

SESSION OF 2008

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2603

As Amended by House Committee on
Economic Development and Tourism

Brief*

HB 2603, as amended, would change the definitions of qualified business facility and qualified business facility employee as they are defined in 2007 K.S.A. 2007 Supp. 79-32,154. It also would specify that the High Performance Incentive Program (HPIP) cannot be shared among members of a unitary group.

This bill would:

- Allow for one member of a unitary group that hires employees to qualify as “qualified business employees” to claim the business and jobs tax credit without the qualified business facility investment;
- Allow any member of a unitary group to qualify for a “qualified business facility investment” when one member of the unitary group makes an investment that leads to one member of the unitary group retaining or hiring the required number of employees; and
- Clarify that HPIP credits are not eligible to be shared by members of a unitary group.

Background

Mr. Mark Burghart spoke in favor of the bill and stated that a recent change in policy had made this option unavailable to

*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>

unitary groups. This bill would make the former policy law. Under current law, only one member of a unitary group can claim either credit and has to make the investment. Also, this member of the unitary group must be the one hiring or retaining. This bill would make it possible for a unitary group to qualify for the Business and Jobs credit.

The Department of Revenue originally spoke in opposition to the bill. The Department expressed concerns with the original bill because they believed it would allow for unitary groups to share HPIP credits. This belief was reflected in their original fiscal note which states the original bill would reduce the State General Fund corporate income tax receipts by \$22 million for fiscal years 2008 and 2009 as well as each year going forward.

The bill, as amended, removes the uncertainty as to whether or not members of a unitary group would be allowed to share HPIP credits. The Department of Revenue has adjusted the fiscal note to reflect this change. They estimate that the fiscal impact will be about \$2 million each year going forward.