

SESSION OF 2006

SUPPLEMENTAL NOTE ON SENATE BILL NO. 324

As Amended by House Committee on
Economic Development

Brief*

SB 324, as amended, would make the following changes:

- The bill would increase the Rural Business Development Tax Credit and the Kansas Community Entrepreneurship Tax Credit from 50 percent to 75 percent; however, the total amount of credits allowed under each program would not exceed \$2,000,000 in FY 2007 which is current law.
- The bill would move the Kansas Community Entrepreneurship Fund to the Kansas Center for Entrepreneurship. The Fund is currently part of the Kansas State Treasury.
- The bill would allow the Kansas Community Entrepreneurship Fund to receive contributions of cash or property other than used clothing in an amount or value of \$250 or more. Under current law, contributions are limited to cash.
- The bill would delete the language that requires Kansas Department of Commerce to reimburse the Kansas Center for Entrepreneurship for the costs of administration of the program.
- In addition to the current law provision allowing the Center for Entrepreneurship to grant funds to local and regional economic development organizations, the bill would permit the Center also to lend those funds to create a revolving loan fund.

Background

The bill was requested by the Kansas Department of Commerce who testified as a proponent of the changes. In addition, representatives of the Kansas Center for Entrepreneurship, North

*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>

Central Regional Planning Commission, and Kansas Small Business Development Center appeared as proponents of the bill.

The Senate Committee amended the bill, at the request of Kansas Department of Commerce, by allowing the tax credits to be retroactive and to delete the language that requires the Kansas Department of Commerce to reimburse the Kansas Center for Entrepreneurship for the costs of administration of the program. At the suggestion of Senator Barone, the bill was further amended by removing services as a listed contribution.

The House Committee amended the bill to remove retroactivity for the tax credits.

The fiscal note indicates that enactment of the bill would not affect state revenues. The Department of Revenue indicates enactment of the bill would require modifications to the automated tax system. The required programming for this bill by itself is expected to total 440 hours of in-house programming. However, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, expenditures for outside contract programmer services beyond the department's current budget may be required.