HOUSE BILL No. 2178

By Committee on Taxation

1-26

AN ACT concerning income tax; relating to rates; itemized deductions, certain medical expenses; amending K.S.A. 2016 Supp. 79-32,110 and 79-32,120 and repealing the existing sections; also repealing K.S.A. 2016 Supp. 79-32,269.

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

Section 1. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) Resident Individuals. Except as otherwise provided by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) Married individuals filing joint returns.

(A) For tax year 2012:

If the taxable income is: The tax is:
Not over $30,000..........................3.5% of Kansas taxable income
Over $30,000 but not over $60,000............$1,050 plus 6.25% of excess over $30,000
Over $60,000............................$2,925 plus 6.45% of excess over $60,000

(B) For tax year 2013:

If the taxable income is: The tax is:
Not over $30,000..........................3.0% of Kansas taxable income
Over $30,000.............................$900 plus 4.9% of excess over $30,000

(C) For tax year 2014:

If the taxable income is: The tax is:
Not over $30,000..........................2.7% of Kansas taxable income
Over $30,000.............................$810 plus 4.8% of excess over $30,000

(D) For tax years 2015, 2016 and 2017:

If the taxable income is: The tax is:
Not over $30,000..........................2.7% of Kansas taxable income
Over $30,000.............................$810 plus 4.6% of excess over $30,000

(E) For tax year 2018 and all tax years thereafter:

If the taxable income is: The tax is:
Not over $30,000..............................2.6% of Kansas taxable income
Over $30,000..................................$780 plus 4.6% of excess over $30,000

(2)  All other individuals.

(A)  For tax year 2012:
If the taxable income is: The tax is:
Not over $15,000..............................3.5% of Kansas taxable income
Over $15,000 but not over $30,000..............$525 plus 6.25% of excess over $15,000
Over $30,000.................................$1,462.50 plus 6.45% of excess over $30,000

(B)  For tax year 2013:
If the taxable income is: The tax is:
Not over $15,000..............................3.0% of Kansas taxable income
Over $15,000....................................$450 plus 4.9% of excess over $15,000

(C)  For tax year 2014:
If the taxable income is: The tax is:
Not over $15,000..............................2.7% of Kansas taxable income
Over $15,000.................................$405 plus 4.8% of excess over $15,000

(D)  For tax years 2015, 2016 and 2017:
If the taxable income is: The tax is:
Not over $15,000..............................2.7% of Kansas taxable income
Over $15,000.................................$405 plus 4.6% of excess over $15,000

(E)  For tax year 2018, 2017, and all tax years thereafter:
If the taxable income is: The tax is:
Not over $15,000..............................2.6% of Kansas taxable income
Over $15,000.................................$390 plus 4.6% of excess over $15,000

(b)  Nonresident Individuals. A tax is hereby imposed upon the Kansas taxable income of every nonresident individual, which tax shall be an amount equal to the tax computed under subsection (a) as if the nonresident were a resident multiplied by the ratio of modified Kansas source income to Kansas adjusted gross income.

(c)  Corporations. A tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:
   (1) The normal tax shall be in an amount equal to 4% of the Kansas taxable income of such corporation; and
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(2) (A) for tax year 2008, the surtax shall be in an amount equal to 3.1% of the Kansas taxable income of such corporation in excess of $50,000;
(B) for tax years 2009 and 2010, the surtax shall be in an amount equal to 3.05% of the Kansas taxable income of such corporation in excess of $50,000; and
(C) for tax year 2011, and all tax years thereafter, the surtax shall be in an amount equal to 3% of the Kansas taxable income of such corporation in excess of $50,000.

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

(e) Tax rates provided in this section shall be adjusted pursuant to the provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.

(f) Notwithstanding the provisions of subsections (a) and (b), for tax year 2016, and all tax years thereafter, married individuals filing joint returns with taxable income of $12,500 or less, and all other individuals with taxable income of $5,000 or less, shall have a tax liability of zero.

(g) Any taxpayer whose withholding or estimated tax payments were based upon the rates as provided in subsection (a) as it appears on June 30, 2017, shall not be assessed penalties and interest arising from the under payment of taxes due to changes to the rates in subsection (a) that became law on July 1, 2017, so long as such underpayment is rectified on or before April 15, 2018.

Sec. 2. K.S.A. 2016 Supp. 79-32,120 is hereby amended to read as follows: 79-32,120. (a) (1) If federal taxable income of an individual is determined by itemizing deductions from such individual’s federal adjusted gross income, such individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction.
(2) For the tax year commencing on January 1, 2013, the Kansas itemized deduction of an individual means 70% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.
(3) For the tax year commencing on January 1, 2014, the Kansas itemized deduction of an individual means 65% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.
(4) For the tax years commencing on and after January 1, 2015, and ending before January 1, 2017, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as
provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 50% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (C) 50% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(5) For the tax years commencing on and after January 1, 2017, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) except any amounts required to be added to federal adjusted gross income pursuant to K.S.A. 79-32,117(b)(xxiv) or (xxv), and amendments thereto, 100% of expenses for medical care allowable as deductions in section 213 of the federal internal revenue code; (C) 50% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (D) 50% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(b) The total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income taxes imposed by or paid to this state or any other taxing jurisdiction to the extent that the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

Sec. 3. K.S.A. 2016 Supp. 79-32,110, 79-32,120 and 79-32,269 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.