

Approved

March 18, 1992  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at  
Chairperson

3:35 ~~xxx~~/p.m. on Monday, February 17, 1992 in room 423-S of the Capitol.

All members were present except:

Representatives Edlund and Wisdom. Excused.

Committee staff present:

Lynne Holt, Legislative Research

Jim Wilson, Legislative Revisor

Betty Manning, Secretary

Conferees appearing before the committee:

None

Chairperson Gjerstad called the meeting to order at 3:35 p.m.

Chairperson Gjerstad asked Jim Wilson, Legislative Revisor, to give a briefing of the balloon on **HB 2681**, an act concerning income and sales tax incentives for certain businesses. After his briefing discussion was held and Mr. Wilson responded to questions from committee members.

Representative Wempe made a motion the balloon be adopted. Seconded by Representative Sader. Motion carried.

Representative Wempe made a motion to amend page 2, lines 24 and 39 changing population figure to 2000. Seconded by Representative Weimer. Motion carried.

Representative Wempe made a motion to change the language on page 3, line 12 to read "which has a membership with representation from throughout the region some of whom are businesses and retail businesses participating under the program and which has been approved by the secretary for this purpose". Seconded by Representative Dean. Motion carried.

Representative Chronister made a motion to amend page 3, line 24 adding "under Section 3". Seconded by Representative Love. Motion carried.

Representative Wempe made a motion to amend page 4, line 28 changing one hundred dollars to one thousand dollars one time per investment credit with carry forward. Seconded by Representative Love. Motion carried.

Representative Chronister made a motion to amend page 4, line 28 changing one hundred dollars to one thousand dollars one time per investment credit with carry forward. Seconded by Representative Love. Motion carried.

Representative Chronister made a motion to leave language on page 5, line 26 as printed in original bill. Seconded by Representative Dean. Motion carried.

Representative Love made a motion to amend pages 4 and 5, new section 7. Seconded by Representative Dean. Motion failed. Attachment 1.

Representative Love made a conceptional amendment that an employer be reimbursed for portion of wages paid to the extent of cash grants either under general assistance or AFDC and incorporate continued coverage of medical care so that employer

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,  
room 423-S, Statehouse, at 3:35 ~~xxx~~/p.m. on Monday, February 17, 1992

could get a reimbursement for carrying the employee in family coverage for like amount. No second. Motion failed.

Representative Wempe made a motion to increase the job credit and investment credit an additional \$500. Seconded by Representative Boston. Motion failed.

Chairperson Gjerstad distributed the list of SIC codes to be discussed at a later date. Attachment 2.

The meeting adjourned at 5:20 p.m.



Eco-Devo  
Attach 1  
02-17-92

PROPOSED AMENDMENT TO HB 2681  
Representative Love  
2-17-92

1 business facility, as defined in subsection (b) of K.S.A. 79-32,154,  
2 and amendments thereto, and also meets the definition of business  
3 in subsection (a) of section 1 of this act, shall be allowed a credit  
4 for such investment, in an amount determined under subsection (b)  
5 or (c), as the case requires, against the tax imposed by the Kansas  
6 income tax act for the taxable year during which commencement of  
7 commercial operations, as defined in subsection (f) of K.S.A. 79-  
8 32,154, and amendments thereto, occurs at such qualified business  
9 facility, and for each of the nine succeeding taxable years. No credit  
10 shall be allowed under this section unless the number of qualified  
11 business facility employees, as determined under subsection (d) of  
12 K.S.A. 79-32,154, and amendments thereto, engaged or maintained  
13 in employment at the qualified business facility as a direct result of  
14 the investment by the taxpayer for the taxable year for which the  
15 credit is claimed equals or exceeds two.

16 (b) The credit allowed by subsection (a) for any taxpayer who  
17 invests in a qualified business facility located in a designated non-  
18 metropolitan region established under section 3 of this act, on or  
19 after the effective date of this act shall be a portion of the income  
20 tax, but not in excess of 50% of such tax, otherwise imposed by the  
21 Kansas income tax act on the taxpayer's qualified business facility  
22 income, as defined in subsection (g) of K.S.A. 79-32,154, and amend-  
23 ments thereto, for the taxable year for which such credit is allowed.  
24 Such portion shall be an amount equal to the sum of the following:

25 (1) Two thousand dollars for each qualified business facility em-  
26 ployee determined under K.S.A. 79-32,154, and amendments  
27 thereto, plus

28 (2) one hundred dollars for each \$100,000, or major fraction  
29 thereof, which shall be deemed to be 51% or more, in qualified  
30 business facility investment, as determined under K.S.A. 79-32,154,  
31 and amendments thereto.

