

HOUSE BILL No. 2657

By Committee on Taxation

1-17

AN ACT relating to income taxation; concerning the definition of business income for purposes of the uniform division of income for tax purposes act; amending K.S.A. 79-3271 and repealing the existing section.

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

Section 1. K.S.A. 79-3271 is hereby amended to read as follows: 79-3271. As used in this act, unless the context otherwise requires: (a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations, except that for taxable years commencing after December 31, 1995, a taxpayer may elect that all income ~~derived from the acquisition, management, use or disposition of tangible or intangible property~~ constitutes business income. The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, investment company, or any type of insurance company, but such term shall not be deemed to include any business entity, other than those hereinbefore enumerated, whose primary business activity is making consumer loans or purchasing retail installment contracts from one or more sellers.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity which owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons,

1 or the production, storage, transmission, sale, delivery, or furnishing of
2 electricity, water, steam, oil, oil products or gas.

3 (g) "Sales" means all gross receipts of the taxpayer not allocated un-
4 der K.S.A. 79-3274 through 79-3278, and amendments thereto.

5 (h) "State" means any state of the United States, the District of Co-
6 lumbia, the Commonwealth of Puerto Rico, any territory or possession
7 of the United States, and any foreign country or political subdivision
8 thereof.

9 (i) "Telecommunications company" means any business entity or uni-
10 tary group of entities whose primary business activity is the transmission
11 of communications in the form of voice, data, signals or facsimile com-
12 munications by wire or fiber optic cable.

13 (j) "Distressed area taxpayer" means a corporation which: (1) Is lo-
14 cated in a county which has a population of not more than 45,000 persons
15 and which, as certified by the department of commerce *and housing*, has
16 sustained an adverse economic impact due to the closure of a state hos-
17 pital in such county pursuant to the recommendations of the hospital
18 closure commission; and (2) which has a total annual payroll of
19 \$20,000,000 or more for employees employed within such county.

20 Sec. 2. K.S.A. 79-3271 is hereby repealed.

21 Sec. 3. This act shall take effect and be in force from and after its
22 publication in the statute book.

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