



INSTRUCTIONS for Claiming the Kansas Business and Job Development Credit

For Qualified Investments that Began Operations in Tax Years Commencing **prior to** January 1, 1993.

Instructions for completing Schedule K-34, Schedule K-34CO, and Schedule K-34T.

These instructions are for those taxpayers who began operations in a qualified investment in tax years commencing prior to January 1, 1993.

If you began operations in a qualified investment in tax years commencing on or after January 1, 1993, you must use the instructions for that period of time.

These instructions do not constitute advice under K.S.A. 79-3268(b). Written opinions under that statute must be requested in writing and issued in accord with Department of Revenue procedure.

REQUESTS FOR WRITTEN OPINIONS AND LEGAL INTERPRETATIONS MUST BE MADE IN WRITING TO:

**OFFICE OF POLICY AND RESEARCH
KANSAS DEPARTMENT OF REVENUE
915 SW HARRISON ST.
TOPEKA, KS. 66612-1588**

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GENERAL INFORMATION

Schedule Change: All of the schedules have had slight changes. Schedule K-34T has been expanded to allow for the change in the amount of limitations for some taxpayers.

What is the Business and Job Development Credit and Who is Entitled to Claim it? The business and job development credit is a direct tax credit against the income tax or the privilege tax of banks and savings and loans and is allowable to any Kansas taxpayer who invests in a qualified business facility and who hires a certain number of qualified business facility employees as a direct result of that investment. There is no minimum amount of investment necessary to qualify; however, some investment must have been made. The taxpayer must qualify for the credit during the first taxable year that commercial operations occur at such qualified investment. There have been changes in the amount of credit allowed for qualified employees and investment and the number of qualified business facility employees necessary to qualify for the credit. Those changes are outlined under "Credit Amounts" and "Number of Qualified Business Facility Employees". The following two paragraphs show some of the differences in the credit for particular tax periods:

For Qualified Investments that Began Operations in Tax Years Commencing prior to January 1, 1993—Generally, to qualify for the credit in these years, the taxpayer must invest in a qualified business facility as defined and a minimum of two qualified employees must have been hired as a direct result of that investment. The credit may be claimed and must be recomputed each year for a ten year period and no carry over of unused credit is allowed. The statute does not set forth a minimum level of qualified investment necessary to qualify for the credit; however, some investment must have been made. In addition, the taxpayer must also show that the qualified investment directly resulted in the employment of at least two qualified business facility employees.

The statute also sets a limitation on the amount of credit a taxpayer may claim in any one year. The limitation is 50% of the tax on "qualified business facility income" for the tax year in which the credit is claimed. In no case will the total credit from all qualified investment and employees be allowed to exceed more than 50% of the Kansas income tax of the taxpayer in any one tax year.

For Qualified Investments that Began Operations in Tax Years Commencing after December 31, 1992—Generally, to qualify for the credit in these years, the taxpayer must invest in a qualified business facility as defined, and meet the definition of "manufacturing, nonmanufacturing or retail business". If the taxpayer is a "manufacturing business," a minimum of two qualified employees must be hired as a direct result of the investment. If the taxpayer meets the definition of "nonmanufacturing business", a minimum of five qualified employees must have been hired as a direct result of the qualified investment. "Retail businesses" qualify for the credit if the taxpayer invests in a qualified business facility as defined, and a minimum of two qualified business facility employees have been hired as a direct result of the qualified investment.

For a "retail business" the credit may be claimed and must be recomputed each year for a ten year period. If the taxpayer comes under the definition of "manufacturing or nonmanufacturing business", the credit is computed once and the remainder of the credit is carried over until utilized as long as the taxpayer maintains the minimum number of qualified employees for that type of business.

For qualified investments which began prior to December 31, 1995, the statute sets a limitation on the amount of credit a taxpayer may claim in any one year. The limitation is either 50% of the tax on qualified business facility income in the case

of a "retail business" and other taxpayers computing the \$100 credit or 50% of the Kansas income tax in the case the taxpayer comes under the definition of "manufacturer or nonmanufacturer".

For qualified investments which began on or after January 1, 1996, the statute sets a limitation on the amount of credit a taxpayer may claim in any one year in the case of a "retail business" at 50% of the tax on qualified business facility income. The 50% limitation also remains for manufacturers' or nonmanufacturers' qualified investments which began prior to January 1, 1996. For manufacturers and nonmanufacturers qualified investments which began operations in tax years commencing on or after January 1, 1996, the limitation is set at 100% of Kansas income tax.

For Qualified Investments made by Privilege Taxpayers (banks and savings and loans) that Began Operations in Tax Years Commencing after December 31, 1995 (privilege tax years 1997)—Generally, to qualify for the credit in these years, the taxpayer must invest in a qualified business facility as defined and a minimum of two qualified employees must have been hired as a direct result of that investment. The credit may be claimed and must be recomputed each year for a ten year period and no carryover of unused credit is allowed. The credit is limited to 50% of the tax on qualified business facility income.

An enhanced credit will be allowed to those privilege taxpayers when the qualified investment is located at the principal place from which the trade or business of the taxpayer is directed or managed and the facility has facilitated the creation of at least 20 new full-time positions for the taxable year during which the beginning of commercial operations occur at such qualified investment. Those taxpayers will compute the credit once and the remainder of the credit will be carried over until utilized as long as the taxpayer maintains the minimum number of 20 qualified employees. Since privilege taxpayers can first claim the enhanced credit after December 31, 1995, the credit limitation is set on 100% of Kansas privilege tax.

The statute does not set forth a minimum level of qualified investment necessary to qualify for the credit; however, some investment must have been made.

For additional information relating to qualified investments which began operations after 12-31-92, you must request the instructions specifically for that period.

Credit Amounts: The credit amounts allowable have changed for different time periods. Those changes are as follows:

1. For qualified investments that began operations in tax years commencing prior to January 1, 1993:
 - a. Kansas residents and nonresidents when the qualified investment is not located in an enterprise zone—\$100 for each qualified business facility employee and \$100 for each \$100,000 of qualified investment.
 - b. Kansas residents when the qualified investment is located in an enterprise zone—\$350 for each qualified employee (\$500 for each qualified targeted employee as defined in the Internal Revenue Code) and \$350 for each \$100,000 of qualified investment.
 - c. Kansas nonresidents when the qualified investment is located in an enterprise zone—\$100 for each qualified business facility employee and \$350 for each \$100,000 of qualified investment. For additional information relating to qualified investments which began operations prior to January 1, 1993 you must request the instructions specifically for that period.

2. For qualified investments that began operations in tax years commencing after December 31, 1992:
 - a. Kansas residents and nonresidents when the taxpayer meets the definition of “manufacturer or nonmanufacturer” and the investments are located in:
 - 1) A “metropolitan county” will receive \$1,500 for each qualified business facility employee and \$1,000 for each \$100,000 of qualified investment.
 - 2) A “nonmetropolitan region” will receive \$2,500 for each qualified business facility employee and \$1,000 for each \$100,000 of qualified investment.
 - 3) Any other area will receive \$1,500 for each qualified business facility employee and \$1,000 for each \$100,000 of qualified investment.
 - b. Kansas residents and nonresidents when the taxpayer does not meet the definition of “manufacturer or nonmanufacturer” will receive \$100 for each qualified business facility employee and \$100 for each \$100,000 of qualified investment.
3. For qualified investments made by privilege taxpayers (banks and savings and loans) that began operations in tax years commencing after December 31, 1995 (privilege tax years 1997):
 - a. Kansas residents and nonresidents when the taxpayer’s qualified investment is not the principal place from which the trade or business of the taxpayer is directed or managed and the investment has not facilitated the creation of at least 20 new full-time positions for the taxable year will receive \$100 for each qualified business facility employee and \$100 for each \$100,000 of qualified investment.
 - b. Kansas residents and nonresidents when the taxpayer’s qualified investment is the principal place from which the trade or business of the taxpayer is directed or managed and the investment has facilitated the creation of at least 20 new full-time positions for the taxable year and is located in:
 - 1) A “metropolitan county” will receive \$1,500 for each qualified business facility employee and \$1,000 for each \$100,000 of qualified investment.
 - 2) A “nonmetropolitan region” will receive \$2,500 for each qualified business facility employee and \$1,000 for each \$100,000 of qualified investment.
 - 3) Any other area will receive \$1,500 for each qualified business facility employee and \$1,000 for each \$100,000 of qualified investment.

For additional information relating to qualified investments which began operations after 12-31-92, you must request the instructions specifically for that period.

Number of Qualified Business Facility Employees: The number of qualified business facility employees necessary to claim the credit has changed for different time periods. Those changes areas follows:

1. For qualified investments that began operations in tax years commencing prior to January 1, 1993:
 - a. The number of qualified business facility employees must equal or exceed two.
2. For qualified investments that began operations in tax years commencing after December 31, 1992:
 - a. When the taxpayer meets the definition of “non-manufacturer” the number of qualified business facility employees must equal or exceed five.
 - b. When the taxpayer meets the definition of “manufacturer” the number of qualified business facility employees must equal or exceed two.
 - c. When the taxpayer meets the definition of a “retailer” the number of qualified business facility employees must equal or exceed two.

For additional information relating to qualified investments which began operations prior to 12-31-93, you must request the instructions specifically for that period.

3. For qualified investments made by privilege taxpayers (banks and savings and loans) that began operations in tax years commencing after December 31, 1995 (privilege tax years 1997 and forward):
 - a. When the taxpayer’s qualified investment is not the principal place from which the trade or business of the taxpayer is directed or managed the number of qualified business facility employees must equal or exceed two.
 - b. When the taxpayer’s qualified investment is the principal place from which the trade or business of the taxpayer is directed or managed the business must have created at least 20 new full-time positions for the taxable year if the taxpayer wishes to claim the enhanced credit.

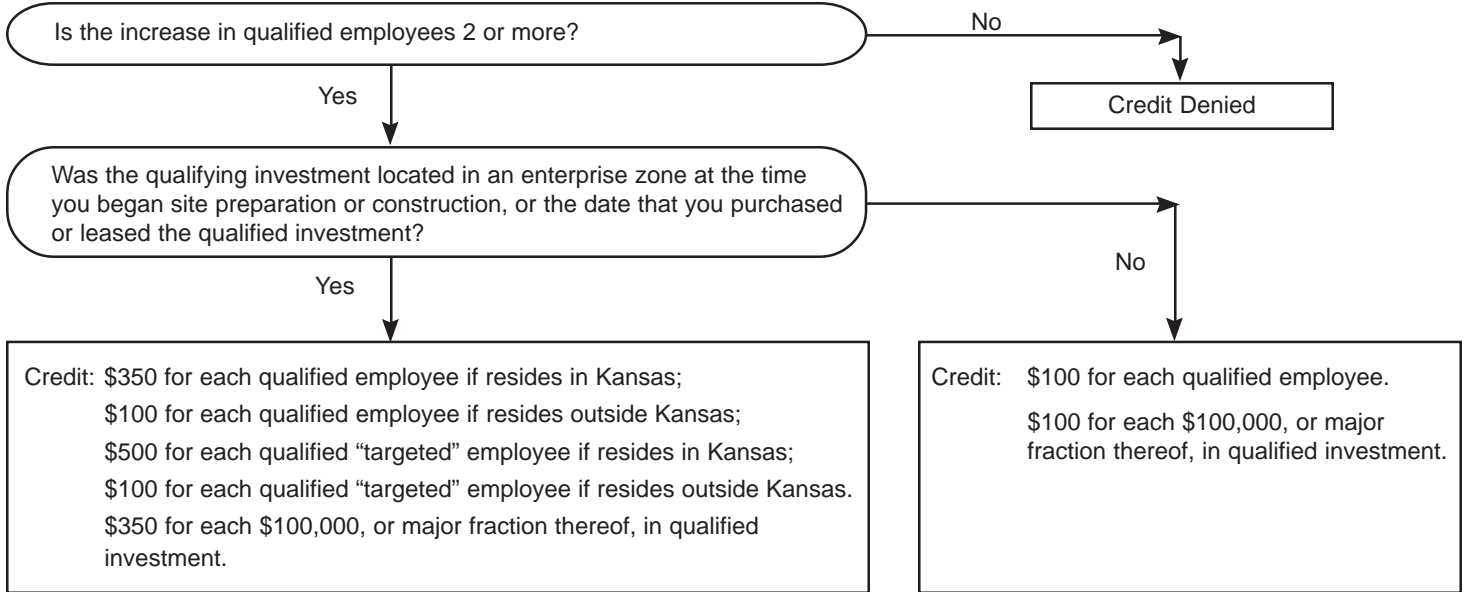
For all credits when computing the average number of qualified business facility employees, any fraction of an employee less than one cannot be rounded up.