32 (c) The credit allowed by subsection (a) for any taxpayer who  
33 invests in a qualified business facility located in a metropolitan  
34 county, as defined in subsection (c) of section 1 of this act or is not  
35 located in a nonmetropolitan region established under section 3 or  
36 a metropolitan county, on or after the effective date of this act shall  
37 be a portion of the income tax, but not in excess of 50% of such  
38 tax, otherwise imposed by the Kansas income tax act on the taxpayer's  
39 qualified business facility income, as defined in subsection (g) of  
40 K.S.A. 79-32,154, and amendments thereto, for the taxable year for  
41 which such credit is allowed. Such portion shall be an amount equal  
42 to the sum of the following:

43 (1) One thousand dollars for each qualified business facility em-

, except that if the qualified business facility employee who is employed by the taxpayer is a person (A) who has been a resident of Kansas for a period of one year prior to such employment, and (B) who was unemployed for a period, immediately preceding such employment, equal to the total of the period during which the person received unemployment benefits and extended benefits under the employment security law and an additional period thereafter of six months or longer during which the person was ineligible to receive such unemployment benefits or extended benefits because the person's benefit eligibility was exhausted because of the length of unemployment and the benefits paid therefor, as certified by the secretary of human resources, then the amount under this paragraph shall be \$3,500 for each such qualified business facility employee

1 ployee as determined under K.S.A. 79-32,154, and amendments  
2 thereto; and

3 (2) three hundred fifty dollars for each \$100,000, or major fraction  
4 thereof, which shall be deemed to be 51% or more, in qualified  
5 business facility investment as determined under K.S.A. 79-32,154,  
6 and amendments thereto.

7 (d) The credit allowed by subsection (a) for each qualified busi-  
8 ness facility employee shall be a one-time credit.

9 (e) If the amount of the credit allowed under paragraph (1) of  
10 subsection (b) and paragraph (1) of subsection (c) exceeds the amount  
11 of the income tax liability, the amount thereof which exceeds such  
12 tax liability may be carried over for credit in the succeeding taxable  
13 years until the total amount of such credit is used, except that,  
14 before the credit is allowed, the taxpayer must recertify annually  
15 the net increase of a minimum of two qualified business facility  
16 employees.

(g) ~~(f)~~ This section shall be part of and supplemental to the job  
17 expansion and investment credit act of 1976 and acts amendatory  
18 thereof and supplemental thereto.

19  
20 New Sec. 8. Any taxpayer who has invested in a qualified busi-  
21 ness facility and commenced commercial operations at such facility  
22 prior to the effective date of this act, shall be subject to the provisions  
23 of the job expansion and investment credit act of 1976 of which  
24 section 12 of this act is amendatory which were in effect at the time  
25 commercial operations commenced at such facility. Any taxpayer who  
26 has qualified for and claimed income tax credits under the acts of  
27 which this act is amendatory prior to the effective date of this act  
28 shall continue to be subject to the provisions of the acts of which  
29 this act is amendatory which were in effect at the time the taxpayer  
30 qualified for such credits for the entire period for which the credits  
31 may be claimed.

32 In addition, any taxpayer who has obtained an exemption from  
33 the state pursuant to subsection (ee) of K.S.A. 79-3606, and amend-  
34 ments thereto, prior to the effective date of this act shall be entitled  
35 to the income tax credits and sales tax exemptions authorized by  
36 the acts of which this act is amendatory prior to their amendment  
37 by this act.

38 New Sec. 9. The provisions of this act shall be applicable to all  
39 taxable years commencing after December 31, 1992.

