

SENATE BILL No. 546

By Committee on Assessment and Taxation

3-12

1 AN ACT concerning taxation; relating to income tax; decreasing the
2 corporate income tax rate; discontinuing income, premium and
3 privilege tax credits of the high performance incentive program;
4 repealing unused tax credits relating to abandoned well plugging,
5 agritourism liability insurance, assistive technology contributions,
6 declared disaster capital investment, environmental compliance, owners
7 promoting employment across Kansas and swine facility improvement;
8 relating to withholding tax; discontinuing benefits of the promoting
9 employment across Kansas act; amending K.S.A. 65-7107, 74-50,132,
10 74-50,212 and 74-50,213 and K.S.A. 2023 Supp. 74-50,321, 79-32,110
11 and 79-32,160a and repealing the existing sections; also repealing
12 K.S.A. 79-32,204, 79-32,207, 79-32,222, 79-32,262 and 79-32,266 and
13 K.S.A. 2023 Supp. 32-1438.

14
15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. On and after January 1, 2025, K.S.A. 65-7107 is hereby
17 amended to read as follows: 65-7107. ~~(a)~~ Appropriate state agencies are
18 hereby directed to amend their state plans to protect the benefits of those
19 receiving such benefits by adding language consistent with the following:
20 Any funds in an individual development account, including accrued
21 interest, shall be disregarded when determining eligibility to receive the
22 amount of any public assistance or benefits.

23 ~~(b) A program contributor shall be allowed a credit against state~~
24 ~~income tax imposed under the Kansas income tax act in an amount equal~~
25 ~~to 25% of the contribution amount.~~

26 ~~(c) The institute shall verify all tax credit claims by contributors. The~~
27 ~~administration of the community-based organization, with the cooperation~~
28 ~~of the participating financial institutions, shall submit the names of~~
29 ~~contributors and the total amount each contributor contributes to the~~
30 ~~individual development account reserve fund for the calendar year. The~~
31 ~~institute shall determine the date by which such information shall be~~
32 ~~submitted to the institute by the local administrator. The institute shall~~
33 ~~submit verification of qualified tax credits pursuant to K.S.A. 65-7101~~
34 ~~through 65-7107, and amendments thereto, to the department of revenue.~~

35 ~~(d) The total tax credits authorized pursuant to this section shall not~~
36 ~~exceed \$6,250 in any fiscal year.~~

1 ~~(e) The provisions of this section shall be applicable to all taxable~~
2 ~~years commencing after December 31, 2002.~~

3 ~~(f) For tax year 2013 and all tax years thereafter, the income tax~~
4 ~~credit provided by this section shall only be available to taxpayers subject~~
5 ~~to the income tax on corporations imposed pursuant to subsection (c) of~~
6 ~~K.S.A. 79-32,110, and amendments thereto, and shall be applied only~~
7 ~~against such taxpayer's corporate income tax liability.~~

8 Sec. 2. K.S.A. 74-50,132 is hereby amended to read as follows: 74-
9 50,132. (a) For taxable years commencing after December 31, 1997, *and*
10 *before January 1, 2025*, a qualified firm shall be entitled to a credit against
11 the tax imposed by the Kansas income tax act, the premium tax or
12 privilege fee imposed pursuant to K.S.A. 40-252, and amendments thereto
13 or the privilege tax as measured by net income of financial institutions
14 imposed pursuant to chapter 79, article 11 of the Kansas Statutes
15 Annotated in an amount equal to the portion of the qualified business
16 facility cash investment in the training and education of the firm's
17 employees that exceeds 2% of the firm's total payroll costs. The maximum
18 amount of the credit that may be claimed by a single corporate taxpayer in
19 any single tax year under this section shall not exceed \$50,000. Tax credits
20 earned by a qualified business under this section must be claimed in their
21 entirety in the tax year eligible.

22 (b) For tax years commencing after December 31, 2005, *and before*
23 *January 1, 2025*, any taxpayer claiming credits pursuant to this section, as
24 a condition for claiming and qualifying for such credits, shall provide
25 information pursuant to K.S.A. 79-32,243, and amendments thereto, as
26 part of the tax return in which such credits are claimed. Such credits shall
27 not be denied solely on the basis of the contents of the information
28 provided by the taxpayer pursuant to K.S.A. 79-32,243, and amendments
29 thereto.

