

As Amended by House Committee

Session of 2017

HOUSE BILL No. 2416

By Committee on Taxation

3-30

1 AN ACT concerning income taxation; relating to credits; certain purchases  
2 of goods and services from qualified vendors that provide employment  
3 to individuals who are blind or severely disabled; qualifications,  
4 procedures and limitations.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. (a) For ~~tax-year years 2017-and-all tax years thereafter~~  
8 **through 2021**, a credit shall be allowed against the tax imposed by the  
9 Kansas income tax act in an amount equal to 15% of the amount for  
10 expenditures of goods and services purchased by the taxpayer from a  
11 qualified vendor on and after January 1, 2017, **and before January 1,**  
12 **2022**, as certified by the secretary of commerce as provided in subsection  
13 (c). The amount of such credit awarded for each taxpayer shall not exceed  
14 \$500,000 per qualified vendor per tax year. **In no event shall the total**  
15 **amount of cumulative credits allowed under this section exceed**  
16 **\$5,000,000 for all tax years that the credit remains in effect.**

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

26 (c) The secretary of commerce shall annually certify that  
27 expenditures for goods and services purchased by a taxpayer subject to the  
28 tax credit provided in this section were made from a qualified vendor, and  
29 provide such certification to the secretary of revenue. The secretary of  
30 commerce is hereby authorized to promulgate rules and regulations for  
31 establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and  
32 amendments thereto, for evaluating whether purchases by taxpayers from a  
33 qualified vendor should be certified as provided in this section, with the  
34 assistance and approval of the secretary of revenue.

35 (d) As used in this section:

36 (1) "Certified business" means any business certified by the

1 department of administration that is a sole proprietorship, partnership,  
2 association or corporation domiciled in Kansas, or any corporation, even if  
3 a wholly owned subsidiary of a foreign corporation, that:

4 (A) Does business primarily in Kansas or substantially all of its  
5 production in Kansas;

6 (B) employs at least ~~10%~~ **30%** of its employees who are individuals  
7 with disabilities and reside in Kansas;

8 (C) offers to contribute at least 75% of the premium cost for  
9 individual health insurance coverage for each employee. The department  
10 of administration shall require a certification of these facts; and

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

13 (2) "individuals with disabilities" or "individual with a disability"  
14 means any individual who:

15 (A) Is certified by the Kansas department for aging and disability  
16 services or by the Kansas department for children and families which  
17 administers the rehabilitation services program as having a physical or  
18 mental impairment which constitutes a substantial barrier to employment;

19 (B) works a minimum number of hours per week for a certified  
20 business necessary to qualify for health insurance coverage offered  
21 pursuant to subsection (d)(1); and

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

25 (ii) is employed by a charitable organization domiciled in the state of  
26 Kansas and exempt from federal income taxation pursuant to section  
27 501(c)(3) of the federal internal revenue code of 1986, as amended; or

28 (iii) is an individual with a disability pursuant to the disability  
29 standards established by the social security administration as determined  
30 by the Kansas disability determination services under the Kansas  
31 department for children and families; and

32 (3) "qualified vendor" means an entity that:

33 (A) Is a "qualified vendor" pursuant to K.S.A. 75-3317, and  
34 amendments thereto, or is a "certified business" that is also a nonprofit  
35 organization pursuant to K.S.A. 75-3740, and amendments thereto;

36 (B) pays minimum wage or above to all their employees in a manner  
37 that meets the definition of "competitive employment" pursuant to K.S.A.  
38 44-1136, and amendments thereto;

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

42 (D) offers a qualified company-sponsored insurance plan under the  
43 affordable care act or pays the required subsidy to the internal revenue

1 service for employees who purchase insurance through the open market, if  
2 a company-sponsored plan is not offered. If any such company is not  
3 covered under the affordable care act, and does not offer a company-  
4 sponsored insurance plan, such company must offer assistance to the  
5 employee to cover at least 75% of their health insurance costs through a  
6 health savings account or other legal and appropriate methodology.

7 **(e) The secretary of revenue shall report to the house committee**  
8 **on taxation and the senate committee on assessment and taxation on**  
9 **or before February 1, 2019, 2020 and 2021, concerning the**  
10 **implementation and effectiveness of the credit provided in this section.**

11 Sec. 2. This act shall take effect and be in force from and after its  
12 publication in the statute book.