

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on February 24, 2004 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Legislative Research
Susan Kanarr, Legislative Research
Helen Pedigo, Revisor of Statutes
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

David Cleveland, Department of Commerce

Others attending:

See Attached List.

Chairperson Brownlee asked the committee to consider:

SB 405—Cities; environmentally contaminated areas; completion dates

The proposed amendment from Senator Brownlee was provided to the committee. (Attachment 1)

Following committee discussion, Senator Kerr moved to amend SB 405 on p.3 to say 30 years. Senator Jordan seconded. The motion passed.

Senator Kerr moved SB 405 as amended favorable for passage. Senator Jordan seconded. The motion passed.

Chairperson Brownlee asked the committee to consider:

SB 483—An act concerning the employment security laws; relating to disqualification from recipient of benefits

Senator Emler stated that he was working on the Employer's Unity amendment. Chairperson Brownlee stated that the balloon had affected p.6, deleting the language of lines 7-8 and line 20 at the end of the paragraph. Senator Barone suggested deleting the entire balloon on p.4. Following committee discussion, Senator Kerr stated that he shared the concern of Senator Wagle that to strike the whole concept might be going too far because it would not be a valuable bill without it.

The committee discussed the bill's history.

Senator Kerr moved to amend SB 483 to strike the words in the balloon "or tardy to commencement of workshift...and prima facie evidence" Senator Wagle seconded.

Senator Barone asked if they should change it to the failure of the employee to notify the employer within 1-2 hours. Senator Wagle stated that some places might not be able to replace the missing worker within such a short time period. Senator Kerr stated that the committee was really looking at ways to tighten this down in response to administrative law judges; the committee is looking at disqualification for unemployment benefits, so they need to be cautious about tightening this up.

The motion to amend passed.

Senator Emler moved to amend the bill to delete the words "tardiness" on p.6 and strike related language on the page. Senator Jordan seconded. The motion to amend passed.

Senator Emler moved the bill favorable for passage as amended. Senator Kerr seconded. The motion passed.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE at 8:30 a.m. on February 24, 2004 in Room 123-S of the Capitol.

Chairperson Brownlee asked the committee to consider:

SB 441—An act concerning workers compensation; relating to the date of accident

Chairperson Brownlee stated that the committee was trying to pin down a date of injury for repetitive motion injuries. Senator Barone stated that the significance of determining the date was that from first notification, there are 200 days to file a written claim. He gave the example of carpal tunnel as one in which the starting of the clock on the 200 day limit would be confusing. Senator Emler stated that if constructive notice is given to an employer, then the employer needs to send the employee for an evaluation. Ms. Pedigo stated that p.3 introduces written notice, and suggested the committee add or clarify “in writing” if it was concerned.

Senator Jordan moved to amend SB 441 on p.3, line 25 clarify notification of injury “in writing”. Senator Brungardt seconded. The motion to amend passed.

Senator Wagle moved SB 441 as amended favorable for passage. Senator Bunten seconded. The motion passed.

Chairperson Brownlee asked the committee to consider:

SB 394—IMPACT, increased cap on major product investment; authorizes direct investment to educational institutions

Senator Jordan moved to amend p.1 line 33 of SB 394 to add technical colleges and statutory reference. Senator Wagle seconded. The motion to amend passed.

Mr. Cleveland provided the committee with a chart entitled, “IMPACT Workforce Training Program.” (Attachment 2)

Mr. Cleveland explained to the committee that the amendments his department sought from the committee were primarily technical in nature and referred to when Steve Kelly was presenting to the committee. He stated that the first was to add the definition of technical college, on p.3 line 10, #4 any costs...workforce development limits the Secretary’s ability to 10% and p.4 refers back to that limitation. Senator Jordan stated that there was stricken language throughout the bill. Chairperson Brownlee pointed out an amendment on p.3 line 10.

Senator Jordan moved all technical clean-up amendments to the bill. Senator Emler seconded. The motion to amend passed.

Senator Brungardt referred to the limitation of administrative expenses to 10% and asked what the implications of the amendment limiting the Secretary to 10% were. Mr. Cleveland stated that the quarterly reporting function was going to be taken in-house to save money.

Senator Jordan moved the bill favorable for passage as amended. Senator Emler seconded. The motion passed.

Chairperson Brownlee asked the committee to consider:

SB 504—Tax benefits for Kansas businesses

Senator Jordan stated that he felt there were still several questions on the bill and that discussions were ongoing.

Mr. Cleveland provided the committee with a sheet entitled, “Summary of proposed Kansas Business Benefits Program (KBBP)”. (Attachment 3)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE at 8:30 a.m. on February 24, 2004 in Room 123-S of the Capitol.

In response to a comment from Senator Barone, Chairperson Brownlee stated that this was quite a change and that it tries to take into account regional climate. She stated that committee members should have all received the Post Audit on taxes yesterday and stated that she would write the Senate President to get **SB 504** blessed.

In regard to **SB 525**, Chairperson Brownlee stated that after further consideration from the previous meeting, the main issues of the bill seemed as though they were being addressed through other means, so the committee would not be working the bill.

