

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on March 13, 2007 in Room 123-S of the Capitol.

All members were present except:
Laura Kelly-excused

Committee staff present:
Amy Deckard, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Jason Long, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:
Senator Pete Brungardt
Dennis Lauver, Salina Chamber
Ray Barmby, Economic Development Financing Consultant

Others attending:
See attached list.

SB 83--Employment security law; contribution rates
SB 363-Rural housing incentive district act; size of counties and cities eligible
SB 156-Professional employer organization act
SB 342-Enacting the Kansas investment credit act and the Kansas jobs credit act

Chairperson Brownlee announced to the Committee that Senator Wagle would Chair the subcommittee on **SB 156**. She also stated they would work on **SB 342** upon the completion of the hearing on **SB 363** scheduled for today.

Chairperson Brownlee expressed her concerns regarding **SB 83** and the fact that during the Conference Committee meeting on **SB 83**, Senator Hensley produced numbers on the impact of **SB 83** that came from Secretary Garner, Department of Labor, which were not available to the Senate Commerce Committee while working the bill. Senator Brownlee stated that wise decisions cannot be made unless all the information is available and accurate.

Chairperson Brownlee introduced Jason Long, Revisors Office, to explain **SB 363**. Mr. Long stated **SB 363** amends K.S.A. 12-5242 which is the definition of provisions for the Rural Housing Incentive Act. The act was enacted to encourage development and renovation of housing in rural cities and counties by authorizing cities and counties to assist directly in financing public improvements that will support such housing. The bill increases the population thresholds that define what is a rural city and rural county.

Chairperson Brownlee introduced Senator Pete Brungardt to give his testimony as a proponent of **SB 363**. Senator Brungardt presented written copy. (Attachment 1) He stated the bill is a measure to advance the interests of Salina and Saline County in developing housing. Housing in the medium priced range could help attract workers for their industrial activity.

Chairperson Brownlee introduced Dennis Lauver, Salina Chamber, to give his testimony as a proponent of **SB 363**. Mr. Lauver presented written copy. (Attachment 2) Mr. Lauver stated availability and affordability of housing is part of the solution for Salina and Saline County. People must be able to find quality affordable housing as they consider if they want to live and work in Kansas. Salina, is moving forward with a unique community-based approach that will develop housing in the medium-priced range that is needed to help attract workers for their industrial activity.

Questions and discussion followed.

Chairperson Brownlee introduced Ray Barmby, a self employed economic development financing consultant, to give his testimony as a proponent of **SB 363**. Mr. Barmby presented written copy. (Attachment 3) Mr.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on March 13, 2007 in Room 123-S of the Capitol.

Barmby stated the proposed bill is one that should be embraced and strongly supported by those counties if for no other reason than its adoption into law can help to sustain and in some instances, preserve counties into the future. In closing, Mr. Barmby urged the Committee to support the bill in favor of those 100 counties which are not so blessed with a Boeing, Goodyear, General Motors, Sprint or Hallmark facility.

Questions and discussion followed.

Chairperson Brownlee referred the Committee to proponent written only testimony from Jason Gage, City Manager, Salina. (Attachment 4) With no further testimony, Chairperson Brownlee closed the hearing on **SB 363**.

Chairperson Brownlee called the Committee's Attention to **SB 342** and turned the Chair over to Senator Jordan. Chairperson Jordan stated that Senator Brownlee had worked on amendments for the bill that reflected the outcome of the previous meeting. He introduced Jason Long, Revisor's Office, to explain the balloon of Senator Brownlee. (Attachment 5) Mr. Long reviewed the proposed balloon for Senator Brownlee stating some of the amendments are for cleanup, some to make the intent more clear, and others changing the thresholds.

Questions and discussion followed regarding the amendments.

Chairperson Jordan stated leadership would like for the Commerce Committee work this bill. The Committee decided to hold the bill until they can get the fiscal note.

Chairperson Jordan adjourned the meeting at 9:26 a.m. with the next scheduled meeting being March 14th at 8:30 a.m. in room 123 S.

STATE OF KANSAS

PETE BRUNGARDT

SENATOR, 24TH DISTRICT
522 FAIRDALE RD.
SALINA, KS 67401

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TOPEKA

SENATE CHAMBER

March 13, 2007

COMMITTEE ASSIGNMENTS

CHAIR: FEDERAL AND STATE AFFAIRS
VICE CHAIR: HEALTH CARE STRATEGIES
MEMBER: FINANCIAL INSTITUTIONS
AND INSURANCE
PUBLIC HEALTH AND WELFARE
ORGANIZATION, CALENDAR
AND RULES

INTERIM COMMITTEES:
CORRECTIONS AND JUVENILE
JUSTICE OVERSIGHT
STATE-TRIBAL RELATIONS

SB 363

Senate Commerce Committee

Chairperson Brownlee, Co-Chairperson Jordan, Members of the Commerce Committee:

Thank you for your attention to SB 363. I introduced this measure to advance the interests of Salina and Saline County in developing housing. More specifically, housing in the medium-priced range to help attract workers for our industrial activity.

The main force in this process is Dennis Lauver, who is the new President & CEO of the Salina Area Chamber of Commerce. Please give him your attention.

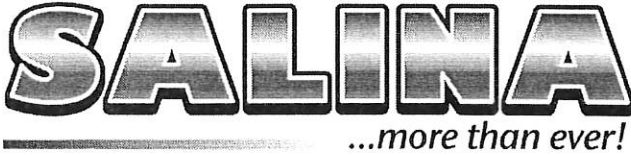
A handwritten signature in cursive script that reads "Pete Brungardt".

Pete Brungardt
State Senate, District 24

Senate Commerce Committee

March 13, 2007

Attachment 1



Salina Area Chamber of Commerce
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www.salinakansas.org

Kansas Senate Commerce Committee Testimony re: Senate Bill 363

Comments by:

Dennis W. Lauver

President/CEO

Salina Area Chamber of Commerce

I want to thank Senator Brungardt for introducing Senate Bill 363. Thank you for the chance to speak with you today in support of this proposal.

Senate Bill 363 is a response to an issue that limits the ability of Salina and other Kansas communities to add good paying jobs and private sector capital investment. This limiting issue is the availability of labor. The labor availability issue is complex and there is no single "silver bullet" to resolve this issue.

