

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on February 24, 2010, in Room 548-S of the Capitol.

All members were present except:

Senator Jay Emler- excused
Senator Dick Kelsey- excused

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Marilyn Arnone, Committee Assistant

Conferees appearing before the Committee:

Joan Wagnon, Secretary of Revenue
Kathleen Smith, Department of Revenue

Others attending:

See attached list.

Chairperson Brownlee welcomed Secretary of Revenue, Joan Wagnon, to the committee to review the Tax Credits that are given as incentives for economic development.

Secretary Wagnon directed her remarks to the High Performance Incentive Program (HPIP) and Business and Job (B & J) Development Credit. Approximately three years ago, the law was changed because the committee had asked about tracking credits for a long time. Previously, a voluntary form to report tax credits was requested to be sent to Kansas, Inc. But no one filled it out, so Kansas, Inc. reports were meaningless. The law was changed to send the form to the Department of Revenue. The Revenue Department got a better response, but there was still a disconnect because every form was not completely filled out, and Revenue did not have the authority to enforce compliance. So tax credit information collected was still not complete, but better than it had been before. A meeting of people familiar with tax credits compiled an analysis of data that needed to be collected. The law was changed to provide for the collection of this data. So now Revenue Department sends out the form, and in order to collect the tax credits, the form must be filled out with all the information. No effort has been made to go back into records to audit previous information, but records have now been collected for a couple of years. A data bank is beginning to be built that is pertinent for further investigation.

HPIP is a 10% credit on capital investment and applies to income and privileged taxpayers. The premium tax is collected by the Insurance Commissioner's office which is not tracking these credits. Since taxes are collected for the calendar year prior to the actual year, the Revenue Department is always behind in getting data processed. Most of the data collected and processed now is for 2007 and some for 2008 when the economy was much better. From the data for 2007, \$36,622,735 in tax credits went out creating 5,362 jobs. Each job cost the state \$6,830 to create. These numbers should be audited to be sure they are accurate. These tax credits promote investment in the state. These credits reward investment and investment turns money over in the economy. Projected *Capital Investment Generated* is \$2,660,683,354 (figures from Department of Commerce and could include multiple years) and it is generally accepted that spending capital is one of the drivers in the economy. By spending \$36 million, the *Capital Investment Generated* was \$637 million of which 5.7% was incentive and the rest went back into the economy, not the state. The question arose about how to come up with the return for the state. What is the benefit to the state because \$36 million worth of tax money has been spent on this program. The benefit to the company as a result of that investment in *Additional Revenue Generated* was over \$32 million; *Additional Sales Generated* were \$514 million; and *Additional Payroll Generated* was over \$282 million. Some of these numbers may be misleading and probably questions need to be revised in order to get a true picture.

A number of sectors including Agriculture, Construction, and Manufacturing generated \$514 million of additional sales. Probably most of these sales are not retail sales. It is an estimated guess as to how much of the sales were taxable. About half of the money multiplied by 5.3% state sales tax rate generated \$13 million in Kansas. *Additional Payroll Generated* times a flat 5% results in \$14 million sales tax generated. So adding up all the figures the additional taxes generated as a result from HPIP are \$29.6 million and \$36.6 million has

CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on February 24, 2010, in Room 548-S of the Capitol.

been spent. This number is the impact on Kansas. With these figures, Kansas is not getting its money back. Maybe there are other benefits. The committee needs to have a conversation on how to refine this, but this is what the data shows. (Attachment 1)

Chairperson Brownlee noted that in the *Capital Investment*, property tax that the state might receive is not shown. Often times if there is a new business, there might be an abatement locally. If there is a local abatement, is the state allowed to abate also. Wouldn't most of the \$637 million be subject to property taxes? Secretary Wagnon responded that most personal property would be exempt from property taxes and it is the school districts who decide abatement. A lot of the investment and personal property included in the investment is equipment and is property tax exempt.

Chairperson Brownlee said the key thing is to know what really came back to the state of Kansas and that doesn't seem to be captured yet. Secretary Wagnon remarked they were closer to capturing data than ever before, and despite the holes, it points out that this information needs to be validated. She would recommend Post Audit, who have the tools to help, analyze the data for HPIP and the Revenue Department would be happy to help as much as possible. In answer to Chairperson Brownlee's question, Secretary Wagnon said that HPIP tax credit can be claimed for 10 years. Chairperson Brownlee asked if there had been an attempt to get a specific number on how much liability is carried forward. There is \$272.6 million in HPIP carry forward on the books. A 10 year carryover is too much. But the policy could be changed from this year forward; the number could be 5 years or whatever is decided. Benefits have been given out that are not practical to be used. What tends to be most attractive in economic development circles is cash benefits rather than tax credits. A policy decision needs to be made if that conversion is to be made, and take what has been spent on HPIP for a year and convert that to cash benefits. Secretary Wagnon thinks cash is appropriate. But, to the 130 companies that used this tax credit, it was very important, so perhaps it is not recommended to get completely away from tax credits, but some restructuring might be appropriate.

The Business and Job Development credit was enacted in 1976 and is the oldest tax credit. Any qualified company that hires at least 2 people can claim this credit so it is widely claimed. Senator Schodorf asked if these credits helped the rural areas. Sec. Wagnon said the the intent is to give a better benefit to rural communities as two jobs would make a difference in a small town, but is inconsequential in a larger city. The cost to the state is only \$1,575 and is less per job than HPIP, a cheaper credit that generates more payroll than HPIP. A comparison between the two credits looked at efficiency among other things and evaluated the ability of each credit to act as an incentive to create jobs. The B & J credit is designed to create jobs while the HPIP credit is to create investment. The conclusion is that the jobs created would happen anyway, and the credit is too small to make any difference. Everyone likes to use the B & J credits but comparing the B & J and HPIP, HPIP is more likely to be an incentive. The hurdle factor was what do you have to get over to become a real incentive that lowers cost and actually changes the calculations. There was enough incentive in HPIP to get over that hurdle and induce a company to come to Kansas while the B & J credit did not. There was nothing to indicate that B & J credits would encourage a company to relocate. According to the study, the B & J credits would be better as a cash fund than would HPIP.

The Angel investor makes an investment in a company and receives a credit of 50% of the amount invested. Most investors are from out of state and through the angel network invest up to \$50,000 each. The Angel Investor Credit is a fast growing credit as is the Historic Preservation Credit which allows a 50% tax credit for any contribution to a state owned historical site. In contrast, there is a House bill that seeks to eliminate five little used tax credits.

Senator Faust-Goudeau asked if the number of people filing for the Earned Income Tax credit has increased. Sec. Wagnon said that particular credit benefits lower income people and Revenue tries to promote it whenever possible. When the credit amount was raised from 15% to 17%, the number of filers jumped.

Chairperson Brownlee noted that more work needed to go into how to collect the data needed so a more accurate picture can be portrayed. Kansas Inc. should be asked to evaluate the tax credits. The numbers must to be broken down so everything is counted and the return on investment to the state of Kansas is known exactly.

The next meeting is scheduled for February 25, 2010.

The meeting was adjourned at 09:30a.m.

