

HOUSE BILL No. 2416

By Committee on Taxation

Proposed Amendments for HB 2515  
House Committee on Commerce Labor and  
Economic Development  
Representative Hoffman  
February 6, 2020  
Prepared by Chuck Reimer  
Office of Revisor of Statutes

1 AN ACT concerning income taxation; relating to credits; creating the  
2 Kansas targeted employment act.

3  
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. The provisions of sections 1 through 4, and amendments  
6 thereto, shall be known and may be cited as the Kansas targeted  
7 employment act. The purpose of this act shall be to: (a) Decrease the  
8 reliance upon the medicaid program and other sources of state  
9 government-funded subsidies for persons who are primarily reliant upon  
10 these sources of funding for their sustenance by incentivizing employers to  
11 employ such persons in Kansas and decrease the reliance and associated  
12 costs to taxpayers to fund governmental programs; and (b) reallocate some  
13 of the tax dollars that employers would typically pay to the state  
14 government of Kansas to employers to incentivize the employers to  
15 specifically hire people who are reliant upon the medicaid program and  
16 other state government-funded subsidies for their sustenance.

17 Sec. 2. As used in this act: (a) "~~Competitive employment~~" means  
18 ~~work (1) in a competitive labor market that is performed on a full-time or~~  
19 ~~part-time basis in an integrated setting; and (2) for which a person is~~  
20 ~~compensated at or above the minimum wage, but not less than the~~  
21 ~~customary wage and the level of benefits paid by the employer for the~~  
22 ~~same or similar work performed by persons who are not disabled;~~

See Insert A

23 (b) "Community service provider" or "CSP" means an association or  
24 organization licensed by the Kansas department for aging and disability  
25 services whose purpose is to provide support and services, relating to the  
26 ability to live and to work in the community, to persons who, without such  
27 support and services, would be unable or would have significant difficulty  
28 maintaining employment or living in the community. [The definition of  
29 "CSP" applies to school districts who assist students to find and maintain  
30 employment.]

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

integrated

34 (d) "Eligible individual" means a tax subsidy-reliant individual who  
35 is employed by an employer in ~~an~~ integrated setting.

a competitive

36 (e) "Intellectual disability" shall have the same meaning as defined in

1 K.S.A. 38-1803, and amendments thereto.

2 ~~(f) "Integrated setting" means a place of employment that is typically~~  
3 ~~found in the community in which people with disabilities are able to~~  
4 ~~interact with non-disabled individuals, to the extent that non-disabled~~  
5 ~~individuals in comparable positions interact with other non-disabled~~  
6 ~~individuals]~~

7 (g) "Sheltered workshop" means work centers that provide vocational  
8 training and paid work opportunities for people who have intellectual  
9 disabilities.

10 (h) "Targeted employment business" means those employers  
11 employing individuals in competitive employment in an integrated setting  
12 and who are authorized to do business in Kansas. In order to qualify as a  
13 "targeted employment business," the employer must pay earned income ~~for~~  
14 ~~at least 2080 hours~~ to an eligible employee in a calendar year. "Targeted  
15 employment business" does not include a community service provider or a  
16 sheltered workshop.

17 (i) "Tax subsidy reliant individual" means an eligible individual who  
18 relies upon any form of unearned income received from the state of  
19 Kansas.

20 (j) "Unearned income" means income that is not compensation for  
21 employment, but is received from either state or federal government  
22 sources for which the recipient is eligible on the basis of financial need.

23 Sec. 3. For tax year ~~2015~~ and all tax years thereafter, a credit shall be  
24 allowed against the income, privilege or premium tax liability imposed  
25 upon a taxpayer qualifying as a targeted employment business pursuant to  
26 the Kansas income tax act, the privilege tax imposed upon any national  
27 banking association, state bank, trust company or savings and loan  
28 association pursuant to article 11 of chapter 79 of the Kansas Statutes  
29 Annotated, and amendments thereto, or the premiums tax and privilege  
30 fees imposed upon an insurance company pursuant to K.S.A. 40-252, and  
31 amendments thereto, for every hour that an eligible employee, or  
32 combination of eligible employees, who is employed ~~at least 2080 hours~~ in  
33 a calendar year in a targeted employment business and receives earned  
34 income as compensation. The credit shall only apply to total hours worked  
35 and not for any compensation for leave paid to the eligible employee. The  
36 credit shall be ~~\$4 per hour~~ and shall be increased to ~~\$6 per hour~~ if the  
37 targeted employment business employs an eligible employee in a job that  
38 has been relocated from another country. ~~The credit shall not be refundable~~  
39 and may not be carried forward. For any eligible individual who receives  
40 support or services from a community service provider through home and  
41 community-based funding as provided by Medicaid, such eligible  
42 individual may choose to have support or services provided as needed at  
43 the individual's worksite to help the individual maintain employment.