To make a long story short, we have come to believe that improving the availability and affordability of housing is part of the solution for Salina and Saline County. People must be able to find quality affordable housing as they consider if they want to live and work in Kansas. In the case of Salina, we are moving forward with a unique community-based approach that will develop housing in the medium-priced range that we need to help attract workers for our industrial activity.

We think the path to providing affordable and available housing lies in reducing the "shovel ready" cost of development. We are ready to implement some strategies so that the public and private sector can work together to achieve this objective thus helping .

Attached is a copy of the Kansas Rural Housing Incentive District Act which allows a City (or County in unincorporated areas) to issue bonds, the interest on which will be exempt federal and Kansas income tax by the bond owner, to make new housing a reality in your community. The proceeds from the sale of the bonds may be used (see 12-5249 of the Act) to buy land, prepare the site for construction, pay for roads, sidewalks, street lighting, water and sewer lines, storm water sewers or retention, and so forth to facilitate the creation of a new housing sub-division regardless of size.

The bonds are issued in a sufficient amount to pay all of the land acquisition and infrastructure costs but not the cost of buildings. The land and all of the site improvements are conveyed to the developer at no cost.

The principal and interest of the bonds are paid from the real estate taxes paid by owners of homes and apartment buildings at the project location. The franchise fees

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(taxes) paid by residents of the project are also pledged to pay debt service on the bonds. The bonds can only be issued for a term of 15 years.

The developer sells lots to builders and to prospective homeowners with the understanding that a house or apartment will be constructed on the lot within two (2) years. In other words no land speculators.

Only cities of less than 40,000 pop. in a county of not more than 60,000 are eligible to use the law.

The challenge is to demonstrate to the Kansas Secretary of Commerce that a need exists in your community for X number of new dwelling units. Once the Secretary is satisfied that the need exists his approval for issuance of the bonds is sent to the City. Without his okay for issuance of the bonds the project is at a standstill.

ECONOMIC DEVELOPMENT FUNDING

1015 So. Lennox Drive
Olathe, KS 66062

Mailing Address:
P O Box 4673
Olathe, Ks 66063

Good Morning – Madame Chairman, Committee Members, Ladies and Gentlemen. My name is Ray Barmby, I live in Olathe and am a self employed economic development financing consultant having spent more than 40 years working with cities, counties and business enterprises across Kansas solving their fixed asset financing needs. I am a former elected Mayor and Council Member of the City of Olathe.

I am proud of having prepared the first housing needs analysis required pursuant to the Rural Housing Incentive District Act (the “Act”) resulting in its acceptance by the Secretary of Commerce and approval of an issuance of municipal bonds as the means of funding infrastructure development.

I appear in support of Senate Bill 363. Your recommendation for full Senate adoption of the amendment to the Act in no way detrimentally affects Johnson, Sedgwick, Shawnee, Douglas or Wyandotte Counties. The proposed amendment is one which should be embraced and strongly supported by those counties if for no other reason that its adoption into law can and will help to sustain and, in some instances, preserve communities into the future. I am sure we can all agree that rural communities need jobs and workers if they are to survive. But I suggest to you that the endless pursuit by our Department of

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Commerce for those rural employers and their paychecks is stymied by the lack of decent, safe and affordable single or multi family housing. It is not sufficient for a community to solve most, if not all, of its new housing needs through expansion or development of mobile home parks. Given a choice, every community would choose permanent forms of housing rather than that which has the appearance of being temporary. By and large a single or multi-family housing development can be completed within the same approximate time span for the erection of a manufacturing plant. The Act currently prohibits any city in Leavenworth, Reno, Riley, Butler, Saline and possibly Finney, Crawford and Cowley counties benefiting from the Act which the Legislature adopted into law nine years ago because of a population restriction of 40,000. SB 363 raises that population ceiling to 60,000 thereby allowing communities in those counties to broaden their respective economic and tax bases.

Speaking selfishly I hope SB 363 is adopted in this session of the Legislature for I believe that the residents and businesses of the largest counties will be looked upon in the future as a source of funding with which our State Government takes steps to preserve those rural communities that have not been able to grow in terms of population and jobs. The big counties will grow economically and in population but for rural communities the future is not as optimistic unless we can place into their hands a tool with which they can grow and prosper. That tool is the Rural Housing Incentive District Act which I ask you to amend in favor of those 100 counties which are not so blessed with a Boeing, Goodyear, General Motors, Sprint or Hallmark facility.

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SB 363 Testimony to Senate Commerce Committee

By: Jason A. Gage

LEGISLATIVE REQUEST:

I am sorry that I will not be available to personally testify on behalf of SB 363. I am confident that Salina Area Chamber of Commerce Director Dennis Lauver will represent the issue well and be able to answer any questions you may have.

I would like to communicate that the City of Salina is very supportive of your consideration to amend K.S.A. 2006 Supp. 12-5242 by supporting the passage of Senate Bill 363 for the following reasons:

- 1) The cost of housing has become a significant challenge for all communities and rural areas, regardless of size;
- 2) Salina, like other communities is experiencing significant increases in cost for housing for all income levels;
- 3) Housing cost challenges can result in significant community impacts, such as: reducing available income of residents that is needed for other necessary purposes, artificially creating an inefficient commuter-oriented environment; and increasing the difficulty of finding necessary labor for key business employment;
- 4) The additional financing options that are offered through the Rural Housing Incentive Act can provide a tool to local government that can be used to reduce the cost of housing for numerous housing types and income levels; and
- 5) In Salina, we believe we can use this tool in conjunction with our local home builders to stabilize costs and housing availability.

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FINANCIAL AND/OR TAXING IMPLICATIONS:

We do not find that this item will have any negative financial or taxing impact on the State of Kansas, any other municipality, local homebuilders or homebuyers.

Thank you once again for taking the time to consider SB 363, which we believe to be a worthwhile statutory revision request that can result in tangible community benefit.

SENATE BILL No. 342

By Committee on Commerce

9 AN ACT concerning taxation; relating to credits; enacting the Kansas
10 investment credit act and the Kansas jobs credit act; relating to qual-
11 ifications and procedures; eliminating certain existing credits related
12 thereto; amending K.S.A. 40-253a and 74-8945 and K.S.A. 2006 Supp.
13 79-32,111, 79-32,243 and 79-3606 and repealing the existing sections;
14 also repealing K.S.A. 74-50,113, 74-50,116, 74-50,117, 74-50,118, 74-
15 50,119, 74-50,135, 74-50,135a, 79-32,155, 79-32,156, 79-32,157, 79-
16 32,158, 79-32,159, 79-32,159a, 79-32,159b, 79-32,159c, 79-32,160, 79-
17 32,160b and 79-32,160c and K.S.A. 2006 Supp. 74-50,114, 74-50,115,
18 74-50,131, 74-50,132, 74-50,133, 74-50,134, 79-32,153, 79-
19 32,154 and 79-32,160a.

