

SESSION OF 2022

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 347**

As Amended by Senate Committee of the Whole

**Brief\***

SB 347, as amended, would enact the Attracting Powerful Economic Expansion Act (Act). The Act would establish new economic development incentives targeted at specific industries to firms that agree to invest at least \$1.0 billion within the State of Kansas and at their suppliers.

The bill would be in effect upon publication in the *Kansas Register*.

The bill would prohibit the Secretary from entering into any agreement with a qualified firm or supplier on and after March 31, 2023 (Section 15).

***Definitions (Section 1)***

The bill would define terms used in the Act.

***Qualified Firm***

The bill would define a “qualified firm” as a for-profit business establishment subject to state income, sales, or property tax that is engaged in one or more of the following industries as determined by the Secretary of Commerce (Secretary):

- Advanced manufacturing;
- Aerospace;
- Distribution, logistics, and transportation;

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- Food and agriculture; or
- Professional and technical services.

The bill provides exceptions to the definition by stating that a for-profit business establishment in any industry is eligible as a qualified firm if it is seeking benefits to relocate or establish its national corporate headquarters within the state. However, the bill would exclude all business establishments engaged in the following activities from the definition of “qualified firm”:

- Mining;
- Swine Production;
- Ranching; or
- Gaming.

#### *Qualified Supplier*

The bill would define a “qualified supplier” as a supplier of components, sub-assemblies, chemicals or other process-related tangible goods owned by one of the following entities:

- An individual, any partnership, association, limited liability corporation, or corporation domiciled in Kansas; or
- Any business that operates in the state of Kansas for the purpose of supplying a qualified firm.

#### *Qualified Business Facility*

The bill would define a “qualified business facility” as a building or complex of buildings satisfying the following requirements:

- The facility is for use by qualified firm in operation of a revenue-producing enterprise; and

- If the facility was acquired or leased by the qualified firm from another person or persons, that said facility was not being used in the operation of a revenue-producing enterprise that is the same or similar to the revenue-producing enterprise of the qualified firm.

The definition would exclude any facilities or portions of facilities held by the qualified firm and leased to another person or persons and not being utilized by the qualified firm in the operation of a revenue-producing enterprise.

#### *Qualified Business Facility Employee*

The bill would define a “qualified business facility employee” as a person employed by a qualified firm or qualified supplier in the operation of the firm or supplier’s business within Kansas during the taxable year in which authorized benefits are being claimed by the qualified firm or supplier. A qualified business facility employee may work for the qualified firm or supplier on a:

- Regular, full-time basis;
- Part-time basis, provided the employee works at least 20 hours per week throughout the taxable year; or
- Seasonal basis, provided the employee works for substantially all of the season customary for the position in which they are employed.

The bill would exclude an independent contractor from the definition of a qualified business facility employee.

### *Qualified Business Facility Investment or Qualified Investment*

The bill would define a “qualified business facility investment” or “qualified investment” as the total value of the real and tangible personal property of the qualified firm during a taxable year with the following exclusions:

- Inventory;
- Property held for sale to customers in the ordinary course of business;
- The qualified business facility; or
- Used by the firm in operation of the qualified business facility, including for administrative or managerial functions.

The bill would specify how the value would be calculated.

### *Other Definitions*

The bill would define various other terms, including “commitment to invest,” “facility,” “foreign trade zone,” “headquarters,” “new employee,” “total payroll cost,” and “training and education eligible expense.”

### ***Attracting Powerful Economic Expansion Program (Section 2)***

The bill would establish the Attracting Powerful Economic Expansion (APEX) Program under the purview of the Secretary for the purpose of attracting large capital investments in new facilities and operations by businesses engaged in specified industries, establishing new national headquarters in Kansas, and encouraging the development of Kansas-based supply chains.

APEX would provide tax incentives to qualified firms who agree to invest at least \$1 billion in the State of Kansas within a five-year period and to no more than five of the qualified firm's qualified suppliers.

The bill would authorize the Secretary of Commerce or the Secretary of Revenue to adopt rules and regulations for implementation of the Act.

