

HOUSE BILL No. 2416

By Committee on Taxation

4-4

1 AN ACT concerning income taxation; relating to credits; creating the
2 Kansas targeted employment act.

3
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. The provisions of sections 1 through 4, and amendments
6 thereto, shall be known and may be cited as the Kansas targeted
7 employment act. The purpose of this act shall be to: (a) Decrease the
8 reliance upon the medicaid program and other sources of state
9 government-funded subsidies for persons who are primarily reliant upon
10 these sources of funding for their sustenance by incentivizing employers to
11 employ such persons in Kansas and decrease the reliance and associated
12 costs to taxpayers to fund governmental programs; and (b) reallocate some
13 of the tax dollars that employers would typically pay to the state
14 government of Kansas to employers to incentivize the employers to
15 specifically hire people who are reliant upon the medicaid program and
16 other state government-funded subsidies for their sustenance.

17 Sec. 2. As used in this act: (a) "Competitive employment" means
18 work: (1) In a competitive labor market that is performed on a full-time or
19 part-time basis in an integrated setting; and (2) for which a person is
20 compensated at or above the minimum wage, but not less than the
21 customary wage and the level of benefits paid by the employer for the
22 same or similar work performed by persons who are not disabled.

23 (b) "Community service provider" or "CSP" means an association or
24 organization licensed by the Kansas department for aging and disability
25 services whose purpose is to provide support and services, relating to the
26 ability to live and to work in the community, to persons who, without such
27 support and services, would be unable or would have significant difficulty
28 maintaining employment or living in the community. The definition of
29 "CSP" applies to school districts who assist students to find and maintain
30 employment.

31 (c) "Earned income" means compensation paid to a Kansas employee
32 for competitive employment that is equal or greater to the minimum wage
33 and is performed in an integrated setting.

34 (d) "Eligible individual" means a tax subsidy-reliant individual who
35 is employed by an employer in an integrated setting.

36 (e) "Intellectual disability" shall have the same meaning as defined in

1 K.S.A. 38-1803, and amendments thereto.

2 (f) "Integrated setting" means a place of employment that is typically
3 found in the community in which people with disabilities are able to
4 interact with non-disabled individuals, to the extent that non-disabled
5 individuals in comparable positions interact with other non-disabled
6 individuals.

7 (g) "Sheltered workshop" means work centers that provide vocational
8 training and paid work opportunities for people who have intellectual
9 disabilities.

10 (h) "Targeted employment business" means those employers
11 employing individuals in competitive employment in an integrated setting
12 and who are authorized to do business in Kansas. In order to qualify as a
13 "targeted employment business," the employer must pay earned income for
14 at least 2080 hours to an eligible employee in a calendar year. "Targeted
15 employment business" does not include a community service provider or a
16 sheltered workshop.

17 (i) "Tax subsidy reliant individual" means an eligible individual who
18 relies upon any form of unearned income received from the state of
19 Kansas.

20 (j) "Unearned income" means income that is not compensation for
21 employment, but is received from either state or federal government
22 sources for which the recipient is eligible on the basis of financial need.

23 Sec. 3. For tax year 2019, and all tax years thereafter, a credit shall be
24 allowed against the income, privilege or premium tax liability imposed
25 upon a taxpayer qualifying as a targeted employment business pursuant to
26 the Kansas income tax act, the privilege tax imposed upon any national
27 banking association, state bank, trust company or savings and loan
28 association pursuant to article 11 of chapter 79 of the Kansas Statutes
29 Annotated, and amendments thereto, or the premiums tax and privilege
30 fees imposed upon an insurance company pursuant to K.S.A. 40-252, and
31 amendments thereto, for every hour that an eligible employee, or
32 combination of eligible employees, who is employed at least 2080 hours in
33 a calendar year in a targeted employment business and receives earned
34 income as compensation. The credit shall only apply to total hours worked
35 and not for any compensation for leave paid to the eligible employee. The
36 credit shall be \$4 per hour and shall be increased to \$6 per hour if the
37 targeted employment business employs an eligible employee in a job that
38 has been relocated from another country. The credit shall not be refundable
39 and may not be carried forward. For any eligible individual who receives
40 support or services from a community service provider through home and
41 community-based funding as provided by medicaid, such eligible
42 individual may choose to have support or services provided as needed at
43 the individual's worksite to help the individual maintain employment.

1 Sec. 4. A community service provider that operates a sheltered
2 workshop as a way to provide employment to individuals with intellectual
3 or developmental disabilities shall have the option to convert from a
4 sheltered workshop to a targeted employment business if the community
5 service provider fulfills all of the requirements of this act.

6 Sec. 5. Participation in this act by any community service provider or
7 school district is optional.

8 Sec. 6. (a) Any targeted employment business seeking to qualify for
9 the tax credit pursuant to section 3, and amendments thereto, shall provide
10 to the department of revenue the names of each eligible employee and the
11 number of hours worked by each eligible employee.

12 (b) The secretary of revenue is hereby authorized to adopt such rules
13 and regulations as may be necessary for the administration of the
14 provisions of the Kansas targeted employment act.

15 Sec. 7. This act shall take effect and be in force from and after its
16 publication in the statute book.