



KANSAS HIGH PERFORMANCE INCENTIVE PROGRAM (HPIP) OVERVIEW

UNDERSTANDING HPIP

The intent of HPIP is to encourage companies to expand their capital investment and raise employee wage and training levels through Kansas income tax credits and sales tax project exemptions.

HPIP can offer three major state tax benefits:

- Kansas Investment Tax Credit, which equals 10 percent of all eligible capital investment that exceeds \$50,000. In the five metro counties of JO, DG, SN, WY & SG, the threshold is \$1M. The credit can be carried forward for 16 years and has no cap.
- Employee Training Tax Credit, which provides a dollar-for-dollar state tax credit up to \$50,000, for training and education expenditures that exceed 2 percent of total payroll at the worksite. This tax credit has no carry-forward provision.
- Sales Tax Project Exemptions (STPE) on purchases of materials and services related to capital investment at the worksite.

WHAT ARE THE QUALIFICATIONS FOR HPIP.

To qualify, a company must: 1) be a for-profit company subject to state taxes; 2) pay above-average wages (as compared to other similar firms in the same geographical area with matching NAICS codes); 3) make a significant investment in eligible employee training and 4) be either a manufacturer or able to document that most of its sales are to Kansas manufacturers and/or out-of-state businesses or government agencies. A business in any NAICS code can qualify if it is a headquarters or back-office operation of a national or multi-national corporation.

WHAT ARE THE STEPS TO BECOMING HPIP CERTIFIED?

The critical first step is the Project Description form, which demonstrates the applicant's foreknowledge of the program. This form must be received by Commerce prior to any formal commitment to make an investment. Once this form has been submitted, other than requesting the STPE from the Department of Revenue, nothing further needs to be done until the end of the four-quarter measurement period.

Next, determine the four-quarter period your company will use to meet the program requirements to be able to document above average wages and employee training. This is called the measurement period and directly precedes the certification period during which you intend to capture tax credits for new capital investment.

Finally, complete the HPIP Application (available at KansasCommerce.com – search HPIP) and submit to Commerce along with the required documentation. Use the checklist to ensure that everything has been included.

HOW TO CLAIM HPIP BENEFITS

Whether based on capital investment or employee training, all HPIP tax credits are claimed on Kansas Department of Revenue Form K-59 when the business files its state income tax return. The sales tax exemption is claimed by first requesting an exemption certificate from Revenue (after submittal of the Project Description) on form PR-70b. This certificate will be issued upon HPIP certification.

FOR MORE INFORMATION ABOUT HPIP

If you have questions about the HPIP Program and how it might benefit your company, please provide us with your contact information below, and we'd be happy to contact you. Or you can contact HPIP Manager Richard Martinez at (785) 296-7174, richard.martinez@ks.gov or via fax at (785) 296-3490.

Name of Company Principal: _____ Title: _____

Company: _____

Phone: _____ Email: _____

Address of Proposed New Location or Expansion: _____

County: _____