

HOUSE BILL No. 2336

By Committee on Taxation

Requested by Eric Stafford on behalf of the Kansas Chamber of Commerce

2-7

1 AN ACT concerning taxation; relating to income and privilege taxes;
2 providing for the apportionment of business income by the single sales
3 factor and the apportionment of financial institution income by the
4 receipts factor; **providing for the apportionment pursuant to the**
5 **three-factor test of a manufacturer who sells alcoholic liquor;**
6 **{requiring the use of single sales factor pursuant to the multistate**
7 **tax compact;}** establishing deductions from income when using the
8 single sales factor and receipts factor; providing for the decrease in
9 corporate income tax rates; determining when sales other than tangible
10 personal property are made in the state; excluding sales of a unitary
11 business group of electric and natural gas public utilities; amending
12 K.S.A. 79-1129, 79-3271, 79-3279 ~~and~~, 79-3287 **{and 79-4301}** and
13 K.S.A. 2024 Supp. 79-32,110 and 79-32,113 and repealing the existing
14 sections.
15

16 *Be it enacted by the Legislature of the State of Kansas:*

17 New Section 1. (a) ~~Commencing with~~ **{At the end of}** fiscal year
18 ~~2026~~ **{2028}**, the director of the budget, in consultation with the director of
19 legislative research, shall certify, ~~at the end of each such fiscal year~~, the
20 amount of actual corporate income tax receipt revenues generated pursuant
21 to K.S.A. 79-32,110(c), and amendments thereto, that is in excess of the
22 prior fiscal year's corporate income tax receipts. The director of the budget
23 shall transmit such certification to the secretary of revenue. Upon receipt
24 of such certification, the secretary shall compute the reduction of the
25 corporate income tax rate pursuant to K.S.A. 79-32,110(c), and
26 amendments thereto. The certified amount shall be computed in dollars by
27 the secretary for a reduction rounded down to the nearest 0.1% in the
28 corporate income tax rate, if any, to go into effect for the next ~~calendar~~
29 **{tax}** year that would reduce the corporate income tax rate in an amount
30 approximately equal to the amount computed by the secretary. The
31 secretary shall reduce the normal tax on corporations. Such rate reductions
32 shall remain in effect unless further reduced pursuant to law.

33 (b) The secretary shall publish by October 1, ~~2027~~ **{2028}**, the new

1 income tax rates to take effect ~~on January 1~~ **{for all taxable years**
2 **commencing after December 31}**, 2028.

3 Sec. 2. K.S.A. 79-1129 is hereby amended to read as follows: 79-
4 1129. (a) Except as otherwise specifically provided, a financial institution
5 whose business activity is taxable both within and without this state shall
6 allocate and apportion its net income as provided in this act. All items of
7 nonbusiness income, income which is not includable in the apportionable
8 income tax base, shall be allocated pursuant to the provisions of K.S.A.
9 79-3274 through 79-3278 and amendments thereto. A financial institution
10 organized under the laws of a foreign country, the commonwealth of
11 Puerto Rico, or a territory or possession of the United States whose
12 effectively connected income, as defined under the federal internal revenue
13 code, is taxable both within this state and within another state, other than
14 the state in which it is organized, shall allocate and apportion its net
15 income as provided in this act and its apportionment factors shall include
16 the part of its property, payroll and receipts that is related to its
17 apportionable income.

18 (b) (1) *For taxable years {commencing} prior to January 1, 2028*
19 **2027, all business income shall be apportioned as follows:**

20 ~~(A)~~—All business income, income which is includable in the
21 apportionable income tax base, shall be apportioned to this state by
22 multiplying such income by the apportionment percentage. The
23 apportionment percentage is determined by adding the taxpayer's receipts
24 factor, as described in K.S.A. 79-1130, *and amendments thereto*, property
25 factor, as described in K.S.A. 79-1131, *and amendments thereto*, and
26 payroll factor, as described in K.S.A. 79-1132, *and amendments thereto*,
27 together and dividing the sum by three. If one of the factors is missing, the
28 two remaining factors are added and the sum is divided by two. If two of
29 the factors are missing, the remaining factor is the apportionment
30 percentage. A factor is missing if both its numerator and denominator are
31 zero, but it is not missing merely because its numerator is zero.

32 ~~(B) (i)~~—*For tax years commencing on or after January 1, 2025, and*
33 *ending before January 1, 2028, at the election of the taxpayer, all business*
34 *income that is includable in the apportionable income tax base, may be*
35 *apportioned to this state by the taxpayer's receipts factor, as described in*
36 *K.S.A. 79-1130, and amendments thereto.*

37 ~~(ii)~~—*An election under this subparagraph shall be made by including*
38 *a statement with the original tax return for which the election is made*
39 *indicating that the taxpayer elects to apply this apportionment method.*
40 *The election shall be effective and irrevocable for the taxable year of the*
41 *election and shall be binding on all members of a unitary group of*
42 *corporations.*

43 (2) *For tax years commencing on or after January 1, 2028* **2027, all**

1 *business income shall be apportioned to this state by multiplying the*
2 *business income by the receipts factor.*

3 (c) Each factor shall be computed according to the method of
4 accounting, cash or accrual basis, used by the taxpayer for the taxable year.

5 (d) If the allocation and apportionment provisions of this act do not
6 fairly represent the extent of the taxpayer's business activity in this state,
7 the taxpayer may petition for or the secretary of revenue may require, in
8 respect to all or any part of the taxpayer's business activity, if reasonable:

9 (1) Separate accounting;

10 (2) the exclusion of any one or more of the factors;

11 (3) the inclusion of one or more additional factors which will fairly
12 represent the taxpayer's business activity in this state; or

13 (4) the employment of any other method to effectuate an equitable
14 allocation and apportionment of the taxpayer's income.

15 (e) In the event a combined report is utilized to determine the Kansas
16 income attributable to a unitary group of financial institutions, the
17 financial institutions in the combined group shall include only those
18 institutions which have a branch or office in Kansas.

19 (f) (1) *There shall be allowed as a deduction an amount computed in*
20 *accordance with this subsection.*

21 (2) *As of July 1, 2025, only publicly traded companies, including*
22 *affiliated corporations participating in the filing of a publicly traded*
23 *company's financial statements prepared in accordance with generally*
24 *accepted accounting principles, shall be eligible for this deduction.*

25 (3) *If the provisions of this section result in an aggregate increase in*
26 *the taxpayer's net deferred tax liability or an aggregate decrease in the*
27 *taxpayer's net deferred tax asset, or an aggregate change from a net*
28 *deferred tax asset to a net deferred tax liability, the taxpayer shall be*
29 *entitled to a deduction, as determined in this subsection. For the purposes*
30 *of this section, the term "taxpayer" includes a unitary group of businesses*
31 *that is required to file a combined report. The deferred tax impact*
32 *deduction provided under this section for a unitary group of businesses*
33 *that is required to file a combined report shall be calculated using unitary*
34 *net deferred tax assets and liabilities and deducted against unitary group*
35 *income.*

36 (4) *A taxpayer shall be entitled to a deferred tax impact deduction*
37 *from the taxpayer's net business income before apportionment equal to the*
38 *amount necessary to offset the increase in the net deferred tax liability or*
39 *decrease in the net deferred tax asset, or aggregate change from a net*
40 *deferred tax asset to a net deferred tax liability. Such increase in the net*
41 *deferred tax liability, decrease in the net deferred tax asset or the*
42 *aggregate change from a net deferred tax asset to a net deferred tax*
43 *liability shall be computed based on the change that would result from the*

1 imposition of the single sales factor requirements pursuant to this section,
2 excluding the deduction provided under this paragraph, as of the end of
3 the tax year prior to ~~the year in which the taxpayer makes an election or is~~
4 ~~required to apportion by the sales factor~~ {tax year} 2025. The amount of
5 the deduction shall equal the annual deferred tax deduction amount set
6 forth in paragraph (5).

7 (5) The annual deferred tax deduction amount shall be calculated as
8 follows:

9 (A) The deferred tax impact determined in paragraph (4) shall be
10 divided by the ~~income~~ {privilege} tax rate ~~for corporations~~ in effect for
11 the tax year pursuant to K.S.A. ~~79-32, H0~~ {79-1107 and 79-1108}, and
12 amendments thereto;

13 (B) the resulting amount shall be further divided by the Kansas
14 apportionment factor that was used by the taxpayer in the calculation of
15 the deferred tax assets and deferred tax liabilities as provided in this
16 subsection; and

17 (C) the result multiplied by $1/10$ shall represent the total net deferred
18 tax deduction available for the first tax year beginning on or after January
19 1, 2035, and the next nine successive tax years.

20 (6) The deduction calculated under paragraph (5) shall not be
21 adjusted as a result of any events subsequent to such calculation,
22 including, but not limited to, any disposition or abandonment of assets.
23 Such deduction shall be calculated without regard to any tax liabilities
24 under the federal internal revenue code and shall not alter the tax basis of
25 any asset. If the deduction under this section is greater than the taxpayer's
26 net business income before apportionment, any excess deduction shall be
27 carried forward and applied as a deduction for future tax years until fully
28 utilized.

29 (7) At the discretion of the taxpayer, the taxpayer shall be allowed to
30 claim other available tax credits before claiming the deferred tax
31 deduction calculated under this section. Any deferred tax deduction
32 calculated under this section not claimed on a return shall be carried
33 forward and applied as a deduction for future tax years until fully utilized.

