

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **Substitute for HB 2430**, on page 2, following line 36, by inserting:

"(e) (1) On and after January 1, 2015, a qualified company shall employ a sufficient number of Kansas workers such that at least 70% of the employees assigned by such qualified firm to perform work in the state of Kansas shall be Kansas workers. An employee shall be considered assigned to perform work in the state of Kansas if the employee performs any work that is performed in Kansas regardless of the proportion of such work to the employee's regular employment duties.

(2) For the purposes of this subsection:

(A) The term "Kansas worker" shall have the same meaning ascribed thereto in section 3, and amendments thereto; and

(B) each subcontractor employed by the contractor and each employee of such subcontractor shall count as an employee of the contractor.

(3) The provisions of this subsection shall not apply to any contractor having less than 10 employees.";

And by redesignating remaining subsections accordingly;

On page 5, following line 33, by inserting the following:

"New Sec. 3. (a) As used in this section:

(1) "Division of purchasing" means the division of purchasing of the department of administration.

(2) "Kansas worker" means any individual having a residence in Kansas as determined by the employment records of such individual held by the individual's employer.

(3) "State agency" means any state office or officer, department, board, commission, institution or bureau, or any agency, division or unit thereof.

(4) "State contract" means any agreement entered into on and after January 1, 2015, by a state agency for the procurement of services with an annual cost to the state agency of at least \$100,000, excluding lease agreements, lease-purchase agreements and agreements entered into solely for the acquisition of goods or commodities by the state agency.

(b) (1) Any contractor entering into a state contract, including any subcontractors contracted by such contractor to perform work required by such state contract, shall employ a sufficient number of Kansas workers such that at least 70% of the employees assigned by such contractor to perform work under the state contract shall be Kansas workers. An employee shall be considered assigned to perform work under the state contract if the employee performs any work that is directly related to fulfilling the contractor's obligations under the state contract regardless of the proportion of such work to the employee's regular employment duties.

(2) For the purposes of this subsection, each subcontractor employed by the contractor and each employee of such subcontractor shall count as an employee of the contractor.

(3) The provisions of this subsection shall not apply to any contractor having less than 10 employees.

(c) All state agencies shall provide a copy of any state contract to the division of purchasing for verification that the contractor is in compliance with this section. A contractor subject to the requirements of this section shall provide any personnel information to the division of purchasing as required by the secretary of administration. The division of purchasing shall determine if the contractor's employees are Kansas workers and verify whether the contractor is in compliance with this section. The division of purchasing shall submit a report to the state agency contracting with the contractor stating whether the contractor is in compliance with this section.

(d) A determination by the division of purchasing that a contractor is not in compliance with this section is subject to review pursuant to the Kansas administrative procedure act upon request by the contractor. Any contractor aggrieved by the final decision under the Kansas administrative procedure act may seek review of such decision under the Kansas judicial review act.

(e) An employee who performs work under a state contract and is not a Kansas worker may be exempt from the requirements of this section if such employee provides expertise in a field necessary to fulfillment of the contractor's contractual obligations, and such expertise cannot reasonably be provided by a Kansas worker. A contractor may submit an application to the division of purchasing for an exemption from this section for such employees classified as experts. Such application shall include the name, residence, position and job description of the employee, a detailed explanation as to why such employee is an expert, a detailed explanation as to why such expertise cannot reasonably be provided by a Kansas worker, and such other information as required by the secretary of administration. The division of purchasing shall determine whether such employee shall be exempt from this section and shall include such determination in its report to the state agency pursuant to subsection (c).

(f) The secretary of administration shall adopt such rules and regulations the secretary deems necessary to implement and enforce the provisions of this section.

Sec. 4. K.S.A. 2013 Supp. 12-17,166 is hereby amended to read as follows: 12-17,166. (a) One or more projects may be undertaken by a city or county within an established STAR bond project district. Any city or county proposing to undertake a STAR bond project, shall prepare a STAR bond project plan in consultation with the planning commission of the city, and in consultation with the planning commission of the county, if any, if such project is located wholly outside the boundaries of the city. Any such project plan may be implemented in separate development stages.

