

*Corrected*  
*SESSION OF 2002*

## **SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2990**

As Recommended by House Committee on  
New Economy

### **Brief\***

HB 2990 would amend the Job Expansion and Investment Credit Act as it pertains to multi-year projects. Under the bill, if a taxpayer demonstrates to the satisfaction of the Secretary of Commerce and Housing that employees have been hired or investments have been made as part of a planned, multi-year expansion, the Secretary could authorize the taxpayer to claim a credit for the investment or employees during any taxable year of the multi-year expansion.

### **Background**

The House Committee held a hearing on HB 2990, at which time representatives of the Department of Commerce and Housing, the Kansas Chamber of Commerce and Industry, 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 noted that taxpayers receiving Job Expansion and Investment Credits based on planned multi-year projects are not able to receive the full advantage of the credits. Whereas current statute allows both job creation and investment tax credits to be claimed in the year a capital investment is placed in service using the pre-project status as the base measurement, if the construction and development phase of the project exceeds one year, a portion of the investment made in the earlier tax year may be lost for tax credit purposes, depending upon the calendar date when it is placed in service.

The Division of the Budget reports that the passage of HB 2990 could result in a State General Fund reduction of \$1.42 million in FY 2003 due to an increase in tax credits claimed. The fiscal note

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\*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>

indicates that there would be no administrative costs associated with passage of the bill.