

## Substitute for SENATE BILL No. 202

By Committee on Assessment and Taxation

3-26

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1 AN ACT concerning taxation; relating to a sales tax project exemption for  
2 certain agricultural production firms; amending K.S.A. 2012 Supp. 74-  
3 50,115 and repealing the existing section.  
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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2012 Supp. 74-50,115 is hereby amended to read as  
7 follows: 74-50,115. (a) A manufacturing business may be eligible for a  
8 sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-  
9 3606, and amendments thereto, if the manufacturing business complies  
10 with the following requirements:

11 (1) A manufacturing business shall provide documented evidence of  
12 job expansion involving the employment of at least two additional full-  
13 time employees; and

14 (2) a manufacturing business located within the state of Kansas that  
15 has documented evidence of job expansion as provided in paragraph (1),  
16 which relocates in another city or county within the state of Kansas must  
17 receive approval from the secretary prior to qualifying for the sales tax  
18 exemption in subsection (cc) of K.S.A. 79-3606, and amendments thereto,  
19 except that approval by the secretary shall not be required if the  
20 manufacturing business relocates within the same city.

21 (b) A nonmanufacturing business may be eligible for a sales tax  
22 exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and  
23 amendments thereto, if the nonmanufacturing business complies with the  
24 following requirements:

25 (1) A nonmanufacturing business shall provide documented evidence  
26 of job expansion involving the employment of at least five additional full-  
27 time employees; and

28 (2) a nonmanufacturing business located within the state of Kansas  
29 that has documented evidence of job expansion as provided in paragraph  
30 (1), which relocates in another city or county within the state of Kansas  
31 must receive approval from the secretary prior to qualifying for the sales  
32 tax exemption in subsection (cc) of K.S.A. 79-3606, and amendments  
33 thereto, except that approval by the secretary shall not be required if the  
34 nonmanufacturing business relocates within the same city.

35 (c) A retail business may qualify for the sales tax exemption under  
36 subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the retail

1 business complies with the following requirements:

2 (1) A retail business shall provide documented evidence of job  
3 expansion involving the employment of at least two additional full-time  
4 employees; and

5 (2) (A) such retail business locates or expands to a city having a  
6 population of 2,500 or less, as determined by the latest Kansas division of  
7 budget revised population numbers that are certified to the secretary of  
8 state, or (B) such retail business locates or expands to a location outside a  
9 city in a county having a population of 10,000 or less, as determined by  
10 the latest Kansas division of budget revised population numbers that are  
11 certified to the secretary of state.

12 (d) Any person constructing, reconstructing, remodeling or enlarging  
13 a facility which will be leased in whole or in part for a period of five years  
14 or more, or commencing on the effective date of this act and ending on  
15 April 1, 2007, any person constructing, reconstructing, remodeling or  
16 enlarging a facility located within Saline county which title of such facility  
17 will be conveyed, to a business that would be eligible for a sales tax  
18 exemption hereunder if such business had constructed, reconstructed,  
19 enlarged or remodeled such facility or portion thereof itself shall be  
20 entitled to the sales tax exemption under the provisions of subsection (cc)  
21 of K.S.A. 79-3606, and amendments thereto. When such person leases less  
22 than the total facility to an eligible business, a project exemption  
23 certificate may be granted on: (1) The total cost of constructing,  
24 reconstructing, remodeling or enlarging, the facility multiplied by a  
25 fraction given by dividing the number of leased square feet eligible for the  
26 sales tax exemption by the total square feet being constructed,  
27 reconstructed, remodeled or enlarged; or (2) the actual cost of  
28 constructing, reconstructing, remodeling or enlarging that portion of the  
29 facility to be occupied by the eligible business, as the person may elect.

30 ~~(e) A business may qualify for a sales tax exemption under subsection~~  
31 ~~(ee) of K.S.A. 79-3606, and amendments thereto, without regard to any of~~  
32 ~~the foregoing requirements of this section if it is certified as a qualified~~  
33 ~~firm by the secretary of commerce pursuant to K.S.A. 74-50,131, and~~  
34 ~~amendments thereto, and is entitled to the corporate tax credit established~~  
35 ~~in K.S.A. 74-50,132, and amendments thereto, or has received written~~  
36 ~~approval for participation and has participated, during the tax year in~~  
37 ~~which the exemption is claimed, in training assistance by the department~~  
38 ~~of commerce under the Kansas industrial training, Kansas industrial~~  
39 ~~retraining or state of Kansas investments in lifelong learning program.~~  
40 *A business may qualify for a sales tax exemption under subsection (cc) of*  
41 *K.S.A. 79-3606, and amendments thereto, without regard to any of the*  
42 *foregoing requirements of this section if:*

43 (1) *The business is certified as a qualified firm by the secretary of*

1 *commerce pursuant to K.S.A. 74-50,131, and amendments thereto, and is*  
2 *entitled to the corporate tax credit established in K.S.A. 74-50,132, and*  
3 *amendments thereto, or has received written approval for participation*  
4 *and has participated, during the tax year in which the exemption is*  
5 *claimed, in training assistance by the department of commerce under the*  
6 *Kansas industrial training, Kansas industrial retraining or state of Kansas*  
7 *investments in lifelong learning program; or*

8 *(2) the business, after April 1, 2013, is certified by the secretary:*

9 *(A) As a for-profit business establishment, subject to state income,*  
10 *sales, or property taxes, and identified under the North American industry*  
11 *classification system (NAICS) subsectors 1123, 1124, 112112, 112120 or*  
12 *112210; and*

13 *(B) to have filed a certificate of intent, on a form designated by the*  
14 *secretary, to invest in a construction, reconstruction, enlarging or*  
15 *remodeling project that will have an actual total cost equal to or greater*  
16 *than \$50,000.*

17 *(f) The secretary may adopt rules and regulations to implement and*  
18 *administer the provisions of this section.*

19 *Sec. 2. K.S.A. 2012 Supp. 74-50,115 is hereby repealed.*

20 *Sec. 3. This act shall take effect and be in force from and after its*  
21 *publication in the statute book.*