integrated

a competitive

, federal program unearned income funded at least in part with state general fund dollars, supplemental security income or social security disability insurance received by virtue of meeting the social security definition of disability

or disability, including federal program unearned income funded at least in part with state general fund dollars, supplemental security income or social security disability insurance received by virtue of meeting the social security definition of disability.

(k) "Vocational rehabilitation contractor" means an entity contracted with vocational rehabilitation services of the Kansas department for children and families

*And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly*

2020

or a taxpayer outsourcing work to a targeted employment business

55% of the gross wages paid to the eligible individual

80% of the gross wages paid to the eligible individual

or if the eligible individual is placed in the targeted employment business by either a community service provider or vocational rehabilitation contractor

1 Sec. 4. A community service provider that operates a sheltered  
 2 workshop as a way to provide employment to individuals with intellectual  
 3 or developmental disabilities shall have the option to convert from a  
 4 sheltered workshop to a targeted employment business if the community  
 5 service provider fulfills all of the requirements of this act.  
 6 Sec. 5. Participation in this act by any community service provider or  
 7 school district is optional.  
 8 Sec. 6. (a) Any targeted employment business seeking to qualify for  
 9 the tax credit pursuant to section 3, and amendments thereto, shall provide  
 10 to the department of revenue the names of each eligible employee and the  
 11 number of hours worked by each eligible employee.  
 12 (b) The secretary of revenue is hereby authorized to adopt such rules  
 13 and regulations as may be necessary for the administration of the  
 14 provisions of the Kansas targeted employment act.  
 15 Sec. 7. This act shall take effect and be in force from and after its  
 16 publication in the statute book.

*And by renumbering remaining sections accordingly*

Sec. 7. Pursuant to the provisions of the Kansas employment first initiative act, K.S.A. 2019 Supp. 44-1136 through 44-1138, and amendments thereto, that requires competitive and integrated employment be the first option when serving people with disabilities of working age, the Kansas department for aging and disability services shall develop a plan to make adjustments to rates paid under the intellectual and developmental disability home and community based services medicaid waiver program by incentivizing such rates towards the outcome of competitive integrated employment as defined in section 1, and amendments thereto. As part of this planning process, the department shall also develop a plan to help providers through transformation grants, training, technical assistance and other measures to assist with the transitions necessary to come into compliance with current or pending changes at the federal level regarding competitive integrated employment and the Kansas employment first initiative act. In developing this plan, the department will engage outside experts who will work closely with Kansas disability stakeholders, including disability service providers, self-advocates with disabilities, disability organizations, the federally designated developmental disability network and parents and family members. The department will report the results and any actions taken pursuant to that planning process to members of the Kansas legislature by the start of the 2021 legislative session.

Insert A

(a) Competitive integrated employment means work that:

(1) Is performed on a full-time or part-time basis, including self-employment, and an individual is compensated for at a rate that:  
 (A) Is not less than the higher of the rate specified in subsection (a)(1) of section 6 of the fair labor standards act of 1938 (29 U.S.C. § 206(a)(1)) or the rate required under the applicable state or local minimum wage law for the place of employment;

(B) Is not less than the customary rate paid by the employer for the same or similar work performed by other employees who are not individuals with disabilities and who are similarly situated in similar occupations by the same employer and who have similar training, experience, and skills; and

(C) In the case of an individual who is self-employed, yields an income that is comparable to the income received by other individuals who are not individuals with disabilities and who are self-employed in similar occupations or on similar tasks and who have similar training, experience, and skills; and

(D) Is eligible for the level of benefits provided to other employees; and

(2) Is at a location:

(A) Typically found in the community; and

(B) Where the employee with a disability interacts for the purpose of performing the duties of the position with other employees within the particular work unit and the entire work site, and, as appropriate to the work performed, other persons (e.g., customers and vendors), who are not individuals with disabilities (not including supervisory personnel or individuals who are providing services to such employee) to the same extent that employees who are not individuals with disabilities and who are in comparable positions interact with these persons; and

(C) Presents, as appropriate, opportunities for advancement that are similar to those for other employees who are not individuals with disabilities and who have similar positions.