

- 12. Enter your ownership percentage. See instructions 12. _____ %
- 13. Amount of credit available this tax year or prior year's carry forward (multiply line 11u by 12) 13. _____
- 14. Amount of tax liability for current year after all previous claimed credits 14. _____
- 15. Amount of credit used 15. _____
- 16. Amount of carry forward for next year's Schedule K-59 16. _____

PART D - NEW INVESTMENT INFORMATION

- 17. Number of actual jobs created as a direct result of this qualified business facility investment 17. _____
- 18. Additional payroll generated as a direct result of actual jobs created on line 17 18. _____
- 19. Actual number of jobs retained that would have been eliminated if not for this qualified business facility investment 19. _____
- 20. Payroll for actual jobs retained on line 19 20. _____
- 21. Additional revenue or loss generated as a direct result of this qualified business facility investment 21. _____
- 22. Additional sales generated as a direct result of this qualified business facility investment 22. _____
- 23. Total employment in the state of Kansas 23. _____
- 24. Total payroll in the state of Kansas 24. _____

PART E – CARRY FORWARD SCHEDULE

- 25. **First Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 26. **Second Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 27. **Third Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 28. **Fourth Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 29. **Fifth Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 30. **Sixth Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 31. **Seventh Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 32. **Eighth Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 33. **Ninth Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____ f. Credit Fwd Available _____

- 34. **Tenth Year** a. Tax Year _____ b. Certification No. _____ c. Certification Date _____
 Carry Forward d. Carry Fwd Amt _____ e. Credit Used _____

INSTRUCTIONS FOR SCHEDULE K-59

GENERAL INFORMATION

Schedule K-59 provides an investment schedule and a carry forward schedule. Please read all directions before completing this schedule.

The High Performance Incentive Program (HPIP) provides for two types of credits: 1) Training and Education Credit (K.S.A. 74-50,132); and, 2) Investment Tax Credit (K.S.A. 79-32,160a(e)).

Certification from the Kansas Department of Commerce (KDOC) is the initial requirement for either of the credits and must be maintained with your records.

Training and Education Credit. A qualified firm that invests in the training and education of its employees and pays higher than average wages is eligible to receive a tax credit. The credit is the amount of training and education expenditures that exceed 2% of the wages, limited to \$50,000. The credit must be used in the tax year it is earned. There is no carry forward provision for this credit.

Investment Tax Credit. A qualified firm may be eligible to receive a 10% investment tax credit for investment in excess of \$50,000 in a Qualified Business Facility (QBF). This credit may be carried forward for the next 10 tax years as long as the firm is recertified in the tax year the carry forward is used. Schedule K-59 must be completed for each QBF in the initial year and, if necessary, for any carry forward year for each location.



Do not send any enclosures with this credit schedule. If additional information is needed, the Department of Revenue reserves the right to request it at a later date.

A “qualified firm” is a for-profit business establishment, subject to state income, sales or property taxes, identified:

- under the Standard Industrial Classification (SIC) codes as in effect July 1, 1993, major groups 20 through 39 (or the appropriate North American Industry Classification System (NAICS) designation as in effect October 1, 2000) major groups 40 through 51 (or the appropriate NAICS designation), and major groups 60 through 89, (or the appropriate NAICS designation); OR
- as a corporate or regional headquarters or back-office operation of a national or multinational corporation regardless of SIC code or NAICS designation.

A business establishment may be assigned a SIC code or NAICS designation according to the primary business activity at a single physical location in Kansas.

There are additional qualifications to meet the definition of “qualified firm.” Contact KDOC for information.

A “qualified business facility investment” is the value of the real and tangible personal property, except inventory or property held for sale to customers in the ordinary course of business, which constitutes the qualified business facility. See K.S.A. 79-32,154(e).

“Corporate headquarters” is a facility where principal officers of the corporation are housed and from which direction, management or administrative support for transactions is provided.

LINE BY LINE INSTRUCTIONS

PART A – GENERAL INFORMATION

Line 1: Enter the period certified by KDOC.

Line 2: Enter the certification number received from KDOC.

PART B – HPIP TRAINING AND EDUCATION CREDIT

The training and education credit is authorized through the High Performance Incentive Program (HPIP) and shall be claimed in the tax year for which the company is certified. If the HPIP certification period should overlap two tax years, the taxpayer shall have the choice of which tax year to claim the training and education tax credit.

Line 3: Enter the total qualified business cash investment in the training and education of the qualified firm’s employees during the 12-month measurement period specified on your HPIP eligibility form or certification letter. Do not include spending used to match the state’s Kansas Industrial Retraining (KIR) program.

Line 4: Enter the total dollar amount expended for payroll costs for both full time and part time positions. This should correspond to the amount reported on your Employers’ Quarterly Wage Report and Contribution Return, Form K-CNS 1001.

