxing subdivision  
9 did not comply with subsection (b), the state board of tax appeals shall  
10 order such governing body to refund to taxpayers the amount of property  
11 taxes over collected or reduce the taxes levied, if uncollected. The  
12 provisions of this paragraph shall not be construed as prohibiting any other  
13 remedies available under the law.

14 (d) On and after January 1, 2022, in the event that the ~~20-mills tax~~  
15 levied by a school district pursuant to K.S.A. 72-5142, and amendments  
16 thereto, increases the property tax revenue generated for the purpose of  
17 calculating the revenue neutral rate from the previous tax year and such  
18 amount of increase in revenue generated from ~~the 20-mills such tax levied~~  
19 is the only reason *that* the school district would exceed the total property  
20 tax revenue from the prior year, the school district shall be deemed to not  
21 have exceeded the revenue neutral rate in levying a tax rate in excess of  
22 the revenue neutral rate to take into account the increase in revenue from  
23 only ~~the 20-mills such tax levied~~.

24 (e) (1) Notwithstanding any other provision of law to the contrary, if  
25 the governing body of a taxing subdivision must conduct a public hearing  
26 to approve exceeding the revenue neutral rate under this section, the  
27 governing body of the taxing subdivision shall certify, on or before  
28 October 1, to the proper county clerk the amount of ad valorem tax to be  
29 levied.

30 (2) If a governing body of a taxing subdivision did not comply with  
31 the provisions of subsection (b) and certifies to the county clerk an amount  
32 of ad valorem tax to be levied that would result in a tax rate in excess of its  
33 revenue neutral rate, the county clerk shall reduce the ad valorem tax to be  
34 levied to the amount resulting from such taxing subdivision's revenue  
35 neutral rate.

36 (f) As used in this section:

37 (1) "Taxing subdivision" means any political subdivision of the state  
38 that levies an ad valorem tax on property.

39 (2) "Revenue neutral rate" means the tax rate for the current tax year  
40 that would generate the same property tax revenue as levied the previous  
41 tax year using the current tax year's total assessed valuation. To calculate  
42 the revenue neutral rate, the county clerk shall divide the property tax  
43 revenue for such taxing subdivision levied for the previous tax year by the

1 total of all taxable assessed valuation in such taxing subdivision for the  
2 current tax year, and then multiply the quotient by 1,000 to express the rate  
3 in mills. The revenue neutral rate shall be expressed to the third decimal  
4 place.

5 (g) In the event that a county clerk incurred costs of printing and  
6 postage that were not reimbursed pursuant to K.S.A. 2023 Supp. 79-2989,  
7 and amendments thereto, such county clerk may seek reimbursement from  
8 all taxing subdivisions required to send the notice. Such costs shall be  
9 shared proportionately by all taxing subdivisions that were included on the  
10 same notice based on the total property tax levied by each taxing  
11 subdivision. Payment of such costs shall be due to the county clerk by  
12 December 31.

13 (h) The department of administration or the director of accounts and  
14 reports shall make copies of adopted budgets, budget certificates, other  
15 budget documents and revenue neutral rate documents available to the  
16 public on the department of administration's website on a permanently  
17 accessible web page that may be accessed via a conspicuous link to that  
18 web page placed on the front page of the department's website. The  
19 department of administration or the director of accounts and reports shall  
20 also make the following information for each tax year available on such  
21 website:

- 22 (1) A list of taxing subdivisions by county;
- 23 (2) whether each taxing subdivision conducted a hearing to consider  
24 exceeding its revenue neutral rate;
- 25 (3) the revenue neutral rate of each taxing subdivision;
- 26 (4) the tax rate resulting from the adopted budget of each taxing  
27 subdivision; and
- 28 (5) the percent change between the revenue neutral rate and the tax  
29 rate for each taxing subdivision.

30 Sec. 14. K.S.A. 2023 Supp. 79-32,110 is hereby amended to read as  
31 follows: 79-32,110. (a) *Resident individuals*. Except as otherwise provided  
32 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed  
33 upon the Kansas taxable income of every resident individual, which tax  
34 shall be computed in accordance with the following tax schedules:

35 (1) *Married individuals filing joint returns*.

36 (A) For tax year 2012:

37 If the taxable income is: _____	The tax is:
38 Not over \$30,000 _____	3.5% of Kansas taxable income
39 Over \$30,000 but not over \$60,000 _____	\$1,050 plus 6.25% of excess
40 _____	over \$30,000
41 Over \$60,000 _____	\$2,925 plus 6.45% of excess
42 _____	over \$60,000

43 (B) For tax year 2013:

1 If the taxable income is: \_\_\_\_\_ The tax is:  
 2 Not over \$30,000 \_\_\_\_\_ 3.0% of Kansas taxable income  
 3 Over \$30,000 \_\_\_\_\_ \$900 plus 4.9% of excess over  
 4 \_\_\_\_\_ \$30,000

5 (C) For tax year 2014:  
 6 If the taxable income is: \_\_\_\_\_ The tax is:  
 7 Not over \$30,000 \_\_\_\_\_ 2.7% of Kansas taxable income  
 8 Over \$30,000 \_\_\_\_\_ \$810 plus 4.8% of excess over  
 9 \_\_\_\_\_ \$30,000

