

Approved: 2-18-98  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Bill Mason at 3:30 p.m. on February 17, 1998 in Room 423-S of the Capitol.

All members were present except: Barbara Allen  
Lisa Benlon  
Judy Showalter  
Bob Tomlinson

Committee staff present: Lynne Holt, Legislative Research Department  
Renaë Jefferies, Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee: Bill Sneed, American Investor Life Insurance  
Mary Faye LaFaver, Dept. Of Commerce & Housing  
David Hanson, Kansas Insurance Associations  
Steve Kelly, Dept of Commerce & Housing

Others attending: See attached list

Representative Beggs moved that the minutes for February 5 and 12 meetings be approved. Representative Osborne seconded the motion and the motion carried.

**SB 416:**

Lynne Holt explained the history, language and amendments on **SB 416** as amended by the Senate Committee of the Whole. Clarification was given regarding the purpose of bill, fiscal note impact and projected growth resulting from the bill. General discussion followed.

Mary Faye LaFaver, Dept. Of Commerce and Housing, briefed the committee on the Community Service Program Change (Attachment 1).

Bill Sneed, American Investors Life Insurance Company, proponent of the bill, briefed the committee regarding the investment incentives available to insurance companies through **SB 416** (Attachment 2). Copies of the bill with his recommended changes were also given to the committee (Attachment 3). General discussion followed regarding compatibility of this bill with other competing states and questions on double taxes.

David Hanson, Kansas Insurance Associations, spoke briefly in support of this bill.

Steve Kelly, Dept. Of Commerce and Housing, clarified the requirements for tax credit under this bill.

Chairman Mason closed the hearing on **SB 416**.

Chairman Mason adjourned the meeting at 4:20 p.m.

The next meeting is February 18, 1998.



**KANSAS DEPARTMENT OF COMMERCE & HOUSING**  
**Community Development Division**

**M E M O R A N D U M**

TO: House Economic Development Committee

FROM: Mary Faye LaFaver *Mary Faye LaFaver*

RE: SB 416 - Community Service Program Change

DATE: February 16, 1998

The Kansas Community Service Program Act was initiated on July 1, 1994. The Act authorizes tax credits for cash contributions for certain community services against income tax for certain businesses and the privilege tax on financial institutions and insurance companies. The State of Kansas has authorized a total of \$5 million in tax credits, per fiscal year, for eligible projects. The attached listings identify the organizations receiving tax credit allocations since the program's inception in FY95.

The Community Service Program (CSP) has two areas which need to be addressed:

- \* The Insurance Commission is denying credits against the Gross Premium Receipts Tax and allowing them only against the Privilege Tax. Their reading of the current statute is that the credits are eligible only against the Privilege Tax. The Privilege Tax is scheduled to expire in 1998 and then insurance companies will derive no benefit from making contributions under the Tax Credit program. In addition, out-of-state firms (i.e. Missouri companies) pay no Privilege Tax, but they do pay Gross Premium Receipts (GPR) tax. An amendment to allow the credit against the GPR could attract contributions from out-of-state firms to Kansas non-profits.
- \* The statute specifically references a document prepared by the Corporation for Change, an organization which no longer exists. The targeted activities specified in the document will continue to be priorities for the program.

The amendment added to SB416 in the Senate Commerce Committee reflect these modifications.

