

KANSAS OFFICE *of*  
**REVISOR *of* STATUTES**

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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

**MEMORANDUM**

To: Madam Chair and Members of the Committee on Assessment and Taxation  
From: The Office of Revisor of Statutes  
Date: March 10, 2020  
Subject: House Bill No. 2118 as amended by House Committee of the Whole

**Summary**

House Bill No. 2118, as amended by House Committee of the Whole, creates two new income tax credits relating to graduates of aerospace and aviation related educational programs and employers of program graduates.

Section 1 provides definitions of terms for purposes of sections 1 through 4, including:

"Qualified employee" means any person newly employed on a full-time basis by or first contracting with a qualified employer on a full-time basis on or after January 1, 2020, who has been awarded an undergraduate or graduate degree, or a technical degree or certificate from a qualified program by an institution.

"Qualified employer" means a sole proprietorship, general partnership, limited partnership, limited liability company, corporation, other legally recognized business entity or public entity whose principal business activity involves the aviation sector.

"Qualified program" means:

(1) A program that has been accredited by the engineering accreditation commission of the accreditation board for engineering and technology (ABET), the federal aviation administration or a regional accrediting body and that awards an undergraduate or graduate degree; or

(2) a program within the meaning of an associate of applied science degree program or career technical education program, within the meaning of those programs as defined in K.S.A. 74-32,407, and amendments thereto, whether a state or out-of-state program that results in the

awarding of a degree or certificate that prepares the graduate for gainful employment with a qualified employer.

Section 2 provides an income tax credit for taxable years beginning after December 31, 2019, for a taxpayer who is a qualified employer subject to Kansas income tax for an amount equal to 50% of tuition reimbursed to a qualified employee. The credit cannot exceed 50% of the average annual amount paid by a qualified employee for enrollment and instruction in a qualified program. The credit may be claimed only if the qualified employee has been awarded an undergraduate or graduate degree, or technical degree or certificate from a qualified program within one year prior to or following the commencement of employment with a qualified employer and may be claimed each year for up to four years if the qualified employee remains employed. The credit would apply against income tax liability after all other credits, would not be refundable and may not be carried forward.

Section 3 provides an income tax credit for taxable years beginning after December 31, 2019, for a taxpayer who becomes a qualified employee during the taxable year in an amount equal to \$5,000. The credit shall be deducted from the taxpayer's income tax liability for the taxable year in which the taxpayer is or has been a qualified employee and may be claimed each year the taxpayer achieves the status of a qualified employee for the four taxable years succeeding the taxable year in which the credit was first allowed. Unused credit may be carried forward for up to four years after the year in which the credit was first allowed.

Section 4 provides that the secretary of revenue may adopt rules and regulations for the implementation and administration of the credits. The secretary shall annually submit a written report to the house committee on appropriations and to the senate committee on ways and means providing information regarding the cost and effectiveness of the tax credit programs.

Section 5 provides that no new credits shall be issued or may be earned under sections 1 through 3 after December 31, 2024.

The bill would take effect from and after its publication in the statute book.

On March 27, 2019, the bill passed the House on a vote of 106-18.