10 (D) For tax years 2015 and 2016:  
 11 If the taxable income is: \_\_\_\_\_ The tax is:  
 12 Not over \$30,000 \_\_\_\_\_ 2.7% of Kansas taxable income  
 13 Over \$30,000 \_\_\_\_\_ \$810 plus 4.6% of excess over  
 14 \_\_\_\_\_ \$30,000

15 (E) For tax year 2017:  
 16 If the taxable income is: \_\_\_\_\_ The tax is:  
 17 Not over \$30,000 \_\_\_\_\_ 2.9% of Kansas taxable income  
 18 Over \$30,000 but not over \$60,000 \_\_\_\_\_ \$870 plus 4.9% of excess over  
 19 \_\_\_\_\_ \$30,000  
 20 Over \$60,000 \_\_\_\_\_ \$2,340 plus 5.2% of excess over  
 21 \_\_\_\_\_ \$60,000

22 (F) For tax year years 2018, and all tax years thereafter through 2023:  
 23 If the taxable income is: \_\_\_\_\_ The tax is:  
 24 Not over \$30,000 \_\_\_\_\_ 3.1% of Kansas taxable income  
 25 Over \$30,000 but not over \$60,000 \_\_\_\_\_ \$930 plus 5.25% of excess  
 26 \_\_\_\_\_ over \$30,000  
 27 Over \$60,000 \_\_\_\_\_ \$2,505 plus 5.7% of excess  
 28 \_\_\_\_\_ over \$60,000

29 (B) For tax year 2024, and all tax years thereafter:  
 30 If the taxable income is: \_\_\_\_\_ The tax is:  
 31 Not over \$14,000 \_\_\_\_\_ 0% of Kansas taxable income  
 32 Over \$14,000 but not over \$60,000 \_\_\_\_\_ 5.2% of excess over \$14,000  
 33 Over \$60,000 \_\_\_\_\_ \$2,392 plus 5.65% of excess  
 34 \_\_\_\_\_ over \$60,000

35 (2) All other individuals.

36 (A) For tax year 2012:  
 37 If the taxable income is: \_\_\_\_\_ The tax is:  
 38 Not over \$15,000 \_\_\_\_\_ 3.5% of Kansas taxable income  
 39 Over \$15,000 but not over \$30,000 \_\_\_\_\_ \$525 plus 6.25% of excess  
 40 \_\_\_\_\_ over \$15,000  
 41 Over \$30,000 \_\_\_\_\_ \$1,462.50 plus 6.45% of excess  
 42 \_\_\_\_\_ over \$30,000

43 (B) For tax year 2013:

1 If the taxable income is: \_\_\_\_\_ The tax is:

2 Not over \$15,000 \_\_\_\_\_ 3.0% of Kansas taxable income

3 Over \$15,000 \_\_\_\_\_ \$450 plus 4.9% of excess over

4 \_\_\_\_\_ \$15,000

5 (C) For tax year 2014:

6 If the taxable income is: \_\_\_\_\_ The tax is:

7 Not over \$15,000 \_\_\_\_\_ 2.7% of Kansas taxable income

8 Over \$15,000 \_\_\_\_\_ \$405 plus 4.8% of excess over

9 \_\_\_\_\_ \$15,000

10 (D) For tax years 2015 and 2016:

11 If the taxable income is: \_\_\_\_\_ The tax is:

12 Not over \$15,000 \_\_\_\_\_ 2.7% of Kansas taxable income

13 Over \$15,000 \_\_\_\_\_ \$405 plus 4.6% of excess over

14 \_\_\_\_\_ \$15,000

15 (E) For tax year 2017:

16 If the taxable income is: \_\_\_\_\_ The tax is:

17 Not over \$15,000 \_\_\_\_\_ 2.9% of Kansas taxable income

18 Over \$15,000 but not over \$30,000 \_\_\_\_\_ \$435 plus 4.9% of excess over

19 \_\_\_\_\_ \$15,000

20 Over \$30,000 \_\_\_\_\_ \$1,170 plus 5.2% of excess over

21 \_\_\_\_\_ \$30,000

22 (F) For tax year years 2018, and all tax years thereafter through 2023:

23 If the taxable income is: \_\_\_\_\_ The tax is:

24 Not over \$15,000 \_\_\_\_\_ 3.1% of Kansas taxable income

25 Over \$15,000 but not over \$30,000 \_\_\_\_\_ \$465 plus 5.25% of excess

26 \_\_\_\_\_ over \$15,000

27 Over \$30,000 \_\_\_\_\_ \$1,252.50 plus 5.7% of excess

28 \_\_\_\_\_ over \$30,000

29 (B) For tax year 2024, and all tax years thereafter:

30 If the taxable income is: \_\_\_\_\_ The tax is:

31 Not over \$7,000 \_\_\_\_\_ 0% of Kansas taxable income

32 Over \$7,000 but not over \$30,000 \_\_\_\_\_ 5.2% of excess over \$7,000

33 Over \$30,000 \_\_\_\_\_ \$1,196 plus 5.65% of excess

34 \_\_\_\_\_ over \$30,000

35 (b) *Nonresident individuals.* A tax is hereby imposed upon the Kansas

36 taxable income of every nonresident individual, which tax shall be an

37 amount equal to the tax computed under subsection (a) as if the

38 nonresident were a resident multiplied by the ratio of modified Kansas

39 source income to Kansas adjusted gross income.