Line 5: Multiply line 4 by 2% and enter the result.

Line 6: Subtract line 5 from line 3 and enter the result.

Line 7: Enter the amount from line 6 or \$50,000, whichever is less. This is the total training and education credit for the amount of cash investment made.

Line 8: Partners, shareholders, or members must enter their proportionate share percentage in the partnership or S corporation. All other taxpayers enter 100%.

Line 9: Enter on line 9 the lesser of line 7 multiplied by line 8 OR your Kansas tax liability. This is the share of the credit for the amount invested this year. Enter this amount on the appropriate line of Form K-40, Form K-41, Form K-120, or Form K-130.

Apply this credit to your tax liability before any other credits. This amount cannot exceed your tax liability.

PART C - HPIP INVESTMENT CREDIT

Qualified business facility investment is the value of the real and tangible personal property, except inventory or property held for sale to customers in the ordinary course of the taxpayer’s business, which constitutes the qualified business facility, or which is used by the taxpayer in the operation of the QBF, during the taxable year for which the HPIP investment tax credit is claimed. The value of such property during the taxable year shall be: (1) its original cost if owned by the taxpayer; or (2) eight times the net annual rental rate if leased by the taxpayer.

All **three** of the following conditions must be met for property to be eligible for the HPIP investment tax credit:

- Only those expenditures for real and tangible personal property made during the certification period will qualify for the credit;
- The property must be capable of being used by the taxpayer or must be used by the taxpayer in the operation of the QBF during the certification period (no property classified or defined as construction in process); and
- Only that property identified on the capital investment project form submitted to KDOC shall be eligible.

Current Year Investment Calculation:

The QBF investment for HPIP purposes is computed based on a monthly average of the HPIP qualified investment made during the certified or recertified months that fall within the taxpayer’s tax year. The investment or expenditures must meet the qualifications listed above. This property will also be present in the property factor for apportionment purposes. The QBF investment shall be determined by dividing the sum of the total cumulative value of such HPIP property on the last business day of each full calendar month during the portion of the taxable year during which the QBF was in operation by the number of full calendar months the QBF is in operation.

Base Year Investment Calculation:

For investment in a QBF, which facility existed and was operated by the taxpayer prior to the investment, a base amount of investment will be deducted from the current year’s HPIP investment average. The base shall consist of the average HPIP investment made by the taxpayer in all prior years at this QBF. This property will also be present in the property factor for apportionment purposes. The base QBF investment for HPIP purposes shall be determined by dividing the sum of the total cumulative value of such HPIP property on the last business day of each full calendar month during the portion of the prior taxable year during which the QBF was in operation by the number of full calendar months the QBF was in operation. Only HPIP QBF investment that is related to the facility will be in the base.

Line 10: Enter the street address and city of the qualified business facility.

Lines 11a through 11l:

Column (1) – Filing Period: Enter the months in the order of the filing period being used by the legal entity.

Column (2) – Base year-QBF Monthly Investment: In the heading

2009 WORKSHEET FOR SCHEDULE K-59

A worksheet must be included with each Schedule K-59 submitted. The worksheet(s) may be mailed, faxed, or attached to your electronic return as a PDF file.

Name of Business: _____ EIN: _____

Name of Shareholder: _____ Shareholder SSN: _____

1. New credit **prior to** June 1, 2009. (See instructions) 1 _____
2. New credit **after** June 1, 2009. (See instructions) 2 _____
3. Carry forward credit **prior to** June 1, 2009. (See instructions) 3 _____
4. Carry forward credit **after** June 1, 2009. (See instructions) 4 _____
5. Total credit **prior to** June 1, 2009. Add lines 1 and 3 and enter result 5 _____
6. Multiply line 5 by 90% and enter result 6 _____
7. Total credit **after** June 1, 2009. Add lines 2 and 4 and enter result 7 _____
8. Multiply line 7 by 90% and enter result 8 _____
9. Total credit for this year and prior year. Add lines 6 and 8. **Enter result here and on line 13, Schedule K-59**
10. Kansas tax liability for the current year. (See instructions) 10 _____
11. Multiply line 10 by 90%. **Enter result here and on line 14, Schedule K-59**
12. Credit used. Enter amount from line 9 or line 11, whichever is less. **Enter on line 15, Schedule K-59**
13. Carry forward for 2010. Subtract line 10 from line 5 and enter the result. **Enter on line 16, Schedule K-59**
14. Carry forward for 2011. (See instructions)

INSTRUCTIONS FOR 2009 K-59 WORKSHEET

LINE 1 - New credit prior to June 1, 2009. Enter the amount of credit that is for investments placed into service in 2009 and the HPIP certification letter was dated prior to June 1, 2009.

