



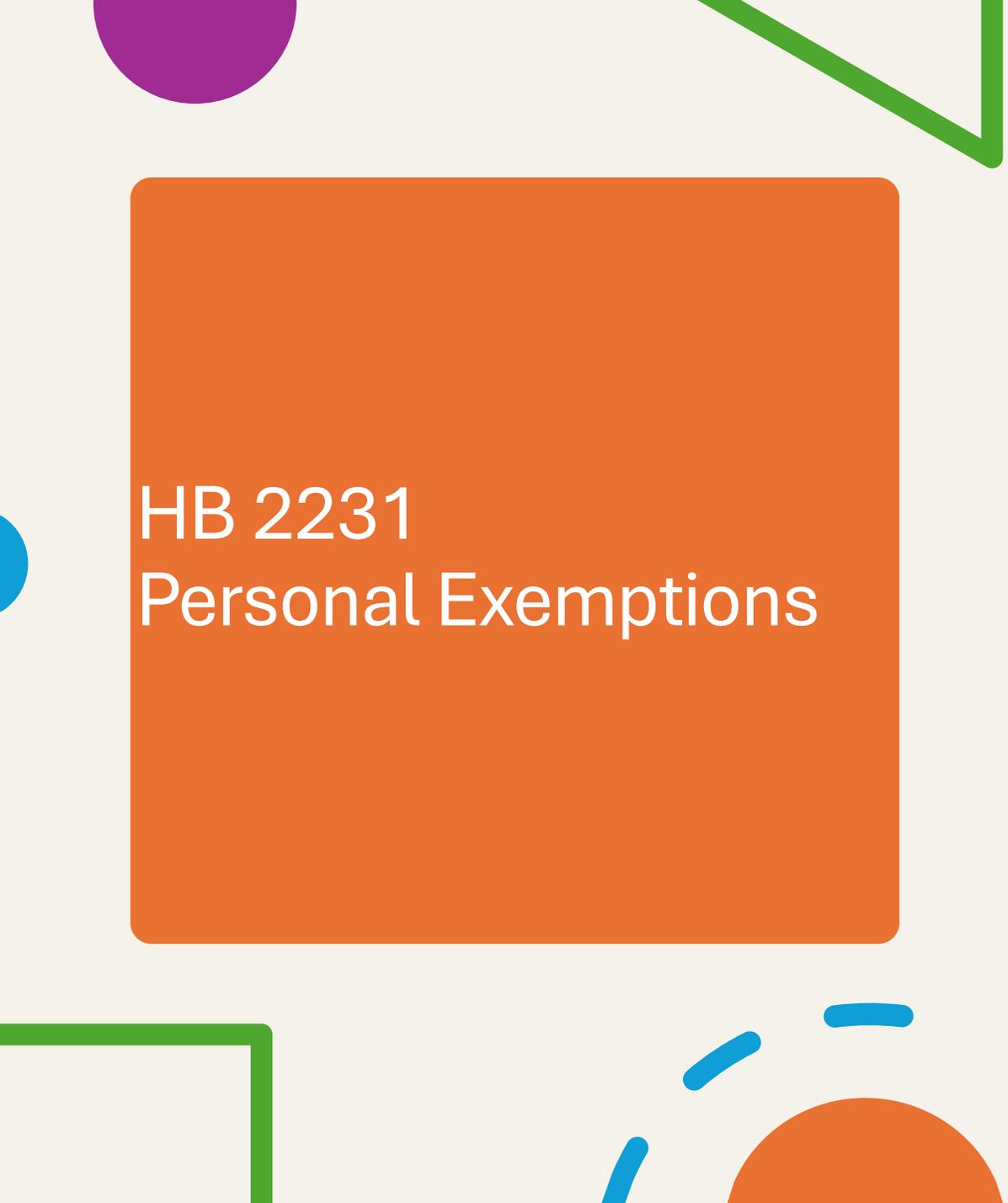
Office of Policy & Research 2025 Legislative Update