(b) Any city or county proposing to undertake a STAR bond project within a STAR bond project district established pursuant to K.S.A. 2013 Supp. 12-17,165, and amendments thereto, shall prepare a

feasibility study. The feasibility study shall contain the following:

(1) Whether a STAR bond project's revenue and tax increment revenue and other available revenues under K.S.A. 2013 Supp. 12-17,169, and amendments thereto, are expected to exceed or be sufficient to pay for the project costs;

(2) the effect, if any, a STAR bond project will have on any outstanding special obligation bonds payable from the revenues described in K.S.A. 2013 Supp. 12-17,169, and amendments thereto;

(3) a statement of how the jobs and taxes obtained from the STAR bond project will contribute significantly to the economic development of the state and region;

(4) visitation expectations;

(5) the unique quality of the project;

(6) economic impact study;

(7) market study;

(8) market impact study;

(9) integration and collaboration with other resources or businesses;

(10) the quality of service and experience provided, as measured against national consumer standards for the specific target market;

(11) project accountability, measured according to best industry practices;

(12) the expected return on state and local investment that the project is anticipated to produce;

(13) a statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the STAR bond project. If a portion of local sales and use taxes is so committed, the applicant shall describe the following:

(A) The percentage of city and county sales and use taxes collected that are so committed; and

(B) the date or dates on which the city and county sales and use taxes pledged to other uses can be pledged for repayment of bonds; and

- (14) an anticipated principal and interest payment schedule on the bond issue.

The failure to include all information enumerated in this subsection in the feasibility study for a STAR bond project shall not affect the validity of bonds issued pursuant to this act.

- (c) If the city or county determines the project is feasible, the project plan shall include:

(1) A summary of the feasibility study done as defined in subsection (b) of this section, and amendments thereto;

(2) a reference to the district plan established under K.S.A. 2013 Supp. 12-17,165, and amendments thereto, that identifies the project area that is set forth in the project plan that is being considered;

- (3) a description and map of the project area to be redeveloped;

(4) the relocation assistance plan as described in K.S.A. 2013 Supp. 12-17,172, and amendments thereto;

(5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and

(6) any other information the governing body of the city or county deems necessary to advise the public of the intent of the project plan.

(d) A copy of the STAR bond project plan prepared by a city shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the STAR bond project area. A copy of the STAR bond project plan prepared by a county shall be delivered to the board of education of any school district levying taxes on property within the STAR bond project area.

(e) Upon a finding by the planning commission that the STAR bond project plan is consistent with the intent of the comprehensive plan for the development of the city, and a finding by the planning commission of the county, if any, with respect to a STAR bond project located wholly outside the

boundaries of the city, that the STAR bond project plan is consistent with the intent of the comprehensive plan for the development of the county, the governing body of the city or county shall adopt a resolution stating that the city or county is considering the adoption of the STAR bond project plan. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the adoption of the STAR bond project plan and fix the date, hour and place of such public hearing;
- (2) describe the boundaries of the STAR bond project district within which the STAR bond project will be located and the date of establishment of such district;
- (3) describe the boundaries of the area proposed to be included within the STAR bond project area; and
- (4) state that the STAR bond project plan, including a summary of the feasibility study, market study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk or county clerk, respectively.

(f) (1) The date fixed for the public hearing to consider the adoption of the STAR bond project plan shall be not less than 30 nor more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

(2) A copy of the city or county resolution providing for the public hearing shall be by certified mail, return receipt requested, sent by the city to the board of county commissioners of the county and by the city or county to the board of education of any school district levying taxes on property within the proposed STAR bond project area. Copies also shall be sent by certified mail, return receipt requested to each owner and occupant of land within the proposed STAR bond project area not more than 10 days following the date of the adoption of the resolution. The resolution shall be published once in the official city or county newspaper not less than one week nor more than two weeks

preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the STAR bond project area shall be published with the resolution.

