

HOUSE BILL No. 2186

By Committee on Taxation

2-1

1 AN ACT concerning income taxation; relating to apportionment of
2 business income; sales factor for certain taxpayers; election; amending
3 K.S.A. 79-3271 and 79-3279 and repealing the existing sections.
4

implementing

reducing the rate of tax on corporations by 0.25%

and 79-32,110

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

6 Section 1. ~~K.S.A. 79-3271 is hereby amended to read as follows: 79-~~
7 ~~3271. As used in this act, unless the context otherwise requires: (a) For tax~~
8 ~~years commencing prior to January 1, 2008, "business income" means~~
9 ~~income arising from transactions and activity in the regular course of the~~
10 ~~taxpayer's trade or business and includes income from tangible and~~
11 ~~intangible property if the acquisition, management, and disposition of the~~
12 ~~property constitute integral parts of the taxpayer's regular trade or business~~
13 ~~operations, except that a taxpayer may elect that all income constitutes~~
14 ~~business income. For tax years commencing after December 31, 2007,~~
15 ~~"business income" means: (1) Income arising from transactions and~~
16 ~~activity in the regular course of the taxpayer's trade or business; (2)~~
17 ~~income arising from transactions and activity involving tangible and~~
18 ~~intangible property or assets used in the operation of the taxpayer's trade or~~
19 ~~business; or (3) income of the taxpayer that may be apportioned to this~~
20 ~~state under the provisions of the Constitution of the United States and laws~~
21 ~~thereof, except that a taxpayer may elect that all income constitutes~~
22 ~~business income. Any election made under this subsection shall be~~
23 ~~effective and irrevocable for the tax year in which the election is made and~~
24 ~~the following nine tax years and shall be binding on all members of a~~
25 ~~unitary group of corporations.~~

Strike Section 1

26 (b) ~~"Commercial domicile" means the principal place from which the~~
27 ~~trade or business of the taxpayer is directed or managed.~~

28 (c) ~~"Compensation" means wages, salaries, commissions and any~~
29 ~~other form of remuneration paid to employees for personal services.~~

30 (d) ~~"Financial organization" means any bank, trust company, savings~~
31 ~~bank, industrial bank, land bank, safe deposit company, private banker,~~
32 ~~savings and loan association, credit union, cooperative bank, or any type~~
33 ~~of insurance company, but such term shall not be deemed to include any~~
34 ~~business entity, other than those hereinbefore enumerated, whose primary~~
35 ~~business activity is making consumer loans or purchasing retail installment~~
36 ~~contracts from one or more sellers.~~

1 ~~(e) "Nonbusiness income" means all income other than business~~
2 ~~income.~~

3 ~~(f) "Public utility" means any business entity which owns or operates~~
4 ~~for public use any plant, equipment, property, franchise, or license for the~~
5 ~~transmission of communications, transportation of goods or persons, or the~~
6 ~~production, storage, transmission, sale, delivery, or furnishing of~~
7 ~~electricity, water, steam, oil, oil products or gas.~~

8 ~~(g) "Original return" means the first return filed to report the income~~
9 ~~of a taxpayer for a taxable year or period, irrespective of whether such~~
10 ~~return is filed on a single entity basis or a combined basis.~~

11 ~~(h) "Sales" means, except as otherwise provided in K.S.A. 79-3285,~~
12 ~~and amendments thereto, all gross receipts of the taxpayer not allocated~~
13 ~~under K.S.A. 79-3274 through 79-3278, and amendments thereto.~~

14 ~~(i) "State" means any state of the United States, the District of~~
15 ~~Columbia, the Commonwealth of Puerto Rico, any territory or possession~~
16 ~~of the United States, and any foreign country or political subdivision~~
17 ~~thereof.~~

18 ~~(j) "Telecommunications company" means any business entity or~~
19 ~~unitary group of entities whose primary business activity is the~~
20 ~~transmission of communications in the form of voice, data, signals or~~
21 ~~facsimile communications by wire or fiber-optic cable.~~

22 ~~(k) "Distressed area taxpayer" means a corporation which: (1) Is~~
23 ~~located in a county which has a population of not more than 45,000~~
24 ~~persons and which, as certified by the department of commerce, has~~
25 ~~sustained an adverse economic impact due to the closure of a state hospital~~
26 ~~in such county pursuant to the recommendations of the hospital closure~~
27 ~~commission; and (2) which has a total annual payroll of \$20,000,000 or~~
28 ~~more for employees employed within such county.~~

