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## **OVERVIEW OF PRIVILEGE TAX AND RECENT STUDY AND LEGISLATION PERTAINING TO THE TAX AND THE KANSAS ECONOMIC RECOVERY LOAN DEPOSIT PROGRAM**

This memorandum outlines the Kansas Financial Institutions' Privilege Tax (privilege tax), changes to this tax law over time and relevant legislative study, and recent consideration of changes to the law to incorporate provisions pertaining to economic recovery and other financial institutions. Legislative proposals to amend the privilege tax law, modify certain requirements on credit unions' field of membership, and establish a linked deposit program have been introduced during the 2021 Session (HB 2069 and SB 15).

### **The Kansas Privilege Tax**

**Statutory citation.** Chapter 79, Article 11, *Kansas Statutes Annotated*.

**Enacted.** In 1963, effective January 1, 1964, in lieu of the former 5 mill intangibles tax on banks, savings and loan associations, and trust companies. The tax is imposed on these institutions "for the privilege of doing business within the state" (KSA 79-1106 and 1107).

The privilege tax is not a tax on income; rather, the tax is measured by income earned in the preceding year. These financial institutions are exempted from the payment of a corporate income tax (KSA 79-32,113).

**History.** Prior to January 1, 1964, shares of stock issued by national banks, state banks, savings and loans associations, or other banking or trust organizations were subject to an ad valorem tax, assessed to the individual shareholders at the place where the bank was located.

**Collection requirements and tax base.** The privilege tax is due by the 15th day of the fourth month following the close of the institution's federal tax year, but estimated payments have been required since tax year 1993 (similar to requirements on corporations paying income tax).

**Tax base.** Tax base is considered net income, as defined by the law, for the preceding taxable year. (Note: Legislation enacted in 1996 provided an apportionment formula for the income of multistate institutions. Additionally, 1998 law required institutions to file consolidated returns with any subsidiaries owning, holding, or managing part of the institutions' securities portfolios.)

**Net income.** Kansas law defines "net income" as "the Kansas taxable income of corporations as defined in KSA 79-32,138, and amendments thereto, determined without regard to the provisions of K.S.A. 79-32,139, and amendments thereto, and the provisions of paragraph (xiv)

of subsection (c) of K.S.A. 79-32,117, and amendments thereto, plus income received from obligations or securities of the United States or any authority, commission or instrumentality of the United States and its possessions to the extent not included in Kansas taxable income of a corporation and income received from obligations of this state or a political subdivision thereof which is exempt from income tax under the laws of this state; less dividends received from stock issued by Kansas Venture Capital, Inc. to the extent such dividends are included in the Kansas taxable income of a corporation, interest paid on time deposits or borrowed money and dividends paid on withdrawable shares of savings and loan associations to the extent not deducted in arriving at Kansas taxable income of a corporation” (KSA 79-1109).

*Deduction.* The law further states “[s]avings and loan associations shall be allowed as a deduction from net income, as hereinbefore defined, a reserve established for the sole purpose of meeting or absorbing losses, in the amount of 5% of such net income determined without benefit of such deduction, but no further deduction shall be allowed for losses when actually sustained and charged against such reserve, unless such reserve shall have been fully absorbed thereby; or, in the alternative, a reasonable addition to a reserve for losses based on past experience, under such rules and regulations as the secretary of revenue may prescribe” (KSA 79-1109).

**Present rates.** Banks—2.25 percent plus 2.125 percent surtax on taxable income over \$25,000; Savings and Loan Associations and Trust Companies—2.25 percent plus 2.25 percent surtax on taxable income over \$25,000. [Note: Calculation is discussed following information on historical rates and credits.]