(3) At the public hearing, a representative of the city or county shall present the city's or county's proposed STAR bond project plan. Following the presentation of the STAR bond project area, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(g) The public hearing records and feasibility study shall be subject to the open records act, K.S.A. 45-215, and amendments thereto.

(h) Upon conclusion of the public hearing, the governing body may adopt the STAR bond project plan by ordinance or resolution passed upon a two-thirds vote of the members.

(i) After the adoption by the city or county governing body of a STAR bond project plan, the clerk of the city or county shall transmit a copy of the description of the land within the STAR bond project district, a copy of the ordinance or resolution adopting the plan and a map or plat indicating the boundaries of the district to the clerk, appraiser and treasurer of the county in which the district is located and to the governing bodies of the county and school district which levy taxes upon any property in the district. Such documents shall be transmitted following the adoption or modification of the plan or a revision of the plan on or before January 1 of the year in which the increment is first allocated to the taxing subdivision.

(j) If the STAR bond project plan is approved, the feasibility study shall be supplemented to include a copy of the minutes of the governing body meetings of any city or county whose bonding authority will be utilized in the STAR bond project, evidencing that a STAR bond project plan has been created, discussed and adopted by the city or county in a regularly scheduled open public meeting.

(k) Any substantial changes as defined in K.S.A. 2013 Supp. 12-17,162, and amendments thereto, to the STAR bond project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city or county newspaper.

(l) Any STAR bond project shall be completed within 20 years from the date of the approval of the STAR bond project plan. The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years.

~~(m) (1) Kansas resident employees shall be given priority consideration for employment in construction projects located in a STAR bond project area.~~ On and after January 1, 2015, any contractor, including any subcontractors, contracted to perform work on a STAR bond project shall employ a sufficient number of Kansas workers such that at least 70% of the employees assigned by such contractor to perform such work shall be Kansas workers. An employee shall be considered assigned to perform such work if the employee performs any work that is directly related to fulfilling the contractor's obligations with respect to the STAR bond project regardless of the proportion of such work to the employee's regular employment duties.

(2) All contractors subject to the provisions of this subsection shall provide any personnel information to the department of commerce as required by the secretary of commerce. The secretary shall notify the city or county proposing the STAR bond project of any contractor that is not in compliance with the provisions of this subsection. Upon such notification the city or county shall either provide the contractor an opportunity to cure the noncompliance within a reasonable time, or terminate the contract with such contractor.

(3) For the purposes of this subsection:

(A) The term "Kansas worker" shall have the same meaning ascribed thereto in section 3, and amendments thereto; and

(B) each subcontractor employed by the contractor and each employee of such subcontractor

shall count as an employee of the contractor.

(4) The provisions of this subsection shall not apply to any contractor having less than 10 employees.

(n) Any developer of a STAR bond project shall commence work on the project within two years from the date of adoption of the STAR bond project plan. Should the developer fail to commence work on the STAR bond project within the two-year period, funding for such project shall cease and the developer of such project or complex shall have one year to appeal to the secretary for reapproval of such project and the funding for it. Should the project be reapproved, the two-year period for commencement shall apply.

Sec. 5. K.S.A. 2013 Supp. 74-50,131 is hereby amended to read as follows: 74-50,131. Commencing after December 31, 1999: (a) As used in this act: "Qualified firm" means a for-profit business establishment, subject to state income, sales or property taxes, identified under the North American industry classification system (NAICS) subsectors 221, 311 to 339, 423 to 425, 481 to 519, 521 to 721 and 811 to 928 or is identified as a corporate or regional headquarters or back-office operation of a national or multi-national corporation regardless of NAICS designation. The secretary of commerce shall determine eligibility when a difference exists between a firm's primary business activity and NAICS designation. A business establishment may be assigned a NAICS designation according to the primary business activity at a single physical location in the state.

