

TAX EXPENDITURE REPORT

Calendar Year 2024

Prepared by
Kansas Department of Revenue
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Introduction

The Kansas Department of Revenue has compiled this report to indicate the fiscal impact of exemptions, credits, deductions, modifications, and exclusions relating to the following taxes and programs:

- Individual, Fiduciary and Corporate Income, Privilege Taxes;
- Retailers' Sales Tax Exemptions;
- Mineral Taxes;
- Motor Fuel Taxes;
- Homestead;
- Food Sales Tax Refund; and
- Kansas IMPACT.

This report shall be a working document. It is our hope and intention that this report will continue to develop and provide information to the Governor, Kansas Legislature and the citizens of the state of Kansas to allow for the making of informative analysis and decisions.

This report covers expenditures for the calendar year of 2024.

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TAX EXPENDITURE REPORT SUMMARY

PROGRAM	TAX EXPENDITURE
Kansas Addition/Subtraction Modifications (PY 2024-Income & Privilege)	\$94,623,363
Kansas Tax Deductions (PY 2024-Income & Privilege)	(\$902,440,651)
Kansas Tax Credits (PY 2024 Income & Privilege)	(\$792,774,112)
Kansas Sales Tax Exemptions (FY 2025)	(\$9,000,660,000)
Mineral Tax (FY 2025)	(\$61,593,839)
Motor Fuel Tax (CY 2024-Diesel, Gas, Gasohol)	(\$616,540,994)
Homestead Refund, Safe Senior, SVR Programs (TY 2023)	(\$27,444,300)
Food Sales Tax Credit Program (TY 2023)	(\$6,577,467)
IMPACT (FY 2025)	(\$20,000,000)
	(\$11,333,408,000)

A positive number in the tax expenditure column represents enhanced state tax revenues. A negative number in the tax expenditure column represents foregone revenue.

INDIVIDUAL INCOME TAX

Year Enacted: 1933
Statutory Citation: K.S.A. Chapter 79, Article 32

A Kansas resident is required to file an individual income tax return if:

- They are required to file a federal income tax return, or
- Their Kansas adjusted gross income is more than the total of their Kansas standard deduction and exemption allowance.

The Kansas income tax is imposed on the entire income of every resident individual. Nonresidents of Kansas are taxed on income derived from Kansas sources.

Kansas begins its individual income tax calculation with federal adjusted gross income. This connection to the federal tax code adopts many of the tax expenditures that exist at the federal level. Any special provisions allowed by the federal government that reduce adjusted gross income will flow through to the Kansas tax return, thereby resulting in lower Kansas tax collections. The majority of these special provisions at the federal level are not specifically enumerated in this report. This report will provide the cost of several addition/subtraction modifications to federal adjusted gross income.

Kansas law allows a taxpayer to claim a standard deduction or itemized deductions and allows for a personal exemption deduction.

For tax years 2018 through 2023, 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.

For process year 2024, tax year 2023, Kansas income tax was imposed as follows:

Schedule I-Married Filing Joint

If Kansas 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 + 5.25% of excess over \$30,000
Over \$60,000	\$2,505.50 + 5.7% of excess over \$60,000

Schedule II-Single, Head of Household, or Married Filing Separate

If Kansas 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 + 5.25% of excess over \$15,000
Over \$30,000	\$1,252.50 + 5.7% of excess over \$30,000

Modifications and deductions have been separately stated according to resident filers and nonresident filers. Nonresident filers of Kansas in many cases have a small percentage of income from Kansas

sources. As a nonresident, a taxpayer must apply a nonresident percentage to come up with an actual Kansas tax liability. The tax expenditures presented for nonresident filers apply this percentage in order to provide the reader with truer cost of expenditures associated with these filers.

FIDUCIARY INCOME TAX

The fiduciary of a resident estate or trust must file a Kansas fiduciary income tax return if the estate or trust had any taxable income and/or there is withholding tax due for the nonresident beneficiaries. The fiduciary of a nonresident estate must file a Kansas fiduciary income tax return if the estate or trust had taxable income or gain derived from Kansas source.

Kansas begins its fiduciary income tax calculation with federal taxable income and allows for several addition/subtraction modifications.

For process year 2024, tax year 2023, Kansas fiduciary income tax was imposed as follows:

If Kansas 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 + 5.25% of excess over \$15,000
Over \$30,000	\$1,252.50 + 5.7% of excess over \$30,000

INDIVIDUAL AND FIDUCIARY INCOME TAX RESIDENT TAX FILERS PROCESS YEAR 2024

ADDITION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,117(b)(i)	State and municipal bond interest not specifically exempt from Kansas income tax.	39,821	\$13,259,755
K.S.A. 79-32,117(b)(iv)	Contributions to all Kansas public employee's retirement systems	152,869	\$20,209,775
K.S.A. 79-32,143(a)	Kansas expensing recapture	320	\$87,812
K.S.A. 72-99a07	Low income student scholarship contributions	652	\$134,887
K.S.A. 79-32,117(b)(xxvii)	Business interest expense carryforward deduction	8,447	\$210,512
K.S.A. 79-32,117(b)(xxviii)	Unqualified withdrawals from First Time Homebuyer Savings Acct	26	\$3,149
Various	Other additions to federal adjusted gross income	23,920	\$27,160,610

SUBTRACTION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,117(c)(i)	Interest on US Government obligations	69,065	(\$15,758,991)
K.S.A. 79-32,117(c)(v)	State income tax refund	22,615	(\$1,320,663)
PL 108-189, Section 511(d)	Nonresident Military	57	(\$65,053)
K.S.A. 79-32,117(c)(xv)	Learning Quest	30,218	(\$8,314,097)
K.S.A. 79-32,117(c)(xvii)	Armed Forces Recruitment	720	(\$439,137)
K.S.A. 79-32,117(c)(xix)	Taxable Social Security Benefits	130,544	(\$29,643,046)
K.S.A. 74-4923(b)	KPERS Lump Sum Distributions	2,312	(\$1,685,209)
Various	Retirement benefits specifically exempt from Kansas income tax	119,752	(\$143,879,118)
K.S.A. 79-32,117(c)(xxv)	Global Intangible Low-Taxed Income	8,422	(\$17,453)
K.S.A. 79-32,117(c)(xxvi)	Disallowed business interest deduction	8,724	(\$3,377,232)
K.S.A. 79-32,117(c)(xxvii)	Disallowed business meal expenses	20,635	(\$904,941)
K.S.A. 75-655;656;657	Contributions to ABLE Savings Account	497	(\$85,659)
K.S.A. 79-143a	Kansas expensing deduction	4,627	(\$3,896,710)
K.S.A. 79-32,117(c)(xxviii)	Qualified contributions to First Time Home Buyer Savings Acct	139	(\$20,393)
Various	Other subtractions from federal adjusted gross income	8,623	(\$17,266,740)

DEDUCTIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,119; K.S.A. 79-32,120	Standard deduction or Itemized deductions	1,325,699	(\$596,920,072)
K.S.A. 79-32,121	Exemption allowance	1,250,165	(\$276,218,312)

A positive number in the tax expenditure column represents enhanced state tax revenues. A negative number in the tax expenditure column represents foregone revenue.

