



## **Kansas Department of Commerce Incentive, Tax, Training and Grant Programs**

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### **Certified Development Companies (CDC)**

This program assists businesses by developing loan packages that meet the financial needs of a project. These packages often contain multiple sources of project funding, thus providing the small business customer with the best combination of rates and terms possible. Each CDC has an area of operation in which it focuses its efforts on serving the small-business community. The state provides financial support to augment these efforts.

### **Community Capacity Building (CCB)**

This grant program is designed to support collaborative community development planning activities in Kansas cities or counties under 50,000 in population. Collaborative community development planning implies that the community has formed both an active partnership among the key community-based organizations dedicated to developing a shared vision for the future and a plan of action to achieve that vision.

### **Community Development Block Grant (CDBG) Program**

CDBG allows the Department of Commerce to distribute federal funds to Kansas cities and counties looking to improve their community. To receive funds, a project must meet at least one of the following federally mandated criteria:

- The project benefits low- and moderate-income individuals.
- The project removes or prevents slum or blight condition.
- The project eliminates an urgent need created by a disaster when local funds are unavailable.

### **Community Service Program (CSP) Tax Credit**

The CSP program has given nonprofit organizations a way to improve their ability to undertake major capital fund-raising drives for various projects. Projects eligible for tax credit awards include community service, crime prevention and health care. Tax credit awards are distributive through a competitive application process. Based on the scope and cost of the proposed project, applicants may request up to \$250,000 in tax credits. Applicant organizations in rural areas (less than 15,000 population) are eligible for a 70 percent credit. Applicant organizations in non-rural areas are eligible for a 50 percent credit.

### **Early Childhood Associate Apprenticeship Program (ECAAP)**

This program is an innovative certification program that serves individuals working in childcare and early education. ECAAP provides workers with quantifiable skills and portable, industry-recognized credentials that meet Kansas' early care and education requirements. It combines related technical and theoretical instruction with planned on-the-job-training under the supervision of a skilled mentor.

### **Economic Development Grants**

This program provides loans to cities or counties for gap financing for private businesses that create or retain permanent jobs. Eligible activities include infrastructure, land acquisition, fixed assets and working capital. At least 51 percent of the jobs created or retained by the for-profit entity must meet the U.S. Department of Housing and Urban Development's low- and moderate-income standard.

Some repayment is required for all economic development categories. Grants are made to cities and counties, which then loan funds to developing businesses. Repaid funds are returned to the state revolving loan fund. Funds may also be used for infrastructure on a loan/ grant basis. The funding ceiling is \$35,000 per job created or retained with a maximum of \$750,000. Matching funds are required.

### **Energy Incentives**

The Department of Commerce offers a diverse portfolio of financial incentives to Kansas businesses and producers engaged in conventional and renewable energy production:

#### *Traditional Energy*

- Crude Oil or Natural Gas Pipeline Tax Credit
- Refinery Tax Credit

#### *Renewable Energy*

- Biodiesel Fuel Producer Incentive
- Carbon Dioxide Capture/Sequestration Incentive
- Ethyl Alcohol Production Incentive
- Kansas Retail Dealers Incentive
- Waste Heat Utilization System Incentive
- Wind and Solar Bond Financing Incentive (Economic Revitalization & Reinvestment Act)

#### *Tax Credits*

- Alternative-Fuel Fueling Station Tax Credit
- Alternative-Fueled Motor Vehicle Tax Credit
- Renewable Electric Cogeneration Facility Tax Credit (Kansas Energy Development Act)
- Storage and Blending Equipment Tax Credit (Kansas Energy Development Act)

### **Economic Revitalization and Reinvestment Act**

This incentive allows the Secretary of Commerce to approve the issuance of up to \$33 million in bonds for eligible aviation projects and up to \$5 million in bonds for eligible wind or solar manufacturing projects. The bonds are used for capital costs associated with the project and repaid with employee withholding taxes.

