

SENATE BILL No. 26

By Committee on Commerce

1-17

1 AN ACT concerning income taxation; relating to credits; certain
2 purchases of goods and services from qualified vendors that provide
3 employment to individuals who are blind or severely disabled;
4 qualifications, procedures and limitations.
5

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

7 Section 1. (a) For tax years 2019 through 2023, a credit shall be
8 allowed against the tax imposed by the Kansas income tax act in an
9 amount equal to 15% of the amount for expenditures of goods and services
10 purchased by the taxpayer from a qualified vendor on and after January 1,
11 2019, and before January 1, 2024, as certified by the secretary of
12 commerce as provided in subsection (c). The amount of such credit
13 awarded for each taxpayer shall not exceed \$500,000 per qualified vendor
14 per tax year. In no event shall the total amount of cumulative credits
15 allowed under this section exceed \$5,000,000 for all tax years that the
16 credit remains in effect.

17 (b) The tax credit allowed by this section shall be deducted from the
18 taxpayer's income tax liability for the tax year in which the expenditures
19 were made by the taxpayer. If the amount of such tax credit exceeds the
20 taxpayer's income tax liability for such tax year, the taxpayer may carry
21 over the amount that exceeds such tax liability for deduction from the
22 taxpayer's liability in the next succeeding tax year or years until the total
23 amount of the tax credit has been deducted from tax liability, except that
24 no such tax credit shall be carried over for deduction after the fourth tax
25 year succeeding the tax year in which the expenditures were incurred.

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

35 (d) As used in this section:

36 (1) "Certified business" means any business certified by the

1 department of administration that is a sole proprietorship, partnership,
2 association or corporation domiciled in Kansas, or any corporation, even if
3 a wholly owned subsidiary of a foreign corporation, that:

4 (A) Does business primarily in Kansas or substantially all of its
5 production in Kansas;

6 (B) employs at least 30% of its employees who are individuals with
7 disabilities and reside in Kansas;

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

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

13 (2) "individuals with disabilities" or "individual with a disability"
14 means any individual who:

15 (A) Is certified by the Kansas department for aging and disability
16 services or by the Kansas department for children and families, which
17 administers the rehabilitation services program as having a physical or
18 mental impairment that constitutes a substantial barrier to employment;

19 (B) works a minimum number of hours per week for a certified
20 business necessary to qualify for health insurance coverage offered
21 pursuant to subsection (d)(1); and

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

25 (ii) is employed by a charitable organization domiciled in the state of
26 Kansas and exempt from federal income taxation pursuant to section
27 501(c)(3) of the federal internal revenue code of 1986, as amended; or

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

32 (3) "qualified vendor" means an entity that:

33 (A) Is a "qualified vendor" pursuant to K.S.A. 75-3317, and
34 amendments thereto, or is a "certified business" that is also a nonprofit
35 organization pursuant to K.S.A. 75-3740, and amendments thereto;

36 (B) pays minimum wage or above to all their employees in a manner
37 that meets the definition of "competitive employment" pursuant to K.S.A.
38 44-1136, and amendments thereto;

39 (C) meets the definition of employing all of their workers in an
40 "integrated setting" pursuant to K.S.A. 44-1136, and amendments thereto;
41 and

42 (D) offers a qualified company-sponsored insurance plan under the
43 affordable care act or pays the required subsidy to the internal revenue

1 service for employees who purchase insurance through the open market, if
2 a company-sponsored plan is not offered. If any such company is not
3 covered under the affordable care act, and does not offer a company-
4 sponsored insurance plan, such company must offer assistance to the
5 employee to cover at least 75% of their health insurance costs through a
6 health savings account or other legal and appropriate methodology.

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

11 Sec. 2. This act shall take effect and be in force from and after its
12 publication in the statute book.