

TAX INFORMATION

Business Formation Fees

Kansas

Kansas files several types of business fees and attaches a different filing fee for each formation document. For example, there is a \$90 filing fee for domestic for-profit corporations and a \$115 filing fee for foreign (non-Kansas) corporations. Each year business entities are required to file an annual report and pay a filing fee. The articles of formation may be amended by filing the appropriate amendment document with a filing fee. Many business filings may be completed electronically. Please visit the Business Filing Center at www.kssos.org. Paper forms are available in the Filings & Forms section of the web site.

Missouri

Missouri's initial fee for a domestic corporation is \$50 on the first \$30,000 shares/authorized capital, plus \$5 tech fee, plus \$3 for the certificate, for a minimum total of \$58. Plus \$5 on each additional \$10,000 shares/authorized capital. For foreign (non-Missouri) corporations, Missouri assesses a \$155 fee for issuance of a certificate of authority to do business in Missouri. Foreign and domestic corporations pay \$45 annually (\$20 on-line) for registration with the Secretary of State's office.

Oklahoma

Business Formation fees in Oklahoma range from \$50.00 for a Certificate of Incorporation for a "For Profit" Corporation to \$200.00 for Foreign Companies. A complete list of fees can be found here: <https://www.sos.ok.gov/business/fees>

Corporate Franchise Taxes

Kansas

The state of Kansas has no corporate franchise tax.

Missouri

The Missouri franchise tax rate is 1/37 of 1% (.00027027). The franchise tax is based on the value of total assets or the par value of issued and outstanding capital stock, whichever is greater. Capital stock without a par value is valued at \$5 per share or at its actual value, whichever is greater. Corporations with \$1,000,000 or less of assets wholly in Missouri or apportioned to Missouri are not taxed. However, all corporations incorporated, qualified, or engaged in business in Missouri are required to file a franchise tax return. Not-for-profit corporations and express and insurance companies paying an annual tax on gross receipts or premium receipts in Missouri are examples of corporations exempt from filing and paying franchise tax. Multi-state corporations may apportion their assets based on a three-factor method of accounts receivables, inventories, and land & fixed assets.

The franchise tax due may be offset by applying applicable tax credits. The return for Missouri's franchise tax is filed with the Missouri Department of Revenue.

Oklahoma

Rate

The portion of corporate income earned in Oklahoma and therefore subject to the 6% tax is based on a three-factor formula:

- Corporate Sales Factor: Total sales attributed to Oklahoma divided by sales everywhere.
- Property Factor: Taxpayer's average value of property (real and tangible personal property) owned or rented and used in Oklahoma divided by the average value of property (real and tangible personal property) used everywhere during the tax period. Property is valued at its original cost. Rented property is valued at eight times the net annual rate.
- Payroll Factor: Compensation for services rendered (less officer's compensation) in Oklahoma divided by compensation for services rendered (less officer's compensation) everywhere.

Double emphasis is placed on the sales factor for capital intensive firms of \$200 million investment in a single project (must be completed within 3 years). Oklahoma wishes to tax only the income attributable to the Oklahoma operation. If the apportionment of business income of the enterprise by the Three Factor formula does not give a fair reflection of the taxpayers' activity in the state, with the Oklahoma Tax Commission approval, alternate methods may be used. Net operating losses may be carried forward 15 years and may be carried back two years for most companies. Taxpayers with Oklahoma taxable income of at least \$1 million in one of three preceding years may annualize estimates as is allowed in the Internal Revenue Code on federal taxable income.

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Corporate Income Taxes

Kansas, Missouri, & Oklahoma administer an income tax measured by net income of the corporation. The determination of taxable income begins with net taxable income reported for federal income tax purposes. All three-permit deduction of operating expenses from gross income in arriving at net taxable income.

Kansas

Kansas Corporate Income Tax Rate: 4% of net taxable income. In addition, income in excess of \$50,000 is subject to a 3.0% surtax.

Kansas corporate taxable income is defined as federal taxable income with numerous state adjustments. Kansas does not allow a deduction for federal or state income taxes.