COMMERCE COMMITTEE GUEST LIST

DATE: 2-24-10

NAME	REPRESENTING
Stan [unclear]	KS, Inc
Lellio Kaufman	KS Co-op Council
Ashley Ballweg	Pinegar, Smith & Associates
Jackson Lindsey	Hein Law
Taylor Clouser	KTEC
LARRY R BAER	LKM
JEAN MILLER	CMTROC STRATEGIES
In Bruning	OP Chamber
Lindsay Holwick	Kansas Bicentennial Authority
Levi Henry	Sandstone Group LLC

January 4, 2010

**Update to Analysis of Kansas Corporate Income Tax Dated October 14, 2004
To Reflect Tax Year 2007 Sample Data**

The Analysis dated October 14, 2004 focused on the Kansas corporate income tax during tax years 2000, 2001 and 2002 and the impact of the 4 largest business income tax credit incentive programs on corporate income tax receipts, in an effort to determine how the corporate income tax burden falls within various industry sectors. This Analysis has been annually updated to reflect sample corporate income tax data from the new tax year. Attached are updates to Tables 2 and 3 of the Analysis, to reflect tax year 2007 sample data. The discussion of the Top 20 claimants of the Business and Job Development (B&J) income tax credit is updated for tax year 2007 data. Data on the Top 20 claimants of the High Performance Incentive Program (HPIP) tax credits for tax year 2007 is also discussed.

Recent History of Corporate Income Tax Receipts

Annual Kansas corporate income tax receipts (by fiscal year) since 1995 are shown below:

Fiscal Year	Amount Collected	Percent Change
1995	\$229,421,376	
1996	\$218,586,552	-4.7%
1997	\$263,573,332	20.6%
1998	\$281,651,300	6.9%
1999	\$227,369,923	-19.3%
2000	\$250,122,826	10.0%
2001	\$211,906,919	-15.3%
2002	\$93,958,484	-55.7%
2003	\$105,222,316	12.0%
2004	\$141,173,000	34.2%
2005	\$226,071,634	60.1%
2006	\$350,200,874	55.0%
2007	\$442,448,739	26.3%
2008	\$432,088,732	-2.3%
2009	\$240,258,000	-44.4%

Although corporate income tax receipts recovered well after FY 2002, the current revenue forecast and trend is not encouraging. Fiscal Year 2009 corporate income tax receipts fell drastically (-44.4%) below FY 2008 receipts. Corporate income tax revenues are expected to remain essentially flat in the near future, as reflected in the November 2009 Consensus Revenue Estimate of \$245 million for FY 2010 and that same amount

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Senate Commerce Committee

Date: February 24, 2010

Attachment # 1-1

for FY 2011. Thus far in FY 2010, corporate income tax receipts of \$140.2 million through the end of December 2009 are running 19.3% above the current Consensus Revenue Estimate but still are 5% below actual corporate income tax receipts for this same time period last fiscal year.

Corporate Income Tax Burden

In updating the Analysis dated October 14, 2004, tax returns from a sample of the largest 279 corporate income taxpayers for tax year 2007 were reviewed in order to determine how much impact the business tax credit programs (Business & Job Development, High Performance Incentive Program, Research & Development, Business Machinery & Equipment) have on the corporate income tax burden. These corporations accounted for at least 75% of the corporate income tax base for tax year 2007. The North American Industry Classification System (NAICS) code, Kansas taxable income, Kansas corporate income tax liability before credits, credits claimed, and the net tax receipts (amounts paid to the state) after credits for tax year 2007 for each of these corporations were captured in the database.

The update to Table 2 (attached) summarizes the results by NAICS code categories (using the first 2 digits of the NAICS code) for tax year 2007. The number of corporations included in each NAICS code category is shown in parenthesis in the first column.

Consistent with the Table 2 in the prior Analysis, the Update to Table 2 for tax year 2007 shows some disparity between the various industry sectors in the proportion of tax liability that is reduced or eliminated by tax credits through participation in business incentive tax credit programs. The "payment percentage" column shown on the Update to Table 2 reflects the percent of tax liability (measured before credits are taken) actually paid after credits were applied to reduce tax liability. Manufacturers experienced a moderately low tax payment percentage rate, 77.61%, slightly higher than the 76.28% tax payment percentage rate for tax year 2006, 72.8% for tax year 2005 and significantly higher than the 45.6% tax payment percentage rate for tax years 2000 through 2002 and 59.9% for tax year 2004. The manufacturing sector generated the largest portion of tax liability before credits (32.5% of the sample total) as well as corporate income tax receipts (31.3% of the sample total), compared to any other sector in the sample of 279 corporations for tax year 2007. The retail sector generated the next largest share of tax liability before credits (16.2%) and tax receipts (17.6%) of the sample for tax year 2007, experiencing a tax payment percentage of 87.84%, slightly lower than 90.08% for tax year 2006, higher than the manufacturing sector tax payment percentage, and higher than the 80.43% tax payment percentage for the retail sector for tax year 2005. The wholesale trade sector had a significantly lower tax payment percentage than the retail sector or manufacturing sector in tax year 2007, 65.61%, and accounted for 11% of total tax liability before credits and 9% of tax receipts of the sample.

The Analysis dated October 14, 2004 (see Charts 2 and 3 of that document) indicated that manufacturers represented the largest portion of Kansas tax liability before credits (and Kansas taxable income) in the sample during tax years 2000 through 2002.

The 2007 tax year sample data is consistent with that. As Update to Table 2 for tax year 2007 indicates, the manufacturing sector's total corporate income tax liability taken from the sample before credits was \$124.4 million and tax payments after credits (see "net receipts" column) were \$96.5 million, while the next largest sector, the retail sector, had total corporate income tax liability before credits of \$62.8 million and tax payments after credits of \$54.4 million.

B&J Credit Data

Within the sample of 279 corporations, the group of top 20 corporations that claimed the most B&J credits during tax year 2007 were identified. Corporations in this group were divided into 2 broad categories by NAICS code: manufacturing/transportation/warehousing/mining and retail/wholesale/other. The effective tax rate for each corporation was computed, as well as the average effective tax rate for each of the two categories. The results are shown below.

Top 20 B & J Credit Claimants Tax Year 2007

Tax Year 2007

8 in Manu./Transp./Warehous./Mining
 Total Taxable Income: \$557.8 million
 Total Net Tax: \$35.627 million
 Ave. Effective Tax Rate: 6.39%
 Range: 0% to 7.23%

12 in Retail/Wholesale/Other
 Total Tax. Inc.: \$432.72 million
 Total Net Tax: \$24.8 million
 Ave. Effective Tax Rate: 4.96%
 Range: -9.4% to 6.82%

The tax year 2007 results show a lower average effective tax rate for the retail/wholesale/other category among the 20 largest B&J tax credit claimants (4.96%) than the manufacturing/transportation/warehousing category (6.39%) within that same group. The range of effective tax rates for each corporation is narrower for the manufacturing/transportation/warehousing category (0% to 7.23%) than the retail/wholesale/other category (-9.4% to 6.82%).