#### Historical Rates (1963-Present)

<i>Beginning in Tax Year</i>	1963	1970	1972	1979	1998
<b>Banks – Taxable Income</b>					
- First \$25,000	5.00%	5.50%	5.00%	4.25%	2.25%
- \$25,001 +	5.00%	7.75%	7.25%	6.38%	4.38%
<b>Savings and Loans and Trust Companies – Taxable Income</b>					
- First \$25,000	5.00%	5.00%	4.50%	4.50%	2.25%
- \$25,001 +	5.00%	7.25%	6.75%	6.75%	4.50%

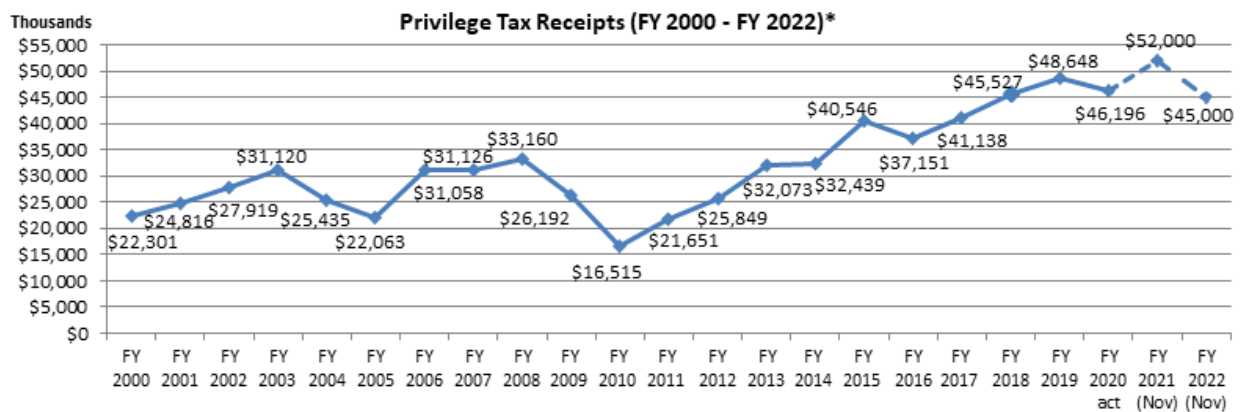
*Credits against tax liability.* Taxpayers may be allowed nonrefundable credits against the tax for expenditures for certain historic preservation expenditures, expenditures to ensure access of disabled individuals, contributions to certain community service organizations, contributions to organizations granting scholarships to certain low-income students, and under the Kansas High Performance Incentive Program. Taxpayers may be allowed refundable credits against the tax for providing child day care assistance and for a portion of contributions to certain community service organizations. Beginning in tax year 2019, taxpayers may claim a nonrefundable credit against the tax for certain contributions to the Kansas Center for Entrepreneurship (2019 SB 90).

## Privilege Tax Calculation

The following provides a high-level illustration of the calculation of a financial institutions' privilege tax liability.

Federal Taxable Income
+ U.S. Interest
+ <u>Other net additions (losses)</u>
= Apportionable Tax Base
× <u>Apportionment Percent</u>
= Kansas Tax Base
× 2.25%
+ 2.125% of amount over <u>\$25,000 (S&amp;Ls: 2.25%)</u>
= <b>Privilege Tax Liability</b>

**Net collections.** The following table illustrates actual privilege tax receipts for state fiscal years (FY) 2001-2019 and also includes the November Consensus Revenue Estimate Group's estimates for FY 2020 and FY 2021.



**Privilege tax filer data.** The following chart outlines tax filer data, published by the Kansas Department of Revenue (KDOR), for tax years 2002-2016.

KDOR Annual Report (Year)	Filing Year	Tax Year	Banking	Savings and Loans	Total Filers
2020	2019	2018	397	30	427
2019	2018	2017	302	28	330*
2018	2017	2016	339	25	364

2017	2016	2015	347	25	372
2016	2015	2014	365	40	405
2015	2014	2013	371	30	401
2014	2013	2012	391	31	422
2013	2012	2011	416	40	456
2012	2011	2010	436	45	481
2011	2010	2009	402	29	431
2010	2009	2008	421	31	452
2009	2008	2007	434	44	478
2008	2007	2006	425	26	451
2007	2006	2005	462	36	498
2006	2005	2004	398	38	436
2005	2004	2003	386	45	431
2004	2003	2002	251	15	266

Source: Annual Reports, Kansas Department of Revenue.

\*KDOR officials, upon request, provided a revised number for bank tax returns processed in Calendar Year 2018, as of January 15, 2021. The number of bank returns submitted is updated to 361 (total filers – 389). The officials indicate 2017 tax filings were delayed for many taxpayers in response to the federal Tax Cuts and Jobs Act.

