

SESSION OF 2004

SUPPLEMENTAL NOTE ON SENATE BILL NO. 417

As Amended by House Committee on
Economic Development

Brief*

SB 417, as amended, would establish a new tax credit for rural business development. State income tax credits would be awarded to seven designated regional organizations to use to encourage individuals, businesses, financial institutions, and insurance companies to donate to regional foundations. The bill defines a "regional foundation" as an organization that demonstrates capacity to provide economic development services to various regions of the state. The Secretary of Commerce with assistance of the Secretary of Revenue would designate an organization as a regional foundation.

Over a three-year period, each region would receive \$1.0 million of tax credits, or a total of \$7.0 million statewide. A tax credit of 50 percent of the donation would be available under this program. The minimum donation would be \$250. Any credits not sold by a date to be specified by the Department of Commerce would be reclaimed by the Department and redistributed to other regions that had used all of their credits.

Background

The bill is part of the Governor's economic package and representatives of the Department of Commerce, Sirolli Institute, Northwest Regional Planning & Development Commission, North Central Regional Planning Commission, South Central Kansas Economic Development District, and Mid America, Inc., were proponents for the bill.

The Senate Committee amended the bill by changing the tax

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

credit from 70 percent to 50 percent of the total contribution to a regional foundation.

The Senate Committee of the Whole amended the bill by changing the tax credit from 50 percent to 70 percent of the total contribution to a regional foundation.

The House Committee on Economic Development amended the bill by changing the tax credit from 70 percent to 50 percent of the total contribution to a regional foundation.

The fiscal note indicates the passage of the bill would result in a net loss of revenues of \$2.29 million for FY 2005 and FY 2006; and a loss of \$1.83 million for FY 2007.