

HOUSE BILL No. 2219

By Committee on Commerce, Labor and Economic Development

2-3

1 AN ACT concerning income taxation; relating to credits; establishing a tax
2 credit to incentivize employers to employ persons with developmental
3 disabilities; creating the Kansas targeted employment act.
4

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

6 Section 1. The provisions of sections 1 through 6, and amendments
7 thereto, shall be known and may be cited as the Kansas targeted
8 employment act. The purpose of this act shall be to incentivize employers
9 to employ persons with developmental disabilities in Kansas and decrease
10 the reliance and associated costs to taxpayers to fund governmental
11 programs.

12 Sec. 2. As used in this act:

13 (a) "Competitive integrated employment" has the meaning as
14 provided in the workforce innovation and opportunity act, 29 U.S.C. §
15 3101 et seq., as defined in 29 U.S.C. § 3102, 34 C.F.R. § 361.5 and 29
16 U.S.C. § 705.

17 (b) "Community service provider" means an association or
18 organization licensed by the Kansas department for aging and disability
19 services whose purpose is to provide support and services, relating to the
20 ability to live and to work in the community, to persons who, without such
21 support and services, would be unable or would have significant difficulty
22 maintaining employment or living in the community. "Community service
23 provider" also includes other governmental agencies that support or that
24 elect to support eligible individuals with job placement and job
25 preservation supports including, but not limited to, school districts,
26 community mental health centers and vocational rehabilitation contractors.

27 (c) "Earned income" means compensation paid to a Kansas employee
28 for competitive integrated employment that is equal or greater to ~~the~~
29 the minimum wage and is performed in a competitive integrated setting.

30 (d) "Eligible individual" means an individual, including a high school
31 student, who is employed by an employer in a competitive integrated
32 setting, has a developmental disability that has been documented as
33 required by the secretary for aging and disability services and who has
34 agreed to provide the secretary for aging and disability services, or the
35 secretary's designee, information required by the secretary pursuant to the
36 Kansas targeted employment act, or to permit the secretary of revenue to

TECHNICAL AMENDMENT 2/17/2022

Committee on Commerce

Changes to dates and other technical changes

Prepared by Charles Reimer

Office of Revisor of Statutes

than

1 provide such information to the secretary for aging and disability services.

2 (e) "Developmental disability" means the same as defined in K.S.A.
3 39-1803, and amendments thereto.

4 (f) "Targeted employment business" means those employers
5 employing eligible individuals in competitive integrated employment in a
6 competitive integrated setting and who are authorized to do business in
7 Kansas. In order to qualify as a "targeted employment business," the
8 employer must pay earned income to an eligible individual in a calendar
9 year. "Targeted employment business" does not include a community
10 service provider.

11 Sec. 3. For tax years ~~2021~~ through ~~2026~~, a credit shall be allowed
12 against the income, privilege or premium tax liability imposed upon a
13 taxpayer qualifying as a targeted employment business or a taxpayer
14 outsourcing work to a targeted employment business pursuant to the
15 Kansas income tax act, the privilege tax imposed upon any national
16 banking association, state bank, trust company or savings and loan
17 association pursuant to article 11 of chapter 79 of the Kansas Statutes
18 Annotated, and amendments thereto, or the premiums tax and privilege
19 fees imposed upon an insurance company pursuant to K.S.A. 40-252, and
20 amendments thereto, for every hour that an eligible individual is employed
21 in a calendar year in a targeted employment business and receives earned
22 income as compensation. The credit shall only apply to wages for hours
23 worked and not for any compensation for leave paid to the eligible
24 individual. The credit shall be 50% of the wages paid to the eligible
25 individual on an hourly basis, up to a maximum credit of \$7.50 per hour.
26 For the purpose of calculating the tax credit, the wage rate used shall not
27 be more than a reasonable or ~~typical~~ market wage rate for a similar job.
28 The credit shall not be refundable and shall not be carried forward. For any
29 employed eligible individual who receives support or services from a
30 community service provider, such eligible individual may choose to have
31 support or services provided as needed at the individual's worksite to help
32 the individual maintain employment. The maximum amount of all tax
33 credits allowed in each tax year under the Kansas targeted employment act
34 shall be \$5,000,000.

Change dates to 2022 and 2027

usual and customary

35 Sec. 4. (a) Any targeted employment business seeking to qualify for a
36 tax credit pursuant to section 3, and amendments thereto, shall provide to
37 the secretary of revenue the names of each eligible individual employed
38 and the wage rate per hour, hours worked and gross wages paid, minus any
39 compensation for leave, for each eligible individual and such other
40 information as the secretary of revenue may require.

41 (b) The secretary of revenue and the secretary for aging and disability
42 services are hereby authorized to adopt such rules and regulations as may
43 be necessary for the administration of the provisions of the Kansas

1 targeted employment act.

2 Sec. 5. (a) The secretary for aging and disability services shall
3 develop and implement a program to measure the results of the tax credits
4 allowed by sections 1 through 4, and amendments thereto, including an
5 analysis of: (1) Decreases in reliance upon state government-funded
6 subsidies for employed eligible individuals and any associated net savings
7 to Kansas taxpayers resulting from any such decreases in reliance; (2)
8 effects of reallocation of tax dollars that employers would have paid to the
9 state government of Kansas to employers who employed eligible
10 individuals pursuant to the tax credit program; and (3) any benefits or
11 detriments to the quality of life and the standard of living for employed
12 eligible individuals, including access to health insurance, healthcare or
13 other services and increases or decreases in income, discretionary income
14 and expenses. The secretary for aging and disability services may require
15 employed eligible individuals or targeted employment businesses to
16 provide or to permit the secretary of revenue to provide, as a condition of
17 participation in the tax credit program, information necessary to assess the
18 tax credit program pursuant to this section, including information
19 otherwise confidential under state or federal law. All confidential
20 information provided shall be received, stored and used in a manner that
21 shall maintain the confidentiality of the information provided and not
22 permit the identification of eligible individuals or targeted employment
23 businesses.

24 (b) Notwithstanding any other provision of state law, the secretary of
25 revenue shall provide the secretary for aging and disability services with
26 tax information, including tax information for individuals and targeted
27 employment businesses that have waived the confidentiality of such
28 information, as necessary to enable the secretary for aging and disability
29 services to fulfill the requirements of this section. All information
30 pertaining to an eligible individual or targeted employment business shall
31 be provided in a manner that shall maintain the confidentiality of such
32 eligible individuals and businesses. Nothing in this section shall be
33 construed to violate or conflict with any federal law.

34 (c) The secretary for aging and disability services shall submit a
35 written report of the findings of the secretary's review pursuant to
36 subsection (a) to the standing committee on commerce of the senate and
37 the standing committee on commerce, labor and economic development of
38 the house on the first days of the 2022 through 2026-regular sessions of the
39 legislature.

40 Sec. 6. The provisions of sections 1 through 5, and amendments
41 thereto, shall expire on January 1, 2027.

42 Sec. 7. This act shall take effect and be in force from and after its
43 publication in the statute book.

day

Change dates to 2023 and 2027

Change date to January 1, 2028

, except that tax credits earned in tax year 2027 may be awarded by the secretary of revenue as provided by this act