LINE 2 - New credit after June 1, 2009. Enter the amount of credit that is for investments placed into service in 2009 and the HPIP certification letter was dated after June 1, 2009.

LINE 3 - Carry forward credit(s) prior to June 1, 2009. Enter the amount of available Carry forward Credit(s) earned prior to tax year 2009 as well as for credits earned and placed into service in 2009 for which the HPIP certification letter from the Department of Commerce was dated prior to June 1, 2009.

LINE 4 - Carry forward Credit(s) after June 1, 2009. Enter the amount of available carry forward credit(s) that is for investments placed into service with the HPIP certification letter from the Department of Commerce, dated after June 1, 2009.

LINE 5 - Total credit prior to June 1, 2009. Add lines 1 and 3; enter result.

LINE 6 - Multiply line 5 by 90% and enter the result.

LINE 7 - Total credit after June 1, 2009. Add lines 2 and 4; enter result.

LINE 8 - Multiply line 7 by 90% and enter the result.

LINE 9 - Total credit for this year and prior year. Add lines 6 and 8. Enter the result here and on line 13 of Schedule K-59.

LINE 10- Kansas tax liability for the current year. Enter the amount of your Kansas tax liability for this year to be applied against this credit on **line 10**. If you are filing more than one (1) credit schedule this year, enter only the amount of tax liability you wish to apply to this credit. The amount entered on line 10 (not 11) is the amount of tax liability considered to be "used" when calculating the remaining

tax liability to be applied against other credits. **Example:** If your tax liability is \$1000 (before apply the 90% factor) and the amount entered on line 10 is \$400, then the amount of tax liability available to apply to any other credit schedules would be \$600. Enter amount of your Kansas tax liability for this tax year to be applied against this credit on line 10 of the K-59 worksheet.

LINE 11 - Multiply line 10 by 90%. Enter result here and on line 14 of Schedule K-59.

LINE 12 - Credit Used. Enter amount from line 9 or line 11, whichever is less. Also enter this amount on line 15 of Schedule K-59.

LINE 13 - Carry forward for 2010. Subtract line 10 from line 5. Enter the result here and on line 16 of Schedule K-59. **This amount cannot be less than zero.** This is the amount of credit to be carried forward.

LINE 14 - Carry forward for 2011. (Reduction amount carried forward to 2011.) For credits earned **prior to** June 1, 2009 as well as any carry forward from investment(s) that were placed in service in 2009 for which the certification letter from the Department of Commerce was dated prior to June 1, 2009 and was reduced in tax year 2009, the amount of this reduction to the HPIP credit(s) may be carried forward to tax year 2011. If credit amount is not reduced in 2009, there is no carry forward amount to tax year 2011 from tax year 2009. **Calculation:** If line 5 of this worksheet is less than line 10, subtract line 6 from line 5. If line 5 is greater than line 10, then subtract line 11 from line 10. Retain this amount for your records to use on Schedule K-59 for tax year 2011.

Formula for 2011 carryforward:

$$\begin{aligned} \text{if } (5 < 10) &= 5 - 6 \text{ or} \\ \text{if } (5 > 10) &= 10 - 11 \end{aligned}$$

of Column (2), enter the tax year prior to the tax period of the qualifying credit (Base). Lines 11a through 11l of Column (2) are used to compute activity at the QBF prior to the year in which a credit is qualified. This prior year is referred to as the "base" year. If the QBF was in operation in the prior year and the taxpayer had been certified previously under the HPIP program, enter the total cumulative value of HPIP investment at this QBF on the last business day of each full calendar month during the portion of the preceding tax year during which the QBF was in operation.

Column (3) – Qualifying Year-QBF Monthly Investment: In the heading of Column (3), enter the tax year you are establishing the current credit. On lines 11a through 11l, enter the total cumulative value of HPIP investment on the last business day of each full calendar month of operation at the QBF during the portion of the taxable year the QBF was in operation. If the QBF was in operation for only three full months during the tax year, you would enter the investment for those three months.

Line 11m: For each Column, (2) and (3), add the amounts on lines 11a through 11l and enter the result on line 11m.

Line 11n: For each Column, (2) and (3), divide the total in line 11m by the number of full months the QBF was in operation.

Line 11o: For each Column, (2) and (3), enter the value of the property rented by the taxpayer and used at the QBF. Rented property is valued at eight times the net annual rental rate.

Line 11p: For each Column, (2) and (3), add lines 11n and 11o.

Line 11q: Enter the base amount shown on line 11p, Column (2).

Line 11r: For Column (3), subtract line 11q from line 11p.

Line 11s: Minimum investment allowed is \$50,000.

Line 11t: Subtract \$50,000 from line 11r in Column (3).