34 (8) Any taxpayer intending to claim a deduction under this subsection
35 shall file a statement with the secretary on or before July 1, ~~2028~~ 2027,
36 specifying the total amount of the deduction that the taxpayer claims. The
37 statement shall be made on such form and in such manner as prescribed
38 by the secretary and shall contain such information or calculations as the
39 secretary may specify. No deduction shall be allowed under this section
40 for any taxable year except to the extent claimed in the manner prescribed
41 on or before July 1, ~~2028~~ 2027.

42 (9) For purposes of this subsection:

43 (A) "Net deferred tax liability" means deferred tax liabilities that

1 *exceed the deferred tax assets of the taxpayer, as computed in accordance*
2 *with generally accepted accounting principles.*

3 (B) *"Net deferred tax asset" means that deferred tax assets exceed the*
4 *deferred tax liabilities of the taxpayer, as computed in accordance with*
5 *generally accepted accounting principles.*

6 Sec. 3. K.S.A. 79-3271 is hereby amended to read as follows: 79-
7 3271. As used in this act, unless the context otherwise requires: (a) For tax
8 years commencing prior to January 1, 2008, "business income" means
9 income arising from transactions and activity in the regular course of the
10 taxpayer's trade or business and includes income from tangible and
11 intangible property if the acquisition, management, and disposition of the
12 property constitute integral parts of the taxpayer's regular trade or business
13 operations, except that a taxpayer may elect that all income constitutes
14 business income. For tax years commencing after December 31, 2007,
15 "business income" means: (1) Income arising from transactions and
16 activity in the regular course of the taxpayer's trade or business; (2)
17 income arising from transactions and activity involving tangible and
18 intangible property or assets used in the operation of the taxpayer's trade or
19 business; or (3) income of the taxpayer that may be apportioned to this
20 state under the provisions of the Constitution of the United States and laws
21 thereof, except that a taxpayer may elect that all income constitutes
22 business income. Any election made under this subsection shall be
23 effective and irrevocable for the tax year in which the election is made and
24 the following nine tax years and shall be binding on all members of a
25 unitary group of corporations.

26 (b) "Commercial domicile" means the principal place from which the
27 trade or business of the taxpayer is directed or managed.

28 (c) "Compensation" means wages, salaries, commissions and any
29 other form of remuneration paid to employees for personal services.

30 (d) "Financial organization" means any bank, trust company, savings
31 bank, industrial bank, land bank, safe deposit company, private banker,
32 savings and loan association, credit union, cooperative bank, or any type
33 of insurance company, but such term shall not be deemed to include any
34 business entity, other than those hereinbefore enumerated, whose primary
35 business activity is making consumer loans or purchasing retail installment
36 contracts from one or more sellers.

37 (e) "Nonbusiness income" means all income other than business
38 income.

39 (f) "Public utility" means any business entity ~~which~~ *that* owns or
40 operates for public use any plant, equipment, property, franchise, or
41 license for the transmission of communications, transportation of goods or
42 persons, or the production, storage, transmission, sale, delivery, or
43 furnishing of electricity, water, steam, oil, oil products or gas.

1 (g) "Original return" means the first return filed to report the income
2 of a taxpayer for a taxable year or period, irrespective of whether such
3 return is filed on a single entity basis or a combined basis.

4 (h) "Sales" means, except as otherwise provided in K.S.A. 79-3285,
5 and amendments thereto, all gross receipts of the taxpayer not allocated
6 under K.S.A. 79-3274 through 79-3278, and amendments thereto.

7 (i) "State" means any state of the United States, the District of
8 Columbia, the Commonwealth of Puerto Rico, any territory or possession
9 of the United States, and any foreign country or political subdivision
10 thereof.

11 (j) "Telecommunications company" means any business entity or
12 unitary group of entities whose primary business activity is the
13 transmission of communications in the form of voice, data, signals or
14 facsimile communications by wire or fiber optic cable.

15 (k) "Distressed area taxpayer" means a corporation ~~which~~ that: (1) Is
16 located in a county which has a population of not more than 45,000
17 persons and which, as certified by the department of commerce, has
18 sustained an adverse economic impact due to the closure of a state hospital
19 in such county pursuant to the recommendations of the hospital closure
20 commission; and (2) ~~which~~ has a total annual payroll of \$20,000,000 or
21 more for employees employed within such county.

22 (l) For the purposes of this subsection and ~~subsection (b)(5) of K.S.A.~~
23 ~~79-3279~~ 79-3279(a)(5){(b)(5)}, and amendments thereto, the following
24 terms are defined:

25 (1) "Administration services" include clerical, fund or shareholder
26 accounting, participant record keeping, transfer agency, bookkeeping, data
27 processing, custodial, internal auditing, legal and tax services performed
28 for an investment company;

29 (2) "distribution services" include the services of advertising,
30 servicing, marketing, underwriting or selling shares of an investment
31 company, but, in the case of advertising, servicing or marketing shares,
32 only where such service is performed by a person who is, or in the case of
33 a closed end company, was, either engaged in the services of underwriting
34 or selling investment company shares or affiliated with a person who is
35 engaged in the service of underwriting or selling investment company
36 shares. In the case of an open end company, such service of underwriting
37 or selling shares must be performed pursuant to a contract entered into
38 pursuant to 15 U.S.C. § 80a-15(b), as in effect on the effective date of this
39 act;

40 (3) "investment company", means any person registered under the
41 federal Investment Company Act of 1940, as in effect on the effective date
42 of this act, or a company which would be required to register as an
43 investment company under such act except that such person is exempt to

1 such registration pursuant to § 80a-3(c)(1) of such act;

2 (4) "investment funds service corporation" includes any corporation
3 or S corporation headquartered in and doing business in this state which
4 derives more than 50% of its gross income from the provision of
5 management, distribution or administration services to or on behalf of an
6 investment company or from trustees, sponsors and participants of
7 employee benefit plans which have accounts in an investment company;

8 (5) "management services" include the rendering of investment
9 advice to an investment company making determinations as to when sales
10 and purchases of securities are to be made on behalf of the investment
11 company, or the selling or purchasing of securities constituting assets of an
12 investment company, and related activities, but only where such activity or
13 activities are performed:

14 (A) Pursuant to a contract with the investment company entered into
15 pursuant to 15 U.S.C. § 80a-15(a), in effect on the effective date of this
16 act; or

17 (B) for a person that has entered into such contract with the
18 investment company;

19 (6) "qualifying business income" is business income derived from the
20 provision of management, distribution or administration services to or on
21 behalf of an investment company or from trustees, sponsors and
22 participants of employee benefit plans which have accounts in an
23 investment company; and

24 (7) "residence" is the fund shareholder's primary residence address.

25 Sec. 4. K.S.A. 79-3279 is hereby amended to read as follows: 79-

26 3279. (a) ~~All business income of railroads and interstate motor carriers of~~
27 ~~persons or property for hire shall be apportioned to this state by~~
28 ~~multiplying the business income by a fraction, in the case of railroads, the~~
29 ~~numerator of which is the freight car miles in this state and the~~
30 ~~denominator of which is the freight car miles everywhere, and, in the case~~
31 ~~of interstate motor carriers, the numerator of which is the total number of~~
32 ~~miles operated in this state and the denominator of which is the total~~
33 ~~number of miles operated everywhere. {For tax years commencing~~
34 **before January 1, 2027, all business income of railroads and interstate**
35 **motor carriers of persons or property for hire shall be apportioned to**
36 **this state by multiplying the business income by a fraction, in the case**
37 **of railroads, the numerator of which is the freight car miles in this**
38 **state and the denominator of which is the freight car miles,**
39 **everywhere and, in the case of interstate motor carriers, the**
40 **numerator of which is the total number of miles operated in this state**
41 **and the denominator of which is the total number of miles operated**
42 **everywhere.}**

43 (b) ~~{(b)} For the tax years commencing on or after January 1, 2025.~~

1 ~~and ending before January 1, 2028~~ **2027**, all business income of any other
2 taxpayer shall be apportioned to this state by one of the following
3 methods:

4 (1) By multiplying the business income by a fraction, the numerator
5 of which is the property factor plus the payroll factor plus the sales factor,
6 and the denominator of which is three; or

7 (2) at the election of a qualifying taxpayer, by multiplying the
8 business income by a fraction, the numerator of which is the property
9 factor plus the sales factor, and the denominator of which is two.

10 (A) For purposes of this subsection ~~(b)(2)(a)(2)~~ **{(b)(2)}**, a qualifying
11 taxpayer is any taxpayer whose payroll factor for a taxable year exceeds
12 200% of the average of the property factor and the sales factor. Whenever
13 two or more corporations are engaged in a unitary business and required to
14 file a combined report, the fraction comparison provided by this subsection
15 ~~(b)(2)(a)(2)~~ **{(b)(2)}** shall be calculated by using the payroll factor,
16 property factor and sales factor of the combined group of unitary
17 corporations.

18 (B) An election under this subsection ~~(b)(2)(a)(2)~~ **{(b)(2)}** shall be
19 made by including a statement with the original tax return indicating that
20 the taxpayer elects to apply the apportionment method under this
21 subsection ~~(b)(2)(a)(2)~~ **{(b)(2)}**. The election shall be effective and
22 irrevocable for the taxable year of the election and the following nine
23 taxable years. The election shall be binding on all members of a unitary
24 group of corporations. Notwithstanding the above, the secretary of revenue
25 may upon the request of the taxpayer, grant permission to terminate the
26 election under this subsection ~~(b)(2)(a)(2)~~ **{(b)(2)}** prior to expiration of
27 the ten-year period.