40 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable

41 income of every corporation doing business within this state or deriving

42 income from sources within this state. Such tax shall consist of a normal

43 tax and a surtax and shall be computed as follows unless otherwise

1 modified pursuant to K.S.A. 2023 Supp. 74-50,321, and amendments  
2 thereto:

3 (1) The normal tax shall be in an amount equal to 4% of the Kansas  
4 taxable income of such corporation; and

5 (2) the surtax shall be in an amount equal to 3% of the Kansas taxable  
6 income of such corporation in excess of \$50,000.

7 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable  
8 income of estates and trusts at the rates provided in subsection (a)(2)  
9 hereof.

10 (e) Notwithstanding the provisions of subsections (a) and (b):~~(1) For~~  
11 ~~tax years 2016 and 2017, married individuals filing joint returns with~~  
12 ~~taxable income of \$12,500 or less, and all other individuals with taxable~~  
13 ~~income of \$5,000 or less, shall have a tax liability of zero; and (2), for tax~~  
14 ~~year years 2018, and all tax years thereafter through 2023, married~~  
15 ~~individuals filing joint returns with taxable income of \$5,000 or less, and~~  
16 ~~all other individuals with taxable income of \$2,500 or less, shall have a tax~~  
17 ~~liability of zero.~~

18 ~~(f) No taxpayer shall be assessed penalties and interest arising from~~  
19 ~~the underpayment of taxes due to changes to the rates in subsection (a) that~~  
20 ~~became law on July 1, 2017, so long as such underpayment is rectified on~~  
21 ~~or before April 17, 2018.~~

22 Sec. 15. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as  
23 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
24 means such individual's federal adjusted gross income for the taxable year,  
25 with the modifications specified in this section.

26 (b) There shall be added to federal adjusted gross income:

27 (i) Interest income less any related expenses directly incurred in the  
28 purchase of state or political subdivision obligations, to the extent that the  
29 same is not included in federal adjusted gross income, on obligations of  
30 any state or political subdivision thereof, but to the extent that interest  
31 income on obligations of this state or a political subdivision thereof issued  
32 prior to January 1, 1988, is specifically exempt from income tax under the  
33 laws of this state authorizing the issuance of such obligations, it shall be  
34 excluded from computation of Kansas adjusted gross income whether or  
35 not included in federal adjusted gross income. Interest income on  
36 obligations of this state or a political subdivision thereof issued after  
37 December 31, 1987, shall be excluded from computation of Kansas  
38 adjusted gross income whether or not included in federal adjusted gross  
39 income.

40 (ii) Taxes on or measured by income or fees or payments in lieu of  
41 income taxes imposed by this state or any other taxing jurisdiction to the  
42 extent deductible in determining federal adjusted gross income and not  
43 credited against federal income tax. This paragraph shall not apply to taxes



1 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and  
2 amendments thereto, for privilege tax year 1995, and all such years  
3 thereafter.

4 (iii) The federal net operating loss deduction, except that the federal  
5 net operating loss deduction shall not be added to an individual's federal  
6 adjusted gross income for tax years beginning after December 31, 2016.

7 (iv) Federal income tax refunds received by the taxpayer if the  
8 deduction of the taxes being refunded resulted in a tax benefit for Kansas  
9 income tax purposes during a prior taxable year. Such refunds shall be  
10 included in income in the year actually received regardless of the method  
11 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall  
12 be deemed to have resulted if the amount of the tax had been deducted in  
13 determining income subject to a Kansas income tax for a prior year  
14 regardless of the rate of taxation applied in such prior year to the Kansas  
15 taxable income, but only that portion of the refund shall be included as  
16 bears the same proportion to the total refund received as the federal taxes  
17 deducted in the year to which such refund is attributable bears to the total  
18 federal income taxes paid for such year. For purposes of the foregoing  
19 sentence, federal taxes shall be considered to have been deducted only to  
20 the extent such deduction does not reduce Kansas taxable income below  
21 zero.

22 (v) The amount of any depreciation deduction or business expense  
23 deduction claimed on the taxpayer's federal income tax return for any  
24 capital expenditure in making any building or facility accessible to the  
25 handicapped, for which expenditure the taxpayer claimed the credit  
26 allowed by K.S.A. 79-32,177, and amendments thereto.

27 (vi) Any amount of designated employee contributions picked up by  
28 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,  
29 and amendments thereto.

30 (vii) The amount of any charitable contribution made to the extent the  
31 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
32 32,196, and amendments thereto.

33 (viii) The amount of any costs incurred for improvements to a swine  
34 facility, claimed for deduction in determining federal adjusted gross  
35 income, to the extent the same is claimed as the basis for any credit  
36 allowed pursuant to K.S.A. 79-32,204, and amendments thereto.

37 (ix) The amount of any ad valorem taxes and assessments paid and  
38 the amount of any costs incurred for habitat management or construction  
39 and maintenance of improvements on real property, claimed for deduction  
40 in determining federal adjusted gross income, to the extent the same is  
41 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,  
42 and amendments thereto.