29 ~~(l) For the purposes of this subsection and subsection (b)(5) of K.S.A.~~
30 ~~79-3279(b)(5), and amendments thereto, the following terms are defined:~~

31 ~~(1) "Administration services" include clerical, fund or shareholder~~
32 ~~accounting, participant record keeping, transfer agency, bookkeeping, data~~
33 ~~processing, custodial, internal auditing, legal and tax services performed~~
34 ~~for an investment company;~~

35 ~~(2) "distribution services" include the services of advertising,~~
36 ~~servicing, marketing, underwriting or selling shares of an investment~~
37 ~~company, but, in the case of advertising, servicing or marketing shares,~~
38 ~~only where such service is performed by a person who is, or in the case of~~
39 ~~a closed end company, was, either engaged in the services of underwriting~~
40 ~~or selling investment company shares or affiliated with a person who is~~
41 ~~engaged in the service of underwriting or selling investment company~~
42 ~~shares. In the case of an open end company, such service of underwriting~~
43 ~~or selling shares must be performed pursuant to a contract entered into~~

Strike

1 pursuant to 15 U.S.C. § 80a-15(b), as in effect on the effective date of this
 2 act;

3 ~~(3) "investment company", means any person registered under the~~
 4 ~~federal Investment Company Act of 1940, as in effect on the effective date~~
 5 ~~of this act, or a company which would be required to register as an~~
 6 ~~investment company under such act except that such person is exempt to~~
 7 ~~such registration pursuant to § 80a-3(c)(1) of such act;~~

8 ~~(4) "investment funds service corporation" includes any corporation~~
 9 ~~or S corporation headquartered in and doing business in this state which~~
 10 ~~derives more than 50% of its gross income from the provision of~~
 11 ~~management, distribution or administration services to or on behalf of an~~
 12 ~~investment company or from trustees, sponsors and participants of~~
 13 ~~employee benefit plans which have accounts in an investment company;~~

14 ~~(5) "management services" include the rendering of investment~~
 15 ~~advice to an investment company making determinations as to when sales~~
 16 ~~and purchases of securities are to be made on behalf of the investment~~
 17 ~~company, or the selling or purchasing of securities constituting assets of an~~
 18 ~~investment company, and related activities, but only where such activity or~~
 19 ~~activities are performed:~~

20 ~~(A) Pursuant to a contract with the investment company entered into~~
 21 ~~pursuant to 15 U.S.C. § 80a-15(a), in effect on the effective date of this~~
 22 ~~act; or~~

23 ~~(B) for a person that has entered into such contract with the~~
 24 ~~investment company;~~

25 ~~(6) "qualifying business income" is business income derived from the~~
 26 ~~provision of management, distribution or administration services to or on~~
 27 ~~behalf of an investment company or from trustees, sponsors and~~
 28 ~~participants of employee benefit plans which have accounts in an~~
 29 ~~investment company; and~~

30 ~~(7) "residence" is the fund shareholder's primary residence address.~~

31 ~~(m) For the purposes of this subsection and K.S.A. 79-3279(b)(7),~~
 32 ~~and amendments thereto, the following terms are defined:-~~

33 ~~(1) "Agricultural activities" means all commercial enterprises~~
 34 ~~identified under the following North American industry classification~~
 35 ~~system (NAICS) codes:-~~

36 ~~(A) 423820, farm and garden machinery and equipment merchant~~
 37 ~~wholesalers:-~~

38 ~~(B) 4245, farm product raw material merchant wholesalers:-~~

39 ~~(C) 424910, farm supplies merchant wholesalers; or~~

40 ~~(D) 493130, farm product warehousing and storage;~~

41 ~~(2) "manufacturing" means all commercial enterprises identified~~
 42 ~~under the North American industry classification system (NAICS) sectors~~
 43 ~~31-33, as assigned by the secretary of the department of labor:-~~

Strike

1 ~~(3) "production of electricity" means all commercial enterprises~~
2 ~~identified under the North American industry classification system~~
3 ~~(NAICS) industry codes 221114 and 221115, as assigned by the secretary~~
4 ~~of the department of labor; and~~