28 (3) At the election of a qualifying telecommunications company, by
29 multiplying the business income by a fraction, the numerator of which is
30 the information carrying capacity of wire and fiber optic cable available
31 for use in this state, and the denominator of which is the information
32 carrying capacity of wire and fiber optic cable available for use
33 everywhere during the tax year.

34 (A) For purposes of this subsection ~~(b)(3)(a)(3)~~ **{(b)(3)}**, a qualifying
35 telecommunications company is a telecommunications company that is a
36 qualifying taxpayer under ~~paragraph (A) of subsection (b)(2)(a)(2)(A)~~ **{(b)**
37 **(2)(A)}**.

38 (B) A qualifying telecommunications company shall make the
39 election under this ~~subsection (b)(3) paragraph~~ in the same manner as
40 provided under ~~paragraph (B) of subsection (b)(2)(a)(2)(B)~~ **{(b)(2)(B)}**.

41 (4) At the election of a distressed area taxpayer, by multiplying the
42 business income by the sales factor. The election shall be made by
43 including a statement with the original tax return indicating that the

1 taxpayer elects to apply this apportionment method. The election may be
2 made only once, it must be made on or before December 31, 1999 and it
3 shall be effective for the taxable year of the election and the following nine
4 taxable years for so long as the taxpayer maintains the payroll amount
5 prescribed by ~~subsection (j)~~ of K.S.A. 79-3271(j), and amendments
6 thereto.

7 (5) At the election of the taxpayer made at the time of filing of the
8 original return, the qualifying business income of any investment funds
9 service corporation organized as a corporation or S corporation which
10 maintains its primary headquarters and operations or is a branch facility
11 that employs at least 100 individuals on a full-time equivalent basis in this
12 state and has any investment company fund shareholders resided in this
13 state shall be apportioned to this state as provided in this subsection, as
14 follows:

15 (A) By multiplying the investment funds service corporation's
16 qualifying business income from administration, distribution and
17 management services provided to each investment company by a fraction,
18 the numerator of which shall be the average of the number of shares
19 owned by the investment company's fund shareholders resided in this
20 state at the beginning of and at the end of the investment company's
21 taxable year that ends with or within the investment funds service
22 corporation's taxable year, and the denominator of which shall be the
23 average of the number of shares owned by the investment company's fund
24 shareholders everywhere at the beginning of and at the end of the
25 investment company's taxable year that ends with or within the investment
26 funds service corporation's taxable year.

27 (B) A separate computation shall be made to determine the qualifying
28 business income from each fund of each investment company. The
29 qualifying business income from each investment company shall be
30 multiplied by the fraction calculated pursuant to paragraph (A) for each
31 fund of such investment company.

32 (C) The qualifying portion of total business income of an investment
33 funds service corporation shall be determined by multiplying such total
34 business income by a fraction, the numerator of which is the gross receipts
35 from the provision of management, distribution and administration
36 services to or on behalf of an investment company, and the denominator of
37 which is the gross receipts of the investment funds service company. To
38 the extent an investment funds service corporation has business income
39 that is not qualifying business income, such business income shall be
40 apportioned to this state pursuant to ~~subsection (b)(1)-(a)(1)~~ **{(b)(1)}**.

41 (D) For tax year 2002, the tax liability of an investment funds service
42 corporation that has elected to apportion its business income pursuant to
43 paragraph (5) shall be increased by an amount equal to 50% of the

1 difference of the amount of such tax liability if determined pursuant to
2 subsection ~~(b)(1) (a)(1)~~ **{(b)(1)}** less the amount of such tax liability
3 determined with regard to paragraph (5).

4 (E) When an investment funds service corporation is part of a unitary
5 group, the business income of the unitary group attributable to the
6 investment funds service corporation shall be determined by multiplying
7 the business income of the unitary group by a fraction, the numerator of
8 which is the property factor plus the payroll factor plus the sales factor,
9 and the denominator of which is three. The property factor is a fraction,
10 the numerator of which is the average value of the investment funds
11 service corporation's real and tangible personal property owned or rented
12 and used during the tax period and the denominator of which is the
13 average value of the unitary group's real and tangible personal property
14 owned or rented and used during the tax period. The payroll factor is a
15 fraction, the numerator of which is the total amount paid during the tax
16 period by the investment funds service corporation for compensation, and
17 the denominator of which is the total compensation paid by the unitary
18 group during the tax period. The sales factor is a fraction, the numerator of
19 which is the total sales of the investment funds service corporation during
20 the tax period, and the denominator of which is the total sales of the
21 unitary group during the tax period.

22 (F) A taxpayer seeking to make the election available pursuant to
23 subsection ~~(b)(5) of K.S.A. 79-3279(a)(5), and amendments thereto~~
24 **{subsection (b)(5)}**, shall only be eligible to continue to make such
25 election if the taxpayer maintains at least 95% of the Kansas employees in
26 existence at the time the taxpayer first makes such an election.

27 (6) At the election of a qualifying taxpayer, by multiplying such
28 taxpayer's business income by the sales factor. The election shall be made
29 by including a statement with the original tax return indicating that the
30 taxpayer elects to apply this apportionment method. The election may be
31 made only once and must be made on or before the last day of the taxable
32 year during which the investment described in paragraph (A) is placed in
33 service, but not later than December 31, 2009, and it shall be effective for
34 the taxable year of the election and the following nine taxable years or for
35 so long as the taxpayer maintains the wage requirements set forth in
36 paragraph (A). If the qualifying taxpayer is a member of a unitary group of
37 corporations, all other members of the unitary group doing business within
38 this state shall apportion their business income to this state pursuant to
39 subsection ~~(b)(1) (a)(1)~~ **{(b)(1)}**.

40 (A) For purposes of this subsection, a qualifying taxpayer is any
41 taxpayer making an investment of \$100,000,000 for construction in
42 Kansas of a new business facility identified under the North American
43 industry classification system (NAICS) subsectors of 31-33, as assigned

1 by the secretary of the department of labor, employing 100 or more new
2 employees at such facility after July 1, 2007, and prior to December 31,
3 2009, and meeting the following requirements for paying such employees
4 higher-than-average wages within the wage region for such facility:

5 (i) The taxpayer's new Kansas business facility with 500 or fewer
6 full-time equivalent employees will provide an average wage that is above
7 the average wage paid by all Kansas business facilities that share the same
8 assigned NAICS category used to develop wage thresholds and that have
9 reported 500 or fewer employees to the Kansas department of labor on the
10 quarterly wage reports;

11 (ii) the taxpayer's new Kansas business facility with 500 or fewer
12 full-time equivalent employees is the sole facility within its assigned
13 NAICS category that has reported wages for 500 or fewer employees to
14 the Kansas department of labor on the quarterly wage reports;

15 (iii) the taxpayer's new Kansas business facility with more than 500
16 full-time equivalent employees will provide an average wage that is above
17 the average wage paid by all Kansas business facilities that share the same
18 assigned NAICS category used to develop wage thresholds and that have
19 reported more than 500 employees to the Kansas department of labor on
20 the quarterly wage reports;

21 (iv) the taxpayer's new Kansas business facility with more than 500
22 full-time equivalent employees is the sole facility within its assigned
23 NAICS category that has reported wages for more than 500 employees to
24 the Kansas department of labor on the quarterly wage reports, in which
25 event it shall either provide an average wage that is above the average
26 wage paid by all Kansas business facilities that share the same assigned
27 NAICS category and that have reported wages for 500 or fewer employees
28 to the Kansas department of labor on the quarterly wage reports, or be the
29 sole Kansas business facility within its assigned NAICS category that has
30 reported wages to the Kansas department of labor on the quarterly wage
31 reports;

32 (v) the number of NAICS digits to use in developing each set of wage
33 thresholds for comparison purposes shall be determined by the secretary of
34 commerce;

35 (vi) the composition of wage regions used in connection with each set
36 of wage thresholds shall be determined by the secretary of commerce; and

37 (vii) alternatively, a taxpayer may wage-qualify its new Kansas
38 business facility if, after excluding the headcount and wages reported on
39 the quarterly wage reports to the Kansas department of labor for
40 employees at that new Kansas business facility who own five percent or
41 more equity in the taxpayer, the average wage calculated for the taxpayer's
42 new Kansas business facility is greater than or equal to 1.5 times the
43 aggregate state-wide average wage paid by industries covered by the

1 employment security law based on data maintained by the secretary of
2 labor.

3 (B) For the purposes of the wage requirements in paragraph (A), the
4 number of full-time equivalent employees shall be determined by dividing
5 the number of hours worked by part-time employees during the pertinent
6 measurement interval by an amount equal to the corresponding multiple of
7 a 40-hour work week and adding the quotient to the average number of
8 full-time employees.

9 (C) When the qualifying taxpayer is part of a unitary group, the
10 business income of the unitary group attributable to the qualifying
11 taxpayer shall be determined by multiplying the business income of the
12 unitary group by a fraction, the numerator of which is the property factor
13 plus the payroll factor plus the sales factor, and the denominator of which
14 is three. The property factor is a fraction, the numerator of which is the
15 average value of the qualifying taxpayer's real and tangible personal
16 property owned or rented and used during the tax period and the
17 denominator of which is the average value of the unitary group's real and
18 tangible personal property owned or rented and used during the tax period.
19 The payroll factor is a fraction, the numerator of which is the total amount
20 paid during the tax period by the qualifying taxpayer for compensation,
21 and the denominator of which is the total compensation paid by the unitary
22 group during the tax period. The sales factor is a fraction, the numerator of
23 which is the total sales of the qualifying taxpayer during the tax period,
24 and the denominator of which is the total sales of the unitary group during
25 the tax period.