### **Entrepreneur Technology Program (ETP)**

*Formerly Kansas Technology Enterprise Corp. (KTEC)*

This program assists Kansas entrepreneurs and technology companies by providing intellectual property, technical expertise, research and other services designed to help new and existing technology companies grow and succeed. The Program was created on July 1, 2011, as a partnership between the Kansas Department of Commerce and the statewide network of organizations that were part of the network formerly operated by KTEC. While the program exists to help entrepreneurs and companies, its ultimate goal is to bring new technology jobs to Kansas.

### **Expensing Tax Deduction**

Kansas introduced a new expensing deduction that can be used by companies to purchase business equipment and machinery (including software) that is available to all businesses, regardless of size.

### **Federal Bonding Program**

The Federal Bonding Program provides individual fidelity bonds to employers for job applicants who are (or may be) denied coverage because of:

- record of arrest, conviction, or imprisonment
- history of alcohol or drug abuse
- lack of employment history
- dishonorable discharge

Each bond is for \$5,000 coverage for six months. Coverage is provided at no cost to the employer or job applicant.

### **Foreign Labor Certification**

This certification program qualifies an employer to hire foreign or alien workers if an employer cannot find qualified and available U.S. workers to fill vacancies.

### **H1-B Technical Skills Training Grants**

This grant can be used by employers for on-the-job training to support the hiring of new engineers. The individuals eligible for training under the grant can be both recent graduates not currently employed in the field and other dislocated or unemployed engineers who meet educational prerequisites but may lack the specialized skills and experience necessary for a particular engineering job opportunity. Employers can receive up to \$25,000 per individual to reduce the costs of training an engineer to fill a particular position. Use of this funding is intended to reduce the number of H-1B visa hires and to create greater opportunities for Kansans and other eligible participants.

### **High Performance Incentive Program (HPIP)**

This program provides a 10 percent income tax credit for eligible capital investment that exceeds \$50,000 (\$1 million in five metro counties) at a company's facility, with a carry forward that can be used in any of the next 15 years in which the qualified facility re-qualifies for HPIP. This program also features a sales tax exemption to use in conjunction with the company's eligible capital investment at its qualified facility; a training tax credit up to \$50,000; and priority consideration for access to other business assistance programs.

### **Incentive Without Walls**

Available to designated Kansas Main Street downtown areas, funds are available in two competitive rounds and one open round each year. Funding maximum is \$20,000 per community, per round. Funds may be used for a variety of downtown business needs. Loans are encouraged over grants.

### **Individual Development Account (IDA) Program Tax Credit**

IDA is an asset-building strategy established to promote self-sufficiency through asset-development for low-income Kansans in a matched-savings program. The tax credits will be used to leverage donations that will serve as a match for individual savings in a development account. Savings accrued in IDAs will be used for home ownership, residence repairs, business capitalization and post-secondary education.

### **Job Creation Fund**

The Department of Commerce will use this fund to attract new companies to Kansas. The fund will use 2 percent of all Kansas employee withholding taxes that is not currently necessary for debt service on existing bonds or program administration for the fund.

### **Jobs and Innovative Industry Stills (JIIST) Grant**

This grant is awarded to institutions to develop innovative programs with private companies that need workers with specific jobs skills or to meet other industry training needs. The target of JIIST funds is high-growth, high-wage and highly skilled occupations with higher than average job vacancy rates or projected growth rates. Institutions receiving funds have created a plan that includes a strong partnership and alignment with industry and public workforce system, and integrates the workforce priorities of the state.

### **Kansas Department on Aging Grant**

Grant dollars will support a portion of the costs of related technical instruction for apprentices in Medicare/Medicaid nursing facilities or long-term care units of hospitals who sponsor a health support specialist (registered apprenticeship) program.

### **Kansas Disability Employment Initiative (DEI) Grant**

The Kansas DEI will develop and implement sound recruiting, training and placement practices for people with disabilities based on the similar and soon-to-be expired federal Disability Program Navigator initiative. Program partners will provide services, resources and support for program participants.

### **Kansas Downtown Redevelopment Act**

This program encourages entrepreneurs to locate their businesses and invest in central business districts, as well as distressed neighborhoods, by offering property tax relief in areas designated by local governments, which are subsequently reviewed and approved by the Department of Commerce.

