



**2025 KANSAS TAX LEGISLATION AND
RELATED GUIDANCE DOCUMENTS**

Office of Policy and Research

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2025 KANSAS TAX LEGISLATION AND RELATED GUIDANCE DOCUMENTS

During the 2025 session, the Kansas Legislature enacted several major revisions alongside a series of incremental adjustments. Notably, most taxpayers subject to Corporate Income Tax and Privilege Tax who derive income from multiple states will transition from a three-factor apportionment formula to a single-factor formula. In addition, possible reductions in rates may affect several tax categories, while Income Tax will undergo minor changes to personal exemptions, credits, and deductions. All statutory changes and any related tax agency guidance documents are summarized herein.

H.B. 2231 – PERSONAL EXEMPTIONS, PROPERTY TAX RELIEF FOR SENIORS AND DISABLED VETERANS, SINGLE SALES FACTOR, SINGLE RECEIPT FACTOR, MARKET BASED SOURCING, AND POSSIBLE CORPORATE INCOME TAX RATE REDUCTION

I. Individual Income Tax

The bill makes the following changes to personal exemptions:

- Codifies the allowance of an additional \$2,320 personal exemption for head of household filers.
- Increases the personal exemption for certain disabled veterans from \$2,250 to \$2,320 for tax years 2025 and beyond. Qualifications for the exemption remain unchanged:
 - Individual has been honorably discharged from active service in any branch
 - Individual is certified by the United States Department of Veterans Affairs or its successor to be in receipt of disability compensation at the 100% rate
 - Disability is permanent
 - Disability was sustained through military action or accident or resulted from disease contracted while in such active service

[House Bill 2231, Section 9; Amending K.S.A. 79-32,121\(b\) and K.S.A. 79-32,121b](#)

[Notice 25-07: Changes to Individual Income Tax Personal Exemptions](#)

Notes

II. Property Tax

A. Homestead K-40SVR

New definition of household income for the K-40SVR Kansas Property Tax Relief Claim for Seniors and Disabled Veterans:

Household income means the total Kansas adjusted gross income (KAGI) of all persons of a household in a calendar year while members of such household. Effective for tax years 2025 and beyond.

The definitions of household income remain unchanged for the original Homestead (K-40H) and Safe Senior Homestead (K-40PT) claims.

[House Bill 2231](#), Section 11; Amending [K.S.A. 79-4508a\(b\)](#)

[Notice 25-05: Homestead Income for Property Tax Relief Claims for Seniors and Disabled Veterans](#)

B. Property Tax Exemptions

The bill exempts, beginning in tax year 2026, the following personal property from all property or ad valorem taxes:

- Any snowmobile, all-terrain vehicle, recreational off-highway vehicle, motorcycle manufactured for off-road use, or golf cart, that is not operated upon any highway
- Any motorized bicycle, electric-assisted bicycle, electric-assisted scooter, electric personal assistive mobility device, or motorized wheelchair, as such terms are defined in [K.S.A. 8-126](#), and amendments thereto
- Any trailer having a gross weight of 15,000 pounds or less, used exclusively for personal use and not for the production of income
- Any watercraft
- Any watercraft trailer designed to launch, retrieve, transport and store watercraft, and any watercraft motor designed to operate watercraft on the water

[House Bill 2231](#), New Section 2 and Section 12, amending [K.S.A. 79-5501](#)

Notes

III. Corporate Income Tax

A. Single Sales Factor

For tax years commencing on or after January 1, 2027, all business income shall be apportioned to this state by multiplying the business income by the sales factor.

The provision requiring the apportionment of income for railroads and interstate motor carriers based on the share of miles operated in Kansas is repealed at the end of tax year 2026 and such entities will apportion their income in accordance with the provisions applicable to other corporations.

Manufacturers of alcoholic liquor would continue to have income apportioned using the three-factor formula as under current law.

[House Bill 2231](#), Section 5; Amending [K.S.A. 79-3279](#)

B. Possible Tax Rate Reduction

At the end of fiscal year 2028, the amount of actual corporate income tax receipts pursuant to [K.S.A. 79-32,110\(c\)](#) in excess of the prior fiscal year's corporate income tax receipts shall be certified.

The certified amount shall be computed in dollars for a reduction rounded down to the nearest 0.1% of the normal corporate income tax rate.

The new rate shall be published by October 1, 2028, and will take effect for all tax years commencing after December 31, 2028.