26 (D) For purposes of this subsection, the secretary of revenue, upon a
27 showing of good cause and after receiving a certification by the secretary
28 of commerce of substantial compliance with provisions of this subsection
29 ~~(b)(6)-(a)(6)~~ **{(b)(6)}**, may extend any required performance date provided
30 in this subsection ~~(b)(6)-(a)(6)~~ **{(b)(6)}** for a period not to exceed six
31 months.

32 ~~(b) For tax years commencing on or after January 1, 2025, and~~
33 ~~before January 1, 2028, at the election of the taxpayer, all business income~~
34 ~~of any other taxpayer may be apportioned to this state by multiplying such~~
35 ~~taxpayer's business income by the sales factor. An election under this~~
36 ~~subsection shall be made by including a statement with the original tax~~
37 ~~return for which the election is made indicating that the taxpayer elects to~~
38 ~~apply this apportionment method. The election shall be effective and~~
39 ~~irrevocable for the taxable year of the election.~~

40 ~~(e){(c)}~~ For tax years commencing on or after January 1, ~~2028~~ **2027**,
41 all business income shall be apportioned to this state by multiplying the
42 business income by the sales factor.

43 ~~(d)(e){(d)}~~ Any taxpayer having previously made an election

1 pursuant to subsection ~~(a)(2)~~ **{(b)(2)}** shall be permitted to ~~make a new~~
2 ~~election pursuant to subsection (b)~~ **apportion income through the use of**
3 **the single sales factor.**

4 ~~(e)(1)~~**{(e)}** (1) There shall be allowed as a deduction an amount
5 computed in accordance with this subsection.

6 (2) As of July 1, 2025, only publicly traded companies, including
7 affiliated corporations participating in the filing of a publicly traded
8 company's financial statements prepared in accordance with generally
9 accepted accounting principles, shall be eligible for this deduction.

10 (3) If the provisions of this section result in an aggregate increase in
11 the taxpayer's net deferred tax liability or an aggregate decrease in the
12 taxpayer's net deferred tax asset, or an aggregate change from a net
13 deferred tax asset to a net deferred tax liability, the taxpayer shall be
14 entitled to a deduction, as determined in this subsection. For the purposes
15 of this section, the term "taxpayer" includes a unitary group of businesses
16 that is required to file a combined report. The deferred tax impact
17 deduction provided under this section for a unitary group of businesses
18 that is required to file a combined report shall be calculated using unitary
19 net deferred tax assets and liabilities and deducted against unitary group
20 income.

21 (4) A taxpayer shall be entitled to a deferred tax impact deduction
22 from the taxpayer's net business income before apportionment equal to the
23 amount necessary to offset the increase in the net deferred tax liability or
24 decrease in the net deferred tax asset, or aggregate change from a net
25 deferred tax asset to a net deferred tax liability. Such increase in the net
26 deferred tax liability, decrease in the net deferred tax asset or the
27 aggregate change from a net deferred tax asset to a net deferred tax
28 liability shall be computed based on the change that would result from the
29 imposition of the single sales factor requirements pursuant to this section,
30 excluding the deduction provided under this paragraph, as of the end of
31 the tax year prior to ~~the year in which the taxpayer makes an election or is~~
32 ~~required to apportion by the sales factor~~ **{tax year} 2025**. The amount of
33 the deduction shall equal the annual deferred tax deduction amount set
34 forth in paragraph (5).

35 (5) The annual deferred tax deduction amount shall be calculated as
36 follows:

37 (A) The deferred tax impact determined in paragraph (4) shall be
38 divided by the income tax rate for corporations in effect for the tax year
39 pursuant to K.S.A. 79-32,110, and amendments thereto;

40 (B) the resulting amount shall be further divided by the Kansas
41 apportionment factor that was used by the taxpayer in the calculation of
42 the deferred tax assets and deferred tax liabilities as provided in this
43 subsection; and

1 (C) the result multiplied by $\frac{1}{10}$ shall represent the total net deferred
2 tax deduction available for the first tax year beginning on or after January
3 1, 2035, and the next nine successive tax years.

4 (6) The deduction calculated under paragraph (5) shall not be
5 adjusted as a result of any events subsequent to such calculation,
6 including, but not limited to, any disposition or abandonment of assets.
7 Such deduction shall be calculated without regard to any tax liabilities
8 under the federal internal revenue code and shall not alter the tax basis of
9 any asset. If the deduction under this section is greater than the taxpayer's
10 net business income before apportionment, any excess deduction shall be
11 carried forward and applied as a deduction for future tax years until fully
12 utilized.

13 (7) At the discretion of the taxpayer, the taxpayer shall be allowed to
14 claim other available tax credits before claiming the deferred tax
15 deduction calculated under this section. Any deferred tax deduction
16 calculated under this section not claimed on a return shall be carried
17 forward and applied as a deduction for future tax years until fully utilized.

18 (8) Any taxpayer intending to claim a deduction under this subsection
19 shall file a statement with the secretary on or before July 1, ~~2028~~ **2027**,
20 specifying the total amount of the deduction that the taxpayer claims on
21 such form and in such manner as prescribed by the secretary and shall
22 contain such information or calculations as the secretary may specify. No
23 deduction shall be allowed under this section for any taxable year except
24 to the extent claimed in the manner prescribed on or before July 1, ~~2028~~
25 **2027**.

26 (9) For purposes of this subsection:

27 (A) "Net deferred tax liability" means deferred tax liabilities that
28 exceed the deferred tax assets of the taxpayer, as computed in accordance
29 with generally accepted accounting principles.

30 (B) "Net deferred tax asset" means that deferred tax assets exceed the
31 deferred tax liabilities of the taxpayer, as computed in accordance with
32 generally accepted accounting principles.

33 (f) **Any manufacturer of alcoholic liquor as defined in K.S.A. 41-**
34 **102, and amendments thereto, who sells to a distributor as defined in**
35 **K.S.A. 41-102, and amendments thereto, shall be apportioned to this**
36 **state by multiplying the business income by a fraction, the numerator**
37 **of which is the property factor plus the payroll factor and the sales**
38 **factor, and the denominator of which is three.**

39 ~~(g) The amendments made to this section by this act shall apply~~
40 ~~commencing on and after January 1, 2025.~~

41 Sec. 5. K.S.A. 79-3287 is hereby amended to read as follows: 79-
42 3287. Sales, other than sales of tangible personal property, are in this state
43 if:

1 ~~(a) the income-producing activity is performed in this state; or~~
 2 ~~(b) the income-producing activity is performed both in and outside~~
 3 ~~this state and a greater proportion of the income-producing activity is~~
 4 ~~performed in this state than in any other state, based on costs of~~
 5 ~~performance};~~

6 **(a) For tax years commencing before January 1, 2027:**

7 **(1) The income-producing activity is performed in this state; or**

8 **(2) the income-producing activity is performed both in and**
 9 **outside this state and a greater proportion of the income-producing**
 10 **activity is performed in this state than in any other state, based on**
 11 **costs of performance; and**

12 **(b) for tax years commencing after December 31, 2026,} the**
 13 *taxpayer's market for the sales is in this state. The taxpayer's market for*
 14 *the sales is in this state if:*

15 ~~(1)~~ *In the case of sale of a service, if and to the extent that the*
 16 *service is delivered to a location in this state;*

17 (2) *in the case of intangible property, such property is:*

18 (A) *Rented, leased or licensed, if and to the extent that the property is*
 19 *used in this state, if that intangible property utilized in marketing a good*
 20 *or service to a consumer is used in this state, provided that such good or*
 21 *service is purchased by a consumer who is in this state; or*

22 (B) *that is sold, if and to the extent the property is used in this state,*
 23 *if:*

24 (i) *A contract right, government license or similar intangible*
 25 *property that authorizes the holder to conduct a business activity in a*
 26 *specific geographic area is used in this state if the geographic area*
 27 *includes all or part of this state; or*

28 (ii) *net gains from intangible property sales that are contingent on*
 29 *the productivity, use or disposition of the intangible property shall be*
 30 *treated as receipts from the rental, lease or licensing of such intangible*
 31 *property under paragraph (2)(A);*

32 (3) *in the case of interest from a loan:*

33 (A) *Secured by real property, if and to the extent the property is*
 34 *located in this state; or*

35 (B) *not secured by real property, if and to the extent the borrower is*
 36 *located in this state; or*

37 ~~(b)}~~**(c)}** *in the case of dividends, if and to the extent the payor's*
 38 *commercial domicile is located in this state.*

39 ~~(e)}~~**(d)}** *If the state or states of assignment of receipts under*
 40 *subsection (a)(1) or (2) cannot be determined, the state or states of*
 41 *assignment shall be reasonably approximated. If the state or states of*
 42 *assignment of receipts or net gains cannot be reasonably approximated,*
 43 *such assignment of receipts shall be excluded from the denominator of the*

1 sales factor.

2 ~~(d)~~**{(e)}** Notwithstanding the provisions of this section, a
3 communications service provider may assign sales, other than sales of
4 tangible personal property, to this state pursuant to this section as it
5 applied to tax years—~~ending~~ **{commencing}** before January 1, ~~2025~~
6 **{2027}**.