(b) In the case of firms in NAICS subsectors 221, 423 to 425, 481 to 519, 521 to 721 and 811 to 928, the business establishment must also demonstrate the following:

(1) More than $\frac{1}{2}$ of its gross revenues are a result of sales to commercial or governmental customers outside the state of Kansas; or

(2) more than $\frac{1}{2}$ of its gross revenues are a result of sales to Kansas manufacturing firms within

NAICS subsectors 311 to 339; or

(3) more than $\frac{1}{2}$ of its gross revenues are a result of a combination of sales described in (1) and (2).

(c) For purposes of determining whether one of the average wage options described in subsection (d) below is satisfied, business establishments located within a metropolitan county, as defined in K.S.A. 74-50,114, and amendments thereto, will be compared only to other businesses within that metropolitan county, and business establishments located outside of a metropolitan county will be compared to businesses within an aggregation of counties representing the business establishment's region of the state, which regional aggregation will exclude metropolitan counties. Such aggregation shall be determined by the department of commerce.

(d) Additionally, a business establishment having met the criteria as established in subsection (a) or (b), and using the comparison method described in subsection (c), must meet one of the following criteria:

(1) The establishment with 500 or fewer full-time equivalent employees will provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the appropriate NAICS designation.

(2) The establishment with 500 or fewer full-time equivalent employees is the sole firm within its appropriate NAICS designation which has 500 or fewer full-time equivalent employees.

(3) The establishment with more than 500 full-time equivalent employees will provide an average wage that is above the average wage paid by firms with more than 500 full-time equivalent employees which share the appropriate NAICS designation.

(4) The establishment with more than 500 full-time equivalent employees is the sole firm within its appropriate NAICS designation which has more than 500 full-time equivalent employees, in which event it shall either provide an average wage that is above the average wage paid by all firms with 500

or fewer full-time equivalent employees which share the appropriate NAICS designation, or be the sole firm within its appropriate NAICS designation.

(e) As an alternative to the requirements of subsections (c) and (d), a firm having met the requirements of subsections (a) or (b), may qualify, if excluding taxable disbursements to company owners, the business establishment's annual average wage must be greater than or equal to 1.5 times the aggregate average wage paid by industries covered by the employment security law based on data maintained by the secretary of labor.

(f) For the purposes of this section, the number of full-time equivalent employees shall be determined by dividing the number of hours worked by part-time employees during the pertinent measurement interval by an amount equal to the corresponding multiple of a 40-hour work week and adding the quotient to the number of full-time employees.

(g)(1) On and after January 1, 2015, a qualified firm shall employ a sufficient number of Kansas workers such that at least 70% of the employees assigned by such qualified firm to perform work in the state of Kansas shall be Kansas workers. An employee shall be considered assigned to perform work in the state of Kansas if the employee performs any work that is performed in Kansas regardless of the proportion of such work to the employee's regular employment duties.

(2) For the purposes of this subsection:

(A) The term "Kansas worker" shall have the same meaning ascribed thereto in section 3, and amendments thereto; and

(B) each subcontractor employed by the contractor and each employee of such subcontractor shall count as an employee of the contractor.

(3) The provisions of this subsection shall not apply to any contractor having less than 10 employees.

(h) The secretary of commerce shall certify annually to the secretary of revenue that a firm

meets the criteria for a qualified firm and that the firm is eligible for the benefits and assistance provided under this act. The secretary of commerce is hereby authorized to obtain any and all information necessary to determine such eligibility. Information obtained under this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et seq., and amendments thereto, but shall upon request be made available to the legislative post audit division. The secretary of commerce shall publish rules and regulations for the implementation of this act. Such rules and regulations shall include, but not be limited to:

- (1) A definition of "training and education" for purposes of K.S.A. 74-50,132, and amendments thereto.
- (2) Establishment of eligibility requirements and application procedures for expenditures from the high performance incentive fund created in K.S.A. 74-50,133, and amendments thereto.
- (3) Establishment of approval guidelines for private consultants authorized pursuant to K.S.A. 74-50,133, and amendments thereto.
- (4) Establishment of guidelines for prioritizing business assistance programs pursuant to K.S.A. 74-50,133, and amendments thereto.
- (5) A definition of "commercial customer" for the purpose of K.S.A. 74-50,133, and amendments thereto.
- (6) A definition of "headquarters" for the purpose of K.S.A. 74-50,133, and amendments thereto.
- (7) Establishment of guidelines concerning the use and disclosure of any information obtained to determine the eligibility of a firm for the assistance and benefits provided for by this act.