*House Economic Development*  
*2/17/98*  
*ATTACHMENT 1*

Community Service Tax Credit Program Award Summary

FY98

7/1/97

Project #	APPLICANT	CITY	COUNTY	%	Maximum	Category
					Award	
98-8001	Ashland Hospital District #3	Ashland	Clark	70%	\$210,000	HC
98-8002	Buhler Sunshine Home, Inc.	Buhler	Reno	70%	\$200,000	HC
98-8003	Caritas Clinics, Inc.	Leavenworth	Leavenworth	50%	\$60,000	HC
98-8004	Catholic Diocese of Wichita	Wichita	Sedgwick	50%	\$150,000	CS
98-8005	Center for Health and Wellness	Wichita	Sedgwick	50%	\$300,000	HC
98-8006	Cerebral Palsy Research Foundation	Wichita	Sedgwick	50%	\$150,000	HC
98-8007	Easter Seal Society, KCK	Kansas City	Johnson	50%	\$5,000	HC
98-8008	Ellis County Coalition for ED	Victoria	Ellis	70%	\$250,000	HC
98-8009	Ellsworth County Hospital Board	Ellsworth	Ellsworth	70%	\$225,000	HC
98-8010	Fredonia Regional Hospital	Fredonia	Wilson	70%	\$225,000	HC
98-8011	Gove County Medical Center	Quinter	Gove	70%	\$75,000	HC
98-8012	Hannah's House Foundation	Lawrence	Douglas	50%	\$200,000	CS
98-8013	Interfaith Ministries - Wichita	Wichita	Sedgwick	50%	\$100,000	CS
98-8014	Kansas Specialty Dog Service	Washington	Washington	70%	\$300,000	HC
98-8015	Keys Youth Services, Inc.	Olathe	Johnson	50%	\$25,000	CS
98-8016	Kingman Community Hospital	Kingman	Kingman	70%	\$75,000	CS
98-8017	Lakemary Center, Inc.	Paola	Miami	70%	\$150,000	HC
98-8018	Meadowlark Homestead, Inc.	Newton	Harvey	50%	\$25,000	CS
98-8019	Memorial Home, Inc.	Moundridge	McPherson	70%	\$225,000	HC
98-8020	Mennonite Bethesda Society	Goessel	Marion	70%	\$200,000	HC
98-8021	Midland Hospice Care, Inc.	Topeka	Shawnee	50%	\$275,000	HC
98-8022	Music Theater of Wichita	Wichita	Sedgwick	50%	\$115,000	CS
98-8023	New Beginnings Enterprises, Inc.	Neodesha	Wilson	70%	\$145,000	CS
98-8024	Osage Village, Inc.	St. Paul	Neosho	70%	\$90,000	CS
98-8025	Parsons Community Foundation	Parsons	Labette	70%	\$119,000	CS
98-8026	Pawnee County Community Health Org.	Larned	Pawnee	70%	\$150,000	HC
98-8027	Sabetha Community Hospital	Sabetha	Nemaha	70%	\$40,000	HC
98-8028	Shepherd of the Plains	Cimarron	Gray	70%	\$66,000	HC
98-8029	Sherman County Community Service	Goodland	Sherman	70%	\$50,000	CS
98-8030	South Central Kansas Education Service Center	Clearwater	Sumner	70%	\$300,000	CS
98-8031	The Salvation Army	Wichita	Sedgwick	50%	\$75,000	CS
98-8032	United Methodist Urban Ministry - Wichita	Wichita	Sedgwick	50%	\$25,000	CS
98-8033	Urban League of Wichita, Inc.	Wichita	Sedgwick	50%	\$300,000	CS
98-8034	YMCA of Greater KCK	Kansas City	Johnson	50%	\$100,000	CS
	LEVERAGE: 2.5 TO 1				\$5,000,000	

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Community Service Tax Credit Program Award Summary

