AN ACT concerning economic development, relating to the high
performance incentive program, credit sunset, training; amending
K.S.A. 2015 Supp. 79-32,160a and 79-32,264 and repealing the
existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2015 Supp. 79-32,160a is hereby amended to read
as follows: 79-32,160a. (a) For taxable years commencing after December
31, 1999, and before January 1, 2012, any taxpayer who shall invest in a
qualified business facility, as defined in subsection (b) of K.S.A. 79-
32,154(b), and amendments thereto, and effective for tax years
commencing after December 31, 2010, and before January 1, 2012,
located in an area other than a metropolitan county as defined in either
K.S.A. 2015 Supp. 74-50,114 or 74-50,211, and amendments thereto, and
also meets the definition of a business in subsection (b) of K.S.A. 74-
50,114(b), and amendments thereto, shall be allowed a credit for such
investment, in an amount determined under subsection (b) or (c), as the
case requires, against the tax imposed by the Kansas income tax act or
where the qualified business facility is the principal place from which the
trade or business of the taxpayer is directed or managed and the facility
has facilitated the creation of at least 20 new full-time positions, against
the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
amendments thereto, or as measured by the net income of financial
institutions imposed pursuant to article 11 of chapter 79 of the Kansas
Statutes Annotated, and amendments thereto, for the taxable year during
which commencement of commercial operations, as defined in subsection
(f) of K.S.A. 79-32,154(f), and amendments thereto, occurs at such
qualified business facility. In the case of a taxpayer who meets the
definition of a manufacturing business in subsection (d) of K.S.A. 74-
50,114(d), and amendments thereto, no credit shall be allowed under this
section unless the number of qualified business facility employees, as
determined under subsection (d) of K.S.A. 79-32,154(d), and amendments
thereto, engaged or maintained in employment at the qualified business
facility as a direct result of the investment by the taxpayer for the taxable
year for which the credit is claimed equals or exceeds two. In the case of a
taxpayer who meets the definition of a nonmanufacturing business in
subsection (f) of K.S.A. 74-50,114(f), and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds five. Where an employee performs services for the taxpayer outside the qualified business facility, the employee shall be considered engaged or maintained in employment at the qualified business facility if:

(1) The employee's service performed outside the qualified business facility is incidental to the employee's service inside the qualified business facility; or (2) the base of operations or, the place from which the service is directed or controlled, is at the qualified business facility.

(b) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility which is located in a designated nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) Two thousand five hundred dollars for each qualified business facility employee determined under K.S.A. 79-32,154, and amendments thereto; plus

(2) one thousand dollars for each $100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment, as determined under K.S.A. 79-32,154, and amendments thereto.

(c) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility, which is not located in a nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, and effective for tax years commencing after December 31, 2010, and before January 1, 2012, located in an area other than a metropolitan county as defined in either K.S.A. 2015 Supp. 74-50,114 or 74-50,211, and amendments thereto, and which also meets the definition of business in subsection (b) of K.S.A. 74-50,114(b), and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax
imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) One thousand five hundred dollars for each qualified business facility employee as determined under K.S.A. 79-32,154, and amendments thereto; and

(2) one thousand dollars for each $100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment as determined under K.S.A. 79-32,154, and amendments thereto.

(d) The credit allowed by subsection (a) for each qualified business facility employee and for qualified business facility investment shall be a one-time credit. If the amount of the credit allowed under subsection (a) exceeds the tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax and privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year, or in the case where the qualified business facility investment was made prior to January 1, 1996, 50% of such tax imposed upon the amount which exceeds such tax liability or such portion thereof may be carried over for credit in the same manner in the succeeding taxable years until the total amount of such credit is used. Except that, before the credit is allowed, a taxpayer, who meets the definition of a manufacturing business in subsection (d) of K.S.A. 74-50,114(d), and amendments thereto, shall recertify annually that the net increase of a minimum of two qualified business facility employees has continued to be maintained and a taxpayer, who meets the definition of a nonmanufacturing business in subsection (f) of K.S.A. 74-50,114(f), and amendments thereto, shall recertify annually that the net increase of a minimum of five qualified business employees has continued to be maintained.

