

Kansas Commerce

March 2023

Tim Zimmerman | Business Development Project Manager



Business Development

- 1) In-State Business Development Team (8 offices statewide)
- 2) Business Recruitment Team (coverage across the US)
- 3) International Trade/Export Team (including an office in Mexico City)



Commerce Primary Bus. Dev. Incentive Programs

- High Performance Incentive Program (HPIP)
- Promoting Employment Across Kansas (PEAK)
- Kansas Industrial Training (KIT)
- Kansas Industrial Retraining (KIR)
- Machinery & Equipment Personal Property Tax Exemption
- Also ... export assistance programs (i.e. KITSAP)



HIGH PERFORMANCE INCENTIVE PROGRAM (HPIP)

CORPORATE STATE INCOME TAX CREDIT

- Up to a 10% corporate income tax credit on qualified capital investment
- Credit based on qualified investment over \$50K for non-metro counties.
(1 million in metro counties)
Threshold applies to each year investment is placed into service.
- Potential for up to a \$50K “training tax credit”
- Sixteen-year (16) carryforward to use the tax credits
- Up to 100% of corporate State income tax liability can be eliminated each year
- Key eligibility requirements:
 - Be a for-profit company with qualifying NAICS code (North American Industry Classification System)
 - WAGES:
 - Must pay above-average wages (as compared to other similar firms in the same geographical area with matching NAICS codes)
 - SALES:
 - Must be a manufacturer or able to document that most of its sales are to Kansas manufacturers and/or out-of-state business or government agencies. Companies may also qualify as a “Headquarters “ or Back-Office Operation.”

2021 HPIP LEGISLATIVE CHANGES – SB65

- Removed requirement that companies participate in Kansas Industrial Training or Retraining Programs in order to qualify for HPIP
- Allows qualifying HPIP projects, placed into service after January 1, 2021, to sell or transfer up to 50% of HPIP tax credits



PROMOTING EMPLOYMENT ACROSS KANSAS (PEAK)

STATE WITHHOLDING TAX PROGRAM

- Up to 95% of State withholding tax retained by, or refunded to, the company
- Benefit Period
 - 5 – 7 years withholding tax benefit period
 - Requires five net, new jobs created within two years in non-metro areas (10 in metro areas)
 - 7 - 10 years withholding tax benefit period
 - Requires 100 net new jobs in two years (High Impact)
- Key Requirements
 - JOBS:
 - Must be newly locating / relocating or expanding
 - WAGES:
 - The jobs must pay at least the county median wage
 - HEALTH INSURANCE:
 - Must offer “adequate” health insurance coverage (same as KIT/KIR) AND pay at least 50% of the premium for health insurance for full-time employees
 - BUSINESS CLASSIFICATION:
 - For profit entity in an eligible NAICS category or a not-for-profit entity for a regional, national or international headquarters
- A project must be approved by the Secretary of Commerce to participate



WORKFORCE TRAINING AND RETRAINING PROGRAMS

KANSAS INDUSTRIAL TRAINING (KIT)

- Used to assist firms involved in net new job creation
- Examples of eligible reimbursable expenditures include; instructor salaries, curriculum planning and development, materials, supplies, textbooks and some travel expenses

Key eligibility requirements:

- **WAGES:**
 - Must pay an average wage that meets or exceeds the county median wage
 - **HEALTH INSURANCE:**
 - Must offer “adequate” health insurance coverage consisting of the following six components: physician care, hospital care, prescription drug coverage, pre-natal/post-natal care, substance abuse treatment & mental health care
 - **SALES:**
 - Must be a manufacturer or able to document that 51% or more of its sales are to out-of-state companies
- Company can apply for additional KIT funds for jobs created in later years. No limit on number of KIT grants

KANSAS INDUSTRIAL RETRAINING (KIR)

- Used to help companies retrain employees who are likely to be displaced because of obsolete or inadequate job skills
- Examples of eligible reimbursable expenditures include; instructor salaries, curriculum planning and development, materials, supplies, textbooks and some travel expenses

Key eligibility requirements:

- **WAGES:**
 - Must pay an average wage that meets or exceeds the county median wage
 - **HEALTH INSURANCE:**
 - Must offer “adequate” health insurance coverage: SAME AS KIT
 - **SALES:**
 - Must be a manufacturer or able to document that 51% or more of its sales are to out-of-state companies
- Requires a dollar-for-dollar match from the company
 - Company can continue to apply for additional KIR funds in later years. Max of two KIR grants in a four-year period.