30 Sec. 3. K.S.A. 74-50,212 is hereby amended to read as follows: 74-
31 50,212. (a) In order to qualify for benefits under this act a qualified
32 company shall:

33 (1) Relocate to Kansas an existing business facility, office,
34 department or other operation doing business outside the state of Kansas
35 and locate the jobs directly related to such relocated business facility,
36 office, department or other operation in Kansas;

37 (2) locate a new business facility, office, department or other
38 operation in Kansas and locate the jobs directly related to such business
39 facility, office, department or other operation in Kansas; or

40 (3) expand an existing business facility, office, department or other
41 operation located in the state of Kansas and locate the jobs directly related
42 to such business facility, office, department or other operation in Kansas,
43 except that no payroll withholding taxes shall be retained prior to January

1 1, 2012.

2 A qualified company may utilize or contract with a third-party
3 employer to perform services whereby the third-party employer serves as
4 the legal employer of the new employees providing services to the
5 qualified company and such services are performed in Kansas and the
6 third-party employer and the new employees are subject to the Kansas
7 withholding and declaration of estimated tax act.

8 *The secretary shall not approve any application for benefits under this*
9 *subsection on and after July 1, 2024.*

10 (b) Any qualified company, approved by the secretary for benefits
11 pursuant to ~~paragraph~~ subsection (a), that locates its business operation in
12 a metropolitan county and will hire at least 10 new employees within two
13 years from the date the qualified company enters into an agreement with
14 the secretary pursuant to K.S.A. 74-50,213, and amendments thereto, or
15 any qualified company, approved by the secretary for benefits pursuant to
16 ~~paragraph~~ subsection (a), that locates its business operation in a non-
17 metropolitan county and will hire at least five new employees within two
18 years from the date the qualified company enters into an agreement with
19 the secretary pursuant to K.S.A. 74-50,213, and amendments thereto, shall:

20 (1) Be eligible to retain 95% of the qualified company's Kansas
21 payroll withholding taxes for such new employees being paid the county
22 median wage or higher for a period of up to:

23 (A) Five years if the median wage or average wage paid to the new
24 employees is equal to at least 100% of the county median wage;

25 (B) six years if the median wage or average wage paid to the new
26 employees is equal to at least 110% of the county median wage;

27 (C) seven years if the median wage or average wage paid to the new
28 employees is equal to at least 120% of the county median wage; or

29 (2) be eligible to retain 95% of the qualified company's Kansas
30 payroll withholding taxes for such new employees being paid the county
31 median wage or higher for a period of up to five years if the median wage
32 or average wage paid to the new employees is equal to at least 100% of the
33 NAICS code industry average wage.

34 *The secretary shall not approve any application for benefits under this*
35 *subsection on and after July 1, 2024.*

36 (c) Any qualified company, approved by the secretary for benefits
37 pursuant to ~~paragraph~~ subsection (a), that engages in a high-impact project
38 whereby the qualified company will hire at least 100 new employees
39 within two years from the date the qualified company enters into an
40 agreement with the secretary pursuant to K.S.A. 74-50,213, and
41 amendments thereto, shall be eligible to retain 95% of the qualified
42 company's Kansas payroll withholding taxes for such new employees
43 being paid the county median wage or higher for a period of up to:

1 (1) Seven years if the median wage or average wage paid to the new
2 employees is equal to at least 100% of the county median wage;

3 (2) eight years if the median wage or average wage paid to the new
4 employees is equal to at least 110% of the county median wage;

5 (3) nine years if the median wage or average wage paid to the new
6 employees is equal to at least 120% of the county median wage; or

7 (4) ~~ten~~10 years if the median wage or average wage paid to the new
8 employees is equal to at least 140% of the county median wage.

9 *The secretary shall not approve any application for benefits under this*
10 *subsection on and after July 1, 2024.*

11 (d) In the event that a qualified company contracts with a third party
12 as described in subsection (a), the third party shall remit payments equal to
13 the amount of Kansas payroll withholding taxes the qualified company is
14 eligible to retain under this section to the qualified company, and report
15 such amount to the department of revenue as required pursuant to
16 ~~subsection (a) of K.S.A. 74-50,214(a)~~, and amendments thereto.

17 (e) Commencing January 1, 2013, and ending June 30, 2018, any
18 company, which meets the criteria provided pursuant to the provisions of
19 K.S.A. 74-50,211, and amendments thereto, that retains the employees of
20 an existing business unit located in Kansas and enters into an agreement
21 with the secretary pursuant to K.S.A. 74-50,213, and amendments thereto,
22 shall be eligible to retain 95% of the qualified company's Kansas payroll
23 withholding taxes for such employees for a period of up to five years.

