

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 314

As Amended by Senate Committee of the Whole

Brief*

SB 314 would make a number of amendments to the Kansas Angel Investor Tax Credit Act, including expanding the definition of "angel investor" to include an owners of a permitted entity investor; and referencing the specific definition of "bioscience business" found in the Kansas Bioscience Authority Act.

The bill also would significantly expand and modify the current High Performance Incentive Program (HPIP) tax credit to turn it into a more-broad based investment tax credit available to most major business classifications, provided they meet qualified wage requirements and other tests.

The Kansas earned income tax credit (EITC) would be expanded, effective for tax year 2007, from 15 to 20 percent of the federal credit.

A state income tax exemption would be provided for income earned by spouses of individuals serving in the armed forces in combat zones during the time of service.

Background

The original bill dealt with the Angel Investor issue. Senate Commerce Committee amendments included a provision that reduced the FY 2008 fiscal impact for that portion of the bill from \$4.0 million to \$2.0 million.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The Senate Committee of the Whole on March 21 added the investment tax credit, EITC, and military spouse income exemption provisions.

Based on the latest information available, the bill would be expected to have the following impact on receipts:

(\$ in millions)

	Angel Investor	Investment Credit	EITC From 15 to 20%	Military Spouses	Total
FY 08	\$ (2.0)	\$ (17.6)	(18.7)	\$ (3.0)	(41.3)
FY 09	(4.0)	(17.6)	(19.9)	(3.2)	(44.7)
FY 10	(4.0)	(17.6)	(21.1)	(3.4)	(46.1)
FY 11	(4.0)	(17.6)	(22.4)	(3.6)	(47.6)
FY 12	(4.0)	(17.6)	(23.7)	(3.8)	(49.1)
5-Yr Total	\$ (18.0)	\$ (88.0)	(105.8)	(16.9)	(228.7)