

Income/Franchise:

Kansas: New Law Provides for Contingent Corporate and Individual Income Tax Rate Reductions

S.B. 269, Kansas House and Senate override Governor's veto 4/10/25. Contingent on whether certain annual state budgetary and fund growth goals are met each year, recently enacted legislation may gradually phase in reduced Kansas income and privilege tax rates. According to the bill's accompanying conference committee report brief, if the annual goals are met for the year, Kansas individual income tax rates are reduced first – with both tax rates being reduced proportionally each year the goals are met until the lower bracket reaches 4%, at which time only the upper bracket rate is reduced each year the goals are met until the upper bracket rate reaches 4%. Upon the Kansas individual income tax rates reaching 4%, rate reductions to the Kansas surtax rate for corporations and the normal tax rates for financial institutions would then commence in corresponding amounts – and such tax rate reductions would continue each year the goals are met until:

URL: https://kslegislature.gov/li/b2025_26/measures/sb269/

- The combined normal tax and surtax rate for corporations reaches 4%;
- The combined normal tax and surtax rate for banks reaches 2.6%; and
- The combined normal tax and surtax rate for trust companies and savings and loan associations reaches 2.62%.

The accompanying conference committee report brief also explains that “in all cases, the reduced rates would remain in effect until further reduced by the provisions of the bill.” Please contact us with any questions.

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