24 (f) (1) Commencing January 1, 2013, and ending June 30, 2018,
25 pursuant to the provisions of subsection (e), the secretary of commerce, in
26 the secretary's sole determination, may provide the benefits of the
27 promoting employment across Kansas act for situations where it is deemed
28 necessary by the secretary that the state of Kansas provide incentives for a
29 company or its operations currently located in Kansas to remain in Kansas
30 so as to keep its retained jobs. The secretary shall establish and verify that
31 a prospective company has competitive alternatives that it is seriously
32 considering and that a company's relocation may be imminent.
33 Furthermore, the secretary shall assess:

34 (A) Whether the retention of the company or its operations is
35 important to the economic vitality of the state;

36 (B) the area where such company or operations is located; or

37 (C) whether the retention of the company or its operations is
38 important to a particular industry in the state due to any number of factors
39 including, but not limited to, the quantity, quality or wages of the retained
40 jobs involved.

41 (2) Effective January 1, 2013, and ending June 30, 2018, the secretary
42 may use the promoting employment across Kansas act in conjunction with
43 other economic development programs to develop a retention package.

1 (g) The provisions of this act ~~as in effect prior to the effective date of~~
2 ~~this act~~ shall apply to employers who have entered into agreements with
3 the secretary prior to July 1, 2011. ~~The provisions of this act shall apply to~~
4 ~~employers who enter into agreements with the secretary on and after July~~
5 ~~1, 2011~~ 2024. *The secretary shall not enter into any agreement for benefits*
6 *under this section on and after July 1, 2024.*

7 (h) In the event a qualified company entered into an agreement for
8 benefits under this section prior to January 1, 2013, such qualified
9 company may request the secretary to extend the benefit term of such
10 agreement by a period of up to two additional years. If in the secretary's
11 discretion it is necessary to provide the qualified company with all benefits
12 intended under such agreement, the extension may be granted.

13 Sec. 4. K.S.A. 74-50,213 is hereby amended to read as follows: 74-
14 50,213. (a) Any qualified company meeting the requirements of K.S.A. 74-
15 50,212, and amendments thereto, may apply to the secretary for benefits
16 under this act *before July 1, 2024*. The application shall be submitted on a
17 form and in a manner prescribed by the secretary, and shall include: (1)
18 Evidence that the applicant is a qualified company; and (2) evidence that
19 the applicant meets the requirements of K.S.A. 74-50,212, and
20 amendments thereto.

21 (b) The secretary may either approve or disapprove the application.
22 Any qualified company whose application is approved shall be eligible to
23 receive benefits under this act as of the date such qualified company enters
24 into an agreement with the secretary in accordance with this section. *The*
25 *secretary shall not approve any application for benefits under this*
26 *subsection on and after July 1, 2024.*

27 (c) Upon approval of an application for benefits under this act, the
28 secretary may enter into an agreement with the qualified company for
29 benefits under this act. If necessary, the secretary may also enter into an
30 agreement with any third party described in ~~subsection (a) of~~ K.S.A. 74-
31 50,212(a), and amendments thereto, or such third party may be a party to
32 the agreement between the qualified company and the secretary. The
33 agreement shall commit the secretary to certify to the secretary of revenue:
34 (1) That the qualified company is eligible to receive benefits under this act;
35 (2) the number of new employees hired by the qualified company; and (3)
36 the amount of gross wages being paid to each new employee. *The*
37 *secretary shall not enter into any agreement for benefits under this section*
38 *on and after July 1, 2024.*

39 (d) The agreement between the qualified company and the secretary
40 shall be entered into before any benefits may be provided under this act,
41 and shall specify that should the qualified company fail to comply with the
42 terms and conditions set forth in the agreement, or fails to comply with the
43 provisions set forth in this act, the secretary may terminate the agreement,

1 and the qualified company shall not be entitled to any further benefits
2 provided under this act and shall be required to remit to the state an
3 amount equal to the aggregate Kansas payroll withholding taxes retained
4 by the qualified company, or remitted to the qualified company by a third
5 party, pursuant to this act as of the date the agreement is terminated.

