

SESSION OF 2008

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 525**

As Recommended by Senate Committee on  
Commerce

**Brief\***

SB 525 deals with the Kansas Investments in Major Projects and Comprehensive Training (IMPACT) program administered by the Department of Commerce. The bill would abolish restrictions on the maximum amount of IMPACT awards per project. Instead, the bill would require the Department to spend at least 15 percent of IMPACT funds on rural projects and an additional 20 percent on small businesses.

The bill also would alter IMPACT's funding. Currently, 2 percent of all state withholding taxes are set aside for the program. After each fiscal year, any amount not used by the program remains in the State General Fund. The bill would amend this provision to allow the unused amounts to remain with the IMPACT program until they are needed.

**Background**

At the hearing before the Senate Committee on Commerce, the bill was supported by representatives from the Department of Commerce, Kansas Chamber of Commerce, and the Chambers of Commerce for Topeka, Lenexa, Overland Park and Wichita. Conferees testified the bill would allow the Department to be more flexible in offering economic development incentives, which would make Kansas more competitive with other states.

---

\*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>

The fiscal note prepared by the Division of Budget indicates the bill would decrease income tax revenue to the State General Fund by \$24.2 million in FY 2009 by allowing IMPACT to receive the full 2 percent of withholding taxes.