The Update to Table 3 for tax years 2000 through 2007 (attached) compares the manufacturing firms and retail firms within the group of corporations included in the "top 20" in B & J credit claimants during each of tax years 2000 through 2007 (a sample size of 256 corporations). The amount of tax liability (measured before credits are taken), credits and net tax receipts to the state (tax paid after credits were taken) for all six tax years for manufacturing and retail firms in the group are listed. Of the 256 corporations in the group, 67 were manufacturing corporations and 66 were retail trade corporations. The "total" row at the bottom sums the information not only for these 67 manufacturers and 66 retailers, but also the rest of the 256 corporations in the group.

The Update to Table 3 for tax years 2000 through 2007 shows that manufacturing firms that are large B & J credit claimants continue to succeed in offsetting significant tax liability with tax credits, paying only 57.94% of the amount of their tax liability measured before credits were applied, while retailers that are large B & J credit claimants offset a much smaller portion of their tax liability, paying 84.41% of the amount their tax liability

measured before credits. The average payment percentage for all 256 corporations in this group of largest B&J credit claimants is 69.44%.

HPIP Data

Within the sample of 279 corporations, the 20 corporations claiming the largest amount of HPIP credits during tax year 2007 were identified. Corporations in this group were divided into 2 broad categories by NAICS code: manufacturing, transportation, warehousing and mining in the first category, and retail, wholesale and other in the second category. The effective tax rate for each corporation was computed, as well as the average effective tax rate for each of the two categories. The results are shown below.

Top 20 HPIP Credit Claimants Tax Year 2007

5 in Manu., Transp., Warch., Mining	15 in Retail, Wholesale, Other
Total Taxable Income: \$401.2 million	Tot. Tax. Inc.: \$387.8 million
Total Net Tax: \$14.1 million	Total Net Tax: \$300,000
Ave. Effective Tax Rate: 3.51%	Ave. Eff. Tax Rate: 0%
Range: -1.09% to 6.79%	Range: -9.46% to 4.77%

The tax year 2007 data indicates that large-scale HPIP participants benefited significantly from the HPIP program, with claimants in the Manufacturing, Warehousing and Mining category paying a low average effective tax rate of 3.51% of Kansas taxable income, and claimants in the Retail, Wholesale and Other category paying an even lower average effective tax rate of 0%. Seven of the claimants in the Retail, Wholesale, Other category had either zero or negative effective tax rates, eliminating their corporate income tax liability entirely with credit offsets and refunds. This data shows that large-scale HPIP participants are able to offset most, if not all, of their corporate income tax liability with tax credits. Interestingly, for the first time since this corporate income tax study began, of the Top 20 HPIP claimants for tax year 2007, companies in the Manufacturing, Transportation, Warehousing and Mining NAICS codes were significantly less effective than companies in the Retail, Wholesale and Other category in offsetting entirely their Kansas taxable income with HPIP credits, and were also significantly outnumbered by them.

Updated Conclusions

Many of the conclusions in the Analysis dated October 14, 2004 remain valid for the tax year 2007 corporate income tax data sample: manufacturers continue to utilize the business tax credit incentive programs heavily. However, for tax year 2007, a much wider variety of NAICS codes show up among the Top 20 HPIP credit claimants: this group was not dominated by manufacturers. Instead, retailers, wholesalers and others outnumbered manufacturers in this group. Retailers/wholesalers/other companies also outnumbered manufacturers/wholesalers/transportation/mining companies among the Top 20 B & J credit claimants. Because tax credits are used to lower tax burden, the effective tax rates continue to vary within industry groups of all types. The tax year 2007 data indicates that the average tax payment percentage for manufacturers increased from

76.28% for tax year 2006 to 77.61% for tax year 2007, while the average tax payment percentage for all corporations in the sample decreased from 84.19% for tax year 2006 to 80.65% for tax year 2007. See Update to Table 2 for tax year 2007. Also, in contrast to prior years, among the top 20 B&J credit claimants for tax year 2007, the retail/wholesale/other category average effective tax rate (4.96%) was less than the average effective tax rate for the manufacturing/transportation/warehousing/mining category (6.39%).

For tax year 2007, as with tax year 2006, the manufacturing sector generated largest share of the corporate income tax liability and corporate income tax receipts, compared to the income tax liability and income tax receipts generated by other sectors of the economy. See Update to Table 2 for tax year 2007. The tax year 2007 data contrasts with the tax year 2004 and 2003 data (see the annual updates for those tax years), which showed the retail sector as the most dominant portion of the corporate income tax base, generating the largest amount of Kansas corporate income tax liability and contributing the largest portion of the corporate income tax receipts. In tax years 2000, 2001 and 2002, the manufacturing sector generated the largest amount of Kansas corporate income tax liability (but not corporate income tax receipts).

Update to Table 2: Tax and Credits Statistics by Industry from a sample of 279 Corporations for Tax year 2007.

Industry	Total Tax Liability	Total NR Credits	B&J	R&D	HPIP	BM&E Credit	Other Ref. Credits	Net Tax	Payment Percentage
Agriculture, Forestry, Fishing and Hunting (5)	\$2,742,422	\$0	\$0	\$0	\$0	\$66,058	\$0	\$2,676,364	97.59%
Mining (10)	\$32,578,462	\$386,577	\$61	\$13,781	\$302,239	\$474,625	\$0	\$31,717,260	97.36%
Utilities (6)	\$12,531,050	\$12,500	\$0	\$0	\$0	\$0	\$0	\$12,518,550	99.90%
Construction (6)	\$3,145,543	\$805,581	\$28,500	\$29,137	\$747,542	\$202,617	\$0	\$2,137,345	67.95%
Manufacturing (55)	\$124,363,759	\$22,748,347	\$2,120,708	\$329,595	\$21,740,742	\$5,065,581	\$36,790	\$86,513,041	77.61%
Wholesale Trade (50)	\$42,187,023	\$13,012,073	\$121,500	\$6,850	\$11,967,948	\$1,496,534	\$0	\$27,678,416	65.61%
Retail Trade (45)	\$61,967,889	\$5,379,568	\$2,635,911	\$0	\$1,842,013	\$1,804,899	\$353,616	\$54,429,806	87.84%
Transportation and Warehousing (8)	\$22,990,465	\$790,304	\$249,500	\$13,315	\$401,989	\$1,598,859	\$837,087	\$19,764,215	85.97%
Information (19)	\$18,757,755	\$2,785,314	\$507,261	\$144,635	\$2,133,322	\$5,143,786	\$4,138,414	\$6,690,241	35.67%
Finance and Insurance (18)	\$15,000,743	\$1,155,247	\$198,651	\$0	\$931,840	\$722,918	\$30,000	\$13,092,578	87.28%
Professional, Scientific, and Technical Se (13)	\$7,375,433	\$1,783,124	\$235,565	\$164,171	\$1,359,888	\$49,926	\$0	\$5,542,383	75.15%
Management of Companies and Enterprises (21)	\$24,482,282	\$1,342,974	\$0	\$36,837	\$1,294,040	\$525,844	\$0	\$22,613,464	92.37%
Other industries (23)	\$14,403,134	\$873,480	\$87,000	\$349,774	\$448,106	\$405,318	\$0	\$13,124,336	91.12%
Total All Industries (279)	\$382,525,959	\$51,075,089	\$6,184,657	\$1,088,095	\$43,169,669	\$17,556,965	\$5,395,907	\$308,497,998	80.65%