43 (x) Amounts received as nonqualified withdrawals, as defined by

1 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a  
2 family postsecondary education savings account, such amounts were  
3 subtracted from the federal adjusted gross income pursuant to subsection  
4 (c)(xv) or if such amounts are not already included in the federal adjusted  
5 gross income.

6 (xi) The amount of any contribution made to the same extent the  
7 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-  
8 50,154, and amendments thereto.

9 (xii) For taxable years commencing after December 31, 2004,  
10 amounts received as withdrawals not in accordance with the provisions of  
11 K.S.A. 74-50,204, and amendments thereto, if, at the time of contribution  
12 to an individual development account, such amounts were subtracted from  
13 the federal adjusted gross income pursuant to subsection (c)(xiii), or if  
14 such amounts are not already included in the federal adjusted gross  
15 income.

16 (xiii) The amount of any expenditures claimed for deduction in  
17 determining federal adjusted gross income, to the extent the same is  
18 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,217  
19 through 79-32,220 or 79-32,222, and amendments thereto.

20 (xiv) The amount of any amortization deduction claimed in  
21 determining federal adjusted gross income to the extent the same is  
22 claimed for deduction pursuant to K.S.A. 79-32,221, and amendments  
23 thereto.

24 (xv) The amount of any expenditures claimed for deduction in  
25 determining federal adjusted gross income, to the extent the same is  
26 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223  
27 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-  
28 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-  
29 32,251 through 79-32,254, and amendments thereto.

30 (xvi) The amount of any amortization deduction claimed in  
31 determining federal adjusted gross income to the extent the same is  
32 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-  
33 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

34 (xvii) The amount of any amortization deduction claimed in  
35 determining federal adjusted gross income to the extent the same is  
36 claimed for deduction pursuant to K.S.A. 79-32,256, and amendments  
37 thereto.

38 (xviii) For taxable years commencing after December 31, 2006, the  
39 amount of any ad valorem or property taxes and assessments paid to a state  
40 other than Kansas or local government located in a state other than Kansas  
41 by a taxpayer who resides in a state other than Kansas, when the law of  
42 such state does not allow a resident of Kansas who earns income in such  
43 other state to claim a deduction for ad valorem or property taxes or

1 assessments paid to a political subdivision of the state of Kansas in  
2 determining taxable income for income tax purposes in such other state, to  
3 the extent that such taxes and assessments are claimed as an itemized  
4 deduction for federal income tax purposes.

5 (xix) For taxable years beginning after December 31, 2012, and  
6 ending before January 1, 2017, the amount of any: (1) Loss from business  
7 as determined under the federal internal revenue code and reported from  
8 schedule C and on line 12 of the taxpayer's form 1040 federal individual  
9 income tax return; (2) loss from rental real estate, royalties, partnerships, S  
10 corporations, except those with wholly owned subsidiaries subject to the  
11 Kansas privilege tax, estates, trusts, residual interest in real estate  
12 mortgage investment conduits and net farm rental as determined under the  
13 federal internal revenue code and reported from schedule E and on line 17  
14 of the taxpayer's form 1040 federal individual income tax return; and (3)  
15 farm loss as determined under the federal internal revenue code and  
16 reported from schedule F and on line 18 of the taxpayer's form 1040  
17 federal income tax return; all to the extent deducted or subtracted in  
18 determining the taxpayer's federal adjusted gross income. For purposes of  
19 this subsection, references to the federal form 1040 and federal schedule  
20 C, schedule E, and schedule F, shall be to such form and schedules as they  
21 existed for tax year 2011, and as revised thereafter by the internal revenue  
22 service.

23 (xx) For taxable years beginning after December 31, 2012, and  
24 ending before January 1, 2017, the amount of any deduction for self-  
25 employment taxes under section 164(f) of the federal internal revenue  
26 code as in effect on January 1, 2012, and amendments thereto, in  
27 determining the federal adjusted gross income of an individual taxpayer, to  
28 the extent the deduction is attributable to income reported on schedule C,  
29 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income  
30 tax return.

31 (xxi) For taxable years beginning after December 31, 2012, and  
32 ending before January 1, 2017, the amount of any deduction for pension,  
33 profit sharing, and annuity plans of self-employed individuals under  
34 section 62(a)(6) of the federal internal revenue code as in effect on January  
35 1, 2012, and amendments thereto, in determining the federal adjusted gross  
36 income of an individual taxpayer.

37 (xxii) For taxable years beginning after December 31, 2012, and  
38 ending before January 1, 2017, the amount of any deduction for health  
39 insurance under section 162(l) of the federal internal revenue code as in  
40 effect on January 1, 2012, and amendments thereto, in determining the  
41 federal adjusted gross income of an individual taxpayer.

42 (xxiii) For taxable years beginning after December 31, 2012, and  
43 ending before January 1, 2017, the amount of any deduction for domestic

1 production activities under section 199 of the federal internal revenue code  
2 as in effect on January 1, 2012, and amendments thereto, in determining  
3 the federal adjusted gross income of an individual taxpayer.

