

Approved April 8, 1992  
Date

MINUTES OF THE Senate COMMITTEE ON Economic Development

The meeting was called to order by Senator Dave Kerr at  
Chairperson

8:00 a.m./~~pm~~ on March 27, 1992 in room 123-S of the Capitol.

All members were present except:

Senator Feleciano, Senator McClure (Excused), Senator Vidricksen (Excused)

Committee staff present:

Lynne Holt, Legislative Research Department  
Bill Edds, Revisor of Statutes' Office  
LaVonne Mumert, Committee Secretary

Conferees appearing before the committee: None

Substitute for HB 2681 - Kansas enterprise zone act, tax incentives for  
businesses, nonmetropolitan regions

Chairman Kerr asked Mark Burghart (Department of Revenue) whether he has been able to make any determination regarding the fiscal impact of the amendment suggested by Mary Ellen Conlee during the March 26 meeting. (The amendment would allow a multi-facility company to apply tax credits against its total Kansas taxable income.) Mr. Burghart said it is a matter of hand-sorting returns, and he has not been able to make final calculations.

There was discussion about the amendment proposed by Representative Wisdom during the hearing on the bill on March 24. Senator Francisco made a motion that the Committee submit a request to the Joint Committee on Economic Development that the amendment be studied by the 1992 Joint Committee. Senator Moran seconded the motion, and the motion carried.

The Committee discussed an amendment sent by FAX to several Committee members from Compton/Danielson Associates (Attachment 1). Mark Burghart told the Committee that, under Sub. for HB 2681, any business now in a planning stage can file an election with his agency before July 1 that they wish to use the current law and they would be eligible for the full ten-year time period and that any businesses currently in the ten-year period would continue to be eligible for the credits contained in current law. He said that Sub. for HB 2681 would not permit retroactive refunds.

The Committee then discussed the "Conlee amendment" and Chairman Kerr noted that if such a provision is added to Sub. for HB 2681, the provision could be given further consideration by the conference committee when fiscal projections by the Department of Revenue would be available. Mark Burghart pointed out that, because of the bill's carry-forward provisions, such an amendment would not change the long term fiscal impact but could accelerate the use of the credits.

Senator Brady made a motion to further amend Sub. for HB 2681 to delete the reference to KSA 79-32,154(g). This deletion would allow companies with multiple facilities to utilize credits against their total Kansas taxable income. Senator Petty seconded the motion, and the motion carried.

Senator Winter expressed concerns about the two-tiered approach contained in the bill and the possible result of communities being pitted against each other. He made a motion that Sub. for HB 2681 be further amended to eliminate the distinctions between metropolitan and nonmetropolitan regions and to provide a \$2,000 tax credit. The motion died for lack of a second.

Senator Brady made a motion that Sub. for HB 2681 be further amended to include the clean-up changes in the balloon (attached to minutes of 3/26/92) and that the bill, as amended, be recommended favorably. Senator Oleen

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Economic Development,  
room 123-S, Statehouse, at 8:00 a.m./~~xxx~~ on March 27, 1992

seconded the motion, and the motion carried.

HB 2683 - KTEC, powers, cooperation with other state agencies

Senator Salisbury moved that the bill be recommended favorably. Senator Oleen seconded the motion, and the motion carried.

HB 2680 - Volunteer adult literacy organization grant program

Senator Salisbury moved that SB 2680 be recommended favorably. Senator Winter seconded the motion, and the motion carried.

Senator Moran moved that the minutes of the March 24, 1992 meeting be approved. Senator Oleen seconded the motion, and the motion carried.

The meeting was adjourned at 8:40. The next meeting of the Committee will be Tuesday, March 31, 1992.



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March 25, 1992

Senator David Kerr  
State Capitol  
Topeka, Ks.

Dear Dave,

With this letter is a copy of page 5 of the original house bill 2681 that the Senate Economic Development Committee is now hearing.

I call to your attention New Sec. 8, lines 20 through 37 in the original bill. This language is important as it "grandfathers" companies that have claimed enterprise zone tax credits in past tax years and allows them to carry them forward (ten years) until they are fully utilized.

In reviewing a copy of HB 2681 in its current form, as passed by the House, the new section 8 is totally different, and nowhere is there specific language that clearly "grandfathers" existing tax credits.

I'm sure it was the intent of the House to have "grandfathering" language in the bill and HB 2681 as it stands now may provide for this, but it is not clear. Would you please take a look at the language that was omitted from the original bill and determine if you feel it needs to be added back in by the Senate.

Thank you for your consideration.

Sincerely,

Attachment 1  
3/27/92  
Sen. Eco. Dev.

HB 2681

5

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.

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

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

THIS IS THE  
LANGUAGE I'M  
REFERRING TO -

3/27/92  
1-2