

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2044

As Recommended by House Committee on
Commerce, Labor and Economic Development

Brief*

HB 2044 would enact a new income tax credit for tax years 2019 through 2023 equivalent to 15.0 percent of expenditures on goods and services purchased from “qualified vendors” or non-profit “certified businesses,” as those terms would be defined by the bill, that provide a certain level of health insurance benefits and have at least 30.0 percent of their employees be resident Kansans with disabilities. The amount of the credit would be capped at \$500,000 per each qualified vendor each tax year, and the total amount of cumulative credits allowed for the life of the program would be capped at \$5.0 million. 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 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 Secretary of Revenue would be required to make an annual report to the standing taxation committees on the implementation and effectiveness of the tax credit program.

*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>

Background

The bill was introduced by the House Committee on Commerce, Labor and Economic Development (House Committee) at the request of Representative Mason.

In the House Committee hearing on January 30, 2019, Representative Mason, a representative of the Wichita Regional Chamber of Commerce, and a number of advocates for people with disabilities appeared in support of the bill, including representatives of the Cerebral Palsy Research Foundation and Interhab, who said the tax credit would increase demand for goods and services provided by businesses that employ disabled persons. Written-only testimony in support of the bill was provided by Senator Petersen and various service providers, including Envision, OCCK, Starkey, and TARC.

No opponent or neutral testimony was provided.

The House Committee recommended the bill be placed on the consent calendar.

According to the fiscal note prepared by the Division of the Budget, in consultation with the Departments of Administration, Commerce, and Revenue, the bill, as introduced, could reduce revenues to the State General Fund (SGF) by \$1.7 million in FY 2020, and expenditures could increase by \$887,370 from the SGF. The expenditures would include \$845,245 for the Department of Revenue to implement the bill and modify the automated tax system and \$42,125 and a 0.5 full-time equivalent position for the Department of Commerce to administer the bill. The Office of Procurement within the Department of Administration indicates the bill could have a fiscal effect if the Department of Commerce requests data about qualified vendors. Any fiscal effect associated with the bill is not reflected in *The FY 2020 Governor's Budget Report*.