

**HOUSE BILL No. 2657**

By Representative Hodge

2-7

1 AN ACT concerning income tax; relating to credits, salary increases to  
2 Kansas employees.

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

5 Section 1. (a) As used in the section:

6 (1) "Kansas employees" means persons who are employed in Kansas  
7 by the taxpayer and who perform duties for the taxpayer. "Kansas  
8 employees" does not include independent contractors or any person to the  
9 extent such person's compensation is based on commission.

10 (2) "Salaries" means gross compensation paid to Kansas employees  
11 as reported to the state of Kansas for income tax purposes for the calendar  
12 year for which a tax on income is imposed under the provisions of the  
13 Kansas income tax act, but only to the extent compensation is paid for  
14 business operations performed in Kansas for a business subject to the  
15 Kansas income tax. "Salaries" does not include compensation based on  
16 commissions.

17 (b) (1) For all taxable years commencing after December 21, 2017, a  
18 credit shall be allowed against the income, privilege or premium tax  
19 liability imposed upon a taxpayer pursuant to the Kansas income tax act,  
20 the privilege tax imposed upon any national banking association, state  
21 bank, trust company or savings and loan association pursuant to article 11  
22 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto,  
23 or the premiums tax and privilege fees imposed upon an insurance  
24 company pursuant to K.S.A. 40-252, and amendments thereto, in an  
25 amount equal to 20% of the increase of total salaries paid to Kansas  
26 employees from the next preceding year. In any one taxable year, the  
27 amount of such credit allowable for deduction from the taxpayer's tax  
28 liability shall not exceed \$4,000.

29 (c) Any person, hereinafter designated the assignor, may sell, assign,  
30 convey or otherwise transfer tax credits allowed and earned pursuant to  
31 subsection (a). The taxpayer acquiring credits, hereinafter designated the  
32 assignee, may use the amount of the acquired credits to offset up to 100%  
33 of its income, privilege or premiums tax liability for the taxable year. The  
34 assignor shall enter into a written agreement with the assignee establishing  
35 the terms and conditions of the agreement and shall perfect such transfer  
36 by notifying the director of taxation within 90 calendar days following the

1 effective date of the transfer and shall provide any information as may be  
2 required by the director to administer and carry out the provisions of this  
3 section. The amount received by the assignor of such tax credit shall be  
4 taxable as income of the assignor, and the excess of the value of such  
5 credit over the amount paid by the assignee for such credit shall be taxable  
6 as income of the assignee.

7 (d) The computation of salaries shall be made on forms supplied by the  
8 secretary of revenue.

9 (e) The secretary of revenue may adopt rules and regulations necessary  
10 to administer the provisions of this section.

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