Other industries includes: Real Estate and Rental and Leasing; Administrative and Support and Waste Management; Educational Services; Health Care and Social Assistance; Arts, Entertainment and Recreation; Accommodation and Food Services; and other service and industry sectors

Update to Table 3. Summary information for the corporations that claimed most B&J Credits from TY 2000 to 2007

Sector (# of sample)	Total Tax Liability	Total NR Credits	B&J	R&D	HPIP	BM&E	Total Ref. Credits	Net Receipts	Payment Percentage
Manufacturing (67)	\$114,649,975	\$41,807,951	\$20,830,219	\$6,576,737	\$16,019,617	\$6,120,558	\$298,675	\$66,422,791	57.94%
retail Trade (66)	\$139,825,095	\$18,640,604	\$18,956,042	\$0	\$2,599,171	\$2,810,354	\$353,616	\$118,020,521	84.41%
Total (256)	\$393,442,309	\$87,265,964	\$82,369,077	\$10,370,538	\$34,983,128	\$20,924,766	\$11,444,074	\$273,199,706	69.44%

Kansas Tax Credits
High Performance Incentive Program
Tax Year 2007

8-1

Program Name	Statutory Reference	Description	Number of Filers	Training & Education Credit Tax Expenditure	Investment Credit Tax Expenditure	Projected Jobs Created	Actual Jobs Created	Projected Jobs Retained	Actual Jobs Retained	Projected Capital Investment Generated	Actual Capital Investment Generated	Additional Revenue Generated	Additional Sales Generated	Additional Payroll Generated
High Performance Incentive Program	K.S.A. 74-50,132	A qualified firm making a cash investment in the training and education of its employees can receive a credit equal to the portion of the investment in the training and education that exceeds 2% of the businesses total payroll costs.												
	K.S.A. 79-32.160a(e)	A credit is available for those qualified firms that make an investment in a qualified business facility. The investment credit is 10% of the qualified business facility investment which exceeds \$50,000.												
Income and Privilege Taxpayers		Sector 11- Agriculture, Forestry, Fishing and Hunting, Sector 21- Mining, and Sector 23. Construction	13	\$240,003	\$4,052,371	18	25	0	0	\$280,999,000	\$3,772,810	\$5,040,000	\$5,040,000	\$3,020,895
		Sector 31-33-Manufacturing	59	\$920,556	\$22,120,783	641	1,392	3,798	1,413,722	\$1,447,560,632	\$442,120,197	\$21,780,257	\$252,521,521	\$84,043,537
		Sector 42-Wholesale	8	\$130,095	\$1,287,442	44	854	0	4	\$37,321,520	\$21,193,040	\$900,000	\$6,000,000	\$45,531,755
		Sector 44-45-Retail Trade, Sector 48-49-Transportation and Warehousing, and Sector 51-Information	8	\$92,201	\$3,440,138	1,568	24	168	205	\$802,141,100	\$4,421,947	\$80,000	\$2,000,000	\$1,165,531
		Sector 52-Finance and Insurance	8	\$10	\$601,672	1	29	0	0	\$1,397,000	\$3,876,143	\$0	\$0	\$2,376,956
		Sector 53-Real Estate and Rental and Leasing, Sector 54-Professional, Scientific, and Technical Services, and Sector 55-Management of Companies and Enterprises,	17	\$180,418	\$2,842,711	587	2,618	384	12	\$81,324,016	\$89,987,221	\$0	\$1,900,000	\$137,296,129
		Sector 56-Administrative and Support and Waste Management, Sector 61-Educational Services, Sector 62-Health Care and Social Assistance, and Sector 81-Other Services	17	\$81,194	\$2,277,618	42	420	0	300	\$9,940,096	\$71,895,097	\$4,755,780	\$246,855,483	\$9,330,580
Total High Performance Incentive Program Credits			130	\$1,644,477	\$36,622,735	2,901	5,362	4,350	1,414,243	\$2,660,683,364	\$637,266,455	\$32,556,037	\$514,317,004	\$282,765,383
(1) Actual jobs retained-data supplied by businesses. It appears that the number of jobs retained for manufacturing companies is likely overstated or incorrect information has been supplied.														
(2) Projected capital investment generated-projected investment tracked by the Department of Commerce. This total includes any project that has an HPIP certification date that begins in calendar year 2007 and can include projected expenditures over a multi-year period.														

Kansas Tax Credits
Business and Job Development Credit
Tax Year 2007

1-9

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure	Actual Jobs Created	Actual Capital Investment Generated	Additional Payroll Generated
Business and Job Development Credit	K.S.A. 79-32,153	Any taxpayer that invests in a qualified business facility and hires at least two employees as a result of that investment may be eligible for an investment tax credit of \$100 for every \$100,000 of investment made and a job creation tax credit of \$100 for every qualified business facility employee.					
	K.S.A. 79-32,160a	Any taxpayer that meets the definition of business in K.S.A. 74-50,114(b), that invests in a qualified business facility and hires a minimum number of employees as a result of that investment may be eligible for an investment tax credit of \$1,000 for every \$100,000 of investment made and a job creation tax credit of at least \$1,500 for every qualified business facility employee.					
Income and Privilege Taxpayers		Sector 11-Agriculture, Forestry, Fishing and Hunting, Sector 21-Mining, and Sector 22-Utilities	14	\$324,574	42	\$31,474,498	\$1,511,065
		Sector 23-Construction	51	\$692,162	285	\$16,178,284	\$27,007,344
		Sector 31-33-Manufacturing	183	\$5,503,191	3,433	\$293,079,134	\$235,010,268
		Sector 42-Wholesale Trade	31	\$262,760	146	\$10,677,616	\$12,532,394
		Sector 44-45-Retail Trade	59	\$2,353,534	1,493	\$272,351,972	\$36,211,247
		Sector 48-49-Transportation and Warehousing	6	\$213,926	34	\$13,471,641	\$7,358,664
		Sector 51-Information	13	\$360,032	81	\$20,437,831	\$6,013,547
		Sector 52-Finance and Insurance	66	\$389,364	102	\$64,597,294	\$31,877,779
		Sector 53-Real Estate and Rental & Leasing	6	\$37,745	19	\$1,268,013	\$467,119
		Sector 54-Professional, Scientific, and Technical Services and Sector 55-Management of Companies and Enterprises	56	\$889,873	580	\$29,823,382	\$163,328,306
		Sector 56-Management & Remediation and Sector 61-Educational Services	14	\$282,025	181	\$8,352,663	\$9,430,623

Kansas Tax Credits
 Business and Job Development Credit
 Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure	Actual Jobs Created	Actual Capital Investment Generated	Additional Payroll Generated
		Sector 62-Health Care and Social Assistance	39	\$183,537	187	\$36,112,766	\$24,582,804
		Sector 72-Accommodation & Food Services	46	\$200,561	1,018	\$52,615,601	\$19,196,553
		Sector 81-Other Services	25	\$560,231	172	\$12,183,396	\$10,041,992
Total Business and Job Development Credits			609	\$12,253,515	7,773	\$862,624,091	\$584,569,705

The numbers reflected are unaudited.