Such rate shall remain in effect unless further reduced pursuant to law.

[House Bill 2231](#), New Section 1; [Adding K.S.A. 79-32,110d](#)

Notes

C. Deferred Tax Impact Deduction

Allows a deduction if the change in law results in:

- an aggregate increase in the taxpayer's net deferred tax liability, or
- an aggregate decrease in the taxpayer's net deferred tax assets, or
- an aggregate change from a net deferred tax asset to a net deferred tax liability.

As of July 1, 2025, only publicly traded companies, with financial statement prepared in accordance with Generally Accepted Accounting Principles (GAAP) are eligible for the deduction.

Any taxpayer intending to claim this deduction shall file a statement with the Secretary of Revenue on or before July 1, 2027. The statement shall be made in a manner and on forms prescribed by the Secretary.

Calculation of the Deduction:

- The deferred tax impact determined shall be divided by the income tax rate for corporations in effect for the tax year pursuant to [K.S.A. 79-32,110](#).
- The resulting amount shall be divided by the apportionment factor used by the taxpayer in the calculation of the deferred tax assets and deferred tax liabilities.
- That result multiplied by $\frac{1}{10}$ shall represent the total net deferred tax deduction available for the first tax year beginning on or after January 1, 2035, and the next nine successive tax years.

[House Bill 2231](#), Section 5; Amending [K.S.A. 79-3279](#)

Notes

D. Market Based Sourcing

For tax years commencing after December 31, 2026, the taxpayer's market for the sales is in this state if:

- In the case of sale of a service, if and to the extent that the service is delivered to a location in this state
- in the case of intangible property, such property is:
 - Rented, leased or licensed, if and to the extent that the property is used in this state, if that intangible property utilized in marketing a good or service to a consumer is used in this state, provided that such good or service is purchased by a consumer who is in this state; or
 - that is sold, if and to the extent the property is used in this state, if:
 - A contract right, government license or similar intangible property that authorizes the holder to conduct a business activity in a specific geographic area is used in this state if the geographic area includes all or part of this state; or
 - net gains from intangible property sales that are contingent on the productivity, use or disposition of the intangible property shall be treated as receipts from the rental, lease or licensing of such intangible property under paragraph (2)(A);
- in the case of interest from a loan:
 - Secured by real property, if and to the extent the property is located in this state; or
 - not secured by real property, if and to the extent the borrower is located in this state; or
- in the case of dividends, if and to the extent the payor's commercial domicile is located in this state.

If the state of assignment cannot be determined, it shall be reasonably approximated. If it cannot be reasonably approximated, it shall be excluded from the sales factor denominator.

Communications service providers may continue to assign sales (other than sales of tangible personal property) to this state as done in tax years commencing before 01/01/27.

[House Bill 2231](#), Section 6; Amending [K.S.A. 79-3287](#)

Notes

IV. Privilege Tax

A. Single Receipts Factor

For tax years commencing on or after January 1, 2027, all business income shall be apportioned to this state by multiplying the business income by the receipts factor.

B. Deferred Tax Impact Deduction

Allows a deduction if the change in law results in:

- an aggregate increase in the taxpayer's net deferred tax liability, or
- an aggregate decrease in the taxpayer's net deferred tax assets, or
- an aggregate change from a net deferred tax asset to a net deferred tax liability.

As of July 1, 2025, only publicly traded companies, with financial statement prepared in accordance with GAAP are eligible for the deduction.

Calculation of the deduction:

- The deferred tax impact determined shall be divided by the privilege tax rate in effect for the tax year pursuant to K.S.A. [79-1107](#) and [79-1108](#).
- The resulting amount shall be divided by the apportionment factor used by the taxpayer in the calculation of the deferred tax assets and deferred tax liabilities.
- That result multiplied by $\frac{1}{10}$ shall represent the total net deferred tax deduction available for the first tax year beginning on or after January 1, 2035, and the next nine successive tax years.

Any taxpayer intending to claim this deduction shall file a statement with the Secretary of Revenue on or before July 1, 2027. The statement shall be made in a manner and on forms prescribed by the Secretary.

[House Bill 2231](#), Section 4; [Amending K.S.A. 79-1129](#)

Notes

H.B. 2275 – COUNTY SALES TAXES, CUSTOM MEAT PROCESSING

I. Sales Tax

A. County Sales Tax Questions

The bill authorizes the Boards of County Commissioners of the following counties to submit to the voters the question of imposing a countywide sales tax for the following purposes:

- Finney County – 0.5% sales tax for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center, or other county administrative facility.
- Jackson County – 0.25% sales tax to support hospital services for the county.
- Pawnee County – 1.0% sales tax for the purpose of financing the provision of health care services and furnishing and equipping county public safety operations.
- Seward County – 0.5% sales tax to finance road and bridge construction projects.