INDIVIDUAL AND FIDUCIARY INCOME TAX NONRESIDENT TAX FILERS PROCESS YEAR 2024

ADDITION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,117(b)(i)	State and municipal bond interest not specifically exempt from Kansas income tax.	17,247	\$658,598
K.S.A. 79-32,117(b)(iv)	Contributions to all Kansas public employee's retirement systems	10,618	\$563,162
K.S.A. 79-32,143(a)	Kansas expensing recapture	38	\$2,279
K.S.A. 72-99a07	Low income student scholarship contributions	102	\$271
K.S.A. 79-32,117(b)(xxvii)	Business interest expense carryforward deduction	2,046	\$877,264
K.S.A. 79-32,117(b)(xxviii)	Unqualified withdrawals from First Time Homebuyer Savings Acct	7	\$1,161
Various	Other additions to federal adjusted gross income	9,557	\$1,720,109

SUBTRACTION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,117(c)(i)	Interest on US Government obligations	22,089	(\$2,736,100)
K.S.A. 79-32,117(c)(v)	State income tax refund	7,978	(\$150,908)
PL 108-189, Section 511(d)	Nonresident Military	5,635	(\$5,195,907)
K.S.A. 79-32,117(c)(xv)	Learning Quest	2,775	(\$191,229)
K.S.A. 79-32,117(c)(xvii)	Armed Forces Recruitment	71	(\$16,077)
K.S.A. 79-32,117(c)(xix)	Taxable Social Security Benefits	10,389	(\$744,588)
K.S.A. 74-4923(b)	KPERS Lump Sum Distributions	104	(\$34,512)
K.S.A. 79-32,117(c)(xxv)	Global Intangible Low-Taxed Income	2,082	(\$243,498)
K.S.A. 79-32,117(c)(xxvi)	Disallowed business interest deduction	2,153	(\$4,252,143)
K.S.A. 79-32,117(c)(xxvii)	Disallowed business meal expenses	2,996	(\$255,593)
Various	Retirement benefits specifically exempt from Kansas income tax	4,732	(\$1,531,719)
K.S.A. 75-655;656;657	Contributions to ABLE Savings Account	44	(\$2,255)
K.S.A. 79-143a	Kansas expensing deduction	166	(\$79,774)
K.S.A. 79-32,117(c)(xxviii)	Qualified contributions to First Time Home Buyer Savings Acct	23	(\$3,128)
Various	Other subtractions from federal adjusted gross income	2,144	(\$1,314,234)

DEDUCTIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,119; K.S.A. 79-32,120	Standard deduction or Itemized deductions	306,950	(\$18,735,556)
K.S.A. 79-32,121	Exemption allowance	296,053	(\$6,143,139)

*CONFIDENTIAL-This information is confidential as there are less than 5 filers. This information is not included in the total.

A positive number in the tax expenditure column represents enhanced state tax revenues. A negative number in the tax expenditure column represents foregone revenue.

**INDIVIDUAL AND FIDUCIARY
INCOME TAX RESIDENT AND NONRESIDENT TAX FILERS
PROCESS YEAR 2024**

TAX CREDITS

Statutory Reference	Description	Number of Filers	Expenditure
K.S.A. 79-32,202	Adoption Credit	1,038	(\$2,155,505)
K.S.A. 79-32,306	Affordable Housing Credit	0	(\$0)
K.S.A. 74-50,173	Agritourism Liability Insurance Credit	0	(\$0)
K.S.A. 79-32,201	Alternative-Fuel Tax Credit	0	(\$0)
K.S.A. 74-8133	Angel Investor Credit	150	(\$2,692,672)
K.S.A. 74-50,231	Apprenticeship Credit	0	(\$0)
K.S.A. 65-7101	Assistive Technology Contribution Credit	0	(\$0)
K.S.A. 79-32,290-293	Aviation/Aerospace Credit	2,393	(\$6,084,031)
K.S.A. 79-32,233	Biomass-to-Energy Credit	0	(\$0)
K.S.A. 79-32,153	Business and Job Development Tax Credit	0	(\$0)
K.S.A. 79-32,160a	Business and Job Development Tax Credit (Carry Over)	0	(\$0)
K.S.A. 79-32,190	Child Day Care Assistance Credit	0	(\$0)
K.S.A. 79-32, 111c	Child and Dependent Care Expenses Credit	50,741	(\$7,784,200)
K.S.A. 79-32,211	Commercial Restoration & Preservation Credit	0	(\$0)
K.S.A. 74-99c09	Center for Entrepreneurship Credit	51	(\$933,132)
K.S.A. 79-32,197	Community Service Contribution Credit	661	(\$3,206,249)
K.S.A. 79-32,261	Community College and Technical College Credit	102	(\$306,168)
K.S.A. 79-32,111	Credit for Taxes Paid to Other States	121,747	(\$507,537,315)
K.S.A. 79-32,176	Disabled Access Credit	11	(\$53,835)
K.S.A. 79-32,273	Disability Employment Credit	0	(\$0)
K.S.A. 79-32,205	Earned Income Credit	171,232	(\$76,378,592)
K.S.A. 79-32, 274	Eisenhower Foundation Credit	22	(\$64,411)
K.S.A. 79-32,246	Electric Cogeneration Facility Credit	0	(\$0)
K.S.A. 79-32,222	Environmental Compliance Credit	0	(\$0)
K.S.A. 79-32,275	Friends of Cedar Crest Association Credit	12	(\$12,335)
K.S.A. 79-32,143	Farm Net Operating Loss Credit	0	(\$0)
K.S.A. 79-32,160a(e); K.S.A. 74-50,132	High Performance Incentive Program Credit	157	(\$12,302,914)
K.S.A. 79-32,211	Historic Preservation Tax Credit	98	(\$1,089,849)
K.S.A. 79-32,310	Housing Investor Credit	21	(\$533,736)
K.S.A. 74-50,208	Individual Development Acct Credit	31	(\$188,138)
K.S.A. 72-4357	Low Income Student Scholarship Credit	498	(\$4,855,369)
K.S.A. 79-32,229	Nitrogen Fertilizer Plant Credit	0	(\$0)
K.S.A. 79-32,266	Owners Promoting Employment Across Kansas (PEAK) Credit	0	(\$0)
K.S.A. 79-32,218	Petroleum Refinery Credit	0	(\$0)
K.S.A. 79-32,207	Plugging an Abandoned Oil or Gas Well Credit	*CONF	*CONFIDENTIAL
K.S.A. 74-50,313	Powerful Economic Expansion Credit	0	(\$0)
K.S.A. 79-32,224	Qualifying Pipeline Credit	0	(\$0)
K.S.A. 79-32,182b	Research and Development Credit	31	(\$52,342)
K.S.A. 79-32,267	Rural Opportunity Zone Credit	640	(\$2,533,176)
K.S.A. 79-32,297	Short Line Railroad Credit	0	(\$0)
K.S.A. 79-32,212	Single City Port Authority Credit	0	(\$0)
K.S.A. 40-2246	Small Employer Health Insurance Contribution Credit	0	(\$0)
K.S.A. 79-32,252	Storage Blending Equipment Credit	0	(\$0)
K.S.A. 79-32,204	Swine Facility Improvement Credit	0	(\$0)
K.S.A. 79-32,300	Targeted Employment Credit	0	(\$0)
K.S.A. 79-32,296	Teachers School & Classroom Supply Credit	12,177	(\$3,102,852)
K.S.A. 79-32,283	Technology Enabled Fiduciary Financial Credit	0	(\$0)
K.S.A. 79-32,210	Telecommunications Credit	0	(\$0)
K.S.A. 79-32,200	Temporary Assistance to Families Contribution Credit	0	(\$0)
K.S.A. 74-8205; 74-8206; 74-8304; 74-8316	Venture and Local Seed Capital Credit	0	(\$0)
K.S.A. 74-32,287	Workforce Retention Incentive	0	(\$0)

*CONFIDENTIAL-This information is confidential as there are less than 5 filers. This information is not included in the total. A positive number in the tax expenditure column represents enhanced state tax revenues. A negative number in the tax expenditure column represents foregone revenue.