7 ~~(e)~~**{(f)}** For purposes of this subsection:

8 (A) "Communications service" means telecommunications service as
9 defined in K.S.A. 79-3602, and amendments thereto, internet access as
10 defined in section 1105(5) of the internet tax freedom act, 47 U.S.C. § 151,
11 note, and cable service as defined in 47 U.S.C. § 522(6), or any
12 combination thereof.

13 (B) "Communications service provider" means any person,
14 corporation, partnership or other entity that provides communications
15 service in this state.

16 Sec. 6. K.S.A. 2024 Supp. 79-32,110 is hereby amended to read as
17 follows: 79-32,110. (a) *Resident individuals*. Except as otherwise provided
18 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
19 upon the Kansas taxable income of every resident individual, which tax
20 shall be computed in accordance with the following tax schedules:

21 (1) *Married individuals filing joint returns*.

22 (A) For tax years 2018 through 2023:

23 If the taxable income is:	The tax is:
24 Not over \$30,000.....	3.1% of Kansas taxable
25	income
26 Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
27	over \$30,000
28 Over \$60,000.....	\$2,505 plus 5.7% of excess
29	over \$60,000

30
31 (B) For tax year 2024, and all tax years thereafter:

32 If the taxable income is:	The tax is:
33 Not over \$46,000	5.2% of Kansas taxable
34	income
35 Over \$46,000.....	\$2,392 plus 5.58% of excess
36	over \$46,000

37
38 (2) *All other individuals*.

39 (A) For tax years 2018 through 2023:

40 If the taxable income is:	The tax is:
41 Not over \$15,000.....	3.1% of Kansas taxable
42	income
43 Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess

1		over \$15,000
2	Over \$30,000.....	\$1,252.50 plus 5.7% of
3		excess over \$30,000
4		
5	(B) For tax year 2024, and all tax years thereafter:	
6	If the taxable income is:	The tax is:
7	Not over \$23,000.....	5.2% of Kansas taxable
8		income
9	Over \$23,000.....	\$1,196 plus 5.58% of excess
10		over \$23,000
11		

12 (b) *Nonresident individuals.* A tax is hereby imposed upon the Kansas
 13 taxable income of every nonresident individual, which tax shall be an
 14 amount equal to the tax computed under subsection (a) as if the
 15 nonresident were a resident multiplied by the ratio of modified Kansas
 16 source income to Kansas adjusted gross income.

17 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
 18 income of every corporation doing business within this state or deriving
 19 income from sources within this state. Such tax shall consist of a normal
 20 tax and a surtax and shall be computed as follows unless otherwise
 21 modified pursuant to K.S.A. 2024 Supp. 74-50,321 and section 1, and
 22 amendments thereto:

23 (1) The normal tax shall be in an amount equal to 4% of the Kansas
 24 taxable income of such corporation; and

25 (2) the surtax shall be in an amount equal to 3% of the Kansas taxable
 26 income of such corporation in excess of \$50,000.

27 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
 28 income of estates and trusts at the rates provided in subsection (a)(2).

29 (e) Notwithstanding the provisions of subsections (a) and (b), for tax
 30 years 2018 through 2023, married individuals filing joint returns with
 31 taxable income of \$5,000 or less, and all other individuals with taxable
 32 income of \$2,500 or less, shall have a tax liability of zero.

33 Sec. 7. K.S.A. 2024 Supp. 79-32,113 is hereby amended to read as
 34 follows: 79-32,113. (a) A person or organization exempt from federal
 35 income taxation under the provisions of the federal internal revenue code
 36 shall also be exempt from the tax imposed by this act in each year in which
 37 such person or organization satisfies the requirements of the federal
 38 internal revenue code for exemption from federal income taxation. If the
 39 exemption applicable to any person or organization under the provisions of
 40 the federal internal revenue code is limited or qualified in any manner, the
 41 exemption from taxes imposed by this article shall be limited or qualified
 42 in a similar manner.

43 (b) Notwithstanding the provisions of subsection (a), the unrelated

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

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

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

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

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

23 (e) Every electric and natural gas public utility as defined in K.S.A.
 24 66-104, and amendments thereto, not including any such utility that is a
 25 cooperative as defined in K.S.A. 66-104d, and amendments thereto, or
 26 owned by one or more such cooperatives shall:

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

29 (2) except as provided in K.S.A. 2024 Supp. 66-1,239, and
 30 amendments thereto, not collect, as a component of such utility's retail
 31 rates, Kansas income tax expenses; *and*

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

34 **{Sec. 8. K.S.A. 79-4301 is hereby amended to read as follows: 79-**
 35 **4301. "The multistate tax compact" is hereby enacted into law and**
 36 **entered into with all jurisdictions legally joining therein, in the form**
 37 **substantially as follows:**

38
 39 **MULTISTATE TAX COMPACT**

40 **ARTICLE I.—Purposes**

41 **The purposes of this compact are to:**

42 **(1) Facilitate proper determination of state and local tax liability**
 43 **of multistate taxpayers, including the equitable apportionment of tax**

1 bases and settlement of apportionment disputes.

2 (2) Promote uniformity or compatibility in significant
3 components of tax systems.

4 (3) Facilitate taxpayer convenience and compliance in the filing of
5 tax returns and in other phases of tax administration.

6 (4) Avoid duplicative taxation.
7

8 ARTICLE II.—Definitions

9 As used in this compact:

10 (1) "State" means a state of the United States, the District of
11 Columbia, the Commonwealth of Puerto Rico, or any territory or
12 possession of the United States.

13 (2) "Subdivision" means any governmental unit or special district
14 of a state.

15 (3) "Taxpayer" means any corporation, partnership, firm,
16 association, governmental unit or agency or person acting as a
17 business entity in more than one state.

18 (4) "Income tax" means a tax imposed on or measured by net
19 income including any tax imposed on or measured by an amount
20 arrived at by deducting expenses from gross income, one or more
21 forms of which expenses are not specifically and directly related to
22 particular transactions.

23 (5) "Capital stock tax" means a tax measured in any way by the
24 capital of a corporation considered in its entirety.

25 (6) "Gross receipts tax" means a tax, other than a sales tax,
26 which is imposed on or measured by the gross volume of business, in
27 terms of gross receipts or in other terms, and in the determination of
28 which no deduction is allowed which would constitute the tax an
29 income tax.

30 (7) "Sales tax" means a tax imposed with respect to the transfer
31 for a consideration of ownership, possession or custody of tangible
32 personal property or the rendering of services measured by the price
33 of the tangible personal property transferred or services rendered and
34 which is required by state or local law to be separately stated from the
35 sales price by the seller, or which is customarily separately stated from
36 the sales price, but does not include a tax imposed exclusively on the
37 sale of a specifically identified commodity or article or class of
38 commodities or articles.

39 (8) "Use tax" means a nonrecurring tax, other than a sales tax,
40 which (a) is imposed on or with respect to the exercise or enjoyment of
41 any right or power over tangible personal property incident to the
42 ownership, possession or custody of that property or the leasing of
43 that property from another including any consumption, keeping,

1 retention, or other use of tangible personal property and (b) is
2 complimentary to a sales tax.

3 (9) "Tax" means an income tax, capital stock tax, gross receipts
4 tax, sales tax, use tax, and any other tax which has a multistate
5 impact, except that the provisions of articles III, IV and V of this
6 compact shall apply only to the taxes specifically designated therein
7 and the provisions of article IX of this compact shall apply only in
8 respect to determinations pursuant to article IV.
9

10 ARTICLE III.—Elements of Income Tax Laws

11 (1) *Taxpayer option, state and local taxes.* Any taxpayer subject to
12 an income tax whose income is subject to apportionment and
13 allocation for tax purposes pursuant to the laws of a party state or
14 pursuant to the laws of subdivisions in two or more party states may
15 elect to apportion and allocate his income in the manner provided by
16 the laws of such state or by the laws of such states and subdivisions
17 without reference to this compact, or may elect to apportion and
18 allocate in accordance with article IV, *except that for tax years*
19 *commencing on or after January 1, 2027, any taxpayer subject to the tax*
20 *imposed by K.S.A. 79-32,110(c), and amendments thereto, shall apportion*
21 *and allocate in accordance with article 32 of chapter 79 of the Kansas*
22 *Statutes Annotated, and amendments thereto, and shall not apportion or*
23 *allocate in accordance with article IV. This election for any tax year may*
24 *be made in all party states or subdivisions thereof or in any one or*
25 *more of the party states or subdivisions thereof without reference to*
26 *the election made in the others. For the purposes of this paragraph,*
27 *taxes imposed by subdivisions shall be considered separately from*
28 *state taxes and the apportionment and allocation also may be applied*
29 *to the entire tax base. In no instance wherein article IV is employed*
30 *for all subdivisions of a state may the sum of all apportionments and*
31 *allocations to subdivisions within a state be greater than the*
32 *apportionment and allocation that would be assignable to that state if*
33 *the apportionment or allocation were being made with respect to a*
34 *state income tax.*

35 (2) *Taxpayer option, short form.* Each party state or any
36 subdivision thereof which imposes an income tax shall provide by law
37 that any taxpayer required to file a return, whose only activities within
38 the taxing jurisdiction consist of sales and do not include owning or
39 renting real estate or tangible personal property, and whose dollar
40 volume of gross sales made during the tax year within the state or
41 subdivision, as the case may be, is not in excess of \$100,000 may elect
42 to report and pay any tax due on the basis of a percentage of such
43 volume, and shall adopt rates which shall produce a tax which

1 reasonably approximates the tax otherwise due. The multistate tax
2 commission, not more than once in five years, may adjust the \$100,000
3 figure in order to reflect such changes as may occur in the real value
4 of the dollar, and such adjusted figure, upon adoption by the
5 commission, shall replace the \$100,000 figure specifically provided
6 herein. Each party state and subdivision thereof may make the same
7 election available to taxpayers additional to those specified in this
8 paragraph.

