



BUSINESS DEVELOPMENT

HUMBOLDT

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Hours:
8 AM – 5 PM
Monday – Friday

www.humboldtkansas.org

State Incentives for Retail & Service Businesses in Rural Communities

Retail and most service businesses in communities of 2,500 or less population, or in unincorporated areas of counties with 10,000 or less population, are generally eligible for the following incentives when their project (business start-up or expansion) leads to the creation of at least two net new jobs.

KANSAS ENTERPRISE ZONE ACT

❑ Sales tax exemption on tangible personal property and services purchased for the construction, expansion, or remodeling of a business. These purchases may include labor & materials, business equipment & machinery, and furniture & fixtures. Must submit appropriate request form in order to obtain exemption certificate.

JOB EXPANSION & INVESTMENT CREDIT ACT

- ❑ \$100 state income tax credit for each net new job created.
- ❑ \$100 state income tax credit for every \$100,000 of qualified investment.
- ❑ Credits are recomputed each year for up to 10 years.

MACHINERY & EQUIPMENT PROPERTY TAX EXEMPTION **(does not require job creation)**

❑ Personal property tax exemption for all eligible assets acquired by qualified purchase or lease after June 30, 2006.

Summary of State Incentives for Kansas Manufacturers

KANSAS ENTERPRISE ZONE ACT: **(project must create and maintain at** **least two net new jobs to be eligible.**

- ❑ \$2,500 state income tax credit for each net new job created.
- ❑ \$1,000 state income tax credit for every \$100,00 in qualified, new capital investment.
- ❑ Sales tax exemption on eligible project-related expenditures (i.e. labor & materials for construction/renovation; furniture & fixtures, office equipment). **Exemption certificate should be obtained prior to making eligible purchases.** Companies can request an exemption certificate by submitting Kansas Department of Revenue Form PR-70b (Request for Project Exemption Certificate).

Credits are claimed on an attachment to the company's Kansas Income Tax Return. Unused credits may be carried forward indefinitely and used in future years, as long as specific employment levels are maintained.

HIGH PERFORMANCE INCENTIVE PROGRAM (HPIP):

- ❑ Provides a higher level of investment tax credits than those offered by Kansas Enterprise Zone Act.
- ❑ Potential for up to a 10% tax credit on qualified, new capital investment beyond the first \$50,000 of investment (i.e. \$2,000,000 investment could potentially result in a \$195,000 investment tax credit-10% of 1,950,000).
- ❑ Potential for up to a \$50,000 per year (workforce) training tax credit on training expenditures exceeding two percent of company payroll.
- ❑ Exemption from sales tax for eligible capital investments/services.

❑ Eligibility based upon two criteria: (1) pay an above average wage for NAICS category for region of the state; and (2) invest at least two percent of payroll in training or participate in one of Commerce's workforce training programs (i.e. KIT, KIR, or IMPACT).

❑ Actual investment must occur while the company's worksite is HPIP certified.

❑ **Investment must be documented to Commerce prior to the company's written or contractual committal to the investment; using form HPIP6k-Capital Investment Project Description.**

❑ Maximum of 10-year carry forward on unused credits. Company must become HPIP "re-certified" in any year in which unused credits are applied.

KANSAS INDUSTRIAL TRAINING (KIT) PROGRAM:

❑ Provides workforce training funds to companies to help offset costs of training net new employees.

❑ Maximum award per trainee is \$2,000; however, the average award is typically \$300 to \$500 per trainee.

❑ Average hourly wage for trainees must be at least \$9.50.

❑ Wide range of eligible costs are allowed (i.e. instructors' salaries/fees, travel expenses, training aids, etc.).

❑ Companies must submit a KIT application prior to or concurrent with the beginning of their hiring phase.

KANSAS INDUSTRIAL RETRAINING (KIR) PROGRAM:

❑ Provides workforce training funds to companies to help offset costs of training existing employees.

❑ Avg. award (per trainee), hourly wage requirement, and eligible costs same as KIT.

❑ Maximum funding for a training project is 50% of total costs-requires dollar-for-dollar match from company.

❑ Companies must submit a KIR application prior to or concurrent with the beginning of their training program.

MACHINERY & EQUIPMENT PROPERTY TAX EXEMPTION (KS House Bill 2583):

❑ Bill passed during 2006 legislative session; it provides automatic exemption of personal property taxes on machinery and equipment purchases or leased by Kansas manufacturers after June 30, 2006.

❑ Also provides exemption on M&E brought into the state for use in a Kansas business facility (after June 30, 2006).

❑ M&E can be new or used

❑ M&E that was being leased prior to July 1, 2006 can be eligible once the lease ends **if** the company purchases the asset at market value.

OTHER BENEFITS OF DOING BUSINESS IN KANSAS:

❑ There is no inventory tax in Kansas

❑ Kansas is a constitutionally guaranteed right-to-work state.

❑ Kansas' workers' compensation rates rank among the lowest in the United States.

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Local Business Incentives

NEIGHBORHOOD REVITALIZATION

❑ Property tax refunds are available for businesses that build or locate in the downtown business district.

SALES TAX REBATE

❑ Local sales tax rebates are available for new businesses locating in Humboldt.

COMMUNITY DEVELOPMENT LOANS

❑ Business loans are available through the community development loan program.

For more information contact Humboldt City Hall at (620) 473-3232 or visit our website at:

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