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NAICS Titles and Descriptions of Industries

Sector	Title	Description
Sector 11	Agriculture, Forestry, Fishing and Hunting	Establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch or their natural habitats.
Sector 21	Mining	Establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, beneficiating (e.g., crushing, screening, washing, and flotation), and other preparation customarily performed at the mine site, or as a part of mining activity.
Sector 22	Utilities	Establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal.
Sector 23	Construction	Establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this sector.
Sector 31-33	Manufacturing	Establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products.
Sector 42	Wholesale Trade	Establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.
Sector 44-45	Retail Trade	Establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.
Sector 48-49	Transportation and Warehousing	Industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation.
Sector 51	Information	Establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.
Sector 52	Finance and Insurance	Establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions.
Sector 53	Real Estate and Rental and Leasing	Establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services.
Sector 54	Professional, Scientific, and Technical Services	Establishments that specialize in performing professional, scientific, and technical activities for others. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services, translation and interpretation services; veterinary services; and other professional, scientific, and technical services.

NAICS Titles and Descriptions of Industries

Sector	Title	Description
Sector 55	Management of Companies and Enterprises	Comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decisionmaking role of the company or enterprise.
Sector 56	Administrative and Support and Waste Management and Remediation Services	Establishments performing routine support activities for the day-to-day operations of other organizations. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.
Sector 61	Educational Services	Establishments that provide instruction and training in a wide variety of subjects.
Sector 62	Health Care and Social Assistance	Establishments providing health care and social assistance for individuals.
Sector 71	Arts, Entertainment, and Recreation	Establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure time interests.
Sector 72	Accommodation and Food Services	Establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.
Sector 81	Other Services (except Public Administration)	Establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.
Sector 92	Public Administration	Establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area.

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
7 Abandoned Well Plugging Credit	K.S.A. 79-32,207	A taxpayer that makes expenditures to plug an abandoned oil or gas well on their land may be eligible for a credit of 50% of the amount expended.		
Income Taxpayers			*CONFIDENTIAL	
Total Abandoned Well Plugging Credit			*CONFIDENTIAL	
Adoption Credit	K.S.A. 79-32,202	<p>General Adoption Credit Residents of Kansas who adopt a child can receive a credit of 25% of the adoption credit allowed against the federal income tax liability on the federal return.</p> <p>Special Needs/SRS Custody Adoption Credit A \$1,500 credit is available for those Kansas residents that adopt a special needs child or a child in the custody of the secretary of Social and Rehabilitation Services.</p>		
Income Taxpayers			1,150	\$1,291,812
Total Adoption Credit			1,150	\$1,291,812
Agricultural Loan Interest Reduction Credit	K.S.A. 79-32,181a K.S.A. 79-1126a	A taxpayer which extends or renews an agricultural production loan at least one whole percentage point less than the prime interest rate on loans with equivalent collateral can receive a credit against their tax liability.		
Income Taxpayers			0	\$0
Privilege Taxpayers			*CONFIDENTIAL	
Total Agricultural Loan Interest Reduction Credit			*CONFIDENTIAL	
Agritourism Liability Insurance Credit	K.S.A. 74-50,173	An income tax credit shall be allowed in an amount equal to 20% of the cost of liability insurance paid by a registered agritourism operator that operates an agritourism activity.		
Income Taxpayer			22	\$4,125
Total Agritourism Liability Insurance Credit			22	\$4,125

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Alternative Fuel Tax Credit	K.S.A. 79-32,201	A credit is allowed for any individual, association, partnership, limited liability company, limited partnership, or corporation that makes expenditures for a qualified alternative-fueled motor vehicle licensed in the state of Kansas or that makes expenditures for a qualified alternative-fuel fueling station.		
Income Taxpayers			98	\$173,069
Total Alternative Fuel Tax Credit			98	\$173,069
Angel Investor Credit	K.S.A. 74-8133	Any angel investor that makes a cash investment in the qualified securities of a qualified Kansas business shall receive a credit of 50% of the amount invested.		
<i>CAPO AT 2 M</i>				
Income Taxpayers			163	\$2,030,795
Total Angel Investor Credit			163	\$2,030,795
Assistive Technology Contribution Credit	K.S.A. 65-7107	A taxpayer that makes a contribution to an individual development account reserve fund may qualify for an income tax credit in the amount of 25% of the amount contributed.		
Income Taxpayers			0	\$0
Total Assistive Technology Contribution Credit			0	\$0
Biomass-to-Energy Credit	K.S.A. 79-32,233	A taxpayer that makes a qualified investment in a biomass-to-energy plant shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.		
Income Taxpayers			0	\$0
Total Biomass-to-Energy Credit			0	\$0

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Business Machinery and Equipment Credit	K.S.A. 79-32,206	A credit may be allowed based on a percentage of the personal property tax levied and paid on commercial and industrial machinery and equipment classified for property taxation purposes pursuant to section 1 of article 11 of the Kansas Constitution in subclass (5) or (6) of class 2, and machinery and equipment classified for such purposes in subclass (2) of class 2.		
Income Taxpayers			11,314	\$36,127,086
Privilege Taxpayers			332	\$888,028
Total Business Machinery and Equipment Credit			11,646	\$37,015,114
Child and Dependent Care Credit	K.S.A. 79-32,111a	Credit available only to residents and part-year residents filing as residents. The credit is equal to 25% of the federal credit allowed.		
Income Taxpayers			73,492	\$9,447,143
Total Child and Dependent Care Credit			73,492	\$9,447,143
Child Day Care Assistance Credit	K.S.A. 79-32.190	A taxpayer may be eligible for a credit if they pay for child day care services for its employees children, locate child day care services for the employees children, or provide facilities and necessary equipment for child day care services for its employees children.		
Income Taxpayers			7	\$79,119
Privilege Taxpayers			0	\$0
Total Child Day Care Assistance Credit			7	\$79,119
Community Entrepreneurship Investor Credit	K.S.A. 74-99c09	An investor making a cash donation of \$250 or more in the Kansas community entrepreneurship fund shall receive a credit of 50% of the total amount of cash donation.		
Income Taxpayers			92	\$1,020,732
Total Community Entrepreneurship Investor Credits			92	\$1,020,732

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Community Service Contribution Credit	K.S.A. 79-32,197	Any business firm which contributes to an approved community service organization engaged in providing community services may be eligible to receive a tax credit of at least 50% of the total contribution made.		
Income Taxpayers			825	\$2,464,577
Privilege Taxpayers			25	\$449,986
Total Community Service Contribution Credit			850	\$2,914,563
Disabled Access Credit	K.S.A. 79-32,175 K.S.A. 79-1117	Individual and business taxpayers that incur certain expenditures to make their property accessible to the disabled may be eligible to receive a credit.		
Income Taxpayers			36	\$76,011
Privilege Taxpayers			*CONFIDENTIAL	
Total Disabled Access Credit			36	\$76,011
Earned Income Credit	K.S.A. 79-32,205	Credit is available to resident taxpayers in an amount equal to 10% of the earned income tax credit allowed against the federal income tax liability.		
Income Taxpayers			197,810	\$62,368,216
Total Earned Income Credit			197,810	\$62,368,216
Electric Cogeneration Facility Credit	K.S.A. 79-32,246	An income tax credit is allowed for a taxpayer that makes a qualified investment in a new renewable electric cogeneration facility. The credit is 10% on the first \$50,000,000 invested and 5% on the amount of investment that exceeds \$50,000,000.		
Income Taxpayers			0	\$0
Total Electric Cogeneration Facility Credit			0	\$0