When to File: The Schedule K-34, K-34CO and K-34T are to be filed with the tax return in which you claim the credit or with the tax return for the same tax year in which you are qualifying for in the case you are electing to defer the credit. Taxpayers electing to defer the credit must complete and enclose schedule K-34 to the tax return for the year in which commercial operations began at the qualified investment.

If you are qualifying for a tax year in which you previously filed a tax return, you must enclose your K-34, K-34CO and K-34T, as applicable, to an amended tax return for the year you are amending.

Quick Reference Flowchart

For Facilities Which Began Operations Prior to January 1, 1993
For a quick reference as to whether or not you qualify for the credit please use the flow chart below.



GENERAL QUESTIONS AND ANSWERS

These questions, answers and instructions in general do not constitute advice under K.S.A. 79-3268(b). Written opinions under that statute must be requested in writing and issued in accord with Department of Revenue procedure.

Base—When to Use It—Different Locations

Question

A taxpayer has a facility in one city and begins a qualified investment in Wichita (not in Wichita before). Does the qualified investment in Wichita need to use a base?

Answer

No. The most common uses of a “base” are shown below.

Base—When to Use It

Question

When must I use a base of employees and investment?

Answer

The most common times a base would be used are as follows:

1. When you are adding onto an existing facility;
2. When you are adding a qualified investment into an existing facility;
3. When you move a facility from one location in Kansas to another location in Kansas;
4. When you transfer employees and/or investment from one location in Kansas to a new location in Kansas.

Beginning Operations in Middle of the Tax Year

Question

I am a calendar year taxpayer and I began operations at my qualified investment on August 18. How should I complete Parts I and II of the K-34 for the current number of employees and current amount of investment at the end of each month?

Answer

K.S.A. 79-32,154(d) and (e) provide that if the qualified investment is in operation for less than the entire year, the number of qualified business facility employees and the qualified investment shall be determined by dividing the sum of the total employees and value of investment by the number of full calendar months which the qualified investment was in operation. In the instance above the taxpayer would enter and add the full months of September through December for the number of employees and amount of investment and divide by 4.

Beginning Operations at the End of the Tax Year

Question

I am a calendar year taxpayer and I began operations at my qualified investment on December 18. Can I claim a tax credit this tax year?

Answer

No. K.S.A. 79-32,154(d) and (e) provide that if the qualified investment is in operation for less than the entire year, the number of qualified business facility employees and the qualified business facility investment shall be determined by dividing the sum of the total employees and value of investment by the number of full calendar months which the qualified investment was in operation. Since the qualified investment was not in operation for a full month, the taxpayer cannot claim a credit for this tax year. They will be eligible to claim the credit for the next tax year beginning in January for the qualified investment which began operations December 18th of the preceding tax year. In this instance, if they need to compute a base, they should not include the new employees hired on the 18th for the new facility nor should they include the new investment in the base.

More than One Investment—Same Location

Question

The taxpayer has operated a business in the same location since the 1950's. In 1992 an investment was made that resulted in the hiring of additional employees so credit 1 was started. In 1993 credit

2 was started because a new investment resulted in more employees. In 1994 again a qualified investment directly resulted in the hiring of more than two employees. How is the credit computed for each year? The credit is claimed under K.S.A. 79-32,153.

Answer

The method below is to be used to compute business and job development credit when a business has more than one credit. Once qualified investment is created, the number of qualified employees and the amount of qualified investment for the prior year is “frozen” and the numbers and amounts remain the same for the remainder of the credit unless there is a decrease in employment or investment below the “base”. The qualified business facility income and tax (2 factor formula) will be recomputed each year with the denominator being the current year's figures.

Tax Year	<u>1992</u>	<u>1993</u>	<u>1994</u>
1992 Qualified Employees			
Average employees for the year	20		
Base average employees for prior year	<u>15</u>		
Qualified employees for this qualified investment	5	5 *	5 *
1993 Qualified Employees			
Average employees for the year		28	
Base average employees for prior year		<u>20</u>	
Qualified employees for this qualified investment		8	8 *
1994 Qualified Employees			
Average employees for the year			32
Base average employees for prior year			<u>28</u>
Qualified employees for this qualified investment			4

* This number will remain “frozen” through the ten year period, unless there is a decrease in employment or investment below the “base”.

Moving the Qualified Business Facility Investment—All of the Old Investment was Sold—

Question

A taxpayer that previously qualified for the credit and still has 5 years remaining to recompute the credit moves their original qualified business facility investment to another location. The old building was sold and the taxpayer purchased a new building and new equipment. They still have the same number of employees. How is their credit computed?

Answer

The credit for which the taxpayer previously qualified would be continued for the remainder of the 10 year period.

Moving the Qualified Business Facility Investment—New Employees—

Question

A business that previously qualified for the credit and still has 5 years remaining to recompute the credit moves their original qualified business facility investment to another location. The old building was sold and the taxpayer purchased a new building and new equipment. They hired 8 new employees over and above their old employees. Are they entitled to a new credit over and above their old credit?

Answer

They are still entitled to their old credit. Even though the taxpayer had investment over and above the prior year base, if the taxpayer did not hire the 8 new employees as a direct result of that investment, they would not be entitled to another new credit.

**Moving the Qualified Business Facility Investment—
New Employees and Investment**

Question

A business that previously qualified for the credit and still has 5 years remaining to recompute the credit moves their original qualified business facility investment to another location and also makes additional investment and hires additional employees at that new location. Is the taxpayer entitled to the remainder of their original credit and how is it computed and is the taxpayer entitled to a new credit on the new qualified investment?

Answer

The taxpayer is entitled to the remainder of the credit on their original qualified investment and employees. The qualified employees and investment would be “frozen” on qualified business facility investment #1.

The taxpayer would also qualify for a second credit if they had investment over and above the prior year’s base and hired the necessary number of qualified employees as direct result of that investment.

**Moving the Qualified Business Facility Investment—
Some of the Qualified Investment Retained**

Question

A taxpayer that previously qualified for the credit and still has 5 years remaining to recompute the credit moves their original qualified business facility investment to another location. Can the taxpayer still claim the credit? Does the credit start over? I kept some of the old qualified investment and made additional investment over and above the dollar value at the old facility at the new location, do I get a credit for that additional investment?

Answer

The credit for which the taxpayer previously qualified would be continued for the remainder of the 10 year period. The total investment at the new location would be limited to the lesser of the amount of investment at the old facility or the amount of investment at the new facility. However, see specific line instructions for Schedule K-34, Part II, line 9. If a “base” was used to compute the credit at the old facility the taxpayer moved to. If they were initially in an enterprise zone and moved to a different enterprise zone they would continue to receive the enhanced enterprise zone credit. If they were in a zone and moved to an area where they were not in a zone, they would not receive the enhanced enterprise zone credit. If they were not in a zone and moved to a zone, they would not receive the zone credit.

Previously Failed to Claim the Credit. Is it too Late?

Question

I bought some machinery in 1988 and hired 4 employees as a direct result and I have not filed a K-34 and claimed the credit. May I do so at this time? Can I elect to defer the credit at this time also?

Answer

In order to claim the credit you will need to complete a K-34 and related schedules for the 1988 tax year (the year operations began at the qualified investment) to show that you initially qualified at that time. Schedules for the initial year you began operations should be attached to an amended return and submitted to the Department. You may claim the credit in any prior tax years that have not been closed by statute; however, the years leading up to the years not closed by statute will count as part of the 10 years of recomputation. While amended returns may be filed for tax years closed by statute, refunds will not be made for those years.

In order to make an election to defer the credit, the year the taxpayer began operations at the qualified investment must not be closed by statute. See “Election to Defer Credit” under “Definitions

Reduction of Qualified Employees and Investment

Question

A taxpayer has qualified for three investments (1989—5 employees and \$200,000 investment; 1990—4 additional employees and \$58,000 investment; 1991—6 additional employees and \$28,000 investment). During 1992— 8 employees were laid off and one piece of equipment was sold for \$25,000 as scrap. In 1993 2 new pieces of equipment were purchased for \$75,000 and employees were increased by 2 as a direct result. How do I compute the credit for 1992 and 1993? Do the two people hired in 1993 qualify for a new credit?

The facts are as follows:

		Average <u>Employees</u>	Average <u>Investment</u>
1989	(Qualified Business Facility Investment #1)		
	Total	5	\$200,000
	Base	<u>0</u>	<u>0</u>
	Qualify	5	\$200,000
1990	(Qualified Business Facility Investment #2)		
	Total	9	\$258,000
	Base	<u>5</u>	<u>200,000</u>
	Qualify	4	\$ 58,000
1991	(Qualified Business Facility Investment #3)		
	Total	15	\$286,000
	Base	<u>9</u>	<u>258,000</u>
	Qualify	6	\$ 28,000
1992	Total employees remaining 7		
	Total investment remaining \$261,000		

Answer

Because the employees decreased to 7 in 1992, before subtracting out a base, only the 1989 and 1990 credit can be used in 1992. This is because the taxpayer has 5 qualified employees for the original 1989 credit and 2 qualified employees for the 1990 credit (7 employees less the base of 5). They also have investment of \$261,000 remaining, \$200,000 for 1989, \$58,000 for 1990 and \$3,000 for 1991. They cannot receive a credit for the 1991 investment since they have no employees remaining for that investment. The taxpayer will have received a credit for the following:

- 1989 Qualified Business Facility Investment—credit in 1989, 1990, 1991 and 1992
- 1990 Qualified Business Facility Investment—credit in 1990, 1991 and 1992
- 1991 Qualified Business Facility Investment—credit in 1991

For the year 1993 even though additional investment was made and additional employees were hired, the taxpayer cannot claim the credit for another qualified business facility investment since the taxpayer is now back to their 1990 level of 9 total employees.

For the 1993 year the 1989 and 1990 qualified business facility investment credit may be claimed.

Same or Substantially Identical Revenue Producing Enterprise

Question

The taxpayer purchased a facility that was previously a fast food restaurant. The taxpayer is also a fast food restaurant. The building has been empty for the past three months. Negotiations to purchase or rent the old facility began after the facility was closed by the previous owner. Does this facility qualify for the credit?

Answer

The fact that negotiations began after the old restaurant was closed is persuasive evidence that the facility was not part of an overall plan to acquire an ongoing business and if the taxpayer otherwise qualifies for the credit they may claim the credit.

Subchapter S Corporation/Partnership—Schedules Required**Question**

What schedules are required to be filed with the subchapter S corporation and partnership returns? What schedules are required to be filed by the shareholders and partners?

Answer

The subchapter S corporation or partnership must file the Schedule K-34:

1. When a taxpayer is claiming a brand new credit (first year);
2. To show that they qualify for a credit and elect to defer the beginning of the credit (see "Election to Defer Credit").
3. When recomputing a ten year tax credit for which the tax payer had previously qualified.

Schedule K-34T is not to be filed with the subchapter S corporation or partnership return. The corporation or partnership must provide a copy of the Schedule K-34 to their shareholders or partners to enable them to claim the credit.

The Schedule K-34 is to be completed in full by the corporation or partnership with the following exception. The corporation or partnership is not to complete lines 16 through 18 on the face of Schedule K-34. That area will be completed by the shareholder or partner.

The shareholder or partner must submit a copy of the Schedule K-34 as received from the corporation or partnership and a Schedule K-34T as completed by the shareholder or partner.