Strike

5 ~~(4) "storage of electricity" means storing electric energy for a period~~
6 ~~of time using commercially available technology that is capable of storing~~
7 ~~electric energy by chemical, thermal, mechanical or other means and then~~
8 ~~returning the energy in the form of electricity after storage.~~

9 Sec. ~~Q~~. K.S.A. 79-3279 is hereby amended to read as follows: 79-

10 3279. (a) All business income of railroads and interstate motor carriers of
11 persons or property for-hire shall be apportioned to this state by
12 multiplying the business income by a fraction, in the case of railroads, the
13 numerator of which is the freight car miles in this state and the
14 denominator of which is the freight car miles everywhere, and, in the case
15 of interstate motor carriers, the numerator of which is the total number of
16 miles operated in this state and the denominator of which is the total
17 number of miles operated everywhere.

18 (b) All business income of any other taxpayer shall be apportioned to
19 this state by one of the following methods:

multiplying such taxpayer's business income by a fraction, the numerator of which is the total receipts of the taxpayer in this state during the tax period and the denominator of which is the total receipts of the taxpayer everywhere during the tax period

20 (1) ~~By multiplying the business income by a fraction, the numerator~~
21 ~~of which is the property factor plus the payroll factor plus the sales factor,~~
22 ~~and the denominator of which is three; or~~

23 (2) ~~at the election of a qualifying taxpayer, by multiplying the~~
24 ~~business income by a fraction, the numerator of which is the property~~
25 ~~factor plus the sales factor, and the denominator of which is two.~~

Strike

26 (A) ~~For purposes of this subsection (b)(2), a qualifying taxpayer is~~
27 ~~any taxpayer whose payroll factor for a taxable year exceeds 200% of the~~
28 ~~average of the property factor and the sales factor. Whenever two or more~~
29 ~~corporations are engaged in a unitary business and required to file a~~
30 ~~combined report, the fraction comparison provided by this subsection (b)~~
31 ~~(2) shall be calculated by using the payroll factor, property factor and sales~~
32 ~~factor of the combined group of unitary corporations.~~

33 (B) ~~An election under this subsection (b)(2) shall be made by~~
34 ~~including a statement with the original tax return indicating that the~~
35 ~~taxpayer elects to apply the apportionment method under this subsection~~
36 ~~(b)(2). The election shall be effective and irrevocable for the taxable year~~
37 ~~of the election and the following nine taxable years. The election shall be~~
38 ~~binding on all members of a unitary group of corporations.~~
39 ~~Notwithstanding the above, the secretary of revenue may upon the request~~
40 ~~of the taxpayer, grant permission to terminate the election under this~~
41 ~~subsection (b)(2) prior to expiration of the ten-year 10-year period.~~

42 (3) ~~At the election of a qualifying telecommunications company, by~~
43 ~~multiplying the business income by a fraction, the numerator of which is~~

1 the information carrying capacity of wire and fiber optic cable available
 2 for use in this state, and the denominator of which is the information
 3 carrying capacity of wire and fiber optic cable available for use
 4 everywhere during the tax year.

Strike

5 (A) For purposes of this subsection (b)(3), a qualifying
 6 telecommunications company is a telecommunications company that is a
 7 qualifying taxpayer under paragraph (A) of subsection (b)(2).

8 (B) A qualifying telecommunications company shall make the
 9 election under this subsection (b)(3) in the same manner as provided under
 10 paragraph (B) of subsection (b)(2).

11 (4) At the election of a distressed area taxpayer, by multiplying the
 12 business income by the sales factor. The election shall be made by
 13 including a statement with the original tax return indicating that the
 14 taxpayer elects to apply this apportionment method. The election may be
 15 made only once, it must be made on or before December 31, 1999 and it
 16 shall be effective for the taxable year of the election and the following nine
 17 taxable years for so long as the taxpayer maintains the payroll amount
 18 prescribed by subsection (j) of K.S.A. 79-3271, and amendments thereto.

19 (5) At the election of the taxpayer made at the time of filing of the
 20 original return, the qualifying business income of any investment funds
 21 service corporation organized as a corporation or S corporation which
 22 maintains its primary headquarters and operations or is a branch facility
 23 that employs at least 100 individuals on a full-time equivalent basis in this
 24 state and has any investment company fund shareholders resided in this
 25 state shall be apportioned to this state as provided in this subsection, as
 26 follows:

27 (A) By multiplying the investment funds service corporation's
 28 qualifying business income from administration, distribution and
 29 management services provided to each investment company by a fraction,
 30 the numerator of which shall be the average of the number of shares
 31 owned by the investment company's fund shareholders resided in this
 32 state at the beginning of and at the end of the investment company's
 33 taxable year that ends with or within the investment funds service
 34 corporation's taxable year, and the denominator of which shall be the
 35 average of the number of shares owned by the investment company's fund
 36 shareholders everywhere at the beginning of and at the end of the
 37 investment company's taxable year that ends with or within the investment
 38 funds service corporation's taxable year.