The rate of tax is 4% of net taxable income. In addition, a 3% surtax is imposed on income in excess of \$50,000. A corporation must make quarterly estimated tax payments if its Kansas income tax liability can reasonably be expected to exceed \$500.

For those corporations having facilities both inside and outside Kansas, the net income attributed to the Kansas operation is based upon the percentage of the corporation's business located in Kansas. A business's tax obligation is determined by a three-factor formula that considers the proportion of sales, property, and dollar payroll attributable to the Kansas facility.

Corporations may opt for a two-factor (sales and property) apportionment formula to calculate tax liability if the payroll factor for a taxable year exceeds 200% of the average of the property and sales factors. Also, the state allows net operating losses to be carried forward for each of the 10 years following the tax year of the net operating loss.

Job creation and investment tax credits are available state-wide to businesses which create new jobs and investment, by locating, expanding, or renovating within the state of Kansas.

The Kansas Department of Revenue can be found on the web at <http://www.ksrevenue.org/>.

Missouri

Missouri corporate income tax is based on federal taxable income with adjustments for state income taxes, interest from exempt federal obligations, and other less common adjustments.

The Missouri Corporate Income Tax Rate is 6.25% of net taxable income earned in the state. In addition, Missouri allows 50% of federal income tax payments to be deducted before computing taxable income.

The tax rate for corporations is 6.25% applied to Missouri taxable income. In addition, Missouri allows 50% of federal income tax payments to be deducted before computing taxable income. Using the deduction, a corporation with a taxable income of \$1 million would have a Missouri effective tax rate of only 5.2%. Estimates must be filed and quarterly payments made, if the tax is reasonably expected to exceed \$100.

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For corporations conducting business both inside and outside Missouri, only income earned in Missouri is taxed. Two allocation options are offered for calculating this income: 1) a single-factor formula based on sales, or 2) a three-factor formula based on property, payroll, and sales. Missouri is the only state that permits companies to choose the formula that results in the lesser corporate income tax liability.

A variety of benefits, including an array of income tax credits, are available to companies which create new jobs and new investment within Missouri.

The Missouri Department of Revenue can be found on the web at <http://dor.mo.gov>

Oklahoma

A 6 percent corporate income tax is imposed on the net taxable incomes of corporations attributable to state sources. There is no worldwide unitary tax. Income tax credits for manufacturers and some service companies may be carried forward up to 20 years.

The portion of corporate income earned in Oklahoma and therefore subject to the 6% tax is based on a three-factor formula:

- Corporate Sales Factor: Total sales attributed to Oklahoma divided by sales everywhere.
- Property Factor: Taxpayer's average value of property (real and tangible personal property) owned or rented and used in Oklahoma divided by the average value of property (real and tangible personal property) used everywhere during the tax period. Property is valued at its original cost. Rented property is valued at eight times the net annual rate.
- Payroll Factor: Compensation for services rendered (less officer's compensation) in Oklahoma divided by compensation for services rendered (less officer's compensation) everywhere.

Double emphasis is placed on the sales factor for capital intensive firms of \$200 million investment in a single project (must be completed within 3 years).

Net operating losses may be carried forward 15 years and may be carried back two years for most companies.

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Individual Income Taxes

Kansas, Missouri, & Oklahoma use a graduated tax rate schedule based on net taxable income. Personal exemptions, itemized deductions, or standard deductions are applied to gross income to obtain net taxable income.

Kansas

Effective Tax Year 2017, the tax rate for individual taxpayers ranges from 2.7% on the first \$15,000 of taxable income to 4.6% of excess taxable income over \$15,000. The tax rate for joint returns ranges from 2.7% on the first \$30,000 of taxable income to 4.6% of excess taxable income over \$30,000.