International Trade / Exporting Assistance

Variety of services & programs:

- Kansas International Trade Show Assistance Program (KITSAP) – grants to companies participating in international trade shows (first-time exhibitors)
- Market research
- International credit reports
- Translation services
- Mexico City office – possible trade missions

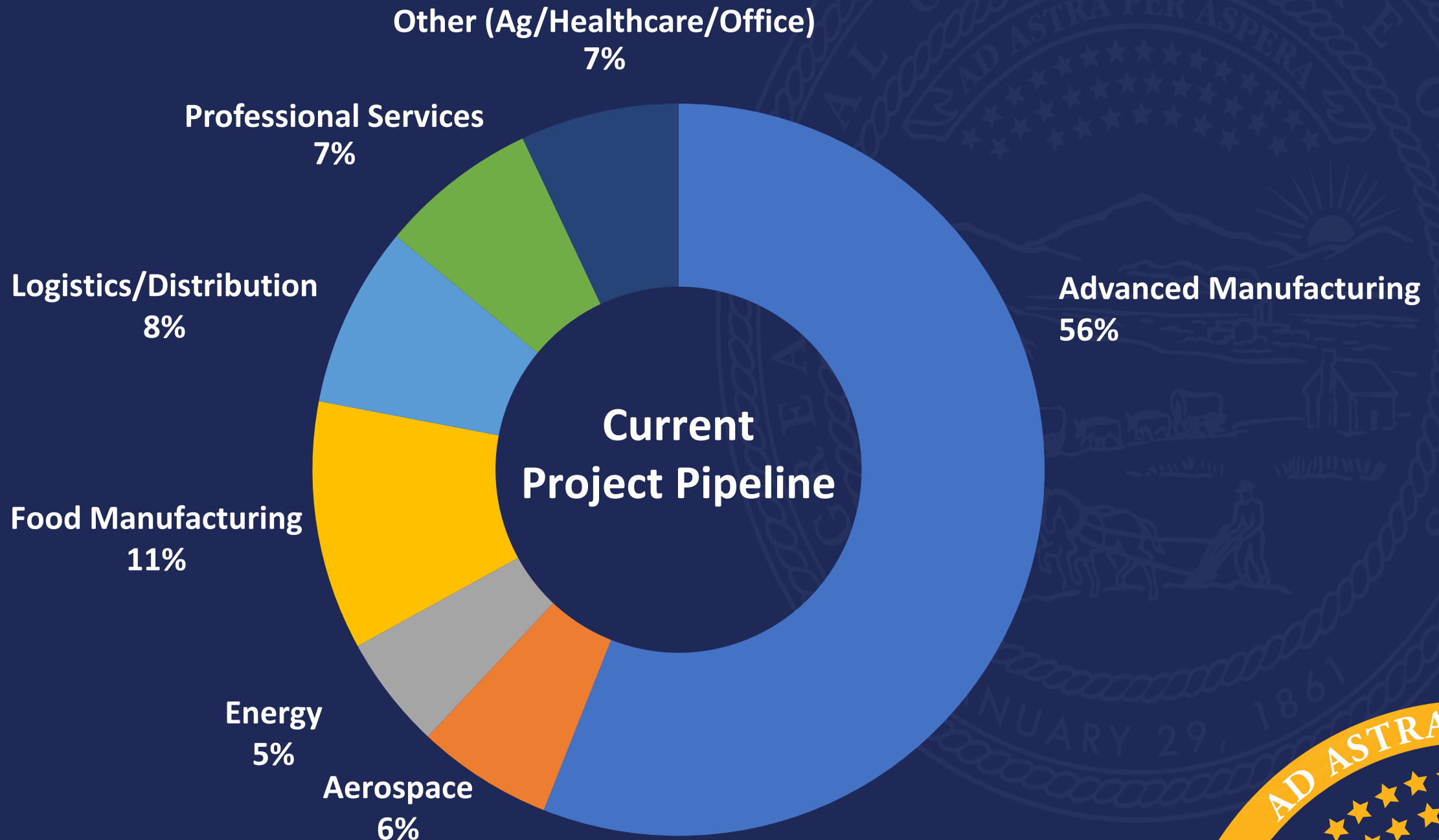


MACHINERY & EQUIPMENT PERSONAL PROPERTY TAX EXEMPTION

KANSAS HB 2583 PASSED DURING 2006 LEGISLATIVE SESSION

- Exempts personal property tax on qualified business machinery & equipment acquired after June 30, 2006
- Equipment can new, used , relocated from an out-of-state or acquired through a qualified lease
- Applies to equipment in businesses such as:
 - Manufacturing
 - Business Offices
 - Professional Services
 - Retail & Wholesale
 - Transportation & Warehousing
 - Construction
 - Restaurant and bar





**Other (Ag/Bioscience, Energy
& Healthcare)**
9%

Office
5%

Advanced Manufacturing
34%

Professional Services
19%

**Business Successes
2019-2022**

Logistics/Distribution
13%

Food Manufacturing
11%



QUESTIONS

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