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Environmental Compliance Credit	K.S.A. 79-32,222	An income tax credit is allowed for a taxpayer that makes qualified expenditures for an existing refinery to comply with environmental standards.		
Income Taxpayers			0	\$0
Total Environmental Compliance Credit			0	\$0
Film Production Credit	K.S.A. 79-32,258	An eligible film production company that makes direct production expenditures in Kansas that are directly attributable to the production of a film in Kansas may be allowed a credit of 30% of the expenditures.		
Income Taxpayers			*CONFIDENTIAL	
Total Film Production Credit			*CONFIDENTIAL	
Habitat Management Credit	K.S.A. 79-32,203	An income tax credit is allowed for a property owner that pays property taxes and assessments on property designated as a critical habitat.		
Income Taxpayers			0	\$0
Total Habitat Management Credit			0	\$0
Historic Preservation Credit	K.S.A. 79-32,211	An income tax credit is allowed for expenditures incurred in the restoration and preservation of a qualified historic structure.		
Income Taxpayers			245	\$5,146,470
Privilege Taxpayers			22	\$2,801,038
Total Historic Preservation Credit			267	\$7,947,508

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Historic Site Credit	K.S.A. 79-32,211a	Any taxpayer which contributes to a state-owned historic site or a 501(c)(3) organization which owns and operates a state-owned historic site may receive a tax credit of 50% of the contribution.		
Income Taxpayers			*CONFIDENTIAL	
Privilege Taxpayers			0	\$0
Total Historic Site Credit			*CONFIDENTIAL	
Individual Development Account Credit	K.S.A. 74-50,208	Any program contributor that contributes to an individual development account reserve fund may be eligible for a credit of 50% of the amount contributed.		
Income Taxpayers			*CONFIDENTIAL	
Total Individual Development Account Credit			*CONFIDENTIAL	
Integrated Coal Gasification Power Plant Credit	K.S.A. 79-32,239	A taxpayer that makes a qualified investment in an integrated coal gasification power plant shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.		
Income Taxpayers			0	\$0
Total Integrated Coal Gasification Power Plant Credit			0	\$0

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Law Enforcement Training Center Credit	K.S.A. 79-32,242	Any business firm which contributes cash to the Kansas Law Enforcement Training Center to be used by the Center for the purpose of providing programs and courses of instruction for full-time police officers and law enforcement officers designed to fulfill the continuing education and training requirements of officers shall be allowed a credit that shall not exceed 50% of the total amount contributed.		
Income Taxpayers			*CONFIDENTIAL	
Total Law Enforcement Training Center Credit			*CONFIDENTIAL	
Mathematics and Science Teacher Employment Credit	K.S.A. 79-32,215	An income tax credit shall be allowed to any business firm that has entered into a partnership agreement to employ a Kansas mathematics or science teacher during times that school is not in session.		
Income Taxpayers			*CONFIDENTIAL	
Total Mathematics and Science Teacher Employment Credit			*CONFIDENTIAL	
National Guard & Reserve Employer Credit	K.S.A. 79-32,244	An income tax credit shall be allowed for employing a member of the Kansas Army and Air National Guard or a member of a Kansas unit of the reserved forces of the United States who was federally activated and deployed on or after August 7, 1990. The credit is 25% of the amount paid as salary or compensation, not to exceed \$7,000 for each member employed.		
Income Taxpayers			*CONFIDENTIAL	
Total National Guard & Reserve Employer Credit			*CONFIDENTIAL	

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Nitrogen Fertilizer Plant Credit	K.S.A. 79-32,229	A taxpayer that makes a qualified investment in a nitrogen fertilizer plant shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.		
Income Taxpayers			0	\$0
Total Nitrogen Fertilizer Plant Credit			0	\$0
Petroleum Refinery Credit	K.S.A. 79-32,218	A taxpayer that makes a qualified investment in a refinery shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.		
Income Taxpayers			*CONFIDENTIAL	
Total Petroleum Refinery Credit			*CONFIDENTIAL	
Qualifying Pipeline Credit	K.S.A. 79-32,224	A taxpayer that makes a qualified investment in a new qualifying pipeline shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.		
Income Taxpayers			0	\$0
Total Qualifying Pipeline Credit			0	\$0
Regional Foundation Credit	K.S.A. 74-50,154	Any taxpayer that contributes to an organization designated as a regional foundation may be eligible to receive a tax credit of 50% of the total amount contributed.		
Income Taxpayers			52	\$786,755
Privilege Taxpayers			*CONFIDENTIAL	
Total Regional Foundation Credit			52	\$786,755

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Research and Development Credit	K.S.A. 79-32,182b	A taxpayer with qualifying expenditures in research and development activities conducted within Kansas may be eligible to receive a credit of 6 1/2% of the amount expended for research.		
Income Taxpayers			238	\$2,171,146
Total Research and Development Credit			238	\$2,171,146
Single City Port Authority Credit	K.S.A. 79-32,212	An income tax credit is allowed equal to 100% of the amount attributable to the retirement of indebtedness authorized by a single city port authority established before January 1, 2002.		
Income Taxpayers			0	\$0
Total Single City Port Authority Credit			0	\$0
Small Employer Health Benefit Plan Credit	K.S.A. 40-2246	An income tax credit is allowed for any small employer establishing a small employer health benefit plan for the purpose of providing a health benefit plan.		
Income Taxpayers			46	\$374,935
Total Small Employer Health Benefit Plan Credit			46	\$374,935
Storage and Blending Equipment Credit	K.S.A. 79-32,252	An income tax credit is allowed to a taxpayer that makes a qualified investment in storage and blending equipment installed at a fuel terminal, refinery or biofuel production plant. The credit is 10% on the first \$10,000,000 invested and 5% on the amount that exceeds \$10,000,000.		
Income Taxpayers			0	\$0
Total Storage and Blending Equipment Credit			0	\$0

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Swine Facility Improvement Credit	K.S.A. 79-32,204	An income tax credit of 50% of the cost incurred is allowed for a taxpayer making required improvements to a qualified swine facility.		
Income Taxpayers			0	\$0
Total Swine Facility Improvement Credit			0	\$0
Telecommunications Credit	K.S.A. 79-32,210	A credit for property tax paid by telecommunications companies is allowed on property initially acquired and first placed in service after January 1, 2001 that has an assessment rate of 33%. The credit is equal to the amount of property taxes timely paid for the difference between an assessment level of 25% and the actual assessment of 33%.		
Income Taxpayers			121	\$2,878,076
Total Telecommunications Credit			121	\$2,878,076
Temporary Assistance to Families Contribution Credit	K.S.A. 79-32,200 K.S.A. 39-7,132	Any individual, corporation, partnership, trust, estate and other legal entity who enters into an agreement with the Secretary of Social and Rehabilitation Services to provide financial support to a person who receives Temporary Assistance for Families (TAF) is allowed a credit of 70% of the amount of financial assistance given.		
Income Taxpayers			0	\$0
Total Temporary Assistance to Families Contribution Credit			0	\$0