1997

8/1/96

Applicant	City	County	%	Maximum Award	Category		
Arrowhead West Endow.	Dodge City	Ford	50%	\$125,000	CS		
Atchison in Partnership, Inc.	Atchison	Atchison	70%	\$210,000	CS		
Belle Plaine Community Fou.	Belle Plaine	Sumner	70%	\$39,500	CS		
Boot Hill Repertory Comp.	Dodge City	Ford	50%	\$96,000	CS		
Brain Injury Assn. of KS		statewide	50%	\$17,200	CS		
Catholic Charities Archdio.	Kansas City	Wyandotte	50%	\$75,000	CS		
Catholic Diocese of Wichita	Wichita	Sedgwick	50%	\$20,400	HC		
Catholic Soc. Serv. --Dodge	Dodge City	Ford	50%	\$75,000	CS		
Centralia Comm. Health Care	Centralia	Nemaha	70%	\$157,500	HC		
Clay County Hospital	Clay Center	Clay	70%	\$140,000	HC		
Community Day Care Ctrs.	Garden City	Finney	50%	\$150,000	CS		
Council Grove Comm. Ctr.	Council Grove	Morris	70%	\$165,000	CS		
Cowley Co. MH & Counsel.	Arkansas City	Cowley	70%	\$793,100	HC		
Dev. Svcs. of NW Kansas	Hays	Ellis	70%	\$175,000	HC		
Exploration Place, Inc.	Wichita	Sedgwick	50%	\$300,000	CS		
Florence Crittenton Svcs.	Topeka	Shawnee	50%	\$15,800	HC		
Fowler Hospital District	Fowler	Meade	70%	\$37,600	HC		
Garden City Family YMCA	Garden City	Finney	50%	\$100,000	CS		
Hesston College-Dyck Arboretum of the Plains	Hesston	Harvey	70%	\$100,000	CS		
Hospice Incorporated	Wichita	Sedgwick	50%	\$300,000	HC		
Mem. Home for the Aged	Moundridge	McPherson	70%	\$150,000	HC		
Mercy Health System of KS	Independence	Montgomery	70%	\$300,000	HC		
North Central FH AAoA	Manhattan	Riley	50%	\$50,000	HC		
Parkside Homes, Inc.	Hillsboro	Marion	70%	\$27,500	HC		
Rural Dev. Assn. of NE KS	Sabetha	Nemaha	70%	\$282,000	CS		
Shepherd of the Plains Found.	Cimarron	Gray	70%	\$52,500	CS		
South Central Comm. Found.	Pratt	Pratt	50%	\$264,500	CS		
St. Francis Hospital Found.	Topeka	Shawnee	50%	\$8,400	HC		
The ARC of Sedgwick Co.	Wichita	Sedgwick	50%	\$254,000	CS		
The Cedars	McPherson	McPherson	70%	\$115,500	HC		
The Evang. Lut. Good Sam.	Parsons	Labette	70%	\$35,000	HC		
The Villages, Inc.	Topeka	Shawnee	50%	\$83,500	CS		
Wichita County Health Ctr.	Leoti	Wichita	70%	\$210,000	HC		
YWCA of Salina	Salina	Saline	50%	\$75,000	CS		
TOTAL				\$5,000,000			

