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

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

Sec. 2. As used in this act: (a) "Competitive employment" means
work: (1) In a competitive labor market that is performed on a full-time or
part-time basis in an integrated setting; and (2) for which a person is
compensated at or above the minimum wage, but not less than the
customary wage and the level of benefits paid by the employer for the
same or similar work performed by persons who are not disabled.
(b) "Community service provider" or "CSP" means an association or
organization licensed by the Kansas department for aging and disability
services whose purpose is to provide support and services, relating to the
ability to live and to work in the community, to persons who, without such
support and services, would be unable or would have significant difficulty
maintaining employment or living in the community. The definition of
"CSP" applies to school districts who assist students to find and maintain
employment.
(c) "Earned income" means compensation paid to a Kansas employee
for competitive employment that is equal or greater to the minimum wage
and is performed in an integrated setting.
(d) "Eligible individual" means a tax subsidy-reliant individual who
is employed by an employer in an integrated setting.
(e) "Intellectual disability" shall have the same meaning as defined in
K.S.A. 38-1803, and amendments thereto.

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

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

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

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

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

Sec. 3. For tax year 2019, and all tax years thereafter, a credit shall be allowed against the income, privilege or premium tax liability imposed upon a taxpayer qualifying as a targeted employment business pursuant to the Kansas income tax act, the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, for every hour that an eligible employee, or combination of eligible employees, who is employed at least 2080 hours in a calendar year in a targeted employment business and receives earned income as compensation. The credit shall only apply to total hours worked and not for any compensation for leave paid to the eligible employee. The credit shall be $4 per hour and shall be increased to $6 per hour if the targeted employment business employs an eligible employee in a job that has been relocated from another country. The credit shall not be refundable and may not be carried forward. For any eligible individual who receives support or services from a community service provider through home and community-based funding as provided by medicaid, such eligible individual may choose to have support or services provided as needed at the individual's worksite to help the individual maintain employment.
Sec. 4. A community service provider that operates a sheltered workshop as a way to provide employment to individuals with intellectual or developmental disabilities shall have the option to convert from a sheltered workshop to a targeted employment business if the community service provider fulfills all of the requirements of this act.

Sec. 5. Participation in this act by any community service provider or school district is optional.

Sec. 6. (a) Any targeted employment business seeking to qualify for the tax credit pursuant to section 3, and amendments thereto, shall provide to the department of revenue the names of each eligible employee and the number of hours worked by each eligible employee.

(b) The secretary of revenue is hereby authorized to adopt such rules and regulations as may be necessary for the administration of the provisions of the Kansas targeted employment act.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.