

2024 Kansas Statutes

79-32,273. Citation of act; tax credit for certain years for purchases from qualified vendors employing individuals with disabilities; cumulative credit limitations; certification; definitions; reports to legislature. (a) 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, including such expenditures made on and after January 1, 2024, but prior to the effective date of this act, as certified by the secretary of commerce as provided in subsection (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) \$8,000,000 for tax years 2024 through 2028; and
- (3) \$8,000,000 for each consecutive five tax years thereafter starting with tax year 2029.

(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.

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

(e) As used in this section:

(1) "Qualified vendor" means:

(A) Any business that qualifies as a certified business pursuant to K.S.A. 75-3740, and amendments thereto, and is a not-for-profit business that is a sole proprietorship, partnership, association or corporation domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that:

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

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

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

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

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

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

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

and appropriate methodology; and

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

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

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

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

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

(iv) does not employ individuals under a certificate issued by the United States secretary of labor under 29 U.S.C. § 214(c) and the Kansas not-for-profit organization, including any other division within the Kansas not-for-profit organization, does not employ individuals under such a certificate.

(2) "Individuals with disabilities" or "individual with a disability" means any individual who:

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

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

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

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

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

History: L. 2019, ch. 3, § 1; L. 2024, ch. 1, § 4; February 15.