

HOUSE BILL No. 2416

By Committee on Taxation

4-4

1 AN ACT concerning income taxation; relating to credits; creating the  
2 Kansas targeted employment act.

3  
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. The provisions of sections 1 through 4, and amendments  
6 thereto, shall be known and may be cited as the Kansas targeted  
7 employment act. The purpose of this act shall be to: (a) Decrease the  
8 reliance upon the medicaid program and other sources of state  
9 government-funded subsidies for persons who are primarily reliant upon  
10 these sources of funding for their sustenance by incentivizing employers to  
11 employ such persons in Kansas and decrease the reliance and associated  
12 costs to taxpayers to fund governmental programs; and (b) reallocate some  
13 of the tax dollars that employers would typically pay to the state  
14 government of Kansas to employers to incentivize the employers to  
15 specifically hire people who are reliant upon the medicaid program and  
16 other state government-funded subsidies for their sustenance.

17 Sec. 2. As used in this act: (a) "Competitive employment" means  
18 work: (1) In a competitive labor market that is performed on a full-time or  
19 part-time basis in an integrated setting; and (2) for which a person is  
20 compensated at or above the minimum wage, but not less than the  
21 customary wage and the level of benefits paid by the employer for the  
22 same or similar work performed by persons who are not disabled.

23 (b) "Community service provider" ~~for~~ "CSP" means an association or  
24 organization licensed by the Kansas department for aging and disability  
25 services whose purpose is to provide support and services, relating to the  
26 ability to live and to work in the community, to persons who, without such  
27 support and services, would be unable or would have significant difficulty  
28 maintaining employment or living in the community. ~~The definition of~~  
29 ~~"CSP" applies to school districts who assist students to find and maintain~~  
30 ~~employment.~~

31 (c) "Earned income" means compensation paid to a Kansas employee  
32 for competitive employment that is equal or greater to the minimum wage  
33 and is performed in an integrated setting.

34 (d) "Eligible individual" means a tax subsidy-reliant individual who  
35 is employed by an employer in an integrated setting.

36 (e) "Intellectual disability" shall have the same meaning as defined in

Proposed Amendments for HB 2515  
House Committee on Commerce Labor and  
Economic Development  
Representative Finch  
February 6, 2020  
Prepared by Chuck Reimer  
Office of Revisor of Statutes

"Community service provider" also includes other governmental agencies that support or that elect to support eligible individuals with job placement and job preservation supports including, but not limited to, school districts, community mental health centers and vocational rehabilitation contractors

1 K.S.A. 38-1803, and amendments thereto.

2 (F) "Integrated setting" means a place of employment that is typically  
3 found in the community in which people with disabilities are able to  
4 interact with non-disabled individuals, to the extent that non-disabled  
5 individuals in comparable positions interact with other non-disabled  
6 individuals.

7 (G) ~~"Sheltered workshop" means work centers that provide vocational-~~  
8 ~~training and paid work opportunities for people who have intellectual-~~  
9 ~~disabilities.]~~

10 (h) "Targeted employment business" means those employers  
11 employing individuals in competitive employment in an integrated setting  
12 and who are authorized to do business in Kansas. In order to qualify as a  
13 "targeted employment business," the employer must pay earned income for  
14 at least 2080 hours to an eligible employee in a calendar year. "Targeted  
15 employment business" does not include a community service provider or a  
16 ~~sheltered workshop.~~

17 (i) "Tax subsidy reliant individual" means an eligible individual who  
18 relies upon any form of unearned income received from the state of  
19 Kansas.

20 (j) "Unearned income" means income that is not compensation for  
21 employment, but is received from either state or federal government  
22 sources for which the recipient is eligible on the basis of financial need.

*And by redesignating subsections, paragraphs, subparagraphs and  
clauses accordingly*

23 **2020**

24 **or a taxpayer outsourcing work to a**  
25 **targeted employment business**

26 the Kansas income tax act, the privilege tax imposed upon any national  
27 banking association, state bank, trust company or savings and loan  
28 association pursuant to article 11 of chapter 79 of the Kansas Statutes  
29 Annotated, and amendments thereto, or the premiums tax and privilege  
30 fees imposed upon an insurance company pursuant to K.S.A. 40-252, and  
31 amendments thereto, for every hour that an eligible employee, or  
32 combination of eligible employees, who is employed at least 2080 hours in  
33 a calendar year in a targeted employment business and receives earned  
34 income as compensation. The credit shall only apply to total hours worked  
35 and not for any compensation for leave paid to the eligible employee. The  
36 credit shall be \$4 per hour and shall be increased to \$6 per hour if the  
37 targeted employment business employs an eligible employee in a job that  
38 has been relocated from another country. The credit shall not be refundable  
39 and may not be carried forward. For any eligible individual who receives  
40 support or services from a community service provider through home and  
41 community-based funding as provided by medicaid, such eligible  
42 individual may choose to have support or services provided as needed at  
43 the individual's worksite to help the individual maintain employment.

**or other job preservation services**

*And by remembering remaining sections accordingly*

1 ~~Sec. 4. A community service provider that operates a sheltered~~  
2 ~~workshop as a way to provide employment to individuals with intellectual~~  
3 ~~or developmental disabilities shall have the option to convert from a~~  
4 ~~sheltered workshop to a targeted employment business if the community~~  
5 ~~service provider fulfills all of the requirements of this act.~~  
6 ~~Sec. 5. Participation in this act by any community service provider or~~  
7 ~~school district is optional.]~~  
8 Sec. 6. (a) Any targeted employment business seeking to qualify for  
9 the tax credit pursuant to section 3, and amendments thereto, shall provide  
10 to the department of revenue the names of each eligible employee and the  
11 number of hours worked by each eligible employee.  
12 (b) The secretary of revenue is hereby authorized to adopt such rules  
13 and regulations as may be necessary for the administration of the  
14 provisions of the Kansas targeted employment act.  
15 Sec. 7. This act shall take effect and be in force from and after its  
16 publication in the statute book.