

Approved: 2-28-07

Date

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 P.M. on February 20, 2007 in Room 519-S of the Capitol.

All members were present except:

Broderick Henderson- excused  
Robert Olson- excused

Committee staff present:

Kathie Sparks, Legislative Research  
Hank Avila, Legislative Research  
Jason Long, Office of the Revisor of Statutes  
Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

Patty Clark, Dept. Of Commerce

Others attending:

See attached list.

**HB 2440 - Concerning taxation; relating to credits; enacting the Kansas film production investor tax credit act and the Kansas film production tax credit act.**

The Chair introduced Jason Long who offered explanation to the Committee of the balloon amendments requested for **HB 2440**. (Attachments 1 and 2).

Questions and answers followed.

Patty Clark answered the Committee's questions regarding the film industry and their interest in Kansas.

Copies of Kansas Tax Credits listed by programs were distributed. (Attachment 3).

Written only testimony in support of **HB 2440** were distributed from Teri Roberts, President of Take Two Productions. (Attachment 4).

The motion was made by Representative Huntington and seconded by Representative Winn to adopt the balloon amendment to **HB 2440**. The motion passed on a voice vote.

Representative Worley made the motion that lines 35, 36, 37, 38 and 39 on page 6 of **HB 2440** be deleted. The motion was seconded by Representative Rardin and passed on a voice vote.

A motion to pass **HB 2440** favorably as amended from Committee was made by Representative Treaster and seconded by Representative Winn. The motion passed on a voice vote.

The meeting was adjourned at 4:45 p.m. The next meeting is scheduled for Wednesday, February 28, 2007.



# HOUSE BILL No. 2440

By Committee on Economic Development and Tourism

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Economic Development  
Date: 2-20-07  
Attachment # 1-1

9 AN ACT enacting the Kansas film production investor tax credit act

concerning taxation; relating to credits;

and the Kansas film production tax credit act

10  
11 *Be it enacted by the Legislature of the State of Kansas:*

Section 1. The provisions of sections 1 through 8, and amendments thereto, shall be known and may be cited as the Kansas film production investor tax credit act.

12 ~~Section 1.~~ (a) The purpose of the Kansas film production investor  
13 tax credit act is to facilitate the availability of equity investment in film  
14 production businesses in the early stages of commercial development and  
15 to assist in the creation and expansion of Kansas film production busi-  
16 nesses, which are job and wealth creating enterprises, by granting tax  
17 credits against the Kansas income tax liability of investors investing in  
18 these film production businesses. The Kansas film production investor  
19 tax credit act shall be administered by the department of commerce with  
20 the primary goal of encouraging individuals to provide seed-capital fi-  
21 nancing for emerging Kansas film production businesses engaged in the  
22 development, implementation, production and commercialization of film  
23 projects.

Sec. 2.

24 ~~(b) This act shall be known and may be cited as the Kansas film  
25 production investor tax credit act.~~

26 ~~(c)~~ (e) The secretary of commerce is hereby authorized to adopt rules  
27 and regulations to implement and administer the provisions of this act.

(b)

and the secretary of revenue are

3.

sections 1 through 8, and amendments thereto

28 Sec. 2. As used in this act:

29 (a) "Film production investor" and "investor" mean an accredited  
30 individual investor of high net worth, as defined in 17 C.F.R. 230.501(a)  
31 as in effect on the effective date of this act, who seeks high returns  
32 through private investments in start-up companies and may seek active  
33 involvement in film production business;

any

or business entity investor

determined by the secretary

34 (b) "cash investment" means money or money equivalent in consid-  
35 eration for qualified securities;

36 (c) "department" means the department of commerce;

37 (d) "Kansas film production business" means any film production  
38 business owned by an individual, any partnership, association or corpo-  
39 ration domiciled in Kansas, or any corporation, even if a wholly owned  
40 subsidiary of a foreign corporation, that does film production business  
41 primarily in Kansas or does substantially all of such film production busi-  
42 nesses' production in Kansas;

43 (e) "qualified Kansas film production business" means the Kansas

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1 film production businesses that are approved and certified as qualified  
2 Kansas businesses as provided in K.S.A. 2006 Supp. 74 8134, and amend-  
3 ments thereto;

film production businesses  
section 8

4 (f) "qualified securities" means a cash investment through any one or  
5 more forms of financial assistance as provided in this subsection that have  
6 been approved in form and substance by the department. Such forms of  
7 financial assistance are: (1) Any form of equity, such as: (A) A general or  
8 limited, partnership interest; (B) common stock; (C) preferred stock, with  
9 or without voting rights, without regard to seniority position, and whether  
10 or not convertible into common stock; or (D) any form of subordinate or  
11 convertible debt, or both, with warrants or other means of equity con-  
12 version attached; or

13 (2) a debt instrument, such as a note or debenture that is secured or  
14 unsecured, subordinated to the general creditors of the debtor and re-  
15 quires no payments of principal, other than principal payments required  
16 to be made out of any future profits of the debtor, for at least a seven-  
17 year period after commencement of such debt instrument's term; and

18 (g) "secretary" means the secretary of the department of commerce.