## ***Prior Legislative Study and Response***

### **1997-1998 Biennium**

**Legislative Budget Committee, 1997 interim report. Included comment on the financial institutions’ privilege tax.** During the 1997 Interim, the Legislative Budget Committee received updates on the financial institutions’ privilege tax from representatives of Kansas Department of Revenue (KDOR), the Office of the State Bank Commissioner (OSBC), and the Kansas Bankers Association (KBA).

The KDOR representative provided general information on the tax and the estimate of privilege tax revenues by the Consensus Revenue Estimating Group. It was noted the estimate was revised downward by \$18.0 million in FY 1998 to “reflect the ability for state banks to establish subsidiaries for the purpose of managing the bank’s securities. Moving U.S. securities to these subsidiaries results in the interest earned on U.S. assets not being taxed, thus reducing privilege tax revenue.” The revised estimate of financial institutions privilege tax receipts for FY 1998 was \$20.0 million and \$10.0 million in FY 1999.

The State Bank Commissioner reviewed Special Order 1995-6 (issued by a prior commissioner in 1995), noting special orders were issued based upon a finding of competitive inequality between state and national banks. The OSBC records indicated, at the time, there were 69 of 290 state banks that had investment subsidiaries. The Commissioner testified given the benefits derived by the establishment of an investment subsidiary, many state-chartered banks may have chosen to convert to a national charter if the special order on subsidiaries had not been issued in 1995.

The representative of the KBA testified state chartered banks should be treated equally to national banks for tax purposes in order for them to remain competitive in the banking industry.

The representative indicated the decreasing revenue trends in the financial institutions' privilege tax were not mainly the result of investment subsidiaries being formed, but was the result of the sizable increases in Federal Deposit Insurance Company premiums last year for savings and loans, the possibility of reduced tax liability for non-Kansas financial institutions that had banking operations in Kansas, and the increased use of the tax credit for community service program contributions.

*SB 6 (1998) and privilege tax estimate.* The 1998 Legislature considered and passed SB 6 requiring banks and their subsidiaries to file a consolidated or combined return (restoring the federal securities income to the tax base for the privilege tax by including income from both the bank and its investment subsidiary). The bill also reduced the financial institutions' tax rate. (Note: Historical tax rate analysis is provided earlier in this article.) In May 1998, the estimate was raised by \$15.5 million to reflect the passage of SB 6.

**Special Committee on Financial Institutions and Insurance, 1998 interim report.** During the 1998 Interim, the Committee was convened to consider topics assigned by the Legislative Coordinating Council. Among the topics, the Committee considered the taxation of state banks. (Note: The Committee also considered another topic affecting financial institutions—the reorganization of state regulatory supervision of the Executive Branch applicable to financial institutions, including banks, credit unions, securities, and consumer credit.)

The Committee received testimony from representatives of KDOR, the KBA, Heartland Community Bankers Association, and the Kansas Association of Community Bankers, as well as information provided by staff in response to member requests. Among information presented by staff was comparative bank data in the United States, Kansas, Colorado, Missouri, Nebraska, and Oklahoma and a review of the estimates of the Consensus Revenue Estimating Group for the privilege tax for FY 1994-FY 1999.

The KDOR representative presented a study of bank taxes, comparative information between the privilege tax and the corporation income tax, and the recent history of the privilege tax rate. The KDOR representative also described the apportionment of multistate bank income to Kansas (e.g., based on factors of property, payroll, and receipts).

The Committee concluded it “recognizes that comparison of the taxation of financial institutions is difficult because of the variety of tax structures used by the states. Nevertheless, the Committee concludes that Kansas financial institutions are not unduly taxed based on the most meaningful comparisons. Recognizing that estimated privilege tax revenues for FY 1999 were reduced by approximately \$12.5 million or about 33 percent, the Committee recommends that the issue of privilege tax rates be referred to the appropriate legislative committees for further consideration during the 1999 Session. The Committee recognizes a need for continued diligence to the subject. The Committee makes no recommendation on this study.” The interim report was presented to both a House subcommittee and Senate Committee during the 1999 Session.