Sec. 6. K.S.A. 2013 Supp. 79-32,154 is hereby amended to read as follows: 79-32,154. As used in this act, the following words and phrases shall have the meanings respectively ascribed to them herein:

- (a) "Facility" shall mean any factory, mill, plant, refinery, warehouse, feedlot, building or

complex of buildings located within the state, including the land on which such facility is located and all machinery, equipment and other real and tangible personal property located at or within such facility used in connection with the operation of such facility. The word "building" shall include only structures within which individuals are customarily employed or which are customarily used to house machinery, equipment or other property.

(b) "Qualified business facility" shall mean a facility which satisfies the requirements of paragraphs (1) ~~and~~, (2) and (3) of this subsection.

(1) Such facility is employed by the taxpayer in the operation of a revenue producing enterprise, as defined in subsection (c). Such facility shall not be considered a qualified business facility in the hands of the taxpayer if the taxpayer's only activity with respect to such facility is to lease it to another person or persons. If the taxpayer employs only a portion of such facility in the operation of a revenue producing enterprise, and leases another portion of such facility to another person or persons or does not otherwise use such other portions in the operation of a revenue producing enterprise, the portion employed by the taxpayer in the operation of a revenue producing enterprise shall be considered a qualified business facility, if the requirements of paragraph (2) of this subsection are satisfied.

(2) If such facility was acquired by the taxpayer from another person or persons, such facility was not employed, immediately prior to the transfer of title to such facility to the taxpayer, or to the commencement of the term of the lease of such facility to the taxpayer, by any other person or persons in the operation of a revenue producing enterprise and the taxpayer continues the operation of the same or substantially identical revenue producing enterprise, as defined in subsection (i), at such facility.

(3) (A) On and after January 1, 2015, a qualified business facility shall employ a sufficient number of Kansas workers such that at least 70% of the employees assigned by such facility to perform work in the state of Kansas shall be Kansas workers. An employee shall be considered assigned to perform work in the state of Kansas if the employee performs any work that is performed in Kansas

regardless of the proportion of such work to the employee's regular employment duties.

(B) For the purposes of this subsection:

(i) The term "Kansas worker" shall have the same meaning ascribed thereto in section 3, and amendments thereto; and

(ii) each subcontractor employed by the contractor and each employee of such subcontractor shall count as an employee of the contractor.

(4) The provisions of this subsection shall not apply to any contractor having less than 10 employees.

(c) "Revenue producing enterprise" shall mean:

(1) The assembly, fabrication, manufacture or processing of any agricultural, mineral or manufactured product;

(2) the storage, warehousing, distribution or sale of any products of agriculture, aquaculture, mining or manufacturing;

(3) the feeding of livestock at a feedlot;

(4) the operation of laboratories or other facilities for scientific, agricultural, aquacultural, animal husbandry or industrial research, development or testing;

(5) the performance of services of any type;

(6) the feeding of aquatic plants and animals at an aquaculture operation;

(7) the administrative management of any of the foregoing activities; or

(8) any combination of any of the foregoing activities.

"Revenue producing enterprise" shall not mean a swine production facility as defined in K.S.A. 17-5903, and amendments thereto, that is owned or leased by a corporation or limited liability company.

