

HOUSE BILL No. 2275

By Committee on Commerce, Labor and Economic Development

2-2

AN ACT concerning income taxation; relating to credits; increasing the maximum yearly amount of credit available for purchases under the disability employment act from qualified vendors and continuing in existence such credits beyond tax year 2023; defining qualifying vendors and eligible employees; amending K.S.A. 79-32,273 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 79-32,273 is hereby amended to read as follows: 79-32,273. (a) ~~For tax years 2019 through 2023, The provisions of this section shall be known and may be cited as the disability employment act.~~

(b) A credit shall be allowed against the tax imposed by the Kansas income tax act in an amount equal to 15% of the amount for expenditures of goods and services purchased by the taxpayer from a qualified vendor ~~on and after January 1, 2019, and before January 1, 2024,~~ as certified by the secretary of commerce as provided in subsection ~~(e)~~ (d). The amount of such credit awarded for each taxpayer shall not exceed \$500,000 per qualified vendor per tax year. In no event shall the total amount of cumulative credits allowed under this section exceed:

(1) \$5,000,000 for tax years 2019 through 2023;

(2) \$10,000,000 ~~for all tax years that the credit remains in effect tax years 2024 through 2028; and~~

(3) \$10,000,000 for each consecutive five tax years thereafter starting with tax year 2029.

~~(b)(c)~~ The tax credit allowed by this section shall be deducted from the taxpayer's income tax liability for the tax year in which the expenditures were made by the taxpayer. If the amount of such tax credit exceeds the taxpayer's income tax liability for such tax year, the taxpayer may carry over the amount that exceeds such tax liability for deduction from the taxpayer's liability in the next succeeding tax year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth tax year succeeding the tax year in which the expenditures were incurred.

~~(e)~~(d) The secretary of commerce shall annually certify that expenditures for goods and services purchased by a taxpayer subject to the

1 tax credit provided in this section were made from a qualified vendor, and
2 provide such certification to the secretary of revenue. The secretary of
3 commerce is hereby authorized to promulgate rules and regulations for
4 establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and
5 amendments thereto, for evaluating whether purchases by taxpayers from a
6 qualified vendor should be certified as provided in this section, with the
7 assistance and approval of the secretary of revenue.

8 ~~(D)~~(e) As used in this section:

9 (1) ~~"Certified business"~~*"Qualified vendor"* means:

10 (A) Any business ~~certified by the department of administration~~ that
11 *qualifies as a certified business pursuant to K.S.A. 75-3740, and*
12 *amendments thereto, and is a not-for-profit business that is a sole*
13 *proprietorship, partnership, association or corporation domiciled in*
14 *Kansas, or any corporation, even if a wholly owned subsidiary of a foreign*
15 *corporation, that:*

16 ~~(A)~~(i) Does business primarily in Kansas or substantially all of its
17 production in Kansas;

18 ~~(B)~~(ii) employs at least 30% of its employees *in an integrated setting*
19 *who are individuals with disabilities and reside in Kansas;*

20 ~~(C)~~(iii) offers to contribute at least 75% of the premium cost for
21 individual health insurance coverage for each *eligible* employee. The
22 department of administration shall require a certification of these facts;
23 and

24 ~~(D)~~(iv) does not employ individuals under a certificate issued by the
25 United States secretary of labor under 29 U.S.C. § 214(c);

26 (B) *qualifies as a qualified vendor pursuant to K.S.A. 75-3317, and*
27 *amendments thereto, and also:*

28 (i) *Employs at least 30% of its employees in an integrated setting;*

29 (ii) *offers to contribute at least 75% of the premium cost for*
30 *individual health insurance coverage for each eligible employee or offers*
31 *a qualified company-sponsored insurance plan under the affordable care*
32 *act or pays the required subsidy to the internal revenue service for*
33 *employees who purchase insurance through the open market, if a*
34 *company-sponsored plan is not offered. If any such company is not*
35 *covered under the affordable care act and does not offer a company-*
36 *sponsored insurance plan, such company must offer assistance to the*
37 *employee to cover at least 75% of their health insurance costs through a*
38 *health savings account or other legal and appropriate methodology; and*

