

SENATE BILL No. 15

AN ACT concerning employment; relating to persons with disabilities; increasing the maximum yearly amount of income tax credits available for purchases under the disability employment act from qualified vendors and continuing in existence such credits beyond tax year 2023; defining qualifying vendors and eligible employees; establishing a grant program administered by the secretary of labor to facilitate transitions from sub-minimum to at least minimum wage employment for persons with disabilities; creating the Kansas sheltered workshop transition fund; amending K.S.A. 79-32,273 and repealing the existing section.

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

New Section 1. As used in sections 1 through 3, and amendments thereto:

(a) "Kansas sheltered workshop employer" or "workshop employer" means a private nonprofit, state or local government institution that provides employment opportunities for individuals with intellectual, developmental or physical disabilities and provides such employment opportunities for all or a portion of such individuals under a certificate issued by the United States secretary of labor under 29 U.S.C. § 214(c).

(b) "Secretary" means the secretary of labor.

New Sec. 2. (a) There is hereby created in the state treasury the Kansas sheltered workshop transition fund. The secretary of labor shall administer the fund. All expenditures from the fund shall be for the purpose of facilitating transitions by Kansas sheltered workshop employers away from employing individuals with disabilities under a certificate issued by the United States secretary of labor under 29 U.S.C. § 214(c) and toward paying all such employees at least the minimum wage. Such purpose shall be achieved by providing matching grants from fund moneys to Kansas sheltered workshop employers that commit to paying at least the minimum wage to all employees. A grant shall be matched on a \$1-to-\$1 basis by the Kansas sheltered workshop employer from nonstate sources.

(b) Applications for matching grants shall be made by Kansas sheltered workshop employers to the secretary in the form and manner required by the secretary. In determining whether applicants should be approved and receive a grant, the secretary shall seek the assistance of the secretary for children and families, the secretary for aging and disability services or any other appropriate state agency. The secretary for children and families, secretary for aging and disability services or other state agency shall provide such assistance to the secretary as requested by the secretary. The applicant shall provide a transition plan to the secretary demonstrating how the applicant will use the grant and other funding to transition away from use of a certificate issued by the United States secretary of labor under 29 U.S.C. § 214(c). The Kansas sheltered workshop shall commit to completing the plan to receive a grant. If the secretary approves the transition plan, finds that the Kansas sheltered workshop has sufficient nonstate funding to match the grant with nonstate funds on a \$1-to-\$1 basis and approves the application, the secretary shall award the Kansas sheltered workshop a matching grant in the amount determined by the secretary. The secretary may award subsequent additional grants to the same Kansas sheltered workshop employer upon satisfactory progress shown by such workshop employer pursuant to the workshop employer's transition plan.

(c) Kansas sheltered workshop employers that receive a matching grant shall provide such information to the secretary as requested, excluding any information prohibited from disclosure under state or federal law, regarding the use of grant funds, use of associated nonstate funds and progress made toward achievement of the transition plan as developed pursuant to subsection (b). Such information shall be utilized by the secretary to analyze and monitor the use of grant funds and

compliance with and progress toward completion of the transition plan by workshop employers and to develop best uses of grant funds and transition methods to attain the goal of sections 1 through 3, and amendments thereto.

(d) On or before January 31, 2025, and annually on or before January 31 thereafter, the secretary shall report to the house of representatives standing committee on commerce, labor and economic development or its successor committee and the senate standing committee on commerce or its successor committee on the amount and uses of grant funding by each Kansas sheltered workshop employer that has received a matching grant and the progress made by each Kansas sheltered workshop employer toward the goal of sections 1 through 3, and amendments thereto.

(e) All expenditures from the Kansas sheltered workshop transition fund shall be for the purpose described in subsection (a) and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of labor or the secretary's designee.

(f) On July 1, 2024, and each July 1 thereafter, or as soon thereafter as moneys may be available, the director of accounts and reports shall transfer \$1,000,000 from the state economic development initiatives fund established by K.S.A. 79-4804, and amendments thereto, to the Kansas sheltered workshop transition fund.

New Sec. 3. The provisions of sections 1 through 3, and amendments thereto, shall expire on July 1, 2034. On July 1, 2034, the director of accounts and reports shall transfer all unencumbered moneys in the Kansas sheltered workshop transition fund to the state general fund. After such transfer, the Kansas sheltered workshop transition fund shall be abolished and all liabilities of the Kansas sheltered workshop transition fund shall be transferred to and imposed on the state general fund.

Sec. 4. K.S.A. 79-32,273 is hereby amended to read as follows: 79-32,273. (a) ~~For tax years 2019 through 2023, The provisions of this section shall be known and may be cited as the disability employment act.~~

(b) A credit shall be allowed against the tax imposed by the Kansas income tax act in an amount equal to 15% of the amount for expenditures of goods and services purchased by the taxpayer from a qualified vendor on and after January 1, 2019, ~~and before January 1, 2024~~ including such expenditures made on and after January 1, 2024, but prior to the effective date of this act, as certified by the secretary of commerce as provided in subsection ~~(e)~~ (d). The amount of such credit awarded for each taxpayer shall not exceed \$500,000 per qualified vendor per tax year. In no event shall the total amount of cumulative credits allowed under this section exceed:

- (1) \$5,000,000 for tax years 2019 through 2023;
- (2) \$8,000,000 for ~~all tax years that the credit remains in effect 2024 through 2028; and~~
- (3) \$8,000,000 for each consecutive five tax years thereafter starting with tax year 2029.

