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MEMORANDUM

To: Senate Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: March 6, 2024
Subject: Senate Bill No. 507

Summary

Senate Bill No. 507 relates to income tax and would provide for the apportionment of business income by the single sales factor.

Currently, for businesses with income from within and outside the state of Kansas, a three-factor formula using an average of the property, payroll and sales factors is generally used to apportion business income to this state.

The bill would amend the apportionment formula and related provisions to provide that business income shall be apportioned to this state by multiplying the income by the sales factor. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period. Railroads and interstate motor carriers of persons or property for-hire would remain exceptions based on mileage.

The bill would take effect from and after January 1, 2025, and its publication in the statute book.