Revised 11.25.25

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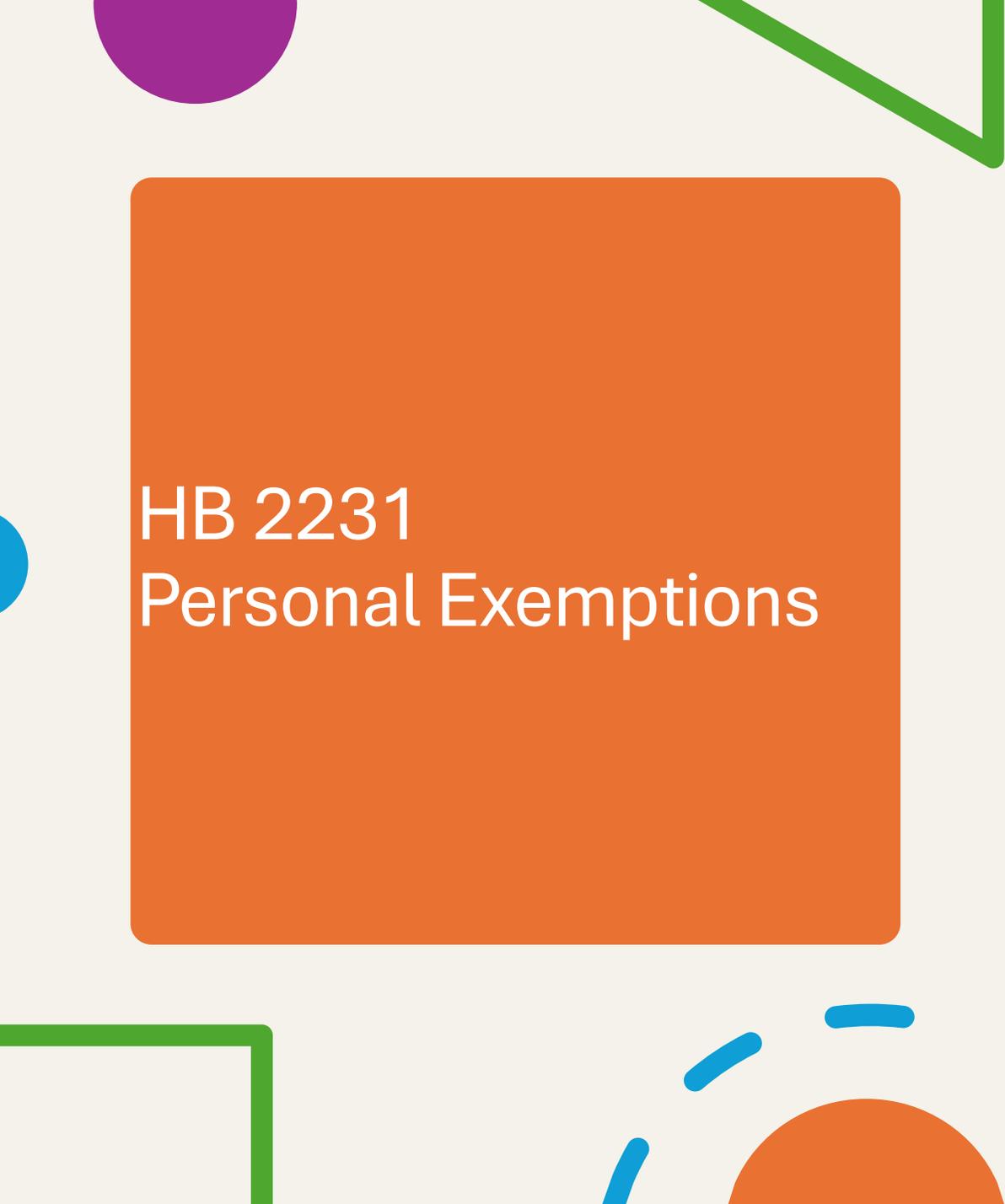
Edward Collazo
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HB 2231 Personal Exemptions

Head of Household filers
allowed an additional
personal exemption of
\$2,320.

*HB 2231, Section 9
Amending K.S.A. 79-32, 121b*

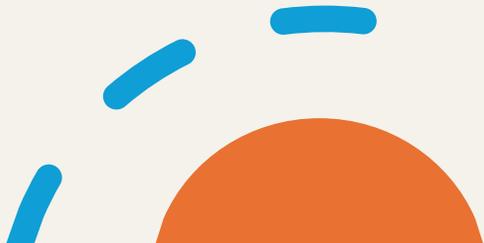


HB 2231 Personal Exemptions

Personal exemption for certain disabled veterans increased from \$2,250 to \$2,320 for tax years 2025 and beyond.

HB 2231, Section 9

Amending K.S.A. 79-32,121(b) and K.S.A. 79-32,121b





HB 2231

Homestead K-40SVR

New definition of **household income**:

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.

*HB 2231, Section 11
Amending K.S.A. 79-4508a(b)*

HB 2231

Personal Property Tax Exemptions

House Bill 2231, New Section 2 and Section 12

Amending K.S.A. 79-5501

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; and
- Any watercraft trailer designed to launch, retrieve, transport and store watercraft, and any watercraft motor designed to operate watercraft on the water.