4.

19 Sec. 3. (a) A credit against the tax imposed by the Kansas income tax  
20 act, on the Kansas taxable income of a film production investor and against  
21 the tax imposed by K.S.A. 40-252, and amendments thereto, shall be  
22 allowed for a cash investment in the qualified securities of a qualified  
23 Kansas film production business. The credit shall be in a total amount  
24 equal to 50% of such investors' cash investment in any qualified Kansas  
25 film production business, subject to the limitations set forth in subsection  
26 (b). This tax credit may be used in its entirety in the taxable year in which  
27 the cash investment is made, except that no tax credit shall be allowed in  
28 a year prior to January 1, 2007. If the amount by which that portion of  
29 the credit allowed by this section exceeds the investors' liability in any  
30 one taxable year, the remaining portion of the credit ~~may be carried for-  
31 ward until the total amount of the credit is used.~~ If the investor is a  
32 corporation having an election in effect under subchapter S or limited  
33 liability corporation of the federal internal revenue code or a partnership,  
34 the credit provided by this section shall be claimed by the shareholders  
35 of corporations or the partners of a partnership in the same manner as  
36 shareholders or partners account for such shareholder's or partner's pro-  
37 portionate shares of the income or loss of these corporations or  
38 partnership.

For all taxable years commencing after December 31, 2006, a

shall be refunded

, a partnership or a limited liability entity,

such corporation, the partners of such partnership or the members of such limited liability entity in the same manner as such shareholder, partner or member accounts for their proportionate share of the income or loss of the corporation, partnership or limited liability entity

39 (b) The secretary of revenue shall not allow tax credits that are at-  
40 tributable to an individual investor of more than \$50,000 of cash invest-  
41 ments in the qualified securities of a single Kansas film production busi-  
42 ness or for cash investments in the qualified securities of more than five  
43 Kansas film production businesses each year. No tax credits authorized

1 by this act shall be allowed for any cash investments in qualified securities  
2 for any year after the year 2017. The cumulative aggregate amount of the  
3 tax credits allowed by the secretary of revenue, pursuant to this act, shall  
4 not exceed \$20,000,000. The total amount of tax credits which may be  
5 allowed under this section shall not exceed \$2,000,000 per tax year.

6 (c) A cash investment in a qualified security shall be deemed to have  
7 been made on the date of acquisition of the qualified security, as such  
8 date is determined in accordance with the provisions of the internal revenue  
9 code.

10 (d) ~~Any investor that is not subject to taxation under the provisions  
11 of the Kansas income tax act, and that makes a cash investment in a  
12 qualified security of a qualified Kansas film production business shall be  
13 deemed to acquire an interest in the nature of a transferable credit limited  
14 to an amount equal to 50% of this cash investment. This interest may be  
15 transferred to an investor and be claimed by this investor as a credit  
16 against the investor's Kansas income tax liability beginning in the year  
17 provided in subsection (a). No person shall be entitled to a refund for the  
18 interest created under this section. Only the full credit for any one in-  
19 vestment may be transferred and this interest may only be transferred  
20 one time. A credit acquired by transfer shall be subject to the limitations  
21 prescribed in this section. Documentation of any credit acquired by trans-  
22 fer shall be provided by the investor in the manner required by the di-  
23 rector of taxation.~~

24 (e) The reasonable costs of the administration of this act, the review  
25 of applications for certification as qualified Kansas film production busi-  
26 nesses and the issuance of tax credits authorized by this act shall be re-  
27 imburged through fees paid by the qualified Kansas film production busi-  
28 nesses and the investors or the transferees of investors, according to a  
29 reasonable fee schedule adopted by the department.

30 Sec. 4. The state of Kansas shall not be held liable for any damages  
31 to any investor that makes an investment in any qualified security of a  
32 qualified Kansas film production business.

33 Sec. 5. (a) Each qualified Kansas film production business for which  
34 tax credits have been issued pursuant to this act shall report to the de-  
35 partment on an annual basis, the following: (1) The name, address and  
36 taxpayer identification number of each film production investor who has  
37 made cash investment in the qualified securities of a qualified Kansas film  
38 production business and has received tax credits for this investment dur-  
39 ing the preceding year and all other preceding years; (2) the amounts of  
40 these cash investments by each film production investor and a description  
41 of the qualified securities issued in consideration of such cash invest-  
42 ments; (3) the name, address and taxpayer identification number of each  
43 investor to which tax credits issued pursuant to this act have been trans-

and shall be approved by the secretary. The secretary shall certify the approved tax credits to the department of revenue in a manner and at times the department of commerce and the department of revenue shall agree upon

5.

