

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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To: Senate Committee on Commerce

From: Kathie Sparks, Principal Analyst

Re: Kansas Enterprise Zone Act

The Kansas Enterprise Zone Act links tax benefits to the type of business meeting certain qualifications. The Enterprise Zones were eliminated in 1992. What remains is the following:

Jobs Criteria/Definitions	Metropolitan Counties or Non-Designated Counties	Designated Non-Metropolitan Regions
A manufacturing business is defined as any commercial enterprise identified under Standard Industrial Classification Codes, and must create a minimum of 2 net new jobs.	<ul style="list-style-type: none"> ○ Sales Tax Exemption ○ Job Creation Tax Credit – \$1,500 per net new job. ○ Investment Tax Credit – \$1,000 per \$100,000 of qualified business facility investment. 	<ul style="list-style-type: none"> ○ Sales Tax Exemption ○ Job Creation Tax Credit – \$2,500 per net new job. ○ Investment Tax Credit – \$1,000 per \$100,000 of qualified business facility investment.
A nonmanufacturing business is defined as any commercial enterprise other than a manufacturing or retail business that creates a minimum of 5 net new jobs. This category also includes business headquarters and ancillary support of an enterprise if the facility creates at least 20 new full-time positions.	<ul style="list-style-type: none"> ○ Sales Tax Exemption ○ Job Creation Tax Credit – \$1,500 per net new job. ○ Investment Tax Credit – \$1,000 per \$100,000 of qualified business facility investment. 	<ul style="list-style-type: none"> ○ Sales Tax Exemption ○ Job Creation Tax Credit – \$2,500 per net new job. ○ Investment Tax Credit – \$1,000 per \$100,000 of qualified business facility investment.
A retail business is defined as any business providing goods or services taxable under the Kansas Retailers' Sales Tax Act; any professional service provider; any bank, savings and loan, or lending institution; any commercial enterprise whose primary business activity includes the sale of insurance; any commercial enterprise deriving its revenues directly from noncommercial customers in exchange for personal services. Retail businesses must create a minimum of 2 net new jobs.	<p>Sales Tax Exemption</p> <p>Available for retail businesses located in a city of less than 2,500 population, or in the unincorporated county area of a county less than 10,000 population.</p> <ul style="list-style-type: none"> ○ Job Creation Tax Credit – \$100 per year for 10 years for each net new job created. ○ Investment Tax Credit – \$100 per year for 10 years for each \$100,000 in qualified business investment. 	<p>Sales Tax Exemption</p> <p>Available for retail businesses located in a city of less than 2,500 population, or in the unincorporated county area of a county less than 10,000 population.</p> <ul style="list-style-type: none"> ○ Job Creation Tax Credit – \$100 per year for 10 years for each net new job created. ○ Investment Tax Credit – \$100 per year for 10 years for each \$100,000 in qualified business investment.