4 (xxiv) For taxable years commencing after December 31, 2013, that  
5 portion of the amount of any expenditure deduction claimed in  
6 determining federal adjusted gross income for expenses paid for medical  
7 care of the taxpayer or the taxpayer's spouse or dependents when such  
8 expenses were paid or incurred for an abortion, or for a health benefit plan,  
9 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of  
10 an optional rider for coverage of abortion in accordance with K.S.A. 40-  
11 2,190, and amendments thereto, to the extent that such taxes and  
12 assessments are claimed as an itemized deduction for federal income tax  
13 purposes.

14 (xxv) For taxable years commencing after December 31, 2013, that  
15 portion of the amount of any expenditure deduction claimed in  
16 determining federal adjusted gross income for expenses paid by a taxpayer  
17 for health care when such expenses were paid or incurred for abortion  
18 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and  
19 amendments thereto, when such expenses were paid or incurred for  
20 abortion coverage or amounts contributed to health savings accounts for  
21 such taxpayer's employees for the purchase of an optional rider for  
22 coverage of abortion in accordance with K.S.A. 40-2,190, and  
23 amendments thereto, to the extent that such taxes and assessments are  
24 claimed as a deduction for federal income tax purposes.

25 (xxvi) For all taxable years beginning after December 31, 2016, the  
26 amount of any charitable contribution made to the extent the same is  
27 claimed as the basis for the credit allowed pursuant to K.S.A. 72-4357, and  
28 amendments thereto, and is also claimed as an itemized deduction for  
29 federal income tax purposes.

30 (xxvii) For all taxable years commencing after December 31, 2020,  
31 the amount deducted by reason of a carryforward of disallowed business  
32 interest pursuant to section 163(j) of the federal internal revenue code of  
33 1986, as in effect on January 1, 2018.

34 (xxviii) For all taxable years beginning after December 31, 2021, the  
35 amount of any contributions to, or earnings from, a first-time home buyer  
36 savings account if distributions from the account were not used to pay for  
37 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-  
38 4904, and amendments thereto, or were not held for the minimum length  
39 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments  
40 thereto. Contributions to, or earnings from, such account shall also include  
41 any amount resulting from the account holder not designating a surviving  
42 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),  
43 and amendments thereto.

1 (c) There shall be subtracted from federal adjusted gross income:

2 (i) Interest or dividend income on obligations or securities of any  
3 authority, commission or instrumentality of the United States and its  
4 possessions less any related expenses directly incurred in the purchase of  
5 such obligations or securities, to the extent included in federal adjusted  
6 gross income but exempt from state income taxes under the laws of the  
7 United States.

8 (ii) Any amounts received which are included in federal adjusted  
9 gross income but which are specifically exempt from Kansas income  
10 taxation under the laws of the state of Kansas.

11 (iii) The portion of any gain or loss from the sale or other disposition  
12 of property having a higher adjusted basis for Kansas income tax purposes  
13 than for federal income tax purposes on the date such property was sold or  
14 disposed of in a transaction in which gain or loss was recognized for  
15 purposes of federal income tax that does not exceed such difference in  
16 basis, but if a gain is considered a long-term capital gain for federal  
17 income tax purposes, the modification shall be limited to that portion of  
18 such gain which is included in federal adjusted gross income.

19 (iv) The amount necessary to prevent the taxation under this act of  
20 any annuity or other amount of income or gain which was properly  
21 included in income or gain and was taxed under the laws of this state for a  
22 taxable year prior to the effective date of this act, as amended, to the  
23 taxpayer, or to a decedent by reason of whose death the taxpayer acquired  
24 the right to receive the income or gain, or to a trust or estate from which  
25 the taxpayer received the income or gain.

26 (v) The amount of any refund or credit for overpayment of taxes on  
27 or measured by income or fees or payments in lieu of income taxes  
28 imposed by this state, or any taxing jurisdiction, to the extent included in  
29 gross income for federal income tax purposes.

30 (vi) Accumulation distributions received by a taxpayer as a  
31 beneficiary of a trust to the extent that the same are included in federal  
32 adjusted gross income.

33 (vii) Amounts received as annuities under the federal civil service  
34 retirement system from the civil service retirement and disability fund and  
35 other amounts received as retirement benefits in whatever form which  
36 were earned for being employed by the federal government or for service  
37 in the armed forces of the United States.

38 (viii) Amounts received by retired railroad employees as a  
39 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and  
40 228c(a)(1) et seq.

41 (ix) Amounts received by retired employees of a city and by retired  
42 employees of any board of such city as retirement allowances pursuant to  
43 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter

1 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and  
2 amendments thereto.

3 (x) For taxable years beginning after December 31, 1976, the amount  
4 of the federal tentative jobs tax credit disallowance under the provisions of  
5 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the  
6 amount of the targeted jobs tax credit and work incentive credit  
7 disallowances under 26 U.S.C. § 280C.

8 (xi) For taxable years beginning after December 31, 1986, dividend  
9 income on stock issued by Kansas venture capital, inc.

10 (xii) For taxable years beginning after December 31, 1989, amounts  
11 received by retired employees of a board of public utilities as pension and  
12 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,  
13 and amendments thereto.

