

SESSION OF 2007

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2004**

As Agreed to April 27, 2007

Brief*

HB 2004 would continue the Rural Business Development Tax Credit Act; create the Enterprise Facilitation Fund; amend the Angel Investor Tax Credit Act; and create the Kansas Film Production Tax Credit Act.

Rural Business Development Tax Credits

The bill would continue the annual \$2 million Rural Business Development Tax Credits cap through FY 2012. Existing law provides that these caps end in FY 2007. For each of these fiscal years (FY 2008 through FY 2012) the tax credits claimed could not exceed \$2 million.

Enterprise Facilitation Fund

The bill also would establish the Enterprise Facilitation Fund which would be used to support enterprise facilitation projects within the state. The Department of Commerce would administer the fund and would be granted authority to establish rules and regulation for the projects. The bill would require that each regional foundation transfer 5 percent of funds raised in the previous fiscal year from marketing the rural business tax credits to the enterprise fund.

Kansas Angel Investor Tax Credit Act

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

Additional provisions of the bill would make a number of amendments to the Kansas Angel Investor Tax Credit Act, including expanding the definition of “angel investor” to include an owner of a permitted entity investor, and referencing the specific definition of “bioscience business” found in the Kansas Bioscience Authority Act.

Kansas Film Production Tax Credit Act

Under provisions of the Act, an eligible film production company could apply for a 30 percent tax credit for direct production expenditures made in Kansas that are directly attributable to the production of a film in the State and which have been subject to taxation by the State of Kansas. The Department of Commerce would be required to determine the eligibility of each and every company and would approve the allowable expenses for the tax credit and report this information to the Kansas Department of Revenue. The bill would grant rule and regulation authority to the Kansas Department of Revenue and the Kansas Department of Commerce.

The bill would limit the production tax credits to \$2.0 million per tax year for six years; and the tax credits could be carried forward by the production company for three years. The provisions of this Act would expire on January 1, 2013.

Conference Committee Action

The Conference Committee agreed to the Senate amendments with the following exceptions:

- Added the provisions of the Angel Investor Tax Credit Act; and
- Amended and added the provisions of the Kansas Film Production Tax Credit Act.

Background

Patty Clark, Deputy Secretary of Commerce testified in support of the bill. The National Director of the Kansas Farm Bureau (KFB) also testified in support of the bill. He stated, among other things, that KFB has adopted the Hometown Competitive model from Nebraska. This model focuses on identifying and educating community leaders; energizing entrepreneurs, engaging youth, and developing local charitable giving.

No conferees testified in opposition to the bill.

The Senate Committee of the Whole amended the bill by adding the provisions dealing with the Enterprise Facilitation Fund and projects.

The Conference Committee added the provisions of Angel Investor Tax Credit Act which had been in HB2005 into this bill.

The Conference Committee added the provisions of the Kansas Film Production Tax Credit Act which had been in HB 2440 into this bill.

The original HB 2004 fiscal note indicated that the passage of the bill could have up to a \$2 million per fiscal year impact. The fiscal note on the Angel Investor Tax Credit Act indicated that the impact would be: \$2.0 million in FY 2008 and \$4.0 million in FY 2009. The fiscal note on the Kansas Film Production Tax Credit Act would be \$2.0 million annual for FY 2008 through FY 2013. The total fiscal impact of the Conference Committee bill would be \$6.0 million in FY2008 and \$8.0 million in FY 2009.

Rural Business Development Tax Credit Act