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1996 COMMUNITY SERVICE PROGRAM AWARDS  
STATUS REPORT  
1/21/98

PROJECT	PERCENT	ORGANIZATION	AWARD	REPORT DAT	CLAIMED	BALANCE
96-02038	50%	Big Brothers/Big Sisters - Manhattan	\$10,000.00	25-Nov-96	\$1,800.00	\$8,200.00
96-02007	50%	Big Brothers/Big Sisters - Sedgwick	\$50,000.00	15-Jul-96	\$22,500.00	\$27,500.00
96-02009	50%	Cerebral Palsy Research Foundation	\$272,000.00	31-Oct-96	\$0.00	\$272,000.00
96-02003	50%	Child Abuse Prevention Services, Inc.	\$25,000.00	30-Jul-96	\$22,875.00	\$2,125.00
96-02025	70%	Columbian Theater Foundation	\$100,000.00	06-Sep-96	\$75,502.00	\$24,498.00
96-02037	50%	Counseling and Mediation Center	\$45,000.00	30-Oct-96	\$2,500.00	\$42,500.00
96-02008	70%	Evangelical Lutheran/Main Street	\$232,000.00			\$232,000.00
96-02021	70%	Family Resource Inc. - Girard	\$273,000.00	30-May-96	\$68,950.00	\$204,050.00
96-02030	50%	Foundation for Sheltered Living, Inc.	\$20,000.00	02-Jan-96	\$4,000.00	\$16,000.00
96-02023	50%	Friends of JoCo Mental Retardation Cntr dba JoCo Develo	\$25,000.00	02-May-96	\$5,075.00	\$19,925.00
96-02033	50%	Geary Community Healthcare Foundation	\$280,000.00	19-Nov-96	\$81,799.00	\$198,201.00
96-02004	50%	Goodwill Industries Easter Seal Society	\$125,000.00	25-Oct-96	\$750.00	\$124,250.00
96-02035	50%	Hannah's House Foundation	\$275,000.00	03-Oct-96	\$300.00	\$274,700.00
96-02010	50%	Heartspring	\$300,000.00	20-Aug-96	\$42,430.00	\$257,570.00
96-02028	70%	Hertzler Research Foundation	\$100,000.00	26-Nov-96	\$32,567.50	\$67,432.50
96-02022	50%	High Plains Mental Health Center Found.	\$100.00	17-May-96	\$100.00	\$0.00
96-02027	70%	Homecare & Hospice, Inc.	\$200,000.00	04-Nov-96	\$161,840.00	\$38,160.00
96-02013	50%	Interfaith Housing Services	\$50,000.00	23-Jul-96	\$850.00	\$49,150.00
96-02017	50%	Interfaith Ministeries - Wichita	\$200,000.00	17-Jul-96	\$150,000.00	\$50,000.00
96-02018	70%	Kansas Specialty Dog Service	\$300,000.00	29-Nov-96	\$86,653.00	\$213,347.00
96-02041	70%	Kids University, Inc.	\$13,500.00	12-Mar-96	\$7,000.00	\$6,500.00
96-02005	70%	Kingman Community Hospital	\$65,000.00	19-Nov-96	\$28,350.00	\$36,650.00
96-02012	50%	KS City Crime Commission dba Crime Stoppers	\$40,000.00	31-Oct-96	\$8,430.00	\$31,570.00
96-02015	50%	Manhattan Arts Center	\$100,000.00	29-Feb-96	\$34,750.00	\$65,250.00
96-02029	50%	Memorial Hospital Foundation d/b/a Mercy Health Center	\$70,000.00	13-Sep-96	\$3,250.00	\$66,750.00
96-02006	70%	Mennonite Friendship Manor	\$150,000.00	25-Nov-96	\$67,340.00	\$82,660.00
96-02019	50%	Mennonite Housing Rehab Services	\$65,000.00	18-Oct-96	\$0.00	\$65,000.00
96-02036	70%	Multi Community Diversified Services	\$70,000.00	01-Nov-96	\$8,750.00	\$61,250.00
96-02016	50%	Operation Brightside - KS City	\$16,000.00	12-Nov-96	\$5,127.48	\$10,872.52
96-02032	50%	Pittsburg State University Tech Center	\$201,816.50	26-Jun-96	\$201,816.50	\$0.00
96-02042	70%	Pratt Health Care Services Foundation	\$50,000.00	21-Oct-96	\$1,741.25	\$48,258.75
96-02026	50%	Riverside Health System	\$125,000.00	01-Jul-96	\$0.00	\$125,000.00
96-02034	50%	Via Christi - St. Joseph Campus	\$125,000.00	08-Mar-96	\$0.00	\$125,000.00
96-02031	70%	St. Luke Foundation	\$100,000.00	01-Sep-96	\$9,800.00	\$90,200.00
96-02020	50%	Substance Abuse Services	\$80,500.00	07-Dec-95		\$80,500.00
96-02040	50%	Temporary Lodging for Children	\$10,000.00	14-Nov-96	\$7,125.00	\$2,875.00
96-02011	50%	Training & Evaluation Center-Hutchinson	\$120,000.00	06-Nov-96	\$3,225.00	\$116,775.00
96-02014	50%	Wesley Retirement Communities	\$45,000.00	04-Nov-96	\$2,500.00	\$42,500.00
96-02039	50%	Wichita Children's Home	\$21,000.00	08-Nov-96	\$15,125.00	\$5,875.00
96-02024	50%	Wichita Habitat for Humanity	\$50,000.00	01-Jul-96	\$50,000.00	\$0.00
96-02002	50%	YMCA Greater KC	\$300,000.00	19-Apr-96	\$62,500.00	\$237,500.00
96-02001	50%	YMCA KCKS & Wyandotte	\$300,000.00	18-Nov-96	\$131,000.00	\$169,000.00
		TOTAL AWARDS	\$4,999,916.50		\$1,408,321.73	\$3,591,594.77

4-1



MEMORANDUM

TO: The Honorable William G. Mason, Chairman  
House Economic Development Committee

FROM: William W. Sneed, Legislative Counsel  
American Investors Life Insurance Company

DATE: February 17, 1998

RE: S.B. 416

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Mr. Chairman, Members of the Committee: My name is Bill Sneed and I represent American Investors Life Insurance Company, a Kansas domestic life insurance company. We are headquartered here in Topeka and sell annuity insurance throughout the United States.