CORPORATE INCOME TAX

Year Enacted: 1933
Statutory Citation: K.S.A. Chapter 79, Article 32

All corporations doing business within or deriving income from sources within Kansas that are required to file a federal income tax return, shall also be required to file a Kansas corporate income tax return

Kansas begins its corporate income tax calculation with federal taxable income. This connection to the federal tax code adopts many of the tax expenditures that exist at the federal level. Any special provisions allowed by the federal government that reduce taxable income will flow through to the Kansas tax return, thereby resulting in lower Kansas tax collections. The majority of these special provisions at the federal level are not specifically enumerated in this report. This report will provide the cost of several addition/subtraction modifications to federal taxable income. Kansas law allows certain deductions in arriving at Kansas taxable income.

Corporations not based in Kansas in many cases have a small percentage of income from Kansas sources and use a three-factor formula of payroll, sales and property to determine the amount of income apportioned to Kansas. The tax expenditures presented for corporations not based in Kansas have had the apportionment percentage applied in order to provide the reader with truer cost of expenditures associated with these filers.

For process year 2024, tax year 2023, the normal tax for Kansas corporate income tax is imposed at the rate of 4% and a surtax at the rate of 3% is imposed on those corporations where the Kansas taxable income is in excess of \$50,000.

CORPORATE INCOME TAX RESIDENT TAX FILERS PROCESS YEAR 2024

ADDITION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,138(b)(i) K.S.A. 79-32,117(b)(i)	State and municipal bond interest not specifically exempt from Kansas income tax.	134	\$348,510
K.S.A. 79-32,117(b)(iii)	Federal net operating loss deduction	3,215	\$37,004,304
K.S.A. 79-32,117(b)(ii)	Taxes on or measured by income or fees or payments in lieu of income taxes	4,698	\$14,422,030
Various	Other additions to federal adjusted gross income	258	\$3,183,175

SUBTRACTION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,138(c)(i) K.S.A. 79-32,117(c)(i)	Interest on US Government obligations	264	(\$214,287)
Various	Other subtractions from federal adjusted gross income	715	(\$4,507,769)
K.S.A. 79-32,143	Kansas Net Operating Loss	2,609	(\$37,449,358)

A positive number in the tax expenditure column represents enhanced state tax revenues. A negative number in the tax expenditure column represents foregone revenue.

CORPORATE INCOME TAX NONRESIDENT TAX FILERS PROCESS YEAR 2024

ADDITION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,138(b)(i) K.S.A. 79-32,117(b)(i)	State and municipal bond interest not specifically exempt from Kansas income tax.	422	\$4,116,453
K.S.A. 79-32,117(b)(iii)	Federal net operating loss deduction	4,233	\$195,061,573
K.S.A. 79-32,117(b)(ii)	Taxes on or measured by income or fees or payments in lieu of income taxes	8,940	\$68,336,427
Various	Other additions to federal adjusted gross income	1,930	\$210,355,150

*Tax expenditure is computed using average tax rate of 6.5%.

SUBTRACTION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,138(c)(i) K.S.A. 79-32,117(c)(i)	Interest on US Government obligations	608	(\$8,608,705)
Various	Other subtractions from federal adjusted gross income	1,856	(\$85,587,296)
K.S.A. 79-32,143	Kansas Net Operating Loss	3,019	(\$141,751,649)

A positive number in the tax expenditure column represents enhanced state tax revenues. A negative number in the tax expenditure column represents foregone revenue.

**CORPORATE INCOME TAX
RESIDENT AND NONRESIDENT TAX FILERS
PROCESS YEAR 2024**

TAX CREDITS

Statutory Reference	Description	Number of Filers	Tax Expenditure
K.S.A. 79-32,306	Affordable Housing Credit	0	(\$0)
K.S.A. 79-32,181a	Agricultural Loan Interest Reduction Credit	0	(\$0)
K.S.A. 74-50,173	Agritourism Liability Insurance Credit	0	(\$0)
K.S.A. 79-32,201	Alternative-Fuel Tax Credit	0	(\$0)
K.S.A. 74-50,231	Apprenticeship Credit	36	(\$359,247)
K.S.A. 65-7101	Assistive Technology Contribution Credit	0	(\$0)
K.S.A. 79-32,290-293	Aviation/Aerospace Credit	19	(\$536,835)
K.S.A. 79-32,233	Biomass-to-Energy credit	0	(\$0)
K.S.A. 79-32,153	Business and Job Development Tax Credit	0	(\$0)
K.S.A. 79-32,160a	Business and Job Development Tax Credit -Carryover	*CONF	*CONFIDENTIAL
K.S.A. 79-32,190	Child Day Care Assistance Credit	*CONF	*CONFIDENTIAL
K.S.A. 79-32,211	Commercial Restoration & Preservation Credit	*CONF	*CONFIDENTIAL
K.S.A. 74-99c09	Center for Entrepreneurship Credit	7	(\$236,156)
K.S.A. 79-32,261	Community College and Technical College Credit	26	(\$155,017)
K.S.A. 79-32,197	Community Service Contribution Credit	48	(\$458,233)
K.S.A. 79-32,176(a), 177	Disabled Access Credit	*CONF	*CONFIDENTIAL
79-32,273	Disability Employment Credit	*CONF	*CONFIDENTIAL
K.S.A. 79-32, 274	Eisenhower Foundation Credit	0	(\$0)
K.S.A. 79-32,246	Electric Cogeneration Facility Credit	0	(\$0)
K.S.A. 79-32,222	Environmental Compliance Credit	0	(\$0)
K.S.A. 79-32,143	Farm Net Operating Loss Credit	0	(\$0)
K.S.A. 79-32, 275	Friends of Cedar Crest Association Credit	*CONF	*CONFIDENTIAL
K.S.A. 79-32,160a(e); K.S.A. 74-50,132	High Performance Incentive Program Credit	304	(\$137,118,774)
K.S.A. 79-32,211	Historic Preservation Tax Credit	7	(\$1,247,513)
K.S.A. 79-32,310	Housing Investor Credit	7	(\$863,873)
K.S.A. 74-50,208	Individual Development Account Credit	*CONF	*CONFIDENTIAL
K.S.A. 72-4357	Low Income Student Scholarship Credit	10	(\$11,625)
K.S.A. 79-32,229	Nitrogen Fertilizer Plant Credit	0	(\$0)
K.S.A. 79-32,266	Owners Promoting Employment Across Kansas (PEAK) Credit	0	(\$0)
K.S.A. 79-32,218	Petroleum Refinery Credit	0	(\$0)
K.S.A. 79-32,207	Plugging an Abandoned Oil or Gas Well Credit	0	(\$0)
K.S.A. 74-50,311, 74-50,324	Powerful Economic Expansion Credit	*CONF	*CONFIDENTIAL
K.S.A. 79-32,224	Qualifying Pipeline Credit	0	(\$0)
K.S.A. 79-32,182b	Research and Development Credit	153	(\$4,661,437)
K.S.A. 79-32,297	Short Line Railroad Credit	9	(\$7,322,663)
K.S.A. 79-32,212	Single City Port Authority Credit	0	(\$0)
K.S.A. 40-2246	Small Employer Health Insurance Contribution Credit	0	(\$0)
K.S.A. 79-32,252	Storage Blending Equipment Credit	0	(\$0)
K.S.A. 79-32,204	Swine Facility Improvement Credit	0	(\$0)
K.S.A. 79-32,300	Targeted Employment Credit	6	(\$10,444)
K.S.A. 79-32,283	Technology Enabled Fiduciary Financial Credit	0	(\$0)
K.S.A. 79-32,210	Telecommunications Credit	23	(\$815,548)
K.S.A. 79-32,200	Temporary Assistance to Families Contribution Credit	0	(\$0)
K.S.A. 74-8205; 74-8206; 74-8304; 74-8316	Venture and Local Seed Capital Credit	0	(\$0)
K.S.A. 74-32,287	Workforce Retention Incentive	0	(\$0)

