

HOUSE BILL No. 2591

AN ACT relating to annual reports; concerning economic development incentive effectiveness; amending K.S.A. 2000 Supp. 74-8017 and repealing the existing section; also repealing K.S.A. 2000 Supp. 74-8017, as amended by section 1 of 2001 House Bill No. 2219.

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

Section 1. K.S.A. 2000 Supp. 74-8017 is hereby amended to read as follows: 74-8017. (a) *On and after January 1, 2003*, it shall be the duty of Kansas, Inc. to prepare an annual report evaluating the cost effectiveness of the various income tax credits and sales tax exemptions enacted to encourage economic development within this state and submit the same to the standing committees on taxation and economic development of the house and assessment and taxation and commerce of the senate at the beginning of each regular session of the legislature. The secretary of revenue shall develop a questionnaire on the utilization of state income tax credits and sales tax exemptions that shall be completed by all corporate taxpayers subject to state income tax that shall be submitted to the department of revenue concurrently with the filing of an annual corporate income tax return. The questionnaire shall require respondents to indicate utilization of the following credits and exemptions:

(1) Income tax credits authorized under the provisions of the job expansion and investment credit act of 1976 and acts amendatory thereof and supplemental thereto;

(2) income tax credits for expenditures in research and development activities authorized by K.S.A. 79-32,182 and ~~79-32,182a~~, and amendments thereto;

(3) income and financial institutions privilege tax credits for cash investment in stock of Kansas Venture Capital, Inc. authorized by K.S.A. 74-8205 and 74-8206, and amendments thereto;

(4) income tax credits for cash investment in certified Kansas venture capital companies authorized by K.S.A. 74-8304, and amendments thereto;

(5) income tax credits for cash investment in certified local seed capital pools authorized by K.S.A. 74-8401, and amendments thereto;

(6) income tax credits for investment in the training and education of qualified firms' employees authorized by K.S.A. 2000 Supp. 74-50,132, and amendments thereto;

(7) sales tax exemptions for property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business, or retail business meeting the requirements of K.S.A. 74-50,115, and amendments thereto, and machinery and equipment for installation at such business or retail business authorized by subsection ~~(cc)~~ of K.S.A. 1993 Supp. 79-3606a *(cc)* of K.S.A. 79-3606, and amendments thereto; and

(8) sales tax exemptions for machinery and equipment used directly and primarily for the purposes of manufacturing, assembling, processing, finishing, storing, warehousing or distributing articles of tangible personal property in this state intended for resale by a manufacturing or processing plant or facility or a storage, warehousing or distribution facility. The secretary of revenue shall provide the completed questionnaires and copies of sales tax exemption certificates to Kansas, Inc. for the preparation of such report.

(b) *Prior to the commencement of the 2002 legislative session, Kansas, Inc. and the Kansas department of revenue shall agree upon procedures for the purpose of disclosure of corporate and individual taxpayer information to fulfill the purposes of this section and protect sensitive taxpayer information to the extent possible consistent with this section. Such procedures shall be submitted to an appropriate committee at the commencement of such session in the form of a proposed bill.*

Sec. 2. K.S.A. 2000 Supp. 74-8017 and K.S.A. 2000 Supp. 74-8017, as amended by section 1 of 2001 House Bill No. 2219, are hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.