Rates for individuals

If taxable income is:	The tax is:
Not over \$15,000	2.9%
Over \$15,000, but not over \$30,000	\$435 plus 4.9% of excess over \$15,000
Over \$30,000	\$1,170.50 plus 5.2% of excess over \$30,000

Rates for joint returns

If taxable income is:	The tax is:
Not over \$30,000	2.9%
Over \$30,000, but not over \$60,000	\$870 plus 4.9% of excess over \$30,000
Over \$60,000	\$2,340 plus 5.2% of excess over \$60,000

Kansas taxable income is reduced by the amounts of various standard and itemized deductions. The standard deduction amount for single head-of-household filers is \$5,500 and married taxpayers filing jointly is \$7,500. The Kansas Department of Revenue can be found on the web at www.ksrevenue.org

TAX INFORMATION

Missouri

The tax rate for individuals ranges from 1.5% on the first \$1,000 of taxable income to 6% of taxable income over \$9,000. Missouri taxable income is reduced by the amounts of various standard and itemized deductions. The standard deductions include: a portion of federal income tax paid (up to \$5,000 on a single return and \$10,000 on a joint return), \$1,200 for each dependent, \$2,100 for each personal exemption, as well as the federal standard deduction for a married couple filing jointly who does not itemize deductions. Must be filed and quarterly payments made, if the tax is reasonably expected to exceed \$100.

Missouri Tax Rates	
If taxable income is:	The tax is:
\$0 - \$99	\$0
\$100 - \$1,000	1.5%
Over \$1,000 but not over \$2,000	\$15 + 2.0% of excess over \$1,000
Over \$2,000 but not over \$3,000	\$35 + 2.5% of excess over \$2,000
Over \$3,000 but not over \$4,000	\$60 + 3.0% of excess over \$3,000
Over \$4,000 but not over \$5,000	\$90 + 3.5% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 + 4.0% of excess over \$5,000
Over \$6,000 but not over \$7,000	\$165 + 4.5% of excess over \$6,000
Over \$7,000 but not over \$8,000	\$210 + 5.0% of excess over \$7,000
Over \$8,000 but not over \$9,000	\$260 + 5.5% of excess over \$8,000
Over \$9,000	\$315 + 6.0% of excess over \$9,000

The Missouri Department of Revenue can be found on the web at www.dor.mo.gov

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Oklahoma

Oklahoma tax rates are the same for residents, part-year residents, and nonresidents. The following tables show rates based on method and filing status:

Single Taxpayer or Husband and Wife Filing Separate Returns	
If taxable income is:	
\$0 up to \$1,000	Pay 1/2 of 1% of Taxable Income
\$1,000 up to \$2,500	Pay \$5.00 plus 1% over \$1,000
\$2,500 up to \$3,750	Pay \$20.00 plus 2% over \$2,500
\$3,750 up to \$4,900	Pay \$45.00 plus 3% over \$3,750
\$4,900 up to \$7,200	Pay \$79.50 plus 4% over \$4,900
\$7,200 up to \$8,700	Pay \$171.50 plus 5% over \$7,200
\$8,700 and over	Pay \$246.50 plus 5.5% over \$8,700

Joint Filing Husband and Wife, Qualified Widow(er) or Head of Household	
If taxable income is:	
\$0 up to \$2,000	Pay 1/2 of 1% of Taxable Income
\$2,000 up to \$5,000	Pay \$10.00 plus 1% over \$2,000
\$5,000 up to \$7,500	Pay \$40.00 plus 2% over \$5,000
\$7,500 up to \$9,800	Pay \$90.00 plus 3% over \$7,500
\$9,800 up to \$12,200	Pay \$159.00 plus 4% over \$9,800
\$12,200 up to \$15,000	Pay \$255.00 plus 5% over \$12,200
\$15,000 and over	Pay \$395.00 plus 5.25% over \$15,000

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Information Regarding Personal and Dependent Exemptions

Personal and dependent exemptions, as defined by Internal Revenue Service, are allowed (deduction of \$1,000 per exemption). An additional exemption of \$1,000 may be allowed for taxpayer or spouse who is blind at the close of the tax year.

