

City of Wichita / Sedgwick County Incentives



Industrial Revenue Bonds (IRBs)

The City of Wichita and/or Sedgwick County may exempt property financed with IRBs from property taxes for a period of up to ten years. Building materials and equipment permanently installed will be exempt from state and local sales taxes, subject to local governing body approval.

Abatement of Property for Economic Development Purposes

Wichita and Sedgwick County may abate ad valorem taxes on all or any portion of the appraised value of all buildings or added improvements used exclusively by a business for:

- Manufacturing articles of commerce;
- Conducting research and development; or
- Storing goods or commodities which are sold or traded in interstate commerce.

Additions to or expansions of existing buildings qualify for the property tax exemptions if, as a result of the expansion, new jobs are created. Total or partial ad valorem tax may be in effect for up to 10 years after the calendar year in which a business commences its operations or an expansion is completed. There is no personal property tax on machinery and equipment purchased after June 30, 2006.

EDX (Kansas Constitutional Amendment)

The Wichita City Council and the Board of Sedgwick County Commissioners may exempt property from taxation for a period of up to ten years. This may include all or any portion of both real and/or tangible personal property used exclusively in:

- Manufacturing articles of commerce
- Conducting research and development
- Storing goods or commodities which are sold or traded in interstate commerce

Additional Incentives

Machinery & Equipment Expensing Deduction

Kansas taxpayers will be allowed to claim an expense deduction for business machinery and equipment, placed in service in Kansas during the tax year. The one-time deduction is allowed for each qualified purchase of machinery and equipment in the year that it is placed in service. Unused expense deduction is treated as a Kansas net operating loss that may be carried forward for 10 years. Eligible investment is machinery and equipment depreciable under the Modified Accelerated Cost Recovery System (MACRS) in section 168 of the Internal Revenue Code, or canned software as defined in section 197 of the Internal Revenue Code. Business machinery and equipment newly purchased, leased or moved into Kansas is exempt from property tax. Examples of eligible equipment include manufacturing equipment, office furniture, computers, software and racking.

Business Machinery & Equipment Property Tax Exemption

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 Inventory Property Tax Exemption

Merchant and manufacturer business inventories (raw materials, goods-in-process and finished goods) are exempt from property tax by Kansas constitutional amendment.

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. Alternatively - if IRBs are utilized - sales tax exemptions can be provided for IRB-financed purchases subject to local governing body approval. [Click here for more information and to download project and utility sales tax exemption application forms.](#)

Foreign Trade Zone

The Sedgwick County Foreign Trade Zone is a general-purpose zone where foreign and domestic goods are not within U.S. Customs territory. Users are thereby exempt from paying duty or federal excise tax while goods remain in the zone or are exported. If final product is imported into the United States, import tax or duty is due only at the time of transfer.
Additional information

Trade Show Assistance Program

Assistance is available for up to one-half of a company's direct foreign exhibition-related expenses (not to exceed \$3,500 per show and \$7,000 annually). Reimbursable expenses might include booth space, utility costs, transportation of equipment or materials, booth assembly/disassembly, interpreter fees at the show, translation fees for materials, etc.
Additional information

Income Tax Credit for Research & Development

A company can qualify for an income tax credit for research and development if: Research and development occurred within the state of Kansas; Expenditures increased above the company's average expenditures for such activities during the prior two years. Tax credit is equal to 6.5% of the increased expenditure amount and is deductible over a 4-year period (25% annually.)