(e) Notwithstanding the foregoing provisions of this section, and except as otherwise provided in this subsection, any taxpayer qualified and certified under the provisions of K.S.A. 74-50,131, and amendments thereto; which, prior to making a commitment to invest in a qualified Kansas business, has filed a certificate of intent to invest in a qualified
business facility in a form satisfactory to the secretary of commerce; and
that has received written approval from the secretary of commerce for
participation and has participated, during the tax year for which the
exemption is claimed, in the Kansas industrial training, Kansas industrial
retraining or the state of Kansas investments in lifelong learning program
or is eligible for the tax credit established in K.S.A. 74-50,132, and
amendments thereto; shall be entitled to a credit in an amount equal to
10% of that portion of the qualified business facility investment which
exceeds $50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2)
without regard to the number of qualified business facility employees
engaged or maintained in employment at the qualified business facility.
For tax years beginning on or after January 1, 2012, for a qualified
business facility investment in Douglas, Johnson, Sedgwick, Shawnee or
Wyandotte counties, such credit shall be in an amount equal to 10% of that
portion of the qualified business facility investment which exceeds
$1,000,000. Any taxpayer who has filed a certificate of intent to invest in a
qualified business facility pursuant to this subsection in Douglas, Johnson,
Sedgwick, Shawnee or Wyandotte county prior to December 31, 2011, and
commences investments in a qualified business facility prior to December
31, 2013, may claim credits under K.S.A. 74-50,131, 74-50,132 and
subsection (e) of 79-32,160a(e), and amendments thereto, in an amount
equal to 10% of that portion of the qualified business facility investment
which exceeds $50,000. Timing modifications may be authorized at the
discretion of the secretary of commerce and the secretary of revenue
during the transition period. The credit allowed by this subsection shall be
a one-time credit. If the amount thereof exceeds the tax imposed by the
Kansas income tax act on the taxpayer's Kansas taxable income or the
premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
amendments thereto, or the privilege tax as measured by net income of
financial institutions imposed pursuant to article 11 of chapter 79 of the
Kansas Statutes Annotated, and amendments thereto, for the taxable year,
the amount thereof which exceeds such tax liability may be carried
forward for credit in the succeeding taxable year or years until the total
amount of the tax credit is used, except that no such tax credit shall be
carried forward for deduction after the 16th taxable year succeeding the
taxable year in which such credit initially was claimed, and no
carryforward shall be allowed for deduction in any succeeding taxable
year unless the taxpayer certifies under oath that the taxpayer continues to
meet the requirements of K.S.A. 74-50,131, and amendments thereto, and
this act. In no event shall any credit allowed under this section that expired
during any taxable year prior to the taxable year commencing January 1,
2011, be revived under the provisions of this act.

(f) For tax years commencing after December 31, 2005, any taxpayer
claiming credits pursuant to this section, as a condition for claiming and qualifying for such credits, shall provide information pursuant to K.S.A. 2015 Supp. 79-32,243, and amendments thereto, as part of the tax return in which such credits are claimed. Such credits shall not be denied solely on the basis of the contents of the information provided by the taxpayer pursuant to K.S.A. 2015 Supp. 79-32,243, and amendments thereto.

(g) This section and K.S.A. 79-32,160b, and amendments thereto, shall be part of and supplemental to the job expansion and investment credit act of 1976, and amendments thereto.