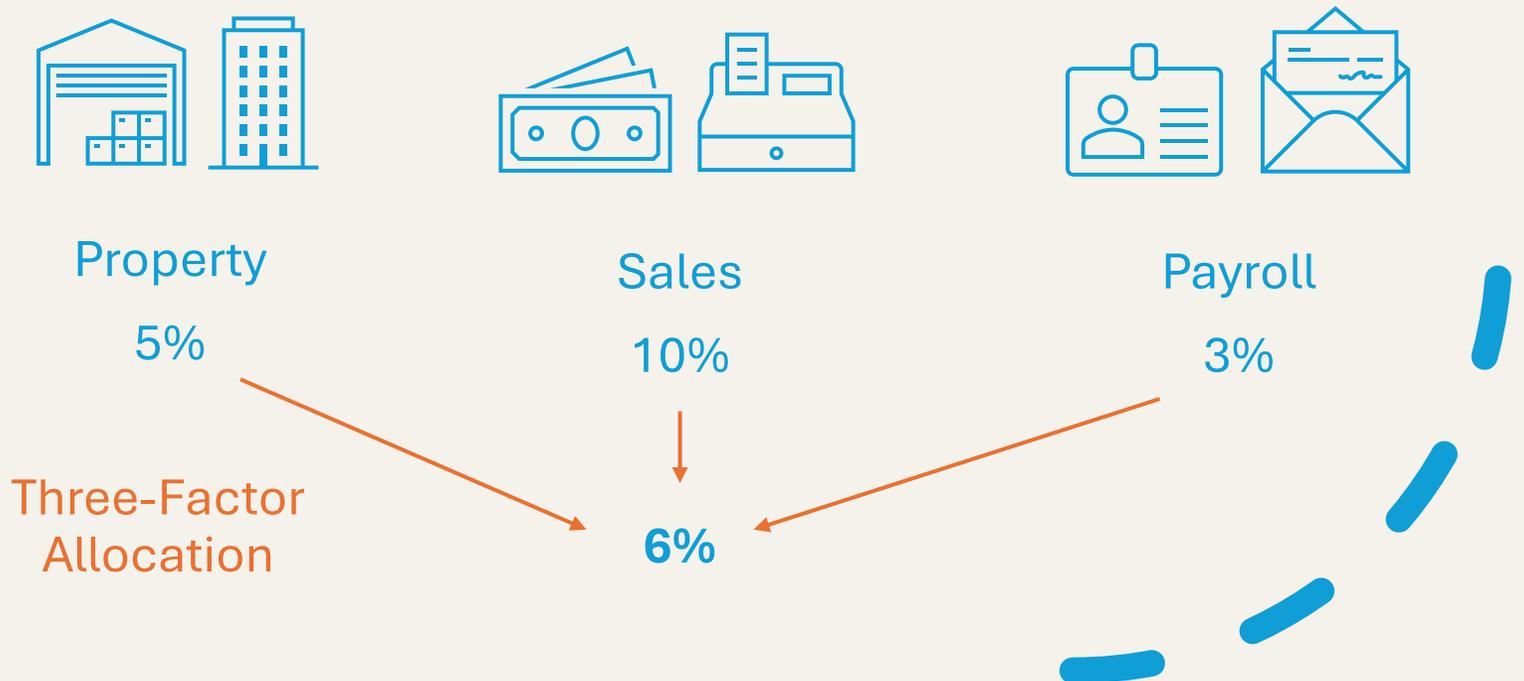
HB 2231 Single Sales Factor Corporate Income Tax

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.

House Bill 2231, Section 5

Amending K.S.A. 79-3279

EXAMPLE:



HB 2231 Single Sales Factor Corporate Income Tax

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.

*House Bill 2231, Section 5
Amending K.S.A. 79-3279*

EXAMPLE:



