

SENATE BILL No. 420

By Committee on Assessment and Taxation

2-10

1 AN ACT enacting the Kansas financial incentive protection act; providing
2 requirements, procedures and penalties for violations thereof; duties of
3 business entities receiving financial assistance from the state.
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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. (a) The provisions of this act shall be known and may be
7 cited as the Kansas incentive protection act.

8 (b) As used in this act: (1) "Business entity" means any individual,
9 person, corporation, limited liability company, organization or partnership
10 recognized by law, or any combination thereof, and including any
11 subsidiary thereof;

12 (2) "financial incentives" means any agreement or understanding
13 between the state of Kansas or instrumentality thereof and a business
14 entity providing for awards, grants, loans, loan guarantees, tax credits,
15 deductions, exemptions, retention or receipt of withholding taxes, or other
16 tax benefits or other financial assistance to such business entity, and any
17 tax credits, deductions, exemptions, retention or receipt of withholding
18 taxes, or other tax benefits which such business entity earned, qualified for
19 or claimed pursuant to law; and

20 (3) "outsourcing jobs" means to relocate or move employment, jobs
21 or positions or eliminate jobs performed in an amount which exceeds 50
22 jobs, positions or employees from the state of Kansas to outside of the
23 United States of America and causing the functions of such positions to be
24 performed by workers in another country.

25 (c) (1) As a condition of the receipt or claim of any financial
26 incentives, the business entity shall agree that it will not outsource jobs.

27 (2) Except as provided in subsection (c)(5), any business entity that
28 outsources jobs shall return such financial incentives to the state
29 instrumentality providing such financial incentive.

30 (3) A business entity that violates the provisions of this section shall
31 not receive any financial incentives for a period of five years from the
32 date of determination of such violation.

33 (4) If the business entity receives financial or claims incentives but
34 then outsources jobs during the twelve-month period after such business
35 entity receives or claims such financial incentives or during the contractual
36 period for the particular financial incentive which results in a net loss of

1 jobs, such business entity shall return such financial incentives to the state.

2 (5) Any financial incentives received or earned prior to the effective
3 date of this act shall not be subject to the provisions of this act.

4 (6) If a business entity outsources jobs during the period referred to in
5 subsection (c)(4) but does not achieve a net loss of jobs for the business
6 entity's statewide employment level, the provisions of this section shall not
7 apply.

8 (d) The attorney general shall have the authority to enforce the
9 provisions of this section.

10 (e) (1) The department of commerce shall file an annual report with
11 the attorney general noting the business entity, the amount and the reason
12 for the financial incentive and any other data that the attorney general may
13 require. The report shall be submitted before February 1 of each year. The
14 secretary of revenue shall provide assistance to the secretary of commerce
15 in preparation of such report.

16 (2) Any business entity that receives financial incentives from the
17 state shall submit an annual report to the attorney general and the
18 department of commerce stating the amount and type of any financial
19 incentive received or claimed, the number of employees of such business
20 entity gained or lost in Kansas over the course of the year, the use to which
21 the financial incentives were applied and any other data the attorney
22 general or the department of commerce may require. The report shall be
23 submitted before February 1 of each year.

24 (3) Each report shall be made available to the public in an easily
25 accessible format, including, but not limited to, an electronic version via
26 the world wide web.

27 (f) The provisions of this act are declared to be severable, and if any
28 provisions, word, phrase or clause of the act, or the application thereof to
29 any person, shall be held invalid, such invalidity shall not affect the
30 validity of the remaining portions of this act.

31 Sec. 2. This act shall take effect and be in force from and after its
32 publication in the statute book.