6 (e) A qualified company that is already receiving benefits pursuant to
7 this act may apply to the secretary for additional benefits if the qualified
8 company meets the requirements of K.S.A. 74-50,212, and amendments
9 thereto. *The secretary shall not grant any additional benefits under this*
10 *subsection on and after July 1, 2024.*

11 (f) A qualified company seeking benefits shall be allowed to
12 participate in the IMPACT program pursuant to K.S.A. 74-50,102 et seq.,
13 and amendments thereto, but shall not be allowed to participate in any
14 other program in which any portion of such qualified company's Kansas
15 payroll withholding taxes have been pledged to finance indebtedness or
16 transferred to or for the benefit of such company. A qualified company
17 shall not be allowed to claim any credits under K.S.A. 79-32,153, 79-
18 32,160a or 79-32,182b, and amendments thereto, if such credits would
19 otherwise be earned for the hiring of new employees and the qualified
20 company has retained any Kansas payroll withholding taxes from wages of
21 such employees. A qualified company shall not be eligible to receive
22 benefits under K.S.A. 74-50,212, and amendments thereto, and under
23 K.S.A. 74-50,102 et seq., and amendments thereto, for the same new
24 employees.

25 (g)-(1) Under no circumstances shall the total amount of benefits
26 received by the aggregate of all expanding businesses, as such term is
27 defined in K.S.A. 74-50,211, and amendments thereto, under this act
28 exceed ~~\$4,800,000 in the fiscal year commencing on July 1, 2011,~~
29 ~~\$6,000,000 in the fiscal year commencing on July 1, 2012,~~ ~~\$12,000,000 in~~
30 ~~the fiscal year commencing on July 1, 2013,~~ ~~\$18,000,000 in the fiscal year~~
31 ~~commencing on July 1, 2014,~~ ~~\$24,000,000 in the fiscal year commencing~~
32 ~~on July 1, 2015,~~ ~~\$30,000,000 in the fiscal year commencing on July 1,~~
33 ~~2016,~~ ~~\$36,000,000 in the fiscal year commencing on July 1, 2017,~~ and
34 ~~\$42,000,000 in any fiscal year commencing on or after July 1, 2018.~~

35 (2) Under no circumstances shall the total amount of benefits
36 received by the aggregate of businesses under subsections (e) or (f) of
37 K.S.A. 74-50,212, and amendments thereto, exceed ~~\$1,200,000 in the~~
38 ~~fiscal year commencing on July 1, 2012,~~ ~~\$2,400,000 in the fiscal year~~
39 ~~commencing on July 1, 2013,~~ ~~\$1,200,000 in the fiscal year commencing~~
40 ~~on July 1, 2014,~~ ~~\$1,200,000 in the fiscal year commencing on July 1,~~
41 ~~2015,~~ ~~\$1,200,000 in the fiscal year commencing on July 1, 2016,~~ and
42 ~~\$1,200,000 in the fiscal year commencing on July 1, 2017.~~

43 (h) The secretary shall adopt rules and regulations necessary to

1 implement and administer the provisions of this act.

2 Sec. 5. K.S.A. 2023 Supp. 74-50,321 is hereby amended to read as
3 follows: 74-50,321. (a) Commencing with fiscal year 2022, in any fiscal
4 year that a qualified firm enters into an agreement with the secretary of
5 commerce for the first time pursuant to K.S.A. 2023 Supp. 74-50,312, and
6 amendments thereto, and commences construction on a qualified business
7 facility under this act the secretary of commerce shall certify such fact to
8 the secretary of revenue, the director of the budget and the director of
9 legislative research. Such certification shall be made when such fact is
10 known to the secretary, but in any event on or before June 30 of such fiscal
11 year.

12 (b) Upon receipt of such certification, the secretary of revenue shall
13 adjust the corporate income tax rate imposed pursuant to the provisions of
14 K.S.A. 79-32,110, and amendments thereto, to go into effect for the next
15 tax year by reducing the rate by 0.5%. The maximum reduction to be
16 applied for one taxable year shall be 0.5% regardless of the number of
17 eligible qualifying firms that may have satisfied the conditions of
18 subsection (a).

19 (c) The rate reduction of 0.5% shall be applied to reduce the normal
20 tax on corporations imposed pursuant to K.S.A. 79-32,110, and
21 amendments thereto, until reduced to 0%.

22 (d) The secretary of revenue shall report any reduction in corporate
23 income tax rates pursuant to this section to the chairpersons of the senate
24 standing committees on assessment and taxation and commerce, the
25 chairpersons of the house of representatives standing committees on
26 commerce, labor and economic development and taxation and the
27 governor, and shall cause notice of any such reduction to be published in
28 the Kansas register prior to September 15 of the calendar year immediately
29 preceding the tax year in which such reduction takes effect.