40 Sec. 10. K.S.A. 12-1770 is hereby amended to read as follows:  
41 12-1770. It is hereby declared to be the purpose of this act to  
42 promote, stimulate and develop the general and economic welfare  
43 of the state of Kansas and its communities and to assist in the

, except that if the qualified business facility employee who is  
employed by the taxpayer is a person (A) who has been a resident  
of Kansas for a period of one year prior to such employment, and  
(B) who was unemployed for a period, immediately preceding such  
employment, equal to the total of the period during which the  
person received unemployment benefits and extended benefits under  
the employment security law and an additional period thereafter  
of six months or longer during which the person was ineligible to  
receive such unemployment benefits or extended benefits because  
the person's benefit eligibility was exhausted because of the  
length of unemployment and the benefits paid therefor, as  
certified by the secretary of human resources, then the amount  
under this paragraph shall be \$3,500 for each such qualified  
business facility employee

(f) The secretary of human resources shall certify to the  
secretary of commerce and the secretary of revenue, such  
information as the secretary of human resources may have and as  
may be requested by the secretary of commerce or the secretary of  
revenue, respectively, for the purposes of administering the  
provisions of this section.

1 (j) Before any redevelopment project is undertaken, a compre-  
2 hensive feasibility study, which shows the benefits derived from such  
3 project will exceed the costs and that the income therefrom will be  
4 sufficient to pay for the project shall be prepared. Such feasibility  
5 study shall be an open public record.

6 Sec. 12. K.S.A. 79-32,153 is hereby amended to read as follows:  
7 79-32,153. (a) Any taxpayer who shall invest in a qualified business  
8 facility, as defined in subsection (b) of K.S.A. 79-32,154, and amend-  
9 ments thereto, shall be allowed a credit for such investment, in an  
10 amount determined under subsection (b) or (e), as the case re-  
11 quires, against the tax imposed by the Kansas income tax act for  
12 the taxable year during which commencement of commercial op-  
13 erations, as defined in subsection (f) of K.S.A. 79-32,154, and amend-  
14 ments thereto, occurs at such qualified business facility, and for each  
15 of the nine succeeding taxable years. No credit shall be allowed  
16 under this section unless the number of qualified business facility  
17 employees, as determined under subsection (d) of K.S.A. 79-32,154,  
18 and amendments thereto, engaged or maintained in employment at  
19 the qualified business facility as a direct result of the investment by  
20 the taxpayer for the taxable year for which the credit is claimed  
21 equals or exceeds two.

22 (b) The credit allowed by subsection (a) for any taxpayer who  
23 invests in a qualified business facility located outside an enterprise  
24 zone on or after the effective date of this act shall be a portion  
25 of the income tax, but not in excess of 50% of such tax, otherwise  
26 imposed by the Kansas income tax act on the taxpayer's qualified  
27 business facility income, as defined in subsection (g) of K.S.A. 79-  
28 32,154, and amendments thereto, for the taxable year for which such  
29 credit is allowed. Such portion shall be an amount equal to the sum  
30 of the following:

31 (1) One hundred dollars for each qualified business facility em-  
32 ployee determined under K.S.A. 79-32,154, and amendments  
33 thereto; plus

34 (2) one hundred dollars for each \$100,000, or major fraction  
35 thereof (which shall be deemed to be 51% or more), in qualified  
36 business facility investment as determined under K.S.A. 79-32,154,  
37 and amendments thereto.

38 (c) The credit allowed by subsection (a) for any taxpayer  
39 who invests in a qualified business facility within an enterprise  
40 zone on or after the effective date of this act shall be a portion  
41 of the income tax, but not in excess of 50% of such tax, oth-  
42 erwise imposed by the Kansas income tax act on the taxpayer's  
43 qualified business facility income, as defined in subsection (g)

1-3  
 , except that if the qualified business facility employee who is  
employed by the taxpayer is a person (A) who has been a resident  
of Kansas for a period of one year prior to such employment, and  
(B) who was unemployed for a period, immediately preceding such  
employment, equal to the total of the period during which the  
person received unemployment benefits and extended benefits under  
the employment security law and an additional period thereafter  
of six months or longer during which the person was ineligible to  
receive such unemployment benefits or extended benefits because  
the person's benefit eligibility was exhausted because of the  
length of unemployment and the benefits paid therefor, as  
certified by the secretary of human resources, then the amount  
under this paragraph shall be \$3,500 for each such qualified  
business facility employee