6.

secretary

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1 ~~ferred by the original film production investor, and (4) any additional~~  
2 ~~information as the department may require pursuant to this act.~~ and (3)

3 (b) The department shall transmit annually to the governor, the  
4 standing committee on commerce of the senate, the standing committee  
5 on economic development of the house of representatives, the joint com-  
6 mittee on economic development and Kansas, Inc. a report, based upon  
7 information received from each qualified Kansas film production business  
8 for which tax credits have been issued during the preceding year, describ-  
9 ing the following: (1) The manner in which the purpose, as described in  
10 this act, has been carried out; (2) the total cash investments made for the  
11 purchase of qualified securities of qualified Kansas film production busi-  
12 nesses during the preceding year and cumulatively since the inception of  
13 this act; (3) an estimate of jobs created and jobs preserved by cash in-  
14 vestments made in qualified securities of qualified Kansas film production  
15 businesses; and (4) an estimate of the multiplier effect on the Kansas  
16 economy of the cash investments made pursuant to this act.

secretary

17 (c) The secretary shall provide the information specified in subsection  
18 (b) to the department of revenue on an annual basis. The secretary shall  
19 conduct an annual review of the activities undertaken pursuant to this act  
20 to ensure that tax credits issued pursuant to this act are issued in com-  
21 pliance with the provisions of this act or rules and regulations promul-  
22 gated by the department with respect to this act.

(a) and

secretary

23 (d) Any violation of the reporting requirements set forth in this sec-  
24 tion shall be grounds for undesignation of a qualified Kansas film pro-  
25 duction business under this section.

26 (e) If the secretary determines that a film production business is not  
27 in substantial compliance with the requirements of this act to maintain  
28 its designation, the secretary, by written notice, shall inform the officers  
29 of the qualified Kansas film production business ~~and the film production~~  
30 ~~business~~ that such film production business will lose designation as a  
31 qualified Kansas film production business in 120 days from the date of  
32 mailing of the notice unless such film production business corrects the  
33 deficiencies and is once again in compliance with the requirements for  
34 designation.

35 (f) At the end of the 120-day period, if the qualified Kansas film  
36 production business is still not in substantial compliance, the secretary  
37 shall send a notice of loss of designation to the film production business,  
38 the secretary of the department of revenue and to all known investors in  
39 the film production business. Loss of designation of a qualified Kansas  
40 film production business shall preclude the issuance of any additional tax  
41 credits with respect to this film production business and the department  
42 shall not approve the application of such film production business as a  
43 qualified Kansas film production business. Upon loss of the designation

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1 as a qualified Kansas film production business or if a film production  
 2 business loses its designation as a qualified Kansas film production busi-  
 3 ness under this act by moving its operations outside Kansas within 10  
 4 years after receiving financial assistance under this act, such film produc-  
 5 tion business shall repay such financial assistance to the department of  
 6 revenue, in an amount determined by the department. Each qualified  
 7 Kansas film production business that loses such designation shall enter  
 8 into a repayment agreement with the department of revenue specifying  
 9 the terms of such repayment obligation.

10 (g) Film production investors in a qualified Kansas film production  
 11 business shall be entitled to keep all of the tax credits claimed under this  
 12 act.

13 (h) The department may prepare and adopt procedures concerning  
 14 the performance of the duties placed upon each respective entity by this  
 15 act.

secretary of commerce and the secretary of revenue

16 Sec. 6. The designation of a film production business as a qualified  
 17 Kansas film production business shall be made by the department. A film  
 18 production business shall be so designated if the department determines,  
 19 based upon the application submitted by the film production business  
 20 and any additional investigation the staff of the department shall make,  
 21 that the following criteria have been or shall be satisfied:

7.

22 (a) The film production business has a reasonable chance of success;

23 (b) the ability of investors in the film production business to receive  
 24 tax credits for cash investments in qualified securities of the film produc-  
 25 tion business is necessary, because funding otherwise available for the  
 26 film production business is not available on commercially reasonable  
 27 terms;

28 (c) the film production business has the reasonable potential to create  
 29 measurable employment within the state;

30 (d) the film production business has an innovative and proprietary  
 31 technology, product and service;

32 (e) the existing owners of the film production business and other  
 33 founders have made or are committed to make a substantial financial and  
 34 time commitment to the film production business;

35 (f) the securities to be issued and purchased are qualified securities;  
 36 and

37 (g) binding commitments have been made by the film production  
 38 business to the department for adequate reporting of financial data, in-  
 39 cluding a requirement for an annual report or an annual audit of the  
 40 financial and operational records of the film production business, the right  
 41 of access to the financial records of the film production business and the  
 42 right of the department to record and publish normal and customary data  
 43 and information related to the issuance of tax credits that are not other-

1 wise determined to be trade or film production business secrets.