30 (e) *Pursuant to the application of the provisions of this section, the*
31 *corporate normal tax rate for tax year 2024 shall be 3.5%. Amendments to*
32 *K.S.A. 79-32,110(c) made pursuant to this act effective July 1, 2024,*
33 *reflect and codify the modified normal tax rate of 3.5% for tax year 2024.*
34 *No further modification for tax year 2024 shall be made pursuant to this*
35 *section.*

36 Sec. 6. K.S.A. 2023 Supp. 79-32,110 is hereby amended to read as
37 follows: 79-32,110. (a) *Resident Individuals.* Except as otherwise provided
38 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
39 upon the Kansas taxable income of every resident individual, which tax
40 shall be computed in accordance with the following tax schedules:

41 (1) *Married individuals filing joint returns.*

42 (A) ~~For tax year 2012:~~

43 If the taxable income is: _____ The tax is:

1	Not over \$30,000.....	3.5% of Kansas taxable income
2	Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess
3	_____	over \$30,000
4	Over \$60,000.....	\$2,925 plus 6.45% of excess
5	_____	over \$60,000
6	(B) For tax year 2013:	
7	If the taxable income is: _____	The tax is:
8	Not over \$30,000.....	3.0% of Kansas taxable income
9	Over \$30,000.....	\$900 plus 4.9% of excess over
10	_____	\$30,000
11	(C) For tax year 2014:	
12	If the taxable income is: _____	The tax is:
13	Not over \$30,000.....	2.7% of Kansas taxable income
14	Over \$30,000.....	\$810 plus 4.8% of excess over
15	_____	\$30,000
16	(D) For tax years 2015 and 2016:	
17	If the taxable income is: _____	The tax is:
18	Not over \$30,000.....	2.7% of Kansas taxable income
19	Over \$30,000.....	\$810 plus 4.6% of excess over
20	_____	\$30,000
21	(E) For tax year 2017:	
22	If the taxable income is: _____	The tax is:
23	Not over \$30,000.....	2.9% of Kansas taxable income
24	Over \$30,000 but not over \$60,000.....	\$870 plus 4.9% of excess over
25	_____	\$30,000
26	Over \$60,000.....	\$2,340 plus 5.2% of excess over
27	_____	\$60,000
28	(F) For tax year 2018, and all tax years thereafter:	
29	If the taxable income is: _____	The tax is:
30	Not over \$30,000.....	3.1% of Kansas taxable income
31	Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
32	_____	over \$30,000
33	Over \$60,000.....	\$2,505 plus 5.7% of excess
34	_____	over \$60,000
35	(2) <i>All other individuals.</i>	
36	(A) For tax year 2012:	
37	If the taxable income is: _____	The tax is:
38	Not over \$15,000.....	3.5% of Kansas taxable income
39	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
40	_____	over \$15,000
41	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
42	_____	over \$30,000
43	(B) For tax year 2013:	

1	If the taxable income is:	The tax is:
2	Not over \$15,000.....	3.0% of Kansas taxable income
3	Over \$15,000.....	\$450 plus 4.9% of excess over
4	_____	\$15,000

5 (C) For tax year 2014:

6	If the taxable income is:	The tax is:
7	Not over \$15,000.....	2.7% of Kansas taxable income
8	Over \$15,000.....	\$405 plus 4.8% of excess over
9	_____	\$15,000

10 (D) For tax years 2015 and 2016:

11	If the taxable income is:	The tax is:
12	Not over \$15,000.....	2.7% of Kansas taxable income
13	Over \$15,000.....	\$405 plus 4.6% of excess over
14	_____	\$15,000

15 (E) For tax year 2017:

16	If the taxable income is:	The tax is:
17	Not over \$15,000.....	2.9% of Kansas taxable income
18	Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over
19	_____	\$15,000
20	Over \$30,000.....	\$1,170 plus 5.2% of excess over
21	_____	\$30,000

22 (F) For tax year 2018, and all tax years thereafter:

23	If the taxable income is:	The tax is:
24	Not over \$15,000.....	3.1% of Kansas taxable income
25	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
26		over \$15,000
27	Over \$30,000.....	\$1,252.50 plus 5.7% of excess
28		over \$30,000

29 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
30 taxable income of every nonresident individual, which tax shall be an
31 amount equal to the tax computed under subsection (a) as if the
32 nonresident were a resident multiplied by the ratio of modified Kansas
33 source income to Kansas adjusted gross income.