### **Kansas Economic Opportunity Initiatives Fund (KEOIF)**

This program addresses opportunities or emergencies that may have a substantial impact on the Kansas economy. This performance-based financial assistance is used to secure economic benefits and/or avoid or remedy economic losses. Eligible projects may include major expansion of an existing Kansas commercial enterprise; potential location of a major employer in Kansas; matching a significant federal or private sector grant; the departure or substantial reduction of the operations of a major employer; or the closing of a major federal or state institution. Funding needs are considered upon application.

### **Kansas Enterprise Facilitation**

Enterprise Facilitation is designed to utilize the intelligence found in communities, train a broad spectrum of local citizens and generally increase local capacity to help communities develop new small businesses. Community Development Block Grant technical assistance and state EDIF funds have been used to train local citizens, hire an enterprise facilitator and build capacity within a large community enterprise board.

### **Kansas Enterprise Zones**

This program is designed to encourage businesses to create new jobs. Enterprise Zones incentives are available to qualified businesses throughout Kansas, based on the location of the facility, the type of facility (manufacturing, non-manufacturing or retail), the capital investment made and the number of jobs created. A sales tax exemption is available on materials, equipment and services purchased when building, expanding or renovating a business facility. State income tax credits are available for job creation and capital investment. Earned credits may be used to offset up to 100 percent of a company's annual state income tax liability.

### **Kansas Industrial Retraining (KIR)**

This program is a job retention tool that helps employees of restructuring companies who are likely to be displaced because of obsolete or inadequate job skills and knowledge. Eligible industries include basic enterprises that are restructuring operations through incorporation of new technology, diversification of production or the development and implementation of new production activities. At least one current employee must be trained to qualify for assistance.

### **Kansas Industrial Training (KIT)**

The KIT program may be used to assist firms involved in both pre-employment and on-the-job training. Pre-employment training may be used to allow the company and prospective employees an opportunity to evaluate one another before making employment commitments. Prospective employees are given the knowledge and specific skills necessary for job entry. On-the-job training is conducted after hiring. Trainees may receive instruction on the company's own production equipment on the plant floor or on similar machinery in a classroom setting.

### **Kansas International Trade Show Assistance Program (KITSAP)**

This program helps introduce Kansas companies to foreign markets through participation in international trade shows. Eligible companies are those whose products or services originate in Kansas or whose products receive substantial value-added processing in Kansas. After the company attends a trade show, the program will reimburse one-half of a company's eligible direct expenses, up to \$3,500 per show. A company may not exceed \$7,000 in total combined financial assistance during a state fiscal year. KITSAP will only consider trade shows where the applicant is exhibiting for the first time or has a new technology/product that is being introduced into that market for the first time.

### **Kansas Health Profession Opportunity Project (KHPOP) Grant**

KHPOP partners will use these grant funds to provide healthcare education, training and employment for 2,500 TANF recipients and other low-income individuals statewide over five years. The KHPOP features several innovative elements: career coaches, monetary incentives for GED completers, financial assistance for employers, high-definition video conferencing, Work Opportunity Tax Credit and Federal Bonding.

### **Kansas Main Street**

This program provides management training, consultation visits, local program evaluation, design assistance, business enhancement strategies, incentive dollars and continuous training in the four-point approach for board, committee members and program directors. Kansas Main Street is a self-help program. Staff provides technical assistance, but the responsibility and credit for success rests with the community leaders who offer time, expertise and enthusiasm to revitalizing a downtown.

### **Kansas Partnership Fund**

The Kansas Partnership Fund is a program to provide low-interest State funds to cities and counties for infrastructure improvements that support Kansas basic enterprises. Partnership Fund loans are designed to assist city and county governments in their efforts to attract new businesses and expand existing businesses. Eligible projects may include the construction, reconstruction, rehabilitation, alteration, expansion, or improvement of public facilities including, but not limited to roads, streets, highways, storm drains, water supply and treatment facilities, water distribution lines, waste water collection lines, and any related improvements. These improvements must directly lead to the creation of new jobs in Kansas basic enterprises.

