

SENATE BILL No. 634

By Committee on Commerce

2-15

9 AN ACT concerning economic development; relating to qualified goods
10 manufacturers; providing certain income tax credits.

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

13 Section 1. The provisions of sections 1 through 3, and amendments
14 thereto, shall be known as and may be cited as the qualified goods man-
15 ufacturer act.

16 Sec. 2. As used in sections 1 through 3, and amendments thereto,
17 the following words and phrases shall have the following meaning unless
18 a different meaning clearly appears from the context:

19 (a) "Agreement" means an agreement entered into between the qual-
20 ified goods manufacturer and the secretary for benefits under sections 1
21 through 3, and amendments thereto.

22 (b) "Qualified business facility" means a building constructed by a
23 qualified goods manufacturer for use in such manufacturer's business that
24 is located on property that is contiguous to the qualified goods manufac-
25 turer's existing business facilities and is constructed as part of a qualified
26 investment made by the qualified goods manufacturer.

27 (c) "Qualified goods manufacturer" means a person, corporation,
28 partnership or other entity engaged in the manufacturing of paper prod-
29 ucts and packaging in Johnson county, Kansas, that satisfies the following
30 conditions:

31 (1) Anticipates making a qualified investment; and

32 (2) anticipates maintaining a qualified business facility as part of such
33 qualified investment for a period of at least 10 years.

34 (d) "Qualified investment" means the expenditures made in the ac-
35 quisition of land, the construction of a qualified business facility, the ac-
36 quisition of new equipment and the hiring of new employees the aggre-
37 gate amount of which exceeds \$50,000,000.

38 (e) "Secretary" means the secretary of commerce.

39 Sec. 3. (a) For taxable years commencing after December 31, 2008,
40 a qualified goods manufacturer who complies with the conditions set forth
41 in this act and the agreement entered into by the secretary and the qual-
42 ified goods manufacturer under this act shall be allowed a credit against
43 the qualified goods manufacturer's tax liability under the Kansas income

1 tax act in an amount equal to 6% of the qualified investment. Expendi-
2 tures used to qualify for this credit shall not be used to qualify for any
3 other type of Kansas income tax credit.

4 (b) If the amount of the credit allowed by subsection (a) exceeds the
5 qualified goods manufacturer's income tax liability imposed under the
6 Kansas income tax act, such excess amount shall be refunded to the qual-
7 ified goods manufacturer, except that any amount refunded to the qual-
8 ified goods manufacturer shall not exceed \$1,200,000 in any one fiscal
9 year. If the amount of the credit allowed by subsection (a) exceeds
10 \$1,200,000 in any one fiscal year, then the amount in excess of \$1,200,000
11 may be carried forward for credit in the succeeding taxable year or years
12 until the total amount of the credit is used, except that no such tax credit
13 shall be carried forward for deduction after the 5th taxable year succeed-
14 ing the taxable year in which such credit was claimed. If the amount of
15 the credit carried forward exceeds the qualified goods manufacturer's
16 income tax liability imposed under the Kansas income tax act, such excess
17 amount shall be refunded to the qualified goods manufacturer, except
18 that any amount refunded to the qualified goods manufacturer shall not
19 exceed \$1,200,000 in any one fiscal year.

20 (c) In no event shall the total amount of credits allowed pursuant to
21 this section exceed \$6,000,000.

22 (d) (1) Before making a qualified investment, a qualified goods man-
23 ufacturer shall apply to the secretary to enter into an agreement for a tax
24 credit under this act. The secretary shall prescribe the form of the appli-
25 cation. After receipt of such application, the secretary may enter into an
26 agreement with the applicant for a credit under this act if the secretary
27 determines that the qualified goods manufacturer's proposed investment
28 satisfies the requirements of this act. The agreement shall include: (A) A
29 detailed description of the qualified investment that is the subject of the
30 agreement; (B) the first taxable year for which the credit may be claimed;
31 (C) a requirement that the qualified goods manufacturer shall maintain
32 operation of the qualified business facility for at least 10 years; and (D)
33 a provision whereby should the qualified goods manufacturer fail to com-
34 ply with the terms set forth in the agreement, the secretary may terminate
35 the agreement, and the qualified goods manufacturer shall forfeit any tax
36 credits claimed pursuant to this section for any tax year.

37 (2) A qualified goods manufacturer must comply with the terms of
38 the agreement described in subsection (d)(1) to receive the tax credit
39 allowed under this act. The secretary, in accordance with rules and reg-
40 ulations of the secretary, shall annually determine whether the qualified
41 goods manufacturer is in compliance with this act and with the agree-
42 ment. Such determination of compliance shall include, but not be limited
43 to, operation of the qualified business facility for a period of at least 10

1 years including those years when any tax credits are claimed by the qual-
2 ified goods manufacturer pursuant to this section. If the secretary deter-
3 mines that the qualified goods manufacturer is in compliance, the sec-
4 retary shall issue a certificate of compliance to the qualified goods
5 manufacturer. In the event the qualified goods manufacturer fails to com-
6 ply with the provisions of this act or with the terms and conditions set
7 forth in the agreement, the secretary shall notify the qualified goods man-
8 ufacturer and the secretary of revenue of the noncompliance, and the
9 secretary may terminate the agreement, and any tax credits claimed pur-
10 suant to this section for any tax year shall be forfeited.

11 (e) The secretary of commerce may adopt rules and regulations to
12 administer the provisions of this section.

13 Sec. 4. This act shall take effect and be in force from and after its
14 publication in the statute book.