SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2505

As Amended by House Committee on
Assessment and Taxation

Brief*

HB 2505 would amend the Emerging Industry Investment Act to change the definition of base year taxation. Current law defines base year taxation as 2003 state taxes payable by biosciences companies and state universities and withholding taxes paid by their employees. Under the provisions of the bill, the definition would be amended to comprise 95 percent of the 2003 state withholding taxes paid by the entities' employees. Additional language would allow for base year taxation to be adjusted in future years to account for the addition of new companies and those that may have been inadvertently omitted from the original determination.

The definition of bioscience company would be expanded to include those with sales, services, or distribution directed towards developing bioscience products or processes, but would specifically not include entities engaged in distributing or selling pharmaceuticals or other bioscience products. New language would require the Secretary of Revenue and the Bioscience Authority to jointly determine eligibility based on verifiable evidence, including whether the company falls under certain specific bioscience industry codes. All companies designated under the specific codes would be presumed to qualify unless a joint determination would find otherwise.

Finally, the maximum amount of funds that could be diverted from the SGF to the BDIF over the next 15 years would be limited to $581.5 million.

Background

Proponents included the Kansas Bioscience Authority and the Kansas Technology Enterprise Corporation. The amendments were suggested by the Department of Revenue.

No fiscal note was available at the time the bill was heard.