Property

5%



Sales

10%

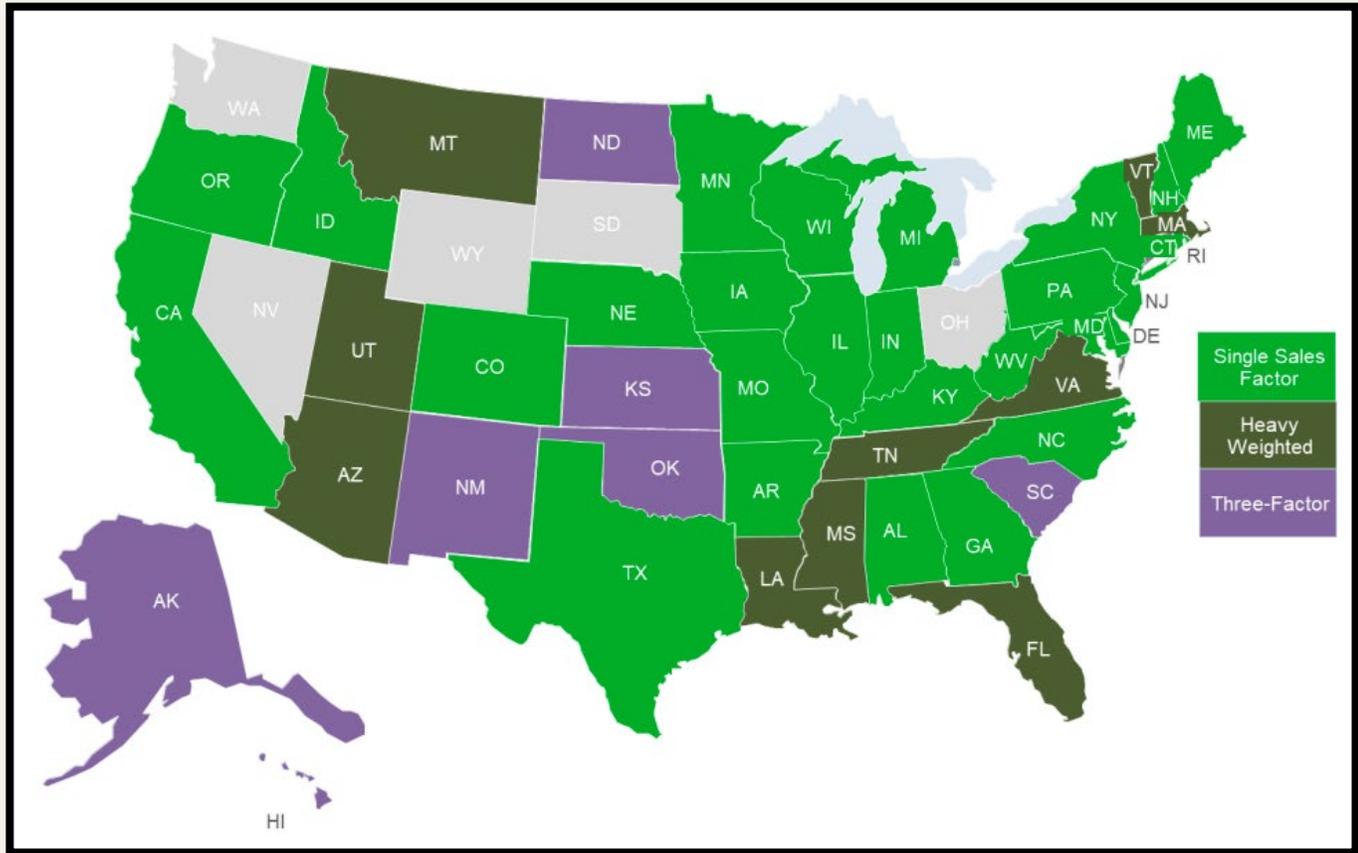


Payroll

3%

Single-Factor
Allocation

HB 2231 Single Sales Factor Corporate Income Tax



Source: Multistate Tax Commission, 2022

HB 2231

Single Sales Factor Corporate Income Tax

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*



HB 2231

Rate Reduction

Corporate Income Tax

At the end of fiscal year 2028, the amount of actual corporate income tax receipts **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.**

House Bill 2231, New Section 1

Adding K.S.A. 79-32,110d

HB 2231
Single Sales Factor
Corporate Income Tax
Deferred Tax Impact Deduction

Allows a Deferred Tax Impact Deduction if the change in law results in:

- an aggregate **increase** in the taxpayer's net deferred tax **liability**
- 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.

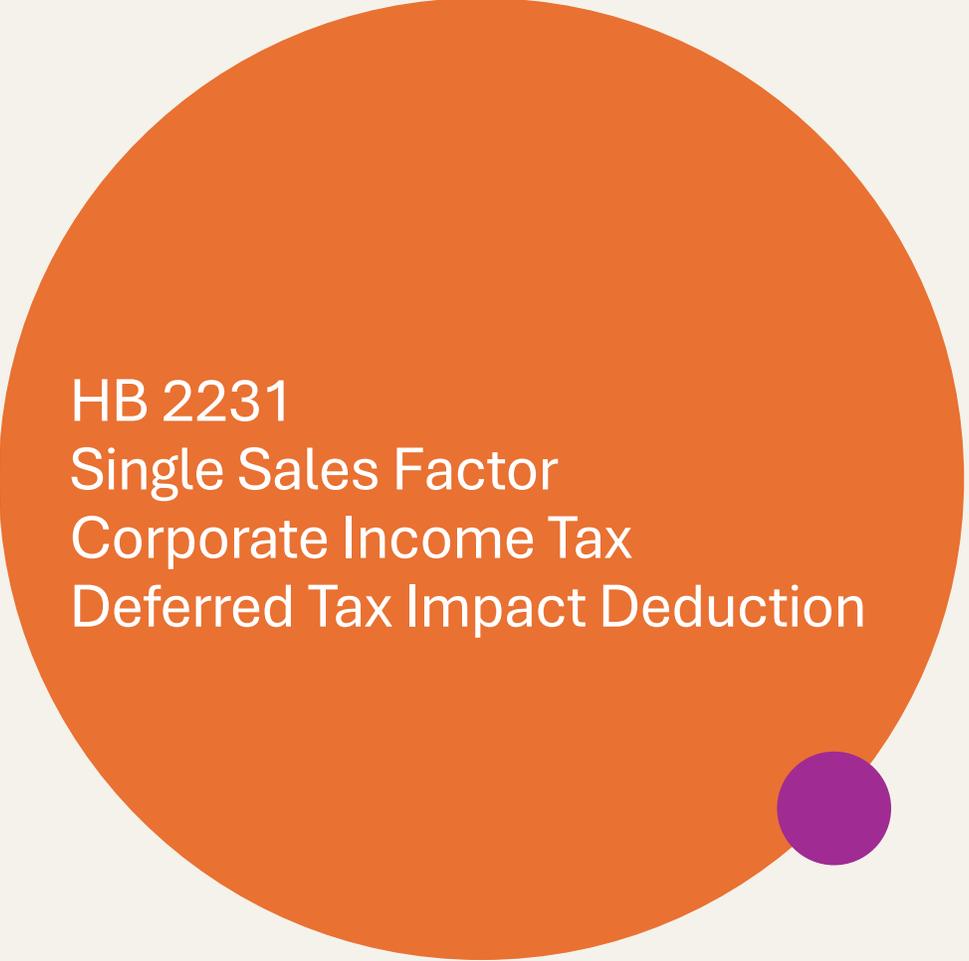
*House Bill 2231, Section 5
Amending K.S.A. 79-3279*




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 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*



HB 2231
Single Sales Factor
Corporate Income Tax
Deferred Tax Impact Deduction



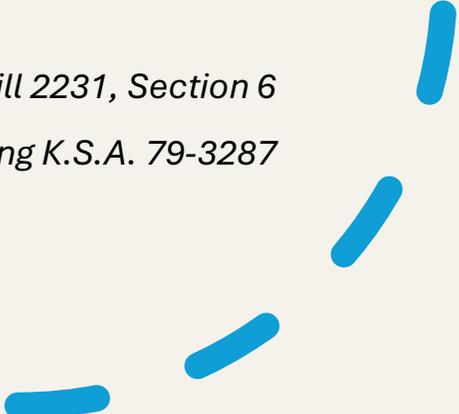
HB2231
Market Based Sourcing
Sales of Services

For tax years commencing after
December 31, 2026.