2 Sec. 7. (a) Before a film production investor may be entitled to re-  
3 ceive tax credits, as authorized by this act, such investor must have made  
4 a cash investment in a qualified security of a qualified Kansas film pro-  
5 duction business. This film production business must have been approved  
6 by the department as a qualified Kansas film production business prior  
7 to the date on which the cash investment was made. To be designated as  
8 a qualified Kansas film production business, a film production business  
9 must make application to the department in accordance with the provi-  
10 sions of this section.

11 (b) Such application to the department shall be in form and substance  
12 as required by the department, but shall include at least the following:

13 (1) The name of the film production business and certified copies of  
14 the organizational documents of the film production business;

15 (2) a film production business plan, including a description of the  
16 film production business and the management, product, market and fi-  
17 nancial plan of the film production business;

18 (3) a statement of the film production business innovative and pro-  
19 prietary technology, product or service;

20 (4) a statement of the potential economic impact of the enterprise,  
21 including the number, location and types of jobs expected to be created;

22 (5) a description of the qualified securities to be issued, the consid-  
23 eration to be paid for the qualified securities, the amount of any tax credits  
24 requested and the earliest year in which the tax credits may be redeemed;

25 (6) a statement of the amount, timing and projected use of the pro-  
26 ceeds to be raised from the proposed sale of qualified securities; and

27 (7) such other information as the department may request, such as  
28 the names, addresses and taxpayer identification numbers of all investors  
29 who may qualify for the tax credit. Such list of investors who may qualify  
30 for the tax credits shall be amended as new qualified securities are sold  
31 or as any information on the list shall change.

32 (c) No film production business shall be designated as a qualified  
33 Kansas film production business unless such film production business  
34 meets all of the following criteria:

35 (1) The film production business must not have had annual gross  
36 revenues of more than \$5,000,000 in the most recent tax year of the film  
37 production business;

38 (2) the film production business must have been in operation for less  
39 than five years;

40 (3) the film production business must not be engaged primarily in  
41 any one or more of the following enterprises: (A) Any service provider  
42 set forth in K.S.A. 17-2707, and amendments thereto; (B) the film pro-  
43 duction business of banking, savings and loan or lending institutions,



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1 credit or finance, or financial brokerage or investments; (C) the provision  
 2 of professional services, such as legal, accounting or engineering services;  
 3 (D) governmental, charitable, religious or trade organizations; (E) the  
 4 ownership, development, brokerage, sales or leasing of real estate; (F)  
 5 insurance; (G) construction or construction management or contracting;  
 6 (H) film production business consulting or brokerage; (I) any film pro-  
 7 duction business engaged primarily as a passive film production business,  
 8 having irregular or noncontinuous operations, or deriving substantially all  
 9 of the income of the film production business from passive investments  
 10 that generate interest, dividends, royalties, or capital gains, or any film  
 11 production business arrangements the effect of which is to immunize an  
 12 investor from risk of loss; (J) any Kansas certified capital formation com-  
 13 pany; and (K) any activity that is in violation of the law.

14 (4) The film production business must satisfy all other requirements  
 15 of this act.

16 (d) Notwithstanding the requirements of subsection (c), a film pro-  
 17 duction business may be considered as a qualified Kansas film production  
 18 business under the provisions of this act if such film production business  
 19 falls within a standard industrial classification code.

20 (e) The portions of documents and other materials submitted to the  
 21 department that contain trade secrets shall be kept confidential and shall  
 22 be maintained in a secured environment by the secretary. For the pur-  
 23 poses of this act, such portions of documents and other materials means  
 24 any customer lists, any formula, compound, production data or compila-  
 25 tion of information certain individuals within a commercial concern using  
 26 such portions of documents and other material means to fabricate, pro-  
 27 duce or compound an article of trade, or, any service having commercial  
 28 value, which gives the user an opportunity to obtain a film production  
 29 business advantage over competitors who do not know or use such service.

30 (f) A qualified Kansas film production business shall have the burden  
 31 of proof to demonstrate to the department the qualifications of the film  
 32 production business under this section and shall have the obligation to  
 33 notify the department in a timely manner of any changes in the qualifi-  
 34 cations of the film production business or in the eligibility of investors to  
 35 claim a tax credit for cash investment in a qualified security.

36 Sec. 8. This act shall take effect and be in force from and after its  
 37 publication in the statute book.

see attachment

Sec. 9. Sections 9 through 11, and amendments thereto, shall be known and may be cited as the Kansas film production tax credit act.