34 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
35 income of every corporation doing business within this state or deriving
36 income from sources within this state. Such tax shall consist of a normal
37 tax and a surtax and shall be computed as follows unless otherwise
38 modified pursuant to K.S.A. 2023 Supp. 74-50,321, and amendments
39 thereto:

40 (1) (A) For tax year 2024, the normal tax shall be in an amount equal
41 to ~~4%~~ 3.5% of the Kansas taxable income of such corporation;

42 (B) for tax year 2025, the normal tax shall be in an amount equal to
43 3% of the Kansas taxable income of such corporation; and

1 (C) for tax year 2026, and all tax years thereafter; the normal tax
2 shall be in an amount equal to 2.75% of the Kansas taxable income of
3 such corporation; and

4 (2) the surtax shall be in an amount equal to 3% of the Kansas taxable
5 income of such corporation in excess of \$50,000.

6 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable
7 income of estates and trusts at the rates provided in subsection (a)(2)
8 hereof.

9 (e) Notwithstanding the provisions of subsections (a) and (b):~~(1) For~~
10 ~~tax years 2016 and 2017, married individuals filing joint returns with~~
11 ~~taxable income of \$12,500 or less, and all other individuals with taxable~~
12 ~~income of \$5,000 or less, shall have a tax liability of zero; and (2), for tax~~
13 ~~year 2018, and all tax years thereafter, married individuals filing joint~~
14 ~~returns with taxable income of \$5,000 or less, and all other individuals~~
15 ~~with taxable income of \$2,500 or less, shall have a tax liability of zero.~~

16 ~~(f) No taxpayer shall be assessed penalties and interest arising from~~
17 ~~the underpayment of taxes due to changes to the rates in subsection (a) that~~
18 ~~became law on July 1, 2017, so long as such underpayment is rectified on~~
19 ~~or before April 17, 2018.~~

20 Sec. 7. K.S.A. 2023 Supp. 79-32,160a is hereby amended to read as
21 follows: 79-32,160a. (a) For taxable years commencing after December
22 31, 1999, and before January 1, 2012, any taxpayer who shall invest in a
23 qualified business facility, as defined in K.S.A. 79-32,154(b), and
24 amendments thereto, and effective for tax years commencing after
25 December 31, 2010, and before January 1, 2012, located in an area other
26 than a metropolitan county as defined in either K.S.A. 74-50,114 or 74-
27 50,211, and amendments thereto, and also meets the definition of a
28 business in K.S.A. 74-50,114(b), and amendments thereto, shall be
29 allowed a credit for such investment, in an amount determined under
30 subsection (b) or (c), as the case requires, against the tax imposed by the
31 Kansas income tax act or where the qualified business facility is the
32 principal place from which the trade or business of the taxpayer is directed
33 or managed and the facility has facilitated the creation of at least 20 new
34 full-time positions, against the premium tax or privilege fees imposed
35 pursuant to K.S.A. 40-252, and amendments thereto, or as measured by the
36 net income of financial institutions imposed pursuant to article 11 of
37 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for
38 the taxable year during which commencement of commercial operations,
39 as defined in K.S.A. 79-32,154(f), and amendments thereto, occurs at such
40 qualified business facility. In the case of a taxpayer who meets the
41 definition of a manufacturing business in K.S.A. 74-50,114(d), and
42 amendments thereto, no credit shall be allowed under this section unless
43 the number of qualified business facility employees, as determined under

1 K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in
2 employment at the qualified business facility as a direct result of the
3 investment by the taxpayer for the taxable year for which the credit is
4 claimed equals or exceeds two. In the case of a taxpayer who meets the
5 definition of a nonmanufacturing business in K.S.A. 74-50,114(f), and
6 amendments thereto, no credit shall be allowed under this section unless
7 the number of qualified business facility employees, as determined under
8 K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in
9 employment at the qualified business facility as a direct result of the
10 investment by the taxpayer for the taxable year for which the credit is
11 claimed equals or exceeds five. Where an employee performs services for
12 the taxpayer outside the qualified business facility, the employee shall be
13 considered engaged or maintained in employment at the qualified business
14 facility if: (1) The employee's service performed outside the qualified
15 business facility is incidental to the employee's service inside the qualified
16 business facility; or (2) the base of operations or, the place from which the
17 service is directed or controlled, is at the qualified business facility.