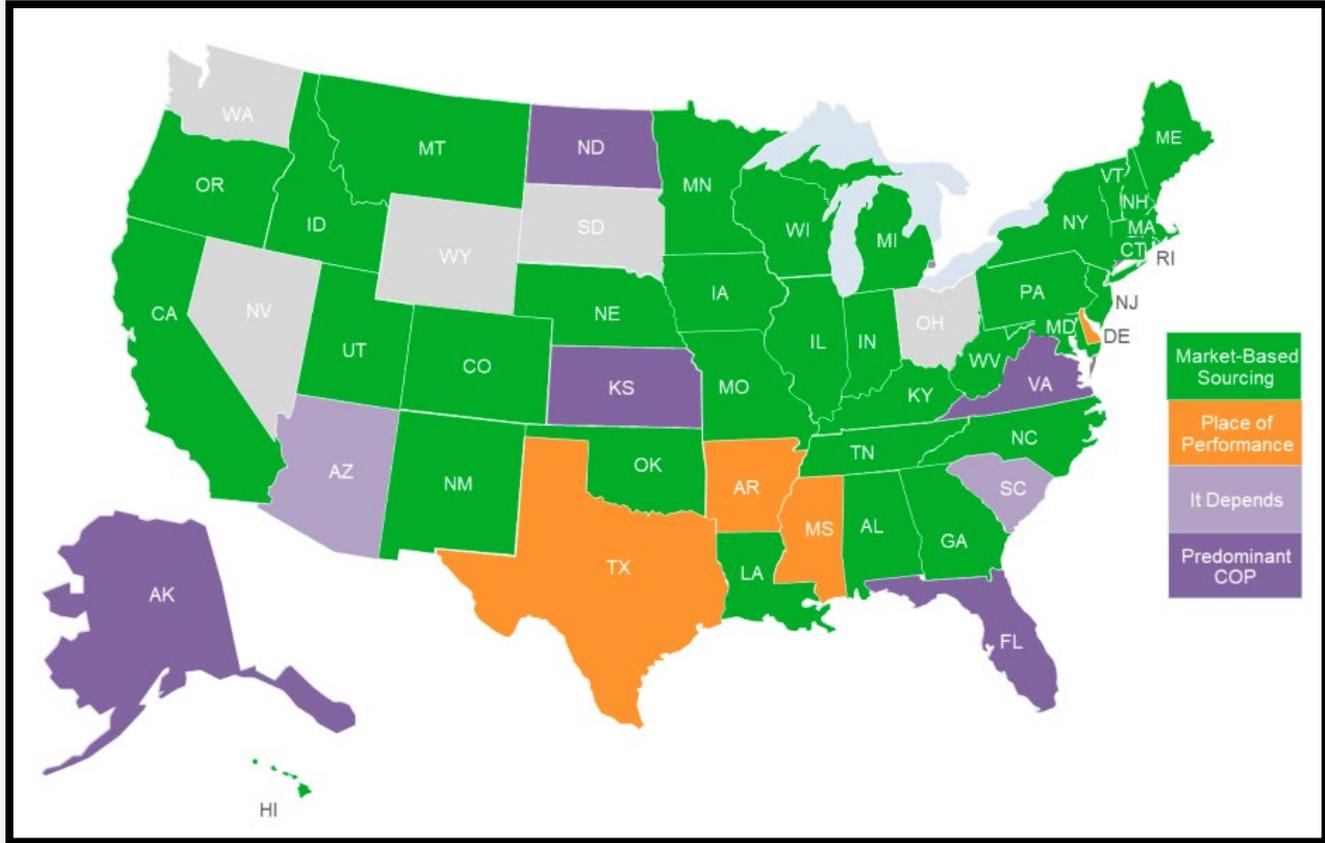
The taxpayer's market for the sales is
in this state if and to the extent that
the service is delivered to a location
in this state.

House Bill 2231, Section 6

Amending K.S.A. 79-3287



HB2231 Market Based Sourcing Sales of Services



Source: Multistate Tax Commission, 2022



HB2231
Market Based Sourcing
Sales of Intangible Property

Intangible property that 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.

*House Bill 2231, Section 6
Amending K.S.A. 79-3287*



HB2231

Market Based Sourcing

Sales of Intangible Property

In the case of intangible property if and to the extent such property is used in this state:

- 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.
- 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.

House Bill 2231, Section 6

Amending K.S.A. 79-3287

HB2231

Market Based Sourcing Interest from Loans

In the case of interest from a loan:

- Secured by real property, if and to the extent the property is located in this state.
- Not secured by real property, if and to the extent the borrower is located in this state.

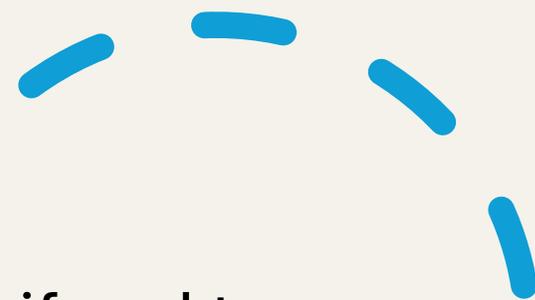
House Bill 2231, Section 6

Amending K.S.A. 79-3287





HB2231
Market Based Sourcing
Dividends



In the case of dividends, if and to the extent the payor's commercial domicile is located in the state.