Sec. 10. (a) For all taxable years commencing after December 31, 2006, a credit against the tax imposed by the Kansas income tax act shall be allowed for direct production expenditures made by an eligible film production company. Such credit shall be in an amount equal to 30% of direct production expenditures made in Kansas that are directly attributable to the production of a film in Kansas and that have been awarded by the department of revenue. The tax credit shall be deducted from the eligible film production company's income tax liability for the taxable year in which the expenditures are made by the eligible film production company. If the amount of the film production tax credit allowed exceeds the film production company's income tax liability for the taxable year, the amount which exceeds the tax liability shall be refunded. If the eligible film production company is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability entity, the credit provided by this section shall be claimed by the shareholders of such corporation, the partners of such partnership or the member of such limited liability entity in the same manner as such shareholder, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability entity.

(b) A long-form narrative film production for which the film production tax credit is claimed shall contain an acknowledgment that the production was filmed in Kansas.

(c) To be eligible for the film production tax credit, a film production company shall submit to the department of commerce information required by the department to demonstrate conformity with the requirements of this act. Information supplied shall include expected direct production expenditures to be made in Kansas with respect to the film production for which the film production company is seeking the film production tax credit. The department of commerce may reserve a tax credit amount based upon the expected direct production expenditures. The department of commerce shall determine the eligibility of the company and shall certify this information to the department of revenue in a manner and at times the department of commerce and department of revenue shall agree upon.

(d) To receive a film production tax credit, a film production company shall apply to the department of revenue on forms and in the manner the department may prescribe. The application shall include a certification of the amount of direct production expenditures made in Kansas with respect to the film production for which the film production company is seeking the film production tax credit. The department of revenue may award a film production tax credit based on the application submitted and the amount of tax credit reserved by the department of commerce. Upon approval of the application and the awarding of the tax credit the department of revenue shall certify to the film production company and the department of commerce the amount of the tax credit awarded.

(e) The secretary of commerce and the secretary of revenue are hereby authorized to adopt rules and regulations to implement and administer the provisions of this act.

Sec. 11. As used in sections 9 through 11, and amendments thereto: (a) "Direct production expenditure" means an expenditure incurred in the state of Kansas in the production of a Kansas film including:

(1) Payment of wages, fringe benefits or fees for talent, management or labor to a person who is a Kansas resident for purposes of the income tax act;

(2) payment to a personal services corporation for the services of a performing artist, if:

(A) The personal services corporation is subject to taxation under the provisions of the Kansas income tax act, and amendments thereto; or

(B) the performing artist receiving payment from the personal services corporation pays Kansas income tax; and

(3) any of the following provided by a vendor:

(A) The story and scenario to be used for a film;

(B) set construction and operations, wardrobe, accessories and related services;

(C) photography, sound synchronization, lighting and related services;

(D) editing and related services;

(E) rental of facilities and equipment;

(F) leasing of vehicles;

(G) food or lodging;

(H) airfare if purchased through a Kansas-based travel agency or travel company;

(I) insurance coverage and bonding if purchased through a Kansas-based insurance agent; and

(J) other direct costs of producing a film in accordance with generally accepted entertainment industry practice;

(b) "eligible film production company" means a film production company that has received certification from the department of commerce.

(c) "film" means any film, video, commercial or television production, as approved by the department of commerce, that is 30 minutes or less in length with an expected in-state expenditure budget in excess of \$50,000, or that is over 30 minutes in length with an expected in-state expenditure budget in excess of \$100,000. Film shall not include the following:

(1) News or current events programming;

(2) talk show;

(3) production produced primarily for industrial, corporate or institutional purposes, and for internal use;

(4) sports event or sports programming;

(5) gala presentation or awards programming;

(6) infomercial or any production that directly solicits funds;

(7) political advertisement; or

(8) production that is considered obscene.

(d) "film production company" means a person that produces one or more films.

(d) "film production company" means a person that produces one or more films.

Sec. 12. (a) No tax credits authorized by sections 1 through 8 and sections 9 through 11, and amendments thereto, shall be allowed for any tax year commencing on or after January 1, 2017.

(b) The cumulative aggregate amount of the tax credits allowed by the secretary of revenue pursuant to sections 1 through 8 and sections 9 through 11, and amendments thereto, shall not exceed \$20,000,000. The total amount of tax credits which may be allowed under sections 1 through 8 and sections 9 through 11, and amendments thereto, shall not exceed \$2,000,000 per tax year. The secretary of commerce shall have discretion, in any calendar year, to award a mix of film production tax credits and film production investor tax credits reflective of the types and budgets of film projects being recruited for production in Kansas as provided in statute and as long as those credits do not exceed \$2,000,000 in any calendar year. Notwithstanding the foregoing, if the full \$2,000,000 has not been awarded within a specific calendar year, the excess may be carried over to the next calendar year for awarding.