### **Kansas Small Towns Environment Program (KAN STEP)**

KAN STEP is an ongoing, competitive self-help program for communities to address water, sewer and public building needs through greater initiative and with fewer dollars. Communities must demonstrate readiness (perception of the problem and willingness to take action to solve it), capacity (human resources to solve the problem) and documented cost savings. These grants require the use of volunteers to match Community Development Block Grant funds. A 40 percent savings must be demonstrated to be eligible. The maximum amount awarded for this grant is \$300,000, with a funding ceiling of \$2,000 per beneficiary. The funding is by annual competition. Funding is targeted to professional services and materials.

### **Kansas WorkReady! Certification**

This certification is based on the nationally recognized certification process from ACT WorkKeys that shows workers have learned skills in three areas – reading, locating information and mathematics. The certification comes in a platinum, gold, silver or bronze level.

### **Keeping Kansas Competitive Engineering Initiative**

This initiative will be used by the state's professional engineering programs at Kansas State University, the University of Kansas and Wichita State University to address the need for more engineers by business and industry in the state. From 2012-2021, \$3.5 million per year in state funds will be provided for each engineering school, with a dollar-for-dollar match provided by the universities to ensure Kansas businesses have access to the engineering talent they need to fuel economic growth. The colleges will use this investment to implement plans to increase engineering graduates to 1,365 per year by 2021.

### **Manufacturing Skills Certification**

This program is an industry-recognized certification that show potential employees have the basic skills necessary to work in advanced manufacturing and production occupations.

### **Minority and Women Business Development**

This office in the Department of Commerce promotes business development with a focus on minority- and women-owned businesses. Information and referrals are provided in the areas of procurement, contracting and subcontracting, financing and business management. The office also partners with other business advocates to sponsor business education workshops and seminars. A statewide directory of minority- and women-owned businesses is published by Commerce to assist those searching for businesses, products and services. This office also administers the Kansas Statewide Certification Program, where women and minority businesses can be certified as a Disadvantaged Business Enterprise (DBE), Minority Business Enterprise (MBE), and Women Business Enterprise (WBE).

### **National Emergency On-the-Job-Training (OJT) Grant**

Grants are focused on providing OJTs for dislocated workers, in particular for those hard-to-serve populations with the greatest barriers to reemployment. Dislocated workers must have been laid off on or after Jan. 1, 2008, and be prolonged unemployed (19.3 weeks or longer). The OJT is based on an agreement between the local workforce investment board and employer providing training at its worksite. OJT opportunities must be within the private and private non-profit sectors, not the public sector.

### **Neighborhood Stabilization Program (NSP)**

NSP was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized.

NSP1, a term that references the NSP funds authorized under Division B, Title III, of the Housing and

Economic Recovery Act (HERA) of 2008, provides grants to all states and selected local governments on a formula basis. NSP2, a term that references the NSP funds authorized under the American Recovery and Reinvestment Act of 2009, provides grants to states, local governments, nonprofits and a consortium of nonprofit entities on a competitive basis. NSP3, a term that references the NSP funds authorized under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, provides a third round of neighborhood stabilization grants to all states and select governments on a formula basis.

### **Office of Rural Opportunity**

This office is designed to spur rural development in Kansas communities of 5,000 or less. The office serves as a contact point for rural communities seeking assistance in the development of strategic plans to attract businesses, workers and investment. The office has four regional locations throughout Kansas, which allows office staff to maximize their time in the field and create a community-driven, bottom-up approach to rural development in Kansas.

### **Older Kansas Employment Program (OKEP)**

OKEP is designed to provide Kansans 55 and over with employment placement services with emphasis on employment in the private sector. Priority is given to unemployed older Kansans who are most in need. OKEP provides skills assessment, resume preparation, counseling, job-seeking skills training, classroom training, job clubs, counseling, referrals, job development services and mentoring services.