(d) "Qualified business facility employee" shall mean a person employed by the taxpayer in the

operation of a qualified business facility during the taxable year for which the credit allowed by K.S.A. 79-32,153, and amendments thereto, is claimed:

(1) A person shall be deemed to be so engaged if such person performs duties in connection with the operation of the qualified business facility on: (A) A regular, full-time basis; (B) a part-time basis, provided such person is customarily performing such duties at least 20 hours per week throughout the taxable year; or (C) a seasonal basis, provided such person performs such duties for substantially all of the season customary for the position in which such person is employed. The number of qualified business facility employees during any taxable year shall be determined by dividing by 12 the sum of the number of qualified business facility employees on the last business day of each month of such taxable year. If the qualified business facility is in operation for less than the entire taxable year, the number of qualified business facility employees shall be determined by dividing the sum of the number of qualified business facility employees on the last business day of each full calendar month during the portion of such taxable year during which the qualified business facility was in operation by the number of full calendar months during such period. Notwithstanding the provisions of this subsection, for the purpose of computing the credit allowed by K.S.A. 79-32,153, and amendments thereto, in the case of an investment in a qualified business facility, which facility existed and was operated by the taxpayer or related taxpayer prior to such investment, the number of qualified business facility employees employed in the operation of such facility shall be reduced by the average number, computed as provided in this subsection, of individuals employed in the operation of the facility during the taxable year preceding the taxable year in which the qualified business facility investment was made at the facility.

(2) For taxable years commencing after December 31, 1997, in the case of a taxpayer claiming a credit against the premium tax and privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to

chapter 79 article 11 of the Kansas Statutes Annotated, and amendments thereto, "qualified business employee" shall not mean any person who is employed in the operation of a qualified business facility in the state due to the merger, acquisition or other reconfiguration of the taxpayer unless such employee's position represents a net gain of total positions created by the taxpayer and the employee's position was not in existence at the time of the merger acquisition or other reconfiguration of the taxpayer.

(e) "Qualified business facility investment" shall mean the value of the real and tangible personal property, except inventory or property held for sale to customers in the ordinary course of the taxpayer's business, which constitutes the qualified business facility, or which is used by the taxpayer in the operation of the qualified business facility, during the taxable year for which the credit allowed by K.S.A. 79-32,153, and amendments thereto, is claimed. The value of such property during such taxable year shall be: (1) Its original cost if owned by the taxpayer; or (2) eight times the net annual rental rate, if leased by the taxpayer. The net annual rental rate shall be the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals. The qualified business facility investment shall be determined by dividing by 12 the sum of the total value of such property on the last business day of each calendar month of the taxable year. If the qualified business facility is in operation for less than an entire taxable year, the qualified business facility investment shall be determined by dividing the sum of the total value of such property on the last business day of each full calendar month during the portion of such taxable year during which the qualified business facility was in operation by the number of full calendar months during such period. Notwithstanding the provisions of this subsection, for the purpose of computing the credit allowed by K.S.A. 79-32,153, and amendments thereto, in the case of an investment in a qualified business facility, which facility existed and was operated by the taxpayer or related taxpayer prior to such investment the amount of the taxpayer's qualified business facility investment in such facility shall be reduced by the average amount,

computed as provided in this subsection, of the investment of the taxpayer or a related taxpayer in the facility for the taxable year preceding the taxable year in which the qualified business facility investment was made at the facility.

(f) "Commencement of commercial operations" shall be deemed to occur during the first taxable year for which the qualified business facility is first available for use by the taxpayer, or first capable of being used by the taxpayer, in the revenue producing enterprise in which the taxpayer intends to use the qualified business facility.

(g) "Qualified business facility income" shall mean the Kansas taxable income derived by the taxpayer from the operation of the qualified business facility. If a taxpayer has income derived from the operation of a qualified business facility as well as from other activities conducted within this state, the Kansas taxable income derived by the taxpayer from the operation of the qualified business facility shall be determined by multiplying the taxpayer's Kansas taxable income by a fraction, the numerator of which is the property factor, as defined in paragraph (1), plus the payroll factor, as defined in paragraph (2), and the denominator of which is two. In the case of financial institutions, the property and payroll factors shall be computed utilizing the specific provisions of the apportionment method applicable to financial institutions, if enacted, and the qualified business facility income shall be based upon net income.