Subchapter S Corporation/Partnership—Shareholders and Partners—Completion of Schedules**Question**

Based on the question and answer relative to "Subchapter S Corporation/Partnership—Schedules Required", how do I as a shareholder or partner complete the necessary schedules?

Answer

Schedule K-34:

Schedule K-34 will be provided to you from the corporation or partnership. The information provided on these schedules will be for all shareholders or partners therefore you must include only your ownership percentage or per share basis in your computation of the credit.

The corporation or partnership should have completed lines 9 through 15 of the Schedule K-34 and the shareholder or partner must complete lines 16 through 18 based upon their ownership percentage or per share basis. This computation is shown in the Specific Line Instructions for line 16 on the front of Schedule K-34. If line 15 is a loss, no credit is allowed for this year since the qualified facility has no qualified business facility income. Please remember that for line 18 where the schedule says to enter line 14 or 17, whichever is less, you must multiply line 14 times your ownership percentage or per share basis to determine the amount of that line for your purposes. Therefore, for line 18 you will have your ownership percentage or per share basis of line 14 or the amount on line 17, whichever is less. A copy of the computation used to calculate the shareholder's or partner's share of line 18 must accompany the schedules.

Schedule K-34CO:

Schedule K-34CO is not applicable for qualified investments which begin operations in tax years commencing prior to January 1, 1993.

Schedule K-34T:

Schedule K-34T is to be completed based on your individual information. The income tax liability on line 2 is the amount of actual tax liability on your return. Schedules must be attached as necessary to show the computations.

Two-Factor Formula and the Qualified Business Facility Income**Question**

When must I use the two-factor formula of property and payroll to compute the qualified business facility income?

Answer

Whenever a qualified business facility investment and employees are claimed and the taxpayer has other property and/or payroll in Kansas.

Two-Factor Formula—More than One Investment in Kansas**Question**

When am I required to use the two-factor formula of property and payroll to determine qualified business facility income?

Answer

You must use the two-factor formula when you already are doing business in Kansas and then begin business at a qualified investment. This is required whether you are adding investment and employees in an existing facility or adding qualified investment at another location across the state.

GENERAL SITUATIONS AND SOLUTIONS

1. The following are examples of possible situations and their respective solutions; however, these are scenarios only because different conditions would change the way the credit is computed:
 - a. **New Building/Building Addition at Existing Location—**

Since this is an existing location it will be necessary to compute a base of the prior year's investment and employees. For the taxable year prior to the business year you placed the qualified investment and employees into operational status you must complete the "base" information showing the number of employees and amount of investment at the end of each month and divide by the number of months used (three prior years for tax years commencing prior to January 1, 1986). The average amounts will be entered on line 3 and line 7 (employee and investment base) of Part I and Part II of Schedule K-34. Those base amounts will remain the same for the entire ten year period. The total employees and total investment at line 1 and line 6 of Part I and Part II will include both old and new employees and old and new investment at the old facility and qualified investment. The number of employees after subtraction of the base are the qualified business facility employees. The amount of investment after subtraction of both the base and the amount of investment not directly related to qualified business facility employees is the allowable qualified investment. While the base remains the same for the ten year period, the total employees and total investment must be recomputed each new tax year for the ten year period. If you moved employees and/or investment from one location in Kansas to another location in Kansas, those employees and that investment would be added to the base. You would complete the information for each full month the business was in operation during the tax year. If during the first tax year the business was in operation for only three months, the employees and investment would be entered
 - b. **New Investment in Existing Building—**

This would be new investment at an existing location such as machinery. The credit would be computed the same as the credit was computed under "New Building/Building Addition at Existing Location".
 - c. **New Building at New Location—**

Since this is a new building at a new location, there will be no base to compute unless employees and/or investment from another Kansas location have been transferred and are being used. In that case the base would be the employees and investment from that other location.

You would complete the information for each month the business was in operation during the tax year. If during the first tax year the business was in operation for only three months, the employees and investment would be entered for those three months only beginning with the first full month of operation. The total employees and investment would be recomputed each new tax year for the ten year period.
 - d. **Replacement of Old Building at Existing or New Location—**

If the old building was totally replaced and the taxpayer has no activity at the old building, the credit will be computed as it was under "New Building/Building Addition at Existing Location".
2. For qualified investments and employees that began operations in tax years commencing prior to January 1, 1993, a Schedule K-34 is required for each qualified investment for each year the taxpayer is claiming a credit. If the taxpayer began a qualified investment in 1991, one Schedule K-34 would be needed. If the same taxpayer hired two qualified employees as a direct result of additional investment in 1992, two Schedule K-34's would be required for 1992, one for the 1991 credit and one for the 1992 credit.

DEFINITIONS AND TERMS

Through the years the business and job development credit law has had major changes involving various time periods. The following definitions have been matched to those time periods and you should locate the time period that matches your situation. There are two basic time periods listed, prior to 1-1-86 and on or after 1-1-86. There is a time period listed that spans part of the two main time periods. That time period has a definition that pertains to the enhanced enterprise zone credit. The time periods are as follows:

1. For qualified investment and employees that began operations in tax years commencing prior to January 1, 1986;
2. For qualified investment and employees that began operations in tax years commencing on or after January 1, 1986 and prior to January 1, 1993; and,
3. For qualified investment and employees that began operations on or after January 1, 1982 and if the tax year is prior to January 1, 1993.

For qualified investment and employees that began operations in tax years commencing after December 31, 1992 you must request the instructions specifically for that period.

For New Commercial Operations Beginning in Tax Years Commencing prior to January 1, 1986

Base: Whenever a taxpayer adds qualified investment and employees at an existing location (new building, building addition) it will be necessary to compute a base of the prior year's investment and employees. For the taxable year prior to the business year you placed the qualified investment and employees into operational status you must complete the "base" information showing monthly totals (three prior years for tax years commencing prior to January 1, 1986). The base will be computed and entered in Part I and Part II of Schedule K-34. Those base amounts will remain the same for the entire ten year period. See the last paragraph of the definition of "Qualified Business Facility Investment" and "Qualified Business Facility Employee".

Business and Job Development Credit: The business and job development credit may be deducted from a taxpayer's Kansas income tax liability if the taxpayer established a new business facility in Kansas. The credit may be claimed for the taxable year that commercial operations began, or at the election of the taxpayer, up to the third year following the taxable year that commercial operations began, and for each of the nine (9) succeeding taxable years. In order for the department to determine if the taxpayer is entitled to the credit a Schedule K-34 must be completed along with all supporting schedules and enclosed with the return along with any election to defer.

To qualify for this credit the taxpayer must establish a new business facility as defined, and a minimum of two qualified employees must have been hired at the qualified investments for the taxable year for which the credit is claimed.

Commencement of Commercial Operations: Commencement of commercial operations shall be deemed to occur during the first taxable year the qualified investment is available for use by the taxpayer, or first capable of being used by the taxpayer, in the revenue producing enterprise in which the taxpayer intends to use the qualified investment.

Election to Defer Credit: Any taxpayer entitled to the credit may elect to defer the commencement of the ten year period to any taxable year not later than the third taxable year following the commencement year. The taxpayer must exercise such election by enclosing a written statement to Schedule K-34 for the taxable year in which commercial operations began at the qualified investment. Once the election has been perfected, the credit will be allowed for the taxable year specified in the election and for each of the nine

succeeding taxable years.

If the taxpayer is electing to defer, in order for the department to determine if the taxpayer is entitled to the credit in the first year of operations, a Schedule K-34 must be completed along with all supporting schedules, and enclosed with the return along with the election.

The election may be made at any time as long as the tax year in which commercial operations began at the qualified investment has not expired by statute. The statute of limitations is as follows:

1. Four year limitation for tax years ending before January 1, 1989;
2. Three year limitation for tax years commencing after December 31, 1988.

Expansion of Existing Facility: If a facility, which does not constitute a new business facility is expanded by the taxpayer, the expansion will be considered a separate unit eligible for the business and job development credit if:

1. The taxpayer's investment in the expansion exceeds one million dollars, or if less, one hundred percent of its investment in the original facility prior to expansion; and,
2. The expansion must otherwise constitute a new business facility.

Facility: A facility is defined as any factory, mill, plant, refinery, warehouse, feed lot, building or complex of buildings located within the state, including the land on which the facility is located and all machinery, equipment, and other real and tangible personal property located at or within the facility used in connection with the operation of the facility. If there is a complex of buildings, the entire complex (including all buildings in the complex) is considered by the Department of Revenue to be a single facility.

For tax years commencing on or after January 1, 1986, facility includes the installation of new equipment, machinery, etc., in an existing building owned or leased by the taxpayer.

Facility Types Which Are Specifically Not Allowed a Credit: No credit will be allowed for an investment in a public utility as defined in K.S.A. 66-104 or a swine confinement facility as defined in K.S.A.17-5903.

1. Public Utility is defined in K.S.A. 66-104
2. Swine Confinement Facility means the land, structures and related equipment owned or leased by a **corporation** and used for housing, breeding, farrowing, or feeding of swine in an enclosed environment. The term includes within its meaning only such agricultural land as is necessary for proper disposal of liquid and solid wastes in environmentally sound amounts for crop production and to avoid nitrate buildup and for isolation of the facility to reasonably protect the confined animals from exposure to disease.

Leaving the Facility-Investment/Employees: No credit will be allowed for any investment that leaves the facility per K.S.A. 79-32,153(a). This would include, but not be limited to, motorized vehicles. Employees at a qualified investment must spend in excess of 50% of their time at the qualified investment in order to qualify as an employee of that qualified investment.

Qualified Business Facility: A facility must meet the following requirements:

1. The facility must be employed by the taxpayer in the operation of a revenue producing enterprise as defined. It will not be considered a new business facility if the taxpayer's only activity is to lease it to another person or firm. If the taxpayer employs only a portion of the facility in the operation of a revenue producing enterprise, and leases another portion of the facility to another person or firm, that portion employed by the taxpayer in the operation of a revenue producing enterprise

shall be considered as a new business facility if the other requirements are met.

2. The facility must be acquired by, or leased to the taxpayer after March 31, 1976. The facility will be deemed to have been acquired by or leased to, the taxpayer if any of the following occur after this date:
 - a. Transfer of title to the taxpayer;
 - b. Transfer of possession pursuant to a binding contract to transfer title to the taxpayer;
 - c. Commencement of the term of the lease to the taxpayer; or,
 - d. The facility is completely constructed, erected, or installed by, or on behalf of, the taxpayer.
3. If it was acquired by the taxpayer from another person or firm, the facility must not have been employed immediately prior to the transfer of its title to the taxpayer, or the commencement of the term of its lease to the taxpayer, in the same or substantially identical revenue producing enterprise as the facility was employed in by the person or firm the facility was acquired from.
4. The facility must not be a replacement business facility.

Qualified Business Facility Employee: A qualified business facility employee is defined as a person who is employed by the taxpayer in the operation of the qualified investment during the taxable year for which the credit is claimed. A person will be deemed to be so engaged if they perform duties in connection with the operation of the qualified investment on a: (1) regular full-time basis; (2) part-time basis, providing the person normally performs this type of duty at least twenty hours each week throughout the taxable year; or, (3) seasonal basis, provided the employee performs duties for substantially all of the season for which employees are customarily hired. The number of qualified employees during any taxable year shall be determined by dividing by twelve the sum of all facility employees on the last business day of each month of the taxable year assuming the taxable year is a twelve month period. If the qualified investment is in operation for less than an entire year, the number of qualified employees shall be determined by dividing the sum of the number of all facility employees on the last business day of each full calendar month during the portion of such taxable year during which the qualified investment was in operation by the number of full calendar months during such period. In the case of an investment in a facility, which facility existed and was operated by the taxpayer or related taxpayer prior to new investment, the number of all facility employees employed in the operation of such facility shall be reduced by the average number, computed as provided in this paragraph, of individuals employed in the operation of the facility during the preceding three taxable years preceding the taxable year in which the qualified investment was made at the facility. (See "Leaving the Facility".)