39 (B) A separate computation shall be made to determine the qualifying
 40 business income from each fund of each investment company. The
 41 qualifying business income from each investment company shall be
 42 multiplied by the fraction calculated pursuant to paragraph (A) for each
 43 fund of such investment company.

1 ~~(C) The qualifying portion of total business income of an investment~~
2 ~~funds service corporation shall be determined by multiplying such total~~
3 ~~business income by a fraction, the numerator of which is the gross receipts~~
4 ~~from the provision of management, distribution and administration~~
5 ~~services to or on behalf of an investment company, and the denominator of~~
6 ~~which is the gross receipts of the investment funds service company. To~~
7 ~~the extent an investment funds service corporation has business income~~
8 ~~that is not qualifying business income, such business income shall be~~
9 ~~apportioned to this state pursuant to subsection (b)(1).~~

Strike

10 ~~(D) For tax year 2002, the tax liability of an investment funds service~~
11 ~~corporation that has elected to apportion its business income pursuant to~~
12 ~~paragraph (5) shall be increased by an amount equal to 50% of the~~
13 ~~difference of the amount of such tax liability if determined pursuant to~~
14 ~~subsection (b)(1) less the amount of such tax liability determined with~~
15 ~~regard to paragraph (5).~~

16 ~~(E) When an investment funds service corporation is part of a unitary~~
17 ~~group, the business income of the unitary group attributable to the~~
18 ~~investment funds service corporation shall be determined by multiplying~~
19 ~~the business income of the unitary group by a fraction, the numerator of~~
20 ~~which is the property factor plus the payroll factor plus the sales factor,~~
21 ~~and the denominator of which is three. The property factor is a fraction,~~
22 ~~the numerator of which is the average value of the investment funds~~
23 ~~service corporation's real and tangible personal property owned or rented~~
24 ~~and used during the tax period and the denominator of which is the~~
25 ~~average value of the unitary group's real and tangible personal property~~
26 ~~owned or rented and used during the tax period. The payroll factor is a~~
27 ~~fraction, the numerator of which is the total amount paid during the tax~~
28 ~~period by the investment funds service corporation for compensation, and~~
29 ~~the denominator of which is the total compensation paid by the unitary~~
30 ~~group during the tax period. The sales factor is a fraction, the numerator of~~
31 ~~which is the total sales of the investment funds service corporation during~~
32 ~~the tax period, and the denominator of which is the total sales of the~~
33 ~~unitary group during the tax period.~~

34 ~~(F) A taxpayer seeking to make the election available pursuant to~~
35 ~~subsection (b)(5) of K.S.A. 79-3279(b)(5), and amendments thereto, shall~~
36 ~~only be eligible to continue to make such election if the taxpayer maintains~~
37 ~~at least 95% of the Kansas employees in existence at the time the taxpayer~~
38 ~~first makes such an election.~~

39 ~~(6) At the election of a qualifying taxpayer, by multiplying such~~
40 ~~taxpayer's business income by the sales factor. The election shall be made~~
41 ~~by including a statement with the original tax return indicating that the~~
42 ~~taxpayer elects to apply this apportionment method. The election may be~~
43 ~~made only once and must be made on or before the last day of the taxable~~

1 year during which the investment described in paragraph (A) is placed in
2 service, but not later than December 31, 2009, and it shall be effective for
3 the taxable year of the election and the following nine taxable years or for
4 so long as the taxpayer maintains the wage requirements set forth in
5 paragraph (A). If the qualifying taxpayer is a member of a unitary group of
6 corporations, all other members of the unitary group doing business within
7 this state shall apportion their business income to this state pursuant to
8 subsection (b)(1).

