

Kansas Targeted Employment Act; Unemployment Compensation; My Reemployment Plan Program; HB 2703

HB 2703 creates the Kansas Targeted Employment Act (Act), which establishes a tax credit for businesses that employ individuals who are Kansas residents with developmental disabilities, and amends law related to unemployment compensation regarding out-of-state reimbursing employers, fund control tables, solvency and credit rate schedules, and the My Reemployment Plan program.

Kansas Targeted Employer Act

For tax years 2022 through 2027, a tax credit can be claimed by a “targeted employment business,” as that term is defined by the bill or by a taxpayer outsourcing work to such a business. For every hour of work provided by an “eligible individual,” as that term is defined by the bill, the qualified business earns a tax credit equal to 50.0 percent of the wages paid, not to exceed \$7.50 per hour. The bill caps the annual total of tax credits at \$5.0 million. The tax credit will be nonrefundable and cannot be carried forward. To qualify for the tax credit, a business will apply to the Secretary of Revenue by providing the names of the eligible individuals, the hourly wage rate, the hours worked, and the gross wages excluding leave compensation.

The bill directs the Secretary for Aging and Disability Services to develop and implement a program to measure the results of the tax credits and analyze the employment of individuals with developmental disabilities, their quality of life while employed, and the impact upon taxpayer savings and government programs.

The Secretary for Aging and Disability Services will be required to annually report findings to the House Committee on Commerce, Labor and Economic Development and the Senate Committee on Commerce. The bill allows the Secretary for Aging and Disability Services to require the release of certain tax data as a condition of a business’ participation in the tax credit program in order to assist with the analysis. In addition, the Secretary of Revenue will be required to provide tax information to the Secretary for Aging and Disability Services as necessary to enable the Secretary for Aging and Disability Services to fulfill the analysis. The bill will require any confidential tax information to remain confidential in a manner that will not permit the identification of eligible individuals or targeted employment businesses.

The Secretary for Aging and Disability Services and the Secretary of Revenue are authorized to adopt rules and regulations necessary to administer the bill.

Unemployment Compensation and the My Reemployment Plan

Out-of-State Reimbursing Employers

The bill expands the definition of employment in employment security law to include services performed in the employ of any state or political subdivision of a state, rather than only in Kansas or political subdivisions of Kansas.

Fund Control Tables

The bill makes technical changes to fund control tables used to determine employer contribution rates.

Potential Application of Credit Rate Schedule

The bill specifies that the provision applying the standard rate schedule in effect in 2023, absent a second transfer of up to \$250.0 million of federal Coronavirus Relief Funds to the Unemployment Insurance Trust Fund, is not in effect if a credit schedule would otherwise apply.

Solvency and Credit Rate Schedules

The bill reduces the number of decimal points in solvency and credit rate schedule tables from five or six to a maximum of two.

My Reemployment Plan

The bill expands the list of unemployment compensation claimants not required to participate in the My Reemployment Plan program (Program) to include all claimants who meet one of the following conditions:

- In a shared work program;
- In trade adjustment assistance and trade readjustment assistance program;
- On temporary layoff with a return-to-work date only during the first eight consecutive weeks of benefits;
- Currently employed;
- Current participant in reemployment services and eligibility assessment;
- Active member of a placement union and in good standing; or
- Engaged in a training program.

Additionally, the bill changes the requirement to participate in the Program from claimants claiming three continuous weeks of benefits to claimants claiming three or more weeks of benefits in the current benefit year. The obligation to request claimants provide a resume shifts from the Secretary of Commerce to the Secretary of Labor, and the resume must be uploaded in the Kansasworks system. The amount of time for claimants to respond is extended from 7 to 14 days. The Secretary of Commerce is required to monitor claimants who participate in the Program and participate in training managed by workforce centers to ensure compliance.

The Secretary of Commerce has the responsibility for monitoring participation in work skills training and retraining programs under the Program, and the Secretary of Commerce is responsible for reporting non-compliant claimants to the Department of Labor.