

SESSION OF 2018

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 449**

As Agreed to May 4, 2018

Brief*

SB 449 would require the Department of Commerce (Department) to establish a database for the purpose of disclosing information on economic development incentive programs, which would be defined to include certain income tax credits and locally granted property tax exemptions in addition to various programs administered directly by the Department.

Relative to economic development incentives, the Department would be required to provide data on most programs providing more than \$50,000 in annual incentives and make such information available to the public in a digital format. Such information would be required to be available for multiple years and be searchable and available on the Internet. The database would contain names and addresses of recipients receiving Sales Tax and Revenue (STAR) Bond benefits, as well as names of principals and officers for each STAR Bond project developer; annual amount of incentives claimed and distributed to each recipient; qualification criteria for each economic development program; and required benchmarks for participation. Additional descriptive information would be required to include the history of each program; its purpose and goals; current applications; the program cost and return on investment (ROI), including assumptions used to calculate ROI; annual reports; and the amount of incentives by county. However, information on the

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

economic development incentive programs would not be disclosed if such disclosure would violate any federal law or confidentiality provisions of agreements executed prior to July 1, 2018, or if the Secretary of Commerce determines such disclosure would be detrimental to the development of a STAR Bond project.

Existing taxpayer confidentiality provisions would be modified to allow the Secretary of Revenue to disclose certain income and privilege tax credit information to the Department, except that certain social and domestic tax credits would be excluded from the bill's provisions, including adoption credits, earned income tax credits, food sales tax credits, child and dependent care tax credits, and homestead property tax refund credits.

Conference Committee Action

The Conference Committee agreed to delete the contents of SB 449, as amended by the House Committee of the Whole, which pertained to ABLE savings accounts and tax credits involving certain purchases of goods and services from vendors who employed disabled persons, and inserted the contents of Sub. for HB 2572, as recommended by the House Committee on Taxation. The Conference Committee made no further changes.

Background

HB 2572 (Requiring the Department to Create a Database of Economic Development Incentive Program Information)

HB 2572, as introduced, would have required the Secretary of Administration to publish selected economic development program incentive data on the KanView website and would have established a Joint Committee on Taxpayer

Transparency to advise and consult with the Secretary of Administration on the content of the data provided to the KanView site. Representative Williams appeared as the original bill's chief proponent at the House Committee on Taxation hearing on February 19. A representative of the Kansas Policy Institute also submitted written-only testimony in support. Neutral written-only testimony was provided by the Kansas Center for Economic Growth and the Keeping the Kansas Promise Coalition. The bill had no opponents.

During House Committee discussion on March 5, Representative Williams requested consideration of the substitute bill as a new alternative, noting she had been holding a series of broader discussions with the Department of Commerce and other stakeholders about the most efficient way to publish the data. Relative to the original legislation, the substitute bill recommended by the House Committee eliminates the creation of a joint committee, makes the Department of Commerce responsible for publishing the data instead of the Department of Administration, and applies to a broader array of programs (all in excess of \$50,000 in annual incentives in lieu programs that had been specifically selected).

A fiscal note on the substitute bill was not immediately available.

economic development; tax credits; evaluation

ccrb_sb449_01_0000.odt