Strike

9 (A) For purposes of this subsection, a qualifying taxpayer is any
10 taxpayer making an investment of \$100,000,000 for construction in
11 Kansas of a new business facility identified under the North American
12 industry classification system (NAICS) subsectors of 31-33, as assigned
13 by the secretary of the department of labor, employing 100 or more new
14 employees at such facility after July 1, 2007, and prior to December 31,
15 2009, and meeting the following requirements for paying such employees
16 higher than average wages within the wage region for such facility:

17 (i) The taxpayer's new Kansas business facility with 500 or fewer
18 full-time equivalent employees will provide an average wage that is above
19 the average wage paid by all Kansas business facilities that share the same
20 assigned NAICS category used to develop wage thresholds and that have
21 reported 500 or fewer employees to the Kansas department of labor on the
22 quarterly wage reports;

23 (ii) the taxpayer's new Kansas business facility with 500 or fewer
24 full-time equivalent employees is the sole facility within its assigned
25 NAICS category that has reported wages for 500 or fewer employees to
26 the Kansas department of labor on the quarterly wage reports;

27 (iii) the taxpayer's new Kansas business facility with more than 500
28 full-time equivalent employees will provide an average wage that is above
29 the average wage paid by all Kansas business facilities that share the same
30 assigned NAICS category used to develop wage thresholds and that have
31 reported more than 500 employees to the Kansas department of labor on
32 the quarterly wage reports;

33 (iv) the taxpayer's new Kansas business facility with more than 500
34 full-time equivalent employees is the sole facility within its assigned
35 NAICS category that has reported wages for more than 500 employees to
36 the Kansas department of labor on the quarterly wage reports, in which
37 event it shall either provide an average wage that is above the average
38 wage paid by all Kansas business facilities that share the same assigned
39 NAICS category and that have reported wages for 500 or fewer employees
40 to the Kansas department of labor on the quarterly wage reports, or be the
41 sole Kansas business facility within its assigned NAICS category that has
42 reported wages to the Kansas department of labor on the quarterly wage
43 reports;

1 ~~(v) the number of NAICS digits to use in developing each set of wage~~
2 ~~thresholds for comparison purposes shall be determined by the secretary of~~
3 ~~commerce;~~

4 ~~(vi) the composition of wage regions used in connection with each set~~
5 ~~of wage thresholds shall be determined by the secretary of commerce; and~~

6 ~~(vii) alternatively, a taxpayer may wage-qualify its new Kansas~~
7 ~~business facility if, after excluding the headcount and wages reported on~~
8 ~~the quarterly wage reports to the Kansas department of labor for~~
9 ~~employees at that new Kansas business facility who own five percent or~~
10 ~~more equity in the taxpayer, the average wage calculated for the taxpayer's~~
11 ~~new Kansas business facility is greater than or equal to 1.5 times the~~
12 ~~aggregate state-wide average wage paid by industries covered by the~~
13 ~~employment security law based on data maintained by the secretary of~~
14 ~~labor.~~

15 ~~(B) For the purposes of the wage requirements in paragraph (A), the~~
16 ~~number of full-time equivalent employees shall be determined by dividing~~
17 ~~the number of hours worked by part-time employees during the pertinent~~
18 ~~measurement interval by an amount equal to the corresponding multiple of~~
19 ~~a 40-hour work week and adding the quotient to the average number of~~
20 ~~full-time employees.~~

21 ~~(C) When the qualifying taxpayer is part of a unitary group, the~~
22 ~~business income of the unitary group attributable to the qualifying~~
23 ~~taxpayer shall be determined by multiplying the business income of the~~
24 ~~unitary group by a fraction, the numerator of which is the property factor~~
25 ~~plus the payroll factor plus the sales factor, and the denominator of which~~
26 ~~is three. The property factor is a fraction, the numerator of which is the~~
27 ~~average value of the qualifying taxpayer's real and tangible personal~~
28 ~~property owned or rented and used during the tax period and the~~
29 ~~denominator of which is the average value of the unitary group's real and~~
30 ~~tangible personal property owned or rented and used during the tax period.~~
31 ~~The payroll factor is a fraction, the numerator of which is the total amount~~
32 ~~paid during the tax period by the qualifying taxpayer for compensation,~~
33 ~~and the denominator of which is the total compensation paid by the unitary~~
34 ~~group during the tax period. The sales factor is a fraction, the numerator of~~
35 ~~which is the total sales of the qualifying taxpayer during the tax period,~~
36 ~~and the denominator of which is the total sales of the unitary group during~~
37 ~~the tax period.~~