## **2019-2020 Biennium**

**Special Committee on Financial Institutions and Insurance, 2019 interim report. Included financial institutions' privilege tax topic and report.** The Legislative Coordinating Council created the Special Committee to study, among its assigned topics, the privilege tax. The Committee was directed to conduct hearings on 2019 SB 238 (privilege tax deduction from interest from certain business loans) and 2019 SB 239 (imposing the privilege tax on certain state credit unions). [Note: Both bills were introduced on April 5, 2019, by the Senate Committee on Assessment and Taxation and referred to the Senate Committee on Financial Institutions and Insurance, whose chairperson requested the interim study.]

The Special Committee held a combined hearing on both bills and received comment from proponents and opponents to the legislation, as well as fiscal information provided by the Kansas Legislative Research Department and representatives of the Kansas Department of Revenue. Following the hearing and discussion, the Committee made no recommendation on SB 238 and did not recommend SB 239 for consideration by the 2020 Legislature.

*SB 238 (2019)* would have permitted national banking associations, state banks, trust companies, and savings and loan associations, for all taxable years commencing after December 31, 2019, to deduct from net income the interest received from business loans to the extent such interest is included in the Kansas taxable income of a corporation. For the purpose of the bill, "business" would have meant any entity operated primarily for commercial or agricultural purposes and is not an individual obtaining a loan primarily for personal, family, or household purposes.

*SB 239 (2019)* would have imposed a privilege tax on those state credit unions located or doing business within the state having assets equal to or exceeding \$100.0 million. The tax would be measured by the credit union's net income attributable to interest income it received from all business loans for the next preceding taxable year.

### *2020 Legislation*

During the 2020 Session, additional amendments to the Kansas Financial Institutions' Privilege Tax were considered. Ultimately, the provisions pertaining to the privilege tax and other financial institutions topics, including field of membership for state-chartered credit unions, was included in 2020 Senate Sub. for HB 2619. The following illustrates the consideration of the privilege tax legislation during the session.

- **Sub. for SB 238** would have amended field of membership requirements placed on state-chartered credit unions to increase the permissible geographic area for a credit union's field of membership. In addition, the bill would have permitted national banking associations, state banks, trust companies, and savings and loan associations, for all taxable years commencing after December 31, 2019, to deduct from net income the net interest income received from business loans attributed to Kansas and the net interest income received from single family residence loans to the extent such interest is included in the Kansas taxable income of a corporation.
- SB 238 was introduced during the 2019 Session and was subject to consideration by the interim Special Committee. On February 26, 2020, the Senate Committee recommended a substitute bill, which removed the

original contents of SB 238 as introduced by the Senate Committee on Assessment and Taxation (privilege tax) and inserted provisions of SB 259 (financial institutions, privilege tax and field of membership), as amended by the Senate Committee, with technical amendments suggested by the Office of Revisor of Statutes. [Died on General Orders in the Senate]

- **SB 259** (as amended by the Senate Committee on Financial Institutions and Insurance). This bill would have amended field membership requirements placed on state-chartered credit unions to increase the permissible geographic area for a credit union's field of membership. In addition, the bill would permit national banking associations, state banks, trust companies, and savings and loan associations, for all taxable years commencing after December 31, 2019, to deduct from net income the net interest income received from business loans attributed to Kansas and the net interest income received from single family residence loans to the extent such interest is included in the Kansas taxable income of a corporation.
  - SB 259 was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Bankers Association. A hearing was held on January 21-22, 2020, and the Committee amended the bill to limit business and residential loans subject to the permissible deduction from the privilege tax created by the bill to those in Kansas and add provisions that would modify field of membership requirements placed on credit unions. [Stricken from Senate Calendar]
- **Senate Sub. for HB 2054** (as recommended by the Senate Committee on Financial Institutions and Insurance). This bill would have amended field of membership requirements placed on state-chartered credit unions to increase the permissible geographic area for a credit union's field of membership. In addition, the bill would have permitted national banking associations, state banks, trust companies, and savings and loan associations, for all taxable years commencing after December 31, 2019, to deduct from net income the net interest income received from business loans attributed to Kansas and the net interest income received from single family residence loans to the extent such interest is included in the Kansas taxable income of a corporation.
  - HB 2054, as introduced, would have amended several provisions in the Insurance Code related to the regulation of association health plans and small employer plans. This content was enacted in 2019 law (HB 2209). The Senate Committee, on March 13, 2020, removed the contents of HB 2054 and recommended a substitute bill, which incorporates provisions of Sub. for SB 238. Prior to inserting the language pertaining to the privilege tax and financial institutions, the Senate Committee amended the provisions pertaining to the privilege tax to modify the definition of "business" by limiting the loans to entities operating primarily for agricultural purposes. [The substitute bill passed the Senate on emergency final action held on March 16, 2020. The Conference Committee on HB 2054 deleted provisions pertaining to the privilege tax and financial institutions topics and inserted provisions pertaining to the COVID-19 pandemic and emergency management.]