The Kansas Corporation Commission provided the committee with corrections to testimony provided on **SB 525** by Janet Buchanan. (Attachment 4)

The committee was provided with tax information in response to a previous question from Senator Wagle; the sheet is entitled, "Tax Year 2001 Kansas Department of Revenue Tax Credits." (Attachment 5)

The meeting was adjourned at 9:30 a.m. The next meeting will be at 8:30 a.m. on February 25, 2004 in Room 123-S of the Capitol.

Proposed Amendment
Thirty-year Total
Senator Brownlee
February 24, 2004

Sen Commerce
02/24/04
Attach #1

1 redevelopment district for other purposes pursuant to K.S.A. 12-1770 *et*
2 *seq.*, and amendments thereto, which may include part or all of the real
3 property included in the district established under this section.

4 (g) Redevelopment projects relating to environmental investigation
5 and remediation under this section, ~~and amendments thereto,~~ *may be*
6 *undertaken in separate phases as determined and approved by the gov-*
7 *erning body of the city. Such phases may include, but not be limited to,*
8 *the design phase, remediation phase, source-control phase and monitoring*
9 *phase. Each phase shall be completed within 20 years from the date a*
10 ~~city enters into a consent decree agreement with the Kansas department~~ [30
11 ~~of health and environment or the United States environmental protection~~
12 ~~agency issues an order or enters into a consent decree with the governing~~
13 ~~body of the city approving such phase]~~

14 (h) Nothing in this section shall be construed to affect the obligations [project
15 of the county to annually review the fair market value of property in
16 accordance with procedures set by law or to affect the right of any tax-
17 payer to protest and appeal the appraised or reappraised value of their
18 property in accordance with procedures set forth by law.

19 (i) Commencing with the regular session of the legislature in 1993,
20 each city that establishes a redevelopment district under this section shall
21 make a status report on a biennial basis to the standing committee on
22 commerce of the senate and the standing committee on economic de-
23 velopment of the house of representatives during the month of January.
24 The status report shall contain information on the status of the investi-
25 gation and remediation of contamination in the redevelopment district.

26 (j) For the purposes of this act, the governing body of a city, in con-
27 tracts entered into with the Kansas department of health and environment
28 or the United States environmental protection agency, may pledge incre-
29 ments receivable in future years to pay costs directly relating to the in-
30 vestigation and remediation of environmentally contaminated areas. The
31 provisions in such contracts pertaining to pledging increments in future
32 years shall not be subject to K.S.A. 10-1101 *et seq.* or 79-2925 *et seq.*, and
33 amendments thereto.

34 Sec. 2. K.S.A. 12-1771a is hereby repealed.

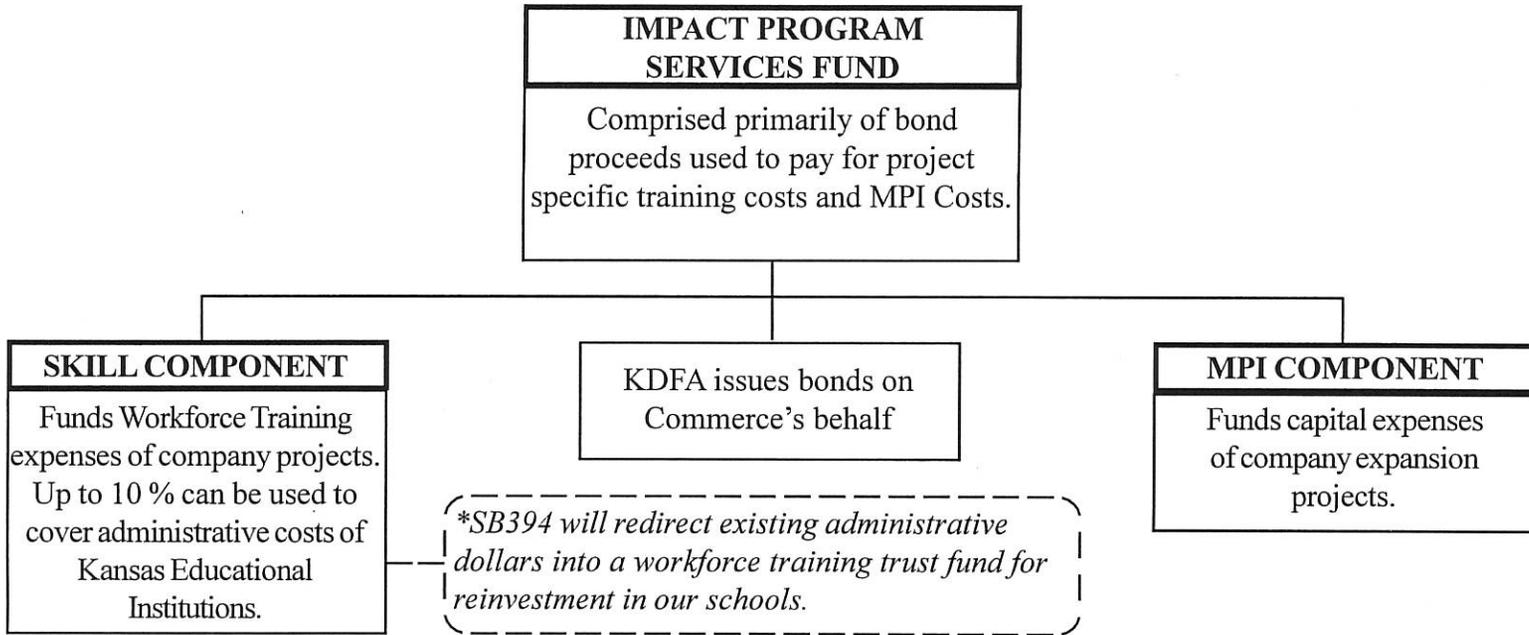
35 Sec. 3. This act shall take effect and be in force from and after its
36 publication in the statute book.