Sec. 2. K.S.A. 2015 Supp. 79-32,264 is hereby amended to read as follows: 79-32,264. (a) For tax years 2009 and 2010, for any tax credit provided under the following: K.S.A. 65-7107, 79-1117, 79-32,176, 79-32,177 and 79-32,200 and K.S.A. 2015 Supp. 74-50,173, 74-8133, 74-8205, 79-32,153, 79-32,160a, 79-32,181a, 79-32,182b, 79-32,196, 79-32,197, 79-32,201, 79-32,202, 79-32,204, 79-32,207, 79-32,212, 79-32,213, 79-32,215, 79-32,218, 79-32,222, 79-32,224, 79-32,229, 79-32,234, 79-32,239, 79-32,242, 79-32,244, 79-32,246 and 79-32,252, and amendments thereto, and if nonrefundable, K.S.A. 79-32,261 and 79-32,262, and amendments thereto, and for tax year 2009, for the tax credit provided under K.S.A. 2015 Supp. 74-99c09, and amendments thereto, and for tax years 2016 and 2017, for the credit provided under K.S.A. 79-32,160a, and amendments thereto, the total of any such credit or credits allowed against the tax imposed by the Kansas income tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, and amendments thereto, shall not exceed the lesser of 90% of the total amount of such credit or credits earned in a current tax year or claimed in a current tax year as a carry forward from a prior tax year, or 90% of the tax as computed prior to the allowance of any such credit or credits. Except as otherwise provided by subsections (c) and (d), the amount of such credit or credits that may be carried forward in any succeeding taxable year shall be reduced by an amount equal to the lesser of 10% of the total amount of such credit or credits earned in a current tax year or claimed in a current tax year as a carry forward from a prior tax year, or 10% of the tax as computed prior to the allowance of any such credits.

(b) For tax years 2009 and 2010, for any tax credit provided under K.S.A. 40-2246 and 79-32,190 and K.S.A. 2015 Supp. 74-50,208, 79-32,206, 79-32,210 and 79-32,211a, and amendments thereto, and if refundable, K.S.A. 79-32,261 and 79-32,262, and amendments thereto, and for tax year 2009, for the tax credit provided under K.S.A. 2015 Supp. 74-50,154, and amendments thereto, the total amount of any credits
refunded or allowed against the tax imposed by the Kansas income tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, and amendments thereto, shall not exceed 90% of the total amount of tax credit or credits earned, and the remaining portion of such tax credit or credits shall be lost.

(c) For any tax credit or credits earned pursuant to K.S.A. 79-32,160a, and amendments thereto, other than tax credits earned pursuant to subsection (e) of K.S.A. 79-32,160a(e), and amendments thereto, in a tax year prior to 2009 2016 and carried forward from such prior tax year and claimed in tax years 2009 2016 or 2010 2017, any reduction in the amount of credit or credits that may be carried forward to any succeeding tax year determined pursuant to subsection (a), may be carried forward to any tax year after 2010 2017, pursuant to the applicable carry-forward period provided in K.S.A. 79-32,160a, and amendments thereto.

(d) For any tax credit earned pursuant to subsection (e) of K.S.A. 79-32,160a(e), and amendments thereto, by a taxpayer qualified and certified under the provisions of K.S.A. 74-50,131, and amendments thereto, who has received prior to June 1, 2009 2016, written approval from the secretary of commerce of a certificate of intent to invest in a qualified business facility, any reduction in the amount of credit or credits that may be carried forward to any succeeding tax year determined pursuant to subsection (a), may be carried forward to any tax year after 2010 2017, pursuant to the applicable carry-forward period provided in K.S.A. 79-32,160a, and amendments thereto.

(e) For any tax credit or credits earned pursuant to K.S.A. 74-8133, and amendments thereto, any reduction in the amount of credit or credits that may be carried forward to any succeeding tax year determined pursuant to subsection (a) from tax years 2009 or 2010, may be carried forward to any tax year after 2010, pursuant to the applicable carry-forward period provided in K.S.A. 74-8133, and amendments thereto.

Sec. 3. K.S.A. 2015 Supp. 79-32,160a and 79-32,264 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.