2025 Kansas Statutes

79-32,113. Exempted organizations; requirements and restrictions; electric and natural gas public utilities requirements. (a) A person or organization exempt from federal income taxation under the provisions of the federal internal revenue code shall also be exempt from the tax imposed by this act in each year in which such person or organization satisfies the requirements of the federal internal revenue code for exemption from federal income taxation. If the exemption applicable to any person or organization under the provisions of the federal internal revenue code is limited or qualified in any manner, the exemption from taxes imposed by this article shall be limited or qualified in a similar manner.

(b) Notwithstanding the provisions of subsection (a), the unrelated business taxable income, as computed under the provisions of the federal internal revenue code, of any person or organization otherwise exempt from the tax imposed by this act and subject to the tax imposed on unrelated business income by the federal internal revenue code shall be subject to the tax which would have been imposed by this act but for the provisions of subsection (a).

(c) In addition to the persons or organizations exempt from federal income taxation under the provision of the federal internal revenue code, there shall also be exempt from the tax imposed by this act, insurance companies, banks, trust companies, savings and loan associations, credit unions and any other organizations, entities or persons specifically exempt from Kansas income taxation under the laws of the state of Kansas.

(d) Notwithstanding the provisions of K.S.A. 79-32,110, and amendments thereto, the following entities shall be exempt from the tax imposed by the Kansas income tax act pursuant to K.S.A. 79-32,110, and amendments thereto:

(1) Any utility that is a cooperative as defined in K.S.A. 66-104d, and amendments thereto, or owned by one or more such cooperatives; and

(2) effective for tax years ending on or after January 1, 2021, every electric and natural gas public utility as defined in K.S.A. 66-104, and amendments thereto, that is subject to rate regulation by the state corporation commission.

(e) Every electric and natural gas public utility as defined in K.S.A. 66-104, and amendments thereto, not including any such utility that is a cooperative as defined in K.S.A. 66-104d, and amendments thereto, or owned by one or more such cooperatives shall:

(1) Not be permitted to be included in a consolidated or unitary combined return;

(2) except as provided in K.S.A. 2025 Supp. 66-1,239, and amendments thereto, not collect, as a component of such utility's retail rates, Kansas income tax expenses; and

(3) exclude sales from the sales factor from sales to the affiliated utility by members in a unitary business group.

History: L. 1967, ch. 497, § 6; L. 1978, ch. 403, § 2; L. 1988, ch. 381, § 17; L. 2020, ch. 13, § 4; L. 2025, ch. 123, § 8; July 1.