38 ~~(D) For purposes of this subsection, the secretary of revenue, upon a~~
39 ~~showing of good cause and after receiving a certification by the secretary~~
40 ~~of commerce of substantial compliance with provisions of this subsection~~
41 ~~(b)(6), may extend any required performance date provided in this~~
42 ~~subsection (b)(6) for a period not to exceed six months.~~

43 ~~(7) At the election of a qualifying taxpayer, by multiplying such~~

Strike

1 ~~taxpayer's business income by the sales factor.~~
 2 ~~(A) For purposes of this subsection (b)(7), a qualifying taxpayer is~~
 3 ~~any taxpayer whose principal business activity in the state is:~~
 4 ~~(i) Manufacturing as defined in K.S.A. 79-3271(m)(2), and~~
 5 ~~amendments thereto;~~
 6 ~~(ii) production of electricity or storage of electricity as defined in~~
 7 ~~K.S.A. 79-3271(m)(3) and (4), and amendments thereto; or~~
 8 ~~(iii) certain agricultural activities as defined in K.S.A. 79-3271(m)~~
 9 ~~(1), and amendments thereto.~~
 10 ~~(B) An election under this subsection (b)(7) shall be made by~~
 11 ~~including a statement with the original tax return for which the election is~~
 12 ~~made, indicating that the taxpayer elects to apply this apportionment~~
 13 ~~method. The election shall be effective and irrevocable for the taxable~~
 14 ~~year of the election and the following nine taxable years. The election~~
 15 ~~shall be binding on all members of a unitary group of corporations.~~
 16 ~~Notwithstanding the above, the secretary of revenue may upon the request~~
 17 ~~of the taxpayer, grant permission to terminate the election under this~~
 18 ~~subsection (b)(7) prior to expiration of the 10-year period.~~

Strike

and 79-32,110

19 ~~4 Sec. 3. K.S.A. 79-3271 and 79-3279 are hereby repealed.~~
 20 ~~5 Sec. 4. This act shall take effect and be in force from and after its~~
 21 ~~publication in the statute book.~~

on and after January 1, 2024,

New Sec. 2.

(a) On January 1, 2024, the secretary of revenue shall adjust the corporate income tax rate imposed pursuant to the provisions of K.S.A. 79-32,110, and amendments thereto, to go into effect for tax year 2024, by reducing the normal tax on corporations by 0.25%. The reduction shall remain in effect for all tax years thereafter.

(b) The secretary of revenue shall report the reduction in corporate income tax rates pursuant to this section to the chairpersons of the senate standing committees on assessment and taxation and commerce, the chairpersons of the house of representatives standing committees on commerce, labor and economic development and taxation and the governor, and shall cause notice of any such reduction to be published in the Kansas register.

Sec. 3 K.S.A. 79-32,110 (attached)

Sec. 3. K.S.A. 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 and 2016:

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 2017:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.9% of Kansas taxable income
Over \$30,000 but not over \$60,000.....	\$870 plus 4.9% of excess over \$30,000
Over \$60,000.....	\$2,340 plus 5.2% of excess over \$60,000

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

If the taxable income is:	The tax is:
Not over \$30,000.....	3.1% of Kansas taxable income
Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess over \$30,000
Over \$60,000.....	\$2,505 plus 5.7% of excess over \$60,000

(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 and 2016:

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 2017:

If the taxable income is:	The tax is:
Not over \$15,000.....	2.9% of Kansas taxable income
Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over \$15,000
Over \$30,000.....	\$1,170 plus 5.2% of excess over \$30,000

\$30,000

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

If the taxable income is:	The tax is:
Not over \$15,000.....	3.1% of Kansas taxable income
Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess over \$15,000
Over \$30,000.....	\$1,252.50 plus 5.7% of excess over \$30,000

(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 unless otherwise modified pursuant to section 11, and amendments thereto:

and section 2

- (1) The normal tax shall be in an amount equal to 4% of the Kansas taxable income of such corporation; and
- (2) 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) Notwithstanding the provisions of subsections (a) and (b): (1) For tax years 2016 and 2017, 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; and (2) for tax year 2018, and all tax years thereafter, married individuals filing joint returns with taxable income of \$5,000 or less, and all other individuals with taxable income of \$2,500 or less, shall have a tax liability of zero.

(f) No taxpayer shall be assessed penalties and interest arising from the underpayment 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 17, 2018.