House Bill 2231, Section 6

Amending K.S.A. 79-3287



HB2231
Market Based Sourcing
Communication Service Provider

A communications service provider may assign sales, other than sales of tangible personal property, to this state pursuant to this section as it applied to tax years commencing before January 1, 2027.

*House Bill 2231, Section 6
Amending K.S.A. 79-3287*



HB 2231
Single Receipts Factor
Privilege Tax



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.

*House Bill 2231, Section 4
Amending K.S.A. 79-1129*

HB 2231

Single Receipts Factor Privilege Tax

Allows a Deferred Tax Impact Deduction if the change in law results in:

- an aggregate **increase** in the taxpayer's net deferred tax **liability**
- 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.

House Bill 2231, Section 4

Amending K.S.A. 79-3279

HB 2231

Single Receipts Factor Privilege Tax

House Bill 2231, Section 4

Amending K.S.A. 79-1129

Calculation of the Deduction

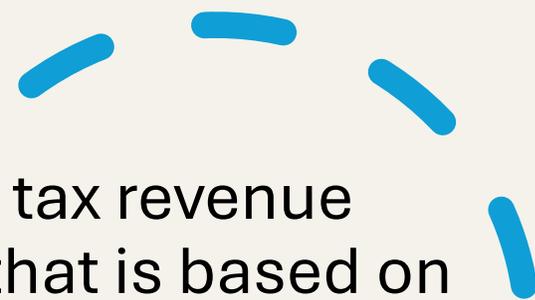
- The deferred tax impact determined shall be divided by the privilege tax rate in effect for the tax year pursuant to K.S.A. 79-1107 and 79-1108.
- The resulting amount shall be divided by the apportionment factor used by the taxpayer in the calculation of the deferred tax assets and deferred tax liabilities.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

HB 2275 County Sales Tax Questions

Counties authorized to submit to the voters the question of imposing a countywide sales tax for the following purposes:

- Finney County – 0.5% sales tax to finance 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 to finance 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*



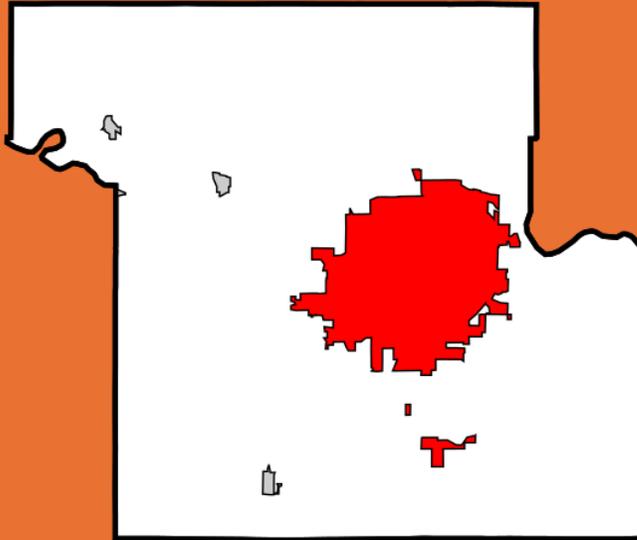
HB 2275 Countywide Sales Tax Apportionment

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 of such revenue based on **population** is unaffected by this legislation.

*House Bill 2275, Section 3
Amending K.S.A. 12-192*

Shawnee County



Countywide sales tax revenue is apportioned between the cities in a county and the county itself.

50% of the revenue is apportioned by **population.**

50% of the revenue is apportioned by **property tax revenues.**

HB 2275

Custom Meat Processing Sales Tax Exemption Certificate

Starting 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.

House Bill 2275, Section 4

Amending K.S.A. 79-3651



SB 269 Reduction of State Income and Privilege Tax Rates

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 revenues.

Senate Bill 269, New Section 1

Adding K.S.A. 79-32,110c



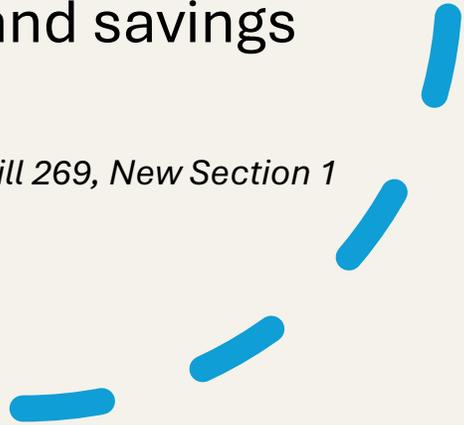
SB 269 Reduction of State Income and Privilege Tax Rates

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 income tax and privilege 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.

Senate Bill 269, New Section 1



HB 2062

Unborn Child Personal Exemption

Legislation provides for an Unborn Child Personal Exemption 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 a **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.

Effective for tax year 2025.

