

SESSION OF 2002

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2988

As Amended by House Committee on
New Economy

Brief*

HB 2988, as amended, would allow Job Expansion and Investment Credits to be sold or otherwise transferred to a third party. The value of any credit which is transferred would be 50 percent of the original value of the credit. Under the bill, any amount paid in excess of the value of the credit would be deemed to be taxable income of the transferor, while any amount paid which is less than the value of the credit would be taxable income of the transferee.

Background

The House Committee held a hearing on HB 2988 at which time representatives of the Department of Commerce and Housing, the New Economy Council of Greater Kansas City, the Kansas Chamber of Commerce and Industry, the Kansas Economic Development Alliance, the Lenexa Chamber of Commerce, the Greater Topeka Chamber of Commerce, and the Regional Development Association of East Central Kansas testified in favor of the bill. Conferees told the Committee that making the tax credits transferable would be a helpful economic development tool and would benefit businesses that are unable to rapidly use incentives earned by providing businesses with a choice between cash value up-front or taking the credits over a period of years.

The House Committee's amendment to the bill was technical in nature.

The Division of the Budget reports that passage of HB 2988 would result in a State General Fund reduction of \$560,000 in FY 2003. Administrative costs associated with passage of the bill would range between \$85,200 and \$202,800, depending on whether the Department

*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.kslegislature.org/cgi-bin/fulltext/bills.cgi>

of Revenue used in-house or contract labor to administer the tax credits.