~~(b)~~(c) The tax credit allowed by this section shall be deducted from the taxpayer's income tax liability for the tax year in which the expenditures were made by the taxpayer. If the amount of such tax credit exceeds the taxpayer's income tax liability for such tax year, the taxpayer may carry over the amount that exceeds such tax liability for deduction from the taxpayer's liability in the next succeeding tax year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth tax year succeeding the tax year in which the

expenditures were incurred.

~~(e)~~(d) The secretary of commerce shall annually certify that expenditures for goods and services purchased by a taxpayer subject to the tax credit provided in this section were made from a qualified vendor, and provide such certification to the secretary of revenue. The secretary of commerce is hereby authorized to promulgate rules and regulations for establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and amendments thereto, for evaluating whether purchases by taxpayers from a qualified vendor should be certified as provided in this section, with the assistance and approval of the secretary of revenue.

~~(d)~~(e) As used in this section:

(1) ~~"Certified business"~~*"Qualified vendor"* means:

(A) Any business ~~certified by the department of administration~~ that *qualifies as a certified business pursuant to K.S.A. 75-3740, and amendments thereto, and is a not-for-profit business that is a sole proprietorship, partnership, association or corporation domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that:*

~~(A)~~(i) Does business primarily in Kansas or substantially all of its production in Kansas;

~~(B)~~(ii) employs at least 30% of its employees *in an integrated setting* who are individuals with disabilities and reside in Kansas;

~~(C)~~(iii) offers to contribute at least 75% of the premium cost for individual health insurance coverage for each *eligible* employee. The department of administration shall require a certification of these facts; and

~~(D)~~(iv) does not employ individuals under a certificate issued by the United States secretary of labor under 29 U.S.C. § 214(c);

(B) *qualifies as a qualified vendor pursuant to K.S.A. 75-3317, and amendments thereto, and also:*

(i) *Employs at least 30% of its employees in an integrated setting;*

(ii) *offers to contribute at least 75% of the premium cost for individual health insurance coverage for each eligible employee or offers a qualified company-sponsored insurance plan under the affordable care act or pays the required subsidy to the internal revenue service for employees who purchase insurance through the open market, if a company-sponsored plan is not offered. If any such company is not covered under the affordable care act and does not offer a company-sponsored insurance plan, such company must offer assistance to the employee to cover at least 75% of their health insurance costs through a health savings account or other legal and appropriate methodology; and*

(iii) *does not employ individuals under a certificate issued by the United States secretary of labor under 29 U.S.C. § 214(c); or*

(C) *a division within a Kansas not-for-profit organization that:*

(i) *Does business primarily in Kansas or substantially all of its production in Kansas;*

(ii) *within such division, employs in an integrated setting at least 30% of its employees who are individuals with disabilities and reside in Kansas;*

(iii) *within such division, offers to contribute at least 75% of the premium cost for individual health insurance coverage for each eligible employee or offers a qualified company-sponsored insurance plan under the affordable care act or pays the required subsidy to the internal revenue service for employees who purchase insurance through the open market, if a company-sponsored plan is not offered. If any such company is not covered under the affordable care act and does not offer a company-sponsored insurance plan, such company*

must offer assistance to the employee to cover at least 75% of their health insurance costs through a health savings account or other legal and appropriate methodology; and

(iv) does not employ individuals under a certificate issued by the United States secretary of labor under 29 U.S.C. § 214(c) and the Kansas not-for-profit organization, including any other division within the Kansas not-for-profit organization, does not employ individuals under such a certificate.

(2) "Individuals with disabilities" or "individual with a disability" means any individual who:

(A) Is certified by the Kansas department for aging and disability services or by the Kansas department for children and families, which administers the rehabilitation services program *or by a healthcare provider determined by the secretary of revenue, that shall include, but is not limited to, medical doctors, doctors of osteopathy, physician assistants, nurse practitioners, physical therapists, occupational therapists and optometrists who can substantiate an individual as having a physical or mental impairment that constitutes a substantial barrier to employment; and*

~~(B) works a minimum number of hours per week for a certified business necessary to qualify for health insurance coverage offered pursuant to subsection (d)(1); and~~

~~(C)~~ (i) is receiving services, has received services or is eligible to receive services under a home and community based services program, as defined by K.S.A. 39-7,100, and amendments thereto;

(ii) is employed by a charitable organization domiciled in the state of Kansas and exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, as amended; or

(iii) is an individual with a disability pursuant to the disability standards established by the social security administration as determined by the Kansas disability determination services under the Kansas department for children and families; ~~and~~

~~(3) "qualified vendor" means an entity that:~~

~~(A) Is a "qualified vendor" pursuant to K.S.A. 75-3317, and amendments thereto, or is a "certified business" that is also a nonprofit organization pursuant to K.S.A. 75-3740, and amendments thereto;~~

~~(B) pays minimum wage or above to all their employees in a manner that meets the definition of "competitive employment" pursuant to K.S.A. 44-1136, and amendments thereto;~~

~~(C) meets the definition of employing all of their workers in an "integrated setting" pursuant to K.S.A. 44-1136, and amendments thereto; and~~

~~(D) offers a qualified company-sponsored insurance plan under the affordable care act or pays the required subsidy to the internal revenue service for employees who purchase insurance through the open market, if a company-sponsored plan is not offered. If any such company is not covered under the affordable care act, and does not offer a company-sponsored insurance plan, such company must offer assistance to the employee to cover at least 75% of their health insurance costs through a health savings account or other legal and appropriate methodology.~~

~~(e)(f)~~ The secretary of revenue shall report to the house committee on taxation and the senate committee on assessment and taxation on or before February 1, 2021, 2022, and 2023, concerning the implementation and effectiveness of the credit provided in this section.

Sec. 5. K.S.A. 79-32,273 is hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE adopted

Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE

as amended _____

HOUSE adopted

Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.