74-50,131, 74-50,132,

20
21 Be it enacted by the Legislature of the State of Kansas:

22 New Section 1. The provisions of sections 1 through 8, and amend-
23 ments thereto, shall be known and may be cited as the Kansas investment
24 credit act.

25 New Sec. 2. As used in the Kansas investment credit act, unless oth-
26 erwise provided: (a) "Act" means the Kansas investment credit act;

27 (b) "ancillary support operation" means a Kansas business facility at
28 which the business activities are ancillary processing functions and from
29 which no or de minimis primary business activities occur. Ancillary proc-
30 essing functions shall support and improve operating efficiencies of the
31 primary focus of the business, but are not of themselves, integral and
32 necessary to performing the primary business activities;

33 (c) "eligible taxpayer" means a for-profit business establishment sub-
34 ject to the Kansas income tax act, the premium tax or privilege fees im-
35 posed pursuant to K.S.A. 40-252, and amendments thereto, the privilege
36 tax as measured by the net income of financial institutions imposed pur-
37 suant to chapter 79, article 11 of the Kansas Statutes Annotated, sales or
38 property taxes and that meets the eligibility criteria in section 3, and
39 amendments thereto and is current in payment of Kansas taxes;

40 (d) "headquarters" means a Kansas business facility where principal
41 officers of the business are housed and from which direction, manage-
42 ment, or administrative support of transactions is provided for a business
43 or division of a business and from which no more than de minimis rev-

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Brownlee Bullock

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1 enues are generated from primary business activities.

2 (e) "Kansas business facility" means any factory, mill, plant, refinery,

3 warehouse, feedlot, building or complex of buildings that operate as a

4 single unit on a contiguous piece of property, located within the state,

5 including the land on which such facility is located and all machinery,

6 equipment and other real and tangible personal property located at or

7 within such facility used in connection with the operation of such facility.

8 The term "Kansas business facility" includes only structures within which

9 individuals are customarily employed or which are customarily used to

10 house machinery, equipment or other property and that are not designed

11 with the capability of being transported, moved or relocated. Such Kansas

12 business facility shall satisfy the following requirements: (1) Such facility

13 must be employed by the eligible taxpayer in the operation of a revenue

14 producing enterprise. Such facility shall not be considered a Kansas busi-

15 ness facility in the hands of the taxpayer if the taxpayer's only activity with

16 respect to such facility is to lease it to another person or persons. If the

17 taxpayer employs only a portion of such facility in the operation of a

18 revenue producing enterprise, and leases another portion of such facility

19 to another person or persons or does not otherwise use such other por-

20 tions in the operation of a revenue producing enterprise, the portion

21 employed by the taxpayer in the operation of a revenue producing enter-

22 prise shall be considered a Kansas business facility, if the requirements

23 of subsection (e)(2) are satisfied; and

24 (2) if such facility was acquired by the taxpayer from another person

25 or persons, such facility was not employed, immediately prior to the trans-

26 fer of title to such facility to the taxpayer, or to the commencement of

27 the term of the lease of such facility to the taxpayer, by any other person

28 or persons in the operation of a revenue producing enterprise and the

29 taxpayer continues the operation of the same or substantially identical

30 revenue producing enterprise at such facility;

31 (f) "opportunity zone" shall be established by the secretary of com-

32 merce through rules and regulations. ~~In addition to other opportunity~~

33 ~~zone designation criteria established by the secretary, such criteria shall~~

34 ~~include: (1) An opportunity zone, which shall be comprised of at least~~

35 ~~one county; (2) shall be economically disadvantaged; and (3) shall not~~

36 ~~include any counties in a metropolitan statistical area or micropolitan~~

37 ~~statistical area;~~

38 (g) "qualified investment" means the value of the real and tangible

39 personal property permanently and physically located at the Kansas busi-

40 ness facility, except that "qualified investment" does not include inven-

41 tory, construction in progress, or property held for sale to customers in

42 the ordinary course of the taxpayer's business, which constitutes the Kan-

43 sas business facility, or which is used by the taxpayer in the operation of

means a zone

which shall: (1) Be

and (4) meet any other criteria established by the secretary through rules and regulations;

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1 the Kansas business facility, during the taxable year for which the credit
2 is claimed. The value of such property during such taxable year shall be:
3 (1) The original cost of such property, if owned by the eligible taxpayer;
4 or (2) eight times the net annual rental rate, if leased by the eligible
5 taxpayer. Original cost is deemed to be the basis of the property for fed-
6 eral income tax purposes, prior to any federal adjustments, at the time of
7 acquisition by the taxpayer and adjusted by subsequent capital additions
8 or improvements thereto and partial disposition thereof, by reason of sale,
9 exchange or abandonment. The net annual rental rate shall be the annual
10 rental rate paid by the taxpayer less any annual rental rate received by
11 the taxpayer from subrentals. "Qualified investment" shall be determined
12 by calculating the value of the qualified investment that has been newly
13 placed into service at the eligible taxpayer's Kansas business facility during
14 the taxpayer's tax year. In order to remain eligible the investment must
15 continue to be used during the tax year and remain in service on the last
16 business day of the taxpayer's tax year for which the credit is claimed. For
17 plans that show a project shall extend beyond one tax period in which the
18 minimum investment is not met at the end of the first tax period that the
19 qualified investment is placed in service, the qualified investment can be
20 accumulated into the next consecutive tax period for computation of the
21 investment credit until the minimum investment has been met as long as
22 the qualified investment remains in service and is identified as part of the
23 same project. Once the minimum investment has been initially met on a
24 project, subsequent qualified investment may be claimed in the tax period
25 that it is placed in service;

26 (h) "revenue producing enterprise" means: (1) The assembly, fabri-
27 cation, manufacture or processing of any agricultural, mineral or manu-
28 factured product;

29 (2) the storage, warehousing, distribution or sale of any products of
30 agriculture, aquaculture, mining or manufacturing;

31 (3) the feeding of livestock at a feedlot;

32 (4) the operation of laboratories or other facilities for scientific, ag-
33 ricultural, aquacultural, animal husbandry or industrial research, devel-
34 opment or testing;

35 (5) the performance of services of any type;

36 (6) the feeding of aquatic plants and animals at an aquaculture
37 operation;

38 (7) the administrative management of any of the foregoing activities;
39 or

40 (8) any combination of any of the foregoing activities.

