



## KANSAS WORKERS COMPENSATION REQUIREMENTS

Sole Proprietorship - For Sole Proprietors, payroll paid to owner and owner's family doesn't count towards the workers compensation payroll threshold. Once payroll costs reach over \$20,000 for non-family members, then workers compensation insurance is required and it covers all workers.

Limited Liability Corporation (LLC) – Wages to LLC members (i.e. individuals holding 3% or more ownership in the business) don't count towards the workers compensation payroll threshold but all other employees do count. Once payroll for employees other than members reaches \$20,000 or more, then workers compensation insurance is required. Members can then elect to be included in workers compensation coverage.

Corporation – Everyone that works for the corporation is an employee and this includes the owner; so, all payroll counts towards the workers compensation \$20,000 payroll threshold. Anyone who owns 10% or more of the corporation can elect to be taken out of workers compensation coverage but their salary would still count in the payroll calculation.

For more information or questions please contact Suzanne Fachs with the Kansas Department of Labor at (785) 296-7843