[House Bill 2275](#), Sections 1, 2, and 3; Amending [K.S.A. 12-187](#), [12-189](#), and [12-192](#)

B. Countywide Sales Tax Apportionment

The apportionment of sales tax revenue among cities and counties that is based on the proportion of the tax levied by each city and county to remain unchanged between July 1, 2025, and December 31, 2026. The apportionment based on population is unaffected.

[House Bill 2275](#), Section 3; Amending [K.S.A. 12-192](#)

Notes

C. Custom Meat Processing

Bill provides that on and after July 1, 2024, purchasers claiming an exemption pursuant to [K.S.A. 79-3606](#)(rrrr), and amendments thereto, are not required to provide an exemption certificate or form to the seller, and the seller shall not be required to receive and maintain a completed exemption certificate or form for such exempt transaction.

If the seller in the ordinary course of business believes that the service qualifies for exemption pursuant to [K.S.A. 79-3606](#)(rrrr), and amendments thereto, the seller shall be relieved from collecting and remitting the tax and shall not have the burden of proving the service is not subject to tax pursuant to subsection (a).

[K.S.A. 79-3606](#)(rrrr) provides a sales tax exemption for “all sales of the services of slaughtering, butchering, custom cutting, dressing, processing and packaging of an animal for human consumption when the animal is delivered or furnished by a customer that owns the animal and such meat or poultry is for use or consumption by such customer.”

A purchaser improperly claiming the exemption shall remain liable for nonpayment of tax.

[House Bill 2275](#), Section 4; Amending [K.S.A. 79-3651](#)

[Notice 25-01 Custom Processing of Animals for Human Consumption](#)

Notes

S.B. 269 – REDUCTIONS IN INCOME AND PRIVILEGE TAX RATES, CONTINGENT ON REVENUE

I. Income and Privilege Taxes

The bill provides for reduction in state income tax and privilege tax rates contingent upon:

- The balance of the Budget Stabilization Fund being equal to or exceeding 15% of the prior fiscal year's state tax receipt revenues to the state general fund, and
- The total fiscal year adjusted general fund revenue collections from the immediately preceding fiscal year are in excess of the inflation adjusted base year (2024) revenues.

This review commences on August 15, 2025, and each August 15th thereafter. For years in which both conditions are achieved, there shall be a reduction in tax rates.

Reductions will first occur to individual income tax rates, once both individual income tax rates are lowered to 4%, reductions will then occur to the corporate income surtax rate, the normal privilege tax rate for banks, and the normal privilege tax rate for trust companies and savings and loan associations.

The reduction to the corporate surtax rate will stop once the combined normal tax and surtax rate equals 4%. The reduction to the normal privilege tax rates will stop once the combined normal and surtax rate equals 2.6% for banks and 2.62% for trust companies and savings and loan associations.

[Senate Bill 269](#), New Section 1; [Adding K.S.A. 79-32,110c](#)

[Notice 25-06: Decreases Of Income And Privilege Tax Rates - Contingent On Revenue](#)

H.B. 2062 – UNBORN CHILD PERSONAL EXEMPTION

I. Individual Income Tax

An unborn child as defined in K.S.A. 23-3001 shall be recognized as a dependent for Kansas purposes and shall be allowed a personal exemption of \$2,320 on the K-40, effective tax year 2025, as follows:

- For live births, the unborn child personal exemption shall be an additional exemption for any qualifying dependent of the taxpayer who was born in the taxable year.
- For an unborn child who does not result in a live birth known as stillbirth as defined in [K.S.A. 65-2401](#), and amendments thereto, and for whom a certificate of stillbirth is issued pursuant to law, a personal exemption may be allowed by the taxpayer who is a parent for the taxable year of the issuance of the certificate.