**Economic Development & Tourism**

**Date:** 2-20-07

**Attachment #** 2

Program Name	Description	Nonrefundable or Refundable Credit	Fiscal Year Limitation	Transferability	Sunset	TY 2004 # of filers	TY 2004 Credit Allowed
Abandoned Well Plugging Credit-K.S.A. 79-32,207	A taxpayer that makes expenditures to plug an abandoned oil or gas well on their land may be eligible for a credit of 50% of the amount expended.	Nonrefundable	\$250,000 for any one fiscal year First come, first served	No	None	7	\$23,461
Adoption Credit-K.S.A. 79-32,202	<b>General Adoption Credit</b> Residents of Kansas who adopt a child can receive a credit of 25% of the adoption credit allowed against the federal income tax liability on the federal return. An additional 25% shall be allowed for those adopting a child that is a Kansas resident and an 25% for those adopting a child with special needs.  <b>Special Needs/SRS Custody Adoption Credit</b> A \$1,500 credit is available for those Kansas residents that adopt a special needs child or a child in the custody of the secretary of Social and Rehabilitation Services.	Nonrefundable	None	No	None	543	\$556,154
Agricultural Loan Interest Reduction Credit-K.S.A. 79-32,181a and K.S.A. 79-1126a	A taxpayer which extends or renews an agricultural production loan at least one whole percentage point less than the prime interest rate on loans with equivalent collateral can receive a credit against their tax liability.	Nonrefundable	None	No	Prior to July 1, 2004	*CONFIDENTIAL	*CONFIDENTIAL
Agritourism Liability Insurance Credit-K.S.A. 74-50,173	An income tax credit shall be allowed in an amount equal to 20% of the cost of liability insurance paid by a registered agritourism operator that operates an agritourism activity.	Nonrefundable	None	No	Prior to January 1, 2008	25	\$6,783
Alternative Fuel Tax Credit-K.S.A. 79-32,201	A credit is allowed for any individual, association, partnership, limited liability company, limited partnership, or corporation that makes expenditures for a qualified alternative-fueled motor vehicle licensed in the state of Kansas or that makes expenditures for a qualified alternative-fuel fueling station.	Nonrefundable	None	No	None	26	\$115,530
Angel Investor Credit-K.S.A. 74-8133	A 50% income tax credit shall be allowed to any angel investor that makes a cash investment in the qualified securities of a qualified Kansas business.	Nonrefundable	\$2,000,000 for any one fiscal year. KTEC allocates no more than \$2M per year.	Yes	Prior to January 1, 2017		
Assistive Technology Contribution Credit-K.S.A. 65-107	An 25% income tax credit shall be allowed to any person or entity who makes a contribution to an individual development account reserve fund to be used to purchase assistive technology	Any credit amount that exceeds the tax liability shall be lost.	\$6,250 in any one fiscal year. KATCO allocates no more than \$6,250 per year	No	None		

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Program Name	Description	Nonrefundable or Refundable Credit	Fiscal Year Limitation	Transferability	Sunset	TY 2004 # of filers	TY 2004 Credit Allowed
Business and Job Development Credit-K.S.A. 79-32,153 and K.S.A. 79-32,160a	Any taxpayer that invests in a qualified business facility and hires at least two employees as a result of that investment may be eligible for an investment tax credit of \$100 for every \$100,000 of investment made and a job creation tax credit of \$100 for every qualified business facility employee.  Any taxpayer that meets the definition of business in K.S.A. 74-50,114(b), that invests in a qualified business facility and hires a minimum number of employees as a result of that investment may be eligible for an investment tax credit of \$1,000 for every \$100,000 of investment made and a job creation tax credit of at least \$1,500 for every qualified business facility employee.	Nonrefundable	None	No (except for certain transfers between related taxpayers)	None	698	\$11,504,909
Business Machinery and Equipment Credit-K.S.A. 79-32,206	A credit may be allowed based on a percentage of the personal property tax levied and paid on commercial and industrial machinery and equipment classified for property taxation purposes pursuant to section 1 of article 11 of the Kansas Constitution in subclass (5) or (6) of class 2, and machinery and equipment classified for such purposes in subclass (2) of class 2.	Refundable	None	No	None	15,115	\$20,912,346
Cellulosic Alcohol Plant Credit-2006 SB 303	A taxpayer that makes a qualified investment in a refinery shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	Nonrefundable	None	No	None		
Center for Entrepreneurship Credit-K.S.A. 74-99c09	A tax credit shall be allowed for a contributor making a contribution to the Kansas Center for Entrepreneurship. The credit is 75% of the total amount of cash donated.	Nonrefundable	\$2,000,000 for any one fiscal year.  Commerce allocates no more than \$2M per year.	No	None		
Child Day Care Assistance Credit-K.S.A. 79-32,190	A taxpayer may be eligible for a credit if they pay for child day care services for its employees children, locate child day care services for the employees children, or provide facilities and necessary equipment for child day care services for its employees children.	Refundable	\$3,000,000 for any one fiscal year.  First come, first served.	No	None	19	\$34,114
Community Service Contribution Credit-K.S.A. 79-32,197	Any business firm which contributes to an approved community service organization engaged in providing community services may be eligible to receive a tax credit of at least 50% of the total contribution made.	Refundable	\$4,130,000 for any one fiscal year.  Commerce allocates no more than \$4.13M per year.	Yes	None	1,260	\$3,803,085

