

Tax years, thresholds and required notice

As Amended by House Committee

Session of 2024

HOUSE BILL No. 2544

By Committee on Commerce, Labor and Economic Development

Requested by Representative Laura Williams

1-18

1 AN ACT concerning taxation; relating to income, privilege and premium
2 tax credits; establishing a tax credit for employers that employ
3 members of the Kansas army and air national guard and establishing an
4 income tax credit for employees that are members thereof.

for tax years 2025 through 2029

; requiring notices to be sent to members to
inform of possible eligibility for the tax credit

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

6 Section 1. As used in sections 1 through 3, and amendments thereto:

7 (a) "Compensation" means payments in the form of contract labor for
8 which the payor is required to provide a federal tax form 1099 to the
9 person paid, wages subject to withholding tax paid to a part-time employee
10 or full-time employee, or salary or other remuneration. "Compensation"
11 does not include employer-provided retirement, medical or healthcare
12 benefits, reimbursement for travel, meals, lodging or any other expense.

13 (b) "Qualified employee" means any person employed by a qualified
14 employer ~~on a full-time basis~~ who is a resident of Kansas and who is also
15 a ~~current~~ member in good standing of the Kansas army or air national
16 guard at some point during the taxable year.

17 (c) "Qualified employer" means a sole proprietorship, general
18 partnership, limited partnership, limited liability company, corporation,
19 other legally recognized business entity or public entity.

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20 Sec. 2. (a) For taxable years beginning after December 31, 2024,
21 and ending prior to January 1, ~~2035~~, a taxpayer who is a qualified
22 employer shall be allowed a credit against the income, privilege or
23 premium tax liability imposed upon a taxpayer pursuant to the Kansas
24 income tax act, the privilege tax imposed upon any national banking
25 association, state bank, trust company or savings and loan association
26 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
27 amendments thereto, or the premiums tax and privilege fees imposed upon
28 an insurance company pursuant to K.S.A. 40-2-52, and amendments
29 thereto, for the total compensation paid during the taxable year to a
30 qualified employee. Except as otherwise provided, the credit shall be in an
31 amount equal to 10% of the compensation paid.

32 (b) The credit shall not exceed ~~\$15,000~~ annually for each qualified
33 employee.

\$1,000

34 (c) The credit shall be applied against the taxpayer's income, privilege
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1 or premium tax liability after all other credits allowed under the Kansas
2 income tax act, the privilege tax imposed upon any national banking
3 association, state bank, trust company or savings and loan association
4 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
5 amendments thereto, or the premiums tax and privilege fees imposed upon
6 an insurance company pursuant to K.S.A. 40-252, and amendments
7 thereto. The credit shall not be refundable and may not be carried forward.

8 Sec. 3. For taxable years beginning after December 31, 2024, and
9 ending prior to January 1, 2030, a taxpayer who is a qualified employee

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10 during the taxable year shall be allowed a credit against the tax imposed
11 under the provisions of the Kansas income tax act ~~in an amount equal to~~
12 ~~\$5,000~~. The credit shall be deducted from the taxpayer's income tax
13 liability for the taxable year in which the taxpayer is a qualified employee.
14 The credit shall not be refundable and may not be carried forward. The
15 credit shall be 10% of the amount of prorated compensation earned
16 by the qualified employee from any qualified employer during the
17 taxable year. The compensation shall be prorated based on the
18 number of entire months that the qualified employee is a member in
19 good standing of the Kansas army or air national guard during the
20 taxable year, determined on the basis of the date of separation from
21 the Kansas army or air national guard. If the qualified employee is
22 dishonorably discharged, discharged under other than honorable
23 conditions or discharged for bad conduct from the Kansas army or air
24 national guard, no credit shall be allowed. The maximum amount of
25 the credit allowed to a qualified employee each taxable year shall be

\$1,000

26 ~~\$5,000~~.
27 Sec. 4. This act shall take effect and be in force from and after its
28 publication in the statute book.

Sec. 4. The Kansas army and air national guard shall send to all members by February 1 of every year a notice for any members that were members of the Kansas army or air national guard for the prior tax year. The notice shall be sent by electronic mail to the member and shall state that the recipient as a member of the Kansas army or air national guard may be eligible for the income tax credit provided by section 3, and amendments thereto, as a result of the individual's service in the Kansas army or air national guard.