There is allowed an additional exemption of \$1,000 for each taxpayer or spouse who is sixty-five (65) years of age or older at the close of the tax year AND has met qualifications based on their filing status and federal adjusted gross income (Federal AGI). Taxpayers with the following filing status may claim this exemption if the Federal AGI does not exceed:

- \$25,000 Married and Filing Jointly
- \$12,500 Married and Filing Separately
- \$15,000 Single
- \$19,000 Qualifying Head of Household

Oklahoma's Standard Deduction

2017 Filing Status:

- \$6,350 Single or Married Filing Separate
- \$9,350 Head of Household
- \$12,700 Married Filing Joint or Qualifying Widow(er)

Information Regarding Itemized Deductions:

Oklahoma itemized deductions are the same as currently defined in the IRS code. If you itemized on your Oklahoma return, you must have itemized on your Federal return.

Information for All Deductions and Exemptions:

In the case of resident individuals having income from sources both within and without the State of Oklahoma, the standard or itemized deductions and personal exemptions will be reduced to an amount which is the same portion of the total of Oklahoma AGI to Federal AGI.

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Property Taxes

A variety of services are offered by local municipalities, which must be carefully considered in conjunction with property tax rates. Throughout the Region, there are numerous taxing authorities for services such as schools, junior colleges, fire prevention, sewer and water, drainage, and hospitals. All of these taxing authorities may impose levies in any given community, thus, tax rates will vary for every municipality.

Kansas

The local property tax rate is an aggregate of state, county, city, school, and other district levies expressed as tax per \$1,000 of assessed valuation. All real property is subject to ad valorem taxation unless expressly exempt. Examples of exemptions are:

- Merchants' and manufacturers' inventories.
- Personal property moving through the state or consigned to a warehouse in Kansas from a point outside Kansas in transit to a final destination outside Kansas.
- Real and tangible personal property used exclusively for literary, educational, scientific, religious, or charitable purposes.
- Aircraft used predominantly in the conduct of business.

The Department of Revenue's Division of Property Valuation is the state agency exercising general supervision over ad-valorem policies and procedures in Kansas.

Assessment Ratios

- Commercial and industrial real property is assessed at 25% of fair market value.
- Residential property is assessed at 11.5% of fair market value.
- Real property owned and operated by not-for-profit organizations and vacant lots are assessed at 12% of fair market value.
- Agricultural land, mineral leasehold interests, and motor vehicles are assessed at 30% of fair market value.
- Public utility real and personal property is assessed at 33% of fair market value.

Real Property

Most real property is appraised at its fair market value with the exception of agricultural land. Property is assessed by the county appraiser in the taxing district in which the property is located.

TAX INFORMATION

Tangible Personal Property

Commercial and industrial machinery and equipment acquired by qualified purchase or lease, or transferred into the state, for the purpose of expanding an existing facility or establishing a new facility is exempt from state and local property tax. This exemption covers:

- Equipment used in manufacturing operations
- Equipment used in warehousing/distribution
- Business machinery
- Computers
- Desks and Chairs
- Copiers
- Fax machines

Intangible Personal Property

Kansas law permits the imposition of a 3% or less intangible personal property tax on the income derived from all money, securities, credits, notes or other evidences of indebtedness. Counties, cities, and townships have the option of reducing or eliminating the tax. The six Kansas counties in the metropolitan area have eliminated their shares of the tax, and most cities in those counties have eliminated all or part of the tax.

Non-Business Personal Property

The county appraiser has the responsibility to value watercraft and trailers at market value and is assessed at 30%. Taxes on autos, light and medium trucks and motorcycles are due at the time of registration and the value is depreciated 15% per year of the manufacturer's suggested retail price.

Missouri

The local property tax rate is an aggregate of school, city, county, and state levies expressed as tax per \$100 of assessed valuation. Property is assessed on the basis of "fair or true market value." All property, real and tangible personal, is taxable unless expressly exempt. Examples of exemptions include:

- Inventories of retail merchants, manufacturers, and wholesalers, including raw materials and goods in process.
- Property "actually and regularly used exclusively" by an exempt organization pursuant to its exempt purposes and not held for private or corporate profit.

The State Tax Commission of Missouri is the agency charged with overseeing Missouri's property tax system.

Assessment Ratios

- Commercial and industrial real property is assessed at 32% of fair market value.
- Tangible personal property, not elsewhere classified, is assessed at 33 1/3% of fair market value.
- Residential property is assessed at 19% of fair market value.
- Agricultural property is assessed at 12% of productive value.