1 of K.S.A. 79-32,154, and amendments thereto, for the taxable  
2 year for which such credit is allowed. Such portion shall be  
3 an amount equal to the sum of the following:

4 (1) Three hundred and fifty dollars for each qualified busi-  
5 ness facility employee as determined under K.S.A. 79-32,154,  
6 and amendments thereto, who resides in this state, other than  
7 a qualified business facility employee referred to in paragraph  
8 (2) of this subsection (e);

9 (2) five hundred dollars for each qualified business facility  
10 employee as determined under K.S.A. 79-32,154, and amend-  
11 ments thereto, who resides in this state and whose employment  
12 entitles the employer to a targeted jobs tax credit under sections  
13 51 and 52 of the internal revenue code in the same taxable  
14 year; plus

15 (3) three hundred fifty dollars for each \$100,000, or major  
16 fraction thereof (which shall be deemed to be 51% or more),  
17 in qualified business facility investment as determined under  
18 K.S.A. 79-32,154, and amendments thereto.

(d)

19 ~~(e)~~ No credit shall be allowed under this section for invest-  
20 ment in a public utility, as such term is defined in K.S.A. 66-104,  
21 and amendments thereto.

22 Sec. 13. K.S.A. 1991 Supp. 79-3606 is hereby amended to read  
23 as follows: 79-3606. The following shall be exempt from the tax  
24 imposed by this act:

25 (a) All sales of motor-vehicle fuel or other articles upon which a  
26 sales or excise tax has been paid, not subject to refund, under the  
27 laws of this state except cigarettes as defined by K.S.A. 79-3301,  
28 and amendments thereto, cereal malt beverages and malt products  
29 as defined by K.S.A. 79-3817, and amendments thereto, including  
30 wort, liquid malt, malt syrup and malt extract, which is not subject  
31 to taxation under the provisions of K.S.A. 79-41a02, and amendments  
32 thereto, and motor vehicles as defined by K.S.A. 79-1017, and  
33 amendments thereto;

34 (b) all sales of tangible personal property or service, including  
35 the renting and leasing of tangible personal property, purchased  
36 directly by the state of Kansas, a political subdivision thereof, other  
37 than a school or educational institution, or purchased by a public or  
38 private nonprofit hospital or nonprofit blood, tissue or organ bank  
39 and used exclusively for state, political subdivision, hospital or non-  
40 profit blood, tissue or organ bank purposes, except when: (1) Such  
41 state or hospital is engaged or proposes to engage in any business  
42 specifically taxable under the provisions of this act and such items  
43 of tangible personal property or service are used or proposed to be

(c) The secretary of human resources shall certify to the secretary of commerce and the secretary of revenue, such information as the secretary of human resources may have and as may be requested by the secretary of commerce or the secretary of revenue, respectively, for the purposes of administering the provisions of this section.

Enterprise Zones -- SIC Codes

1. 20 through 39 -- Manufacturing
2. 40 -- Railroad Transportation
3. 42 -- Motor Freight Transportation & Warehousing  
except 4212 -- Local Trucking without Storage  
4214 -- Local Trucking with Storage
4. 45 -- Transportation by Air  
except 4522 -- Air Transportation, Nonscheduled  
4581 -- Airports, Flying Fields & Airport Terminal  
Services
5. 48 -- Communications  
except 4832 -- Radio Broadcasting  
4833 -- Television Broadcasting  
4841 -- Cable & Other Pay Television Services
6. 67 -- Holding & Other Investment Offices
7. 73 -- Business Services  
only 7323 -- Credit Reporting Services  
7331 -- Direct Mail Advertising Services  
7372 -- Prepackaged Software  
7373 -- Computer Integrated Systems  
7374 -- Computer Processing & Data Preparation  
7375 -- Information Retrieval Systems  
7379 -- Computer Related Services  
7389 -- Business Services, NEC
8. 80 -- Health Services  
only 8071 Medical Laboratories
9. 86 -- Membership Organizations
10. 87 -- Engineering, Accounting, Research, Management & Related  
Services  
only 8711 -- Engineering Services  
8731 -- Commercial Physical & Biological Research  
8732 -- Commercial Economic, Sociological &  
Educational Research  
8733 -- Noncommercial Research Organizations  
8734 -- Testing Laboratories

*Eco-Devo  
Attach 2  
02-17-92*