Sen. Brownlee

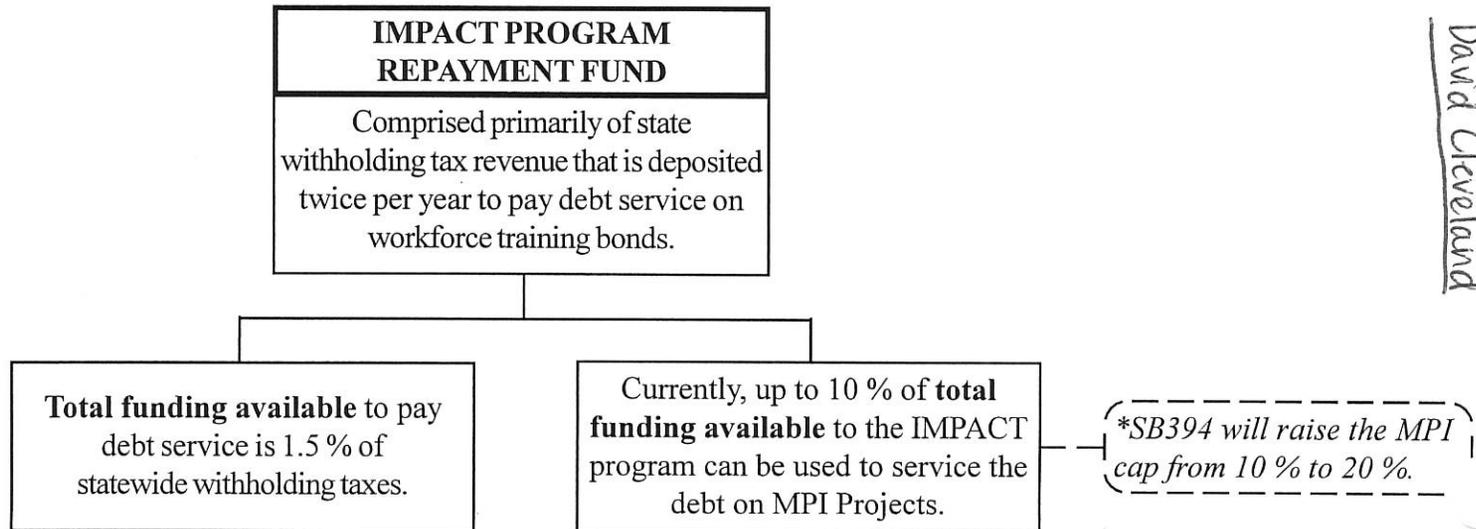
Sen. Brownlee

Senators Commerce
02/21
Attach # 1

IMPACT WORKFORCE TRAINING PROGRAM



Sen Commerce
02/24/04
Attach #2



David Cleveland

Sen Commerce
02/24/04
Attach #2

Summary of proposed Kansas Business Benefits Program (KBBP)

Section 1: Introduction

Section 2: Definitions of terms

Section 3: Requires companies to satisfy a wage requirement (80% of county average wage, or 80% of state-wide average wage, whichever is less, but never less than the federal minimum wage).

Section 4: For companies that have satisfied the wage requirement, this section allows access to tax credits. The amount of tax credits is determined by an evaluation, by Commerce, of a proposed economic development project submitted by a company, in terms of the impact on the state's economy and the level of accomplishment in various potential selection criteria, e.g.:

- a) wage levels
- b) investment to expand existing production capacity
- c) investment to maintain existing production capacity
- d) worksite location
- e) net new job creation
- f) job retention
- g) amount of workforce training
- h) county unemployment rate
- i) rate of increase or decrease in county population

- Tax credits can be carried forward for 3 years.
- Tax credits can be transferred.
- User fees can be assessed to pay for administrative costs, including audit work.
- Total tax credits are capped at \$50 million per tax year.
- A portion of each year's capped credit amount may be allotted to regional economic development groups, to award for smaller company proposals that would be processed by the regional ED group, and for which processing work the regional ED group could assess an application fee.

Section 5: Establishes the formation and make-up of the Kansas Business Benefits Program (KBBP) Advisory Council. The Advisory Council has oversight responsibilities, and will determine and regularly review for effectiveness the selection criteria used by Commerce to evaluate company proposals. The Advisory Council will also select the organization in each state region that will be able to process the smaller economic development projects.