Qualified Business Facility Income: Qualified business facility income means the Kansas taxable income derived by the taxpayer from the operation of a qualified investment. If a taxpayer has income derived from the operation of a qualified investment as well as from other activities conducted within this state, the Kansas taxable income derived by the taxpayer from the operation of a qualified investment shall be determined by multiplying the taxpayer's Kansas taxable income by a fraction, the numerator of which is the property factor, as defined in paragraph (1), plus the payroll factor, as defined in paragraph (2), and the denominator of which is two.

1. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in connection with the operation of the qualified investment during the tax period, and the denominator of which is the average value of all the

taxpayer's real and tangible personal property owned or rented and used in this state during the tax period. The average value of all such property shall be determined as provided in K.S.A. 79-3281 and 79-3282, and amendments thereto.

2. The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the taxpayer for compensation to persons qualifying as qualified employees at the qualified investment, and the denominator of which is the total amount paid in this state during the tax period by the taxpayer for compensation. The compensation paid in this state shall be determined as provided in K.S.A. 79-3283, and amendments thereto.

The formula set forth cannot be used for any purpose other than determining the qualified business facility income.

Qualified Business Facility Investment: Qualified business facility investment shall mean the value of the real and tangible personal property, except inventory or property held for sale to customers in the ordinary course of the taxpayer's business, which constitutes the qualified investment, or which is used by the taxpayer in the operation of the qualified investment, during the taxable year for which the business and job development credit is claimed. The value of such property during such taxable year shall be: (1) Its original cost if owned by the taxpayer; or (2) eight times the net annual rental rate, if leased by the taxpayer. The net annual rental rate shall be the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from sub-rentals. The qualified investment shall be determined by dividing by twelve the sum of the total value of all property at that facility on the last business day of each calendar month of the taxable year assuming the taxable year is a twelve month period. If the qualified investment is in operation for less than an entire year, the amount of qualified investment shall be determined by dividing the sum of the total value of all property at that facility on the last business day of each full calendar month during the portion of such taxable year during which the qualified investment was in operation by the number of full calendar months during such period. In the case of an investment in a facility, which facility existed and was operated by the taxpayer or related taxpayer prior to new investment, the amount of the taxpayer's total investment in such facility shall be reduced by the average amount, computed as provided in this paragraph, of the investment of the taxpayer or a related taxpayer in the facility for the taxable year preceding the taxable year in which the qualified investment was made at the facility (three preceding taxable years for facilities which began operations prior to January 1, 1986). (See "Leaving the Facility".)

Related Taxpayer: If a taxpayer established a qualified investment and prior to the expiration of the ten year period all or a portion of the qualified investment is acquired by or leased to a related taxpayer, the original qualifying taxpayer may elect either to allow the related taxpayer to claim the remaining credit or to retain such credit.

A related taxpayer is: (1) A corporation, partnership, trust, or association controlled by the taxpayer; (2) An individual, corporation, partnership, trust or association in control of the taxpayer; or, (3) A corporation, partnership, trust, or association controlled by an individual, corporation, partnership, trust, or association in control of the taxpayer.

For the purposes of the business and job development credit, "control of a corporation" means ownership, directly or indirectly, of stock possessing at least 80% of the total combined voting power of all classes of stock entitled to vote and at least 80% of all other classes of stock in the corporation.

Control of a partnership or association means ownership of at least 80% of the capital or profits interest in the partnership or association.

Control of a trust means ownership, directly or indirectly, of at least 80% of the beneficial interest in the principal or income of the trust.

Replacement Business Facility: A replacement facility is defined as a unit that meets the definition of a new business facility, but which replaces a facility which previously had been located in the state; and (1) which had been operated by the taxpayer or a related taxpayer prior to the construction of the new facility; and (2) had discontinued operation on or before the close of the first taxable year in which the credit was applied for. It is presumed that a new facility is a replacement for an old facility if the following conditions are met:

1. The old facility had been operated by the taxpayer or a related taxpayer for more than three of the preceding five years before the taxable year in which commercial operations began at the new facility.
2. The old facility was used by the taxpayer or a related taxpayer in the operation of a revenue producing enterprise, and the taxpayer continues to operate the same or substantially same type of revenue producing enterprise at the new facility.

However, a replacement facility will be eligible for the business and job development credit if the investment of the taxpayer in the new facility exceeds three million dollars or three hundred percent of the taxpayer's investment in the old facility.

Revenue Producing Enterprise: A revenue producing enterprise is defined as one of the following:

1. The assembly, fabrication, manufacture, or processing of an agricultural, mineral, or manufactured product;
2. The storage, warehousing, distribution, or sale of any products of agriculture, aquaculture, mining, or manufacturing;
3. The feeding of livestock at a feed lot;
4. The operation of laboratories or other facilities for scientific, agricultural, aquaculture, animal husbandry, or industrial research, development, or testing;
5. The performance of services of any type;
6. The feeding of aquatic plants and animals at an aquaculture operation;
7. The administrative management of any of the foregoing activities; or,
8. Any combination of the above activities.

Same or Substantially Identical Revenue Producing Enterprise:

This shall mean a revenue producing enterprise in which the products produced or sold, services performed, or activities conducted are the same in character and use, are produced, sold, performed or conducted in the same manner and to or for the same type of customers as the products, services, or activities produced, sold, performed or conducted in another revenue producing enterprise.

For New Commercial Operations Beginning in Tax Years Commencing on or after January 1, 1986

Base: Whenever a taxpayer adds qualified investment and employees at an existing location (new building, building addition, or additional investment in an existing building) it will be necessary to compute a base of the prior year's investment and employees. For the taxable year prior to the business year you placed the qualified investment and employees into operational status you must complete the "base" information showing the number of employees and amount of investment at the end of each month. The base will be computed and entered in Part I and Part II of Schedule K-34. Those base amounts will remain the same for the entire ten year period. See the last paragraph of the definition of "Qualified Business Facility Investment" and the end of the first paragraph of the definition of "Qualified Business Facility Employee".

Business and Job Development Credit: The business and job development credit may be deducted from a taxpayer's Kansas income or privilege tax liability if the taxpayer invests in a new business

facility and hires two, five or twenty, depending upon the minimum number of employees necessary to qualify. The credit may be claimed for the taxable year that commercial operations began, or at the election of the taxpayer, up to the third year following the taxable year that commercial operations began, and for each of the nine (9) succeeding taxable years. In order for the department to determine if the taxpayer is entitled to the credit a Schedule K-34 must be completed along with all supporting schedules and enclosed with the return along with any election to defer.

To qualify for this credit if commercial operations began in tax years commencing on **or after** January 1, 1986, and for tax years which commence prior to January 1, 1993, the taxpayer must invest in a new business facility as defined, and a minimum of two qualified employees must have been hired as a **direct** result of the investment at the qualified investment for the taxable year for which the credit is claimed. For this period of time, a qualified investment would include an expansion of a facility, replacement of a facility, or the installation of new equipment, machinery, etc., in an existing facility owned or leased by the taxpayer.

Commencement of Commercial Operations: Commencement of commercial operations shall be deemed to occur during the first taxable year the qualified investment is available for use by the taxpayer, or first capable of being used by the taxpayer, in the revenue producing enterprise in which the taxpayer intends to use the qualified investment.

Election to Defer Credit: Any taxpayer entitled to the credit may elect to defer the commencement of the ten year period to any taxable year not later than the third taxable year following the commencement year. The taxpayer must exercise such election by enclosing a written statement to Schedule K-34 for the taxable year in which commercial operations began at the qualified investment. Once the election has been perfected, the credit will be allowed for the taxable year specified in the election and for each of the nine succeeding taxable years.

If the taxpayer is electing to defer, in order for the department to determine if the taxpayer is entitled to the credit in the first year of operations, a Schedule K-34 must be completed along with all supporting schedules, and enclosed with the return along with the election.

The election may be made at any time as long as the tax year in which commercial operations began at the qualified investment has not expired by statute. The statute of limitations is as follows:

1. Four year limitation for tax years ending before January 1, 1989;
2. Three year limitation for tax years commencing after December 31, 1988.

Facility: A facility is defined as any factory, mill, plant, refinery, warehouse, feed lot, building or complex of buildings located within the state, including the land on which the facility is located and all machinery, equipment, and other real and tangible personal property located at or within the facility used in connection with the operation of the facility. If there is a complex of buildings, the entire complex (including all buildings in the complex) is considered by the Department of Revenue to be a single facility.

For tax years commencing on or after January 1, 1986, facility includes the installation of new equipment, machinery, etc., in an existing building owned or leased by the taxpayer.

Facility Types Which Are Specifically Not Allowed a Credit: No credit will be allowed for an investment in a public utility as defined in K.S.A. 66-104 or a swine confinement facility as defined in K.S.A.17-5903.

1. Public Utility is defined in K.S.A. 66-104
2. Swine Confinement Facility means the land, structures and related equipment owned or leased by a **corporation** and used for housing, breeding, farrowing, or feeding of swine in an enclosed environment. The term includes within its meaning only such agricultural land as is necessary for proper disposal of liquid and solid wastes in environmentally sound

amounts for crop production and to avoid nitrate buildup and for isolation of the facility to reasonably protect the confined animals from exposure to disease.

Leaving the Facility-Investment/Employees: No credit will be allowed for any investment that leaves the facility per K.S.A. 79-32,153(a). This would include, but not be limited to, motorized vehicles. Employees at a qualified investment must spend in excess of 50% of their time at the qualified investment in order to qualify as an employee of that qualified investment.

Qualified Business Facility: A facility must meet the following requirements:

1. The facility must be employed by the taxpayer in the operation of a revenue producing enterprise as defined. It will not be considered a new business facility if the taxpayer's only activity is to lease it to another person or firm. If the taxpayer employs only a portion of the facility in the operation of a revenue producing enterprise, and leases another portion of the facility to another person or firm, that portion employed by the taxpayer in the operation of a revenue producing enterprise shall be considered as a new business facility if the other requirements are met.
2. If it was acquired by the taxpayer from another person or firm, the facility must not have been employed immediately prior to the transfer of its title to the taxpayer, or the commencement of the term of its lease to the taxpayer, in the same or substantially identical revenue producing enterprise as the facility was employed in by the person or firm the facility was acquired from.

Qualified Business Facility Employee: A qualified business facility employee is defined as a person who is employed by the taxpayer in the operation of the qualified investment during the taxable year for which the credit is claimed. A person will be deemed to be so engaged if they perform duties in connection with the operation of the qualified investment on a: (1) regular full-time basis; (2) part-time basis, providing the person normally performs this type of duty at least twenty hours each week throughout the taxable year; or, (3) seasonal basis, provided the employee performs duties for substantially all of the season for which employees are customarily hired. The number of qualified employees during any taxable year shall be determined by dividing by twelve the sum of all facility employees on the last business day of each month of the taxable year assuming the taxable year is a twelve month period. If the qualified investment is in operation for less than an entire year, the number of qualified employees shall be determined by dividing the sum of the number of all facility employees on the last business day of each full calendar month during the portion of such taxable year during which the qualified investment was in operation by the number of full calendar months during such period. In the case of an investment in a facility, which facility existed and was operated by the taxpayer or related taxpayer prior to new investment, the number of all facility employees employed in the operation of such facility shall be reduced by the average number, computed as provided in this paragraph, of individuals employed in the operation of the facility during the taxable year preceding the taxable year in which the qualified investment was made at the facility. (See "Leaving the Facility".)

Qualified Business Facility Income: Qualified business facility income means the Kansas taxable income derived by the taxpayer from the operation of a qualified investment. If a taxpayer has income derived from the operation of a qualified investment as well as from other activities conducted within this state, the Kansas taxable income derived by the taxpayer from the operation of a qualified investment shall be determined by multiplying the taxpayer's Kansas taxable income by a fraction, the numerator of which is the property factor, as defined in paragraph (1), plus the payroll factor, as defined in paragraph (2), and the denominator of which is two.

1. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in connection with the operation of the qualified investment during the tax period, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period. The average value of all such property shall be determined as provided in K.S.A. 79-3281 and 79-3282, and amendments thereto.
2. The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the taxpayer for compensation to persons qualifying as qualified employees at the qualified investment, and the denominator of which is the total amount paid in this state during the tax period by the taxpayer for compensation. The compensation paid in this state shall be determined as provided in K.S.A. 79-3283, and amendments thereto.

The formula set forth cannot be used for any purpose other than determining the qualified business facility income.

Qualified Business Facility Investment: Qualified business facility investment shall mean the value of the real and tangible personal property, except inventory or property held for sale to customers in the ordinary course of the taxpayer's business, which constitutes the qualified investment, or which is used by the taxpayer in the operation of the qualified investment, during the taxable year for which the business and job development credit is claimed. The value of such property during such taxable year shall be: (1) Its original cost if owned by the taxpayer; or (2) eight times the net annual rental rate, if leased by the taxpayer. The net annual rental rate shall be the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from sub-rentals. The qualified investment shall be determined by dividing by twelve the sum of the total value of all property at that facility on the last business day of each calendar month of the taxable year assuming the taxable year is a twelve month period. If the qualified investment is in operation for less than an entire year, the amount of qualified investment shall be determined by dividing the sum of the total value of all property at that facility on the last business day of each full calendar month during the portion of such taxable year during which the qualified investment was in operation by the number of full calendar months during such period. In the case of an investment in a facility, which facility existed and was operated by the taxpayer or related taxpayer prior to new investment, the amount of the taxpayer's total investment in such facility shall be reduced by the average amount, computed as provided in this paragraph, of the investment of the taxpayer or a related taxpayer in the facility for the taxable year preceding the taxable year in which the qualified investment was made at the facility. (See "Leaving the Facility".)

Related Taxpayer: If a taxpayer established a qualified investment and prior to the expiration of the ten year period all or a portion of the qualified investment is acquired by or leased to a related taxpayer, the original qualifying taxpayer may elect either to allow the related taxpayer to claim the remaining credit or to retain such credit.

A related taxpayer is: (1) A corporation, partnership, trust, or association controlled by the taxpayer; (2) An individual, corporation, partnership, trust or association in control of the taxpayer; or, (3) A corporation, partnership, trust, or association controlled by an individual, corporation, partnership, trust, or association in control of the taxpayer.

For the purposes of the business and job development credit, "control of a corporation" means ownership, directly or indirectly, of stock possessing at least 80% of the total combined voting power of all classes of stock entitled to vote and at least 80% of all other classes of stock in the corporation.

Control of a partnership or association means ownership of at least 80% of the capital or profits interest in the partnership or association.

Control of a trust means ownership, directly or indirectly, of at least 80% of the beneficial interest in the principal or income of the trust.

Revenue Producing Enterprise: A revenue producing enterprise is defined as one of the following:

1. The assembly, fabrication, manufacture, or processing of an agricultural, mineral, or manufactured product;
2. The storage, warehousing, distribution, or sale of any products of agriculture, aquaculture, mining, or manufacturing;
3. The feeding of livestock at a feed lot;
4. The operation of laboratories or other facilities for scientific, agricultural, aquaculture, animal husbandry, or industrial research, development, or testing;
5. The performance of services of any type;
6. The feeding of aquatic plants and animals at an aquaculture operation;
7. The administrative management of any of the foregoing activities; or,
8. Any combination of the above activities.

Same or Substantially Identical Revenue Producing Enterprise:

This shall mean a revenue producing enterprise in which the products produced or sold, services performed, or activities conducted are the same in character and use, are produced, sold, performed or conducted in the same manner and to or for the same type of

customers as the products, services, or activities produced, sold, performed or conducted in another revenue producing enterprise.

For New Commercial Operations Beginning on or after January 1, 1982 and if the Tax Year in which Operations Commenced is prior to January 1, 1993

Enterprise Zone Credit: The 1982 Legislature established tax incentives for those businesses which locate in enterprise zones as approved by the Kansas Department of Commerce. Part of these incentives are increased business and job development credits for businesses located in enterprise zones.

If you locate your business within an established enterprise zone, the regular credit is increased. See Parts I and II of Schedule K-34 to determine the amount of credit. Generally, the credit would increase from \$100 to \$350 for each qualified employee and for each \$100,000 of qualified investment.

Your local city officials, county commissioners or the Kansas Department of Commerce should be contacted to determine if your qualified investment is in a designated enterprise zone. If you are claiming an enterprise zone credit, you are required to include a map of the enterprise zone, pinpointing the exact location of the qualified investment, including street names, etc., within the city or county. The map is only required to be attached to the first Schedule K-34 filed for the qualified investment. A copy of this map may be obtained from the governing body of the city or the board of county commissioners of the county in which your qualified investments is located.

GENERAL INFORMATION FOR COMPLETING SCHEDULES K-34, K-34CO AND K-34T

When to Use the Following Schedules:

Schedule K-34:

- When a taxpayer is claiming a brand new credit (First year);
- To show that a taxpayer qualifies for a credit and defers the beginning of the credit (See "Election to Defer Credit"); OR
- When recomputing a ten year tax credit for which the taxpayer had previously qualified.

Schedule K-34CO:

- Taxpayers whose qualified investments were made prior to January 1, 1993 will not use this schedule as there is no carryover allowed.

Schedule K-34T:

- Each time a Schedule K-34 is used.

*If you are claiming a **new** credit all applicable lines of Schedule K-34 must be completed.*

SPECIFIC LINE INSTRUCTIONS FOR SCHEDULES K-34, K-34CO AND K-34T

Front of Schedule K-34

Review the instructions at the top of the K-34 to determine if this schedule needs to be completed.

Complete the beginning and ending month and year you are claiming the credit for.

LINE 1—Location: Enter the county number from the list included in the booklet. Enter other applicable information.

LINE 2—Date Commenced Commercial Operations for the Qualified Investment: Enter the date the qualified investment was first available for use. If the taxpayer had an old facility at the same location as the qualified investment and operations began at the old facility in 1928 and operations began at the qualified investment in 1992, you would enter the 1992 month, day and year here.

LINE 3—Date Commenced Site Preparation: Enter the date that you began site preparation at the qualified investment.

LINE 4—Industry Group Number: Enter the industry group number from the list included in the booklet. You must enter the group number for the particular qualified investment for which you are claiming a credit.

For instance, if the Standard Industrial Classification Code listed on your federal return is listed as a manufacturer and the qualified investment you established is that of a retail business, you would enter the "Industry Group Number" of the retail business.

LINE 5—: Enter yes or no. If no, you do not qualify for the tax credit and therefore do not need to complete this schedule.

LINE 6—: Do not complete this line. This line is used for qualified investments which commenced on or after January 1, 1993.

LINE 7—Qualified Investment: Check the space that best describes the qualified investment made and describe if necessary.

LINE 8a—Type of Qualified Investment: Do not complete this line. This line is for qualified investments which commenced on or after January 1, 1993.

LINE 8b—: Do not complete this line. This line is for qualified investments which commenced on or after January 1, 1993.

LINES 9 through 13—Employees and Investment: Information related to the number of qualified business facility employees and qualified investment must be computed on Part I and Part II, Schedule K-34. Part I and Part II will also enable the taxpayer to determine if they have qualified employees and qualified investment to meet the minimum criteria for the credit.

Back of Schedule K-34

PART I

This schedule helps to determine the number of qualified employees at the facility and the amount of credit allowed. Information from this schedule will be transferred to the front of Schedule K-34.

Columns Labeled Base Month and Year and Number of Base Employees.

To determine if you need to complete Base Month, Year, and Number of Base Employees, refer to "General Questions and Answers" under "Base When to Use It." For base month and year, enter the

ending month and year for the taxable year first preceding the year the investment initially qualified. For the number of base employees, enter the number of employees as of the last business day of each calendar month for the taxable year first preceding the year the investment initially qualified.

Columns Labeled Current Month and Year, Full, Part-time, Seasonal and Targeted Employees.

You must enter the first *full* month and year that you began operations at the qualified investment and each month following to the end of the tax year. If the qualified investment was in operation for only three full months during the tax year, you would only enter those three months. You also must enter the *total* number of all employees at the facility as of the end of each full month of operation at the qualified investment.

Examples:

1. If this is a qualified investment at a new location, you would enter the number of all the employees in the proper spaces provided.
2. If this is a new building/building addition or new investment in an existing building, and there were employees at that location prior to this qualified investment, you would enter all employees in the proper spaces provided.

If the business is entitled to and is requesting a \$500 enterprise zone credit, a list of those qualified employees whose employment entitles the employer to a targeted jobs credit under Sections 51 and 52 of the Internal Revenue Code must be attached. This list must include names of employees, addresses where employees resided for the period for which credit is being claimed and social security numbers.

Line 1—: Add the total number of employees from the above lines.

Line 2—Average Employees: Divide line 1 by the number of full months in each column.

The resulting number of employees must then be rounded down to the next whole number.

Line 3—Average Employee Base: If this qualified investment was at a location where you previously were doing business (all on the same plot of land or interconnecting plots of land separated by an easement, etc.) and you had employees at that prior location, you must use a base of employees. That base would be as follows:

1. For new commercial operations beginning in tax years commencing prior to January 1, 1986, the base is comprised of the average number of employees at the old facility for the three tax years preceding the tax year you began operations at the qualified investment.
2. For new commercial operations beginning in tax years commencing on or after January 1, 1986, the base is comprised of the average number of employees at the old facility.

Once a "base" has been established, that same base number must be used when recomputing qualified business facility employees on any subsequent Schedule K-34 for this facility.

The average number of base employees must be broken down

into full, part-time, seasonal and targeted and reside inside or outside Kansas and entered under the applicable column headings on line 3.

Line 4—Number of Qualified Business Facility Employees: This is the number of qualified business facility employees you are entitled to claim a credit for. This number must equal or exceed two (Line 2 less line 3).

Lines 5 and 6—: These are the amounts of credit available during different time periods and situations. You will not make an entry on these lines. Lines 6a, 6b and 6c will not apply for qualified investments which began prior to January 1, 1993.

Line 7—Qualified Business Facility Employee Credit: This is the total amount of credit available for your qualified employees. (Multiply line 4 times line 5a or 5b, whichever is applicable.)

Back of Schedule K-34

PART II

This schedule helps to determine the amount of qualified business facility investment and the amount of credit allowed. Information from this schedule will be transferred to the front of Schedule K-34.

Column Labeled Base Month and Year and Amount of Base Investment

To determine if you need to complete Base Month and Year and Amount of Base Investment, refer to "General Questions and Answers" under "Base When to Use It". For base month and year, enter the ending month and year for the taxable year first preceding the year of the qualified investment. For the amount of base investment, enter the amount of investment as of the last business day of each calendar month for the taxable year first preceding the qualified investment.

Columns Labeled Current Month and Year and Investment

You must enter the first **full** month and year that you began operations at the qualified investment and each month following that month to the end of the tax year. If the qualified investment was in operation for only three full months during the tax year, you would only enter those three months. You also must enter the total amount of all investment at the facility as of the end of each full month of operation at the qualified investment.

Examples:

1. If this is a qualified investment at a new location, you would enter the amount of all the investment in the proper spaces provided.
2. If this is a new building/building addition or new investment in an existing building, and there was investment at that location prior to this qualified investment, you would enter all investment in the proper spaces provided.

Line 1—: Add the total amount of owned property from the above lines.

Line 2—Average Owned Property: Divide line 1 by the number of full months in each column.

Line 3—Construction in Process: Enter the amount of average construction in process included in line 2.

Line 4—: Total (Line 2 less line 3).

Line 5—: Net annual rented property multiplied by 8. This is the *annual* amount of rent even though you may have been at the qualified investment only three months.

Line 6—: Total investment (Add lines 4 and 5).