[House Bill 2062](#), Section 6; Amending [K.S.A. 79-32,121](#)

Notes

H.B. 2289 – CHANGES TO AFFORDABLE HOUSING TAX CREDIT AND HOUSING INVESTOR TAX CREDIT

I. Income Tax

A. Kansas Affordable Housing Tax Credit

The maximum amount of credit awarded by the Kansas Housing Resources Corporation (KHRC) to all qualified developments for qualified allocation plan year 2025 shall not exceed \$25,000,000. Commencing with the qualified allocation plan adopted for 2026 and ending with the qualified allocation plan adopted for 2028, the maximum amount of Kansas affordable housing tax credits awarded by the KHRC to all qualified developments in each qualified allocation plan year shall not exceed \$8,800,000.

The KHRC shall not accept an application for, nor award a credit for, any qualified development receiving a 4% federal tax credit on or after November 15, 2025.

The KHRC shall not accept an application for, nor award a credit for, any qualified development receiving a 9% federal tax credit after December 31, 2028.

Any credit awarded for a plan year would continue to apply through the credit period and any applicable carry forward period.

[House Bill 2289](#), Section 1; Adding [K.S.A. 79-32,306\(i\)\(1\)](#) and (2)

B. Kansas Housing Investor Tax Credit

The bill provides, retroactive to tax year 2022 that tax credits under the Kansas Housing Investor Tax Credit Act be claimed by transferees of the credit beginning in the year in which the investment is made.

[House Bill 2289](#), Section 2; Amending [K.S.A. 79-32,313\(d\)](#) and adding [K.S.A. 79-32,313\(g\)](#)

[Notice 25-02: Kansas Affordable Housing Tax Credit and Kansas Housing Investor Tax Credit](#)

Notes

S.B. 227 – HISTORIC PRESERVATION TAX CREDIT

I. Income Tax

For qualified rehabilitation plans placed into service on or after July 1, 2025, an income, privilege, or premium tax credit is allowed in an amount equal to:

- 25% of qualified expenditures incurred in the restoration and preservation of a qualified historic structure located in a city with a population of more than 50,000 with qualified expenditures equal to at least \$5,000 and less than \$50,000,
- 40% of the qualified expenditures incurred in the restoration and preservation of a qualified historic structure in a city with a population over 50,000 with qualified expenditures of \$50,000 or more,
- 40% of the qualified expenditures incurred in the restoration and preservation of a qualified historic structure located in a city, township, or unincorporated area with a population of 50,000 or less with qualified expenditures equal to \$5,000 or more,
- 40% of the qualified expenditures incurred in the restoration and preservation of a qualified historic structure which is exempt from federal income tax pursuant to section 501(c)(3) of the internal revenue code and which is not income producing to a qualified rehabilitation plan by a qualified taxpayer if the total amount of such expenditure equals \$5,000 or more.

Before the issuance of a tax credit, the Department may verify the taxpayer does not owe any delinquent income, privilege, premium, sales, or compensating use taxes, or interest, addition, or penalties on such taxes, and reduce the amount of the credit by such amounts owed to the state.

[*Senate Bill 227, Section 1;*](#)

Amending [K.S.A. 79-32,211\(a\)\(1\),\(2\),\(3\),and \(4\)](#) and adding [K.S.A. 79-32,211\(g\) and \(h\)](#)

[*Notice 25-04: Historic Preservation Credit*](#)

Notes

S.B. 98 – SALES TAX EXEMPTION FOR DATA CENTERS

I. Sales Tax

The exemption applies to:

- All sales of tangible personal property or services used for the purpose and in conjunction with constructing, reconstructing, enlarging or remodeling a qualified data center by a qualified firm that has been approved and certified for a project exemption certificate by the Secretary of Commerce, and
- The sale and installation of machinery and data center equipment and eligible data center costs purchased by such qualified firm for such qualified data center,
- Labor services to install, apply repair, service, alter or maintain data center equipment of such qualified firm at such qualified data center.

Qualified firms must commit to:

- Making an aggregate investment of at least \$250 million within five years of beginning operations
- Beginning construction of the project within 10 years of the agreement
- Adhering to practices that will conserve, reuse, and replace water
- Purchasing electricity for 10 years from the public utility providing retail electric service
- Maintaining at least 20 new jobs at the data center within two years of beginning operations

The exemption does not include electricity or electric generation equipment.

The exemption will not be available for telecommunications carriers, local exchange carriers, wireless service carriers, or video service providers.

The sales tax exemption becomes effective on July 1, 2025, and shall be valid for 20 years after the date of commencement of operations.

[Senate Bill 98](#), New Sections 1, 2, 3, and Section 6; adding [K.S.A. 79-3606](#)(xxxx)

[Notice 25-03: Sales Tax Exemptions for Data Centers](#)

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