Section 6: Spells out some possible selection criteria on which evaluation for credits may be based.

Section 7: Specifies that the amount of credits awarded is dependent upon satisfaction of various selection criteria established by the KBBP Advisory Council.

Section 8: Sets up KBBP for exemption from the Kansas Open Records Act.

Section 9: Allows Commerce and Revenue to share KBBP-related information.

Section 10: Provides for commission of a KBBP analysis in FY07 to evaluate program effectiveness.

Section 11: Prohibits claiming additional credits from HPIP, E-Zone, and the \$100/\$100 programs after 12/31/04, except for one transitional HPIP timing situation.

Sections 12 – 18: Amends various statutes that are impacted by the KBBP bill.

Sections 19 & 20: Repeals HPIP, E-Zone, and the \$100/\$100 program.

Section 21: Stipulates KBBP shall take effect upon publication (but actual credits are not available until 2005).

Senate Commerce
02/24/04
Attach # 3

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
JOHN WINE, COMMISSIONER
ROBERT E. KREHBIEL, COMMISSIONER

February 23, 2004

Senate Commerce Committee
C/O The Honorable Senator Karin Brownlee, Chair
State Capitol
300 SW 10th, Room 136-N
Topeka, KS 66612

Dear Senator Brownlee and Members of the Senate Commerce Committee:

During questioning regarding the testimony I provided on SB 525, Senator Barone pointed out that there was a discrepancy between the data I provided to you and the data that I had provided to the Commission in Docket Number 02-GIMT-678-GIT. Specifically, there was a difference in the number of residential customers that I reported were served by SWBT and competitive carriers in SWBT territory. With this letter, I wish to provide a correction to the testimony I presented to the Committee on Friday, February 20, 2004.

In response to Senator Barone's observation, I reviewed the testimony I provided in Docket Number 02-GIMT-678-GIT and the data I used to provide testimony regarding SB 525. The testimony provided in Docket Number 02-GIMT-678-GIT is accurate. The correct information is that SWBT serves 79% of the residential customers in its territory while competitive carriers serve 21% of the residential customers. The formula I used when calculating the percentages anew for testimony before the Committee contained an error. I apologize for any inconvenience this may have caused as you evaluate the merits of SB 525. The data I provided regarding business customers was accurate. SWBT serves approximately 68% of the business customers in its territory and competitive carriers serve approximately 32% of the business customers.

I hope you will find this corrected information useful in your deliberations. Again, I apologize for any inconvenience I have caused the Committee. If you have any further questions regarding the data, please contact me at 271-3293.

Sincerely,



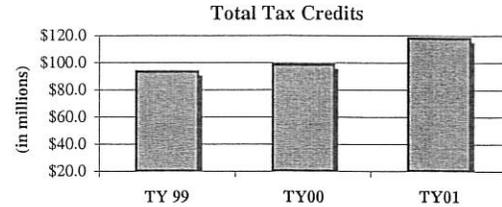
Janet Buchanan
Chief of Telecommunications

Senate Commerce
02/24/04
Attach # 4

Tax Year 2001 Kansas Department of Revenue Tax Credits

Tax Credits Allowed on Returns in Tax Years

	TY 1999	TY 2000	TY 2001
Corporate Income Tax	\$ 29,514,524	\$ 35,757,489	\$ 52,473,608
Individual Income Tax	\$ 63,335,778	\$ 61,914,436	\$ 64,899,438
Privilege Tax	\$ 726,875	\$ 1,002,553	\$ 762,560
Total Tax Credits	\$ 93,577,177	\$ 98,674,478	\$ 118,135,606



Adoption Credit - \$179,557

K.S.A. 79-32,202

Residents of Kansas who adopt a child can receive a credit of 25% of the adoption credit allowed against the federal income tax liability on the federal return.

Agricultural Loan Interest Reduction Credit - Amount withheld for confidentiality.

K.S.A. 79-32,181a; 79-1126a

A state bank, national banking association, production credit association, or agricultural credit association chartered by the Farm Credit Administration which extends or renews an agricultural production loan to an eligible agricultural production borrower at an interest rate which is at least one whole percentage point (1%) less than the lowest interest rate made on loans with equivalent collateral or which reduces the rate of interest being charged on any outstanding agricultural production loan to an eligible agricultural borrower by at least one whole percentage point (1%) shall receive a credit against their tax liability.

Alternative-Fuel Tax Credit - \$3,881

K.S.A. 79-32,201

A credit is allowed for any person, association, partnership, limited liability company, limited partnership, or corporation who makes expenditures for a qualified alternative-fuel fueling station or who makes expenditures for a qualified alternative-fueled motor vehicle licensed in the state of Kansas.

Business and Job Development Credit (carryover) - *\$8,980,231

K.S.A. 79-32,160a

Any manufacturing or nonmanufacturing business which invests in a qualified business facility and hires a minimum number of employees as a result of that investment may be entitled to a tax credit.

**This total does not reflect credits allowed and entered into new credit database.*

Business and Job Development Credit (noncarryover) - \$5,927,003

K.S.A. 79-32,153

A taxpayer who invests in a qualified business facility and hires at least two employees as a result of the investment may be eligible for a credit.

