

February 19, 2020

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151D-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2702 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2702 is respectfully submitted to your committee.

Under current law, taxpayers that claim the High Performance Incentive Program tax credit are required to participate in either the Kansas Industrial Training (KIT) or Kansas Industrial Retraining (KIR) Programs. HB 2702 would decouple the tax credit from participating in KIT and KIR.

The Department of Commerce indicates enactment of the bill would not have a fiscal effect to agency operations. The Division of the Budget states enactment of the bill would give the Department flexibility in using dollars from both the KIT and KIR programs. It is assumed that there would be an increase in those who qualify for the HPIP investment tax credit since there is no longer a training requirement and only the wage standard requirement. The Department of Commerce determines those qualified for the High Performance Incentive Program. The Department is unable to estimate the number of applicants that have not qualified due to not meeting the training requirements. Therefore the Department of Revenue is unable to estimate the fiscal impact of those taxpayers that may qualify based on this proposed legislation. Any fiscal effect associated with HB 2702 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Sherry Rentfro, Department of Commerce
Lynn Robinson, Department of Revenue