### ***Qualified Firms (Section 2)***

#### ***Requirements***

To receive incentives under the APEX Program, the bill would require a business to meet the definition of a qualified firm and fulfill the following requirements:

- Submit an application to the Secretary, in the form of and with the information required by the Secretary;
- If requested by the Secretary, submit a certificate of intent to invest which, if required by the Secretary, must contain a date investment would commence;
- Commit to a qualified business investment of at least \$1 billion in a qualified business facility to be completed within five years;
- Complete the project and commence commercial operations within five years;
- Enter into a binding agreement with the Secretary that includes the commitments required by the bill;
- Obtain and submit a bond to the Secretary in the amount required to cover primary construction of the building or buildings for the qualified business facility if the qualifying firm or qualifying business

facility does not meet the minimum investment grade rating determined by the Secretary; and

- Commit to repayment, at the direction of the Secretary, of all unearned benefits received under APEX Program should the the qualified business investment of at least \$1 billion not be made.

### *Incentives*

The qualified firm meeting the above requirements would be eligible for the following incentives, as approved by the Secretary:

- Investment tax credits;
- Reimbursement of a percentage of total payroll;
- Reimbursement of a percentage of eligible employee training and education expenses;
- Partial real property tax exemption; and
- Sales tax exemption for construction costs of the qualified business facilities.

The bill would state that a qualified firm's confidential financial information, trade secrets, or other information that would put the firm at a disadvantage in the marketplace, or would significantly interfere with the purposes of the Act as determined by the Secretary, shall not be subject to disclosure but shall be made available upon request to the Legislative Division of Post Audit. These exclusions from the provisions of the Kansas Open Records Act would expire on July 1, 2027, unless reviewed and re-enacted by the Legislature.

## ***Qualified Suppliers (Section 2)***

### ***Requirements***

The bill would allow a qualified firm to select up to five eligible, qualified suppliers that meet the following requirements to be eligible to receive incentives for up to five successive years under the Act:

- Submit an application to the Secretary in the form and manner designated by the Secretary, and including all information requested by the Secretary;
- Submit a certificate of intent to invest in a qualified business facility which includes when investment will begin;
- Make more than \$10 million of sales to the qualified firm within the taxable year for which benefits are being sought, unless this requirement is waived by the Secretary due to “exceptional circumstances”; and
- Provide information to the Secretary such as, but not limited to:
  - Evidence establishing sales of more than \$10 million to the qualified firm;
  - Date when operations at the qualified business facility began; and
  - Sales to the qualified business facility by the qualified supplier.

If the Secretary approves the application, the bill would require the qualified supplier to enter into a binding agreement with the Secretary establishing the terms and conditions of the agreement. The agreement would be required to, at a minimum, contain the requirements and conditions of the Act and require the qualified supplier to

provide the Secretary with evidence showing the amount of sales made to the qualified firm each year. The bill would require the agreement be entered into before any benefits under the Act are provided to the qualified supplier.

No benefits will be provided to the qualified supplier until the qualified firm has commenced operation at the qualified business facility. Should the qualified business facility fail to commence operations then all benefits to the qualified supplier would be forfeit.

### *Incentives*

Qualified suppliers would be eligible for the following incentives:

- Investment tax credit;
- Partial retention of employee withholding tax;
- Reimbursement of a percentage of eligible employee training and education expenses;
- Partial real property tax exemption for qualified business facilities; and
- Sales tax exemption for construction materials used in the qualified business facility.

The bill would require qualified suppliers to meet the individual requirements of each incentive in order to receive benefits. Furthermore, the bill would state that qualified suppliers that meet the requirements of the investment tax credit shall be required to commit to repay all benefits received under the Act should the qualified supplier fail to meet the requirements of the Act, rules and regulations, or terms and conditions of the agreement entered into with the Secretary.



## ***Qualified Firms and Qualified Suppliers (Section 2)***

### *Conditions*

The bill would disqualify a qualified firm or qualified supplier approved by the Secretary of Commerce from participating in the following programs:

- Promoting Employment Across Kansas (PEAK) Program;
- High Performance Incentive Program (HPIP);
- Kansas Industrial Training (KIT) Program;
- Kansas Industrial Retraining (KIR) Program;or
- Any other economic development program or fund administered by the Secretary of Commerce.

The qualified firm or supplier would also be required to cooperate with any audit undertaken by the Secretary of Revenue and to provide to the Secretary of Commerce the following information:

- Information required for publication in the Economic Development Incentive Program Database as prescribed by law;
- Information reasonably required for the Secretary's report on the APEX Program to the Governor and specified committees of the Legislature;
- Information required by the Secretary of Commerce for the Secretary's annual review or by the Secretary of Revenue that pertain to the qualified firm's eligibility for benefits; and

- Reasonable access by the Secretary or Department of Commerce staff to the qualified business facility during business hours.

