

SESSION OF 2018

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2572**

As Recommended by House Committee on
Taxation

Brief*

Sub. for HB 2572 would require the Department of Commerce 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 economic development incentive programs would not be

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

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 of Commerce, 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.

Background

The original bill would have required the Secretary of Administration to publish selected economic development program incentive data on the KanView website and would have established a new 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, and a representative of the Kansas Policy Institute also submitted written testimony in support. Neutral written testimony was provided by the Kansas Center for Economic Growth and the Keeping the Kansas Promise Coalition. The bill had no opponents.

During 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 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.