*House Bill 2062, Section 6
Amending K.S.A. 79-32,121*



HB 2289

Kansas Affordable Housing Tax Credits

The maximum amount of credit awarded for a qualified plan year:

2025	\$25,000,000	(4% and 9% federal tax credit)
2026	\$8,800,000	(9% federal tax credit)
2027	\$8,800,000	(9% federal tax credit)
2028	\$8,800,000	(9% federal tax credit)

*House Bill 2289, Section 1
Adding K.S.A. 79-32,306(i)(1) and (2)*



HB 2289

Kansas Affordable Housing Tax Credits

The Kansas Housing Resources Corporation 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 Kansas Housing Resources Corporation 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)

HB 2289

Kansas Housing Investor Tax Credit

The bill provides, retroactive to tax year 2022 that tax credits under the Kansas Housing Investor Tax Credit Act **could 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)



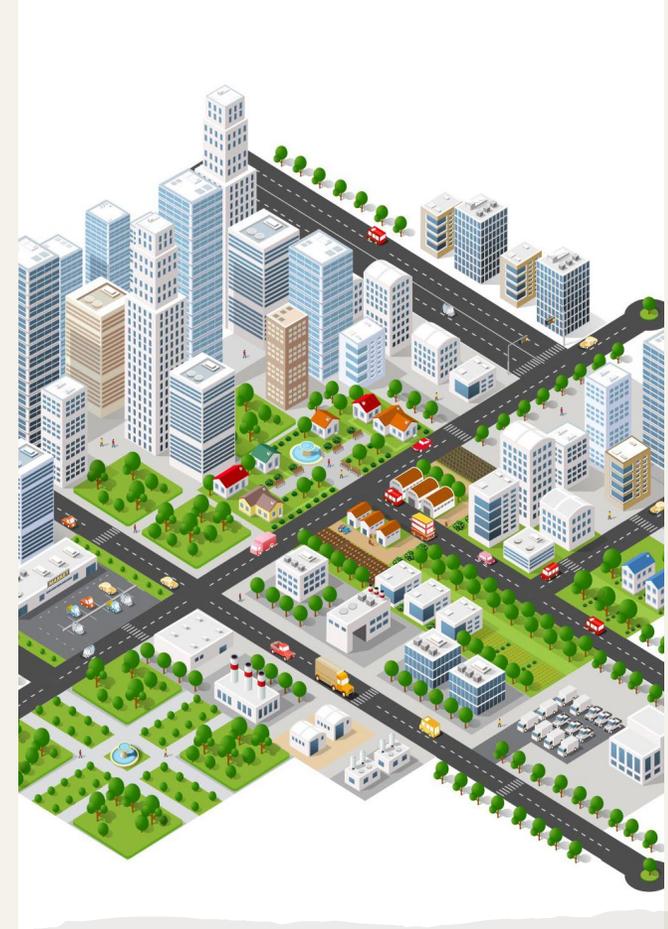
SB 227 Historic Preservation Tax Credit

The following tax credit amounts shall apply to qualified rehabilitation plans placed into service on or after July 1, 2025.

- 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 located in a city with a population of more than 50,000 with qualified expenditures of \$50,000 or more,

Senate Bill 227, Section 1

Amending K.S.A. 79-32,211(a), Adding 79-32,211(g) and (h)

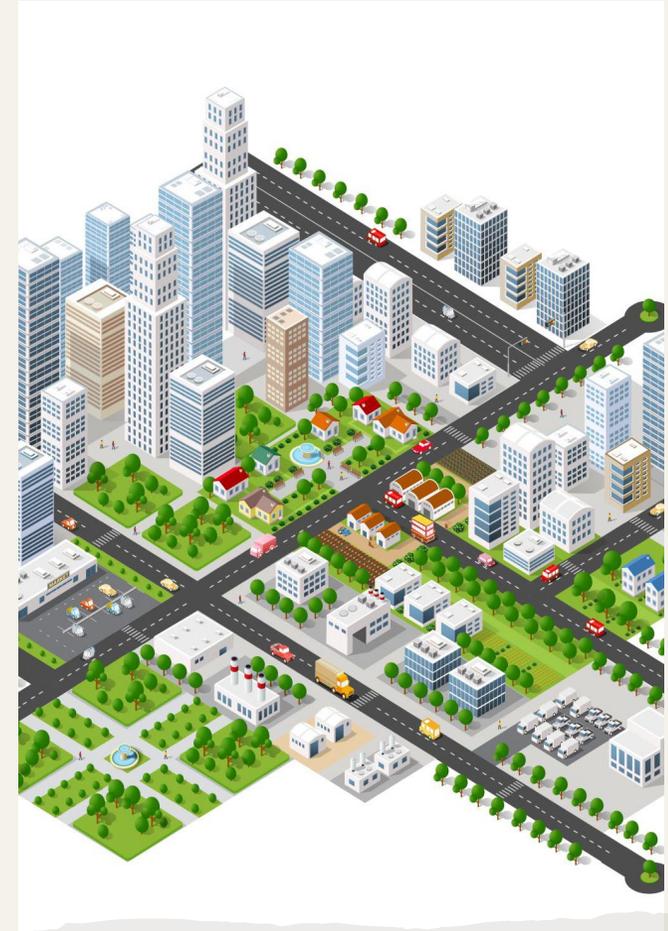


SB 227 Historic Preservation Tax Credit

- 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.

