

SESSION OF 2026

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2757

As Amended by House Committee on Taxation

Brief*

HB 2757, as amended, would make changes to the High Performance Incentive Program (HPIP) tax credit and discontinue certain income tax credits.

The bill would also make technical and conforming changes.

Changes to HPIP Credits

The bill would make changes to HPIP beginning in tax year 2026.

The bill would specify a firm meeting the criteria requirements to earn the HPIP credit in the year the credit is earned is deemed to be certified in each following tax year during the tax credit carryforward period if the Secretary of Commerce determines the firm continues to meet the average wage requirement applicable to the firm.

The bill would clarify that transfers of unused HPIP credits for projects placed into service on and after January 1, 2021, as allowed by continuing law, could be made by any taxpayer, including pass-through entities, at any time during the carryforward period. The taxpayer would be required to ensure that any transferred tax credit has not been used.

The bill would also allow, starting in tax year 2026, an S corporation wholly owned by an employee stock ownership

*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 <https://klrd.gov/>

plan (ESOP), as defined by federal law, to make one or more transfers totaling up to 100 percent of the unused portion of the tax credit. The bill would allow such transfers to be made to one or more transferees in one or more tax years at any time during the carryforward period, provided any transferred credit has not been used.

The bill would require credits transferred by an ESOP to be claimed in the year of the transfer and allow unused credit amounts to be carried forward for credit for up to 16 tax years from the year in which the credit was earned. The taxpayer or transferee in such cases would be required to provide documentation of such transfer to the Secretary of Revenue if required by the Secretary.

Discontinuation of Tax Credits

The bill would discontinue or repeal the following tax credits and deductions beginning January 1, 2026:

- Abandoned well-plugging credit;
- Agritourism liability insurance credit;
- Alternative fuel tax credit;
- Assistive technology contribution credit;
- Biomass-to-energy plant tax credit and deduction;
- Carbon dioxide capture and sequestration tax deduction;
- Disabled access credit for businesses;
- Electric cogeneration facility tax credit and deduction;
- Employer health insurance contribution credit;

- Petroleum refinery tax credit;
- Regional foundation credit;
- Storage and blending equipment credit and deduction; and
- Swine facility improvement credit;

Background

The bill was introduced by the House Committee on Commerce, Labor, and Economic Development at the request of a representative of the Kansas Chamber of Commerce.

House Committee on Commerce, Labor, and Economic Development

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Chamber of Commerce and Department of Commerce. The proponents generally stated the HPIP program, Angel Investor Tax Credit, and aerospace and aviation tax credits are important tools of economic development for the state and that the bill would continue those programs and make changes to HPIP that would help clarify issues related to the transfer of credits. They also stated the bill would eliminate unused and underutilized tax credits.

Written-only proponent testimony was provided by representatives of the Greater Kansas City Chamber of Commerce and Civic Council of Greater Kansas City,

Opponent testimony was provided by a representative of the Friends of Cedar Crest Association who voiced opposition to the discontinuation of the Friends of Cedar Crest Association Tax Credit, stating that the Association serves the state by providing for the maintenance of Cedar

Crest and a bill extending the credit was on the House Calendar at the time of the hearing.

No other testimony was provided.

On February 16, 2026, the bill was withdrawn from the House Committee on Commerce, Labor, and Economic Development and referred to the House Committee on Taxation.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by a representative of the Kansas Chamber of Commerce, who provided testimony substantially similar to that provided to the House Committee on Commerce, Labor, and Economic Development and indicated the estimated fiscal impact of the changes to wage requirements of HPIP were higher than initially anticipated and recommended amending the bill to remove those changes.

Written-only proponent testimony was provided by a representative of Kansas Economic Development Alliance.

Neutral testimony was provided by a representative of the Department of Commerce, who stated the Department is generally supportive of continuation and refinement of the HPIP program, but also recommended amending the bill to remove or reduce the fiscal impact of the changes to HPIP wage requirements.

Opponent testimony was provided by a representative of Friends of Cedar Crest Association and a Kansas resident. The Kansas resident stated the fiscal impact of the bill could not be justified and the bill would not benefit Kansas taxpayers. The representative of the Friends of Cedar Crest Association provided testimony substantially similar to that provided during in the hearing of the House Committee on Commerce, Labor and Economic Development on the bill.

No other testimony was provided.

The House Committee on Taxation amended the bill to remove:

- Changes to the wage requirements for HPIP;
- The extension of the Angel Investor Tax Credit and aerospace and aviation tax credits; and
- The discontinuation of the:
 - Disabled access credit for individuals;
 - Environmental compliance credit; and
 - Friends of Cedar Crest Association Tax Credit.

Fiscal Information

A revised fiscal note on the amended bill was not immediately available.

Taxation; tax credits; Angel Investor Tax Credit; aviation and aerospace tax credits; High Performance Incentive Program