

HOUSE BILL No. 2416

By Committee on Taxation

3-30

1 AN ACT concerning income taxation; relating to credits; certain purchases
2 of goods and services from qualified vendors that provide employment
3 to individuals who are blind or severely disabled; qualifications,
4 procedures and limitations.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. (a) For tax ~~year years 2017~~ **{2018}** ~~and all tax years~~
8 ~~thereafter through 2021~~ **{2022}**, a credit shall be allowed against the tax
9 imposed by the Kansas income tax act in an amount equal to 15% of the
10 amount for expenditures of goods and services purchased by the taxpayer
11 from a qualified vendor on and after January 1, ~~2017~~**{2018}**, **and before**
12 **January 1, 2022{2023}**, as certified by the secretary of commerce as
13 provided in subsection (c). The amount of such credit awarded for each
14 taxpayer shall not exceed \$500,000 per qualified vendor per tax year. **In**
15 **no event shall the total amount of cumulative credits allowed under**
16 **this section exceed \$5,000,000 for all tax years that the credit remains**
17 **in effect.**

18 (b) The tax credit allowed by this section shall be deducted from the
19 taxpayer's income tax liability for the tax year in which the expenditures
20 were made by the taxpayer. If the amount of such tax credit exceeds the
21 taxpayer's income tax liability for such tax year, the taxpayer may carry
22 over the amount that exceeds such tax liability for deduction from the
23 taxpayer's liability in the next succeeding tax year or years until the total
24 amount of the tax credit has been deducted from tax liability, except that
25 no such tax credit shall be carried over for deduction after the fourth tax
26 year succeeding the tax year in which the expenditures were incurred.

27 (c) The secretary of commerce shall annually certify that
28 expenditures for goods and services purchased by a taxpayer subject to the
29 tax credit provided in this section were made from a qualified vendor, and
30 provide such certification to the secretary of revenue. The secretary of
31 commerce is hereby authorized to promulgate rules and regulations for
32 establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and
33 amendments thereto, for evaluating whether purchases by taxpayers from a
34 qualified vendor should be certified as provided in this section, with the

1 assistance and approval of the secretary of revenue.

2 (d) As used in this section:

3 (1) "Certified business" means any business certified by the
4 department of administration that is a sole proprietorship, partnership,
5 association or corporation domiciled in Kansas, or any corporation, even if
6 a wholly owned subsidiary of a foreign corporation, that:

7 (A) Does business primarily in Kansas or substantially all of its
8 production in Kansas;

9 (B) employs at least ~~10%~~ **30%** of its employees who are individuals
10 with disabilities and reside in Kansas;

11 (C) offers to contribute at least 75% of the premium cost for
12 individual health insurance coverage for each employee. The department
13 of administration shall require a certification of these facts; and

14 (D) does not employ individuals under a certificate issued by the
15 United States secretary of labor under 29 U.S.C. § 214(c);

16 (2) "individuals with disabilities" or "individual with a disability"
17 means any individual who:

18 (A) Is certified by the Kansas department for aging and disability
19 services or by the Kansas department for children and families which
20 administers the rehabilitation services program as having a physical or
21 mental impairment which constitutes a substantial barrier to employment;

22 (B) works a minimum number of hours per week for a certified
23 business necessary to qualify for health insurance coverage offered
24 pursuant to subsection (d)(1); and

25 (C) (i) is receiving services, has received services or is eligible to
26 receive services under a home and community based services program, as
27 defined by K.S.A. 39-7,100, and amendments thereto;

28 (ii) is employed by a charitable organization domiciled in the state of
29 Kansas and exempt from federal income taxation pursuant to section
30 501(c)(3) of the federal internal revenue code of 1986, as amended; or

31 (iii) is an individual with a disability pursuant to the disability
32 standards established by the social security administration as determined
33 by the Kansas disability determination services under the Kansas
34 department for children and families; and

35 (3) "qualified vendor" means an entity that:

36 (A) Is a "qualified vendor" pursuant to K.S.A. 75-3317, and
37 amendments thereto, or is a "certified business" that is also a nonprofit
38 organization pursuant to K.S.A. 75-3740, and amendments thereto;

39 (B) pays minimum wage or above to all their employees in a manner
40 that meets the definition of "competitive employment" pursuant to K.S.A.
41 44-1136, and amendments thereto;

42 (C) meets the definition of employing all of their workers in an
43 "integrated setting" pursuant to K.S.A. 44-1136, and amendments thereto;

1 and

2 (D) offers a qualified company-sponsored insurance plan under the
3 affordable care act or pays the required subsidy to the internal revenue
4 service for employees who purchase insurance through the open market, if
5 a company-sponsored plan is not offered. If any such company is not
6 covered under the affordable care act, and does not offer a company-
7 sponsored insurance plan, such company must offer assistance to the
8 employee to cover at least 75% of their health insurance costs through a
9 health savings account or other legal and appropriate methodology.

10 **(e) The secretary of revenue shall report to the house committee**
11 **on taxation and the senate committee on assessment and taxation on**
12 **or before February 1, ~~2019, 2020~~ and ~~{,}~~ 2021, {and 2022} concerning**
13 **the implementation and effectiveness of the credit provided in this**
14 **section.**

15 Sec. 2. This act shall take effect and be in force from and after its
16 publication in the statute book.