

SESSION OF 2006

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 3017

As Amended by House Committee of the Whole

Brief*

HB 3017 would authorize three tax credits and establish the Ethical Research Act. Specifically, the bill would:

- Provide, for tax years 2006-2008, an income tax credit to an employer who employs a member of the Kansas army and air national guard or a Kansas unit of the United States Reserve under certain circumstances. The income tax credit would be:
 - Available to an employer who employs a member of the Kansas Army and Air National Guard or a member of a Kansas unit of the Reserved Forces of the United States if:
 - The employee was federally activated and deployed on or after August 7, 1990;
 - The employer did not employ the individual prior to this activation and deployment; and
 - The employee was unemployed at the time of employment.
 - In an amount equal to 25 percent of the employee's salary or compensation during the taxable year.
 - The credit is allowed for only one year for each employee for which the credit is claimed;
 - The credit is limited to \$7,000 per employee;
 - The credit cannot exceed the amount of Kansas income tax reduced by any other allowed credits;
 - If the credit amount exceeds the tax liability, the excess credit amount may be carried forward until the total credit amount is used.

*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>

- Establish the Ethical Research Act. The Act would:
 - Create the Pluripotent Non-embryonic Adult Stem Cell Research (PNASCR) Fund and the Kansas Umbilical Cord Bank Fund, the moneys contained in each of which shall belong to the Kansas Bioscience Authority (Authority).
 - The bill would define “pluripotent” to mean the ability to form most or all adult body tissues.
 - Permit the Authority to accept gifts, grants or donations to credit to the PNASCR Fund, and accept similar contributions to the Kansas Umbilical Cord Bank Fund. A contribution to either fund would qualify for an income tax credit.
 - Money in the PNASCR Fund could be used only to help enable qualified companies undertake successful and ethical bioscience research and for development grants in Kansas. The development grants must be awarded by the Authority based on guidelines adopted by the Authority’s board of directors.
 - Money in the Kansas Umbilical Cord Bank Fund could be used only for grants to help establish or expand private umbilical cord bank organizations. The Authority’s board of directors would be required to adopt guidelines for awarding the grants. The guidelines must include the requirements that an applicant bank gather, collect and preserve umbilical cords and placentas only from live births and that umbilical cords be distributed primarily to recipients who are unrelated to the donor.
 - Fund contributors, who may be anonymous, would be allowed an income tax credit equal to 50 percent of the contribution amount. If the tax credit amount exceeds the taxpayer’s income tax liability for the taxable year, the residual amount may be carried forward until the total tax credit amount has been taken.

Background

Representative Mario Goico was the principal proponent of the original bill. No opposing testimony was received.

The House Committee on Taxation amended the bill to:

- Place a \$7,000 cap on the tax credit;
- Limit the time period for which the credit can be claimed to one year. (The original bill allowed an employer to claim the credit for five years.)
- Add the three-year sunset provision.

The House Committee of the Whole amended the bill to add the Ethical Research Act, which would establish two Kansas Bioscience Authority funds and authorize tax credits for contributors to each of the funds.

According to a fiscal impact estimate on the original bill by the Kansas Department of Revenue, passage of the bill is expected to result in a \$1.4 million reduction of state revenues in FY 2007.