**This total does not reflect credits allowed and entered into new credit database.*

Business Machinery and Equipment Credit - \$20,320,187

K.S.A. 79-32, 206

A taxpayer may be allowed a credit in an amount equal to 15% of the personal property tax levied and timely paid on commercial and industrial machinery and equipment classified for property taxation purposes pursuant to section 1 of article 11 of the Kansas Constitution in subclass (5) or (6) of class 2 and machinery and equipment classified for such purposes in subclass (2) of class 2.

Child Day Care Assistance Credit - \$403,457

K.S.A. 79-32,190

A taxpayer may be eligible for a credit if they pay for child day care services for its employees, located child day care services for its employees, or provide facilities and necessary equipment for child day care services to its employees.

Child Dependent Care Credit - \$7,882,503

K.S.A. 79-32,111a

This credit is available only to residents and part-year residents filing as residents. The credit is equal to 25% of the federal credit allowed.

Community Service Credit - \$3,237,453

Any business firm which contributes to an approved community service organization engaged in providing community services may be eligible to receive a tax credit of at least 50% of the total contribution made.

Disabled Access Credit - \$232,414

Individual and business taxpayers who incur certain expenditures to make their property accessible to the disabled; or to employ individuals with a disability may be eligible to receive a tax credit.

Earned Income Credit - \$23,801,122

K.S.A. 79-32, 205

The credit is available to resident taxpayers in an amount equal to 10% of the earned income tax credit allowed against the taxpayer's federal income tax liability.

Food Sales Tax Refund - \$25,621,048

K.S.A. 79-3635

The credit is for sales tax paid on food. There is a \$60 credit per exemption claim for a Kansas Adjusted Gross Income of \$0 to \$25,000; and a \$30 credit per exemption claim for a Kansas Adjusted Gross Income of \$12,500 to \$25,000.

Habitat Management Credit- Amount withheld for confidentiality.

K.S.A. 79-32,203

An income tax credit is allowed for a property owner who pays property tax on property designated as a critical habitat or who incurs expenditures for managing a habitat.

High Performance Incentive Program - \$20,419,749

K.S.A. 74-50,132; K.S.A. 79-32,160a(e)

A qualified firm making a cash investment in the training and education of its employees may be eligible to receive a tax credit. A credit may also be available for those qualified firms that make an investment in a qualified business facility.

Historic Preservation Credit - Amount withheld for confidentiality.

K.S.A. 79-32, 211

An income tax credit is allowed for expenditures incurred in the restoration and preservation of a qualified historic structure.

Plugging of an Abandoned Oil or Gas Well Credit - Amount withheld for confidentiality.

K.S.A. 79-32, 207

Taxpayers who make expenditures during the tax year to plug an abandoned oil or gas well on their land in accordance with the rules and regulations of the Kansas Corporation Commission shall be allowed a credit in the amount of 50% of the expenditures made for taxable years beginning after 12/31/97 and before 1/1/01.

Research & Development Credit - \$899,213

K.S.A. 79-32,182

A taxpayer with qualifying expenditures in research and development activities conducted within Kansas may be eligible to receive a credit of 6 1/2% of the amount expended for the research.

Small Employer Health Insurance Credit - \$98,566

K.S.A. 40-2246

An income tax credit is allowed for any two or more employers who establish a small employer health benefit plan for the purpose of providing a health benefit.

Swine Facility Improvement Credit - Amount withheld for confidentiality.

K.S.A. 79-32,204

A credit is allowed for the costs incurred to make required improvements to a qualified swine facility.

TAF Family Contribution Credit - Amount withheld for confidentiality.

K.S.A. 79-32,200

Any individual, corporation, partnership, trust, estate and other legal entity required to pay income tax under the Kansas Income Tax Act who enters into an agreement with the Secretary of Social and Rehabilitation Services to provide financial support to a person who receives Temporary Assistance for Families (TAF) is allowed a credit against their Kansas tax liability.

Venture and Local Seed Capital Credits - \$14,261

K.S.A. 74-8205, -8206, -8304, and -8316

A credit may be deducted from a taxpayer's income or privilege tax liability if the taxpayer invests in stock issued by Kansas Venture Capital, Inc.; and a credit may be deducted from a taxpayer's income tax liability if the taxpayer invests in a certified Kansas venture capital company; and a credit may also be deducted from a taxpayer's income tax liability if the taxpayer invests in a certified local seed capital pool. The amount of credit will be 25% of the total amount of cash investment in such stock.

Amounts are withheld for confidentiality if there are four or fewer filers within any given tax area of a credit.

Business and Job Development Credit - K.S.A. 79-32,153, 79-32,160a

Total - K.S.A. 79-32,153

No Enterprise Zone - K.S.A. 79-32,153

Income Taxpayers - Effective for all taxable years commencing after December 31, 1976
 Privilege Taxpayers - Effective for all taxable years commencing after December 31, 1995

Investment Tax Credit

A taxpayer who invests in a qualified business facility and hires at least two employees as a result of that investment may be eligible for an investment tax credit of *\$100 for every \$100,000 of investment.
 (*Prior to January 1, 1982, the credit was \$50 for every \$100,000 of investment.)

