



# **Tax Credit and Incentive Review**

**2025 Special Committee on  
Commerce**



## Background

- Working group started meeting in May to review state's income tax credits and incentives.
- CPA's, Economic Development Professionals, Tax Professionals.
- Last year during hearing on SB 283 which repealed HPIP, PEAK, etc., found a database showing KS had 71 credits.
- Most high-growth states had 30-35 credits.
- Led us to ask- can we eliminate some of these?

## What did we find?

- Lightly or unused tax credits.
- 20 credits proposed to eliminate.
- This is a starting point for discussion. Obviously if the Legislature wants to look at others, or at sales tax exemptions, happy to have that discussion as well.
- But Incentives matter. HPIP and PEAK are important tools for Kansas.

## Incentives

- Speakers will talk about several problems or inefficiencies with HPIP we would ask the Legislature to look at.
- We have also met with the Department of Revenue to ask for input on how to improve reporting requirements to provide data on annual credits claimed.
- We believe these programs are effective, but you need data to understand that. We should always critically review incentives just like we do other tax provisions.

## Proposed Tax Credits to Eliminate

- Abandoned Well Plugging Credit
- Agritourism Liability Insurance Credit
- Alternative Fuel Tax Credit
- Assistive Technology Contribution Credit
- Attracting Power Economic Expansion (APEX-expired, cleaning up statutes)
- Biomass-to-Energy Plant Tax Exemption and Deduction
- Carbon Dioxide Capture/Sequestration Tax Deduction
- Disabled Access Credit
- Electric Cogeneration Facility Credit
- Employer Health Insurance Contribution Credit
- Environmental Compliance Credit
- Friends of Cedar Crest Credit
- Incumbent Worker Training
- Kansas International Trade Marketing Assistance Program
- Kansas International Trade Show Assistance Program
- Kansas Downtown Redevelopment Tax Rebate
- Petroleum Refinery Credit
- Regional Foundation Credit
- Rural Opportunity Zones
- Storage and Blending Equipment Credit
- Swine Facility Improvement Credit

## Eliminating ROZ

- We've had 10+ years to determine if program resulted in growth in rural parts of the state.
- Based on feedback and data, it's better to focus on job development statewide.
- Propose to **restore** Business & Job Development Tax Credit.
  - This was eliminated to pay for ROZ.

## **Business & Job Development Tax Credit**

- This will be a statewide program but will contain stronger incentives for rural/urban and distressed census communities (as defined under federal code).
- Applies to businesses with 25 or fewer employees
  - \$1,000 credit per new employee hired. (\$2,000 for rural/distressed community credit amount)
  - \$1,500 credit per \$100,000 facility investment (\$2,500 for rural/distressed community credit amount)
  - Construction sales tax exemption like HPIP on facility investment.



## **Extend Angel Investor Tax Credit**

- Angel Investor Tax Credit is set to expire next year, so we will include this in our legislation to renew.
- This is a highly utilized program for investors to contribute to qualifying start-up companies.
- Angel Investors earn up to a 50% credit for start up entities.



**Questions?**