

CONFERENCE COMMITTEE REPORT

MR. SPEAKER and MR. PRESIDENT: Your committee on conference on Senate amendments to **HB 2703** submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed with Senate Committee amendments, as follows:

On page 1, following line 15, by inserting:

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

New Sec. 2. As used in this act:

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

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

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

competitive integrated setting.

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

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

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

New Sec. 3. For tax years 2022 through 2027, a credit shall be allowed against the income, privilege or premium tax liability imposed upon a taxpayer qualifying as a targeted employment business or a taxpayer outsourcing work to a targeted employment business 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, for every hour that an eligible individual is employed in a calendar year in a targeted employment business and receives earned income as compensation. The credit shall only apply to wages for hours worked and not for any compensation for leave paid to the eligible individual. The credit shall be 50% of the wages paid to the eligible individual on an hourly basis, up to a maximum credit of \$7.50 per hour. For the purpose of calculating the tax credit, the wage rate used shall not be more than a reasonable or usual and customary market wage rate for a similar job. The credit shall not be refundable, shall not be carried forward and shall only be used once each taxable year against tax liability imposed by only one of the income, privilege or premium taxes. For any employed eligible individual who receives support or services from a community service provider, such eligible individual may choose to have support or services provided as needed at the individual's worksite to help the individual maintain employment. The maximum amount of all tax credits allowed in each tax year under the Kansas targeted employment act shall be \$5,000,000.

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

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

New Sec. 5. (a) The secretary for aging and disability services shall develop and

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

(b) Notwithstanding any other provision of state law, the secretary of revenue shall provide the secretary for aging and disability services with tax information, including tax information for individuals and targeted employment businesses that have waived the confidentiality of such information, as necessary to enable the secretary for aging and disability services to fulfill the requirements of this section. All information pertaining to an eligible individual or targeted employment business shall be provided in a manner that shall maintain the

confidentiality of such eligible individuals and businesses. Nothing in this section shall be construed to violate or conflict with any federal law.

(c) The secretary for aging and disability services shall submit a written report of the findings of the secretary's review pursuant to subsection (a) to the standing committee on commerce of the senate and the standing committee on commerce, labor and economic development of the house on the first day of the 2023 through 2027 regular sessions of the legislature.

New Sec. 6. The provisions of sections 1 through 5, and amendments thereto, shall expire on January 1, 2028, except that tax credits earned in tax year 2027 may be awarded by the secretary of revenue as provided by this act.";

On page 26, in line 4, after "year" by inserting ", unless it is determined by actual calculation pursuant to fund control table B that credit rate schedules (8-13) would apply based on the health of the unemployment insurance trust fund";

On page 34, in line 15, after "date" by inserting "but such claimants shall only be excepted during any first 8 consecutive weeks of benefits"; in line 16, by striking "or that no longer reside in Kansas"; in line 18, after the first "are" by inserting "active"; also in line 18, after "members" by inserting "in good standing";

On page 35, in line 32, after the stricken material by inserting "The secretary of commerce shall monitor those my reemployment plan claimants participating in training managed by the workforce centers to ensure compliance."; in line 36, by striking all before "to" and inserting "secretary of commerce"; in line 37, by striking "educational"; in line 38, by striking all before the first "secretary"; also in line 38, by striking "and" and inserting "to";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "security law"; also in line 1, after "the" by inserting "employment security law;"; in line 5, after "mandatory" by inserting "with specified exceptions"; by striking all in lines 10 and 11; in line 12, by striking all before the semicolon and inserting "enacting the Kansas targeted employment act to facilitate employment of persons with developmental disabilities through a tax credit incentive for employers";

And your committee on conference recommends the adoption of this report.

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Conferees on part of Senate

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