TAX INFORMATION

Real Property

All property is appraised at its fair or true market value by the county. Commercial and industrial real property (i.e., land and buildings) is assessed an additional county surcharge designed to replace revenue losses attributable to the tax exemption of business inventories.

Tangible Personal Property

Assessed values of tangible personal property in Missouri are set at 33 1/3% of fair or true market value. Most counties in the metropolitan area use formulas under which original costs of depreciable personal property are discounted to determine true values. Tangible personal property includes machinery and equipment.

Intangible Personal Property

There is no tax on intangible personal property.

Non-Business Personal Property

The state has authorized local governments to apply a tax based on the actual cash value of licensed motor vehicles (automobiles, trucks, motorcycles), boats, motors, trailers and campers. The assessment ratio for this type of property is 33 1/3%. The assessment ratio for livestock is 12% and 0.05% for grain and crops.

Oklahoma

Property taxes are based on the value of the property. Property taxes are local taxes. Your county officials value your property, set your tax rates and collect your taxes. However, state law governs how the process works.

All tangible property must be taxed on its current market value. A property's market value is the price for which it would sell when both buyer and seller want the best price and neither one is under pressure to buy or sell. Land used for farming and ranching is valued on its capacity to produce crops or livestock, instead of its value on the real estate market. This appraisal is known as agricultural use value.

Assessment Ratios

This is based on the local government's taxable valuation and the rate or number of mills (one mill equals 1/1000 of a dollar) levied for its use. The total net assessed valuation is the taxable valuation of all the property subject to ad valorem taxation within the taxing jurisdiction. The County Excise Board sets the tax levies in the number of mills rather than dollars. One mill would generate \$1 in revenue for every \$1,000 of taxable valuation.

The formula for calculating your property tax is as follows:

- Assessed Value = Taxable Market Value x Assessment % (11% for land and buildings or 13.75% for personal property such as business inventory or manufactured homes)
- Net Assessed Value = Assessed Value - Exempt Value
- Annual Tax Amount = Net Assessed Value x Tax Rate per \$1000 Value

TAX INFORMATION

Commercial Property Tax Rates for MOKAN Communities

Missouri	County	Real Property	Personal Property
Assessed value: Real Property is 32% of true value. Personal Property is 33.3% of true value. Tax rate is per \$100 of assessed value			
Carl Junction	Jasper	\$9.088	\$9.088
Carthage	Jasper	\$7.642	\$7.642
Joplin	Jasper	\$5.70	\$4.68
Joplin	Newton	\$4.54	\$4.54
Lamar	Barton	\$6.2927	\$6.2927
Neosho	Newton	\$5.3188	\$4.5585
Kansas			
Assessed value is 25% of true value. Tax rate in this table is mills per \$1000 of assessed value			
Baxter Springs	Cherokee	166.373	Exempt
Columbus	Cherokee	152.817	Exempt
Galena	Cherokee	174.016	Exempt
Pittsburg	Crawford	155.272	Exempt
Oklahoma			
Assessed Value = Taxable Market Value x Assessment % (11% for Real or 13.75% for personal property. Tax amount is Assessed Value x Tax Rate per \$1000 Value			
Miami	Ottawa	8.21	None

TAX INFORMATION

Sales & Use Tax

Sales tax is applicable on all sales made from a location within a state. Use tax applies to property for use, storage, or consumption that was purchased from an out-of-state vendor.

Kansas

The sales tax is the total of state and local rates and is applied to all retail purchases plus taxable services sold at retail to the consumer. Kansas levies a 6.5% sales and use tax. If applicable, an additional levy may be imposed by the city or county in an amount that will vary.

If the sale or use of property has already been subject to a tax of less than 6.3% by any state, then the tax is the difference between 6.3% and the tax that has already been imposed.

The state use tax in Kansas is 6.15%. No local compensating taxes are due unless the item purchased or leased is a motor vehicle, trailer, or vessel that is required to be registered.

