

STATE OF KANSAS

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HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **HB 2117**, as amended by House Committee, on page 7, following line 28, by inserting:

"New Sec. 3. (a) On or after July 1, 2011, any qualified new company as defined in subsection (c)(1), shall be eligible to retain 95% of the qualified new company's Kansas payroll withholding taxes upon wages paid by such qualified new company for a period of one year from the date the qualified company establishes a new business and commences business operations.

(b) Any qualified new company shall submit in a form and in a manner prescribed by the secretary, information that proves that the applicant is a qualified new company, including the date of establishment of the new business and commencement of business operations, the number of employees hired by the qualified new company, the amount of gross wages being paid to each employee and such other information as required by the secretary. If the qualified new company fails to meet the provisions of this section, the qualified new company shall not be entitled to any further benefits provided under this section. In such case, the qualified new company shall be required to remit to the state an amount equal to the aggregate Kansas payroll withholding taxes retained by the qualified new company pursuant to this section as of the date the qualified new company fails to comply with the provisions of this section.

(c) As used in this section: (1) "Qualified new company" means a company which establishes a new business and commences business operations on or after July 1, 2011, and has 10 or less employees. If a company commences business operations with 10 or less employees and hires additional employees during the first year of operation to exceed this ten-employee limitation, such

company shall still qualify for benefits pursuant to this section for the first 10 employees for such first year of operation but shall not be eligible for such benefits for any employees above the first 10 employees. Such company shall include a person, for-profit corporation, limited liability company, S corporation, partnership, registered limited liability partnership, and sole proprietorship that is subject to the Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto. No company or person shall be eligible under this section if such person, company or ownership interest of such company had an ownership interest in a business of the same nature or character within the one-year period prior to commencement of the new business, or if the secretary determines such company created the new company for the purpose of avoiding taxation; and

(2) "secretary" means the secretary of the department of revenue.

(d) The secretary of revenue is hereby authorized to adopt rules and regulations necessary to administer the provisions of this section.";

And by renumbering the remaining sections accordingly;

On page 1, in the title, in line 1, by striking "sales and use"; also in line 1, after "of" by inserting "sales and use"; in line 2, by striking the first semicolon and inserting a comma; also in line 2, after "exemptions;" by inserting "income taxation, retention of Kansas payroll withholding taxes by certain employers, requirements and procedures;"

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\_\_\_\_\_ District.