

SENATE BILL No. 347

By Committee on Commerce

1-18

1 AN ACT concerning economic development; enacting the attracting
2 powerful economic expansion act; relating to tax and other incentives
3 for projects in specified industries or for a national corporate
4 headquarters with specified capital investment requirements of at least
5 \$1,000,000,000; providing for a refundable income, privilege and
6 premium tax credit for a portion of such investment; reimbursement of
7 certain payroll costs and training and education costs; retention of
8 certain payroll withholding taxes; sales tax exemption for project
9 construction and a property tax incentive for certain projects located in
10 a foreign trade zone; establishing the attracting powerful economic
11 expansion payroll incentive fund and the attracting powerful economic
12 expansion new employee training and education fund; amending
13 K.S.A. 2021 Supp. 79-3606 and repealing the existing section.
14

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

16 New Section 1. (a) This act shall be known and may be cited as the
17 attracting powerful economic expansion act.

18 (b) For purposes of the attracting powerful economic expansion act:

19 (1) "Act" means the attracting powerful economic expansion act,
20 sections 1 through 11, and amendments thereto.

21 (2) "Applicant" means a legal entity seeking to certify as a qualified
22 firm for the economic development benefits pursuant to this act.

23 (3) "Commence investment" means to begin to invest, with action
24 being directly connected to documentation describing the project
25 previously submitted to the department.

26 (4) "Commencement of commercial operations" means the date, as
27 determined by the secretary, that the qualified business facility is first
28 available for use by the qualified firm, or first capable of being used by the
29 qualified firm, in the revenue producing enterprise in which the qualified
30 firm intends to use the qualified business facility.

31 (5) "Commitment to invest" means one or both of the following:

32 (A) The qualified firm relocates assets that it already owns to Kansas
33 from an out-of-state location; or

34 (B) the qualified firm enters into a written agreement that provides
35 either party with legally enforceable remedies if the agreement is
36 breached.

Proposed Amendment

Senate Committee on Commerce

1/25/2022

Establishing the commerce oversight council and requiring approval of
projects by the council

Prepared by Charles Reimer

Office of Revisor of Statutes

establishing the commerce oversight
council; requiring approval of projects
by the council;

1 health insurance, dental insurance and any other employee benefits that are
2 not reported to the Kansas department of labor on the employer's quarterly
3 wage report.

4 (17) "Training and education eligible expense" means the amount
5 actually paid for training and education of the group of employees, or
6 portion thereof, and from which the qualified firm or qualified supplier
7 expects to derive increased productivity or quality.

8 (A) "Training and education eligible expense" includes instructor
9 salaries, curriculum planning and development, travel, materials and
10 supplies, textbooks, manuals, minor training equipment, certain training
11 facility costs and any other expenditure that is eligible under the Kansas
12 industrial training or the Kansas industrial retraining programs.

13 (B) "Training and education eligible expense" may include, subject to
14 maximum limits determined by the secretary:

- 15 (i) Wages of employees during eligible training;
- 16 (ii) employee instructors' salaries; and
- 17 (iii) training-related travel expenses, with a maximum meals
18 allowance of \$120 per day and lodging costs of \$300 per night.

19 (C) "Training and education eligible expense" does not include:

- 20 (i) Compensation paid to an employee trainee who is receiving on-
21 the-job training;
- 22 (ii) compensation paid to an employee during self-training, except for
23 time in which the employee is involved in activities related to an approved
24 computerized course of study;
- 25 (iii) bonus pay received as compensation related to the company's
26 financial performance or the employee's job performance, or both;
- 27 (iv) overtime pay, unless the employee is being paid at an overtime
28 rate while participating in eligible training;
- 29 (v) operations manuals and reference manuals, except that
30 training-specific manuals may be allowable; and
- 31 (vi) training and education costs covered by monies or grants
32 obtained from state, federal or other government-sponsored workforce
33 training programs.

(1)

34 New Sec. 2. (a) There is hereby established the attracting powerful
35 economic expansion program to be administered by the secretary of
36 commerce. The purpose of the attracting powerful economic expansion
37 program is to attract large capital investments by businesses engaged in
38 specified industries in new business facilities and operations in Kansas, or
39 large capital investments in new national headquarters in Kansas by any
40 business, and to encourage the development of a Kansas-based supply
41 chain for such large enterprises.

42 (b) A qualified firm that makes a qualified business investment of at
43 least \$1,000,000,000 in a qualified business facility pursuant to the

(2) Any project of a qualified firm seeking benefits from the state under this act with respect to such project shall be approved by the commerce oversight council as provided by section 12, and amendments thereto.

1 New Sec. 11. (a) On or before January 31 of each year, the secretary
2 of commerce shall transmit to the governor, the senate standing
3 committees on assessment and taxation and commerce and the house of
4 representatives standing committees on taxation and commerce, labor and
5 economic development, or any successor committee, a report based on
6 information received from each qualified firm or qualified supplier
7 receiving benefits under this act, describing, at a minimum, the following:

- 8 (1) The names of the qualified firms or qualified suppliers;
- 9 (2) the types of qualified firms or qualified suppliers utilizing the act;
- 10 (3) the location of such companies and the location, description and
11 economic and industry impact of such companies' business operations in
12 Kansas;
- 13 (4) the number of new employees hired;
- 14 (5) the wages paid for such new employees;
- 15 (6) the annual and cumulative amount of investments made;
- 16 (7) the annual amount of each benefit provided under this act;
- 17 (8) the estimated net state fiscal impact, including the direct and
18 indirect new state taxes derived from the new employees hired; and
- 19 (9) an estimate of the multiplier effect on the Kansas economy of the
20 benefits received under this act.

21 (b) Commencing on the effective date of this act, the secretary of
22 commerce shall transmit quarterly to the chairpersons of the senate
23 standing committee on commerce and the house of representatives
24 standing committee on commerce, labor and economic development, or
25 any successor committee, a report on the number of projects that may
26 qualify for incentives under this act.

27 Sec. 12. K.S.A. 2021 Supp. 79-3606 is hereby amended to read as
28 follows: 79-3606. The following shall be exempt from the tax imposed by
29 this act:

30 (a) All sales of motor-vehicle fuel or other articles upon which a sales
31 or excise tax has been paid, not subject to refund, under the laws of this
32 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
33 3301, and amendments thereto, including consumable material for such
34 electronic cigarettes, cereal malt beverages and malt products as defined
35 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
36 malt syrup and malt extract, that is not subject to taxation under the
37 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
38 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
39 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
40 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
41 thereto, and gross receipts from regulated sports contests taxed pursuant to
42 the Kansas professional regulated sports act, and amendments thereto;

43 (b) all sales of tangible personal property or service, including the

Insert new section 12, attached, and renumber