9 (3) *Coverage.* Nothing in this article relates to the reporting or
10 payment of any tax other than in income tax.

11 ARTICLE IV.—Division of Income

12 (1) As used in this article, unless the context otherwise requires:

13 (a) "Business income" means income arising from transactions
14 and activity in the regular course of the taxpayer's trade or business
15 and includes income from tangible and intangible property if the
16 acquisition, management, and disposition of the property constitute
17 integral parts of the taxpayer's regular trade or business operations.

18 (b) "Commercial domicile" means the principal place from which
19 the trade or business of the taxpayer is directed or managed.

20 (c) "Compensation" means wages, salaries, commissions and any
21 other form of remuneration paid to employees for personal services.

22 (d) "Financial organization" means any bank, trust company,
23 savings bank, industrial bank, land bank, safe deposit company,
24 private banker, savings and loan association, credit union, cooperative
25 bank, small loan company, sales finance company, investment
26 company, or any type of insurance company.

27 (e) "Nonbusiness income" means all income other than business
28 income.

29 (f) "Public utility" means any business entity (1) which owns or
30 operates any plant, equipment, property, franchise, or license for the
31 transmission of communications, transportation of goods or persons,
32 except by pipeline, or the production, transmission, sale, delivery, or
33 furnishing of electricity, water or steam; and (2) whose rates of
34 charges for goods or services have been established or approved by a
35 federal, state or local government or governmental agency.

36 (g) "Sales" means all gross receipts of the taxpayer not allocated
37 under paragraphs of this article.

38 (h) "State" means any state of the United States, the District of
39 Columbia, the Commonwealth of Puerto Rico, any territory or
40 possession of the United States, and any foreign country or political
41 subdivision thereof.

42 (i) "This state" means the state in which the relevant tax return is
43

1 filed or, in the case of application of this article to the apportionment
2 and allocation of income for local tax purposes, the subdivision or
3 local taxing district in which the relevant tax return is filed.

4 (2) Any taxpayer having income from business activity which is
5 taxable both within and without this state, other than activity as a
6 financial organization or public utility or the rendering of purely
7 personal services by an individual, shall allocate and apportion his net
8 income as provided in this article. If a taxpayer has income from
9 business activity as a public utility but derives the greater percentage
10 of his income from activities subject to this article, the taxpayer may
11 elect to allocate and apportion his entire net income as provided in this
12 article.

13 (3) For purposes of allocation and apportionment of income
14 under this article, a taxpayer is taxable in another state if (1) in that
15 state he is subject to a net income tax, a franchise tax measured by net
16 income, a franchise tax for the privilege of doing business, or a
17 corporate stock tax, or (2) that state has jurisdiction to subject the
18 taxpayer to a net income tax regardless of whether, in fact, the state
19 does or does not.

20 (4) Rents and royalties from real or tangible personal property,
21 capital gains, interest, dividends or patent or copyright royalties, to
22 the extent that they constitute nonbusiness income, shall be allocated
23 as provided in paragraphs 5 through 8 of this article.

24 (5) (a) Net rents and royalties from real property located in this
25 state are allocable to this state.

26 (b) Net rents and royalties from tangible personal property are
27 allocable to this state: (1) If and to the extent that the property is
28 utilized in this state, or (2) in their entirety if the taxpayer's
29 commercial domicile is in this state and the taxpayer is not organized
30 under the laws of or taxable in the state in which the property is
31 utilized.

32 (c) The extent of utilization of tangible personal property in a
33 state is determined by multiplying the rents and royalties by a
34 fraction, the numerator of which is the number of days of physical
35 location of the property in the state during the rental or royalty period
36 in the taxable year and the denominator of which is the number of
37 days of physical location of the property everywhere during all rental
38 or royalty periods in the taxable year. If the physical location of the
39 property during the rental or royalty period is unknown or
40 unascertainable by the taxpayer, tangible personal property is utilized
41 in the state in which the property was located at the time the rental or
42 royalty payer obtained possession.

43 (6) (a) Capital gains and losses from sales of real property located

1 in this state are allocable to this state.

2 (b) Capital gains and losses from sales of tangible personal
3 property are allocable to this state if (1) the property had a situs in
4 this state at the time of the sale, or (2) the taxpayer's commercial
5 domicile is in this state and the taxpayer is not taxable in the state in
6 which the property had a situs.

7 (c) Capital gains and losses from sales of intangible personal
8 property are allocable to this state if the taxpayer's commercial
9 domicile is in this state.

10 (7) Interest and dividends are allocable to this state if the
11 taxpayer's commercial domicile is in this state.

12 (8) (a) Patent and copyright royalties are allocable to this state:
13 (1) If and to the extent that the patent or copyright is utilized by the
14 payer in this state, or (2) if and to the extent that the patent copyright
15 is utilized by the payer in a state in which the taxpayer is not taxable
16 and the taxpayer's commercial domicile is in this state.

17 (b) A patent is utilized in a state to the extent that it is employed
18 in production, fabrication, manufacturing, or other processing in the
19 state or to the extent that a patented product is produced in the state.
20 If the basis of receipts from patent royalties does not permit allocation
21 to states or if the accounting procedures do not reflect states of
22 utilization, the patent is utilized in the state in which the taxpayer's
23 commercial domicile is located.

24 (c) A copyright is utilized in a state to the extent that printing or
25 other publication originates in the state. If the basis of receipts from
26 copyright royalties does not permit allocation to states or if the
27 accounting procedures do not reflect states of utilization, the copyright
28 is utilized in the state in which the taxpayer's commercial domicile is
29 located.

30 (9) All business income shall be apportioned to this state by
31 multiplying the income by a fraction, the numerator of which is the
32 property factor plus the payroll factor plus the sales factor, and the
33 denominator of which is three.

34 (10) The property factor is a fraction, the numerator of which is
35 the average value of the taxpayer's real and tangible personal
36 property owned or rented and used in this state during the tax period
37 and the denominator of which is the average value of all the taxpayer's
38 real and tangible personal property owned or rented and used during
39 the tax period.

40 (11) Property owned by the taxpayer is valued at its original cost.
41 Property rented by the taxpayer is valued at eight times the net annual
42 rental rate. Net annual rental rate is the annual rental rate paid by the
43 taxpayer less any annual rental rate received by the taxpayer from

1 subrentals.

2 (12) The average value of property shall be determined by
3 averaging the values at the beginning and ending of the tax period but
4 the tax administrator may require the averaging of monthly values
5 during the tax period if reasonably required to reflect properly the
6 average value of the taxpayer's property.

7 (13) The payroll factor is a fraction, the numerator of which is the
8 total amount paid in this state during the tax period by the taxpayer
9 for compensation and the denominator of which is the total
10 compensation paid everywhere during the tax period.

11 (14) Compensation is paid in this state if:

12 (a) The individual's service is performed entirely within the state;

13 (b) The individual's service is performed both within and without
14 the state, but the service performed without the state is incidental to
15 the individual's service within the state; or

16 (c) Some of the service is performed in the state and (1) the base
17 of operations or, if there is no base of operations, the place from which
18 the service is directed or controlled is in the state, or (2) the base of
19 operations or the place from which the service is directed or controlled
20 is not in any state in which some part of the service is performed, but
21 the individual's residence is in this state.

22 (15) The sales factor is a fraction, the numerator of which is the
23 total sales of the taxpayer in this state during the tax period, and the
24 denominator of which is the total sales of the taxpayer everywhere
25 during the tax period.

26 (16) Sales of tangible personal property are in this state if:

27 (a) The property is delivered or shipped to a purchaser, other
28 than the United States government, within this state regardless of the
29 f.o.b. point or other conditions of the sale; or

30 (b) The property is shipped from an office, store, warehouse,
31 factory, or other place of storage in this state and (1) the purchaser is
32 the United States government or (2) the taxpayer is not taxable in the
33 state of the purchaser.

34 (17) Sales, other than sales of tangible personal property, are in
35 this state if:

36 (a) The income-producing activity is performed in this state; or

37 (b) The income-producing activity is performed both in and
38 outside this state and a greater proportion of the income-producing
39 activity is performed in this state than in any other state, based on
40 costs of performance.

41 (18) If the allocation and apportionment provisions of this article
42 do not fairly represent the extent of the taxpayer's business activity in
43 this state, the taxpayer may petition for or the tax administrator may

1 require, in respect to all or any part of the taxpayer's business activity,
2 if reasonable:

- 3 (a) Separate accounting;
4 (b) The exclusion of any one or more of the factors;
5 (c) The inclusion of one or more additional factors which will
6 fairly represent the taxpayer's business activity in this state; or
7 (d) The employment of any other method to effectuate an
8 equitable allocation and apportionment of the taxpayer's income.
9

10 **ARTICLE V.—Elements of Sales and Use Tax Laws**

11 (1) *Tax credit.* Each purchaser liable for a use tax on tangible
12 personal property shall be entitled to full credit for the combined
13 amount or amounts of legally imposed sales or use taxes paid by him
14 with respect to the same property to another state and any subdivision
15 thereof. The credit shall be applied first against the amount of any use
16 tax due the state, and any unused portion of the credit shall then be
17 applied against the amount of any use tax due a subdivision.

