

15

HOUSE BILL No. 2219

By Committee on Commerce, Labor and Economic Development

2-3

1 AN ACT concerning income taxation; relating to credits; establishing a tax
2 credit to incentivize employers to employ persons with developmental
3 disabilities; creating the Kansas targeted employment act.
4

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

6 Section 1. The provisions of sections 1 through 6, and amendments
7 thereto, shall be known and may be cited as the Kansas targeted
8 employment act. The purpose of this act shall be to incentivize employers
9 to employ persons with developmental disabilities in Kansas and decrease
10 the reliance and associated costs to taxpayers to fund governmental
11 programs.

12 Sec. 2. As used in this act:

13 (a) "Competitive integrated employment" has the meaning as
14 provided in the workforce innovation and opportunity act, 29 U.S.C. §
15 3101 et seq, as defined in 29 U.S.C. § 3102, 34 C.F.R. § 361.5 and 29
16 U.S.C. § 705.

17 (b) "Community service provider" means an association or
18 organization licensed by the Kansas department for aging and disability
19 services whose purpose is to provide support and services, relating to the
20 ability to live and to work in the community, to persons who, without such
21 support and services, would be unable or would have significant difficulty
22 maintaining employment or living in the community. "Community service
23 provider" also includes other governmental agencies that support or that
24 elect to support eligible individuals with job placement and job
25 preservation supports including, but not limited to, school districts,
26 community mental health centers and vocational rehabilitation contractors.
27 (c) "Earned income" means compensation paid to a Kansas employee
28 for competitive integrated employment that is equal or greater to the
29 minimum wage and is performed in a competitive integrated setting.

30 (d) "Eligible individual" means an individual, including a high school
31 student, who is employed by an employer in a competitive integrated
32 setting, has a developmental disability that has been documented as
33 required by the secretary for aging and disability services and who has
34 agreed to provide the secretary for aging and disability services, or the
35 secretary's designee, information required by the secretary pursuant to the
36 Kansas targeted employment act, or to permit the secretary of revenue to

PROPOSED AMENDMENT

2/17/2022

Clarifying that a tax credit may only be used once in a tax
year and may not be used against liability imposed by more
than one tax

Prepared by Charles Reimer
Office of Revisor of Statutes

1 provide such information to the secretary for aging and disability services.
2 (e) "Developmental disability" means the same as defined in K.S.A.
3 39-1803, and amendments thereto.

4 (f) "Targeted employment business" means those employers
5 employing eligible individuals in competitive integrated employment in a
6 competitive integrated setting and who are authorized to do business in
7 Kansas. In order to qualify as a "targeted employment business," the
8 employer must pay earned income to an eligible individual in a calendar
9 year. "Targeted employment business" does not include a community
10 service provider.

11 Sec. 3. For tax years 2021 through 2026, a credit shall be allowed
12 against the income, privilege or premium tax liability imposed upon a
13 taxpayer qualifying as a targeted employment business or a taxpayer
14 outsourcing work to a targeted employment business pursuant to the
15 Kansas income tax act, the privilege tax imposed upon any national
16 banking association, state bank, trust company or savings and loan
17 association pursuant to article 11 of chapter 79 of the Kansas Statutes
18 Annotated, and amendments thereto, or the premiums tax and privilege
19 fees imposed upon an insurance company pursuant to K.S.A. 40-252, and
20 amendments thereto, for every hour that an eligible individual is employed
21 in a calendar year in a targeted employment business and receives earned
22 income as compensation. The credit shall only apply to wages for hours
23 worked and not for any compensation for leave paid to the eligible
24 individual. The credit shall be 50% of the wages paid to the eligible
25 individual on an hourly basis, up to a maximum credit of \$7.50 per hour.
26 For the purpose of calculating the tax credit, the wage rate used shall not
27 be more than a reasonable or typical market wage rate for a similar job.
28 The credit shall not be refundable ~~and shall not be carried forward.~~ For any
29 employed eligible individual who receives support or services from a
30 community service provider, such eligible individual may choose to have
31 support or services provided as needed at the individual's worksite to help
32 the individual maintain employment. The maximum amount of all tax
33 credits allowed in each tax year under the Kansas targeted employment act
34 shall be \$5,000,000.

35 Sec. 4. (a) Any targeted employment business seeking to qualify for a
36 tax credit pursuant to section 3, and amendments thereto, shall provide to
37 the secretary of revenue the names of each eligible individual employed
38 and the wage rate per hour, hours worked and gross wages paid, minus any
39 compensation for leave, for each eligible individual and such other
40 information as the secretary of revenue may require.

41 (b) The secretary of revenue and the secretary for aging and disability
42 services are hereby authorized to adopt such rules and regulations as may
43 be necessary for the administration of the provisions of the Kansas

and shall only be used once each taxable year against tax liability
imposed by only one of the income, privilege or the premium tax