

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **HB 2702**, on page 5, following line 27, by inserting:

"New Sec. 3. (a) As used in the section:

(1) "Kansas employees" means persons who are employed in Kansas by the taxpayer and who perform duties for the taxpayer. "Kansas employees" does not include independent contractors or any person to the extent such person's compensation is based on commission.

(2) "Salaries" means gross compensation paid to Kansas employees as reported to the state of Kansas for income tax purposes for the calendar year for which a tax on income is imposed under the provisions of the Kansas income tax act, but only to the extent compensation is paid for business operations performed in Kansas for a business subject to the Kansas income tax. "Salaries" does not include compensation based on commissions.

(b) (1) For all taxable years commencing after December 31, 2019, a credit shall be allowed against the income, privilege or premium tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, in an amount equal to 20% of the increase of total salaries paid to Kansas employees from the next preceding year. In any one taxable year, the amount of such credit allowable for deduction from the taxpayer's tax liability shall not exceed \$4,000.

(c) Any person, hereinafter designated the assignor, may sell, assign, convey or otherwise

transfer tax credits allowed and earned pursuant to subsection (a). The taxpayer acquiring credits, hereinafter designated the assignee, may use the amount of the acquired credits to offset up to 100% of its income, privilege or premiums tax liability for the taxable year. The assignor shall enter into a written agreement with the assignee establishing the terms and conditions of the agreement and shall perfect such transfer by notifying the director of taxation within 90 calendar days following the effective date of the transfer and shall provide any information as may be required by the director to administer and carry out the provisions of this section. The amount received by the assignor of such tax credit shall be taxable as income of the assignor, and the excess of the value of such credit over the amount paid by the assignee for such credit shall be taxable as income of the assignee.

(d) The computation of salaries shall be made on forms supplied by the secretary of revenue.

(e) The secretary of revenue may adopt rules and regulations necessary to administer the provisions of this section.";

And by renumbering sections accordingly;

On page 1, in the title, in line 3, after the second semicolon by inserting "creating the salary increases to Kansas employees tax credit;"

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\_\_\_\_\_ District.