18 (2) *Exemption certificates, vendors may rely.* Whenever a vendor
19 receives and accepts in good faith from a purchaser a resale or other
20 exemption certificate or other written evidence of exemption
21 authorized by the appropriate state or subdivision taxing authority,
22 the vendor shall be relieved of liability for a sales or use tax with
23 respect to the transaction.
24

25 **ARTICLE VI.—The Commission**

26 (1) *Organization and management.* (a) The multistate tax
27 commission is hereby established. It shall be composed of one
28 "member" from each party state who shall be the head of the state
29 agency charged with the administration of the types of taxes to which
30 this compact applies. If there is more than one such agency the state
31 shall provide by law for the selection of the commission member from
32 the heads of the relevant agencies. State law may provide that a
33 member of the commission be represented by an alternate but only if
34 there is on file with the commission written notification of the
35 designation and identity of the alternate. The attorney general of each
36 party state or his designee, or other counsel if the laws of the party
37 state specifically provide, shall be entitled to attend the meetings of the
38 commission, but shall not vote. Such attorneys general, designees, or
39 other counsel shall receive all notices of meetings required under
40 paragraph (1) (e) of this article.

41 (b) Each party state shall provide by law for the selection of
42 representatives from its subdivisions affected by this compact to
43 consult with the commission member from that state.

1 (c) Each member shall be entitled to one vote. The commission
2 shall not act unless a majority of the members are present, and no
3 action shall be binding unless approved by a majority of the total
4 number of members.

5 (d) The commission shall adopt an official seal to be used as it
6 may provide.

7 (e) The commission shall hold an annual meeting and such other
8 regular meetings as its bylaws may provide and such special meetings
9 as its executive committee may determine. The commission bylaws
10 shall specify the dates of the annual and any other regular meetings,
11 and shall provide for the giving of notice of annual, regular and
12 special meetings. Notices of special meetings shall include the reasons
13 therefor and an agenda of the items to be considered.

14 (f) The commission shall elect annually, from among its members,
15 a chairman, a vice-chairman and a treasurer. The commission shall
16 appoint an executive director who shall serve at its pleasure, and it
17 shall fix his duties and compensation. The executive director shall be
18 secretary of the commission. The commission shall make provision for
19 the bonding of such of its officers and employees as it may deem
20 appropriate.

21 (g) Irrespective of the civil service, personnel or other merit
22 system laws of any party state, the executive director shall appoint or
23 discharge such personnel as may be necessary for the performance of
24 the functions of the commission and shall fix their duties and
25 compensation. The commission bylaws shall provide for personnel
26 policies and programs.

27 (h) The commission may borrow, accept or contract for the
28 services of personnel from any state, the United States, or any other
29 governmental entity.

30 (i) The commission may accept for any of its purposes and
31 functions any and all donations and grants of money, equipment,
32 supplies, materials and services, conditional or otherwise, from any
33 governmental entity, and may utilize and dispose of the same.

34 (j) The commission may establish one or more offices for the
35 transacting of its business.

36 (k) The commission shall adopt bylaws for the conduct of its
37 business. The commission shall publish its bylaws in convenient form,
38 and shall file a copy of the bylaws and any amendments thereto with
39 the appropriate agency or officer in each of the party states.

40 (l) The commission annually shall make to the governor and
41 legislature of each party state a report covering its activities for the
42 preceding year. Any donation or grant accepted by the commission or
43 services borrowed shall be reported in the annual report of the

1 commission, and shall include the nature, amount and conditions, if
2 any, of the donation, gift, grant or services borrowed and the identity
3 of the donor or lender. The commission may make additional reports
4 as it may deem desirable.

5 (2) *Committees.* (a) To assist in the conduct of its business when
6 the full commission is not meeting, the commission shall have an
7 executive committee of seven members, including the chairman, vice-
8 chairman, treasurer and four other members elected annually by the
9 commission. The executive committee, subject to the provisions of this
10 compact and consistent with the policies of the commission, shall
11 function as provided in the laws of the commission.

12 (b) The commission may establish advisory and technical
13 committees, membership on which may include private persons and
14 public officials, in furthering any of its activities. Such committees
15 may consider any matter of concern to the commission, including
16 problems of special interest to any party state and problems dealing
17 with particular types of taxes.

18 (c) The commission may establish such additional committees as
19 its bylaws may provide.

20 (3) *Powers.* In addition to powers conferred elsewhere in this
21 compact, the commission shall have power to:

22 (a) Study state and local tax systems and particular types of state
23 and local taxes.

24 (b) Develop and recommend proposals for an increase in
25 uniformity or compatibility of state and local tax laws with a view
26 toward encouraging the simplification and improvement of state and
27 local tax law and administration.

28 (c) Compile and publish information as in its judgment would
29 assist the party states in implementation of the compact and taxpayers
30 in complying with state and local tax laws.

31 (d) Do all things necessary and incidental to the administration of
32 its functions pursuant to this compact.

33 (4) *Finance.* (a) The commission shall submit to the governor or
34 designated officer or officers of each party state a budget of its
35 estimated expenditures for such period as may be required by the laws
36 of that state for presentation to the legislature thereof.

37 (b) Each of the commission's budget of estimated expenditures
38 shall contain specific recommendations of the amounts to be
39 appropriated by each of the party states. The total amount of
40 appropriations requested under any such budget shall be apportioned
41 among the party states as follows: One-tenth in equal shares; and the
42 remainder in proportion of the amount of revenue collected by each
43 party state and its subdivisions from income taxes, capital stock taxes,

1 gross receipts taxes, sales and use taxes. In determining such amounts,
2 the commission shall employ such available public sources of
3 information as, in its judgment, present the most equitable and
4 accurate comparisons among the party states. Each of the
5 commission's budgets of estimated expenditures and requests for
6 appropriations shall indicate the sources used in obtaining
7 information employed in applying the formula contained in this
8 paragraph.

9 (c) The commission shall not pledge the credit of any party state.
10 The commission may meet any of its obligations in whole or in part
11 with funds available to it under paragraph (1) (i) of this article:
12 Provided, That the commission takes specific action setting aside such
13 funds prior to incurring any obligation to be met in whole or in part in
14 such manner. Except where the commission makes use of funds
15 available to it under paragraph (1) (i), the commission shall not incur
16 any obligation prior to the allotment of funds by the party states
17 adequate to meet the same.

18 (d) The commission shall keep accurate accounts of all receipts
19 and disbursements. The receipts and disbursements of the commission
20 shall be subject to the audit and accounting procedures established
21 under its bylaws. All receipts and disbursements of funds handled by
22 the commission shall be audited yearly by a certified or licensed public
23 accountant and the report of the audit shall be included in and become
24 part of the annual report of the commission.

25 (e) The accounts of the commission shall be open at any
26 reasonable time for inspection by duly constituted officers of the party
27 states and by any persons authorized by the commission.

28 (f) Nothing contained in this article shall be construed to prevent
29 commission compliance with laws relating to audit or inspection of
30 accounts by or on behalf of any government contributing to the
31 support of the commission.

32 33 ARTICLE VII.—Uniform Regulations and Forms

34 (1) Whenever any two or more party states, or subdivisions of
35 party states, have uniform or similar provisions of law relating to an
36 income tax, capital stock tax, gross receipts tax, sales or use tax, the
37 commission may adopt uniform regulations for any phase of the
38 administration of such law, including assertion of jurisdiction to tax,
39 or prescribing uniform tax forms. The commission may also act with
40 respect to the provisions of article IV of this compact.

41 (2) Prior to the adoption of any regulation, the commission shall:

42 (a) As provided in its bylaws, hold at least one public hearing on
43 due notice to all affected party states and subdivisions thereof and to

1 all taxpayers and other persons who have made timely request of the
2 commission for advance notice of its regulation-making proceedings.

3 (b) Afford all affected party states and subdivisions and
4 interested persons an opportunity to submit relevant written data and
5 views, which shall be considered fully by the commission.

6 (3) The commission shall submit any regulations adopted by it to
7 the appropriate officials of all party states and subdivisions to which
8 they might apply. Each such state and subdivision shall consider any
9 such regulation for adoption in accordance with its own laws and
10 procedures.

11
12 **ARTICLE VIII.—Interstate Audits**

13 (1) This article shall be in force only in those party states that
14 specifically provide therefor by statute.

15 (2) Any party state or subdivision thereof desiring to make or
16 participate in an audit of any accounts, books, papers, records or
17 other documents may request the commission to perform the audit on
18 its behalf. In responding to the request, the commission shall have
19 access to and may examine, at any reasonable time, such accounts,
20 books, papers, records, and other documents and any relevant
21 property or stock of merchandise. The commission may enter into
22 agreements with party states or their subdivisions for assistance in
23 performance of the audit. The commission shall make charges, to be
24 paid by the state or local government or governments for which it
25 performs the service, for any audits performed by it in order to
26 reimburse itself for the actual costs incurred in making the audit.

27 (3) The commission may require the attendance of any person
28 within the state where it is conducting an audit or part thereof at a
29 time and place fixed by it within such state for the purpose of giving
30 testimony with respect to any account, book, paper, document, other
31 record, property or stock of merchandise being examined in
32 connection with the audit. If the person is not within the jurisdiction,
33 he may be required to attend for such purpose at any time and place
34 fixed by the commission within the state of which he is a resident:
35 Provided, That such state has adopted this article.