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Program Name	Description	Nonrefundable or Refundable Credit	Fiscal Year Limitation	Transferability	Sunset	TY 2004 # of filers	TY 2004 Credit Allowed
Disabled Access Credit-K.S.A. 79-32,175 and K.S.A. 79-1117	Individual and business taxpayers that incur certain expenditures to make their property accessible to the disabled may be eligible to receive a credit.	Nonrefundable Refundable for individuals that have a liability of less than \$2,250	None	No	None	142	\$188,381
Habitat Management Credit-K.S.A. 79-32,203	An income tax credit is allowed for a property owner that pays property taxes and assessments on property designated as a critical habitat.	Nonrefundable	None	No	Prior to January 1, 2003	*CONFIDENTIAL	*CONFIDENTIAL
High Performance Incentive Program-K.S.A. 74-50,132 K.S.A. 79-32,160a(e)	A qualified firm making a cash investment in the training and education of its employees can receive a credit equal to the portion of the investment in the training and education that exceeds 2% of the businesses total payroll costs.  A credit is available for those qualified firms that make an investment in a qualified business facility. The investment credit is 10% of the qualified business facility investment which exceeds \$50,000.	Nonrefundable- Investment Credit  Any credit amount that exceeds the tax liability shall be lost-Training and Education Credit	None	No (except for certain transfers between related taxpayers)	None	91	\$15,469,051
Historic Preservation Credit-K.S.A. 79-32,211	An income tax credit is allowed for expenditures incurred in the restoration and preservation of a qualified historic structure.	Nonrefundable	None	Yes	None	125	\$3,438,572
Individual Development Account Credit-K.S.A. 74-50,208	A 50% tax credit shall be allowed for any program contributor that contributes to an individual development account reserve fund.	Refundable	\$500,000 in any one fiscal year.  Commerce allocates no more than \$500K per year.	No	None		
Integrated Coal Gasification Power Plant Credit-2006 SB 303	A taxpayer that makes a qualified investment in a refinery shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	Nonrefundable	None	No	None		
Law Enforcement Training Center Credit-2006 HB 2122	A 50% tax credit shall be allowed for a business firm that contributes cash to the Kansas Law Enforcement Training Center.	Nonrefundable	None	No	None		
Mathematics and Science Teacher Employment Credit-K.S.A. 79-32,215	An income tax credit shall be allowed to any business firm which has entered into a partnership agreement to employ a Kansas mathematics or science teacher during times that school is not in session. The credit is 25% or 30% if the teacher is teaching in a school district located in a rural community, underserved area or underperforming urban area.	Any credit amount that exceeds the tax liability shall be lost.	\$500,000 for any one fiscal year and no more than \$125,000 in any one congressional district per fiscal year.  First come, first served.	No	Prior to January 1, 2008		

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Program Name	Description	Nonrefundable or Refundable Credit	Fiscal Year Limitation	Transferability	Sunset	TY 2004 # of filers	TY 2004 Credit Allowed
National Guard & Reserve Employer Credit-2006 SB 432	An income tax credit shall be allowed for employing a member of the Kansas army and air national guard or a member of a Kansas unit of the reserved forces of the United States who was federally activated and deployed on or after August 7, 1990. The credit is 25% of the amount paid as salary or compensation, not to exceed \$7,000 for each member employed.	Nonrefundable	None	No	Prior to January 1, 2009		
Nitrogen Fertilizer Plant Credit-2006 SB 303	A taxpayer that makes a qualified investment in a refinery shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	Nonrefundable	None	No	None		
Petroleum Refinery Credit-2006 SB 303	A taxpayer that makes a qualified investment in a refinery shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	Nonrefundable	None	No	None		
Qualifying Pipeline Credit-2006 SB 303	A taxpayer that makes a qualified investment in a refinery shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	Nonrefundable	None	No	None		
Regional Foundation Credit-K.S.A. 74-50,154	Any taxpayer that contributes to an organization designated as a regional foundation may be eligible to receive a tax credit of 75% of the total amount contributed.	Refundable	FY 2005-\$2,500,000 FY 2006-\$2,500,000 FY 2007-\$2,000,000  Commerce allocates no more than fiscal limitation per year.	Yes	Prior to January 1, 2008	*CONFIDENTIAL	*CONFIDENTIAL
Research and Development Credit-K.S.A. 79-32,182b	A taxpayer with qualifying expenditures in research and development activities conducted within Kansas may be eligible to receive a credit of 6 1/2% of the amount expended for research.	Nonrefundable	None	No	None	111	\$574,884
Single City Port Authority Credit-K.S.A. 79-32,212	An income tax credit is allowed equal to 100% of the amount attributable to the retirement of indebtedness authorized by a single city port authority established before January 1, 2002.	Any credit amount that exceeds the tax liability shall be lost.	\$500,000 for any one fiscal year.  First come, first served.	No	Prior to January 1, 2022	*CONFIDENTIAL	*CONFIDENTIAL
Small Employer Health Benefit Plan Credit-K.S.A. 40-2246	An income tax credit is allowed for any small employer establishing a small employer health benefit plan for the purpose of providing a health benefit plan.	Refundable	None	No	None	104	\$117,657
Swine Facility Improvement Credit-K.S.A. 79-32,204	An income tax credit of 50% of the cost incurred is allowed for a taxpayer making required improvements to a qualified swine facility.	Nonrefundable	None	No	None	0	\$0