Also, we are a member of the American Council of Life Insurers ("ACLI"), and as a member of various committees we have been requested by the ACLI to present testimony on S.B. 416.

As already noted by previous conferees, S.B. 416 provides for the investment incentives available to insurance companies to be credited against premium or privilege taxes. This is an attempt to conform these laws to the various changes made in the insurance tax reform legislation that was passed by the 1997 Legislature.

The insurance tax reform act of last year was the Legislature's attempt to address the issue of equalizing the insurance tax assessments between domestic (Kansas) companies and foreign (out of state) companies. I have been informed that the intent of S.B. 416 is to continue that program, i.e., equalizing the taxes between domestic and foreign companies.

The ACLI's review of the bill suggests that for the most part, the bill accomplishes

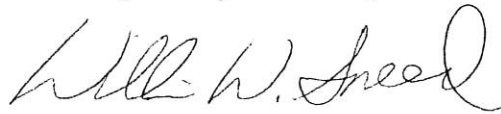
House Economic Development  
2/17/98  
ATTACHMENT 2



this goal. However, because of potential retaliatory tax effects, the ACLI would recommend several technical amendments that I have attached to my testimony. We do not believe that these amendments change the intent of the bill or expand its coverage. They are intended to make certain that all tax benefits are equally applied to both foreign and domestic insurers.

On behalf of my client and its Association, we would respectfully request that the attached amendments be added. We would be happy to discuss this further at your convenience.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "William W. Sneed".

William W. Sneed

[As Amended by Senate Committee of the Whole]

As Amended by Senate Committee

Session of 1998

RECEIVED  
FEB 9 1998

SENATE BILL No. FEB 9 1998

By Committee on Commerce

1-13

12 AN ACT concerning economic development; expanding the availability  
13 of certain investment incentives; amending K.S.A. 79-32,153, 79-  
14 32,154 and, 79-32,160a, 79-32,195 and 79-32,196 and K.S.A. 1997  
15 Supp. 40-2813, 74-50,114 and 74-50,132 and repealing the existing  
16 sections.  
17

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

19 Section 1. K.S.A. 1997 Supp. 40-2813 is hereby amended to  
20 read as follows: 40-2813. For all taxable years commencing after  
21 December 31, 1993, any taxpayer who makes expenditures for the  
22 purpose of making all or any portion of an existing building or fa-  
23 cility accessible to persons with a disability, which building or fa-  
24 cility is on real property located in this state and used in a trade or  
25 business or held for the production of income, shall be entitled to  
26 claim a tax credit in an amount equal to 50% of such expenditures  
27 or, the amount of \$10,000, whichever is less, against the tax liability  
28 imposed against such taxpayer pursuant to article 28 of chapter 40 of the  
29 Kansas Statutes Annotated premium tax or privilege fees imposed pur-  
30 suant to K.S.A. 40-252, and amendments thereto. Such tax credit shall  
31 be deducted from the taxpayer's tax liability for the taxable year  
32 following the year in which the expenditures are made by the tax-  
33 payer. If the amount of such tax credit exceeds the taxpayer's tax  
34 liability for such taxable year, the amount thereof which exceeds  
35 such tax liability may be carried over for deduction from the tax-  
36 payer's tax liability in the next succeeding taxable year or years  
37 until the total amount of the tax credit has been deducted from tax  
38 liability, except that no such tax credit shall be carried over for  
39 deduction after the fourth taxable year succeeding the taxable year  
40 in which the expenditures are made. Terms used in this section shall  
41 have the same meanings as ascribed thereto in K.S.A. 79-32,175,  
42 and amendments thereto.

43 Section 2. K.S.A. 1997 Supp. 74-50,114 is hereby amended to read

3

due under K.S.A. 40-253 and amendments thereto from a taxpayer not organized under the laws of this state, the credit allowed by Section 1 shall be treated as a tax paid under K.S.A. 40-252 and amendments thereto.