18 (b) The credit allowed by subsection (a) for any taxpayer who invests
19 in a qualified business facility that is located in a designated
20 nonmetropolitan region established under K.S.A. 74-50,116, and
21 amendments thereto, on or after the effective date of this act, shall be a
22 portion of the income tax imposed by the Kansas income tax act on the
23 taxpayer's Kansas taxable income, the premium tax or privilege fees
24 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
25 privilege tax as measured by the net income of financial institutions
26 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
27 Annotated, and amendments thereto, for the taxable year for which such
28 credit is allowed, but in the case where the qualified business facility
29 investment was made prior to January 1, 1996, not in excess of 50% of
30 such tax. Such portion shall be an amount equal to the sum of the
31 following:

32 (1) \$2,500 for each qualified business facility employee determined
33 under K.S.A. 79-32,154, and amendments thereto; plus

34 (2) \$1,000 for each \$100,000, or major fraction thereof, which shall
35 be deemed to be 51% or more, in qualified business facility investment, as
36 determined under K.S.A. 79-32,154, and amendments thereto.

37 (c) The credit allowed by subsection (a) for any taxpayer who invests
38 in a qualified business facility that is not located in a nonmetropolitan
39 region established under K.S.A. 74-50,116, and amendments thereto, and
40 effective for tax years commencing after December 31, 2010, and before
41 January 1, 2012, located in an area other than a metropolitan county as
42 defined in either K.S.A. 74-50,114 or 74-50,211, and amendments thereto,
43 and that also meets the definition of business in K.S.A. 74-50,114(b), and

1 amendments thereto, on or after the effective date of this act, shall be a
2 portion of the income tax imposed by the Kansas income tax act on the
3 taxpayer's Kansas taxable income, the premium tax or privilege fees
4 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
5 privilege tax as measured by the net income of financial institutions
6 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
7 Annotated, and amendments thereto, for the taxable year for which such
8 credit is allowed, but in the case where the qualified business facility
9 investment was made prior to January 1, 1996, not in excess of 50% of
10 such tax. Such portion shall be an amount equal to the sum of the
11 following:

12 (1) \$1,500 for each qualified business facility employee as
13 determined under K.S.A. 79-32,154, and amendments thereto; and

14 (2) \$1,000 for each \$100,000, or major fraction thereof, which shall
15 be deemed to be 51% or more, in qualified business facility investment as
16 determined under K.S.A. 79-32,154, and amendments thereto.

17 (d) The credit allowed by subsection (a) for each qualified business
18 facility employee and for qualified business facility investment shall be a
19 one-time credit. If the amount of the credit allowed under subsection (a)
20 exceeds the tax imposed by the Kansas income tax act on the taxpayer's
21 Kansas taxable income, the premium tax and privilege fees imposed
22 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as
23 measured by the net income of financial institutions imposed pursuant to
24 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
25 thereto, for the taxable year, or in the case where the qualified business
26 facility investment was made prior to January 1, 1996, 50% of such tax
27 imposed upon the amount which exceeds such tax liability or such portion
28 thereof may be carried over for credit in the same manner in the
29 succeeding taxable years until the total amount of such credit is used.
30 Except that, before the credit is allowed, a taxpayer, who meets the
31 definition of a manufacturing business in K.S.A. 74-50,114(d), and
32 amendments thereto, shall recertify annually that the net increase of a
33 minimum of two qualified business facility employees has continued to be
34 maintained and a taxpayer, who meets the definition of a
35 nonmanufacturing business in K.S.A. 74-50,114(f), and amendments
36 thereto, shall recertify annually that the net increase of a minimum of five
37 qualified business employees has continued to be maintained.

38 (e) Notwithstanding the foregoing provisions of this section, and
39 except as otherwise provided in this subsection, any taxpayer qualified and
40 certified under the provisions of K.S.A. 74-50,131, and amendments
41 thereto, that prior to making a commitment to invest in a qualified Kansas
42 business, has filed a certificate of intent to invest in a qualified business
43 facility in a form satisfactory to the secretary of commerce, shall be

