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POLICY SPOTLIGHT

Reversing Kansas's Outmigration

Tax, housing, and labor reforms to grow the state

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Americans made nearly 34 million interstate moves between 2018 and 2023, redistributing population, income, and economic activity among the states. Kansas ranked 40th in net interstate migration, losing over 29,000 residents and $1.8 billion in income.[1] Analysis finds that tax burden, economic freedom, and housing supply constraints are the factors most closely correlated with state migration outcomes. Kansas faces competitive pressure on both fronts: Its top income and corporate tax rates remain above regional peers, and its per-capita housing permitting rate is less than half that of neighboring Colorado.

Tax Policy Reforms

The competitive landscape

Kansas ranks 23rd on the Tax Foundation's State Tax Competitiveness Index, with top individual and corporate income tax rates above the regional median. The income tax rate was reduced in 2024 but remains uncompetitive with neighboring Missouri, which also has a prospective ballot initiative that would ask voters to support phasing out the income tax entirely over time. In 2025 Kansas enacted tax triggers to gradually reduce individual income tax rates to a flat 4%, followed by corporate rates as revenues allow, potentially attracting interstate movers from high-tax states.

Missouri	Top individual income tax rate of 4.7%; top corporate rate of 4%. A ballot initiative to phase out the income tax over time is also under consideration.
Kansas	Top individual income tax rate of 5.58% (reduced from 5.7% in 2024); top corporate rate of 7%. 2025 legislation establishes tax triggers to reduce both rates to a flat 4% over time. Ranks 23rd on the State Tax Competitiveness Index.

Recommended reforms

- **Protect the 2025 tax trigger mechanism:** This mechanism gradually reduces individual and corporate income tax rates to a flat 4% as revenues allow and is the most significant progrowth tax reform in Kansas

[1] See Jack Salmon, "Interstate Migration Trends in the United States, 2018–2023: Where Are Americans Moving, and Why?" (Mercatus Policy Brief, Mercatus Center at George Mason University, July 2026). For the full analysis including sources, scan the QR code on the next page.

in recent years. Policymakers should resist any effort to suspend, delay, or reverse the triggers or adopt new spending commitments that could prevent future rate reductions.

- **Accelerate corporate rate reductions where possible:** Under the 2025 framework, corporate rate cuts begin only after the individual income tax reaches 4%. Given Missouri's 4% corporate rate, legislators should explore using surplus revenues to make corporate rate reductions alongside individual rate cuts.
- **Monitor Missouri's income tax elimination initiative:** If Missouri voters approve a ballot measure to phase out the state income tax, Kansas will face significantly heightened competitive pressure on its largest border. Policymakers should prepare a contingency response—including accelerated rate reductions—to ensure Kansas does not fall farther behind its chief regional competitor.

Housing Policy Reforms

The supply gap

Kansas issues approximately 3.2 housing permits per 1,000 residents annually—less than half the rate of neighboring Colorado (approximately 6.7 per 1,000). Constrained supply raises housing costs, reduces affordability for incoming residents and workers, and diminishes Kansas's attractiveness relative to peer states. The barriers are not primarily financial; they are regulatory. Slow permitting processes increase development costs and reduce housing supply.

Recommended reforms

- **Allow residential housing in commercial zones:** This will continue Kansas's recent pro-housing trajectory. In 2026, Kansas enacted important housing reforms, including accessory dwelling unit (ADU) and minimum lot size reforms, third-party review, and fast-track permitting. Policymakers should build on this progress by allowing residential and mixed-use development by right in commercial zones. This would put underused commercial land—such as aging shopping centers and oversized parking lots—to productive use, expanding housing near jobs and services while supporting local businesses and limiting outward sprawl.
- **Cap or eliminate parking mandates:** Kansas should follow the model of Colorado in banning parking requirements within a quarter mile of transit in urban areas, making higher-density projects more financially viable and improving housing affordability.

Labor Market Freedom Reforms

Building on portable benefits reform

Survey evidence shows that 80.3% of self-employed workers in the United States want to remain independent while 80.1% want access to portable benefits. Portable benefits legislation allows workers to access benefits without compromising worker flexibility or exposing companies to legal risk. Kansas has already taken an important step by enacting portable benefits legislation in 2026, but lawmakers should build on that progress.

- **Allow independent workers to self-certify their status.** Create a voluntary registration process that gives businesses confidence that registered independent contractors will be treated as such by state regulators, reducing misclassification concerns and making it easier for firms to offer benefits without risking reclassification as employees.

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