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A positive number in the tax expenditure column represents enhanced state tax revenues. A negative number in the tax expenditure column represents foregone revenue.

PRIVILEGE TAX

Year Enacted: 1963
Statutory Citation: K.S.A. Chapter 79, Article 11

Every national banking association, bank, trust company, federally chartered savings bank, and savings and loan association located or doing business within the state shall be required to file a privilege tax return and pay a tax according to or measured by its net income for the next preceding taxable year.

Kansas begins its privilege tax calculation with federal taxable income. This connection to the federal tax code adopts many of the tax expenditures that exist at the federal level. Any special provisions allowed by the federal government that reduce taxable income will flow through to the Kansas tax return, thereby resulting in lower Kansas tax collections. Most of these special provisions at the federal level are not specifically enumerated in this report. This report will provide the cost of several addition/subtraction modifications to federal taxable income. Kansas law allows certain deductions in arriving at Kansas taxable income.

For process year 2024, tax year 2023, a tax consisting of a normal tax and a surtax shall be imposed for privilege tax filers. The normal tax shall be an amount equal to 2.25% of Kansas taxable income and a surtax in an amount equal to 2.125% of Kansas taxable income that is in excess of \$25,000 for banks and 2.25% of Kansas taxable income that is in excess of \$25,000 for savings & loans and trust companies.

PRIVILEGE TAX PROCESS YEAR 2024

ADDITION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-1109	State and municipal bond interest not specifically exempt from Kansas income tax.	297	\$17,532,853
K.S.A. 79-1109 K.S.A. 79-32,138(b) K.S.A. 79-32,117(b)(iii)	Federal net operating loss deduction	62	\$429,896
K.S.A. 79-1109	Savings & Loan Bad Debt Deduction included in federal deductions	15	\$1,078,238
Various	Other additions to federal taxable income	70	\$841,056

SUBTRACTION MODIFICATIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
Various	Subtractions from federal taxable income	210	(\$1,430,475)

DEDUCTIONS

Statutory Reference	Description	Number of Filers	*Tax Expenditure
K.S.A. 79-32,143	Kansas Net Operating Loss	29	(\$1,441,746)
K.S.A. 79-1109	Savings and Loan Bad Debt Deduction	17	(\$2,981,826)

TAX CREDITS

Statutory Reference	Description	Number of Filers	Tax Expenditure
K.S.A. 79-32,306	Affordable Housing Credit	0	(\$0)
K.S.A. 79-1126a	Agricultural Loan Interest Reduction Credit	0	(\$0)
K.S.A. 79-32,153	Business and Job Development Tax Credit	0	(\$0)
K.S.A. 79-32,160a	Business and Job Development Tax Credit -Carryover	0	(\$0)
K.S.A. 79-32,206	Business Machinery and Equipment Tax Credit	0	(\$0)
K.S.A. 74-99c09	Center for Entrepreneurship Credit	0	(\$0)
K.S.A. 79-32,190	Child Day Care Assistance Credit	0	(\$0)
K.S.A. 79-32,211	Commercial Restoration & Preservation Credit	0	(\$0)
K.S.A. 79-32,261	Community College and Technical College Credit	6	(\$15,000)
K.S.A. 79-32,197	Community Service Contribution Credit	17	(\$119,925)
K.S.A. 79-1117	Disabled Access Credit	0	(\$0)
K.S.A. 79-32, 274	Eisenhower Foundation Credit	0	(\$0)
K.S.A. 79-32, 275	Friends of Cedar Crest Association Credit	0	(\$0)
K.S.A. 79-32,160a(e); K.S.A. 74-50,132	High Performance Incentive Program Credit	6	(\$1,342,070)
K.S.A. 79-32,211	Historic Preservation Tax Credit	12	(\$4,151,916)
K.S.A. 79-32,310	Housing Investor Credit	9	(\$1,481,015)
K.S.A. 72-4357	Low Income Student Scholarship Credit	* CONF	*CONFIDENTIAL
K.S.A. 74-50,311, 74-50,324	Powerful Economic Expansion Credit	0	(\$0)
K.S.A. 79-32,212	Single City Port Authority Credit	0	(\$0)
K.S.A. 79-32,300	Targeted Employment Credit	0	(\$0)
K.S.A. 79-32,283	Technology Enabled Fiduciary Financial credit	0	(\$0)
K.S.A. 74-8205; 74-8206; 74-8304; 74-8316	Venture and Local Seed Capital Credit	0	(\$0)
K.S.A. 74-32,287	Workforce Retention Incentive	0	(\$0)

*CONFIDENTIAL-This information is confidential as there are less than 5 filers. This information is not included in the total.

A positive number in the tax expenditure column represents enhanced state tax revenues. A negative number in the tax expenditure column represents foregone revenue.

KANSAS RETAILERS' SALES TAX

Year Enacted: 1937

Statutory Citation: K.S.A. Chapter 79, Article 36

Kansas imposes a state retailers' sales tax of 6.50% (effective July 1, 2015), plus local sales taxes on the following:

- Retail sale, rental or lease of tangible personal property;
- Labor services to install, apply, repair, service, alter, or maintain tangible personal property; and
- Admissions to places providing entertainment, amusement, or recreation in Kansas.

Kansas law allows many exemptions from the imposition of sales tax.