Missouri

The state of Missouri levies a 4.225% sales/use tax on purchases other than retail sales of food. Food is taxed by the state at 1.225%. The sales tax is applied to all retail purchases plus taxable services such as utilities sold at retail to the consumer. Local county and municipal sales taxes apply to food as well as other retail purchases. However, many local counties and municipalities do not impose any use tax above the state rate.

If the sale or use of property has already been subject to a tax of less than 4.225% by any state, then the tax is the difference between 4.225% and the tax that has already been imposed.

Oklahoma

Base Sales Tax

Gross proceeds or gross receipts from sales of tangible personal property and a few enumerated services to consumers or users.

Use Tax

Purchase price of tangible personal property purchased outside the state of Oklahoma for use and/or consumption within the state by the purchaser.

Rate

A 4.5% sales tax and use tax is levied by the state. Municipalities may levy an additional city sales tax by vote of the people. Counties may levy a county sales tax not to exceed 2% after voter approval. The governing body of a municipality or county levying a sales tax may also levy use tax at a rate that does not exceed the sales tax rate on tangible personal property purchased that is brought into the municipality or county.

TAX INFORMATION

Sales Tax Rates for MOKAN Communities

Missouri	
City (County)	Total Sales Tax (City, County, State)
Carl Junction (Jasper)	7.950%
Carthage (Jasper)	8.200%
Joplin (Jasper)	8.075%
Joplin (Newton)	7.975%
Lamar (Barton)	7.725%
Neosho (Newton)	7.850%
Nevada (Vernon)	7.725%
Webb City (Jasper)	7.950%
Kansas	
Baxter Springs (Cherokee)	10.00%
Columbus (Cherokee)	9.000%
Galena (Cherokee)	9.000%
Pittsburg (Crawford)	9.000%
Oklahoma	
Commerce (Ottawa)	9.85%
Miami (Ottawa)	9.50%
Quapaw (Ottawa)	8.85%

Unemployment Insurance

Kansas

Kansas does not have a fixed rate schedule—positive balance employers' rates are adjusted annually based on the ratio of the size of the fund balance to total payroll. For 2017, positive balance employers pay between 0.2% and 5.4%. Negative balance employers pay between 5.6% and 7.6% (that is, 5.4% plus a surcharge of 0.2% to 2.0% based on the size of the negative reserve ratio, plus an additional surcharge to pay interest on the loan from the Federal UI which ranges from 0.10% to 2.0%). Unemployment insurance rates are applied to the first \$14,000 in wages paid annually to each employee.

If an employer already has a facility in Kansas and has established an experience rating, the employer will have the same tax rate for any new facility built in Kansas. New companies locating in the state receive an entry rate based on the type of business. After three years, when original liability is established before July 1, the employer may have a tax rate computed with experience rate factors. When liability is established after June 30, the employer may have a computed rate after four years. Employers who are not eligible for a rate computation shall pay contributions at the rate of 2.7 percent, except for employers in the construction industry, who will pay at the rate of six percent.

The maximum weekly benefit cap is the greater of either \$474 or 55.0% of the average weekly wages paid to employees in insured work during the previous calendar year for up to 16 weeks. Employees dismissed without misconduct are eligible to receive benefits after a one-week waiting period. An employee who voluntarily quits without good cause attributable to the work or to the employer or an employee who was discharged for misconduct connected with the work may be disqualified from receiving benefits. Disqualifications are explained in more detail in the complete Kansas Employer Handbook.

The Kansas Department of Labor oversees unemployment insurance in Kansas.

Shared Work Unemployment Insurance

In lieu of a layoff, an employer may divide the workday among a group of affected employees. Under the shared work unemployment insurance program, employees are allowed to receive a portion of their unemployment insurance benefits while working reduced hours. This program is only available to employers with a positive account balance.

Missouri

In Missouri, the unemployment insurance tax is levied on the first \$13,000 of an employee's annual compensation. The taxable wage base can increase in increments of \$1,000 or decrease in increments of \$500, depending on the state's unemployment fund balance, but it cannot fall below the federally required minimum of \$7,000. In 2017, the normal entry rate set for a new employer is contingent upon the type of business involved, however, all new employers pay 2.7%, except for those in the construction-related industries. The contribution rate for construction is 3.17%. The contribution rate for nonprofit and governmental employers is 1.00%.

