

SESSION OF 2018

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2416

As Amended by House Committee of the Whole

Brief*

HB 2416, as amended, would enact a new income tax credit for tax years 2018-2022 equivalent to 15 percent of expenditures on goods and services purchased from qualified vendors or non-profit certified businesses providing a certain level of health insurance benefits and having at least 30 percent of their employees be resident Kansans with disabilities. The amount of the credit would be capped at \$500,000 for each qualified vendor each tax year, and the total amount of cumulative credits allowed for the life of the program would be capped at \$5 million.

The Secretary of Commerce would be required to certify annually the qualified expenditures eligible for the tax credit and provide the amount to the Secretary of Revenue.

The tax credits would be nonrefundable, but unused credits could be carried forward for up to four years and applied against the liability of future tax years.

The Secretary of Revenue also would be required to make an annual report to the standing taxation committees on the implementation and effectiveness of the tax credit program.

Background

In the House Committee on Taxation hearing on April 4, 2017, a number of advocates for people with disabilities

*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>

appeared in support of the tax credit, including representatives of the Cerebral Palsy Research Foundation and Interhab.

The House Committee amended the bill on May 11, 2017, with amendments proposed by Representative Mason and developed after his meetings with various stakeholders. Those amendments included provisions that would have sunset the program after tax year 2021, provide a cumulative cap of \$5 million in credits, set the minimum threshold of disabled employees for qualifying businesses at 30 percent, and require the annual report by the Secretary of Revenue.

The version of the bill approved by the House Committee on Taxation during the 2017 Session would have provided the credits for tax years 2017-2021. On March 6, 2018, the House Committee of the Whole amended the bill to make the credits applicable for tax years 2018-2022.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates State General Fund receipts could be reduced by about \$900,000 annually.