- **Senate Sub. for HB 2619** would have enacted law to establish the Kansas Economic Recovery Loan Deposit Program; would have amended law governing linked deposit programs and related investment procedures; would have amended field-of-membership requirements placed on state-chartered credit unions to increase the permissible geographic area for a credit union's field of membership; and would have permitted national banking associations, state banks, trust companies, and savings and loan associations, for all taxable years commencing after December 31, 2021, to deduct from net income the net interest income received from qualified agricultural real estate loans and the net interest income received from single family residence loans to the extent such interest is included in the Kansas taxable income of a corporation.
  - On May 15, 2020, the Senate Committee was convened for possible action on bills previously heard and to consider an economic recovery initiative. At that meeting, the Committee received an overview and testimony on the economic recovery initiative (pertaining to the economic recovery and establishment of a new linked deposit program). The Committee discussed HB 2619 (originally pertaining to the frequency of the actuarial experience and cost study conducted by the Kansas Public Employees Retirement System) and took action on the bill. The Committee's recommendation deleted the contents of the bill and created a substitute bill that incorporates the provisions of Senate Sub. for HB 2054 (field of membership and privilege tax) and added new language pertaining to a linked deposit program for economic recovery. Prior to the recommendation of the substitute bill, the Committee modified the privilege tax provisions to: change the applicable tax year from the year commencing after December 31, 2019, to the year commencing after December 31, 2021; modify one of the two permitted deductions from net interest income from business loans to net interest from agricultural real estate loans; and update definitions and modify the related calculation methodology to conform with changes to one of the permitted deductions.
  - On May 19, 2020, the House Committee on Financial Institutions and Pensions received an overview of the proposal advanced by the Senate Committee (the Senate's committee report was read into the Senate on May 21, during the *sine die* session).
  - Senate Sub. for HB 2619 passed both chambers during the *sine die* session. The Governor vetoed the legislation (no action could be taken as the Legislature had adjourned).

**Special Committee on Economic Recovery, 2020 interim report. Included comment on banking and financial institutions' legislation.** The Legislative Coordinating Council created this Special Committee and directed it to review state policies and make recommendations to the Legislature concerning the Kansas economy recovery from the COVID-19 pandemic in several key areas. The Committee received testimony on a variety of topics including the impact of the pandemic on the financial services sector and comment from community banks. Among its recommendations to the 2021 Legislature, the Committee recommended:

- The State enact the provisions of 2020 Senate Sub. for HB 2619 providing for a low-interest linked deposit loan program using up to \$60 million of state idle



funds to “impact invest” back into Kansas communities and provide for a tax exemption for agricultural real estate and rural housing loans, in addition to other financial institutions provisions.

## APPENDIX: SUMMARIES OF RELEVANT PRIVILEGE TAX LAW

### HB 2111 (1992). Individual Income Tax, Withholding

HB 2111 accelerates the collection of several taxes and requires financial institutions subject to the privilege tax to make estimated tax payments. Most provisions became effective upon publication in the *Kansas Register*.

*Financial institutions' privilege tax.* Also enacted are new statutes requiring, beginning with tax year 1993, estimated tax payments from financial institutions subject to the privilege tax whose annual liability can reasonably be expected to exceed \$500. The requirements essentially are the same as for corporations that pay income tax. Penalties are provided for failure to pay the estimated tax when due.

