**KANSAS**

**ECONOMIC INDICATORS**

**PER CAPITA PERSONAL INCOME**
- 2012: $41,835
- Percent of National Average: 98.0 percent
- Percent Change from 2010: 2.3 percent
- 2002-2012 Compound Annual Growth Rate: 3.5 percent

**CURRENT DOLLAR GDP**
- 2011: $130.9 billion
- U.S. Rank: 31

**REAL GDP**
- 2011 Growth Rate: 0.5 percent
- 2001-2011 Compound Annual Growth Rate: 1.3 percent

**LARGEST INDUSTRY CONTRIBUTORS TO GDP IN 2011**
Government (15.3 percent); real estate and rental and leasing (9.2 percent)

**LARGEST INDUSTRY CONTRIBUTORS TO GDP GROWTH, 2010-2011**
Administrative and waste management services (0.31 percentage points); finance and insurance (0.23 percentage points)

**KEY TAX RATES**

**STATE INDIVIDUAL INCOME TAXES**
- Tax Rate Range (percent)
  - Low: 3.0
  - High: 4.9
- Income Brackets*
  - Lowest: $15,000
  - Highest: --
- Number of Tax Brackets: 1

**CORPORATE INCOME TAX RATES**
- Tax Rate: 4.0 percent**
- Lowest Tax Bracket: Flat rate
- Highest Tax Bracket: Flat rate
- Number of Tax Brackets: 1

**EXCISE TAX RATES**
- General Sales and Gross Receipts Tax: 6.3 percent***
- Cigarettes: $.79 per pack
- Distilled spirits: $2.50 per gallon****
- Motor Fuel Tax Rates (cents per gallon)*****
  - Gasoline: 25.03
  - Diesel: 27.03
  - Gasohol: 25.03

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*For joint returns, taxes are twice the tax on half the couple’s income.

**In addition to the flat 4 percent corporate income tax, Kansas levies a 3 percent surtax on taxable income more than $50,000. Banks pay a privilege tax of 2.25 percent of net income, plus a surtax of 2.125 percent (2.25 percent for savings and loans, trust companies and federally chartered savings banks) on net income in excess of $25,000.

***Kansas’ excise rate fell to 5.7 percent July 1, 2013.

****An additional 8 percent tax for off-premise sales (meant to be consumed off-premise) and 10 percent tax for on-premise sales (meant to be consumed on-premise) is levied.

*****Additional environmental and inspection fees
COMMON BUSINESS INCENTIVE PROGRAMS

- High Performance Incentive Program — Employers that pay above-average wages and have a strong commitment to skills development for their workers can receive a number of incentives through this program, including:
  » A 10 percent income tax credit for eligible capital investment at a company’s facility, with a carry-forward that can be used in any of the next 16 years in which the qualified facility qualifies for the program.
  » A sales tax exemption to use in conjunction with the company’s eligible capital investment at its qualified facility.
  » A training tax credit of up to $50,000.
  » Priority consideration for access to other business assistance programs.

- Rural Opportunity Zones — Fifty counties are designated as rural opportunity zones and offer one or both of the following to new full-time residents moving from out of state:
  » Kansas income tax waivers for up to five years; or
  » Student loan repayments up to $15,000.

- Energy Incentives — Kansas offers a number of energy-focused incentives, including the Crude Oil or Natural Gas Pipeline Tax Credit, the Refinery Tax Credit, the Biodiesel Fuel Producer Incentive, the Carbon Dioxide Capture/Sequestration Incentive, the Ethyl Alcohol Production Incentive, the Kansas Retail Dealers Incentive, the Waste Heat Utilization System Incentive, the Wind and Solar Bond Financing Incentive, the Alternative-Fuel Fueling Station Tax Credit and the Alternative-Fueled Motor Vehicle Tax Credit.

- Workforce Development — The Department of Commerce has two workforce training programs to offset a company’s training costs. Companies creating new jobs may qualify for Kansas Industrial Training assistance. The state also offers the Kansas Industrial Retraining program to retrain a Kansas company’s existing workforce on new technology or production activities. Projects involving a Kansas Basic Industry—which includes manufacturing, distribution or regional/national service facilities—may qualify for these programs, which offer direct financial assistance to pay a negotiated portion of the costs to train a company’s employees.

- Promoting Employment Across Kansas — This program allows qualified companies that commit to creating five new jobs in nonmetropolitan counties or 10 new jobs in metropolitan counties over a two-year period to retain 95 percent of the payroll withholding tax of certain employees. The qualified company also must pay wages that meet or exceed the county median wage or North American Industry Classification System average wage for their industry.

- Machinery & Equipment Expensing Deduction — Eligible Kansas taxpayers are allowed to claim an expense deduction for business machinery and equipment placed into service in Kansas.

- Machinery and Equipment Property Tax Exemption — Commercial and industrial machinery and equipment acquired by qualified purchase or lease or transferred into the state is exempt from state and local property tax.

- Sales Tax Exemptions — Electricity, gas and water consumed during manufacturing, as well as all sales of manufacturing machinery and equipment, are exempt from the Kansas sales tax. A number of other items are exempt from sales tax, including labor and services used in original construction; tangible personal property that becomes an ingredient or component part of tangible personal property or services produced, manufactured or compounded for ultimate sale at retail either inside or outside of Kansas; purchases of animals, fowl and fish primarily used in agriculture; the production of food for human consumption; the production of animal, dairy, poultry or fish products, fiber or fur; and real and personal property financed with an industrial revenue bond.

- Research Tax Credit — Kansas offers an income tax credit to offset the cost of a company’s investment in research and development.

OVERSIGHT AND ACCOUNTABILITY MEASURES

The state’s primary incentive program—the High Quality Jobs Program—includes several oversight and accountability measures. In order to be eligible for incentives under the program, businesses must meet a number of baseline requirements, including job creation, wage threshold and benefit requirements, as well as a sufficient return on investment for the state, which is based on a calculated fiscal impact ratio. This fiscal impact ratio is calculated by dividing the projected state revenues by the total cost of offering the incentives and provides a single, quantifiable measure of the overall value to the state of a proposed project.

RECENT LEGISLATIVE HIGHLIGHTS

Kansas legislators in 2012 made a number of major changes to the state’s tax structure, including collapsing the number of individual income tax brackets, lowering individual income tax rates and passing a business income tax exemption that totally exempts certain nonwage business income that previously was subject to individual income taxes. In 2013, the legislature expanded the Rural Opportunity Zones program, which offers income tax waivers and student loan repayment for qualified residents of designated counties, from 50 to 73 counties.