14 (xiii) For taxable years beginning after December 31, 2004, amounts  
15 contributed to and the amount of income earned on contributions deposited  
16 to an individual development account under K.S.A. 74-50,201 et seq., and  
17 amendments thereto.

18 (xiv) For all taxable years commencing after December 31, 1996, that  
19 portion of any income of a bank organized under the laws of this state or  
20 any other state, a national banking association organized under the laws of  
21 the United States, an association organized under the savings and loan  
22 code of this state or any other state, or a federal savings association  
23 organized under the laws of the United States, for which an election as an  
24 S corporation under subchapter S of the federal internal revenue code is in  
25 effect, which accrues to the taxpayer who is a stockholder of such  
26 corporation and which is not distributed to the stockholders as dividends of  
27 the corporation. For taxable years beginning after December 31, 2012, and  
28 ending before January 1, 2017, the amount of modification under this  
29 subsection shall exclude the portion of income or loss reported on schedule  
30 E and included on line 17 of the taxpayer's form 1040 federal individual  
31 income tax return.

32 (xv) For all taxable years beginning after December 31, 2017, the  
33 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple  
34 filing a joint return, for each designated beneficiary that are contributed to:  
35 (1) A family postsecondary education savings account established under  
36 the Kansas postsecondary education savings program or a qualified tuition  
37 program established and maintained by another state or agency or  
38 instrumentality thereof pursuant to section 529 of the internal revenue  
39 code of 1986, as amended, for the purpose of paying the qualified higher  
40 education expenses of a designated beneficiary; or (2) an achieving a  
41 better life experience (ABLE) account established under the Kansas ABLE  
42 savings program or a qualified ABLE program established and maintained  
43 by another state or agency or instrumentality thereof pursuant to section

1 529A of the internal revenue code of 1986, as amended, for the purpose of  
2 saving private funds to support an individual with a disability. The terms  
3 and phrases used in this paragraph shall have the meaning respectively  
4 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and  
5 amendments thereto, and the provisions of such sections are hereby  
6 incorporated by reference for all purposes thereof.

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

17 (xvii) For all taxable years beginning after December 31, 2004,  
18 amounts received by taxpayers who are eligible members of the Kansas  
19 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
20 281, and amendments thereto, and amounts received for death benefits  
21 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that  
22 such death benefits are included in federal adjusted gross income of the  
23 taxpayer.

24 ~~(xviii) For the taxable year beginning after December 31, 2006,~~  
25 ~~amounts received as benefits under the federal social security act which~~  
26 ~~are included in federal adjusted gross income of a taxpayer with federal~~  
27 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~  
28 ~~status is single, head of household, married filing separate or married filing~~  
29 ~~jointly; and (A) For all taxable years beginning after December 31, 2007,~~  
30 ~~and ending before January 1, 2027,~~ amounts received as benefits under the  
31 federal social security act which are included in federal adjusted gross  
32 income of a taxpayer with federal adjusted gross income of \$75,000 or  
33 less, whether such taxpayer's filing status is single, head of household,  
34 married filing separate or married filing jointly.

35 *(B) For the taxable year beginning after December 31, 2023, and*  
36 *ending before January 1, 2025, a portion of amounts received as benefits*  
37 *under the federal social security act that are included in federal adjusted*  
38 *gross income of a taxpayer with federal adjusted gross income greater*  
39 *than \$75,000 and less than \$125,000, whether that taxpayer's filing status*  
40 *is single, head of household, married filing separate or married filing*  
41 *jointly, calculated as follows:*

42 *(1) Subtract an amount equal to the federal adjusted gross income of*  
43 *that taxpayer from 125,000 (the result must be greater than zero);*

1       (2) divide the result of subparagraph (B)(1) by 50,000; and  
2       (3) multiply the result of subparagraph (B)(2) by the amount in  
3 dollars received as benefits under the federal social security act that are  
4 included in federal adjusted gross income of that taxpayer to determine  
5 the modification pursuant to this subparagraph.

6       (C) For the taxable year beginning after December 31, 2024, and  
7 ending before January 1, 2026, a portion of amounts received as benefits  
8 under the federal social security act that are included in federal adjusted  
9 gross income of a taxpayer with federal adjusted gross income greater  
10 than \$75,000 and less than \$175,000, whether that taxpayer's filing status  
11 is single, head of household, married filing separate or married filing  
12 jointly, calculated as follows:

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

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

16       (3) multiply the result of subparagraph (C)(2) by the amount in  
17 dollars received as benefits under the federal social security act that are  
18 included in federal adjusted gross income of that taxpayer to determine  
19 the modification pursuant to this subparagraph.

20       (D) For the taxable year beginning after December 31, 2025, and  
21 ending before January 1, 2027, a portion of amounts received as benefits  
22 under the federal social security act that are included in federal adjusted  
23 gross income of a taxpayer with federal adjusted gross income greater  
24 than \$75,000 and less than \$275,000, whether that taxpayer's filing status  
25 is single, head of household, married filing separate or married filing  
26 jointly, calculated as follows:

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

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

30       (3) multiply the result of subparagraph (D)(2) by the amount in  
31 dollars received as benefits under the federal social security act that are  
32 included in federal adjusted gross income of that taxpayer to determine  
33 the modification pursuant to this subparagraph.

