

SESSION OF 2008

**SUPPLEMENTAL NOTE ON
SUBSTITUTE FOR HOUSE BILL NO. 2640**

As Recommended by House Committee on
Taxation

Brief*

Sub. for HB 2640 would provide income, premiums or privilege tax credits for certain qualified capital investments made in businesses located in and around nine cities (Chanute, Coffeyville, Erie, Fredonia, Greensburg, Independence, Iola, Neodesha, and Osawatomie) damaged during two specific federal disaster declarations in 2007.

Qualified capital investments, which would be defined to include investments in "construction, equipment, reconstruction, repair, enlargement, furnishing or remodeling of real property" as well as the "purchase, lease or repair of tangible personal property," would exclude investments in "inventory or property held for sale in the ordinary course of business." The credits would be available relative to investments in businesses located within the city limits of the nine cities, as well as businesses located up to one mile outside of such limits.

Taxpayers generally would be able for tax years 2007-2010 to claim non-refundable credits equivalent to 10 percent of the qualified capital investments; or refundable credits equivalent to 5 percent of such investments. All credits would be reduced by amounts equal to assistance payments taxpayers had previously received pursuant to the provisions of KSA 75-3713e or the Southeast Kansas Business Restoration Assistance Program approved by the State Finance Council.

The Secretary of Revenue would be required to submit an annual report to the Legislature beginning in 2009 relative to the

*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>

amount of refundable versus non-refundable credits claimed pursuant to the legislation.

Background

The substitute bill was largely developed in a subcommittee chaired by Representative King.

The fiscal impact of the substitute bill was not immediately known.