KANSAS SALES TAX EXEMPTIONS FISCAL YEAR 2025

Legal Exemptions		
Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3606 (e)	Property or services purchases by federal government, its agencies or instrumentalities	\$ 65.43
3606 (f)	Property purchased by railroad or public utility for use in the movement of interstate commerce	\$ 32.01
3606 (g)	Sales, repair, parts and labor, or modification of aircraft sold for interstate commerce directly through an authorized agent.	\$ 18.92
3606 (y)	Sales of materials and services used in repairing, maintaining, etc., of railroad rolling stock used in interstate commerce	\$ 1.57
3606 (aa)	Materials and services brought into Kansas for usage outside of Kansas for repair, services, alteration, maintenance, etc. used for the transmission of liquids or national gas by a pipeline in interstate commerce	\$ -
3606 (dd)	Property purchased with food stamps issued by US Department of Agriculture	\$ 35.23
3606 (gg)	Property purchased with vouchers issued pursuant to the federal special supplemental food program for women, infants and children	\$ 2.15
3606 (ddd)	Property and services purchases by any class II or III railroad (shortline) for track and facilities used directly in interstate commerce. Only for calendar year 1999.	\$ -
Subtotal		\$ 155.31

Conceptual Exclusions		
Statute/Regulation	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)

92-19-2a(7)	Exempting from sales tax wholesale sales and sales for resale. A wholesaler is a company that sells only to other wholesalers or to retailers registered for sales tax. A wholesaler by definition never sells to the final consumer (retail sale). Kansas wholesalers are not required to register with the Kansas Department of Revenue to collect sales tax. An exemption certificate must accompany wholesale sales when a wholesaler sells to a Kansas retailer for resale.	\$ -
3606 (a)	Motor fuels and items already taxed by sales or excise tax and not subject to a refund except cigarettes and electronic cigarettes, alcohol greater than 3.2% beer, tires subject to tire excise tax and dry cleaning and laundry services	\$ 487.93
3606 (k)	Vehicles, trailers or aircraft purchased sold and delivered in this state to a bona fide resident of another state, which is not to be registered or based in this state and which will not remain in this state more than 10 days.	\$ 31.56
3606 (l)	Isolated or occasional sales, except motor vehicles	no estimate
3606 (m)	Property which becomes an ingredient or component part of property or services produced or manufactured for ultimate sale at retail	\$ 2,953.50
3606 (n)	Property consumed in the production, manufacturing, processing, mining, drilling, refining or compounding of property; or irrigation of crops for ultimate sale at retail.	\$ 216.98
3606 (o)	Sales of animals, fowl, aquatic plants, and animals used in agriculture or aquaculture, for production of food for human consumption, the production of animal, dairy, poultry, or aquatic products, fiber or fur or the production of offspring.	\$ 1,180.57
Subtotal		\$ 4,870.53

Public Policy: Charitable, Religious, Benevolent Exemptions		
Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3603 (e)	Admission to any cultural and historical event which occurs triennially (occurs every three years)	\$ -
3603 (w)	Sales of charitable raffle tickets in accordance with K.S.A. 75-5171 et seq.	\$ -
3606 (v)	Sales of food products purchased by contractor for use in preparing meals for delivery to homebound elderly and disabled persons and all personal property purchased by contractor and sales of food products by or on behalf of contractor or organization.	\$ 10.71

3606 (ii)	Property purchased by nonprofit organization for nonsectarian comprehensive multidiscipline youth development programs and activities and sales of property by or on behalf of such organization	\$ 2.54
3606 (oo)	Property purchased by a community action group or agency to repair or weatherize housing occupied by low income individuals.	--
3606 (qq)	All sales of tangible personal property and services purchased by a nonprofit museum or historical society or any combination thereof, including a nonprofit organization which is organized for the purpose of stimulating public interest in the exploration of space by providing educational information, exhibits and experiences, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986;	\$ 6.12
3606 (rr)	Property which will admit purchases to an annual event sponsored by a nonprofit organization organized under the federal income taxation code as a 501 (c)(3)	\$ 0.05
3606 (tt)	Property and services purchased by not-for-profit corporation for the sole purpose of constructing a Kansas Korean War memorial and is organized under the federal income taxation code as a 501 (c)(3)	\$ -
3606 (xx)	Property and services purchases by nonprofit zoo or on behalf of a zoo by an entity that is a 501(c)(3)	\$ 0.09
3606 (yy)	Property and services purchased by a parent-teacher association or organizations and all sales of tangible personal property by or on behalf of such association	\$ 1.41
3606 (aaa)	Property and services purchased by religious organizations and used exclusively for religious purposes	\$ 29.01
3606 (bbb)	Sales of food for human consumption by organizations exempt by 501(c)(3) pursuant to food distribution programs which offers such food at a price below cost in exchange for the performance of community service by the purchaser.	\$ -
3606 (hhh)	Property and services purchased by or on behalf of Domestic Violence Shelters as members of the Kansas Coalition Against Sexual and Domestic Violence	\$ 0.19
3606 (iii)	Property and services purchased by organizations distributing food without charge to other nonprofit food distribution programs.	\$ 0.33

3606 (ppp)	Property and services purchased by non-profit Homeless Shelters, and sales made by or on behalf of these organizations.	\$ 0.01
3606 (ttt)	Property and services purchased by a contractor for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility owned by a nonprofit museum which is qualified under the governor hometown heritage act (KSA 75-5071)	\$ -
3606 (pppp)	Property or services purchased by a not-for-profit corporation that is designated as an area agency on aging for the purpose of coordinating and providing seniors and those living with disabilities with services that promote person-centered care, including home-delivered meals, congregate meal settings, long-term case management, transportation, information, assistance and other preventative and intervention services to help service recipients remain in their homes and communities or for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for such area agency on aging	\$ 0.13
3606 (www)	Personal property or services purchased by a pregnancy resource center or residential maternity facility.	\$ 0.39
Subtotal		\$ 50.99

Public Policy: Exemptions to Charitable Organizations by Name		
Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3606 (v v)	Property purchased by the following organizations who are organized under the federal income taxation code as a 501 (c)(3): American Heart Association, Kansas Affiliate; Kansas Alliance for the Mentally Ill, Inc.; Kansas Mental Illness Awareness Council; American diabetes association Kansas affiliate, inc, American lung association of Kansas, inc, Kansas chapters of the Alzheimer's disease and related disorders association, inc, Kansas chapters of the Parkinson's disease association, national kidney foundation of Kansas and western Missouri, Heartstrings Community Foundation, Cystic Fibrosis, Spina Bifida Assn, CHWC, Inc., Cross-lines Cooperative Council, Dreams Work, Inc., KSDS, Inc., Lyme Association of Greater Kansas City, Inc, Dream Factory, Ottawa Suzuki Strings, International Assn of Lions Clubs, Johnson County young Matrons, American Cancer Society, Community Services of Shawnee, Angel Babies Assn, Kansas Fairground Foundation.	\$ 1.12