(1) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in connection with the operation of the qualified business facility during the tax period, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period. The average value of all such property shall be determined as provided in K.S.A. 79-3281 and 79-3282, and amendments thereto.

(2) The payroll factor is a fraction, the numerator of which is the total amount paid during the

tax period by the taxpayer for compensation to persons qualifying as qualified business facility employees, as determined under subsection (d), at the qualified business facility, and the denominator of which is the total amount paid in this state during the tax period by the taxpayer for compensation. The compensation paid in this state shall be determined as provided in K.S.A. 79-3283, and amendments thereto.

The formula set forth in this subsection (g) shall not be used for any purpose other than determining the qualified business facility income attributable to a qualified business facility.

(h) "Related taxpayer" shall mean: (1) A corporation, partnership, trust or association controlled by the taxpayer; (2) an individual, corporation, partnership, trust or association in control of the taxpayer; or (3) a corporation, partnership, trust or association controlled by an individual, corporation, partnership, trust or association in control of the taxpayer. For the purposes of this act, "control of a corporation" shall mean ownership, directly or indirectly, of stock possessing at least 80% of the total combined voting power of all classes of stock entitled to vote and at least 80% of all other classes of stock of the corporation; "control of a partnership or association" shall mean ownership of at least 80% of the capital or profits interest in such partnership or association; and "control of a trust" shall mean ownership, directly or indirectly, of at least 80% of the beneficial interest in the principal or income of such trust.

(i) "Same or substantially identical revenue producing enterprise" shall mean a revenue producing enterprise in which the products produced or sold, services performed or activities conducted are the same in character and use, are produced, sold, performed or conducted in the same manner and to or for the same type of customers as the products, services or activities produced, sold, performed or conducted in another revenue producing enterprise.

Sec. 7. K.S.A. 2013 Supp. 79-32,243 is hereby amended to read as follows: 79-32,243. (a) For tax years commencing after December 31, 2005, any taxpayer claiming credits pursuant to K.S.A. 74-

50,132, 79-32,153 or 79-32,160a, and amendments thereto, as a condition for claiming and qualifying for such credits, shall provide the following information as part of the tax return, in which such credits are claimed, which shall be used by the department of revenue in evaluating the effectiveness of such tax credit programs, pursuant to K.S.A. 2013 Supp. 74-99b35, and amendments thereto:

(1) Actual jobs created as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of such number of actual jobs created to the department of commerce as a part of applying for certification for such program participation;

(2) additional payroll generated as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of such amount of additional payroll generated to the department of commerce as a part of applying for certification for such program participation;

(3) actual jobs retained as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of actual jobs retained to the department of commerce as a part of applying for certification for such program participation;

(4) additional revenue generated as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of such amount of additional revenue generated to the department of commerce as a part of applying for certification for such program participation;

(5) additional sales generated as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of additional sales generated to the department of commerce as a part of applying for certification for program participation;

(6) total employment and payroll at the end of the tax year in which the credits are claimed; ~~and~~

(7) any personnel information as required by the secretary of revenue for the purpose of verifying the number of Kansas workers, as that term is defined in section 3, and amendments thereto,

employed by the qualified business facility; and

(8) such further information as shall be required by the secretary of revenue.

(b) Such credits specified in subsection (a) shall not be denied solely on the basis of the information provided by the taxpayer pursuant to subsections (a)(1) through (a)(7)(8).";

Also on page 5, in line 34, by striking "74-50,212 and 74-50,213" and inserting "12-17,166, 74-50,131, 74-50,212, 74-50,213, 79-32,154 and 79-32,243";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, after "concerning" by inserting "employment; pertaining to"; also in line 1, after the semicolon by inserting "pertaining to employment requirements in certain state contracts; pertaining to employment requirements for certain state tax benefits;" in line 2, by striking "74-50,212 and 74-50,213" and inserting "12-17,166, 74-50,131, 74-50,212, 74-50,213, 79-32,154 and 79-32,243"

_____ District.