41 "Revenue producing enterprise" shall not mean a swine production
42 facility as defined in K.S.A. 17-5903, and amendments thereto; and

43 (i) "same or substantially identical revenue producing enterprise"

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1 means a revenue producing enterprise in which the products produced
2 or sold, services performed or activities conducted are the same in char-
3 acter and use, are produced, sold, performed or conducted in the same
4 manner and to or for the same type of customers as the products, services
5 or activities produced, sold, performed or conducted in another revenue
6 producing enterprise.

7 New Sec. 3. (a) An eligible taxpayer may qualify for the investment
8 credit if all of the following criteria are met: (1) The taxpayer's Kansas
9 business facility must be:

10 (A) Identified under the North American industry classification sys-
11 tem (NAICS) subsector of 221, 311-425, 481-624, 812-813, or 922-928,
12 as assigned by the secretary of the department of labor; or

13 (B) identified as a headquarters or ancillary support operation by the
14 secretary of commerce for purposes of this act, regardless of NAICS
15 classification;

16 (2) the qualified investment for the project must equal or exceed \$50,000
17 ~~\$100,000~~ for those Kansas business facilities that are located in an op-
18 portunity zone and ~~\$1,000,000~~ \$150,000 for those Kansas business facilities that
19 are not located in an opportunity zone;

20 (3) the taxpayer shall satisfy payment of a higher-than-average wage
21 within a wage region at the Kansas business facility at which qualified
22 investment occurs by performing one of the options described below: (A)
23 The taxpayer's Kansas business facility with 500 or fewer full-time equiv-
24 alent employees will provide an average wage that is above the average
25 wage paid by all Kansas business facilities that share the same assigned
26 NAICS category used to develop wage thresholds and that have reported
27 500 or fewer employees to the Kansas department of labor on the quar-
28 terly wage reports;

29 (B) the taxpayer's Kansas business facility with 500 or fewer full-time
30 equivalent employees is the sole facility within its assigned NAICS cate-
31 gory that has reported wages for 500 or fewer employees to the Kansas
32 department of labor on the quarterly wage reports;

33 (C) the taxpayer's Kansas business facility with more than 500 full-
34 time equivalent employees will provide an average wage that is above the
35 average wage paid by all Kansas business facilities that share the same
36 assigned NAICS category used to develop wage thresholds and that have
37 reported more than 500 employees to the Kansas department of labor on
38 the quarterly wage reports;

39 (D) the taxpayer's Kansas business facility with more than 500 full-
40 time equivalent employees is the sole facility within its assigned NAICS
41 category that has reported wages for more than 500 employees to the
42 Kansas department of labor on the quarterly wage reports, in which event
43 it shall either provide an average wage that is above the average wage

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1 paid by all Kansas business facilities that share the same assigned NAICS
2 category and that have reported wages for 500 or fewer employees to the
3 Kansas department of labor on the quarterly wage reports, or be the sole
4 Kansas business facility within its assigned NAICS category that has re-
5 ported wages to the Kansas department of labor on the quarterly wage
6 reports;

7 (E) the number of NAICS digits to use in developing each set of
8 wage thresholds for comparison purposes shall be determined by the
9 secretary of commerce; or

10 (F) the composition of wage regions used in connection with each set
11 of wage thresholds shall be determined by the secretary of commerce;
12 and

13 (4) as an alternative to the requirements of subsection (a)(3), a tax-
14 payer having met the requirements of subsections (a)(1) and (2) may
15 wage-qualify its Kansas business facility if, after excluding the headcount
16 and wages reported on the quarterly wage reports to the Kansas depart-
17 ment of labor for employees at that Kansas business facility who own five
18 percent or more equity in the taxpayer, the average wage calculated for
19 the taxpayer's Kansas business facility is greater than or equal to 1.5 times
20 the aggregate state-wide average wage paid by industries covered by the
21 employment security law based on data maintained by the secretary of
22 labor.

23 (b) For the purposes of this section, the number of full-time equiv-
24 alent employees shall be determined by dividing the number of hours
25 worked by part-time employees during the pertinent measurement in-
26 terval by an amount equal to the corresponding multiple of a 40-hour
27 work week and adding the quotient to the average number of full-time
28 employees.

29 New Sec. 4. (a) For taxable years commencing after December 31,
30 ~~2006~~, an eligible taxpayer that makes a qualified investment in a Kansas
31 business facility shall be entitled to a credit in an amount equal to 10%
32 of the qualified investment. Qualified investment must be identified and
33 submitted to the secretary of commerce prior to making a commitment
34 to invest. The credit allowed by this subsection shall be a one-time credit.
35 The credit shall be allowed against the tax imposed by the Kansas income
36 tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-
37 252, and amendments thereto, or the privilege tax as measured by the
38 net income of financial institutions imposed pursuant to article 11 of
39 chapter 79 of the Kansas Statutes Annotated, for the taxable year during
40 which the qualified investment is placed into service.

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41 (b) The eligible taxpayer shall claim the credit on the original return
42 for the tax year in which the qualified investment is placed into service.

43 (c) If the tax credit amount thereof exceeds the tax imposed, the tax

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1 credit amount thereof which exceeds the eligible taxpayer's tax liability
2 may be carried forward for credit in the succeeding taxable year or years
3 until the total amount of the tax credit is used, except that no such tax
4 credit shall be carried forward for deduction after the tenth taxable year
5 succeeding the taxable year in which such credit initially was claimed and
6 no carry forward shall be allowed for deduction in any succeeding taxable
7 year unless the taxpayer continues to satisfy the eligibility criteria in sec-
8 tion 3, and amendments thereto, for such succeeding taxable year.

\$150,000

9 (d) A qualified investment, of at least ~~\$1,000,000~~, made by the eligible
10 taxpayer in a Kansas business facility that is not located in a designated
11 opportunity zone, may qualify for the investment credit.

\$50,000

12 (e) A qualified investment, of at least ~~\$100,000~~, made by the eligible
13 taxpayer in a Kansas business facility that is located in a designated op-
14 portunity zone, may qualify for the investment credit.

