

**CORRECTED**  
*SESSION OF 2011*

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 61**

As Amended by House Committee on Taxation

**Brief\***

SB 61, as amended, would expand the individual development account tax credit and would make a number changes to High Performance Incentive Program (HPIP) income tax credits.

***Individual Development Account Provisions***

The bill would expand the refundable income tax credit available to individual development account program contributors from 50 percent to 75 percent of the contribution amount beginning in tax year 2011.

***HPIP Provisions***

Beginning in tax year 2013, a portion of previously earned HPIP credits which have been carried forward could be claimed against the tax liability of any member of a unitary group of corporations, regardless of which member may have earned such credits. Up to 20 percent of extant credits of a unitary group could be shared in such a manner in tax year 2013; up to 25 percent in tax year 2014; up to 33 percent in tax year 2015; and up to 50 percent in tax year 2016.

The current 10-year limitation on the carry forward of HPIP credits would be extended to 16 years. A requirement under current law that taxpayers continue to be re-certified

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\*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 <http://www.kslegislature.org>

annually by the state as qualifying for the program (in order to authorize unused tax credits to be carried forward) would be eliminated and would be replaced with a new requirement that would require taxpayers to self-certify under oath.

Additional language would clarify that all unused credits which had expired prior to tax year 2011 would not be revived by this legislation.

### **Background**

The original bill dealt with the individual development account provisions and was supported by Senator Bruce and Interfaith Housing Services. The fiscal note for that portion of the bill is estimated to be \$32,000 in FY 2012.

The House Taxation Committee amended the bill to insert the aforementioned HPIP provisions, which are generally related to the subject matter of HB 2051.

The Department of Revenue on March 25, 2011, revised the State General Fund fiscal note for the HPIP provisions as follows:

(in millions)	
FY 2012	(\$0.5)
FY 2013	( 1.0)
FY 2014	( 2.9)
FY 2015	( 3.8)
<u>FY 2016</u>	<u>( 4.9)</u>
<u>5-year total</u>	<u>(\$13.1)</u>