

SENATE BILL No. 211

By Committee on Assessment and Taxation

2-23

1 AN ACT concerning income taxation; relating to credits; certain purchases  
2 of goods and services from qualified vendors that provide employment  
3 to individuals who are blind or severely disabled; qualifications,  
4 procedures and limitations.

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

7 Section 1. (a) For tax year ~~years~~ 2017 ~~and all tax years thereafter~~  
8 ***through 2019***, a credit shall be allowed against the tax imposed by the  
9 Kansas income tax act in an amount equal to 15% of the amount for  
10 expenditures of goods and services purchased by the taxpayer from a  
11 qualified vendor on and after January 1, 2017, as certified by the secretary  
12 of commerce as provided subsection (d). ***The amount of such credit***  
13 ***awarded for each taxpayer shall not exceed \$500,000 per qualified***  
14 ***vendor per tax year.***

15 ~~(b) In addition to the credit provided in subsection (a), for tax year~~  
16 ~~2017 and all tax years thereafter, for purchases of goods and services by a~~  
17 ~~taxpayer from a qualified vendor prior to January 1, 2017, a taxpayer shall~~  
18 ~~be allowed a credit in an amount of 15% of the amount of such purchases~~  
19 ~~based on the existing book of business of such taxpayer in 2016. The~~  
20 ~~amount of such credit awarded for each taxpayer shall not exceed~~  
21 ~~\$500,000 per qualified vendor per tax year. Such limitation shall not apply~~  
22 ~~to the credit specified in subsection (a) related to purchases of goods and~~  
23 ~~services made on and after January 1, 2017.~~

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

34 ~~(d)(c)~~ The secretary of commerce shall annually certify that  
35 expenditures for goods and services purchased by a taxpayer subject to the  
36 tax credit provided in this section were made from a qualified vendor, and

1 provide such certification to the secretary of revenue. The secretary of  
2 commerce is hereby authorized to promulgate rules and regulations for  
3 establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and  
4 amendments thereto, for evaluating whether purchases by taxpayers from a  
5 qualified vendor should be certified as provided in this section, with the  
6 assistance and approval of the secretary of revenue.

7 ~~(e)(d) As used in this section, "qualified vendor" means the same as~~  
8 ~~defined in K.S.A. 75-3317, and amendments thereto, or a nonprofit~~  
9 ~~certified business, both of which have a mission of providing employment~~  
10 ~~to individuals who are blind or severely disabled in an integrated setting,~~  
11 ~~pay minimum wage or above, and offer a qualified company-sponsored~~  
12 ~~insurance plan under the affordable care act or pay the required subsidy to~~  
13 ~~the internal revenue service for employees who purchase insurance~~  
14 ~~through the open market, if a company-sponsored plan is not offered. If~~  
15 ~~any such company is not covered under the affordable care act, and does~~  
16 ~~not offer a company-sponsored insurance plan, such company must offer~~  
17 ~~assistance to the employee to cover at least 75% of their health insurance~~  
18 ~~costs through a health saving account or other legal and appropriate~~  
19 ~~methodology:~~

20 *(1) "Certified business" means any business certified by the*  
21 *department of administration that is a sole proprietorship, partnership,*  
22 *association or corporation domiciled in Kansas, or any corporation,*  
23 *even if a wholly owned subsidiary of a foreign corporation, that:*

24 *(A) Does business primarily in Kansas or substantially all of its*  
25 *production in Kansas;*

26 *(B) employs at least 10% of its employees who are individuals with*  
27 *disabilities and reside in Kansas;*

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

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

34 *(2) "individuals with disabilities" or "individual with a disability"*  
35 *means any individual who:*

36 *(A) Is certified by the Kansas department for aging and disability*  
37 *services or by the Kansas department for children and families which*  
38 *administers the rehabilitation services program as having a physical or*  
39 *mental impairment that constitutes a substantial barrier to employment;*

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

43 *(C) (i) is receiving services, has received services or is eligible to*

1 *receive services under a home and community based services program,*  
2 *as defined by K.S.A. 39-7,100, and amendments thereto;*

3 *(ii) is employed by a charitable organization domiciled in the state*  
4 *of Kansas and exempt from federal income taxation pursuant to section*  
5 *501(c)(3) of the federal internal revenue code of 1986, as amended; or*

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

10 *(3) "qualified vendor" means an entity that:*

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

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

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

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

28 *Sec. 2. This act shall take effect and be in force from and after its*  
29 *publication in the statute book.*