15 (f) If the eligible taxpayer is a corporation having an election in effect
16 under subchapter S of the federal internal revenue code, a partnership
17 or limited liability company, the credit provided by this section shall be
18 claimed by the shareholders of such corporation, the partners of such
19 partnership or the members of such limited liability company in the same
20 manner as such shareholders, partners, or members account for their
21 proportionate shares of income or loss of the corporation, partnership or
22 limited liability company.

23 New Sec. 5. (a) The secretary of revenue and the secretary of com-
24 merce shall work together to coordinate a set of procedures to implement
25 the provisions of this act.

26 (b) Any taxpayer claiming credits pursuant to this act, as a condition
27 for claiming and qualifying for such credits, shall provide information
28 pursuant to K.S.A. 2006 Supp. 79-32,243, and amendments thereto, as
29 part of the tax return in which such credits are claimed. Such credits shall
30 not be denied solely on the basis of the contents of the information pro-
31 vided by the taxpayer pursuant to K.S.A. 2006 Supp. 79-32,243, and
32 amendments thereto.

33 (c) The secretary of revenue shall submit an annual report to the
34 legislature regarding utilization of the credits claimed pursuant to this act,
35 for purposes of evaluation. Such report shall be due during the legislative
36 session, commencing with the ~~2009~~ legislative session.

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37 New Sec. 6. The secretary of revenue and secretary of commerce
38 may adopt such rules and regulations as necessary to carry out the pur-
39 poses of this act.

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40 New Sec. 7. (a) Except as otherwise provided, for tax years com-
41 mencing on or after December 31, ~~2006~~, no additional credits may be
42 earned through the Kansas enterprise zone act, K.S.A. 79-32,160a; or the
43 job expansion and investment tax credit act, K.S.A. 79-32,153. Any carry

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1 forward credit that has been earned through the Kansas enterprise zone
 2 act, K.S.A. 79-32,160a and is remaining after December 31, ~~2006~~, may
 3 be carried forward to succeeding taxable years as long as all requirements
 4 continue to be met. Any credit that has been earned through the job
 5 expansion and investment tax credit act, K.S.A. 79-32,153, with years left
 6 in recomputing the credit after December 31, ~~2006~~, may continue for the
 7 remainder of the 10-year period as long as all requirements continue to
 8 be met.

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9 (b) Except as otherwise provided, for tax years commencing on or
 10 after December 31, ~~2006~~, no additional credits may be earned through
 11 the high performance incentive act, K.S.A. 74-50,115, ~~K.S.A. 74-50,132~~,
 12 and subsection (e) of K.S.A. 79-32,160a. Any carry forward credit that
 13 has been earned through the high performance incentive act, subsection
 14 (e) of K.S.A. 79-32,160a and is remaining after December 31, ~~2006~~, may
 15 be carried forward to succeeding taxable years, providing all requirements
 16 continue to be met and subject to the applicable carryforward limitations.

2007
 2007

17 Any taxpayer who has filed an application to be certified under K.S.A.
 18 74-50,131, prior to July 1, ~~2007~~, may claim credits under the high per-
 19 formance incentive act, subsection (e) of K.S.A. 79-32,160a, ~~K.S.A. 74-~~
 20 ~~50,131 and K.S.A. 74-50,132~~ during the certification period in tax years
 21 ~~2007 and 2008~~, which credits may be carried forward until used or for a
 22 maximum of ten years, as long as such taxpayer does not claim any credits
 23 for the same investment under the Kansas investment credit act. To ac-
 24 commodate unusual timing situations during the ~~2007~~ transition period,
 25 timing modifications may be authorized at the discretion of the secretary
 26 of commerce and the secretary of revenue.

2008
 and
 2008 and 2009

27 New Sec. 8. The provisions of this act shall be applicable to all tax-
 28 able years commencing after December 31, ~~2006~~, and prior to January
 29 1, ~~2012~~.

2007
 2013

30 New Sec. 9. The provisions of sections 9 through 14 may be cited
 31 and shall be known as the Kansas jobs credit act.

32 New Sec. 10. As used in the Kansas jobs credit act, unless otherwise
 33 provided: (a) "Act" means the Kansas jobs credit act;

34 (b) "employed" means that an employer-employee relationship ex-
 35 ists. A person who performs services for the taxpayer shall be considered
 36 as an employee if the taxpayer has the right to direct and control when,
 37 where, and how work will be done. In addition the taxpayer shall pay for
 38 the employee's wages directly, or indirectly through inter-company trans-
 39 fers. Independent contractors shall not be considered as employed for
 40 purposes of the Kansas jobs credit;

(b) "agreement" means an agreement entered into between an opportunity zone
 job credit taxpayer and the secretary for benefits under section 12, and
 amendments thereto.
 renumber remaining subsections in section 10.

41 (c) "Kansas job credit taxpayer" means any business entity authorized
 42 to do business in the state of Kansas which is subject to the state income
 43 tax imposed by the provisions of the Kansas income tax act, any national

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1 banking association, state bank, trust company or savings and loan asso-
 2 ciation paying an annual tax on its net income pursuant to article 11 of
 3 chapter 79 of the Kansas Statutes Annotated, or any insurance company
 4 paying the premium tax and privilege fees imposed pursuant to K.S.A.
 5 40-252, and amendments thereto, is current in payment of Kansas taxes,
 6 and has a Kansas business facility as defined in the investment credit act:
 7 (1) Identified under the North American industry classification system
 8 (NAICS) subsector of 221, 311-425, 481-624, 812-813, or 922-928, as
 9 assigned by the secretary of the department of labor; or

10 (2) identified as a headquarters or ancillary support operation, re-
 11 gardless of NAICS classification;

12 (d) "new employee" means a person newly employed by the taxpayer
 13 in the taxpayer's business operating in Kansas during the taxable year for
 14 which the credit allowed by section (11), and amendments thereto, is
 15 claimed. A person shall be deemed to be so engaged if such person per-
 16 forms duties in Kansas in connection with the operation of the Kansas
 17 business on: (A) A regular, full-time basis; (B) a part-time basis, provided
 18 such person is customarily performing such duties at least 20 hours per
 19 week throughout the taxable year; or (C) a seasonal basis, provided such
 20 person performs such duties for substantially all of the season customary
 21 for the position in which such person is employed. For a Kansas business
 22 that becomes operational during the current tax year, new employees shall
 23 be the number of employees employed at the taxpayer's Kansas business
 24 on the last business day of the taxpayer's tax year. In the case of employees
 25 hired, in which the Kansas business existed and was operated by the
 26 taxpayer prior to such hiring, the number of new employees employed in
 27 the operation of the Kansas business shall be reduced by the number of
 28 employees employed at such Kansas business on the last business day of
 29 the taxpayer's previous tax year. Employees acquired through an acqui-
 30 sition or merger of a business operating in Kansas shall not be considered
 31 as new employees;