3606 (ww)	Property purchased by the Habitat for Humanity for use within a housing project	\$ 1.02
3606 (ggg)	Property and services purchased by or on behalf of the Kansas Academy of Science.	***
3606 (III)	Property and services purchased by Special Olympics Kansas, Inc., and sales made by or on behalf of Special Olympics.	***
3606 (mmm)	Property and services purchased by Marillac Center, Inc. and sales made by or on behalf of the Marillac Center.	***
3606 (nnn)	Property and services purchased by West Sedgwick County - Sunrise Rotary Club for constructing boundless playground.	***
3606 (qqq)	Property and services purchased by TLC for Children and Families, Inc. and sales made by or on behalf of TLC	***
3606 (sss)	Property and services purchased by catholic charities or youthville and sales made by or on behalf of catholic charities or youthville	***
3606 (uuu)	Property and services purchased by Kansas Children's Service League and sales made by or on behalf of the KCSL	***
3606 (vvv)	Property and services purchased by Jazz in the Woods and sales made by or on behalf of such organization	***
3606 (www)	Property purchased by or behalf of Frontenac Education Foundation and sales made by or on behalf of such organization	***
3606 (xxx)	Property and services purchased by the Booth Theatre Foundation, Inc.	***
3606 (yyy)	Property and services purchased by the TLC Charities Foundation, Inc. and sales made by or on behalf of these organizations.	***
3606 (zzz)	Property purchased by Rotary Club of Shawnee Foundation	***
3606 (aaaa)	Property and services purchased by or on behalf of Victory in the Valley and sales made by or on behalf of such organization	***
3606 (bbbb)	Guadalupe Health Foundation, sales of entry or participation fees, charges or tickets for annual fundraising event	***
3606 (cccc)	Property and services purchased by or on behalf of Wayside Waifs for the purpose of providing such organizations annual fundraising event and sales made by or on behalf of such organization	***

3606 (dddd)	Property or services purchased by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc for the purpose of providing education, training and employment opportunities for people with disabilities and other barriers to employment	***
3606 (eeee)	Property or services purchased by or on behalf of All Beef Battalion, Inc. for the purpose of educating, promoting and participating as a contract group through the beef cattle industry in order to carry out such projects that provide support and morale to members of the United States armed forces and military services.	***
3606 (ffff)	Property and services purchased by Sheltered Living, Inc for the purpose of providing residential and services for people with developmental disabilities or mental retardation, or both; and sales made on behalf of such organization	***
3606 (iiii)	Project Exemption Certificates (PEC) for constructing, maintaining, repairing, enlarging, furnishing or remodeling a facility for Wichita Children's Home	***
3606 (jjjj)	Property and services purchased by or on behalf of Beacon, Inc for the purpose of providing those desiring help with food, shelter, clothing and other necessities of life during times of special need.	***
3606 (kkkk)	Property and services purchased by or on behalf of Reaching Out from Within, Inc for the purpose of sponsoring self-help programs for incarcerated persons to enable them to become role models for non-violence while in correctional facilities and productive family members and citizens upon return to the community	***
3606 (llll)	Property and services purchased by Gove County Healthcare Endowment Foundation, Inc. for the purpose of constructing and equipping an airport in Quinter, Kansas. Exemption sunsets on July 1, 2019.	\$ -
3606 (nnnn)	Property and services purchased by Friends of Hospice of Jefferson County for the purpose of providing support to the Jefferson County Hospice Agency in end-of-life care of Jefferson County families, friends, and neighbors, and all sales of entry or participation fees, charges or tickets for the organization's fundraising event	***
3606 (qqqq)	Property and services purchased by Kansas suicide prevention HQ for the purpose of bringing suicide prevention training and awareness to communities across the state	***

3606 (ssss)	Personal property or services purchased by or on behalf of Doorstep for the purpose of providing short-term emergency aid to families and individuals in need, including assistance with food, clothing, rent, prescription medications, transportation and utilities, and providing information on services to promote long-term self-sufficiency	***
3606 (tttt)	Personal property or services purchased by Exploration Place for the purpose of constructing, remodeling, furnishing or equipping a riverfront amphitheater, a destination playscape, an education center and indoor renovations and personal property or services purchased by Kansas Children's Discovery Center for the purpose of constructing, remodeling, furnishing or equipping projects that include indoor-outdoor classrooms, an expanded multimedia gallery, a workshop and loading dock and safety upgrades. Exemption sunsets on December 31, 2030.	***
3606 (v v v v)	Personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a building that is operated by, or is intended to be operated by, the Kansas Fairgrounds Foundation.	***
Subtotal		\$ 3.58

Public Policy: Consumer Exemptions		
Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3602 (II)(3)(E)	Modified definition of sales or selling price to not include cash rebates granted by a manufacturer to a purchaser or lessee of a new motor vehicle if paid directly to the retailer as a result of the original sale.	\$ 4.31
3602 (II)(3)(G)	Excludes the amount of a manufacturer coupon from the sales price	\$ 2.11
3603 (b)	Taxes telephone and telegraph services except any interstate or international 800 or 900 service; (2) any interstate or international private communications service	\$ 3.05
3603 (c)	Residential and agricultural use utilities exempt from sales tax. (Gas & Electricity exempt from state sales tax not local sales tax. Water exempt from state and local sales tax)	\$ 136.98
3603 (o)	Motor vehicles exchanged for corporate stock (1970), corporate transfer to itself (1970) and immediate family member sales (1995).	\$ 0.35
3603 (p)	Labor services of installing or applying tangible property in conjunction with the original construction of a building or facility or the construction reconstruction, restoration, replacement or repair of a residence, bridge or highway	\$ 182.88

3603 (v)	Sales of bingo cards, bingo faces and instant bingo tickets.	\$ 3.80
3603 (x)	Sales of food and food ingredients in accordance with K.S.A. 79-3603d	\$ 430.28
3606 (u)	Leases or rentals of property used as a dwelling for more than 28 consecutive days.	\$ 5.98
3606 (w)	All sales of natural gas, electricity, heat and water delivered through mains, lines or pipes: (1) To residential premises for noncommercial use by the occupant of such premises; (2) for agricultural use and also, for such use, all sales of propane gas; (3) for use in the severing of oil; and (4) to certain property which is exempt from property taxation. Provisions (1) and (2) sunset Dec. 31, 2005.	\$ 19.39
3606 (x)	All sales of propane gas, LP-gas, coal, wood and other fuel sources for the production of heat or lighting for noncommercial use of an occupant of residential premises occurring prior to January 1, 2006.	\$ -
3606 (bb)	All sales of used mobile homes or manufactured homes.	\$ 7.41
3606 (ee)	Lottery tickets and shares made as part of a lottery operated by the State of Kansas	\$ 23.57
3606 (ff)	New mobile or manufactured homes to the extent of 40% of the gross receipts	\$ 1.37
3606 (mmmm)	Sales of gold or silver coins, and palladium, platinum, gold or silver bullion	\$ -
3606 (rrrr)	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	\$ 1.70
Subtotal		\$ 823.19

**Public Policy:
Governmental Exemptions**

Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3603 (g)	Service of renting of rooms by hotels or accommodation brokers to federal government or any federal employee in performance of official government duties.	\$ 0.44
3603 (h)	Service of leasing or renting machinery and equipment owned by city purchased with industrial revenue bonds prior to July 1, 1973	\$ -