36 (4) The commission may apply to any court having power to issue
37 compulsory process for orders in aid of its powers and responsibilities
38 pursuant to this article and any and all such courts shall have
39 jurisdiction to issue such orders. Failure of any person to obey any
40 such order shall be punishable as contempt of the issuing court. If the
41 party or subject matter on account of which the commission seeks an
42 order is within the jurisdiction of the court to which application is
43 made, such application may be to a court in the state or subdivision on

1 behalf of which the audit is being made or a court in the state in which
2 the object of the order being sought is situated. The provisions of this
3 paragraph apply only to courts in a state that has adopted this article.

4 (5) The commission may decline to perform any audit requested
5 if it finds that its available personnel or other resources are
6 insufficient for the purpose or that, in the terms requested, the audit is
7 impracticable of satisfactory performance. If the commission, on the
8 basis of its experience, has reason to believe that an audit of a
9 particular taxpayer, either at a particular time or on a particular
10 schedule, would be of interest to a number of party states or their
11 subdivisions, it may offer to make the audit or audits, the offer to be
12 contingent on sufficient participation therein as determined by the
13 commission.

14 (6) Information obtained by any audit pursuant to this article
15 shall be confidential and available only for tax purposes to party
16 states, their subdivisions or the United States. Availability of
17 information shall be in accordance with the laws of the states or
18 subdivisions on whose account the commission performs the audit,
19 and only through the appropriate agencies or officers of such states or
20 subdivisions. Nothing in this article shall be construed to require any
21 taxpayer to keep records for any period not otherwise required by law.

22 (7) Other arrangements made or authorized pursuant to law for
23 cooperative audit by or on behalf of the party states or any of their
24 subdivisions are not superseded or invalidated by this article.

25 (8) In no event shall the commission make any charge against a
26 taxpayer for an audit.

27 (9) As used in this article, "tax," in addition to the meaning
28 ascribed to it in article II, means any tax or license fee imposed in
29 whole or in part for revenue purposes.
30

31 **ARTICLE IX.—Arbitration**

32 (1) Whenever the commission finds a need for settling disputes
33 concerning apportionments and allocations by arbitration, it may
34 adopt a regulation placing this article in effect, notwithstanding the
35 provisions of article VII.

36 (2) The commission shall select and maintain an arbitration panel
37 composed of officers and employees of state and local governments
38 and private persons who shall be knowledgeable and experienced in
39 matters of tax law and administration.

40 (3) Whenever a taxpayer who has elected to employ article IV, or
41 whenever the laws of the party state or subdivision thereof are
42 substantially identical with the relevant provisions of article IV, the
43 taxpayer, by written notice to the commission and to each party state

1 or subdivision thereof that would be affected, may secure arbitration
2 of an apportionment or allocation, if he is dissatisfied with the final
3 administrative determination of the tax agency of the state or
4 subdivision with respect thereto on the ground that it would subject
5 him to double or multiple taxation by two or more party states or
6 subdivisions thereof. Each party state and subdivision thereof hereby
7 consents to the arbitration as provided herein, and agrees to be bound
8 thereby.

9 (4) The arbitration board shall be composed of one person
10 selected by the taxpayer, one by the agency or agencies involved, and
11 one member of the commission's arbitration panel. If the agencies
12 involved are unable to agree on the person to be selected by them,
13 such person shall be selected by lot from the total membership of the
14 arbitration panel. The two persons selected for the board in the
15 manner provided by the foregoing provisions of this paragraph shall
16 jointly select the third member of the board. If they are unable to
17 agree on the selection, the third member shall be selected by lot from
18 among the total membership of the arbitration panel. No member of a
19 board selected by lot shall be qualified to serve if he is an officer or
20 employee or is otherwise affiliated with any party to the arbitration
21 proceeding. Residence within the jurisdiction of a party to the
22 arbitration proceeding shall not constitute affiliation within the
23 meaning of this paragraph.

24 (5) The board may sit in any state or subdivision party to the
25 proceeding, in the state of the taxpayer's incorporation, residence or
26 domicile, in any state where the taxpayer does business, or in any
27 place that it finds most appropriate for gaining access to evidence
28 relevant to the matter before it.

29 (6) The board shall give due notice of the times and places of its
30 hearings. The parties shall be entitled to be heard, to present evidence,
31 and to examine and cross-examine witnesses. The board shall act by
32 majority vote.

33 (7) The board shall have power to administer oaths, take
34 testimony, subpoena and require the attendance of witnesses and the
35 production of accounts, books, papers, records, and other documents,
36 and issue commissions to take testimony. Subpoenas may be signed by
37 any member of the board. In case of failure to obey a subpoena, and
38 upon application by the board, any judge of a court of competent
39 jurisdiction of the state in which the board is sitting or in which the
40 person to whom the subpoena is directed may be found may make an
41 order requiring compliance with the subpoena, and the court may
42 punish failure to obey the order as a contempt. The provisions of this
43 paragraph apply only in states that have adopted this article.

1 (8) Unless the parties otherwise agree the expenses and other
2 costs of the arbitration shall be assessed and allocated among the
3 parties by the board in such manner as it may determine. The
4 commission shall fix a schedule of compensation for members of
5 arbitration boards and of other allowable expenses and costs. No
6 officer or employee of a state or local government who serves as a
7 member of a board shall be entitled to compensation therefor unless
8 he is required on account of his service to forego the regular
9 compensation attaching to his public employment, but any such board
10 member shall be entitled to expenses.

11 (9) The board shall determine the disputed apportionment or
12 allocation and any matters necessary thereto. The determinations of
13 the board shall be final for purposes of making the apportionment or
14 allocation, but for no other purpose.

15 (10) The board shall file with the commission and with each tax
16 agency represented in the proceeding: The determination of the
17 board; the board's written statement of its reasons therefor; the
18 record of the board's proceedings; and any other documents required
19 by the arbitration rules of the commission to be filed.

20 (11) The commission shall publish the determinations of boards
21 together with the statements of the reasons therefor.

22 (12) The commission shall adopt and publish rules of procedure
23 and practice and shall file a copy of such rules and of any amendment
24 thereto with the appropriate agency or officer in each of the party
25 states.

26 (13) Nothing contained herein shall prevent at any time a written
27 compromise of any matter or matters in dispute, if otherwise lawful,
28 by the parties to the arbitration proceeding.

29

30

ARTICLE X.—Entry Into Force and Withdrawal

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36 (1) This compact shall enter into force when enacted into law by
37 any seven states. Thereafter, this compact shall become effective as to
38 any other state upon its enactment thereof. The commission shall
39 arrange for notification of all party states whenever there is a new
40 enactment of the compact.

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44 (2) Any party state may withdraw from this compact by enacting
45 a statute repealing the same. No withdrawal shall affect any liability
46 already incurred by or chargeable to a party state prior to the time of
47 such withdrawal.

48 (3) No proceeding commenced before an arbitration board prior
49 to the withdrawal of a state and to which the withdrawing state or any
50 subdivision thereof is a party shall be discontinued or terminated by
51 the withdrawal, nor shall the board thereby lose jurisdiction over any

1 of the parties to the proceeding necessary to make a binding
 2 determination therein.

3
 4 **ARTICLE XI.—Effect on Other Laws and Jurisdiction**

5 **Nothing in this compact shall be construed to:**

6 **(a) Affect the power of any state or subdivision thereof to fix rates**
 7 **of taxation, except that a party state shall be obligated to implement**
 8 **article III (2) of this compact.**

9 **(b) Apply to any tax or fixed fee imposed for the registration of a**
 10 **motor vehicle or any tax on motor fuel, other than a sales tax:**
 11 **Provided, That the definition of "tax" in article VIII (9) may apply for**
 12 **the purposes of that article and the commission's powers of study and**
 13 **recommendation pursuant to article VI (3) may apply.**

14 **(c) Withdraw or limit the jurisdiction of any state or local court**
 15 **or administrative officer or body with respect to any person,**
 16 **corporation or other entity or subject matter, except to the extent that**
 17 **such jurisdiction is expressly conferred by or pursuant to this compact**
 18 **upon another agency or body.**

19 **(d) Supersede or limit the jurisdiction of any court of the United**
 20 **States.**

21
 22 **ARTICLE XII.—Construction and Severability**

23 **This compact shall be liberally construed so as to effectuate the**
 24 **purposes thereof. The provisions of this compact shall be severable**
 25 **and if any phrase, clause, sentence or provision of this compact is**
 26 **declared to be contrary to the constitution of any state or of the United**
 27 **States or the applicability thereof to any government, agency, person**
 28 **or circumstance is held invalid, the validity of the remainder of this**
 29 **compact and the applicability thereof to any government, agency,**
 30 **person or circumstance shall not be affected thereby. If this compact**
 31 **shall be held contrary to the constitution of any state participating**
 32 **therein, the compact shall remain in full force and effect as to the**
 33 **remaining party states and in full force and effect as to the state**
 34 **affected as to all severable matters.}**

35 ~~Sec.-8: {9.}~~ **K.S.A. 79-1129, 79-3271, 79-3279—and, 79-3287 {and**
 36 **79-4301}** and K.S.A. 2024 Supp. 79-32,110 and 79-32,113 are hereby
 37 repealed.

38 ~~Sec.-9: {10.}~~ **This act shall take effect and be in force from and after**
 39 **its publication in the statute book.**