Job Creation Credit

A taxpayer who invests in a qualified business facility and hires at least two employees as a result of that investment may be eligible for a job creation tax credit of *\$100 for every qualified business employee.
 (*Prior to January 1, 1982, the credit was \$50 for every employee.)

Process Calendar Year	Number of Individual Filers	Number of Individual Claims	Total Dollar Amount of Credit Claimed Individual Filers	Total Dollar Amount of Credit Allowed this Year
1977				
1978				
1979				
1980				
1981				
1982				
1983				
1984				
1985				
1986				
1987				
1988				
1989				
1990				
1991	7	7	\$ 16,669	\$ 16,669
1992	639	660	\$ 1,333,094	\$ 1,294,440
1993	729	798	\$ 2,506,173	\$ 2,503,882
1994	712	743	\$ 2,618,722	\$ 2,533,956
1995	786	801	\$ 3,399,770	\$ 3,388,196
1996	871	912	\$ 4,556,558	\$ 4,467,268
1997	302	359	\$ 3,394,028	\$ 3,370,036
1998	204	217	\$ 1,687,020	\$ 1,695,385
1999	96	111	\$ 654,909	\$ 659,023
2000	289	338	\$ 1,642,678	\$ 1,669,610
2001	350	475	\$ 1,220,483	\$ 1,078,371
2002	222	303	\$ 655,117	\$ 529,355
TOTAL	5,207	5,724	\$ 23,685,221	\$ 23,206,191

Process Calendar Year	Number of Corporate Filers	Number of Corporate Claims	Total Dollar Amount of Credit Claimed Corporate Filers	Total Dollar Amount of Credit Allowed this Year
1977	11	11	\$ 16,741	\$ 32,182
1978	38	41	\$ 113,842	\$ 111,304
1979	74	77	\$ 367,747	\$ 288,289
1980	160	162	\$ 672,667	\$ 619,134
1981	214	227	\$ 1,052,672	\$ 1,218,860
1982	208	223	\$ 1,126,672	\$ 711,487
1983	189	196	\$ 1,048,679	\$ 1,200,228
1984	195	203	\$ 1,212,238	\$ 758,912
1985	237	259	\$ 1,326,303	\$ 1,028,489
1986	220	246	\$ 1,904,855	\$ 1,618,901
1987	237	274	\$ 2,117,688	\$ 1,459,585
1988	228	260	\$ 4,048,121	\$ 1,073,801
1989	266	322	\$ 5,840,490	\$ 679,312
1990	262	320	\$ 3,452,540	\$ 878,137
1991	225	284	\$ 2,721,028	\$ 805,776
1992	152	182	\$ 1,110,294	\$ 281,469
1993	231	268	\$ 6,842,911	\$ 897,563
1994	296	373	\$ 10,859,634	\$ 8,692,391
1995	275	368	\$ 8,913,696	\$ 7,310,801
1996	322	640	\$ 6,839,428	\$ 6,171,617
1997	271	576	\$ 6,030,803	\$ 6,020,481
1998	227	550	\$ 5,404,452	\$ 5,328,298
1999	187	522	\$ 4,445,841	\$ 4,364,916
2000	150	406	\$ 5,038,909	\$ 5,311,893
2001	161	422	\$ 7,859,584	\$ 7,880,059
2002	141	423	\$ 3,422,597	\$ 3,378,879
TOTAL	5,177	7,835	\$ 93,790,432	\$ 68,122,764

Enterprise Zone - K.S.A. 79-32,153

Income Taxpayers - Effective for all taxable years commencing after December 31, 1981 and prior to January 1, 1993.

Investment Tax Credit

A taxpayer who invests in a qualified business facility and hires at least two employees as a result of that investment may be eligible for an investment tax credit of \$350 for every \$100,000 of investment.

Job Creation Credit

A taxpayer who invests in a qualified business facility and hires at least two employees as a result of that investment may be eligible for a job creation tax credit of *\$350 for every qualified business employee.
 (*\$500 for every qualified business employee if the employee entitles the employer to a federal targeted jobs tax credit.)

Process Calendar Year	Number of Privilege Filers	Number of Privilege Claims	Total Dollar Amount of Credit Claimed Privilege Filers	Total Dollar Amount of Credit Allowed this Year
1977				
1978				
1979				
1980				
1981				
1982				
1983				
1984				
1985				
1986				
1987				
1988				
1989				
1990				
1991				
1992				
1993				
1994				
1995				
1996				
1997	7	10	\$ 11,600	\$ 11,600
1998	9	18	\$ 25,883	\$ 25,883
1999	11	16	\$ 12,849	\$ 18,649
2000	17	78	\$ 93,614	\$ 93,614
2001	26	55	\$ 75,764	\$ 74,306
2002	19	27	\$ 48,430	\$ 48,430
TOTAL	89	204	\$ 268,140	\$ 272,482

