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

MEMORANDUM

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: February 16, 2021

Subject: House Bill No. 2186

Summary

House Bill No. 2186 would allow a taxpayer to elect to apportion income based on a sales factor rather than the current three-factor apportionment. The election would be available to businesses engaged in: manufacturing, production of electricity or storage of electricity, and certain agricultural activities. The taxpayer may choose the election for apportionment by including a statement in the tax return. The election shall be effective and irrevocable for the taxable year and nine following taxing years. The election will be binding on members of a unitary group of corporations. The Secretary may, upon request of the taxpayer, grant permission to terminate the expiration of the remaining years of the election.