

HOUSE BILL No. 2420

By Committee on Taxation

2-15

1 AN ACT concerning income taxation; relating to withholding taxes;
2 establishing withholding requirements for certain employees who work
3 in multiple states.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. (a) As used in this section:

7 (1) "Certain public figures" means persons of prominence who
8 perform services for wages or other remuneration on a per-event basis,
9 provided that the wages or other remuneration are paid to such person for
10 services provided at a discrete event, in the nature of a speech, public
11 appearance or similar event.

12 (2) "Employee" means the same as defined in K.S.A. 79-3295, and
13 amendments thereto, except that the term "employee" does not include a
14 professional athlete, professional entertainer, qualified production
15 employee or certain public figures.

16 (3) "Employer" means the same as defined in K.S.A. 79-3295, and
17 amendments thereto.

18 (4) "Professional athlete" means a person who performs services in a
19 professional athletic event, provided that the wages or other remuneration
20 are paid to such person for performing services in the person's capacity as
21 a professional athlete.

22 (5) "Professional entertainer" means a person of prominence who
23 performs services in the professional performing arts for wages or other
24 remuneration on a per-event basis, provided that the wages or other
25 remuneration are paid to such person for performing services in the
26 person's capacity as a professional entertainer.

27 (6) "Qualified production employee" means a person who performs
28 production services of any nature directly in connection with a qualified,
29 certified or approved film, television or other commercial video
30 production for wages or other remuneration, provided that the wages or
31 other remuneration paid to such person are qualified production costs or
32 expenditures under such qualified, certified or approved film incentive
33 program and that such wages or other remuneration must be subject to
34 withholding under such film incentive program as a condition to treating
35 such wages or other remuneration as a qualified production cost or
36 expenditure.

1 (7) "Time and attendance system" means a system in which:

2 (A) The employee is required on a contemporaneous basis to record
3 such employee's work location for every day worked outside of the state in
4 which the employee's employment duties are primarily performed; and

5 (B) the system is designed to allow the employer to allocate the
6 employee's wages or other remuneration for income tax purposes among
7 all states in which the employee performs employment duties for such
8 employer.

9 (8) "Wages or other remuneration" includes wages and payment other
10 than wages as such terms are defined in K.S.A. 79-3295, and amendments
11 thereto.

12 (b) (1) No part of the wages or other remuneration earned by the
13 employee who performs employment duties in more than one state shall be
14 subject to income tax in any state other than:

15 (A) The state of the employee's residence; or

16 (B) the state that the employee is present and performing employment
17 duties for more than 30 days during the calendar year that the wages or
18 other remuneration is earned and the nonresident employee's state of
19 residence:

20 (i) Provides a substantially similar exclusion; or

21 (ii) does not impose an individual income tax.

22 (2) No part of the wages or other remuneration earned by the
23 employee shall include income that is exempt from taxation by the state of
24 Kansas pursuant to the United States constitution or other federal law.

25 (c) Wages or other remuneration earned in any calendar year shall not
26 be subject to Kansas income tax withholding and reporting requirements
27 unless the employee is subject to income tax in Kansas pursuant to
28 subsection (b). Income tax withholding and reporting requirements under
29 subsection (b)(2) shall apply to wages or other remuneration earned as of
30 the commencement date of employment duties in the state during the
31 calendar year.

32 (d) Except as provided in subsection (b), an employee is considered
33 present and performing employment duties within a state for a day if the
34 employee performs more of the employee's employment duties within such
35 state than in any other state during a day.

36 (e) If an employee performs employment duties in Kansas and in only
37 one nonresident state during one day, such employee shall be considered to
38 have performed more of the employee's employment duties in the
39 nonresident state than in Kansas on such day.

40 (f) For purposes of this section, the portion of the day during which
41 the employee is in transit shall not be considered in determining the
42 location of an employee's performance of employment duties.

43 (g) For purposes of determining penalties related to an employer's

1 income tax withholding and reporting requirements:

2 (1) An employer may rely on an employee's annual determination of
3 the time expected to be spent by such employee in the states in which the
4 employee will perform duties absent:

5 (A) The employer's actual knowledge of fraud by the employee in
6 making the determination; or

7 (B) collusion between the employer and the employee to evade the
8 tax;

9 (2) except as provided in paragraph (3), if records are maintained by
10 an employer in the regular course of business that record the location of an
11 employee, such records shall not preclude an employer's ability to rely on
12 an employee's determination under paragraph (1); and

13 (3) notwithstanding paragraph (2), if an employer, at its sole
14 discretion, maintains a time and attendance system that tracks where the
15 employee performs duties on a daily basis, data from the time and
16 attendance system shall be used instead of the employee's determination
17 under paragraph (1).

18 (h) This section shall be a part of and supplemental to the Kansas
19 withholding and declaration of estimated tax act.

20 Sec. 2. This act shall take effect and be in force from and after its
21 publication in the statute book.