1 entitled to a credit in an amount equal to 10% of that portion of the
2 qualified business facility investment that exceeds \$50,000 in lieu of the
3 credit provided in subsection (b)(2) or (c)(2) without regard to the number
4 of qualified business facility employees engaged or maintained in
5 employment at the qualified business facility. For tax years beginning on
6 or after January 1, 2012, for a qualified business facility investment in
7 Douglas, Johnson, Sedgwick, Shawnee or Wyandotte county, such credit
8 shall be in an amount equal to 10% of that portion of the qualified business
9 facility investment that exceeds \$1,000,000. Any taxpayer who has filed a
10 certificate of intent to invest in a qualified business facility pursuant to this
11 subsection in Douglas, Johnson, Sedgwick, Shawnee or Wyandotte county
12 prior to December 31, 2011, and commences investments in a qualified
13 business facility prior to December 31, 2013, may claim credits under
14 K.S.A. 74-50,131, 74-50,132 and 79-32,160a(e), and amendments thereto,
15 in an amount equal to 10% of that portion of the qualified business facility
16 investment that exceeds \$50,000. Timing modifications may be authorized
17 at the discretion of the secretary of commerce and the secretary of revenue
18 during the transition period. The credit allowed by this subsection shall be
19 a one-time credit. If the amount thereof exceeds the tax imposed by the
20 Kansas income tax act on the taxpayer's Kansas taxable income or the
21 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
22 amendments thereto, or the privilege tax as measured by net income of
23 financial institutions imposed pursuant to article 11 of chapter 79 of the
24 Kansas Statutes Annotated, and amendments thereto, for the taxable year,
25 the amount thereof that exceeds such tax liability may be carried forward
26 for credit in the succeeding taxable year or years until the total amount of
27 the tax credit is used, except that no such tax credit shall be carried
28 forward for deduction after the 16th taxable year succeeding the taxable
29 year in which such credit initially was claimed, and no carryforward shall
30 be allowed for deduction in any succeeding taxable year unless the
31 taxpayer certifies under oath that the taxpayer continues to meet the
32 requirements of K.S.A. 74-50,131, and amendments thereto, and this act.
33 In no event shall any credit allowed under this section that expired during
34 any taxable year prior to the taxable year commencing January 1, 2011, be
35 revived under the provisions of this act. *No tax credits shall be allowed*
36 *pursuant to this subsection for tax years commencing after December 31,*
37 *2024, except that for taxpayers who have excess unused credit pursuant to*
38 *a credit initially claimed under this subsection for a tax year commencing*
39 *before January 1, 2025, the credit carryforward provisions of this*
40 *subsection still apply.*

41 (f) For projects placed into service on and after January 1, 2021, a
42 taxpayer may transfer up to 50% of the tax credit allowed under subsection
43 (e), as provided in this subsection. The taxpayer may make a transfer to

1 one or more transferees, but the total of all transfers shall not exceed 50%
2 of the taxpayer's tax credit. The taxpayer shall make the transfer or
3 transfers within a single tax year. The credit may be transferred to any
4 individual or entity and shall be claimed in the year the credit was
5 transferred against the transferee's tax liability for the income tax under the
6 Kansas income tax act or the premium tax or privilege fees imposed
7 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as
8 measured by the net income of financial institutions imposed pursuant to
9 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
10 thereto. The amount of the credit that exceeds the transferee's tax liability
11 for such year may be carried forward for credit in the succeeding taxable
12 year or years until the total amount of the tax credit is used, except that no
13 such credit shall be carried forward for deduction after the 16th taxable
14 year succeeding the taxable year in which such credit was initially
15 claimed. The taxpayer or transferee shall provide such documentation of
16 the tax credit transfer to the secretary of revenue as may be required by the
17 secretary. *No transfers of credits shall be allowed pursuant to this*
18 *subsection after December 31, 2024. The credit carryforward provisions*
19 *of this subsection still apply for transferees who have excess unused credit*
20 *pursuant to a transfer that occurred before January 1, 2025.*

21 (g) In the event the tax credit earned by the taxpayer and transferred
22 to a transferee is later disallowed in whole or in part by the secretary of
23 revenue, the taxpayer that originally earned the tax credit shall be liable for
24 repayment to the state in the amount disallowed.

25 (h) For tax years commencing after December 31, 2005, any taxpayer
26 claiming credits pursuant to this section, as a condition for claiming and
27 qualifying for such credits, shall provide information pursuant to K.S.A.
28 79-32,243, and amendments thereto, as part of the tax return in which such
29 credits are claimed. Such credits shall not be denied solely on the basis of
30 the contents of the information provided by the taxpayer pursuant to
31 K.S.A. 79-32,243, and amendments thereto.

32 (i) This section and K.S.A. 79-32,160b, and amendments thereto,
33 shall be a part of and supplemental to the job expansion and investment
34 credit act of 1976, and amendments thereto.

35 Sec. 8. K.S.A. 74-50,132, 74-50,212 and 74-50,213 and K.S.A. 2023
36 Supp. 74-50,321, 79-32,110 and 79-32,160a are hereby repealed.

37 Sec. 9. On and after January 1, 2025, K.S.A. 65-7107, 79-32,204, 79-
38 32,207, 79-32,222, 79-32,262 and 79-32,266 and K.S.A. 2023 Supp. 32-
39 1438 are hereby repealed.

40 Sec. 10. This act shall take effect and be in force from and after its
41 publication in the statute book.