

SESSION OF 2026

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2773**

As Recommended by House Committee on  
Taxation

**Brief\***

HB 2773 would require certain manufacturers of alcoholic liquor to utilize the single sales factor apportionment method to apportion business income to Kansas for corporation income tax purposes for tax years beginning on or after January 1, 2027.

The manufacturers required to use the single-factor method would be those with property owned or rented and used in Kansas during the tax year with an average value of at least \$5.0 million and a total amount of compensation paid in Kansas during the tax year in excess of \$2.0 million.

All other manufacturers of alcoholic liquor would be required to utilize the three-factor apportionment formula in continuing law, which considers the amount of property, payroll, and sales in Kansas.

**Background**

The bill was introduced by the House Committee on Taxation at the request of a representative of the Kansas Chamber of Commerce.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

### ***House Committee on Taxation***

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Beer Wholesalers Association, Kansas Chamber of Commerce, and MGP Ingredients. The proponents generally stated the bill would allow in-state alcohol manufacturers to benefit from the single-factor formula without imposing additional tax liability on out-of-state manufacturers.

No other testimony was provided.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue is unable to provide an estimate of the fiscal effect of the enactment of the bill due to confidentiality concerns. Fewer than five taxpayers would be affected by the provisions of the bill and taxpayer confidentiality laws prohibit disclosure of information that could result in the indirect disclosure of confidential taxpayer information. Any fiscal effect associated with the bill is not reflected in *The FY 2027 Governor's Budget Report*.

Taxation; income tax; apportionment; alcohol manufacturing