34       (E) For all taxable years beginning after December 31, 2026,  
35 amounts received as benefits under the federal social security act that are  
36 included in federal adjusted gross income of a taxpayer.

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

39       (xx) For taxable years beginning after December 31, 2012, and  
40 ending before January 1, 2017, the amount of any: (1) Net profit from  
41 business as determined under the federal internal revenue code and  
42 reported from schedule C and on line 12 of the taxpayer's form 1040  
43 federal individual income tax return; (2) net income, not including



1 guaranteed payments as defined in section 707(c) of the federal internal  
2 revenue code and as reported to the taxpayer from federal schedule K-1,  
3 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal  
4 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,  
5 partnerships, S corporations, estates, trusts, residual interest in real estate  
6 mortgage investment conduits and net farm rental as determined under the  
7 federal internal revenue code and reported from schedule E and on line 17  
8 of the taxpayer's form 1040 federal individual income tax return; and (3)  
9 net farm profit as determined under the federal internal revenue code and  
10 reported from schedule F and on line 18 of the taxpayer's form 1040  
11 federal income tax return; all to the extent included in the taxpayer's  
12 federal adjusted gross income. For purposes of this subsection, references  
13 to the federal form 1040 and federal schedule C, schedule E, and schedule  
14 F, shall be to such form and schedules as they existed for tax year 2011  
15 and as revised thereafter by the internal revenue service.

16 (xxi) For all taxable years beginning after December 31, 2013,  
17 amounts equal to the unreimbursed travel, lodging and medical  
18 expenditures directly incurred by a taxpayer while living, or a dependent  
19 of the taxpayer while living, for the donation of one or more human organs  
20 of the taxpayer, or a dependent of the taxpayer, to another person for  
21 human organ transplantation. The expenses may be claimed as a  
22 subtraction modification provided for in this section to the extent the  
23 expenses are not already subtracted from the taxpayer's federal adjusted  
24 gross income. In no circumstances shall the subtraction modification  
25 provided for in this section for any individual, or a dependent, exceed  
26 \$5,000. As used in this section, "human organ" means all or part of a liver,  
27 pancreas, kidney, intestine, lung or bone marrow. The provisions of this  
28 paragraph shall take effect on the day the secretary of revenue certifies to  
29 the director of the budget that the cost for the department of revenue of  
30 modifications to the automated tax system for the purpose of  
31 implementing this paragraph will not exceed \$20,000.

32 (xxii) For taxable years beginning after December 31, 2012, and  
33 ending before January 1, 2017, the amount of net gain from the sale of: (1)  
34 Cattle and horses, regardless of age, held by the taxpayer for draft,  
35 breeding, dairy or sporting purposes, and held by such taxpayer for 24  
36 months or more from the date of acquisition; and (2) other livestock,  
37 regardless of age, held by the taxpayer for draft, breeding, dairy or  
38 sporting purposes, and held by such taxpayer for 12 months or more from  
39 the date of acquisition. The subtraction from federal adjusted gross income  
40 shall be limited to the amount of the additions recognized under the  
41 provisions of subsection (b)(xix) attributable to the business in which the  
42 livestock sold had been used. As used in this paragraph, the term  
43 "livestock" shall not include poultry.

1 (xxiii) For all taxable years beginning after December 31, 2012,  
2 amounts received under either the Overland Park, Kansas police  
3 department retirement plan or the Overland Park, Kansas fire department  
4 retirement plan, both as established by the city of Overland Park, pursuant  
5 to the city's home rule authority.

6 (xxiv) For taxable years beginning after December 31, 2013, and  
7 ending before January 1, 2017, the net gain from the sale from Christmas  
8 trees grown in Kansas and held by the taxpayer for six years or more.

9 (xxv) For all taxable years commencing after December 31, 2020,  
10 100% of global intangible low-taxed income under section 951A of the  
11 federal internal revenue code of 1986, before any deductions allowed  
12 under section 250(a)(1)(B) of such code.

13 (xxvi) For all taxable years commencing after December 31, 2020,  
14 the amount disallowed as a deduction pursuant to section 163(j) of the  
15 federal internal revenue code of 1986, as in effect on January 1, 2018.

16 (xxvii) For taxable years commencing after December 31, 2020, the  
17 amount disallowed as a deduction pursuant to section 274 of the federal  
18 internal revenue code of 1986 for meal expenditures shall be allowed to  
19 the extent such expense was deductible for determining federal income tax  
20 and was allowed and in effect on December 31, 2017.

21 (xxviii) For all taxable years beginning after December 31, 2021: (1)  
22 The amount contributed to a first-time home buyer savings account  
23 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an  
24 amount not to exceed \$3,000 for an individual or \$6,000 for a married  
25 couple filing a joint return; or (2) amounts received as income earned from  
26 assets in a first-time home buyer savings account.

27 (d) There shall be added to or subtracted from federal adjusted gross  
28 income the taxpayer's share, as beneficiary of an estate or trust, of the  
29 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and  
30 amendments thereto.

31 (e) The amount of modifications required to be made under this  
32 section by a partner which relates to items of income, gain, loss, deduction  
33 or credit of a partnership shall be determined under K.S.A. 79-32,131, and  
34 amendments thereto, to the extent that such items affect federal adjusted  
35 gross income of the partner.