The bill would require the Secretary of Commerce to conduct an annual review of the activities of qualified firms and qualified suppliers to ensure compliance with the provisions of the Act, rules and regulations adopted by the Secretary, and the agreement entered into by the qualified business. Upon review, the bill would direct the Secretary of Commerce to certify to the Secretary of Revenue that the qualified firm is eligible for benefits.

The Secretary of Revenue would be tasked, in consultation with the Secretary of Commerce, to develop a form to be completed annually by qualified firms and qualified suppliers that receive benefits.

### ***Investment Tax Credit (Section 3)***

The bill would authorize eligibility for both qualified firms and qualified suppliers to receive investment tax credits.

#### ***Incentive***

Beginning in tax year 2022, a qualified firm or supplier that makes a qualified business investment in a qualified business facility and meets all requirements in the Act would be allowed a credit for such investment against that entity's income tax, premium tax, privilege fees, or privilege tax.

The bill would specify the credit shall be earned each taxable year based upon the amount of the qualified investment made within the taxable year. The credit would be up to 15.0 percent of the qualified investment within the taxable year, as determined by the Secretary of Commerce, and would be divided into three equal installments to be claimed in three successive tax years.

The bill would provide that any portion of the tax credit that remains after being applied against the qualified firm or supplier's tax liability shall be carried forward for application against the qualified firm or supplier's tax liability in the next successive tax year or for refund if within three taxable years. The bill would prohibit earned credits from being claimed after the three successive taxable years in which the credit was earned.

The bill would require the Secretary of Commerce, in determining the percentage of the tax credit earned, to consider the following factors:

- Extent of prospective new employment;
- Quality of new jobs and wage or salary levels;
- Total amount of investment;
- Potential for development of the industry within the state;
- Potential for ancillary industry development and indirect economic development; or
- Other measures or goals of the Secretary consistent with the purposes of the Act.

*Conditions*

The bill would require the Secretary of Commerce to certify the eligibility of the qualified firm or supplier in each taxable year prior to the Secretary of Revenue issuing tax credits to the qualified firm.

Should the tax credits of the qualified firm or supplier be disallowed in whole or in part by the Secretary of Commerce or the Secretary of Revenue, the bill would state the qualified firm would be liable for repayment to the State of the amount disallowed.

In order to claim the credits, the bill would require the qualified firm or supplier to provide the following information pursuant to KSA 79-32,243 as part of their tax return claiming the credits:

- Actual jobs created as a direct result of the expenditures on which such credit claims are based;
- Additional payroll generated as a direct result of the expenditures on which such credit claim is based;
- Actual jobs retained as a direct result of the expenditures on which such credit claim is based;
- Additional revenue generated as a direct result of the expenditures on which such credit claim is based;
- Additional sales generated as a direct result of the expenditures on which such credit claim is based;
- Total employment and payroll at the end of the tax year in which the credits are claimed; and
- Further information as required by the Secretary of Revenue.

The bill would prohibit the denial of investment tax credits based solely on the information provided.

***Partial Retention of Payroll Withholding Tax (Section 4)***

The bill would specify only qualified suppliers are eligible to receive a partial retention of employee payroll withholding taxes.

### *Incentive*

The bill, starting in taxable year 2022, would allow a qualified supplier who meets the requirements of the Act to be eligible to retain up to 65.0 percent of its Kansas payroll withholding taxes for up to ten successive years. The bill would authorize the Secretary of Commerce to determine the percentage of Kansas payroll withholding taxes retained and duration of the benefit.

The bill would require the Secretary to consider, at a minimum, the following factors when determining the amount of benefits for a qualified supplier:

- Extent of prospective new employment;
- Quality of new jobs and wage or salary levels;
- Total amount of investment;
- Potential for development of the industry within the state; and
- Other measures or goals of the Secretary consistent with the purposes of the Act.

The bill would prohibit any payroll tax retention by a qualified supplier until after the qualified firm that selected the qualified supplier has commenced commercial operations as established in the Act.

### *Third-party Employer Eligibility*

The bill would authorize a qualified supplier to utilize or contract with a third-party employer and still receive payroll tax retention benefits. The bill would require the third-party employer to meet the following criteria:

- Serve as the legal employer of the qualified supplier's employees providing service to the qualified supplier;
- Perform such services in Kansas; and
- Be subject to the Kansas Withholding and Declaration of Estimated Tax Act.