Line 11u: Multiply line 11t, Column (3), by 10% and enter the result.

Line 12: Partners, shareholders or members must enter their ownership percentage in the partnership or S corporation. All other taxpayers enter 100%.

Line 13: Multiply line 11u by line 12. If you are completing this form to use available carry forward only, enter the amount of the available credit forward from the prior tax year.

Line 14: Enter the total Kansas tax liability for the current tax year after all previously claimed credits (including the HPIP Training and Education Tax Credit calculated in PART B plus any prior year carry forward available).

Line 15: Enter the lesser of line 13 or line 14. This is the amount of credit that can be used this tax period. Enter this amount on the appropriate line of Form K-40, Form K-41, Form K-120, or Form K-130.

Line 16: Subtract line 15 from line 13. Do not enter an amount less than zero. This is the amount of credit to be carried forward. PART D will need to be completed for the next tax period. Enter this carry forward amount on PART D, line d of the appropriate tax year.

NOTE: If you claim the investment tax credit allowed on line 15, Schedule JK-59, you may not claim a business and job development credit on Schedule K-34 using the same QBF investment.

PART D - NEW INVESTMENT INFORMATION

Lines 17 through 24: K.S.A. 79-32,243 requires that the Kansas Department of Revenue collect specific information for all taxable years commencing after December 31, 2005. The information collected will be used by the department in evaluating the effectiveness of the High Performance Incentive Program tax credits.

It is important that the information provided in Part D is for the entity claiming the tax credit. If you are completing Schedule K-59 for carry forward purposes only, you should complete lines 17-24 for the number of jobs created or retained, associated payroll, revenue and sales generated during this tax period, not cumulative from the beginning of this credit.

Line 17: Enter the number of actual jobs this taxpayer has created during this tax period as a direct result of the qualified business facility investment made.

Line 18: Enter the total compensation paid during this tax period for the employees identified on line 17.

Line 19: Enter the number of actual jobs that have been retained by this taxpayer during this tax period that would have been eliminated if not for this qualified business facility investment.

Line 20: Enter the total compensation paid during this tax period for the employee(s) identified on line 19.

Line 21: Enter the income or loss generated during this tax period as a direct result of the qualified business facility investment made.

Line 22: Enter the sales generated during this tax period as a direct result of the qualified business facility investment made.

Line 23: Enter the entity's total number of employees in the state of Kansas for this tax period.

Line 24: Enter the total amount of compensation paid during this tax period for the total number of employees on line 23.

PART E - CARRY FORWARD SCHEDULE

This schedule will track the credit carry forward available for this particular investment credit. You will complete a new line for each tax year the credit is carried forward, on the same schedule, until the credit is exhausted or the 10 succeeding tax years have lapsed. Once a credit is established, any succeeding tax year in which the carry forward credit is not claimed will be considered as one of the 10 succeeding tax years.

To claim remaining carry forward the taxpayer must be recertified by KDOC for the majority of the tax year in which the carry forward is to be claimed, except that no carry forward shall be allowed for deduction after the 10th taxable year succeeding the taxable year in which the credit initially was claimed.

When claiming a carry forward credit, you will need to submit the first page of Schedule K-59, with the taxpayer information as contained in the header, and lines 10, 13, 14, 15, 16, PART D and PART E completed.

Lines 25 through 34:

- a. Tax Year** – For line 25, enter the first tax year following the tax year the credit was computed. For lines 26 through 34, enter the next consecutive tax year.
- b. Certification No.** – Enter the certification or recertification number from KDOC for this tax year entered on line a.
- c. Certification Period** – Enter the time period covered under the certification or recertification for the tax year.
- d. Carry Forward Amount** – For line 25, enter the amount from PART C, line 16. For lines 26 through 34, enter the amount of available credit forward from the prior tax year until the 10 succeeding tax years have expired or total carry forward has been used.



Follow the instructions on Line 13 to calculate the amount of credit to be used this tax year.

- e. Credit Used** – Enter the credit amount to be applied against the tax liability of the tax year and include it on line 15.
- f. Carry Forward Available** – Subtract line e from line d. This is the amount of credit available for the next tax year. Enter this amount on line 16.

TAXPAYER ASSISTANCE

Questions you may have about qualifying for the high performance incentive program should be addressed to:

Kansas Department of Commerce
1000 SW Jackson, Suite 100
Topeka, KS 66612-1354
Phone: (785) 296-5298

For assistance in completing this schedule contact:

Taxpayer Assistance Center
Docking State Office Building – 1st Floor
915 SW Harrison St.
Topeka, KS 66625-2007
Phone: (785) 368-8222
Hearing Impaired TTY: (785) 296-6461

Additional copies of this schedule and other tax forms are available from our office or web site at www.ksrevenue.org.