

SESSION OF 2002

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2989

As Amended by House Committee on
New Economy

Brief*

HB 2989, as amended, would modify the Job Expansion and Investment Credit Act. First, the bill would require that a taxpayer, in order to qualify for a Job Expansion and Investment Credit, must make an investment greater than the average investment made over the previous five tax years, or the entire period of commercial operation for those taxpayers that have not been in business for five years.

Second, the bill would provide that no taxpayer would be subject to audit, penalty, or interest for underpayment of tax due to failure to properly calculate the value of an investment by deducting the value of any existing equipment owned by the taxpayer.

Finally, the provisions of the bill would be retroactive to tax year 1993.

Background

The House Committee held a hearing on HB 2989, at which time representatives of the Department of Commerce and Housing, the Kansas Chamber of Commerce and Industry, the Kansas Economic Development Alliance, the Greater Topeka Chamber of Commerce, the Lenexa Chamber of Commerce, the Regional Development Association of East Central Kansas, and the Goodyear Tire and Rubber Company testified in support of the bill. In response to a request by conferees, the House Committee added a provision to allow averaging for the entire period of commercial operation for those taxpayers that have not been in business for five years. The House Committee also amended the bill

*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>

to include the “hold-harmless” language as well as the provision making the bill retroactive to tax year 1993.

The Division of the Budget reported that it did not have sufficient information to estimate the fiscal impact of passage of HB 2989 at the time of the hearing.