32 (e) "opportunity zone" ~~shall be established by the secretary of com-~~
 33 ~~merce through rules and regulations. In addition to other criteria estab-~~
 34 ~~lished by the secretary, such criteria shall include: (1) An opportunity~~
 35 ~~zone which shall be~~ comprised of at least one county;

36 (2) shall be economically disadvantaged; and
 37 (3) shall not include any counties in a metropolitan statistical area or
 38 micropolitan statistical area;

39 (f) "opportunity zone job credit taxpayer" means any business entity
 40 with a Kansas business facility as defined in the Kansas investment credit
 41 act authorized to do business in the state of Kansas which is subject to
 42 the state income tax imposed by the provisions of the Kansas income tax
 43 act, any national banking association, state bank, trust company or savings

means a zone

which shall: (1) Be

and (4) meet any other criteria established by the secretary of commerce through rules and regulations;

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1 and loan association paying an annual tax on its net income pursuant to
2 article 11 of chapter 79 of the Kansas Statutes Annotated, or any insurance
3 company paying the premium tax and privilege fees imposed pursuant to
4 K.S.A. 40-252, and amendments thereto, and that is current in payment
5 of Kansas taxes; and

6 (g) "related taxpayer" means: (1) A corporation, partnership, trust or
7 association controlled by the taxpayer; (2) an individual, corporation, part-
8 nership, trust or association in control of the taxpayer; or (3) a corporation,
9 partnership, trust or association controlled by an individual, corporation,
10 partnership, trust or association in control of the taxpayer. "Control of a
11 corporation" means ownership, directly or indirectly, of stock possessing
12 at least 80% of the total combined voting power of all classes of stock
13 entitled to vote and at least 80% of all other classes of stock of the cor-
14 poration. "Control of a partnership or association" means ownership of
15 at least 80% of the capital or profits interest in such partnership or as-
16 sociation. "Control of a trust" means ownership, directly or indirectly, of
17 at least 80% of the beneficial interest in the principal or income of such
18 trust.

(i) "secretary" means the secretary of the department of commerce.

19 New Sec. 11. (a) For taxable years commencing after December 31,
20 ~~2006~~, any opportunity zone job credit taxpayer who engages in new em-
21 ployment at least ~~five~~ new employees in the taxpayer's business operating
22 in a designated opportunity zone in Kansas shall be allowed a credit of
23 \$3,500 per new employee, against the tax imposed by the Kansas income
24 tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-
25 252, and amendments thereto, or the privilege tax as measured by the
26 net income of financial institutions imposed pursuant to article 11 of
27 chapter 79 of the Kansas Statutes Annotated, for the taxable year during
28 which the employees were hired. To be considered employed in an op-
29 portunity zone, the employee must perform the majority of the services
30 for the opportunity zone job credit taxpayer in the opportunity zone. Any
31 Kansas job credit taxpayer located in the state of Kansas who engages in
32 new employment at least ~~20~~ new employees in the taxpayer's business
33 operating in Kansas shall be allowed a credit of \$1,500 per new employee,
34 against the tax imposed by the Kansas income tax act, the premium tax
35 or privilege fees imposed pursuant to K.S.A. 40-252, and amendments
36 thereto, or the privilege tax as measured by the net income of financial
37 institutions imposed pursuant to article 11 of chapter 79 of the Kansas
38 Statutes Annotated, for the taxable year during which the employees were
39 hired.

2007

two

(b)

, as defined in subsection (c)(1) of section 10, and amendments thereto,

five

40 (b) The taxpayer shall claim any credits pursuant to this act on the
41 original return for the tax year in which the employees were hired.

(d)

42 (e) If the amount of the tax credit exceeds the tax imposed, the
43 amount thereof which exceeds such tax liability may be carried forward

(e)

(c) Any Kansas job credit taxpayer, as defined in subsection (c)(2) of section 10, and amendments thereto, located in the state of Kansas who engages in new employment at least 20 new employees in the taxpayer's business operating in Kansas shall be allowed a credit of \$1,500 per new employee, against the tax imposed by the Kansas income tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the new income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, for the taxable year during which the employees were hired.

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1 for credit in the succeeding taxable year or years until the total amount
2 of the tax credit is used. In the event the taxpayer does not continue to
3 employ the required minimum number of employees, any credit remain-
4 ing will be forfeited and no longer available for carry forward.

(f)

5 (d) If the taxpayer is a corporation having an election in effect under
6 subchapter S of the federal internal revenue code, a partnership or limited
7 liability company, the credit provided by this section shall be claimed by
8 the shareholders of such corporation, the partners of such partnership or
9 the members of such limited liability company in the same manner as
10 such shareholders, partners, or members account for their proportionate
11 shares of income or loss of the corporation, partnership or limited liability
12 company.

(g)

13 (e) A taxpayer that qualifies for the opportunity zone job credit for
14 an employee may not also qualify for the Kansas job credit for the same
15 employee.

(h)

16 (f) Only one taxpayer may claim a specific employee for purposes of
17 the opportunity zone job credit or the Kansas job credit. Employees trans-
18 ferred or reassigned within Kansas between related taxpayers will not
19 qualify for the credit.

insert Sec. 12 and renumber sections accordingly (see attachment)

20 New Sec. 12. (a) Any taxpayer claiming credits pursuant to this act,
21 as a condition for claiming and qualifying for such credits, shall provide
22 information pursuant to K.S.A. 2006 Supp. 79-32,243, and amendments
23 thereto, as part of the tax return in which such credits are claimed. Such
24 credits shall not be denied solely on the basis of the contents of the
25 information provided by the taxpayer pursuant to K.S.A. 2006 Supp. 79-
26 32,243, and amendments thereto.

27 (b) The secretary of revenue shall submit an annual report to the
28 legislature regarding utilization of the credits claimed pursuant to this act,
29 for purposes of evaluation. Such report shall be due during the legislative
30 session, commencing with the 2009 legislative session.

2010

31 New Sec. 13. The secretary of revenue may adopt such rules and
32 regulations as necessary to carry out the purposes of this act.

