

**HOUSE BILL No. 2368**

By Committee on Taxation

2-17

1 AN ACT concerning income taxation; relating to deductions, business  
2 entities that create new jobs.

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

5 Section 1. (a) For tax year 2017, and all tax years thereafter, any  
6 individual who has an ownership interest in a sole proprietorship,  
7 partnership, S corporation, limited liability corporation or other form of  
8 business entity that is not subject to the income tax on corporations under  
9 K.S.A. 79-32,110(c), and amendments thereto, the privilege tax as  
10 measured by net income on financial institutions imposed pursuant to  
11 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
12 thereto, or the premium or privilege tax imposed pursuant to K.S.A. 40-  
13 252, and amendments thereto, shall be eligible for a deduction from the  
14 Kansas adjusted gross income as determined by the provisions of this  
15 section.

16 (b) The deduction allowed by this section shall be in an amount equal  
17 to a percentage of the actual wages paid by the business in the tax year to  
18 an employee hired to fill a newly created job, multiplied by the individual's  
19 ownership interest in the business. The percentages used to calculate  
20 amount of the deduction in this section shall be:

- 21 (1) 15% in the year the employee is hired;  
22 (2) 10% in the year after the employee is hired;  
23 (3) 5% in the second year after the employee is hired; and  
24 (4) 0% in the third year after the employee is hired, and all years  
25 thereafter.

26 (c) As used in this section:

- 27 (1) "Employee" means a person employed by the business who  
28 performs duties for the business in a newly created job.  
29 (2) "Newly created job" means a job in a new or expanding Kansas  
30 business, not including jobs of recalled workers or existing jobs that are  
31 vacant, or other jobs that formerly existed in the business.

32 (3) "Wages" means all salary, commission and any other form of  
33 remuneration paid to an employee for performing duties for the business.

34 (d) The secretary of revenue may adopt any rules and regulations  
35 necessary to administer the provisions of this section.

36 Sec. 2. This act shall take effect and be in force from and after its

- 1 publication in the statute book.