

KANSAS OFFICE *of*
REVISOR *of* STATUTES

LEGISLATURE *of* THE STATE *of* KANSAS
Legislative Attorneys transforming ideas into legislation.

300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: January 31, 2023

Subject: House Bill No. 2110

Summary

House Bill No. 2110 would allow a taxpayer to elect to apportion income based on a sales factor rather than the current three-factor apportionment. The election would be available to businesses engaged in:

- (1) Agricultural activities;
- (2) manufacturing;
- (3) production of electricity;
- (4) storage of electricity;
- (5) scientific and technical consulting services for a biofuel facility;
- (6) petroleum and petroleum products merchant wholesalers;
- (7) paper and paper product merchant wholesalers; and
- (8) wireless telecommunications carriers.

Taxpayers may choose the election for apportionment by including a statement in the tax return. The election shall be effective and irrevocable for the taxable year and nine following taxing years. The election will be binding on members of a unitary group of corporations. The Secretary may, upon request of the taxpayer, grant permission to terminate the expiration of the remaining years of the election.

The Secretary would be required to submit a report on or before March 1, 2028, concerning the use of the election and the number of taxpayers that have elected the sales factor apportionment in lieu of the standard apportionment.