### *Agreement*

To receive the payroll tax retention benefit, the qualified supplier would be required to submit an application to the Secretary of Commerce and provide all information requested by the Secretary. If the Secretary approves the request, an agreement would be established between the Secretary and the qualified supplier to include, but not be limited to, the following elements:

- Terms and conditions of the Secretary;
- Percentage of payroll withholding taxes to be retained each year; and
- Any requirements or performance targets as determined by the Secretary.

Should the qualified supplier fail to comply with the agreement or the conditions of the Act, the bill would authorize the Secretary to terminate the qualified supplier's future benefits and require the qualified supplier to pay the State an amount equal to all Kansas payroll withholding taxes retained by the qualified supplier or remitted to the qualified supplier by a third-party.

### *Certification*

The bill would require the Secretary of Commerce to annually certify the following information to the Secretary of Revenue:

- That the qualified supplier is eligible to receive benefits under the Act and the terms of agreement;
- Number of employees;
- Amount of gross wages being paid to each employee; and
- Percentage of payroll withholding taxes to be retained.

The bill would require the qualified supplier to submit the amount of Kansas payroll withholding tax being retained by the qualified supplier to the Kansas Department of Revenue.

### ***Reimbursement of Total Payroll (Section 5)***

Under the bill, only qualified firms would be eligible to receive partial reimbursement for total payroll costs.

### *Incentive*

Starting July 1, 2022, the bill would allow a qualified firm to receive partial reimbursement of total payroll costs paid to the employees of the qualified business facility during a taxable year, as approved by the Secretary of Commerce.

The bill would limit the amount of the payroll reimbursement for each taxable year at 10.0 percent of the total payroll cost of the qualified firm in the taxable year for up to 10 successive years. The percentage of reimbursement and number of successive years would be determined by the Secretary.

### *Eligibility*

The qualified firm would become eligible for such reimbursements when the Secretary determines the qualified firm met the following requirements:

- Enters into an agreement with the Secretary; and
- Commences construction of the qualified business facility; or
- Commences commercial operations at the qualified business facility.

### *Requirements*

The bill would require the qualified firm, to be eligible, to must meet the eligibility requirements of the Act and enter into an agreement with the Secretary that details the percentage of reimbursement, number of successive years, and such terms and conditions determined by the Secretary. The bill would prohibit a claim for reimbursement for payroll costs from being paid unless the following requirements are met:

- The qualified firm has met all requirements in the Act;
- The Secretary has certified that the qualified firm has met all requirements for the taxable year being claimed; and
- The qualified firm has filed a claim with the Secretary in the form and manner required by the Secretary including evidence showing the amount of total payroll costs for the year being claimed.



### *Payment*

The bill would require all payroll reimbursements to be paid from the Attracting Powerful Economic Expansion Payroll Incentive Fund and would be subject to appropriations.

### ***Attracting Powerful Economic Expansion Payroll Incentive Fund (Section 6)***

The bill would establish the Attracting Powerful Economic Expansion Payroll Incentive Fund within the state treasury. The fund would be administered by the Secretary of Commerce and used only for partial reimbursement of qualified firms for total payroll costs. Expenditures from the fund would be subject to appropriations.

### ***Reimbursement of Eligible Employee Training and Education Expenses (Section 7)***

Both qualified firms and qualified suppliers would be eligible to receive reimbursements for eligible employee training and education expenses.

### *Incentive*

Starting July 1, 2022, the bill would authorize a qualified firm or qualified supplier that meets the requirements of the Act and enters into an agreement with the Secretary of Commerce to be eligible for a reimbursement of up to 50.0 percent of training and education eligible expenses for the purpose of educating and training new employees. Each qualified firm and supplier would be eligible for up to \$5 million annually for up to five successive years, as determined by the Secretary.

### *Qualified Firms Eligibility*

Under the bill, qualified firms would be eligible for reimbursement commencing with the year in which the firm enters into an agreement with the Secretary, commences construction of its qualified business facility, or commences commercial operation of its qualified business facility.

### *Qualified Supplier Eligibility*

Under the bill, qualified suppliers would be eligible beginning in the year in which the qualified firm that selected the qualified supplier for eligibility commences commercial operation at the qualified business facility.

### *Requirements*

The bill would require qualified firms and suppliers to annually submit an application to the Secretary, in the manner of and with information requested by the Secretary, in order to be certified as eligible to receive the reimbursement. The bill would prohibit reimbursements from being issued unless the qualified firm or supplier was certified by the Secretary as meeting all the requirements of the Act.