Line 7—Average Investment Base: If this qualified investment was at a location where you previously were doing business (all on the same plot of land or interconnecting plots of land separated by an easement, etc.) and you had investment at that prior location, you must use a base of investment. That base would be as follows:

1. For new commercial operations beginning in tax years

commencing prior to January 1, 1986, the base is comprised of the average amount of investment at the old facility for the three tax years preceding the tax year you began operations at the qualified investment.

2. For new commercial operations beginning in tax years commencing on or after January 1, 1986, the base is comprised of the average amount of investment at the old facility for the taxable year preceding the qualified investment.

Once a "base" has been established, that same base amount must be used when recomputing qualified business facility investment on any subsequent Schedule K-34 for this qualified investment.

Line 8—Total Investment: This amount is the total amount of investment in excess of the base (Line 6 less line 7).

Line 9—Investment that did not Directly Result in the Hiring of Qualified Employees: This line is to allow the taxpayer to remove the amount of investment that was made during the year(s) that did not directly result in the hiring of qualified employees. This will include investment made during this tax year and prior tax years since the qualified investment was made.

If this is qualified investment at a new location, no entry will be made on this line. If you made qualified investment at an existing facility, you must enter the portion of the new investment that did not directly result in the hiring of qualified employees. This amount will be subtracted from "total investment in excess of the base".

Line 10—Qualified Business Facility Investment: This is the amount of the investment that qualifies for the credit. If this is a qualified investment at a new location, enter the amount from line 8 on this line. If you entered a figure on line 9, subtract line 9 from line 8 and enter the result on line 10.

Line 11—Qualified Business Facility Credit Factor: Divide line 10 by \$100,000. If the remainder is \$51,000 or more, round to the next higher number. One credit factor is allowed for amounts of \$51,000 to \$99,999.

Lines 12 and 13—: These are the amounts of credit available during different time periods and situations. You will not make an entry on these lines.

Lines 13a, 13b and 13c will not apply for qualified investment which began prior to January 1, 1993.

Line 14—Qualified Business Facility Investment Credit: This is the total amount of credit available for your qualified investment. (Multiply line 11 times line 12a or 12b, whichever is applicable.)

Entry into lines 9 through 13, front of Schedule K-34:

- Enter the total number of qualified employees from line 4, Part I to line 9, front of Schedule K-34.
- Enter the total amount of qualified employee credit from line 7, Part I to line 10, front of Schedule K-34.
- Enter the total amount of qualified investment from line 10, Part II to line 11, front of Schedule K-34.
- Enter the qualified business facility credit factor from line 11, Part II to line 12, front of Schedule K-34.
- Enter the qualified business facility investment credit from line 14, Part II to line 13, front of Schedule K-34.

Front of Schedule K-34

Line 14—Total: Add lines 10 and 13.

Line 15—Qualified Business Facility Income: Enter the amount of qualified business facility income as defined below. Enclose a schedule showing how the qualified business facility income was determined.

Qualified business facility income is the Kansas taxable income as defined in Article 32 of Chapter 79 of the Kansas Statutes Annotated and amendments thereto, derived by the taxpayer from the operation of the qualified investment. If a taxpayer has income derived from the operation of a qualified investment as well as from

other activities conducted within the state, the Kansas taxable income derived by the taxpayer from the operation of the qualified investment is determined by multiplying the taxpayer's Kansas taxable income, as computed in accordance with Article 32 of Chapter 79 of the Kansas Statutes Annotated and amended, by the average of the property and payroll factors as computed below:

The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in connection with the operation of the qualified investment during the tax period, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in the state during the tax period. For purposes of this two factor formula, inventory must be included in both the numerator and denominator as applicable. The average value of all the property is determined as provided in K.S.A. 79-3281 and 79-3282.

The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the taxpayer for compensation to persons qualifying as qualified employees as determined on line 4, Part I, Schedule K-34 and the denominator of which is the total amount paid in this state during the period by the taxpayer for compensation. The compensation paid in this state is determined as provided in K.S.A. 79-3283.

The average property and payroll factor is computed by adding the two factors and dividing by 2. Multiply this by Kansas taxable income and enter the result on line 15.

The above formula shall not be used for any purpose other than determining the qualified business facility income attributable to a qualified investment.

Line 16—Tax on Qualified Business Facility Income: For additional information relative to S corporations and partnerships, refer to the "General Questions and Answers" section under "Subchapter S Corporation/Partnership".

The tax on qualified business facility income shall be computed as follows:

CORPORATIONS must divide qualified business facility income by its total Kansas taxable income to arrive at a percentage to multiply by Kansas income tax to arrive at tax on the qualified business facility income.

Example:

Corporation qualified business facility income	\$10,000	= 58.8%
Total Kansas taxable income	\$17,000	
Tax on total Kansas taxable income		= \$765
Tax on qualified business facility income (\$765x58.8%)		= \$450

INDIVIDUALS: A sole proprietorship, partnership or S corporation must qualify for the business and job development credit. The sole proprietor, partner or shareholder must then multiply the total qualified business facility income by the percentage owned or per share basis to arrive at his/her share of qualified business facility income. The individual's share of qualified business facility income must then be multiplied by an effective tax rate ratio. The effective tax rate is that individual's total Kansas tax liability divided by that individual's total Kansas taxable income. The resulting amount is the tax on that individual's qualified business facility income. The maximum credit allowed is 50% of that amount. This amount is the business and job development limitation.

The total employee and investment credit of the individual is multiplied by the percentage owned or per share basis to arrive at each individual's share of the credit.

The allowable credit on the individual return will be the business and job development limitation or the individual's share of the total credit, whichever is less.

Example:

	Shareholder A	Shareholder B
1. Total qualified business facility income	36,352	36,352
2. Ownership percentage of shareholder	20%	80%
3. Shareholder's qualified business facility income (Line 2 times line 1)	7,270	29,082
4. Effective tax rate (Separate computation)	5.84%	6.93%
5. Tax on qualified business facility income (Line 4 times line 3)	425	2,015
6. 50% of tax	213	1,008
7. Total credit (Qualified employees and investment)	2,500	2,500
8. Ownership percentage of shareholder	20%	80%
9. Shareholder's share of credit (Line 8 times line 7)	500	2,000
10. Allowable credit (Line 6 or line 9, whichever is less)	213	1,008

Line 17—Business and Job Development Credit Limitation: Multiply line 16 by 50%.

Line 18—Allowable Business and Job Development Credit: Line 14 or 17, whichever is less. Enter this amount on Schedule K-34T, line 1.

LINES 19 through 24: Do not complete these lines. These lines are for qualified investments that commenced on or after January 1, 1993.

Front of Schedule K-34CO

Taxpayers whose qualified investments were made prior to January 1, 1993 will not use this schedule as there is no carryover allowed.

Back of schedule K-34CO

Do not complete these schedules. These schedules are for qualified investment that commenced on or after January 1, 1993.

Schedule K-34T

This schedule must be used whenever you are claiming a credit. Only one Schedule K-34T will be used for each tax year.

Complete the beginning month, ending month and year you are claiming the credit.

Line 1: Enter the total amount for line 18 of all Schedule K-34's filed for this tax year.

Line 2: Enter the Kansas income tax liability from Form K-40, Form K-41, or Form K-120.

Line 3: Multiply line 2 by 50%. This is the maximum amount of business and job development credit allowable this tax year.

Line 4: Amount from line 1 allowable as a deduction. Enter line 1 or line 3, whichever is less. Since this is not a carryforward credit, any remainder of the amount from line 1 is lost.

Line 5: Do not complete this line. This line is for qualified investments that commenced on or after January 1, 1993.

Line 6: Do not complete this line. This line is for qualified investments that commenced on or after January 1, 1993.

Line 7: Enter the total of lines 4, 5 and 6.

Line 8: Amount of business and job development credit that is limited to 50%. Enter line 3 or line 7, whichever is less.

Line 9: Do not complete this line. This line is for qualified investments which began on or after January 1, 1993.

Line 10: Do not complete this line. This line is for qualified investments which began on or after January 1, 1993.

Line 11: Enter the total of lines 8, 9 and 10.

Line 12: Business and job development credit allowable on this return. Enter line 2 or line 11, whichever is less. Enter this amount on Form K-40, Form K-41, or Form K-120.

Lines 13 through 17: Do not complete these lines. These lines are for certain qualified investments that commenced on or after January 1, 1993.

STANDARD INDUSTRIAL CLASSIFICATION CODE INDUSTRY GROUP NUMBERS AND TITLE DESCRIPTIONS

Below is a list of "industry group numbers" and title descriptions. The "industry group number" for your qualified investment must be entered on line 4, Schedule K-34. The "Industry Group Number" is the first three digits of the Standard Industrial Classification Code and must be the code for the specific qualified investment. For instance, if the Standard Industrial Classification Code listed on your federal return is listed as a manufacturer and the qualified investment you established is that of a retail business, you would enter the "Industry Group Number" of the retail business.

AGRICULTURE, FORESTRY, AND FISHING

AGRICULTURAL PRODUCTION—CROPS

- 011 Cash Grains
- 013 Field Crops, except Cash Grains
- 016 Vegetables and Melons
- 017 Fruits and Tree Nuts
- 018 Horticultural Specialties
- 019 General Farms, Primarily Crop

AGRICULTURAL PRODUCTION—LIVESTOCK AND ANIMAL SPECIALTIES

- 021 Livestock, except Dairy and Poultry
- 024 Dairy Farms
- 025 Poultry and Eggs
- 027 Animal Specialties
- 029 General Farms, Primarily Livestock and Animal Specialties

AGRICULTURAL SERVICES

- 071 Soil Preparation Services
- 072 Crop Services
- 074 Veterinary Services
- 075 Animal Services, except Veterinary
- 076 Farm Labor and Management Services
- 078 Landscape and Horticultural Services

FORESTRY

- 081 Timber Tracts
- 083 Forest Nurseries and Gathering of Forest Products
- 085 Forestry Services

FISHING, HUNTING, AND TRAPPING

- 091 Commercial Fishing
- 092 Fish Hatcheries and Preserves
- 097 Hunting and Trapping, and Game Propagation

MINING

METAL MINING

- 101 Iron Ores
- 102 Copper Ores
- 103 Lead and Zinc Ores
- 104 Gold and Silver Ores
- 106 Ferroalloy Ores, except Vanadium
- 108 Metal Mining Services
- 109 Miscellaneous Metal Ores

COAL MINING

- 122 Bituminous Coal and Lignite Mining

123 Anthracite Mining 124 Coal Mining Services OIL AND GAS EXTRACTION

- 131 Crude Petroleum and Natural Gas
- 132 Natural Gas Liquids
- 138 Oil and Gas Field Services

MINING AND QUARRYING OF NONMETALLIC MINERALS, EXCEPT FUELS

- 141 Dimension Stone
- 142 Crushed and Broken Stone, Including Riprap
- 144 Sand and Gravel
- 145 Clay, Ceramic, and Refractory Minerals
- 147 Chemical and Fertilizer Mineral Mining
- 148 Nonmetallic Minerals Services, Except Fuels
- 149 Miscellaneous Nonmetallic Minerals, Except Fuels

CONSTRUCTION

BUILDING CONSTRUCTION—GENERAL CONTRACTORS AND OPERATIVE BUILDERS

- 152 General Building Contractors—Residential Buildings
- 153 Operative Builders
- 154 General Building Contractors—Nonresidential Buildings

HEAVY CONSTRUCTION OTHER THAN BUILDING CONSTRUCTION—CONTRACTORS

- 161 Highway and Street Construction, Except Elevated Highways
- 162 Heavy Construction, Except Highway and Street Construction

CONSTRUCTION—SPECIAL TRADE CONTRACTORS

- 171 Plumbing, Heating and Air-Conditioning
- 172 Painting and Paper Hanging
- 173 Electrical Work
- 174 Masonry, Stonework, Tile Setting, and Plastering
- 175 Carpentry and Floor Work
- 176 Roofing, Siding, and Sheet Metal Work
- 177 Concrete Work
- 178 Water Well Drilling
- 179 Miscellaneous Special Trade Contractors