Process Calendar Year	Number of All Filers	Number of All Claims	Total Dollar Amount of Credit Claimed All Filers	Total Dollar Amount of Credit Allowed this Year
1977	11	11	\$ 16,741	\$ 32,182
1978	38	41	\$ 113,842	\$ 111,304
1979	74	77	\$ 367,747	\$ 288,289
1980	160	162	\$ 672,667	\$ 619,134
1981	214	227	\$ 1,052,672	\$ 1,218,860
1982	208	223	\$ 1,126,672	\$ 711,487
1983	189	196	\$ 1,048,679	\$ 1,200,228
1984	195	203	\$ 1,212,238	\$ 758,912
1985	237	259	\$ 1,326,303	\$ 1,028,489
1986	220	246	\$ 1,904,855	\$ 1,618,901
1987	237	274	\$ 2,117,688	\$ 1,459,585
1988	228	260	\$ 4,048,121	\$ 1,073,801
1989	266	322	\$ 5,840,490	\$ 679,312
1990	262	320	\$ 3,452,540	\$ 878,137
1991	232	291	\$ 2,737,697	\$ 822,445
1992	791	842	\$ 2,443,388	\$ 1,575,909
1993	960	1,066	\$ 9,349,084	\$ 3,401,445
1994	1,008	1,116	\$ 13,478,356	\$ 11,226,347
1995	1,061	1,169	\$ 12,313,466	\$ 10,698,997
1996	1,193	1,552	\$ 11,395,986	\$ 10,638,885
1997	580	945	\$ 9,436,431	\$ 9,402,117
1998	440	785	\$ 7,117,355	\$ 7,049,566
1999	294	649	\$ 5,113,599	\$ 5,042,588
2000	456	822	\$ 6,775,201	\$ 7,075,117
2001	537	952	\$ 9,155,831	\$ 9,032,736
2002	382	753	\$ 4,126,144	\$ 3,956,664
TOTAL	10,473	13,763	\$ 117,743,793	\$ 91,600

As of 10/31/03
 by Process Year

5-3

Business and Job Development Credit - K.S.A. 79-32,153, 79-32,160a

K.S.A. 79-32,160a

Income Taxpayers - Effective for all taxable years commencing after December 31, 1992
 Privilege Taxpayers - Effective for all taxable years commencing after December 31, 1995

Investment Tax Credit

A taxpayer who invests in a qualified business facility and hires a minimum number of employees as a result of that investment may be eligible for an investment tax credit of at least \$1,000 for every \$100,000 of investment.

Job Creation Credit

A taxpayer who invests in a qualified business facility and hires a minimum number of employees as a result of that investment may be eligible for a job creation tax credit of *\$1,000 for every qualified business employee.
 (*\$2,500 if located in a nonmetropolitan region.)

5-4

Process Calendar Year	Number of Individual Filers	Number of Individual Claims	Total Dollar Amount of Credit Available Individual Filers	Total Dollar Amount of Credit Allowed this Year
-----------------------	-----------------------------	-----------------------------	---	---

Process Calendar Year	Number of Corporate Filers	Number of Corporate Claims	Total Dollar Amount of Credit Available Corporate Filers	Total Dollar Amount of Credit Allowed this Year
-----------------------	----------------------------	----------------------------	--	---

Process Calendar Year	Number of Privilege Filers	Number of Privilege Claims	Total Dollar Amount of Credit Available Privilege Filers	Total Dollar Amount of Credit Allowed this Year
-----------------------	----------------------------	----------------------------	--	---

Process Calendar Year	Number of All Filers	Number of All Claims	Total Dollar Amount of Credit Claimed All Filers	Total Dollar Amount of Credit Allowed this Year
-----------------------	----------------------	----------------------	--	---

1993				
1994	* CONFIDENTIAL			
1995	6	6	\$ 362,570	\$ 95,674
1996	9	9	\$ 348,818	\$ 37,756
1997	15	15	\$ 264,733	\$ 219,804
1998	19	22	\$ 520,203	\$ 191,556
1999	34	39	\$ 13,421,661	\$ 1,191,973
2000	94	107	\$ 2,090,584	\$ 1,744,275
2001	183	198	\$ 4,010,234	\$ 2,496,871
2002	79	104	\$ 1,271,878	\$ 605,943
TOTAL	439	500	\$ 22,290,681	\$ 6,583,852

1993	* CONFIDENTIAL			
1994	50	58	\$ 3,884,803	\$ 777,454
1995	133	174	\$ 7,058,018	\$ 2,494,560
1996	206	306	\$ 13,995,488	\$ 6,461,120
1997	250	422	\$ 23,350,786	\$ 10,722,999
1998	278	464	\$ 30,439,350	\$ 16,524,833
1999	227	400	\$ 17,855,309	\$ 10,009,895
2000	203	335	\$ 8,472,227	\$ 6,125,747
2001	215	265	\$ 12,269,901	\$ 6,780,739
2002	34	204	\$ 12,728,536	\$ 8,792,518
TOTAL	1,596	2,628	\$ 130,054,418	\$ 68,689,865

1993				
1994				
1995				
1996				
1997				
1998				
1999	5	7	\$ 111,150	\$ 111,150
2000	* CONFIDENTIAL			
2001	* CONFIDENTIAL			
2002				
TOTAL	5	7	\$ 111,150	\$ 111,150