### **PRIDE Program**

This is a community-initiated effort that helps local leaders prepare for and manage change through a hands-on approach to community self-improvement. The program addresses such areas as planning, community services and community enrichment. The Department of Commerce and Kansas State University Research and Extension co-administer PRIDE, providing technical assistance and training opportunities for the local programs.

### **Promoting Employment Across Kansas (PEAK)**

This program allows companies to retain 95 percent of their payroll withholding tax for PEAK-eligible employees/jobs that pay at or above the county median wage where the jobs will be located. The Secretary of Commerce can approve benefit periods up to 10 years.

PEAK requires companies to create five new jobs in non-metropolitan counties or 10 new jobs in Shawnee, Douglas, Wyandotte, Johnson, Leavenworth and Sedgwick counties over a two-year period. The qualified company must also pay wages for the PEAK jobs that, when aggregated, meet or exceed the county median wage or North American Industry Classification System (NAICS) average wage for their industry. Companies must make available to its full-time employees adequate health insurance coverage and pay at least 50 percent of the premium.

### **Property Tax Abatement Assistance**

The Court of Tax Appeals (COTA) Liaison provides instruction and technical assistance to parties interested in property tax abatement. The liaison works with the Court of Tax Appeals to facilitate tax exemptions in accordance with the state law and:

- Reviews applications and related documents submitted for tax abatement.
- Explains policy and procedures.
- Makes recommendations.
- Assists in certification completion.

### **Qualified Private Activity Bonds (PABs)**

These are federally tax-exempt bonds. Under the federal volume cap, Kansas has a total 2012 bond allocation of \$284.6 million for this purpose. The types of bonds qualifying for such tax-exempt status are exempt facility bonds and qualified mortgage bonds, veterans' mortgage bonds, small issue bonds (or industrial revenue bonds), student loan bonds, redevelopment bonds and 501(c)(3) bonds.

### **RAWorks Grant**

Funds are used to expand a successful workforce training model serving skilled trade occupations in advanced manufacturing and energy industry, promoting entry-level certificates articulating into registered apprenticeship as a viable, effective training option for dislocated workers.

### **Registered Apprenticeship Program**

This program involves learning how to do a task by performing it on the job, as well as learning why it's done that way through related technical instruction (RTI). Much of RTI is obtained through community and technical colleges. A skilled mentor/journeyworker is required to oversee and train the apprentice. A registered apprenticeship – a voluntary, industry-driven system for occupations requiring a broad range of high-level skills – is a full-time, paid employment and training with built-in career placement in more than 950 apprenticeable occupations including health care, utilities, manufacturing, building and construction, and energy. This program may be linked to an approved school-to-registered apprenticeship program in grades 11-12.

### **Rural Business Development Program Tax Credit**

This program provides tax credits to encourage individuals and businesses to invest in regional foundations in each of seven Kansas economic development regions (Northwest, North Central, Northeast, East Central, Southeast, South Central and Southwest). This investment will provide capital for entrepreneurial efforts in rural communities, ensure regional determination for the usage of funds and encourage local investment in the regions' economic future.

### **Rural Opportunity Zones (ROZs)**

Rural Opportunity Zones are 50 counties that have been authorized to offer state income tax waivers for up to five years and/or student loan repayments of up to \$15,000 for qualified individuals who move to a ROZs county. Individuals must not have lived in Kansas over the past five years and have Kansas source income of less than \$10,000 per year over the past five years to qualify for state income tax waivers. To qualify for student loan repayment, individuals must have graduated from an accredited post-secondary institution and currently be carrying student loans used to obtain a degree.

### **Second Chance Act Grant**

The Kansas Department of Corrections will act as the grant coordinator in close partnership with the Department of Commerce and the Reentry Policy Council to administer this program. This grant will be used to increase offender participation in job development and vocational training, so offenders are always included as a viable part of the workforce of Kansas.