Thus, a new employer's cost per employee would be 2.7% of \$13,000 or \$351.00. An employer may qualify for a rate below the entry rate based on at least 12 months benefit charge ability. A new employer may qualify for a rate based on a predecessor's experience in the case of an acquisition of a business. The maximum unemployment benefit is \$320 per week for up to 20 weeks.

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Many states have had to adopt the usage of surtaxes to defray the costs of benefits attributed to the severity and duration of the most recent recessionary period. The surtax in Missouri is based on the unemployment compensation fund balance and increases rates by 10, 20, or 30% of the tax due or reduces rates by seven or 12% of tax due, depending on the balance in the fund.

The Department of Labor and Industrial Relations' Division of Employment Security oversees unemployment insurance in Missouri.

Shared Work Program

This program was initiated to encourage job retention. Under the program, employers reduce work hours a certain percentage, rather than lay off employees. Those employees then receive both wages for actual hours worked, and partial unemployment insurance benefits.

Oklahoma

All employers shall have an assigned tax rate of 1.5% until sufficient experience history exists in the employer's account to meet the At-Risk Rule set out in 40 O.S. § 3-111.1(3). If the account meets the At-Risk Rule, the employer will qualify for an earned rate. The earned rate is based on the employer's experience by calculating a benefit wage ratio and two statewide factors known as the state experience factor and the conditional factor.

Generally, each employer with two or more years of experience is assigned an earned rate. The earned rate is based on the employer's experience by calculating a benefit wage ratio and two statewide factors known as the state experience factor and the conditional factor.

The benefit wage ratio is a ratio of the benefit wage charges made against an employer account divided by the employer's taxable payroll for the preceding three years on which taxes have been paid by July 31st of the calendar year immediately preceding the year for which the contribution rate is being calculated. The state experience factor is the ratio of the total unemployment benefits paid in Oklahoma to the total benefit wages of all employers in the state for the preceding calendar year. The conditional factor is the ratio of the five-year average of total unemployment benefits paid in Oklahoma to the Trust Fund balance for the state.

There are tables found at 40 O.S. § 3-109 that list a range of state experience factors next to a range of possible employer's benefit wage ratios. Once the benefit wage ratio, the state experience factor, and the conditional factor are calculated, an employer's earned rate can be determined by consulting the table at the end of the Oklahoma Employment Security Act. If the fund is in conditions A, B, C, or D, the corresponding increase in rates can be found in 40 O.S. § 3-113.

The taxable wage base is determined as a percentage of the state's average annual wage. This figure changes annually and represents the amount of wages that are to be taxed per employee. In the year 2017, the taxable wage base was \$17,700. Each employer is to report all wages on its quarterly report through the EZ Tax Express Online Filing System for employers, but taxes are paid at the assigned rate only up to the amount of the taxable wage base on each employee.

For more information and changes, contact the rate department at the Oklahoma Employment Security Commission at (405) 557-7222.

TAX INFORMATION

Workers' Compensation

Workers' compensation provides benefits to injured employees for accidents or occupational diseases arising out of, and in the course of, their employment. Compensation coverage is available through private insurance carriers licensed by the state, but self-insurance is allowed with approval from the states' Division of Workers' Compensation.

Costs vary for individual businesses and are dependent upon type of employment (occupational risk), estimated annual remuneration, and the company's loss experience.

Kansas

Employers with a gross annual payroll estimated to be more than \$20,000 are subject to the provisions of the Workers' Compensation Act. Employers may secure workers' compensation insurance for their employees by 1) obtaining insurance from authorized private insurance companies, 2) becoming self-insured, or 3) becoming a member of a qualified group-funded workers' compensation insurance pool.

A new rating structure in effect since 1995 allows workers' compensation insurance coverage to be provided by private insurance companies on a competitive basis. Premiums are determined by applying the rate for a specific occupation, per \$100 of payroll, to the annual wage per employee.

