

HOUSE BILL No. 2030

AN ACT providing incentives for certain businesses; prescribing duties and authorities for the Kansas development finance authority and the secretary of commerce and housing relating thereto.

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

Section 1. (a) "Establishment" means a business that:

(1) Has at least \$100,000,000 in existing annual gross compensation paid to jobs located in Kansas, according to reports filed with the secretary of human resources, for the previous three years;

(2) has an average annual gross compensation of at least \$40,000 paid per existing employee;

(3) currently has at least \$200,000,000 total investment in Kansas;

(4) intends to add investment, in the state as defined in subsection (d), for modernization and retooling of at least \$50,000,000 within five years from the effective date of this act or within five years of contracting with the department of commerce and housing; and

(5) is described by north American industrial classification code number 326211, tire manufacturing.

(b) "Gross compensation" means wages and benefits paid to or on behalf of employees receiving wages.

(c) "Secretary" means the secretary of commerce and housing.

(d) "Invest" or "investment" for the purpose of determining the eligibility of an establishment for the incentive payments created pursuant to this act, means an amount greater than the average amount invested by the establishment over the five years prior to the effective date of this act or for investments made after July 1, 2003, over the five years prior to entering into a contract with the secretary. If an establishment has been engaged in commercial operations for less than five years, the amount invested shall be greater than the annual average amount invested by the establishment for the entire period of commercial operation.

Sec. 2. The Kansas development finance authority is hereby authorized to issue obligations in a principal amount not to exceed \$10,000,000 upon certification by the department of commerce and housing that an establishment has entered into a contract with the secretary pursuant to this act. The authority shall issue such obligations in an amount of \$1 for every \$5 the establishment shall invest as required pursuant to section 1, and amendments thereto. The maximum maturity of bonds issued pursuant to this act shall be 15 years. Such obligations shall be issued within 60 days of the date by which the secretary receives the signed contract required pursuant to section 3, and amendments thereto. The proceeds of such issuance shall be used by the authority for acquiring or improving real property or acquiring or replacing personal property for modernizing and retooling of an establishment in the state. Subject to appropriation, the debt service on such obligations shall be paid by the transfer of an amount not to exceed 75% of the revenue realized from payments by employees of the establishment pursuant to K.S.A. 79-3294, *et seq.*, and amendments thereto, but no such transfer shall commence prior to July 1, 2003.

Sec. 3. An establishment shall enter into a contract with the secretary in which in return for incentive payments authorized pursuant to section 2, and amendments thereto, the establishment agrees that, in the event that insufficient revenue is realized by the payments made pursuant to section 2, and amendments thereto, the establishment shall be responsible for the debt services on obligations issued pursuant to this act. The contract shall include a specified amount which the establishment agrees to invest in the state and shall be the basis for determining the amount of obligations issued pursuant to section 2, and amendments thereto. In the event the establishment invests a lesser amount the establishment shall repay any amount received at a ratio of \$1 for each \$5 of the difference between the amount pledged and the amount actually invested. The contract shall further specify that, in the event the rate of taxation set forth in the Kansas income tax act is abolished and insufficient revenue is realized to meet the debt service on the obligations issued pursuant to this act, the establishment shall not be responsible for any amount of shortfall attributable to such reduction in rates. The contract may specify such additional terms and conditions as may be necessary to administer this act. The secretary may include provisions in the contract to reduce

the amount of eligible tax credits or other benefits on the investment to support bond repayment.

Sec. 4. The establishment shall not be allowed credits pursuant to K.S.A. 79-32,160a, and amendments thereto, for any amount of investment related to or computed on the basis of any investment of the proceeds of obligations issued pursuant to this act.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

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HOUSE concurred in  
SENATE amendments \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE  
as amended \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*