Senate Bill 227, Section 1

Amending K.S.A. 79-32,211(a), Adding 79-32,211(g) and (h)

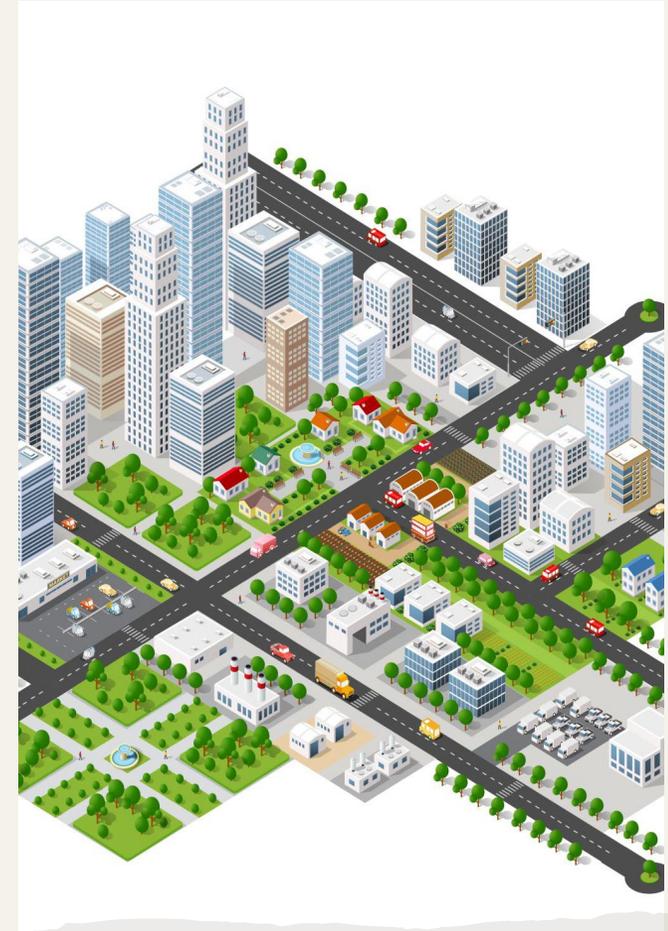


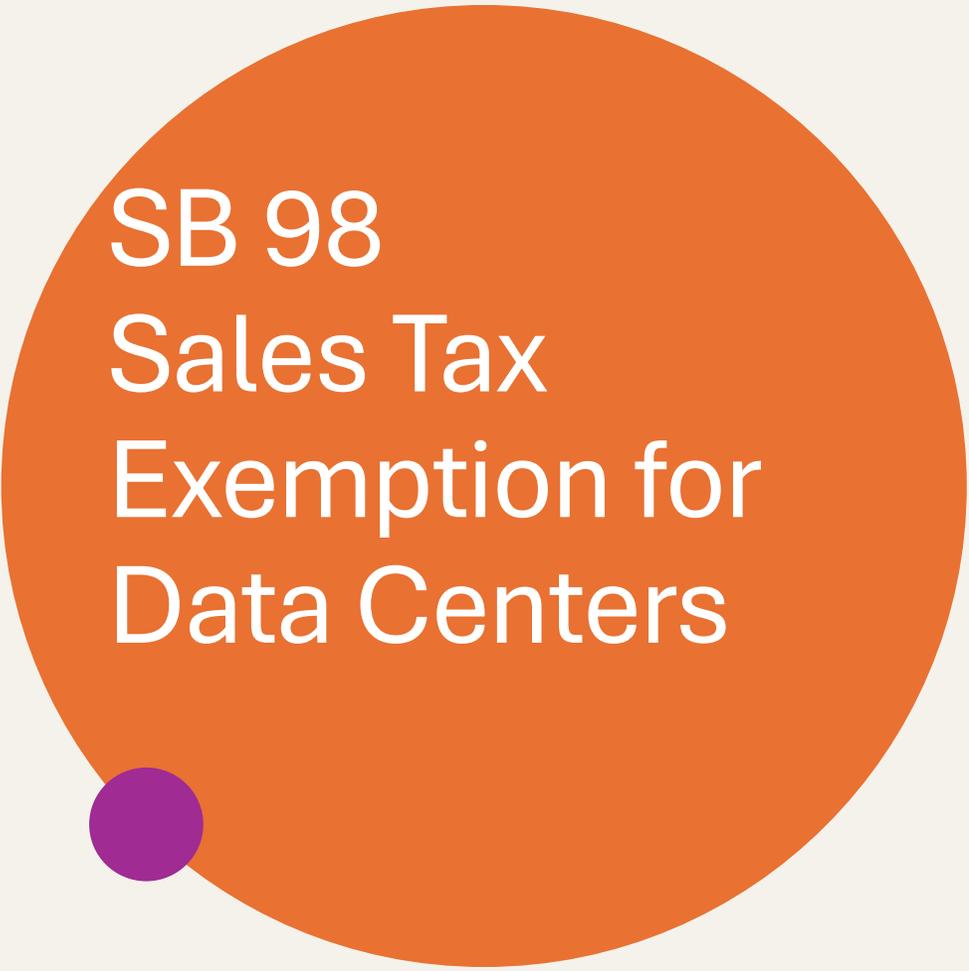
SB 227 Historic Preservation Tax Credit

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), Adding 79-32,211(g) and (h)





SB 98 Sales Tax Exemption for Data Centers

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**, and who 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**, and
- labor services to install, apply repair, service, alter or maintain data center equipment of such **qualified firm** at such **qualified data center**.

Senate Bill 98, New Sections 1, 2, 3, and Section 6

Adding K.S.A. 79-3606(xxxx)



Questions?

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