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Proponent Testimony on HB 2757
Rachel Willis, Director of Legislative Affairs, Kansas Department of Commerce
House Tax
Thursday, February 26, 2026, 3:30 p.m.
Room 346 S

The Kansas Department of Commerce is neutral HB 2757 and respectfully requests a small change to how the bill is currently written. HB 2757 eliminates a variety of underutilized and unused tax credit programs, makes technical improvements to the High Performance Incentive Program (HPIP), and extends the Kansas Angel Investment Tax Credit (KAITC). The bill cleans up the statute book, strengthens two of the state's economic development tools, and overall allows the state to continue to recruit and retain businesses across Kansas. Commerce respectfully requests one change to the new HPIP provision to better align with the high-performance goals of the program.

HB 2757 eliminates underutilized or unused tax credits. Specifically, it ends credits related to agritourism liability insurance, employer health insurance contributions, assistive technology contributions, regional foundation contributions, alternative fuel vehicles and fueling stations, swine facility improvements, abandoned well plugging, petroleum refinery environmental compliance, disabled access expenditures, and carbon dioxide capture and sequestration. The bill also repeals credits and deductions related to biomass-to-energy plants, electric cogeneration facilities, storage and blending equipment, and the Friends of Cedar Crest Association. While these tax credits were needed at the time of their creation, it is clear that demand for them no longer exists.

The bill makes three changes to the HPIP program. First, it allows pass-through entities that have been awarded a credit to transfer up to 50% of the unused portion of that credit, aligning the incentive more closely with the entity that originally earned it. Second, the bill allows S corporations to transfer earned credits, consistent with other business entities. S corporations would be permitted to transfer up to 100% of their credit. Finally, HB 2757 updates the wage standard for the program to 125% from 150%. Commerce respectfully requests that this standard be set at 130% to better align with the high-performance goals of this economic development tool.

Finally, the bill extends the Kansas Angel Investment Tax Credit (KAITC) program through 2031. KAITC is not merely a tax incentive; it is a strategic instrument that unlocks private capital, de-risks early-stage investment, and accelerates the commercialization of Kansas-based innovation. The program has demonstrated measurable returns in capital formation, job creation, payroll growth, and revenue generation. Since its inception, KAITC has enabled Kansas startups

to leverage more than $600 million in private investment, supported 266 unique companies, and helped catalyze a maturing angel and seed investment market.

Overall, Commerce is neutral HB 2757 and respectfully requests that the HPIP wage standard be set at 130% rather than 125%.