

HOUSE BILL No. 2219

By Committee on Commerce, Labor and Economic Development

2-3

1 AN ACT concerning income taxation; relating to credits; establishing a tax
2 credit to incentivize employers to employ persons with developmental
3 disabilities; creating the Kansas targeted employment act.
4

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

6 Section 1. The provisions of sections 1 through 6, and amendments
7 thereto, shall be known and may be cited as the Kansas targeted
8 employment act. The purpose of this act shall be to incentivize employers
9 to employ persons with developmental disabilities in Kansas and decrease
10 the reliance and associated costs to taxpayers to fund governmental
11 programs.

12 Sec. 2. As used in this act:

13 (a) "Competitive integrated employment" has the meaning as
14 provided in the workforce innovation and opportunity act, 29 U.S.C. §
15 3101 et seq., as defined in 29 U.S.C. § 3102, 34 C.F.R. § 361.5 and 29
16 U.S.C. § 705.

17 (b) "Community service provider" means an association or
18 organization licensed by the Kansas department for aging and disability
19 services whose purpose is to provide support and services, relating to the
20 ability to live and to work in the community, to persons who, without such
21 support and services, would be unable or would have significant difficulty
22 maintaining employment or living in the community. "Community service
23 provider" also includes other governmental agencies that support or that
24 elect to support eligible individuals with job placement and job
25 preservation supports including, but not limited to, school districts,
26 community mental health centers and vocational rehabilitation contractors.

27 (c) "Earned income" means compensation paid to a Kansas employee
28 for competitive integrated employment that is equal or greater ~~to~~ **than**
29 the minimum wage and is performed in a competitive integrated setting.

30 (d) "Eligible individual" means an individual, including a high school
31 student, who is **a Kansas resident, is** employed by an employer in a
32 competitive integrated setting, has a developmental disability that has been
33 documented as required by the secretary for aging and disability services
34 and who has agreed to provide the secretary for aging and disability
35 services, or the secretary's designee, information required by the secretary
36 pursuant to the Kansas targeted employment act, or to permit the secretary

1 of revenue to provide such information to the secretary for aging and
2 disability services.

3 (e) "Developmental disability" means the same as defined in K.S.A.
4 39-1803, and amendments thereto.

5 (f) "Targeted employment business" means those employers
6 employing eligible individuals in competitive integrated employment in a
7 competitive integrated setting and who are authorized to do business in
8 Kansas. In order to qualify as a "targeted employment business," the
9 employer must pay earned income to an eligible individual in a calendar
10 year. "Targeted employment business" does not include a community
11 service provider.

12 Sec. 3. For tax years ~~2021~~ **2022** through ~~2026~~ **2027**, a credit shall be
13 allowed against the income, privilege or premium tax liability imposed
14 upon a taxpayer qualifying as a targeted employment business or a
15 taxpayer outsourcing work to a targeted employment business pursuant to
16 the Kansas income tax act, the privilege tax imposed upon any national
17 banking association, state bank, trust company or savings and loan
18 association pursuant to article 11 of chapter 79 of the Kansas Statutes
19 Annotated, and amendments thereto, or the premiums tax and privilege
20 fees imposed upon an insurance company pursuant to K.S.A. 40-252, and
21 amendments thereto, for every hour that an eligible individual is employed
22 in a calendar year in a targeted employment business and receives earned
23 income as compensation. The credit shall only apply to wages for hours
24 worked and not for any compensation for leave paid to the eligible
25 individual. The credit shall be 50% of the wages paid to the eligible
26 individual on an hourly basis, up to a maximum credit of \$7.50 per hour.
27 For the purpose of calculating the tax credit, the wage rate used shall not
28 be more than a reasonable or ~~typical~~ **usual and customary** market wage
29 rate for a similar job. The credit shall not be refundable ~~and~~, shall not be
30 carried forward **and shall only be used once each taxable year against**
31 **tax liability imposed by only one of the income, privilege or premium**
32 **taxes**. For any employed eligible individual who receives support or
33 services from a community service provider, such eligible individual may
34 choose to have support or services provided as needed at the individual's
35 worksite to help the individual maintain employment. The maximum
36 amount of all tax credits allowed in each tax year under the Kansas
37 targeted employment act shall be \$5,000,000.

38 Sec. 4. (a) Any targeted employment business seeking to qualify for a
39 tax credit pursuant to section 3, and amendments thereto, shall provide to
40 the secretary of revenue the names of each eligible individual employed
41 and the wage rate per hour, hours worked and gross wages paid, minus any
42 compensation for leave, for each eligible individual and such other
43 information as the secretary of revenue may require.

1 (b) The secretary of revenue and the secretary for aging and disability
2 services are hereby authorized to adopt such rules and regulations as may
3 be necessary for the administration of the provisions of the Kansas
4 targeted employment act.

5 Sec. 5. (a) The secretary for aging and disability services shall
6 develop and implement a program to measure the results of the tax credits
7 allowed by sections 1 through 4, and amendments thereto, including an
8 analysis of: (1) Decreases in reliance upon state government-funded
9 subsidies for employed eligible individuals and any associated net savings
10 to Kansas taxpayers resulting from any such decreases in reliance; (2)
11 effects of reallocation of tax dollars that employers would have paid to the
12 state government of Kansas to employers who employed eligible
13 individuals pursuant to the tax credit program; and (3) any benefits or
14 detriments to the quality of life and the standard of living for employed
15 eligible individuals, including access to health insurance, healthcare or
16 other services and increases or decreases in income, discretionary income
17 and expenses. The secretary for aging and disability services may require
18 employed eligible individuals or targeted employment businesses to
19 provide or to permit the secretary of revenue to provide, as a condition of
20 participation in the tax credit program, information necessary to assess the
21 tax credit program pursuant to this section, including information
22 otherwise confidential under state or federal law. All confidential
23 information provided shall be received, stored and used in a manner that
24 shall maintain the confidentiality of the information provided and not
25 permit the identification of eligible individuals or targeted employment
26 businesses.

27 (b) Notwithstanding any other provision of state law, the secretary of
28 revenue shall provide the secretary for aging and disability services with
29 tax information, including tax information for individuals and targeted
30 employment businesses that have waived the confidentiality of such
31 information, as necessary to enable the secretary for aging and disability
32 services to fulfill the requirements of this section. All information
33 pertaining to an eligible individual or targeted employment business shall
34 be provided in a manner that shall maintain the confidentiality of such
35 eligible individuals and businesses. Nothing in this section shall be
36 construed to violate or conflict with any federal law.

37 (c) The secretary for aging and disability services shall submit a
38 written report of the findings of the secretary's review pursuant to
39 subsection (a) to the standing committee on commerce of the senate and
40 the standing committee on commerce, labor and economic development of
41 the house on the first ~~days~~ **day** of the ~~2022~~ **2023** through ~~2026~~ **2027**
42 regular sessions of the legislature.

43 Sec. 6. The provisions of sections 1 through 5, and amendments

1 thereto, shall expire on January 1, ~~2027~~ **2028**, *except that tax credits*
2 *earned in tax year 2027 may be awarded by the secretary of revenue as*
3 *provided by this act.*

4 Sec. 7. This act shall take effect and be in force from and after its
5 publication in the statute book.