MANUFACTURING

FOOD AND KINDRED PRODUCTS

- 201 Meat Products
- 202 Dairy Products
- 203 Canned, Frozen, and Preserved Fruits, Vegetables, and Food Specialties
- 204 Grain Mill Products
- 205 Bakery Products
- 206 Sugar and Confectionery Products
- 207 Fats and Oils
- 208 Beverages
- 209 Miscellaneous Food Preparations and Kindred Products

TOBACCO PRODUCTS

- 211 Cigarettes
- 212 Cigars
- 213 Chewing and Smoking Tobacco and Snuff
- 214 Tobacco Stemming and Redrying

TEXTILE MILL PRODUCTS

- 221 Broadwoven Fabric Mills, Cotton
- 222 Broadwoven Fabric Mills, Manmade Fiber and Silk
- 223 Broadwoven Fabric Mills, Wool (Including Dyeing and Finishing)
- 224 Narrow Fabric and Other Smallwares Mills: Cotton, Wool, Silk, and Manmade Fiber
- 225 Knitting Mills
- 226 Dyeing and Finishing Textiles, except Wool, Fabrics and Knit Goods
- 227 Carpets and Rugs
- 228 Yarn and Thread Mills
- 229 Miscellaneous Textile Goods

APPAREL AND OTHER FINISHED PRODUCTS MADE FROM FABRICS AND SIMILAR MATERIALS

- 231 Men's and Boys' Suits, Coats, and Overcoats
- 232 Men's and Boys' Furnishings, Work Clothing, and Allied Garments
- 233 Women's, Misses', and Juniors' Outerwear
- 234 Women's, Misses', Children's, and Infants' Undergarments
- 235 Hats, Caps, and Millinery
- 236 Girls', Children's, and Infants' Outerwear
- 237 Fur Goods

- 238 Miscellaneous Apparel and Accessories
- 239 Miscellaneous Fabricated Textile Products
- LUMBER AND WOOD PRODUCTS, EXCEPT FURNITURE**
- 241 Logging
- 242 Sawmills and Planing Mills
- 243 Millwork, Veneer, Plywood, and Structural Wood Members
- 244 Wood Containers
- 245 Wood Buildings and Mobile Homes
- 249 Miscellaneous Wood Products
- FURNITURE AND FIXTURES**
- 251 Household Furniture
- 252 Office Furniture
- 253 Public Building and Related Furniture
- 254 Partitions, Shelving, Lockers, and Office and Store Fixtures
- 259 Miscellaneous Furniture and Fixtures
- PAPER AND ALLIED PRODUCTS**
- 261 Pulp Mills
- 262 Paper Mills
- 263 Paperboard Mills
- 265 Paperboard Containers and Boxes
- 267 Converted Paper and Paperboard Products, Except Containers and Boxes
- PRINTING, PUBLISHING, AND ALLIED INDUSTRIES**
- 271 Newspapers: Publishing, or Publishing and Printing
- 272 Periodicals: Publishing, or Publishing and Printing
- 273 Books
- 274 Miscellaneous Publishing
- 275 Commercial Printing
- 276 Manifold Business Forms
- 277 Greeting Cards
- 278 Blankbooks, Looseleaf Binders, and Bookbinding and Related Work
- 279 Service Industries for the Printing Trade
- CHEMICALS AND ALLIED PRODUCTS**
- 281 Industrial Inorganic Chemicals
- 282 Plastics Materials and Synthetic Resins, Synthetic Rubber, Cellulosic and Other Manmade Fibers, Except Glass
- 283 Drugs
- 284 Soap, Detergents, and Cleaning Preparations; Perfumes, Cosmetics and Other Toilet Preparations
- 285 Paints, Varnishes, Lacquers, Enamels, and Allied Products
- 286 Industrial Organic Chemicals
- 287 Agricultural Chemicals
- 289 Miscellaneous Chemical Products
- PETROLEUM REFINING AND RELATED INDUSTRIES**
- 291 Petroleum Refining
- 295 Asphalt Paving and Roofing Materials
- 299 Miscellaneous Products of Petroleum and Coal
- RUBBER AND MISCELLANEOUS PLASTICS PRODUCTS**
- 301 Tires and Inner Tubes
- 302 Rubber and Plastic Footwear
- 305 Gaskets, Packing, and Sealing Devices and Rubber and Plastics Hose and Belting
- 306 Fabricated Rubber Products, Not Elsewhere Classified
- 308 Miscellaneous Plastics Products
- LEATHER AND LEATHER PRODUCTS**
- 311 Leather Tanning and Finishing
- 313 Boot and Shoe Cut Stock and Findings
- 314 Footwear, Except Rubber
- 315 Leather Gloves and Mittens
- 316 Luggage
- 317 Handbags and Other Personal Leather Goods
- 319 Leather Goods, Not Elsewhere Classified
- STONE, CLAY, GLASS, AND CONCRETE PRODUCTS**
- 321 Flat Glass
- 322 Glass and Glassware, Pressed or Blown
- 323 Glass Products, Made of Purchased Glass
- 324 Cement, Hydraulic
- 325 Structural Clay Products
- 326 Pottery and Related Products
- 327 Concrete, Gypsum, and Plaster Products
- 328 Cut Stone and Stone Products
- 329 Abrasive, Asbestos, and Miscellaneous Nonmetallic Mineral Products
- PRIMARY METAL INDUSTRIES**
- 331 Steel Works, Blast Furnaces, and Rolling and Finishing Mills
- 332 Iron and Steel Foundries
- 333 Primary Smelting and Refining of Nonferrous Metals
- 334 Secondary Smelting and Refining of Nonferrous Metals
- 335 Rolling, Drawing, and Extruding of Nonferrous Metals
- 336 Nonferrous Foundries (Castings)
- 339 Miscellaneous Primary Metal Products
- FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND TRANSPORTATION EQUIPMENT**
- 341 Metal Cans and Shipping Containers
- 342 Cutlery, Handtools and General Hardware
- 343 Heating Equipment, except Electric and Warm Air; and Plumbing Fixtures
- 344 Fabricated Structural Metal Products
- 345 Screw Machine Products, and Bolts, Nuts, Screws, Rivets, and Washers
- 346 Metal Forgings and Stampings
- 347 Coating, Engraving, and Allied Services
- 348 Ordnance and Accessories, Except Vehicles and Guided Missiles
- 349 Miscellaneous Fabricated Metal Products
- INDUSTRIAL AND COMMERCIAL MACHINERY AND COMPUTER EQUIPMENT**
- 351 Engines and Turbines
- 352 Farm and Garden Machinery and Equipment
- 353 Construction, Mining, and Materials Handling Machinery and Equipment
- 354 Metalworking Machinery and Equipment
- 355 Special Industry Machinery, except Metalworking Machinery
- 356 General Industrial Machinery and Equipment
- 357 Computer and Office Equipment
- 358 Refrigeration and Service Industry Machinery
- 359 Miscellaneous Industrial and Commercial Machinery and Equipment
- ELECTRONIC AND OTHER ELECTRICAL EQUIPMENT AND COMPONENTS, EXCEPT COMPUTER EQUIPMENT**
- 361 Electric Transmission and Distribution Equipment
- 362 Electrical Industrial Apparatus
- 363 Household Appliances
- 364 Electric Lighting and Wiring Equipment
- 365 Household Audio and Video Equipment, and Audio Recordings
- 366 Communications Equipment
- 367 Electronic Components and Accessories
- 369 Miscellaneous Electrical Machinery, Equipment, and Supplies
- TRANSPORTATION EQUIPMENT**
- 371 Motor Vehicles and Motor Vehicle Equipment
- 372 Aircraft and Parts
- 373 Ship and Boat Building and Repairing
- 374 Railroad Equipment
- 375 Motorcycles, Bicycles, and Parts
- 376 Guided Missiles and Space Vehicles and Parts
- 379 Miscellaneous Transportation Equipment

MEASURING, ANALYZING, AND CONTROLLING INSTRUMENTS; PHOTOGRAPHIC, MEDICAL AND OPTICAL GOODS; WATCHES AND CLOCKS

- 381 Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems, Instruments, and Equipment
- 382 Laboratory Apparatus and Analytical, Optical, Measuring, and Controlling Instruments
- 384 Surgical, Medical, and Dental Instruments and Supplies
- 385 Ophthalmic Goods
- 386 Photographic Equipment and Supplies
- 387 Watches, Clocks, Clockwork Operated Devices, and Parts

MISCELLANEOUS MANUFACTURING INDUSTRIES

- 391 Jewelry, Silverware, and Plated Ware
- 393 Musical Instruments
- 394 Dolls, Toys, Games and Sporting and Athletic Goods
- 395 Pens, Pencils, and Other Artists' Materials
- 396 Costume Jewelry, Costume Novelties, Buttons, and Miscellaneous Notions, Except Precious Metal
- 399 Miscellaneous Manufacturing Industries

TRANSPORTATION, COMMUNICATIONS, ELECTRIC, GAS, AND SANITARY SERVICES

RAILROAD TRANSPORTATION

- 401 Railroads

LOCAL AND SUBURBAN TRANSIT AND INTERURBAN HIGHWAY PASSENGER TRANSPORTATION

- 411 Local and Suburban Passenger Transportation
- 412 Taxicabs
- 413 Intercity and Rural Bus Transportation
- 414 Bus Charter Service
- 415 School Buses
- 417 Terminal and Service Facilities for Motor Vehicle Passenger Transportation

MOTOR FREIGHT TRANSPORTATION AND WAREHOUSING

- 421 Trucking and Courier Services, Except Air
- 422 Public Warehousing and Storage
- 423 Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation

UNITED STATES POSTAL SERVICE

- 431 United States Postal Service

WATER TRANSPORTATION

- 441 Deep Sea Foreign Transportation of Freight

- 442 Deep Sea Domestic Transportation of Freight
- 443 Freight Transportation on the Great Lakes—St. Lawrence Seaway
- 444 Water Transportation of Freight, Not Elsewhere Classified
- 448 Water Transportation of Passengers
- 449 Services Incidental to Water Transportation

TRANSPORTATION BY AIR

- 451 Air Transportation, Scheduled, and Air Courier Services
- 452 Air Transportation, Nonscheduled
- 458 Airports, Flying Fields, and Airport Terminal Services

PIPELINES, EXCEPT NATURAL GAS

- 461 Pipelines, Except Natural Gas

TRANSPORTATION SERVICES

- 472 Arrangement of Passenger Transportation
- 473 Arrangement of Transportation of Freight and Cargo
- 474 Rental of Railroad Cars
- 478 Miscellaneous Services Incidental to Transportation

COMMUNICATIONS

- 481 Telephone Communications
- 482 Telegraph and Other Message Communications
- 483 Radio and Television Broadcasting Stations
- 484 Cable and Other Pay Television Services
- 489 Communications Services, Not Elsewhere Classified

ELECTRIC, GAS AND SANITARY SERVICES

- 491 Electric Services
- 492 Gas Production and Distribution
- 493 Combination Electric and Gas, and Other Utility Services
- 494 Water Supply
- 495 Sanitary Services
- 496 Steam and Air-Conditioning Supply
- 497 Irrigation Systems

WHOLESALE TRADE

WHOLESALE TRADE—DURABLE GOODS

- 501 Motor Vehicles and Motor Vehicle Parts and Supplies
- 502 Furniture and Homefurnishings
- 503 Lumber and Other Construction Materials
- 504 Professional and Commercial Equipment and Supplies
- 505 Metals and Minerals, Except Petroleum
- 506 Electrical Goods
- 507 Hardware, and Plumbing and Heating Equipment and Supplies

- 508 Machinery, Equipment and Supplies
- 509 Miscellaneous Durable Goods

WHOLESALE TRADE—NONDURABLE GOODS

- 511 Paper and Paper Products
- 512 Drugs, Drug Proprietaries and Druggists' Sundries
- 513 Apparel, Piece Goods, and Notions
- 514 Groceries and Related Products
- 515 Farm-Product Raw Materials
- 516 Chemicals and Allied Products
- 517 Petroleum and Petroleum Products
- 518 Beer, Wine, and Distilled Alcoholic Beverages
- 519 Miscellaneous Nondurable Goods