Kansas Tax Credits

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Program Name	Description	Nonrefundable or Refundable Credit	Fiscal Year Limitation	Transferability	Sunset	TY 2004 # of filers	TY 2004 Credit Allowed
Telecommunications & Railroad Credit-K.S.A. 79-32,210 and K.S.A. 79-32,206	<p>A credit for property tax paid by telecommunications companies is allowed on property initially acquired and first placed in service after January 1, 2001 that has an assessment rate of 33%. The credit is equal to the amount of property taxes timely paid for the difference between an assessment level of 25% and the actual assessment of 33%.</p> <p>A credit shall be allowed in an amount equal to 20% of the property tax levied for property tax year 2005 and 2006 and 25% for property tax year 2007 upon railroad machinery and equipment classified for property taxation purposes pursuant to section 1 of article 11 of the Kansas constitution in subclass (3) of class 2.</p>	Refundable	None	No	None	143	\$972,486
Temporary Assistance to Families Contribution Credit-K.S.A. 79-32,200 K.S.A. 39-7,132	Any individual, corporation, partnership, trust, estate and other legal entity who enters into an agreement with the Secretary of Social and Rehabilitation Services to provide financial support to a person who receives Temporary Assistance for Families (TAF) is allowed a credit of 70% of the amount of financial assistance given.	Any credit amount that exceeds the tax liability shall be lost.	None	No	None	0	\$0
Venture Capital Credits and Local Seed Capital Credits-K.S.A. 74-8205 K.S.A. 74-8304 K.S.A. 74-8401 K.S.A. 74-8316	A 25% tax credit shall be allowed for those taxpayers that invest in stock issued by Kansas Venture Capital, Inc., certified Kansas venture capital companies, certified local seed capital pools, or Sunflower Technology Venture, LP.	Nonrefundable	No funds available.	No	None	*CONFIDENTIAL	*CONFIDENTIAL
						18,409	\$57,717,413
*CONFIDENTIAL-This information is confidential as there are less than 5 filers. This information is not included in the total.							

## Terrie Huntington

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**From:** Teri Rogers [trogers@t2.tv]  
**Sent:** Monday, February 12, 2007 9:32 PM  
**To:** huntington@house.state.KS.US  
**Cc:** Tom Rooker  
**Subject:** Testimony

Dear Ms. Lana Gordon,

I am writing in support of Bill #2441 in support of the film production Sales and Use Tax Rebate Act which provides a rebate on certain expenditures related to film production.

As an owner of a film production/post production/visual effects company in Kansas City. I am most supportive of any form of incentive to encourage film production in the state of Kansas. As a resident of Kansas, I am equally supportive of this tax incentive. What we know is that if they shoot the film in our city or our state, they will stay in hotels and eat in restaurants and buy in our retail stores -- and they will employ the people who work in this industry. And that -- is economic development.

The fact is -- that film production -- for theaters, television, internet or mobile phones -- is a fast growing industry. It is also a fact that no production will happen in Kansas unless there is an incentive. Currently, the states that have an incentive are garnering all the film production and all the economic development benefits.

As a tax payer and a citizen, it is really not about the industry that I'm in -- but rather about the economic development benefits that can be derived by these incentives. Outside of my industry, it is the people who invest in entertainment products -- and the ancillary hotel and restaurant and other retail businesses that will benefit from a film production occurring in the area. This is a huge opportunity for the state and a significant driver for economic development.

It is understandable to be resistant to tax incentives. It is even more reasonable to be resistant about an industry that you don't understand. But as legislators, it is your duty to look at the economic impact of this bill. I can honestly testify that this bill will truly represent Kansas in the progressive areas of economic development that matter in the 21st century.

Thank you for your time and your consideration of bill #2441.

Sincerely,

Teri Rogers,  
President, TakeTwo Productions