Corrected
SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 565

As Amended by House Committee on
New Economy

Brief*

SB 565 would increase the statutory maximum on the percentage rate of individual income withholding taxes credited to funds within the Department of Commerce and Housing and used for debt service on bonds for the Investments in Major Projects and Comprehensive Training (IMPACT) Program. The bonds were issued to fund grants for training expenses for companies relocating to or expanding in Kansas. The current statutory maximum rate is 1.0 percent of individual income withholding taxes and is credited to funds for payment of the debt service. SB 565 would increase that maximum to 1.5 percent in Fiscal Year 2004 and to 2.0 percent in Fiscal Year 2006. The bill would also adjust the eligibility requirements for participation in the IMPACT program. Currently, companies must maintain a minimum of 1,000 retained jobs and make a minimum capital investment of $250,000,000. SB 565 would lower those minimums to 250 retained jobs and $50,000,000 in capital investment.

Background

The bill was introduced by the Senate Commerce Committee. Representatives of the Department of Commerce and Housing, Goodyear, and the Kansas Chambers of Commerce and Industry testified before the Committee in favor of the bill. There were no opponents appearing before the Committee.

The House Committee amended the bill to phase in the increase in the maximum rate of individual income tax withholding from the

*****Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at http://www.accesskansas.org/legislature/

current 1.0 percent to 1.5 percent in Fiscal Year 2004 and 2.0 percent in Fiscal Year 2006. The bill would originally have increased this amount to 2.0 percent immediately.

The most recent fiscal note provided by the Department of Revenue states that the passage of SB 565 would result in a reduction of $1.8 million in FY 2004 and $ 2.9 million in FY 2005 and thereafter. It is not clear whether the House Committee amendments would affect this fiscal note.