3606 (b)	Property or services purchases directly by State of Kansas, political subdivision, nonprofit hospital or nonprofit blood, tissue or organ bank and used exclusively for state, political subdivision, hospital or public hospital authority or nonprofit blood, tissue or organ bank purposes,	\$ 1,722.63
3606 (d)	Property or services purchased by contractor for building or repair of buildings for nonprofit hospital, elementary or secondary schools or nonprofit educational institutions, and for state correctional institution with use of a project exemption certificate.	\$ 242.52
3606 (s)	Sales of property or services purchased by a groundwater management district, rural water district, or water supply district.	\$ 3.05
3606 (z)	Property and services purchased directly by a port authority or a contractor therefore.	\$ -
3606 (ss)	Property and services purchased by a public broadcasting station licensed by FCC as a noncommercial educational television or radio station except that for taxable years commencing after December 31, 2013, this subsection shall not apply to any sales of such tangible personal property purchased by a nonprofit organization which performs any abortion, as defined in K.S.A. 65-6701, and amendments thereto;	\$ -
3606 (uu)	Property and services purchased by rural fire fighting organization	\$ -
3606 (ooo)	Sales made by or on behalf of a public library	\$ 0.01
3606 (rrr)	Property and services purchased by county law library.	\$ 0.15
Subtotal		\$ 1,968.81

Public Policy: Educational Exemptions		
Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3606 (c)	Property or services purchased and leasing by elementary or secondary schools and educational institutions	\$ 206.60
3606 (h)	Rental of nonsectarian textbooks by elementary or secondary schools	\$ 3.19
Subtotal		\$ 209.79

Public Policy: Health Care Exemptions
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Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3606 (p)	Sales for prescription drugs	\$ 110.57
3606 (q)	Sales of insulin dispensed by pharmacist for treatment of diabetes	\$ 6.16
3606 (r)	Sales of prosthetic or orthopedic appliances prescribed by a doctor. All hearing aids, parts and batteries by licensed providers. mobility enhancing equipment prescribed in writing by a person licensed to practice the healing arts, dentistry or optometry.	\$ 11.32
3606 (hh)	Medical supplies and equipment purchased by nonprofit skilled nursing home or intermediate nursing care home for providing medical services to residents	\$ 2.63
3606 (jj)	All sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly on behalf of a community-based facility for people with intellectual disability or mental health center.	\$ 3.33
3606 (ll)	Educational materials purchased for distribution to the public at no charge by a nonprofit public health corporation	\$ 0.23
3606 (ccc)	Property and services purchases by health care centers and clinics who are serving the medically underserved.	\$ 0.63
3606 (jjj)	Sales of dietary supplements dispensed by prescription order by a licensed practitioner or mid-level practitioner.	\$ -
	Subtotal	\$ 134.87

**Public Policy:
Agriculture Exemptions**

Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3606 (t)	Sales of farm or aquaculture machinery and equipment, parts and services for repair and replacement including precision farm equipment and work-site utility vehicle.	\$ 194.40
3606 (mm)	Seeds, tree seedlings, fertilizers, insecticides, etc., and services purchased and used for producing plants to prevent soil erosion on land devoted to agricultural use.	\$ 1.06

3606 (hhhh)	Project Exemption Certificates (PEC) for specific agricultural industries for construction, reconstruction enlarging or remodeling a facility and the sale and installation of machinery and equipment when project exceed \$50,000	\$ 4.38
Subtotal		\$ 199.84

Public Policy: Exemption of Certain Services		
Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3603 (f)	Sales tax exclusion for Coin operated Laundry Services	\$ 1.82
3603 (m)	Fees and charges by any political subdivision, youth recreation organization exclusively providing services to persons 18 or younger organized as a 501(c)(3) for sports, games and other recreational activities and entry fees and charges for participation.	\$ 1.14
3603 (n)	Dues charged by any organization pursuant to paragraph 8 and 9 of 79-201 (veteran & humanitarian organizations) and zoos	\$ 0.42
3606 (nn)	Services rendered by advertising agency or broadcast station	\$ 2.98
Subtotal		\$ 6.36

Public Policy: Exemptions for Businesses		
Statute	Description of Exemption or Exclusion	FY 2025 (\$ in Millions)
3603 (s)	Tax on prewritten software. Custom software is excluded from tax.	\$ 63.05
3606 (i)	Lease or rental of films, records, tapes, etc. by motion picture exhibitors	\$ 3.49
3606 (j)	Meals served without charge to employees if duties include furnishing or sale of such meals or drinks	\$ 15.73
3606 (cc)	Property or services purchased for constructing, reconstructing, enlarging or remodeling a business; sale and installation of machinery and equipment purchased for installation in such business. (Enterprise Zone Exemption)	\$ 194.79

3606 (kk)	Machinery and equipment used directly and primarily in the manufacture, assemblage, processing, finishing, storing, warehousing or distributing of property for resale by the plant or facility. Integrated Production Machinery and Equipment.	\$ 269.83
3606 (pp)	Drill bits and explosives used in the exploration and production of oil or gas	\$ 0.38
3606 (zz)	Machinery and equipment purchased by over-the-air free access radio or television station used directly and primarily for producing signal or the electricity essential for producing the signal.	\$ 3.99
3606 (eee)	Property and services purchases for reconstruction, reconstruction, renovation, repair of grain storage facilities or railroad sidings. Only for calendar year 1999 and 2000.	\$ -
3606 (fff)	Material handling equipment, racking systems & other related machinery & equipment used for the handling, movement or storage of tangible personal property in a warehouse or distribution facility; installation, repair, maintenance services, and replacement parts.	\$ 10.49
3606 (gggg)	Sales of game birds for use in hunting	\$ 0.07
3606 (oooo)	Attracting Powerful Economic Expansion Act (APEX)	\$ -
3606 (uuuu)	Sales of equipment, machinery, software, ancillary components, appurtenances, accessories or other infrastructure purchased for use in the provision of communications services and services purchased by a provider in the provision of the communications service used in the repair, maintenance or installation in such communications service	\$ 15.58
(Updated 12/2025)	Subtotal	\$ 577.40
	Total	\$ 9,000.66

KANSAS MINERAL TAX

Year Enacted: 1983

Statutory Citation: K.S.A. Chapter 79, Article 42

Gas and oil are taxed on the gross value at the time of removal from the earth or water. The tax rate is 8% less property tax credits equal to 3.67%, making the tax rate 4.33% after the credit.

Tax exemptions for oil are based on the average price per barrel, average daily productions, depth of the well, new pools and inactive wells.

Tax exemptions for gas wells are for wells with an average daily production valued at \$87 or less, as used for domestic or agricultural purposes on the production unit, and gas from any new pool.

The state general fund receives 93% of the total collection and counties receive the remaining 7%.

Fiscal Year 2025 Mineral Tax Expenditures

Description	Number of Filers	*Tax Expenditure
Oil	33	(\$4,250,552)
Gas	106	(\$6,935,139)
Special Co. Mineral Production Fund	--	(\$2,699,881)
Mineral Production Education Fund	--	(\$9,376,020)
Property Tax Credit	--	(\$38,332,247)

*Tax expenditure computed using a rate of 4.33%

MOTOR FUEL TAXES

Year Enacted: 1925 – gasoline tax
1941 – special fuels tax
1959 – LP gas tax
1979 – gasohol tax

Statutory Citation: K.S.A. Chapter 79, Article 34

A tax is imposed on the use, sale or delivery of all motor vehicle fuels or special fuels that are used, sold or delivered in this state. Distributors are allowed to deduct a 2.5 percent handling allowance on gasoline and special fuels received. No allowances are made on gasoline and special fuels exported from the state or sold to the federal government or its agencies; nor are allowances made on gasoline or special fuels sold or disposed of to consumers in tank cars, transport, or pipeline lots.