### **Small Communities Improvement Program (SCIP)**

SCIP sets aside \$500,000 each year for small communities that are undertaking improvement projects through sweat equity and volunteerism. The program is designed to assist communities with populations of 5,000 or less that are not eligible for other Department of Commerce assistance and might not have the capacity to provide matching funds. The maximum award for a single project is \$125,000. Self-help requires communities to determine which parts of the project they can complete on their own. The community acts as the general contractor, organizing local labor and equipment and coordinating work that needs to be done by



a subcontractor. The SCIP provides direction, technical assistance, guidance and the support to make it happen.

#### **STAR Bonds**

Sales Tax Revenue (STAR) Bonds provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds.

#### **State Energy Sector Partnership and Training Grant**

This is a \$6 million U.S. Department of Labor grant funding (available through January 2013) employer-driven training projects across five energy sectors: renewable energy operation and construction; renewable energy manufacturing and supply chain; energy transmission (electric and natural gas); biomass; and green construction and manufacturing processes. The grant funds support credentialing, boot camps, related technical instruction for registered apprenticeship, customized training and internships, among other activities. The grant also has funded training capacity expansions at eight community/technical colleges. Targeted populations include eligible veterans, dislocated/laid off workers, offenders, at-risk youth (including those aging out of foster care), and economically disadvantaged individuals seeking career pathways out of poverty.

#### **State Small Business Credit Initiative**

The Kansas Capital Multiplier Loan and Venture Funds are programs that provide matching funds through a partner network to eligible businesses in communities across Kansas. Funding is provided through the United States Treasury via the State Small Business Credit Initiative (SSBCI).

Under the Kansas Capital Multiplier Loan Fund, businesses can apply for matching loans up to 9 percent of the private capital invested. Under the Kansas Capital Multiplier Venture Fund, businesses can apply for matching equity up to 9 percent of the private equity invested, including funds invested by private equity firms and angel investors. Businesses eligible include technology and biosciences companies, and rural businesses or businesses in distressed areas of urban communities that meet critical community needs.

#### **State Trade and Export Promotion (STEP) Grants**

The departments of Commerce and Agriculture have been awarded a grant of more than \$505,000 from the U.S. Small Business Administration (SBA) through STEP. The grants provide companies with assistance in expanding existing international markets or for entering into new export markets.

#### **Urgent Need Grants**

Urgent Need Grants address an immediate threat to health or safety resulting from a sudden and severe emergency. These awards assist in meeting community needs created by a severe natural or other disaster. The need must be certified by the state agency that has regulatory oversight. Applications are reviewed on an as-needed basis throughout the year. The maximum amount awarded is \$400,000 per grant. Applications must be received within six months of the occurrence.

#### **Veterans' Green Energy Job Training Program**

Part of the Veterans Workforce Investment Program (VWIP), eligible veterans can earn credentials certifying them as qualified to work in several green energy related jobs, including gas measurement technician, green manufacturing, process technology and energy audit technician, among others.

### **Work Opportunity Tax Credit**

This program helps people move from welfare to work and gain on-the-job experience by encouraging private employers to hire within one of several targeted groups of job candidates who traditionally face significant barriers to employment, reducing employer's federal income tax liability by as much as \$2,400 per qualified new worker in the first year of employment. The targeted candidates include cash assistance recipients, veterans receiving food stamps, disabled veterans, residents living in a rural renewal county, ex-felons, SSI recipients, among others. The disabled veteran target group can save employers up to \$4,800 in the first year of employment, and the long-term cash assistance recipient can save the employer up to \$9,000 over a two-year period.

### **Workforce Investment Act (WIA) Services**

WIA provides the framework for a national workforce preparation and employment system designed to meet the needs of business and job candidates wishing to further their careers. The most important aspect of the law is its focus on providing easy access, information and services through a "One-Stop" system that will empower customers to obtain training, education and employment services at a single neighborhood location. This program is federally funded and is designed to serve targeted populations. WIA services continue to improve the skills of Kansas workers. Through Workforce Centers and the well-established One-Stop system, local workforce investment boards and their partner agencies provided services to 158,012 adult participants, 3,238 dislocated worker participants and 1,338 youth participants in Fiscal Year 2011. Of the 158,012 adults who accessed services through the One-Stop system, 148,077 were self-serve.

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