The percentage of reimbursement and number of successive years would be determined by the Secretary. When making the determination, the bill would require the Secretary to take into account the following factors:

- Extent of prospective new employment;
- Quality of new jobs and wage or salary levels;
- Total amount of investment;
- Potential for development of the industry within the state;

- Potential for ancillary industry development and indirect economic development; and
- Other measures or goals of the Secretary consistent with the purposes of the Act.

#### *Payment*

All reimbursements would be made from the Attracting Powerful Economic Expansion New Employee Training and Education Fund and would be subject to appropriation.

#### ***Attracting Powerful Economic Expansion New Employee Training and Education Fund (Section 8)***

The bill would establish the Attracting Powerful Economic Expansion New Employee Training and Education Fund within the state treasury. The fund would be administered by the Secretary of Commerce for the purpose of reimbursing qualified firms and suppliers for eligible education and training expenses under the Act. The fund would be subject to appropriation.

#### ***Partial Real Property Tax Exemption (Section 9)***

Both qualified firms and qualified suppliers would be eligible to receive partial real property tax exemptions should the new manufacturing property or headquarters be located within a foreign trade zone program.

#### *Incentive*

Starting in tax year 2022, the bill would exempt 50.0 percent of all real property taxes levied on any new manufacturing property or new headquarters located in the foreign trade zone program. The exemptions would begin upon completion of the building(s) construction and continue for a period of time determined by the Secretary of

Commerce as long as operations at the facility continue and constitute “active participation” in the foreign trade zone program.

### *Definitions*

The bill would define the terms of “new manufacturing property”

The term “new manufacturing property” would mean any real property purchased or constructed after December 31, 2021, that meets the following requirements:

- Is a qualified business facility as defined in the Act;
- Is owned by a qualified firm or qualified supplier; and
- Is regularly used to manufacture and produce goods for one or more of following industries:
  - Advanced manufacturing;
  - Aerospace;
  - Distribution, logistics, and transportation;
  - Food and agriculture; or
  - Professional and technical services.

### ***Sales Tax Exemption (Section 10)***

Both qualified firms and qualified suppliers would be eligible to receive sales tax exemptions under the Act.

### *Incentive*

Under the bill, on and after July 1, 2022, the qualified firm or qualified supplier would receive a sales tax exemption for all tangible personal property or services purchased by the qualified firm or supplier for the purpose of constructing,

reconstructing, enlarging, or remodeling a qualified business facility.

### *Eligibility*

Qualified firms would become eligible for the exemption on the day they commence construction of the qualified business facility unless an earlier date is provided in the agreement with the Secretary.

Qualified suppliers would be eligible upon selection by the qualified firm pursuant to the Act.

Both qualified firms and qualified suppliers would be required to be approved by, and enter into an agreement with, the Secretary. The exemption would be valid until either the completion of construction of the qualified business facility or the date specified in the agreement with the Secretary.

### *Conditions*

The bill would require the Secretary of Commerce to provide notice to the Secretary of Revenue regarding any approval of sales tax exemptions. The Secretary of Revenue shall issue no exemptions to a qualified firm or supplier until certification from the Secretary of Commerce is received.

All sales tax exemptions shall be revoked by the Secretary of Revenue upon notification from the Secretary of Commerce that a qualified firm or supplier has been disapproved by the Secretary of Commerce.

### ***Reporting Requirements (Section 11)***

The bill would require the Secretary to transmit a report based upon information received from qualified firms and qualified suppliers receiving benefits on or before January 31 of each year to the following entities:

- The Office of the Governor;
- The Senate Committee on Assessment and Taxation;
- The Senate Committee on Commerce;
- The House Committee on Taxation;
- The House Committee on Commerce, Labor and Economic Development; and
- Any successor committees to those listed in the Act.

The report would be based on information received by the Secretary from qualified firms and suppliers and include, but not be limited to, the following information:

- Names of qualified firms or qualified suppliers;
- Types of qualified firms or qualified suppliers utilizing the Act;
- Location of such qualified firms and suppliers and their location, description, and economic impact upon the State of Kansas;
- Number of new employees hired;
- Wages paid to new employees;
- Annual and cumulative amount of investments made;
- Annual amount of each benefit provided under the Act;
- Estimated net state fiscal impact, including direct and indirect new state taxes derived from new employees; and

- An estimate of the multiplier effect on the Kansas economy.