Kansas law provides that, unless specifically exempt from sales tax, sale of motor fuels will be subject to the Kansas sales tax if no Kansas excise tax has been imposed. No motor fuel tax is imposed on gasoline or special fuel for the following transactions in Calendar Year 2024:

- export from the state to any other state or territory;

Fuel Type	Gallons	Tax Rate	Tax Expenditure
CY24 Gasoline/Gasohol	1,345,857,623	\$0.24	(\$323,005,830)
CY24 Diesel	569,975,943	\$0.26	(\$148,193,745)
CY24 E85	2,464,928	\$0.17	(\$419,038)

- sale to the federal government or its agencies (combined below);
- sale to a contractor who performs work for the federal government or its agencies;

Fuel Type	Gallons	Tax Rate	Tax Expenditure
CY24 Gasoline/Gasohol	1,819,932	\$0.24	(\$436,784)
CY24 Diesel	534,459	\$0.26	(\$138,959)
CY24 E85	51,057	\$0.17	(\$8,680)

- sale which is aviation fuel;

Fuel Type	Gallons	Tax Rate	Tax Expenditure
CY24 Gasoline/Gasohol	6,314,550	\$0.24	(\$1,515,492)
CY24 Diesel	51,228,425	\$0.26	(\$13,319,391)

- first sale or delivery to a duly licensed distributor who resells to another duly licensed distributor, (No numbers available. This exemption merely ensures that double taxation does not occur.);

- sale of indelibly dyed special fuel to be used for non-highway purposes, and

Fuel Type	Gallons	Tax Rate	Tax Expenditure
CY24 Dyed Diesel	455,043,089	\$0.26	(\$118,311,203)

- shrinkage allowance @ 2.5%.

Fuel Type	Gallons	Tax Rate	Tax Expenditure
CY24 Gasoline/Gasohol	33,155,887	\$0.24	(\$7,957,413)
CY24 Diesel	12,367,858	\$0.26	(\$3,215,643)
CY24 E85	110,681	\$0.17	(\$18,816)

KANSAS HOMESTEAD REFUND PROGRAM

Year Enacted: 1970
Statutory Citation: K.S.A. Chapter 79, Article 45

The homestead refund program is a rebate of a portion of the property taxes paid on a Kansas resident's homestead. (Effective January 1, 2013, renters no longer qualify and may not claim a Homestead Property Tax Refund.) If an individual owns their home, the refund is a percentage of the general property tax. In tax years 2023 and 2024, the maximum refund was \$700. As a Kansas resident the entire year, an individual is eligible if the total household income is \$40,500 or less in tax year 2023; \$42,600 or less in tax year 2024, and the individual:

- is 55 years of age or older, OR
- was blind or totally and permanently disabled in calendar year of claim, OR
- had a dependent child under 18 who lived with you all year whom you claim as a personal exemption

A claimant may receive either a Homestead or a SAFE SENIOR refund, but not both. The refund percentage is based on the total household income. In tax year 2023, the Kansas Department of Revenue issued \$10,070,318 in homestead refunds to 46,398 homeowners.

SELECTIVE ASSISTANCE FOR EFFECTIVE SENIOR RELIEF (SAFE SENIOR)

Year Enacted: 2008
Statutory Citation: K.S.A. Chapter 79, Article 45

Safe Senior is a property tax refund program administered under the provisions of the Kansas Homestead Act (property tax refund). For tax year 2011 and all tax years thereafter, the refund is 75% of the general property tax paid or to be paid. As a Kansas resident the entire year, an individual is eligible if the total household income is \$23,700 or less in tax year 2023; \$24,500 or less in tax year 2024 and the individual:

- is 65 years of age or older for all of calendar year
- owned a home in Kansas during calendar year

A claimant may receive either a Homestead or a SAFE SENIOR refund, but not both.

During the last reported tax year, the Kansas Department of Revenue issued \$9,674,582 in SAFE SENIOR refunds to 7,012 homeowners. This is reported as a part of the total homestead refunds issued.

HOMESTEAD SENIORS AND DISABLED VETERANS (HOMESTEAD SVR)

Year Enacted: 2022
Statutory Citation: K.S.A. Chapter 79, Article 45

In 2022, the legislature created a new Homestead SVR program for seniors and disabled veterans, for refund claims to be paid to claimants for the amount by which the claimant's residential property tax exceeds the amount of the claimant's property tax in the claimant's base year. In Tax Year 2023, the maximum household income was \$53,600. In Tax Year 2024, the maximum household income was \$56,450. During the last reported tax year, the Kansas Department of Revenue issued \$7,699,400 in Homestead SVR refunds to 18,561 homeowners.

KANSAS FOOD SALES TAX CREDIT PROGRAM

Year Enacted: 2013

Statutory Citation: K.S.A. Chapter 79, Article 32

The food sales tax credit program offers a nonrefundable income tax credit of the sales tax paid on food. To qualify for the program an individual must have lived in Kansas for the entire year and:

- be 55 years of age or older, OR
- was blind or totally and permanently disabled in calendar year of claim, OR
- had a dependent child under 18 who lived with you all year whom you claim as a personal exemption

During the 2022 legislative session, House Bill 2106 was signed into law. It reduced the state sales and compensating use tax rate on food and food ingredients. The bill also sunsets the Food Sales Income Tax Credit at the end of Tax Year 2024.

The food sales tax refund is computed as follows:

If the qualifying income is:	The refund is:
\$0 to \$30,615	\$125 per number of qualified federal exemptions and must be applied to Kansas tax liability after all other credits.

In tax year 2023, the Kansas Department of Revenue issued \$6,577,467 in food sales tax credits to 48,432 eligible filers.

KANSAS IMPACT PROGRAM

Year Enacted: 1991

Statutory Citation: K.S.A. Chapter 74, Article 50

The IMPACT act provides for major project investment to provide financial assistance to defray business costs. IMPACT also provides financial assistance for new job training.

Commencing on July 1, 2021, and on the first day of each month thereafter during fiscal year 2025, fiscal year 2026 and fiscal year 2027, the secretary of revenue shall apply a rate of 2% to that portion of moneys withheld from the wages of individuals and collected under the Kansas withholding and declaration of estimated tax act, K.S.A. [79-3294](#) et seq., and amendments thereto. The amount so determined shall be credited on a monthly basis as follows: (1) An amount necessary to meet obligations of the debt services for the IMPACT program repayment fund; (2) an amount to the IMPACT program services fund as needed for program administration; and (3) any remaining amounts to the job creation program fund created pursuant to K.S.A. [74-50,224](#), and amendments thereto. During fiscal year 2025, fiscal year 2026 and fiscal year 2027, the aggregate amount that is credited to the job creation program fund pursuant to this subsection shall not exceed \$20,000,000 for each such fiscal year.

In fiscal year 2025, the Kansas IMPACT program expended \$20,000,000.