As Amended by Senate Committee

Session of 2017

SENATE BILL No. 211

By Committee on Assessment and Taxation

2-23

AN ACT concerning income taxation; relating to credits; certain purchases of goods and services from qualified vendors that provide employment to individuals who are blind or severely disabled; qualifications, procedures and limitations.

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

Section 1. (a) For tax years 2017 and all tax years thereafter through 2019, a credit shall be allowed against the tax imposed by the Kansas income tax act in an amount equal to 15% of the amount for expenditures of goods and services purchased by the taxpayer from a qualified vendor on and after January 1, 2017, as certified by the secretary of commerce as provided subsection (d). The amount of such credit awarded for each taxpayer shall not exceed $500,000 per qualified vendor per tax year.

(b) In addition to the credit provided in subsection (a), for tax year 2017 and all tax years thereafter, for purchases of goods and services by a taxpayer from a qualified vendor prior to January 1, 2017, a taxpayer shall be allowed a credit in an amount of 15% of the amount of such purchases based on the existing book of business of such taxpayer in 2016. The amount of such credit awarded for each taxpayer shall not exceed $500,000 per qualified vendor per tax year. Such limitation shall not apply to the credit specified in subsection (a) related to purchases of goods and services made on and after January 1, 2017.

(c) The tax credit allowed by this section shall be deducted from the taxpayer's income tax liability for the tax year in which the expenditures were made by the taxpayer. If the amount of such tax credit exceeds the taxpayer's income tax liability for such tax year, the taxpayer may carry over the amount that exceeds such tax liability for deduction from the taxpayer's liability in the next succeeding tax year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth tax year succeeding the tax year in which the expenditures were incurred.

(d) The secretary of commerce shall annually certify that expenditures for goods and services purchased by a taxpayer subject to the tax credit provided in this section were made from a qualified vendor, and
provide such certification to the secretary of revenue. The secretary of
commerce is hereby authorized to promulgate rules and regulations for
establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and
amendments thereto, for evaluating whether purchases by taxpayers from a
qualified vendor should be certified as provided in this section, with the
assistance and approval of the secretary of revenue.

(e)(d) As used in this section, "qualified vendor" means the same as
defined in K.S.A. 75-3317, and amendments thereto, or a nonprofit-
certified business, both of which have a mission of providing employment
to individuals who are blind or severely disabled in an integrated setting,
pay minimum wage or above, and offer a qualified company-sponsored
insurance plan under the affordable care act or pay the required subsidy to
the internal revenue service for employees who purchase insurance
through the open market, if a company-sponsored plan is not offered. If
any such company is not covered under the affordable care act, and does
not offer a company-sponsored insurance plan, such company must offer
assistance to the employee to cover at least 75% of their health insurance
costs through a health saving account or other legal and appropriate
methodology:

(1) "Certified business" means any business certified by the
department of administration that is a sole proprietorship, partnership,
association or corporation domiciled in Kansas, or any corporation,
even if a wholly owned subsidiary of a foreign corporation, that:

(A) Does business primarily in Kansas or substantially all of its
production in Kansas;

(B) employs at least 10% of its employees who are individuals with
disabilities and reside in Kansas;

(C) offers to contribute at least 75% of the premium cost for
individual health insurance coverage for each employee. The
department of administration shall require a certification of these facts;
and

(D) does not employ individuals under a certificate issued by the
United States secretary of labor under 29 U.S.C. § 214(c);

(2) "individuals with disabilities" or "individual with a disability"
means any individual who:

(A) Is certified by the Kansas department for aging and disability
services or by the Kansas department for children and families which
administrates the rehabilitation services program as having a physical or
mental impairment that constitutes a substantial barrier to employment;

(B) works a minimum number of hours per week for a certified
business necessary to qualify for health insurance coverage offered
pursuant to subsection (d)(1); and

(C) (i) is receiving services, has received services or is eligible to
receive services under a home and community based services program, as defined by K.S.A. 39-7,100, and amendments thereto;

(ii) is employed by a charitable organization domiciled in the state of Kansas and exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, as amended; or

(iii) is an individual with a disability pursuant to the disability standards established by the social security administration as determined by the Kansas disability determination services under the Kansas department for children and families; and

(3) "qualified vendor" means an entity that:

(A) is a "qualified vendor" pursuant to K.S.A. 75-3317, and amendments thereto, or is a "certified business" that is also a nonprofit organization pursuant to K.S.A. 75-3740, and amendments thereto;

(B) pays minimum wage or above to all their employees in a manner that meets the definition of "competitive employment" pursuant to K.S.A. 44-1136, and amendments thereto;

(C) meets the definition of employing all of their workers in an "integrated setting" pursuant to K.S.A. 44-1136, and amendments thereto; and

(D) offers a qualified company-sponsored insurance plan under the affordable care act or pays the required subsidy to the internal revenue service for employees who purchase insurance through the open market, if a company-sponsored plan is not offered. If any such company is not covered under the affordable care act, and does not offer a company-sponsored insurance plan, such company must offer assistance to the employee to cover at least 75% of their health insurance costs through a health savings account or other legal and appropriate methodology.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.