The bill would also require the Secretary to report the number of projects that may qualify for incentives under the Act to the chairpersons of the Senate Committee on Commerce and the House Committee on Commerce, Labor and Economic Development on a quarterly basis.

### ***Corporate Tax Rate Adjustment (Section 12)***

Beginning in fiscal year 2022, the bill would require the Secretary of Commerce to certify to the Secretary of Revenue, Director of the Budget, and Director of Legislative Research the receipt of any benefits under the Act by a qualified firm or supplier within the fiscal year.

When certification is received, the bill would require the Secretary of Revenue to reduce the corporate tax rate for the next tax year by 0.5 percent. The rate reduction would first be applied to the normal tax rate and, should that rate be 0.0 percent, would then be applied to the surtax on corporations.

The Secretary of Revenue would be required to report any reduction in corporate income tax rates to the following individuals:

- Chairperson of the Senate Committee on Assessment and Taxation;
- Chairperson of the Senate Committee on Commerce;
- Chairperson of the House Committee on Commerce, Labor and Economic Development;
- Chairperson of the House Committee on Taxation; and

- The Governor.

The bill would require notice of the rate reduction to be published in the *Kansas Register* prior to September 15 of the calendar year before the tax year in which the reduction would take effect.

### ***Tax Amendments (Section 13 & 14)***

The bill would amend law regarding corporate income tax by stating that the rate is subject to adjustment based upon provisions within the Act.

The bill would also amend law to exempt from the collection of sales tax all sales of tangible personal property or services purchased by a qualified firm or qualified supplier for the purpose of constructing, reconstructing, enlarging, or remodeling a qualified business facility.

The exemption would require the qualified firm or qualified supplier to obtain a tax exemption certificate to provide to all suppliers in order to receive said exemption.

The bill would require the contractor, upon completion of the project, to provide the qualified firm or supplier with a sworn statement that all purchases made were entitled to sales tax exemption. The bill would require the contractor to retain copies of all invoices for five years and be subject to audit by the Director of Taxation.

Any contractor, agent, employee, or subcontractor who makes a purchase under the certification of exemption for purposes other than the construction of the qualified business facility would be deemed guilty of a misdemeanor and subject to penalties.



## **Background**

The bill was introduced by the Senate Committee on Commerce at the request of a representative of the Department of Commerce.

### ***Senate Committee on Commerce***

In the Senate Committee hearing on January 19 and January 20, 2022, **proponent** testimony was provided by representatives of the Department of Commerce, Chamber of Lawrence, Greater Wichita Partnership, Kansas Chamber, Overland Park Chamber of Commerce, and Shawnee Chamber of Commerce. Proponents generally stated the need for the Act in order to compete for large economic development projects currently going to other states with robust incentive programs. Written-only proponent testimony was provided by representatives of Greater Hutch, Greater Kansas City Chamber of Commerce, Greater Topeka Chamber of Commerce, Kansas Board of Regents, Kansas Economic Development Alliance, Lenexa Chamber of Commerce, Pittsburg Area Chamber of Commerce, Salina Area Chamber of Commerce, Southeast Kansas Regional Planning Commission, and Wyandotte Economic Development Council.

**Opponent** testimony was provided by a representative of the Kansas Policy Institute. The opponent generally stated concerns for the potential cost to the state as well as the lack of fairness provided to existing Kansas businesses.

No neutral testimony was provided.

The Senate Committee adopted amendments to:

- Remove the refundable element of the Investment Tax Credit;

- Add a 0.5 percent corporate tax reduction for the taxable year following the receipt of any benefits by a qualified firm or supplier under the Act; and
- Make various technical changes to the bill.

### ***Senate Committee of the Whole***

The Senate Committee of the Whole amended the bill to:

- Establish a sunset of March 31, 2023, on and after which no new agreements with a qualified firm or qualified supplier may be entered into by the Secretary of Commerce;
- Define the term “foreign trade zone”;
- Amend the definition of “qualified supplier”;
- Amend requirements under which a qualified firm must repay benefits;
- Clarify qualified firms and suppliers are disqualified from receiving benefits under any other economic development program administered by the Department of Commerce; and
- Clarify that qualified suppliers must be certified by the Secretary of Commerce prior to receiving the sales tax exemption.

### **Fiscal Information**

No fiscal note was available for the bill at the time of Senate Committee action.

Commerce; economic development; Attracting Powerful Economic Expansion Act; incentives; corporate tax rate