



## PRO-BUSINESS, LOW-TAX ENVIRONMENT

The Greater Wichita region provides a pro-business environment that includes few regulatory and fiscal obstacles, allowing businesses to flourish. The state of Kansas has long been known for its business-friendly, low tax climate, and today offers a variety of benefits for employers looking to relocate or expand here.

### Kansas Corporate Income Tax

The state’s corporate income marginal corporate tax rate is 7.00% — 4.00% of Kansas taxable net income plus 3.00% surtax (2011) on taxable net income in excess of \$50,000. Only the proportion of net income generated within the state is subject to Kansas income tax. A three-factor formula relating sales, payroll and property to the Kansas facility is generally used to determine Kansas taxable net income. With prior approval, a two-factor formula (sales and property) may be elected if the payroll factor exceeds 200% of the average of the sales factor and property factor values in the state. Such an election is binding for 10 years.

### Local Income Earnings Tax

Neither Wichita or the surrounding municipalities or counties have a local income or earnings tax on wages paid to employees. Remote employees that live in the Wichita region are also not subject to local earnings taxes derived from out-of-state employers.

### Unemployment Insurance

As of 2019, the employer rate is 6.00% for the construction sector and 2.70% for all other sectors. Rates apply to the first \$14,000 of each employee’s annual wages. The 2019 experience rate range for positive balance employers is 0.00% to 4.90% based entirely on the “experience rating.” Employers qualify for the experience rating after three to four years of operation in Kansas. Year 2019 experience rates for negative balance employers range from 5.10% to 7.10%.

### Workers’ Compensation

In Kansas, worker’s compensation premiums are determined by applying the rate for a specific occupation, per \$100 of payroll, to the annual wage per employee. Businesses can obtain worker’s compensation insurance from private insurance companies or, upon application, become self-insured.

Kansas workers’ compensation rates are about 32% below the national average.

### Retail Sales and Use Tax

City of Wichita	0.00%
Sedgwick County	1.00%
State	6.50%
<b>Total</b>	<b>7.50%</b>

### Sales Tax Exemption

Prior application for a Project Exemption Certificate can be made under the High-Performance Incentive Program (HPIP.) If approved, this permits 100% sales tax exemption on items used to construct, build-out, remodel, furnish and equip the



worksite. Such exemption covers all eligible taxable purchases of capital investment made by the entity submitting the application.

## Telecommunications Sales Tax

Both local telephone calls and long-distance calls (intrastate and interstate) are subject to 6.5% State sales tax and 1.0% Sedgwick County sales tax. Non-WATS\* "800" number calls (both intrastate and interstate) are taxed in exactly the same fashion as numbers with other prefixes. There are no State of Kansas, Sedgwick County or City of Wichita taxes specific to "800" numbers. The only difference is that "800" prefix numbers incur no charge to the caller. Interstate WATS telephone service (including WATS-based "800" service), dedicated lines and computer access service (data lines) are exempt from sales tax. WATS lines are declining technology. The majority of "800" service is not provided via (inward) WATS lines and is therefore subject to sales tax.

\* WATS — Wide Area Telephone Service Long distance service provided by various carriers that includes both intrastate and interstate service for outgoing and incoming (800) calls. WATS provides a bulk savings plan for companies with a high volume of toll calls, such as telemarketing. WATS charges include a flat rate for each hour of calling time, with cost per hour decreasing as toll usage increases.

## Corporate Franchise Tax

This annual tax on corporations in Kansas was repealed in tax (calendar) year 2011. There is no longer a Kansas corporate franchise tax.

## Motor Fuels Tax

Gasoline/Gasohol	\$0.24 per gallon
Diesel	\$0.26 per gallon
Liquefied Petroleum Gas	\$0.23 per gallon

## Kansas Personal Income Tax — Standard Deductions

Married filing jointly	\$7,500
Married filing separately	\$3,750
Single Head of Household	\$5,500
Single	\$3,000

Kansas allows personal exemptions of \$2,250 for each personal exemption allowed under federal income tax laws. An additional exemption is allowed in Kansas if you file as head of household on a federal return.

Note: there is no local (county or city) personal income tax. Both resident and non-resident aliens incur federal and state income tax under the same terms as U.S. citizens (Canadians may take credit on their Canadian tax return.)

## Kansas Personal Income Tax is a three-bracket system

Kansas Adjusted Gross Income (Married Joint):



\$0 to \$30,000	2.9%
\$30,001 to \$60,000	4.9%
over \$60,000	5.2%

Kansas Adjusted Gross Income (All Other):

\$0 to \$15,000	2.9%
\$15,001 to \$30,000	4.9%
over \$30,000	5.2%

Property Tax

Business machinery and equipment newly purchased, leased or moved into Kansas is exempt from property tax. This is of particular benefit to capital-intensive manufacturing operations. The exemption applies equally to manufacturing equipment and office business equipment, furniture and fixtures. Items of business personal property under \$1,500 original purchase price are also exempt from property tax regardless of date of purchase.

Business inventories (raw materials, goods-in-process and finished goods) are exempt from property tax.

Assessment Percentages

Real Property

Commercial/Industrial	25.0%
Residential	11.5%
Agricultural	30.0%
Vacant Lots	12.0%

Tangible Personal Property

Commercial-Industrial Machinery & Equipment (Exempt effective 7-1-06)	0%
Motor Vehicles <sup>1</sup>	30%
All Other	30%

<sup>1</sup>Motor vehicles assessed at 30% are "tax roll" vehicles, not "taxed when tagged" vehicles. "Taxed when tagged" vehicles are valued and taxed by weight, year, make and model.

Ad valorem tax mill levies for City of Wichita

Tax District 6702 - Covers most of Wichita  
(Dollars per \$1,000 of assessed value)



City	32.692
County	29.383
State	1.5
USD 259	45.063
USD 259 Bonds	8.575
<b>Total (most areas-2018)</b>	<b>117.213</b>

- Find information about available [Incentives & Financing](#).
- Learn about another business benefit — the low cost of [Utilities](#).
- Go directly to the [Kansas Department of Revenue](#) for additional tax policies and information.



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We invite you to connect with the Greater Wichita Partnership for all of the information and resources available to companies choosing to locate or expand in Greater Wichita.

[Contact Andrew](#)