1993	* CONFIDENTIAL			
1994	50	58	\$ 3,884,803	\$ 777,454
1995	139	180	\$ 7,420,588	\$ 2,590,234
1996	215	315	\$ 14,344,306	\$ 6,498,876
1997	265	437	\$ 23,615,519	\$ 10,942,803
1998	297	486	\$ 30,959,553	\$ 16,716,389
1999	266	446	\$ 31,388,120	\$ 11,313,018
2000	297	442	\$ 10,562,811	\$ 7,870,022
2001	398	463	\$ 16,280,135	\$ 9,277,610
2002	113	308	\$ 14,000,414	\$ 9,398,461
TOTAL	2,040	3,135	\$ 152,456,249	\$ 75,384,867

*CONFIDENTIAL - This information is confidential as there are less than 5 filers. This information is not included in the total.

4-5

High Performance Incentive Program - K.S.A. 74-50,132, 79-32,160a(e)

Total - K.S.A. 74-50,132 and 79-32,160a(e)

Training and Education Tax Credit - K.S.A. 74-50,132

Corporate Income Taxpayers - Effective for all taxable years commencing after December 31, 1992

Income Taxpayers - Effective for all taxable years commencing after December 31, 1997

Privilege Taxpayers - Effective for all taxable years commencing after December 31, 1997

A qualified firm making a cash investment in the training and education of its employees can receive a credit equal to the portion of the investment in the training and education that exceeds 2% of the businesses total payroll costs.

Investment Tax Credit - K.S.A. 79-32,160a(e)

Income Taxpayers - Effective for all taxable years commencing after December 31, 1992

Privilege Taxpayers - Effective for all taxable years commencing after December 31, 1992

A credit is available for those qualified firms which make an investment in a qualified business facility. The investment tax credit is 10% of the qualified business facility investment which exceeds \$50,000.

55

Process Calendar Year	Number of Individual Filers	Number of Individual Claims	Total Dollar Amount of Credit Claimed Individual Filers	Total Dollar Amount of Credit Allowed this Year
-----------------------	-----------------------------	-----------------------------	---	---

Process Calendar Year	Number of Corporate Filers	Number of Corporate Claims	Total Dollar Amount of Credit Claimed Corporate Filers	Total Dollar Amount of Credit Allowed this Year
-----------------------	----------------------------	----------------------------	--	---

Process Calendar Year	Number of Privilege Filers	Number of Privilege Claims	Total Dollar Amount of Credit Claimed Privilege Filers	Total Dollar Amount of Credit Allowed this Year
-----------------------	----------------------------	----------------------------	--	---

Process Calendar Year	Number of All Filers	Number of All Claims	Total Dollar Amount of Credit Claimed All Filers	Total Dollar Amount of Credit Allowed this Year
-----------------------	----------------------	----------------------	--	---

1993				
1994	* CONFIDENTIAL			
1995	6	6	\$ 25,852	\$ 25,852
1996	21	21	\$ 368,197	\$ 352,629
1997	11	12	\$ 470,227	\$ 267,656
1998	6	6	\$ 901,822	\$ 437,682
1999	24	28	\$ 1,712,081	\$ 463,631
2000	44	45	\$ 2,179,541	\$ 1,491,236
2001	60	61	\$ 1,833,035	\$ 1,543,959
2002	69	86	\$ 1,911,702	\$ 1,241,666
TOTAL	241	265	\$ 9,402,457	\$ 5,824,311

1993				
1994	* CONFIDENTIAL			
1995	* CONFIDENTIAL			
1996	5	5	\$ 788,050	\$ 345,755
1997	11	11	\$ 885,677	\$ 884,455
1998	12	12	\$ 13,543,690	\$ 2,505,483
1999	16	21	\$ 10,936,501	\$ 3,170,718
2000	24	27	\$ 23,018,662	\$ 9,134,100
2001	28	31	\$ 12,573,973	\$ 9,284,424
2002	31	41	\$ 54,809,119	\$ 16,224,997
TOTAL	127	148	\$ 116,555,672	\$ 41,549,932

1993				
1994	* CONFIDENTIAL			
1995	* CONFIDENTIAL			
1996				
1997				
1998				
1999				
2000				
2001				
2002				
TOTAL	0	0	\$ -	\$ -

1993				
1994	* CONFIDENTIAL			
1995	6	6	\$ 25,852	\$ 25,852
1996	26	26	\$ 1,156,247	\$ 698,384
1997	22	23	\$ 1,355,904	\$ 1,152,111
1998	18	18	\$ 14,445,512	\$ 2,943,165
1999	40	49	\$ 12,648,582	\$ 3,634,349
2000	68	72	\$ 25,198,203	\$ 10,625,336
2001	88	92	\$ 14,407,008	\$ 10,828,383
2002	100	127	\$ 56,720,821	\$ 17,466,663
TOTAL	368	413	\$ 125,958,129	\$ 47,374,243

*CONFIDENTIAL - This information is confidential as there are less than 5 filers. This information is not included in the total.

5