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Venture Capital Credits and Local Seed Capital Credits	K.S.A. 74-8205 K.S.A. 74-8304 K.S.A. 74-8401 K.S.A. 74-8316	A 25% tax credit shall be allowed for those taxpayers that invest in stock issued by Kansas Venture Capital, Inc., certified Kansas venture capital companies, certified local seed capital pools, or Sunflower Technology Venture, LP.		
Income Taxpayers			*CONFIDENTIAL	
Privilege Taxpayers			0	\$0
Total Venture Capital Credits and Local Seed Capital Credits			*CONFIDENTIAL	
*CONFIDENTIAL - This information is confidential as there are less than 5 filers. This information is not included in the total.				

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
SUMMARY				
Abandoned Well Plugging Credit	K.S.A. 79-32,207	A taxpayer that makes expenditures to plug an abandoned oil or gas well on their land may be eligible for a credit of 50% of the amount expended.	*CONFIDENTIAL	
Adoption Credit	K.S.A. 79-32,202	<p>General Adoption Credit Residents of Kansas who adopt a child can receive a credit of 25% of the adoption credit allowed against the federal income tax liability on the federal return.</p> <p>Special Needs/SRS Custody Adoption Credit A \$1,500 credit is available for those Kansas residents that adopt a special needs child or a child in the custody of the secretary of Social and Rehabilitation Services.</p>	1,150	\$1,291,812
Agricultural Loan Interest Reduction Credit	K.S.A. 79-32,181a K.S.A. 79-1126a	A taxpayer which extends or renews an agricultural production loan at least one whole percentage point less than the prime interest rate on loans with equivalent collateral can receive a credit against their tax liability.	*CONFIDENTIAL	
Agritourism Liability Insurance Credit	K.S.A. 74-50,173	An income tax credit shall be allowed in an amount equal to 20% of the cost of liability insurance paid by a registered agritourism operator that operates an agritourism activity.	22	\$4,125
Alternative Fuel Tax Credit	K.S.A. 79-32,201	A credit is allowed for any individual, association, partnership, limited liability company, limited partnership, or corporation that makes expenditures for a qualified alternative-fueled motor vehicle licensed in the state of Kansas or that makes expenditures for a qualified alternative-fuel fueling station.	98	\$173,069
Angel Investor Credit	K.S.A. 74-8133	Any angel investor that makes a cash investment in the qualified securities of a qualified Kansas business shall receive a credit of 50% of the amount invested.	163	\$2,030,795
Assistive Technology Contribution Credit	K.S.A. 65-7107	A taxpayer that makes a contribution to an individual development account reserve fund may qualify for an income tax credit in the amount of 25% of the amount contributed.	0	\$0
Biomass-to-Energy Credit	K.S.A. 79-32,233	A taxpayer that makes a qualified investment in a biomass-to-energy plant shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	0	\$0
Business and Job Development Credit	K.S.A. 79-32,153 K.S.A. 79-32,160a	<p>Any taxpayer that invests in a qualified business facility and hires at least two employees as a result of that investment may be eligible for an investment tax credit of \$100 for every \$100,000 of investment made and a job creation tax credit of \$100 for every qualified business facility employee.</p> <p>Any taxpayer that meets the definition of business in K.S.A. 74-50,114(b), that invests in a qualified business facility and hires a minimum number of employees as a result of that investment may be eligible for an investment tax credit of \$1,000 for every \$100,000 of investment made and a job creation tax credit of at least \$1,500 for every qualified business facility employee.</p>	609	\$12,253,515
Business Machinery and Equipment Credit	K.S.A. 79-32,206	A credit may be allowed based on a percentage of the personal property tax levied and paid on commercial and industrial machinery and equipment classified for property taxation purposes pursuant to section 1 of article 11 of the Kansas Constitution in subclass (5) or (6) of class 2, and machinery and equipment classified for such purposes in subclass (2) of class 2.	11,646	\$37,015,114
Child and Dependent Care Credit	K.S.A. 79-32,111a	Credit available only to residents and part-year residents filing as residents. The credit is equal to 25% of the federal credit allowed.	73,492	\$9,447,143

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Child Day Care Assistance Credit	K.S.A. 79-32,190	A taxpayer may be eligible for a credit if they pay for child day care services for its employees children, locate child day care services for the employees children, or provide facilities and necessary equipment for child day care services for its employees children.	7	\$79,119
Community Entrepreneurship Investor Credit	K.S.A. 74-99c09	An investor making a cash donation of \$250 or more in the Kansas community entrepreneurship fund shall receive a credit of 50% of the total amount of cash donation.	92	\$1,020,732
Community Service Contribution Credit	K.S.A. 79-32,197	Any business firm which contributes to an approved community service organization engaged in providing community services may be eligible to receive a tax credit of at least 50% of the total contribution made.	850	\$2,914,563
Disabled Access Credit	K.S.A. 79-32,175 K.S.A. 79-1117	Individual and business taxpayers that incur certain expenditures to make their property accessible to the disabled may be eligible to receive a credit	36	\$76,011
Earned Income Credit	K.S.A. 79-32,205	Credit is available to resident taxpayers in an amount equal to 10% of the earned income tax credit allowed against the federal income tax liability.	197,810	\$62,368,216
Electric Cogeneration Facility Credit	K.S.A. 79-32,246	An income tax credit is allowed for a taxpayer that makes a qualified investment in a new renewable electric cogeneration facility. The credit is 10% on the first \$50,000,000 invested and 5% on the amount of investment that exceeds \$50,000,000.	0	\$0
Environmental Compliance Credit	K.S.A. 79-32,222	An income tax credit is allowed for a taxpayer that makes qualified expenditures for an existing refinery to comply with environmental standards.	0	\$0
Film Production Credit	K.S.A. 79-32,258	An eligible film production company that makes direct production expenditures in Kansas that are directly attributable to the production of a film in Kansas may be allowed a credit of 30% of the expenditures.	*CONFIDENTIAL	
Habitat Management Credit	K.S.A. 79-32,203	An income tax credit is allowed for a property owner that pays property taxes and assessments on property designated as a critical habitat.	0	\$0
High Performance Incentive Program	K.S.A. 74-50,132 K.S.A. 79-32,160a(c)	A qualified firm making a cash investment in the training and education of its employees can receive a credit equal to the portion of the investment in the training and education that exceeds 2% of the businesses total payroll costs. A credit is available for those qualified firms that make an investment in a qualified business facility. The investment credit is 10% of the qualified business facility investment which exceeds \$50,000.	130	\$38,267,212
Historic Preservation Credit	K.S.A. 79-32,211	An income tax credit is allowed for expenditures incurred in the restoration and preservation of a qualified historic structure.	267	\$7,947,508
Historic Site Credit	K.S.A. 79-32,211a	Any taxpayer which contributes to a state-owned historic site or a 501(c)(3) organization which owns and operates a state-owned historic site may receive a tax credit of 50% of the contribution.	*CONFIDENTIAL	
Individual Development Account Credit	K.S.A. 74-50,208	Any program contributor that contributes to an individual development account reserve fund may be eligible for a credit of 50% of the amount contributed.	*CONFIDENTIAL	
Integrated Coal Gasification Power Plant Credit	K.S.A. 79-32,239	A taxpayer that makes a qualified investment in an integrated coal gasification power plant shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	0	\$0
Law Enforcement Training Center Credit	K.S.A. 79-32,242	Any business firm which contributes cash to the Kansas Law Enforcement Training Center to be used by the Center for the purpose of providing programs and courses of instruction for full-time police officers and law enforcement officers designed to fulfill the continuing education and training requirements of officers shall be allowed a credit that shall not exceed 50% of the total amount contributed.	*CONFIDENTIAL	