Temporary total and permanent partial payments to injured workers are based on two-thirds of a worker's gross weekly wage, not to exceed \$630 per week. Benefits are also available in the cases of permanent total disability or for surviving spouse, dependents and heirs of an employee whose injury resulted in death. Workers' compensation premium rates in Kansas are ninth lowest in the nation.

The state's administrative costs for workers' compensation and maintenance of the Workers' Compensation Fund balance are funded by assessments on the paid losses of insurance companies, group pools, and the self-insured. The most recent assessment rate for administrative costs was 2.79% and the assessment for the Workers' Compensation Fund was assessed at 0.75%. These rates are set annually based on the previous calendar year's paid losses and the amounts required for administration and adequate Fund balance.

Visit the Kansas Department of Labor for more information.

Missouri

All businesses with five or more employees (excluding agricultural or domestic labor) must provide workers' compensation insurance to protect their workers in case of job-related injury, illness, or death. Construction employers with one or more employees must provide workers' compensation insurance.

Companies can offer this protection through a private insurance carrier or they can become self-insured. Premium rates vary depending on the risks associated with special occupations and on the employer's loss (or injury) experience. Beginning in 1994, insurance rates are set by each insurance company on a competitive basis and employers have the opportunity to shop around for the lowest rates.

As in most states, the premium rates apply to an employee's total annual salary. The maximum weekly benefit for temporary total disability payments are up to two-thirds of his or her average weekly wage.

TAX INFORMATION

Additional payments are required if the employee has a permanent impairment or cannot return to work. If the injury results in death, benefits are paid to the employee's surviving dependents. Missouri's maximum weekly benefit is \$879.06.92 effective until July 1, 2018.

An additional employer cost related to workers' compensation is a premium tax to finance the expenses of the Missouri Division of Workers' Compensation (up to 2%) and a premium surcharge to finance the Second Injury Fund. Both of these charges may be suspended or reduced depending on the amount needed for the administrative costs of the Division or the amount needed to maintain the proper balance of the Fund. In calendar year 2017, the administrative tax is 1.0 percent, the administrative surcharge is 1.0 percent and the Second Injury Fund surcharge is assessed at 3.0%.

To aid in shopping among insurers, the state has set up a toll-free number for employers (888.200.1697). Information on companies with the lowest rates as well as the high, medium, and low rates for any particular class code is faxed back or mailed to the employer shopping for coverage. Additionally, employers can use the web version of the hotline, which provides the insurance rates for all carriers.

Visit the Missouri Division of Workers' Compensation for more information.

Oklahoma

Each mutual or inter-insurance association, stock company, CompSource Oklahoma (CompSource Mutual) or other insurance carrier writing workers' compensation insurance in this state is required to pay an assessment to the Oklahoma Tax Commission according to a formula established by law based on a percentage of premiums written. The assessment is for the purpose of providing funds for the Workers' Compensation Fund, which was established to fund the activities of the Workers' Compensation Commission in administering the Administrative Workers' Compensation Act. The Oklahoma Workers' Compensation Commission is the agency responsible for handling claims of injured workers. Oklahoma workers whose claims are in dispute with their employer file a claim with the commission in order to get the case resolved in a timely manner. This system will be beneficial to both workers and employers. It will be faster, which allows workers to return to work sooner and it will lower premiums on workers compensation insurance for employers thereby creating new jobs in Oklahoma's economy.

SB 1062 was enacted during the 2013 legislative session. The legislation:

- Reduces legal costs, medical costs, and excessive payouts to workers that have driven up costs for Oklahoma businesses and encouraged fraud.
- Reduces the costs for businesses by changing Oklahoma's current system from a court-based system to an administrative system allowing for more timely processing of claims and reducing the adversarial nature of the process for both workers and employers.
- Reducing cost for business and frees up private-sector resources that can be invested in jobs rather than lawsuits.
- Reforms ensure injured workers are treated fairly and given the medical care needed to return to work.
- Policy discounts are available to firms participating in the Workers' Compensation Premium Reduction (WCPR) program at the Oklahoma Department of Labor. Discounts may also be available to certain employers that use the services of certified workplace medical plans.
- Additional information can be found on the Department of Labor's website at: [OSHA Safety Pays Workers Compensation](#)