

May 18, 2009

Legislature Reduces the Value of Tax Credits for Two Tax Years

As part of the FY2010 budget approved by the Kansas Legislature on May 9, 2009, most tax credits will be temporarily trimmed to help balance the budget.

This cut is effectively a 10 percent reduction in the value of the credits. This, in turn, impacts the allotment and is expected to have an overall positive impact on the state budget. All credit-eligible donations since the beginning of 2009 are included, as well as 2010 credit-eligible donations. Legislation very clearly states that this applies to the 2009 and 2010 tax years.

The primary impact will be applied to businesses and individuals with credit-eligible donations. For example, if a citizen donates \$1,000 to a credit program originally eligible for a 50 percent credit, he or she would have received \$500 in credit. Now, the individual will calculate the new credit value by multiplying the credit by 90 percent to come up with \$450. This means that dollars invested (\$1,000) stay the same, but the credit given is reduced by \$50. The department of Revenue will make revisions to the current forms and processes to support this legislation.

For questions regarding impacted Department of Commerce tax credit programs, please contact Joshua Burton at (785)-296-3485 or jburton@kansascommerce.com.

The legislative brief for House Bill 2365 can be found at:
<http://www.kslegislature.org/supplemental/2010/SN2365.pdf>

The specific legislative language for House Bill 2365 can be found at:
<http://www.kslegislature.org/supplemental/2010/SN2365.pdf>

The list of tax credits impacted by this legislation includes:

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| 65-7107 | Assistive Device Individual Development Account Program |
| 79-1117 | Credit against tax for making certain property used in trade or business or held for production of income accessible to persons with a disability |
| 79-32,176 | Any resident individual taxpayer who makes expenditures for the purpose of making all or any portion of an existing facility accessible to individuals with a disability |

79-32,177	Credit against tax for making certain property used in trade or business or held for production of income accessible to or usable in the employment of persons with a disability
79-32,190	Child day care assistance tax credit
79-32,200	Credit against Kansas tax liability for financial support to persons otherwise eligible for and to families with dependent children
40-2246	Employer income tax credit for employers that have established a small employer health benefit plan
74-50,154	Rural Business Development Tax Credits
74-50,173	Tax credits allowed for certain costs of liability insurance For the first five taxable years commencing after a taxpayer opens such taxpayer's business
74-50,208	Individual Development Account Tax Credits
74-8133	KANSAS TECHNOLOGY ENTERPRISE CORPORATION - Tax credits for investment in qualified securities of qualified Kansas business
74-8205	Tax credits for investment in stock of Kansas Venture Capital, Inc. by banks, savings and loan associations and insurance companies
74-99c09	KANSAS CENTER FOR ENTREPRENEURSHIP - Network Kansas Startup Kansas Tax Credits
79-32,153	Credit against tax for establishment of qualified business facility
79-32,160a	Tax credits for establishment of qualified business facility
79-32,181a	Credit against tax for interest rate reductions on certain agricultural production loans
79-32,182b	Research and Development Credit - Credit against tax for certain research and development activity expenditures
79-32,196	Community Service Tax Credits
79-32,197	Community Service Tax Credits
79-32,201	Alternative Fuel Fueling Station Tax Credit Alternative Fueled Motor Vehicle Tax Credit
79-32,202	Tax credit for adoption expenses
79-32,204	Tax credit for required improvements to qualified swine facility

RURAL DEVELOPMENT

79-32,207	Tax credit for plugging abandoned oil or gas well
79-32,211a	Credit against tax for contributions for restoration, preservation or operation of certain historic sites
79-32,212	Credit for single city port authority
79-32,213	Costs of health insurance for Kansas national guard member; credit for employer; reimbursement for political subdivision which is employer
79-32,215	Credit for business firms paying salary to teachers employed pursuant to a partnership agreement with school district
79-32,218	Refinery Tax Credit
79-32,222	Refinery Tax Credit
79-32,224	Crude Oil or Natural Gas Pipeline Tax Credit
79-32,229	Coal or Coke Gasification Nitrogen Fertilizer Plant Tax Credit
79-32,234	Biomass-to-Energy Tax Credit
79-32,239	Coal Gasification Power Plant Tax Credit
79-32,242	Credit for contribution to the Kansas law enforcement training center
79-32,244	Credit for compensation paid by employers to employees who are members of national guard and reserved forces
79-32,246	Renewable Electric Cogeneration Tax Credit
79-32,252	Storage and Blending Equipment Tax Credit
79-32,261	Tax credit for certain contributions to community college, technical college or postsecondary educational institution
79-32,262	Tax credit for certain capital investments in a business located in or near certain cities made within three years of occurrence of certain major disasters

RURAL DEVELOPMENT