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure
Mathematics and Science Teacher Employment Credit	K.S.A. 79-32,215	An income tax credit shall be allowed to any business firm that has entered into a partnership agreement to employ a Kansas mathematics or science teacher during times that school is not in session.	*CONFIDENTIAL	
National Guard & Reserve Employer Credit	K.S.A. 79-32,244	An income tax credit shall be allowed for employing a member of the Kansas Army and Air National Guard or a member of a Kansas unit of the reserved forces of the United States who was federally activated and deployed on or after August 7, 1990. The credit is 25% of the amount paid as salary or compensation, not to exceed \$7,000 for each member employed.	*CONFIDENTIAL	
Nitrogen Fertilizer Plant Credit	K.S.A. 79-32,229	A taxpayer that makes a qualified investment in a nitrogen fertilizer plant shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	0	\$0
Petroleum Refinery Credit	K.S.A. 79-32,218	A taxpayer that makes a qualified investment in a refinery shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	*CONFIDENTIAL	
Qualifying Pipeline Credit	K.S.A. 79-32,224	A taxpayer that makes a qualified investment in a new qualifying pipeline shall be allowed a credit equal to 10% of the taxpayer's qualified investment on the first \$250,000,000 invested and 5% of the taxpayer's qualified investment that exceeds \$250,000,000.	0	\$0
Regional Foundation Credit	K.S.A. 74-50,154	Any taxpayer that contributes to an organization designated as a regional foundation may be eligible to receive a tax credit of 50% of the total amount contributed.	52	\$786,755
Research and Development Credit	K.S.A. 79-32,182b	A taxpayer with qualifying expenditures in research and development activities conducted within Kansas may be eligible to receive a credit of 6 1/2% of the amount expended for research.	238	\$2,171,146
Single City Port Authority Credit	K.S.A. 79-32,212	An income tax credit is allowed equal to 100% of the amount attributable to the retirement of indebtedness authorized by a single city port authority established before January 1, 2002.	0	\$0
Small Employer Health Benefit Plan Credit	K.S.A. 40-2246	An income tax credit is allowed for any small employer establishing a small employer health benefit plan for the purpose of providing a health benefit plan.	146	\$374,935
Storage and Blending Equipment Credit	K.S.A. 79-32,252	An income tax credit is allowed to a taxpayer that makes a qualified investment in storage and blending equipment installed at a fuel terminal, refinery or biofuel production plant. The credit is 10% on the first \$10,000,000 invested and 5% on the amount that exceeds \$10,000,000.	0	\$0
Swine Facility Improvement Credit	K.S.A. 79-32,204	An income tax credit of 50% of the cost incurred is allowed for a taxpayer making required improvements to a qualified swine facility.	0	\$0
Telecommunications Credit	K.S.A. 79-32,210	A credit for property tax paid by telecommunications companies is allowed on property initially acquired and first placed in service after January 1, 2001 that has an assessment rate of 33%. The credit is equal to the amount of property taxes timely paid for the difference between an assessment level of 25% and the actual assessment of 33%.	121	\$2,878,076
Temporary Assistance to Families Contribution Credit	K.S.A. 79-32,200 K.S.A. 39-7,132	Any individual, corporation, partnership, trust, estate and other legal entity who enters into an agreement with the Secretary of Social and Rehabilitation Services to provide financial support to a person who receives Temporary Assistance for Families (TAF) is allowed a credit of 70% of the amount of financial assistance given.	0	\$0
Venture Capital Credits and Local Seed Capital Credits	K.S.A. 74-8205 K.S.A. 74-8304 K.S.A. 74-8401 K.S.A. 74-8316	A 25% tax credit shall be allowed for those taxpayers that invest in stock issued by Kansas Venture Capital, Inc., certified Kansas venture capital companies, certified local seed capital pools, or Sunflower Technology Venture, L.P.	*CONFIDENTIAL	

Kansas Tax Credits
Tax Year 2007

Program Name	Statutory Reference	Description	Number of Filers	Tax Expenditure	
Total of CONFIDENTIAL filers			31	\$448,981	
TOTAL			286,960	\$181,548,827	

Revenue

1-28

Investment tax credit expenditure
Actual jobs created

\$36,622,735
5,362

\$6,830 cost to the state to create each job

Investment tax credit expenditure
Actual Capital Investment Generated

\$36,622,735
\$637,266,455

5.70% of capital investment generated
given up in tax credits

Additional Revenue Generated

\$32,556,037 x 5%

\$1,627,802 amount of tax generated from
additional revenue generated

Additional Sales Generated

(\$514,317,004 - \$252,521,521) x 5.3%
*(manufacturing
sector)*

\$13,875,160 ^{retail} in sales tax generated
assuming all sales were in Kansas
and were taxable.

Additional Payroll Generated

\$282,765,383 x 5%

\$14,138,269 in withholding tax generated

Additional taxes generated as a result of HPIP

Income Tax of the HPIP Companies
Sales Tax
Withholding Tax from the employees of the HPIP companies

\$1,627,802
\$13,875,160
\$14,138,269
\$29,641,231

Investment tax credit expenditure

\$36,622,735

Difference

(\$6,981,504)

Total HPIP Carryforward

\$272,692,658

Carryforward from 1999 credit	\$11,047,505
Carryforward from 2000 credit	\$7,361,028
Carryforward from 2001 credit	\$18,791,349
Carryforward from 2002 credit	\$24,246,565
Carryforward from 2003 credit	\$15,338,568
Carryforward from 2004 credit	\$16,702,642
Carryforward from 2005 credit	\$31,002,975
Carryforward from 2006 credit	\$30,752,094
Carryforward from 2007 credit	\$92,348,910
Carryforward from 2008 credit	\$24,820,337
Carryforward from 2009 credit	\$280,685
	<u>\$272,692,658</u>

In 2006

\$1,151,039 in carryforward fell off unclaimed

In 2007

\$16,852,847 in carryforward fell off unclaimed

In 2008

\$8,169,668 in carryforward fell off unclaimed

In 2009

\$11,047,505 in potential carryforward could fall off if unclaimed on the 2009 return