RETAIL TRADE

BUILDING MATERIALS, HARDWARE, GARDEN SUPPLY, AND MOBILE HOME DEALERS

- 521 Lumber and Other Building Materials Dealers
- 523 Paint, Glass, and Wallpaper Stores
- 525 Hardware Stores
- 526 Retail Nurseries, Lawn and Garden Supply Stores
- 527 Mobile Home Dealers

GENERAL MERCHANDISE STORES

- 531 Department Stores
- 533 Variety Stores
- 539 Miscellaneous General Merchandise Stores

FOOD STORES

- 541 Grocery Stores
- 542 Meat and Fish (Seafood) Markets, Including Freezer Provisioners
- 543 Fruit and Vegetable Markets
- 544 Candy, Nut, and Confectionery Stores
- 545 Dairy Products Stores
- 546 Retail Bakeries
- 549 Miscellaneous Food Stores

AUTOMOTIVE DEALERS AND GASOLINE SERVICE STATIONS

- 551 Motor Vehicle Dealers (New and Used)
- 552 Motor Vehicle Dealers (Used Only)
- 553 Auto and Home Supply Stores
- 554 Gasoline Service Stations
- 555 Boat Dealers
- 556 Recreational Vehicle Dealers
- 557 Motorcycle Dealers
- 559 Automotive Dealers, Not Elsewhere Classified

APPAREL AND ACCESSORY STORES

- 561 Men's and Boys' Clothing and Accessory Stores
- 562 Women's Clothing Stores
- 563 Women's Accessory and Specialty Stores

- 564 Children's and Infants' Wear Stores
- 565 Family Clothing Stores
- 566 Shoe Stores
- 569 Miscellaneous Apparel and Accessory Stores
- HOME FURNITURE, FURNISHINGS, AND EQUIPMENT STORES**
- 571 Home Furniture and Furnishings Stores
- 572 Household Appliance Stores
- 573 Radio, Television, Consumer Electronics, and Music Stores
- EATING AND DRINKING PLACES**
- 581 Eating and Drinking Places
- MISCELLANEOUS RETAIL**
- 591 Drug Stores and Proprietary Stores
- 592 Liquor Stores
- 593 Used Merchandise Stores
- 594 Miscellaneous Shopping Goods Stores
- 596 Nonstore Retailers
- 598 Fuel Dealers
- 599 Retail Stores, Not Elsewhere Classified
- FINANCE, INSURANCE, AND REAL ESTATE**
- DEPOSITORY INSTITUTIONS**
- 601 Central Reserve Depository Institutions
- 602 Commercial Banks
- 603 Savings Institutions
- 606 Credit Unions
- 608 Foreign Banking and Branches and Agencies of Foreign Banks
- 609 Functions Related to Depository Banking
- NONDEPOSITORY CREDIT INSTITUTIONS**
- 611 Federal and Federally-Sponsored Credit Agencies
- 614 Personal Credit Institutions
- 615 Business Credit Institutions
- 626 Mortgage Bankers and Brokers
- SECURITY AND COMMODITY BROKERS, DEALERS, EXCHANGES, AND SERVICES**
- 621 Security Brokers, Dealers and Flotation Companies
- 622 Commodity Contracts Brokers and Dealers
- 623 Security and Commodity Exchanges
- 628 Services Allied with the Exchange of Securities or Commodities
- INSURANCE CARRIERS**
- 631 Life Insurance
- 632 Accident and Health Insurance and Medical Service Plans
- 633 Fire, Marine, and Casualty Insurance
- 635 Surety Insurance
- 636 Title Insurance
- 637 Pension, Health, and Welfare Funds
- 639 Insurance Carriers, Not Elsewhere Classified
- INSURANCE AGENTS, BROKERS, AND SERVICE**
- 641 Insurance Agents, Brokers, and Service
- REAL ESTATE**
- 651 Real Estate Operators (Except Developers) and Lessors
- 653 Real Estate Agents and Managers
- 654 Title Abstract Offices
- 655 Land Subdividers and Developers
- HOLDING AND OTHER INVESTMENT OFFICES**
- 671 Holding Offices
- 672 Investment Offices
- 673 Trusts
- 679 Miscellaneous Investing
- SERVICES**
- HOTELS, ROOMING HOUSES, CAMPS, AND OTHER LODGING PLACES**
- 701 Hotels and Motels
- 702 Rooming and Boarding Houses
- 703 Camps and Recreational Vehicle Parks
- 704 Organization Hotels and Lodging Houses, on Membership Basis
- PERSONAL SERVICES**
- 721 Laundry, Cleaning, and Garment Services
- 722 Photographic Studios, Portrait
- 723 Beauty Shops
- 724 Barber Shops
- 725 Shoe Repair Shops and Shoeshine Parlors
- 726 Funeral Service and Crematories
- 729 Miscellaneous Personal Services
- BUSINESS SERVICES**
- 731 Advertising
- 732 Consumer Credit Reporting Agencies, Mercantile Reporting Agencies, and Adjustment and Collection Agencies
- 733 Mailing, Reproduction, Commercial Art and Photography, and Stenographic Services
- 734 Services to Dwellings and Other Buildings
- 735 Miscellaneous Equipment Rental and Leasing
- 736 Personnel Supply Services
- 737 Computer Programming, Data Processing, and Other Computer Related Services
- 738 Miscellaneous Business Services
- AUTOMOTIVE REPAIR, SERVICES, AND PARKING**
- 751 Automotive Rental and Leasing, Without Drivers
- 752 Automobile Parking
- 753 Automotive Repair Shops
- 754 Automotive Services, Except Repair
- MISCELLANEOUS REPAIR SERVICES**
- 762 Electrical Repair Shops
- 763 Watch, Clock, and Jewelry Repair
- 764 Reupholstery and Furniture Repair
- 769 Miscellaneous Repair Shops and Related Services
- MOTION PICTURES**
- 781 Motion Pictures Production and Allied Services
- 782 Motion Picture Distribution and Allied Services
- 783 Motion Picture Theaters
- 784 Video Tape Rental
- AMUSEMENT AND RECREATION SERVICES**
- 791 Dance Studios, Schools, and Halls
- 792 Theatrical Producers (Except Motion Picture), Bands, Orchestras, and Entertainers
- 793 Bowling Centers
- 794 Commercial Sports
- 799 Miscellaneous Amusement and Recreation Services
- HEALTH SERVICES**
- 801 Offices and Clinics of Doctors of Medicine
- 802 Offices and Clinics of Dentists
- 803 Offices and Clinics of Doctors of Osteopathy
- 804 Offices and Clinics of Other Health Practitioners
- 805 Nursing and Personal Care Facilities
- 806 Hospitals
- 807 Medical and Dental Laboratories
- 808 Home Health Care Services
- 809 Miscellaneous Health and Allied Services, Not Elsewhere Classified
- LEGAL SERVICES**
- 811 Legal Services
- EDUCATIONAL SERVICES**
- 821 Elementary and Secondary Schools
- 822 Colleges, Universities, Professional Schools, and Junior Colleges
- 823 Libraries
- 824 Vocational Schools
- 829 Schools and Educational Services, Not Elsewhere Classified
- SOCIAL SERVICES**
- 832 Individual and Family Social Services

- 833 Job Training and Vocational Rehabilitation Services
- 835 Child Day Care Services
- 836 Residential Care
- 839 Social Services Not Elsewhere Classified

MUSEUMS, ART GALLERIES, AND BOTANICAL AND ZOOLOGICAL GARDENS

- 841 Museums and Art Galleries
- 842 Arboreta and Botanical or Zoological Gardens

MEMBERSHIP ORGANIZATIONS

- 861 Business Associations
- 862 Professional Membership Organizations
- 863 Labor Unions and Similar Labor Organizations
- 864 Civic, Social, and Fraternal Associations
- 865 Political Organizations
- 866 Religious Organizations
- 869 Membership Organizations, Not Elsewhere Classified

ENGINEERING, ACCOUNTING, RESEARCH, MANAGEMENT, AND RELATED SERVICES

- 871 Engineering, Architectural, and Surveying Services
- 872 Accounting, Auditing, and Bookkeeping Services
- 873 Research Development, and Testing Services
- 874 Management and Public Relations Services

PRIVATE HOUSEHOLDS

- 881 Private Households

SERVICES, NOT ELSEWHERE CLASSIFIED

- 899 Services, Not Elsewhere Classified

PUBLIC ADMINISTRATION

EXECUTIVE, LEGISLATIVE, AND GENERAL GOVERNMENT, EXCEPT FINANCE

- 911 Executive Offices
- 912 Legislative Bodies
- 913 Executive and Legislative Offices Combined
- 919 General Government, Not Elsewhere Classified

JUSTICE, PUBLIC ORDER, AND SAFETY

- 921 Courts
- 922 Public Order and Safety

PUBLIC FINANCE, TAXATION, AND MONETARY POLICY

- 931 Public Finance, Taxation, and Monetary Policy

ADMINISTRATION OF HUMAN RESOURCE PROGRAMS

- 941 Administration of Educational Programs
- 943 Administration of Public Health Programs
- 944 Administration of Social, Human Resource and Income Maintenance Programs

- 945 Administration of Veterans' Affairs, Except Health and Insurance

ADMINISTRATION OF ENVIRONMENTAL QUALITY AND HOUSING PROGRAMS

- 951 Administration of Environmental Quality Programs
- 953 Administration of Housing and Urban Development Programs

ADMINISTRATION OF ECONOMIC PROGRAMS

- 961 Administration of General Economic Programs
- 962 Regulation and Administration of Transportation Programs
- 963 Regulation and Administration of Communications, Electric, Gas, and Other Utilities
- 964 Regulation of Agricultural Marketing and Commodities
- 965 Regulation, Licensing, and Inspection of Miscellaneous Commercial Sectors
- 966 Space Research and Technology

NATIONAL SECURITY AND INTERNATIONAL AFFAIRS

- 971 National Security
- 972 International Affairs

NONCLASSIFIABLE ESTABLISHMENTS

- 999 Nonclassifiable Establishments

COUNTY NAME	COUNTY NUMBER
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Allen	1
Anderson	3
Atchison	5
Barber	7
Barton	9
Bourbon	11
Brown	13
Butler	15
Chase	17
Chautauqua	19
Cherokee	21
Cheyenne	23
Clark	25
Clay	27
Cloud	29
Coffey	31
Comanche	33
Cowley	35
Crawford	37
Decatur	39
Dickinson	41
Doniphan	43
Douglas	45
Edwards	47
Elk	49
Ellis	51
Ellsworth	53
Finney	55
Ford	57
Franklin	59
Geary	61
Gove	63
Graham	65
Grant	67
Gray	69

COUNTY NAME	COUNTY NUMBER
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Greeley	71
Greenwood	73
Hamilton	75
Harper	77
Harvey	79
Haskell	81
Hodgeman	83
Jackson	85
Jefferson	87
Jewell	89
Johnson	91
Kearny	93
Kingman	95
Kiowa	97
Labette	99
Lane	101
Leavenworth	103
Lincoln	105
Linn	107
Logan	109
Lyon	111
McPherson	113
Marion	115
Marshall	117
Meade	119
Miami	121
Mitchell	123
Montgomery	125
Morris	127
Morton	129
Nemaha	131
Neosho	133
Ness	135
Norton	137
Osage	139

COUNTY NAME	COUNTY NUMBER
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Osborne	141
Ottawa	143
Pawnee	145
Phillips	147
Pottawatomie	149
Pratt	151
Rawlins	153
Reno	155
Republic	157
Rice	159
Riley	161
Rooks	163
Rush	165
Russell	167
Saline	169
Scott	171
Sedgwick	173
Seward	175
Shawnee	177
Sheridan	179
Sherman	181
Smith	183
Stafford	185
Stanton	187
Stevens	189
Sumner	191
Thomas	193
Trego	195
Wabaunsee	197
Wallace	199
Washington	201
Wichita	203
Wilson	205
Woodson	207
Wyandotte	209