36 Sec. 16. K.S.A. 2023 Supp. 79-32,119 is hereby amended to read as  
37 follows: 79-32,119. (a) The Kansas standard deduction of an individual,  
38 including a husband and wife who are either both residents or who file a  
39 joint return as if both were residents, shall be equal to the sum of the  
40 standard deduction amount allowed pursuant to this section, and the  
41 additional standard deduction amount allowed pursuant to this section for  
42 each such deduction allowable to such individual or to such husband and  
43 wife under the federal internal revenue code.

1 (b) For tax year 1998, and all tax years thereafter, the additional  
2 standard deduction amount shall be as follows: Single individual and head  
3 of household filing status, \$850; and married filing status, \$700.

4 ~~(c) (1) For tax year 2013 through tax year 2020, the standard~~  
5 ~~deduction amount of an individual, including husband and wife who are~~  
6 ~~either both residents or who file a joint return as if both were residents,~~  
7 ~~shall be as follows: Single individual filing status, \$3,000; married filing~~  
8 ~~status, \$7,500; and head of household filing status, \$5,500.~~

9 ~~(2) For tax year years 2021, and all tax years thereafter through 2023,~~  
10 ~~the standard deduction amount of an individual, including husband and~~  
11 ~~wife who are either both residents or who file a joint return as if both were~~  
12 ~~residents, shall be as follows: Single individual filing status, \$3,500;~~  
13 ~~married filing status, \$8,000; and head of household filing status, \$6,000.~~

14 *(2) For tax year 2024, and all tax years thereafter, the standard*  
15 *deduction amount of an individual, including husband and wife who are*  
16 *either both residents or who file a joint return as if both were residents,*  
17 *shall be as follows: Single individual filing status, \$3,605; married filing*  
18 *status, \$8,240; and head of household filing status, \$6,180.*

19 *(3) In the case of tax years 2025 and 2026, the amounts prescribed in*  
20 *paragraph (2) and any subsequent changes pursuant to this paragraph*  
21 *shall be increased by an amount equal to such amount multiplied by the*  
22 *cost-of-living adjustment determined under section 1(f)(3) of the federal*  
23 *internal revenue code for the calendar year in which the taxable year*  
24 *commences. Any increase in the standard deduction provided by this*  
25 *paragraph shall remain in effect unless further increased pursuant to this*  
26 *paragraph. For tax years 2027 and 2028, and all tax years thereafter,*  
27 *further increases shall be made only if authorized by legislative*  
28 *enactment.*

29 (d) For purposes of this section, the federal standard deduction  
30 allowable to a husband and wife filing separate Kansas income tax returns  
31 shall be determined on the basis that separate federal returns were filed,  
32 and the federal standard deduction of a husband and wife filing a joint  
33 Kansas income tax return shall be determined on the basis that a joint  
34 federal income tax return was filed.

35 Sec. 17. K.S.A. 2023 Supp. 79-32,121 is hereby amended to read as  
36 follows: 79-32,121. (a) *For tax year 2024, and all tax years thereafter,* an  
37 individual shall be allowed a Kansas exemption of ~~\$2,250~~ \$2,320 for each  
38 exemption for which such individual is entitled to a deduction for the  
39 taxable year for federal income tax purposes.

40 (b) In addition to the exemptions provided in subsection (a), any  
41 individual who has been honorably discharged from active service in any  
42 branch of the armed forces of the United States and who is certified by the  
43 United States department of veterans affairs or its successor to be in

1 receipt of disability compensation at the 100% rate, if the disability is  
2 permanent and was sustained through military action or accident or  
3 resulted from disease contracted while in such active service, such  
4 individual shall be allowed an additional Kansas exemption ~~of \$2,250~~ *in*  
5 *the amount prescribed in subsection (a) including any increases provided*  
6 *for pursuant to subsection (c)* for tax year ~~2023~~ 2024 and all tax years  
7 thereafter.

8 *(c) In the case of tax years 2025 and 2026, the amount prescribed in*  
9 *subsection (a) and any subsequent changes pursuant to this subsection*  
10 *shall be increased by an amount equal to such amount multiplied by the*  
11 *cost-of-living adjustment determined under section 1(f)(3) of the federal*  
12 *internal revenue code for the calendar year in which the taxable year*  
13 *commences. Any increase in the personal exemption provided by this*  
14 *paragraph shall remain in effect unless further increased pursuant to this*  
15 *paragraph. For tax years 2027 and 2028, and all tax years thereafter,*  
16 *further increases shall be made only if authorized by legislative*  
17 *enactment.*

18 Sec. 18. K.S.A. 19-2694, 65-163j, 65-3306, 65-3327, 75-2556, 79-  
19 1107, 79-1108, 79-1479, 79-2960, 79-2961, 79-2962, 79-2965, 79-2966  
20 and 79-2967 and K.S.A. 2023 Supp. 72-5142, 74-8768, 79-201x, 79-2959,  
21 79-2964, 79-2988, 79-32,110, 79-32,117, 79-32,119 and 79-32,121 are  
22 hereby repealed.

23 Sec. 19. This act shall take effect and be in force from and after its  
24 publication in the statute book.