39 (iii) *does not employ individuals under a certificate issued by the*
40 *United States secretary of labor under 29 U.S.C. § 214(c); or*

41 (C) *a division within a Kansas not-for-profit organization that:*

42 (i) Does business primarily in Kansas or substantially all of its
43 production in Kansas;

1 (ii) *within such division, employs in an integrated setting at least*
2 *30% of its employees who are individuals with disabilities and reside in*
3 *Kansas;*

4 (iii) *within such division, offers to contribute at least 75% of the*
5 *premium cost for individual health insurance coverage for each eligible*
6 *employee or offers a qualified company-sponsored insurance plan under*
7 *the affordable care act or pays the required subsidy to the internal revenue*
8 *service for employees who purchase insurance through the open market, if*
9 *a company-sponsored plan is not offered. If any such company is not*
10 *covered under the affordable care act and does not offer a company-*
11 *sponsored insurance plan, such company must offer assistance to the*
12 *employee to cover at least 75% of their health insurance costs through a*
13 *health savings account or other legal and appropriate methodology; and*

14 (iv) *within such division, does not employ individuals under a*
15 *certificate issued by the United States secretary of labor under 29 U.S.C. §*
16 *214(c).*

17 (2) "individuals with disabilities" or "individual with a disability"
18 means any individual who:

19 (A) Is certified by the Kansas department for aging and disability
20 services or by the Kansas department for children and families, which
21 administers the rehabilitation services program *or by a healthcare*
22 *provider determined by the secretary of revenue, that shall include, but is*
23 *not limited to, medical doctors, doctors of osteopathy, physician*
24 *assistants, nurse practitioners, physical therapists, occupational therapists*
25 *and optometrists who can substantiate an individual as having a physical*
26 *or mental impairment that constitutes a substantial barrier to employment;*
27 *and*

28 (B) ~~works a minimum number of hours per week for a certified~~
29 ~~business necessary to qualify for health insurance coverage offered~~
30 ~~pursuant to subsection (d)(1); and~~

31 (C) (i) is receiving services, has received services or is eligible to
32 receive services under a home and community based services program, as
33 defined by K.S.A. 39-7,100, and amendments thereto;

34 (ii) is employed by a charitable organization domiciled in the state of
35 Kansas and exempt from federal income taxation pursuant to section
36 501(c)(3) of the federal internal revenue code of 1986, as amended; or

37 (iii) is an individual with a disability pursuant to the disability
38 standards established by the social security administration as determined
39 by the Kansas disability determination services under the Kansas
40 department for children and families; ~~and~~

41 (3) ~~"qualified vendor" means an entity that:~~

42 (A) ~~Is a "qualified vendor" pursuant to K.S.A. 75-3317, and~~
43 ~~amendments thereto, or is a "certified business" that is also a nonprofit~~

1 organization pursuant to K.S.A. 75-3740, and amendments thereto;

2 (B) ~~pays minimum wage or above to all their employees in a manner~~
3 ~~that meets the definition of "competitive employment" pursuant to K.S.A.~~
4 ~~44-1136, and amendments thereto;~~

5 (C) ~~meets the definition of employing all of their workers in an~~
6 ~~"integrated setting" pursuant to K.S.A. 44-1136, and amendments thereto;~~
7 ~~and~~

8 (D) ~~offers a qualified company-sponsored insurance plan under the~~
9 ~~affordable care act or pays the required subsidy to the internal revenue~~
10 ~~service for employees who purchase insurance through the open market, if~~
11 ~~a company-sponsored plan is not offered. If any such company is not~~
12 ~~covered under the affordable care act, and does not offer a company-~~
13 ~~sponsored insurance plan, such company must offer assistance to the~~
14 ~~employee to cover at least 75% of their health insurance costs through a~~
15 ~~health savings account or other legal and appropriate methodology.~~

16 (e)(f) The secretary of revenue shall report to the house committee on
17 taxation and the senate committee on assessment and taxation on or before
18 February 1, 2021, 2022, and 2023, concerning the implementation and
19 effectiveness of the credit provided in this section.

20 Sec. 2. K.S.A. 79-32,273 is hereby repealed.

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