

SESSION OF 2021

SUPPLEMENTAL NOTE ON SENATE BILL NO. 65

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

Brief*

SB 65 would decouple participation in the Kansas Industrial Training (KIT) program or the Kansas Industrial Retraining (KIR) program as a method to qualify for the High Performance Incentive Program (HPIP) tax credit. The bill also would eliminate the HPIP certification and recertification by a business to dedicate 2.0 percent of payroll for training purposes.

The bill would also allow a company to transfer up to 50 percent of HPIP tax credits to another company or individual per year. Transferability would be allowed only for projects placed into service on or after January 1, 2021. In the event a transferee's tax liability is less than the amount transferred, the transferee would be allowed to carry forward the credits for up to 16 years. The bill would state that in the event the Secretary of Revenue determines a tax credit is not allowable, the taxpayer who originally earned the credit would be liable for the amount that is disallowed.

The bill would also make technical amendments.

Background

The bill was introduced by the Senate Committee on Commerce at the request of the Kansas Department of Commerce.

*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>

[*Note*: SB 65 contains provisions identical to 2020 HB 2702, as introduced, and substantially similar to 2021 HB 2097, as recommended by the House Committee on Commerce, Labor, and Economic Development.]

Senate Committee on Commerce

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the Kansas Department of Commerce and the Wichita Chamber of Commerce. Written-only **proponent** testimony was provided by the Kansas Economic Development Alliance, Kansas Chamber of Commerce, and the City of Overland Park, KS. Proponents generally stated that this is needed because a large portion of the KIT and KIR programs were being utilized exclusively to qualify for HPIP. Furthermore, these changes would allow more companies to qualify for the program.

No neutral or **opponent** testimony was given.

House Committee on Commerce, Labor, and Economic Development

At the House Committee hearing no testimony was provided. The Chair noted he had requested conferees not provide testimony, in the interest of time, as the bill was identical to HB 2097.

The House Committee amended the bill to include provisions from SB 91, as introduced, regarding the transferability of HPIP tax credits.

Fiscal Information

In a fiscal note prepared by the Division of the Budget on the bill as introduced, the Department of Commerce indicates it is unable to estimate the fiscal impact enactment of the bill would have, noting that the number of applicants

that have not qualified due to not meeting the training requirement cannot be determined.

Economic development; High Performance Incentive Fund; tax credits; transferability