33 New Sec. 14. The provisions of this act shall be applicable to all tax-
34 able years commencing after December 31, 2006 and prior to January 1,
35 2012.

2007

2013

36 Sec. 15. K.S.A. 40-253a is hereby amended to read as follows: 40-
37 253a. For purposes of calculating any tax due under K.S.A. 40-253, and
38 amendments thereto, from a taxpayer not organized under the laws of
39 this state, the credits allowed pursuant to K.S.A. 40-2813, 74-50,132, 79-
40 32,153, 79-32,160, and 79-32,196, and the Kansas investment credit act
41 and the Kansas jobs credit act, and amendments thereto, shall be treated
42 as tax paid under K.S.A. 40-252, and amendments thereto.

insert Sec. 16 and Sec. 17 and renumber sections accordingly (see attachment)

74-50,132

43 Sec. 16. K.S.A. 74-8945 is hereby amended to read as follows: 74-

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1 8945. The establishment shall not be allowed credits pursuant to K.S.A.
2 ~~79-32,160a~~ *the Kansas investment credit act*, and amendments thereto,
3 for any amount of investment related to or computed on the basis of any
4 investment of the proceeds of obligations issued pursuant to this act.

5 Sec. 17. K.S.A. 2006 Supp. 79-32,111 is hereby amended to read as
6 follows: 79-32,111. ~~(a)~~ The amount of income tax paid to another state
7 by a resident individual, resident estate or resident trust on income de-
8 rived from sources in another state shall be allowed as a credit against
9 the tax computed under the provisions of this act. Such credit shall not
10 be greater in proportion to the tax computed under this act than the
11 adjusted gross income for such year derived in another state while such
12 taxpayer is a resident of this state is to the total Kansas adjusted gross
13 income of the taxpayer. As used in this subsection, state shall have the
14 meaning ascribed thereto by subsection (h) of K.S.A. 79-3271, and
15 amendments thereto. The credit allowable hereunder for income tax paid
16 to a foreign country or political subdivision thereof shall not exceed the
17 difference of such income tax paid less the credit allowable for such in-
18 come tax paid by the federal internal revenue code. No redetermination
19 of income tax paid for the purposes of determining the credit allowed by
20 this subsection shall be required for the taxable year for which an income
21 tax refund payment pursuant to the provisions of section 18 of article 10
22 of the Missouri constitution is made, but the income tax paid allowable
23 for credit in the next following taxable year shall be reduced by the
24 amount of such refund amount, except that, for tax year 1998, the income
25 tax paid allowable for credit shall be reduced by the amount of such
26 refunds made for all taxable years prior to tax year 1998.

27 ~~(b) There shall be allowed as a credit against the tax computed under~~
28 ~~the provisions of the Kansas income tax act, and acts amendatory thereof~~
29 ~~and supplemental thereto, on the Kansas taxable income of an individual,~~
30 ~~corporation or fiduciary the amount determined under the provisions of~~
31 ~~K.S.A. 79-32,153 to 79-32,158, and amendments thereto.~~

32 Sec. 18. K.S.A. 2006 Supp. 79-32,243 is hereby amended to read as
33 follows: 79-32,243. (a) For tax years commencing after December 31,
34 2005, any taxpayer claiming credits pursuant to K.S.A. 74-50,132, 79-
35 32,153 or 79-32,160a, and amendments thereto, *and the Kansas invest-*
36 *ment credit act and the Kansas jobs credit act, and amendments thereto,*
37 as a condition for claiming and qualifying for such credits, shall provide
38 the following information as part of the tax return, in which such credits
39 are claimed, which shall be used by the department of revenue in eval-
40 uating the effectiveness of such tax credit programs, pursuant to K.S.A.
41 2006 Supp. 74-99b35, and amendments thereto:

42 (1) Actual jobs created as a direct result of the expenditures on which
43 such credit claim is based, if the taxpayer has previously submitted an

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New Sec. 12. (a) Any opportunity zone job credit taxpayer who engages in new employment at least two new employees in the taxpayer's business operating in a designated opportunity zone in Kansas may be eligible for a period of no more than three calendar years to receive an amount not to exceed that opportunity zone job credit taxpayer's Kansas payroll withholding taxes for the three year period set forth in the agreement from the opportunity zone job credit taxpayer fund.

(b) A opportunity zone job credit taxpayer may apply to the secretary to enter into an agreement for benefits under this section. The application shall include: (1) Evidence that the applicant is an opportunity zone job credit taxpayer as defined in section 10, and amendments thereto, and (2) that the opportunity zone job credit taxpayer agrees to continuously employ the new employees described in subsection (a) for a period of at least three calendar years.

(c) Upon receipt of an application described in subsection (b), if the secretary finds that the application is from an opportunity zone job credit taxpayer, the secretary may enter into an agreement with the opportunity zone job credit taxpayer for benefits under this section. The agreement shall commit the secretary to request that for a period of no longer than three years, at the discretion of the secretary, from the date of the executed agreement, funds from the opportunity zone job credit taxpayer fund created in subsection (d) shall be transferred by the state treasurer to the opportunity zone job credit taxpayer. The agreement shall set forth the terms and conditions under which the secretary shall direct the state treasurer to transfer revenues in the opportunity zone job credit taxpayer fund to the opportunity zone job credit taxpayer. All of the opportunity zone job credit taxpayer's Kansas payroll withholding taxes shall be paid out. In the event the opportunity zone job credit taxpayer fails to comply with the terms and conditions set forth in the agreement, the agreement shall provide that the secretary may terminate the agreement, and the opportunity zone job credit taxpayer shall not be entitled to further distributions from the opportunity zone job credit taxpayer fund.

(d) The state treasurer shall credit all revenue collected or received from withholding upon Kansas wages paid by an opportunity zone job credit taxpayer, as certified by the secretary, to the opportunity zone job credit taxpayer fund, which fund is hereby created in the custody of the state treasurer, but which fund shall not be a part of the state treasury or the state general fund. Distributions from the fund shall not be subject to appropriation. Moneys credited to the opportunity zone job credit taxpayer fund in accordance with the foregoing provisions shall be distributed on the order of the secretary. The state treasurer shall make such distributions on such dates as mutually agreed to by the secretary and the state treasurer, serving as paying agent pursuant to the terms of the agreement. The total of all distributions under this section to an opportunity zone job credit taxpayer shall not exceed that opportunity zone job credit taxpayer's Kansas payroll withholding taxes for the three year period set forth in the agreement.