OR "KSA 40-2813

House Economic Development  
2/17/98

ATTACHMENT 3

SB 416—Am. by SCW

1 as defined in subsection (b) of K.S.A. 79-32,154, and amendments  
 2 thereto, shall be allowed a credit for such investment, in an amount de-  
 3 termined under subsection (b) against the tax imposed by the Kansas  
 4 income tax act, ~~the privilege tax on net income of insurance companies~~  
 5 ~~imposed under chapter 40, article 28 of the Kansas Statutes Annotated,~~  
 6 ~~the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and~~  
 7 ~~amendments thereto~~ or the privilege tax as measured by net income of  
 8 financial institutions imposed pursuant to chapter 79, article 11 of the  
 9 Kansas Statutes Annotated for the taxable year during which commence-  
 10 ment of commercial operations, as defined in subsection (f) of K.S.A. 79-  
 11 32,154, and amendments thereto, occurs at such qualified business facil-  
 12 ity, and for each of the nine succeeding taxable years. No credit shall be  
 13 allowed under this section unless the number of qualified business facility  
 14 employees, as determined under subsection (d) of K.S.A. 79-32,154, and  
 15 amendments thereto, engaged or maintained in employment at the qual-  
 16 ified business facility as a direct result of the investment by the taxpayer  
 17 for the taxable year for which the credit is claimed equals or exceeds two.  
 18 Where an employee performs services for the taxpayer outside the qual-  
 19 ified business facility, the employee shall be considered engaged or main-  
 20 tained in employment at the qualified business facility if (1) the em-  
 21 ployee's service performed outside the qualified business facility is  
 22 incidental to the employee's service inside the qualified business facility,  
 23 or (2) the base of operations or, the place from which the service is di-  
 24 rected or controlled, is at the qualified business facility.

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

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

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

38 (c) No credit shall be allowed under this section for investment in a  
 39 public utility, as such term is defined in K.S.A. 66-104, and amendments  
 40 thereto.

586

41 ~~Sec. 45.~~ K.S.A. 79-32,154 is hereby amended to read as follows: 79-  
 42 32,154. As used in this act, the following words and phrases shall have  
 43 the meanings respectively ascribed to them herein:

due under K.S.A.253 and amendments thereto from a taxpayer not organized under tax  
 the laws of this state, the credit allowed under K.S.A. 79-32,153(a) shall be  
 treated as a tax paid under K.S.A. 40-252 and amendments thereto.

SB 416—Am. by SCW

1 prises must operate an auto racetrack in the state involving capital im-  
2 provements costing not less than \$100,000,000.

3 Any ancillary support business which would otherwise be eligible for a  
4 sales tax exemption or an income, premium or privilege tax credit pur-  
5 suant to this subsection shall incorporate in its tax filing for the exemption  
6 or credit a statement from the secretary of commerce and housing which  
7 includes a finding by the secretary that the job expansion incident to the  
8 exemption or credit claimed would not have occurred in the absence of  
9 the credit or exemption.

10 (h) "Nonmetropolitan region" means a region established under  
11 K.S.A. 74-50,116 and amendments thereto and is comprised of any county  
12 or counties which are not metropolitan counties.

13 (i) "Retail business" means: (1) Any commercial enterprise primarily  
14 engaged in the sale at retail of goods or services taxable under the Kansas  
15 retailers' sales tax act; (2) any service provider set forth in K.S.A. 17-2707,  
16 and amendments thereto; (3) any bank, savings and loan or other lending  
17 institution; (4) any commercial enterprise whose primary business activity  
18 includes the sale of insurance; and (5) any commercial enterprise deriving  
19 its revenues directly from noncommercial customers in exchange for per-  
20 sonal services such as, but not limited to, barber shops, beauty shops,  
21 photographic studios and funeral services.

22 (j) "Secretary" means the secretary of the Kansas department of com-  
23 merce and housing.

24 (k) "Standard industrial classification code" means a standard indus-  
25 trial classification code published in the Standard Industrial Classification  
26 manual, 1987, as prepared by the statistical policy division of the office  
27 of management and budget of the office of the president of the United  
28 States of America.

