

SESSION OF 2012

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 2157**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

Senate Sub. for HB 2157 would authorize an optional single-factor (sales) income tax apportionment formula beginning in tax year 2013 as an exception to the normal three-factor (property, payroll, and sales) formula for certain corporations relocating to Kansas which employ ten or more full-time employees. In order to qualify, a taxpayer must have had no employees, nor owned or rented any real or tangible personal property in Kansas prior to January 1, 2013.

Taxpayers making the election would be prohibited from also claiming certain tax benefits pursuant to the Promoting Employment Across Kansas (PEAK) Program and the High Performance Incentive Program (HPIP).

A decision to use the sales-only apportionment formula would be required to remain in effect for ten tax years.

**Background**

The original bill from 2011 would have authorized the Department of Revenue to cooperate with the State Treasurer to share certain designated mailing addresses for assistance in administering the unclaimed property program, but that subject matter ultimately was addressed in another bill.

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

The Senate Assessment and Taxation Committee on March 14, 2012, removed the original bill's contents; recommended a substitute bill be created; and inserted the substance of SB 457 (with some clarifying changes) regarding the single-factor corporation income tax apportionment option.

The Department of Revenue indicated the bill would be expected to reduce SGF receipts as follows:

FY 2013	\$ (0.120)
FY 2014	(0.520)
FY 2015	(0.930)
FY 2016	(1.350)
FY 2017	<u>(1.780)</u>
5-yr Total	<u>\$ (4.700)</u>