(e) The agreement between the opportunity zone job credit taxpayer and the secretary shall be entered into before any benefits may be provided under this section, and shall specify that should the opportunity zone job credit taxpayer fail to comply with the terms set forth in the agreement, the secretary may terminate the agreement, and the opportunity zone job credit taxpayer shall not be entitled to further distributions from the opportunity zone job credit taxpayer fund.

Sec. 16. K.S.A. 2006 Supp. 74-50,131 is hereby amended to read as follows: 74-50,131. Commencing after December 31, 1999: (a) As used in ~~[this act]~~ K.S.A. 74-50,132 and 74-50,133, and amendments thereto: (1) "Qualified firm" means a for-profit business establishment, subject to state income, sales or property taxes, identified under the standard industrial classification (SIC) codes as in effect July 1, 1993, major groups 20 through 39, major groups 40 through 51, and major groups 60 through 89; identified under the North American industry classification system (NAICS) as in effect on October 1, 2000, or is identified as a corporate or regional headquarters or back-office operation of a national or multi-national corporation regardless of SIC code or NAICS designation. The secretary of commerce shall determine eligibility when a difference exists between a firm's SIC code and NAICS designation. A business establishment may be assigned a standard industrial classification code or NAICS designation according to the primary business activity at a single physical location in the state.

(2) "Metropolitan county" means the county of Douglas, Johnson, Leavenworth, Sedgwick, Shawnee or Wyandotte.

(b) In the case of firms in major groups 40 through 51, and major groups 60 through 89 or the appropriate NAICS designation the business establishment must also demonstrate the following:

(1) More than 1/2 of its gross revenues are a result of sales to commercial or governmental customers outside the state of Kansas; or

(2) more than 1/2 of its gross revenues are a result of sales to Kansas manufacturing firms within major groups 20 through 39 or the appropriate NAICS designation; or

(3) more than 1/2 of its gross revenues are a result of a combination of sales described in (1) and (2).

(c) For purposes of determining whether one of the average wage options described in subsection (d) below is satisfied, business establishments located within a metropolitan county~~[as defined in K.S.A. 74-50,114, and amendments thereto,]~~ will be compared only to other businesses within that metropolitan county, and business establishments located outside of a metropolitan county will be compared to businesses within an aggregation of counties representing the business establishment's region of the state, which regional aggregation will exclude metropolitan counties. Such aggregation shall be determined by the department of commerce.

(d) Additionally, a business establishment having met the criteria as established in subsection (a) or (b), and using the comparison method described in subsection (c), must meet one of the following criteria:

(1) The establishment with 500 or fewer full-time equivalent employees will provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation.

(2) The establishment with 500 or fewer full-time equivalent employees is the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation which has 500 or fewer full-time equivalent employees.

(3) The establishment with more than 500 full-time equivalent employees will provide an average wage that is above the average wage paid by firms with more than 500 full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation.

(4) The establishment with more than 500 full-time equivalent employees is the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation which

has 500 or more full-time equivalent employees, in which event it shall either provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation, or be the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation.

(e) As an alternative to the requirements of subsections (c) and (d), a firm having met the requirements of subsections (a) or (b), may qualify, if excluding taxable disbursements to company owners, the business establishment's annual average wage must be greater than or equal to 1.5 times the aggregate average wage paid by industries covered by the employment security law based on data maintained by the secretary of labor.

(f) For the purposes of this section, the number of full-time equivalent employees shall be determined by dividing the number of hours worked by part-time employees during the pertinent measurement interval by an amount equal to the corresponding multiple of a 40-hour work week and adding the quotient to the number of full-time employees.

(g) The secretary of commerce shall certify annually to the secretary of revenue that a firm meets the criteria for a qualified firm and that the firm is eligible for the benefits and assistance provided under ~~[this act]~~ *K.S.A. 74-50,132 and 74-50,133, and amendments thereto*. The secretary of commerce is hereby authorized to obtain any and all information necessary to determine such eligibility. Information obtained under this section shall not be subject to disclosure pursuant to K.S.A. 45-215 *et seq.*, and amendments thereto, but shall upon request be made available to the legislative post audit division. The secretary of commerce shall publish rules and regulations for the implementation of this act. Such rules and regulations shall include, but not be limited to:

(1) A definition of "training and education" for purposes of K.S.A. 74-50,132 and amendments thereto.

(2) Establishment of eligibility requirements and application procedures for expenditures from the high performance incentive fund created in K.S.A. 74-50,133 and amendments thereto.

(3) Establishment of approval guidelines for private consultants authorized pursuant to K.S.A. 74-50,133 and amendments thereto.

(4) Establishment of guidelines for prioritizing business assistance programs pursuant to K.S.A. 74-50,133 and amendments thereto.

(5) A definition of "commercial customer" for the purpose of K.S.A. 74-50,133 and amendments thereto.

(6) A definition of "headquarters" for the purpose of K.S.A. 74-50,133 and amendments thereto.

(7) Establishment of guidelines concerning the use and disclosure of any information obtained to determine the eligibility of a firm for the assistance and benefits provided for by ~~[this act]~~ *K.S.A. 74-50,132 and 74-50,133, and amendments thereto*.

Sec. 17. K.S.A. 2006 Supp. 74-50,132 is hereby amended to read as follows: 74-50,132
(a) For taxable years commencing after December 31, 1997, a qualified firm shall be entitled to a credit against the tax imposed by the Kansas income tax act, the premium tax or privilege fee imposed pursuant to K.S.A. 40-252, and amendments thereto or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated in an amount equal to the portion of the qualified business facility cash investment in the training and education of the firm's employees that exceeds 2% of the firm's total payroll costs. The maximum amount of the credit that may be claimed by a single corporate taxpayer in any single tax year under this section shall not exceed \$50,000. Tax credits earned by a qualified business under this section must be claimed in their entirety in the tax year eligible.

(b) For tax years commencing after December 31, 2005, any taxpayer claiming credits pursuant to this section, as a condition for claiming and qualifying for such credits, shall provide information pursuant to K.S.A. 2006 Supp. 79-32,243, and amendments thereto, as part of the tax return in which such credits are claimed. Such credits shall not be denied solely on the basis of the contents of the information provided by the taxpayer pursuant to K.S.A. 2006 Supp. 79-32,243, and amendments thereto.

(c) For purposes of this section, training and education shall include verifiable computer based training.