29 Sec. 23. K.S.A. 1997 Supp. 74-50,132 is hereby amended to read as  
30 follows: 74-50,132. A qualified firm shall be entitled to a credit toward  
31 its corporate income tax liability against the tax imposed by the Kansas  
32 income tax act, the premium tax or privilege fee imposed pursuant to  
33 K.S.A. 40-252, and amendments thereto or the privilege tax as measured  
34 by net income of financial institutions imposed pursuant to chapter 79,  
35 article 11 of the Kansas Statutes Annotated in an amount equal to the  
36 portion of the qualified business facility cash investment in the training  
37 and education of the firm's employees that exceeds 2% of the firm's total  
38 payroll costs. The maximum amount of the credit that may be claimed  
39 by a single corporate taxpayer in any single tax year under this section  
40 shall not exceed \$50,000. Tax credits earned by a qualified business under  
41 this section must be claimed in their entirety in the tax year eligible.

42 Sec. 34. K.S.A. 79-32,153 is hereby amended to read as follows: 79-  
43 32,153. (a) Any taxpayer who shall invest in a qualified business facility,

4  
5  
Section 3. for purposes of calculating any tax  
due under K.S.A. 40-253 and amendments thereto from a taxpayer not organized  
under the laws of this state, the credit allowed by Section 3 shall be treated as  
as tax paid under K.S.A. 4--252 and amendments thereto.

or  
KSA 1997 SUPP  
74-50,132

1 carried forward for credit in the succeeding taxable year or years until  
 2 the total amount of the tax credit is used, except that no such tax credit  
 3 shall be carried forward for deduction after the 10th taxable year suc-  
 4 ceeding the taxable year in which such credit initially was claimed and no  
 5 carry forward shall be allowed for deduction in any succeeding taxable  
 6 year unless the taxpayer continued to be qualified and was recertified for  
 7 such succeeding taxable year pursuant to K.S.A. 1997 Supp. 74-50.131,  
 8 and amendments thereto.

9 (f) This section and K.S.A. 79-32,160b and amendments thereto shall  
 10 be part of and supplemental to the job expansion and investment credit  
 11 act of 1976 and acts amendatory thereof and supplemental thereto.

12 ~~Sec. 79~~ **K.S.A. 79-32,195 is hereby amended to read as follows:**  
 13 **79-32,195. As used in this act, the following words and phrases shall**  
 14 **have the meanings ascribed to them herein: (a) "Business firm"**  
 15 **means any business entity authorized to do business in the state of**  
 16 **Kansas which is subject to the state income tax imposed by the pro-**  
 17 **visions of the Kansas income tax act, any national banking associ-**  
 18 **ation, state bank, trust company or savings and loan association**  
 19 **paying an annual tax on its net income pursuant to article 11 of**  
 20 **chapter 79 of the Kansas Statutes Annotated, or any insurance com-**  
 21 **pany paying an annual tax on its net income pursuant to article 28**  
 22 **of chapter 40 of the Kansas Statutes Annotated [the premium tax**  
 23 **and privilege fees imposed pursuant to K.S.A. 40-252, and amend-**  
 24 **ments thereto];**

25 (b) "community services" means:

26 (1) The conduct of activities which meet a demonstrated com-  
 27 munity need and which are designed to achieve the objectives set  
 28 forth in the blueprint for investment in Kansas children and their families  
 29 of the 1991 special committee on children's initiatives and which have  
 30 been approved by local planning councils established in accordance with  
 31 such blueprint improved educational and social services for Kansas chil-  
 32 dren and their families, and which are coordinated with communities;

33 (2) crime prevention; and

34 (3) health care services.

35 (c) "crime prevention" means any nongovernmental activity  
 36 which aids in the prevention of crime in an impoverished area.

37 (d) "community service organization" means any organization  
 38 performing community services in Kansas and which:

39 (1) Has obtained a ruling from the internal revenue service of  
 40 the United States department of the treasury that such organization  
 41 is exempt from income taxation under the provisions of section  
 42 501(c)(3) of the federal internal revenue code; or

43 (2) is incorporated in the state of Kansas or another state as a

7  
 Section 7. For purposes of calculating any tax due under K.S.A. 40-253 and amendments thereto from a taxpayer not organized under the laws of this state, the credits allowed under K.S.A. 79-32,160a shall be treated as a tax paid under K.S.A. 40-252 and amendments thereto.