*Fiscal note.* It is expected that the bill will raise one-time revenues in FY 1992 and FY 1993 totalling \$23.0 million. Components of that total are as follows:

	In Millions	
	FY 1992	FY 1993
Withholding	\$8.4	- -
Liquor Enforcement and Liquor Excise Tax	1.0	- -
Estimated Financial Institution Privilege Tax	6.0	13.6
<b>TOTAL</b>	<b>\$9.4</b>	<b>\$13.6</b>

### HB 2687 (1994). Income and Privilege Tax Credits—Handicapped Accessibility

HB 2687, as amended by HB 3088, expands income and privilege tax credits for expenditures to make certain property accessible for persons with a disability. The bill also authorizes domestic insurance company privilege tax credits for the same purpose.

KSA 1993 Supp. 79-32,176 is amended to increase from \$1,250 to \$3,000 the maximum amount that may be claimed as a credit by resident individual income taxpayers who make expenditures to improve the accessibility of their principal dwelling. The Kansas adjusted gross income brackets that define what percent of such expenditures may be claimed also are changed to provide for enhancement of the credits. The statute also is amended to clarify that taxpayers may claim credits for each principal dwelling in which they reside, and that the credits may be claimed by a taxpayer as often as once every four years.

KSA 79-1117 is amended to increase from 25 to 50 percent the amount of expenditures for making buildings or facilities accessible that may be claimed as financial institution privilege tax credits. Domestic insurance company privilege tax credits for the same expenditures are authorized for the first time.

The bill is effective starting in tax year 1994.

## **SB 132 (1995). Intangibles Tax on Financial Entities—Repealed**

SB 132 repeals a special in-lieu property tax of 5 mills imposed on the intangibles of certain entities engaged in the business of lending money, buying and selling bills of exchange, notes, bonds, stocks or other evidence of indebtedness. The tax is repealed starting in tax year 1995, and county appraisers are prohibited from initiating, opening, reopening, or continuing any audit, investigation, or examination based on the tax for all prior years. Appraisers also are prohibited from adjusting or modifying the amount of taxes assessed for all prior years.

The bill makes the money, notes, and other evidence of debt subject to local gross earnings taxes levied by cities, counties, and townships pursuant to KSA 12-1,109.

The personal property of entities which previously had been subject to the 5-mill in-lieu tax also is subject to listing and *ad valorem* taxation for the first time (KSA 79-1103 and 1105a).

## **HB 3043 (1996). Privilege Tax Liability—Multistate Financial Institutions**

HB 3043 enacts new law relating to the allocation and apportionment of income for the purposes of determining Kansas privilege tax liability of those multistate financial institutions doing business in Kansas and other states. The factors used to apportion net income among the states will be property, payroll, and receipts, each computed according to the method of accounting (cash or accrual basis) used by the taxpayer.

If the allocation and apportionment provisions do not fairly represent the extent of a taxpayer's business in Kansas, the taxpayer may petition for, or the Secretary of Revenue may require, any of the following:

- Separate accounting;
- The exclusion of any one or more of the factors;
- The inclusion of one or more additional factors that more fairly represent business activity in Kansas; or
- Any other method deemed necessary to effectuate an equitable allocation and apportionment of income.

“Business income” is defined to mean all income to the extent that it may be treated as apportionable business income under the *U.S. Constitution*. “Nonbusiness income” is defined to mean all income which is not business income. If a combined report is utilized to determine the Kansas income attributable to a unitary group of corporations, the financial institutions determined to be in the group would include only those institutions which have a branch or office in Kansas. The definition of “financial institutions” is expanded to include federally chartered savings banks.

A tax is imposed for the privilege of ceasing to do business as a financial institution due to merger, consolidation, combination, dissolution, liquidation, or any other event. The tax is measured by the net income for the tax year in which the taxpayer ceases to do business and is calculated at the same rates as the financial institutions privilege tax (KSA 79-1128 through 79-1133).

**SB 51 (1997). *Certain S Corporation Shareholders of Financial Institutions; Tax Credits for Accessibility***

SB 51 amends the law to include within the income of financial institutions the income of certain S corporation shareholders. Thus, this income would be taxed under the financial institution privilege tax statutes.

The bill also amends the law to exclude from Kansas adjusted gross income that part of federal adjusted gross income accruing to the taxpayer as a stockholder of an S corporation financial institution, but which was not distributed to the stockholder as a dividend.

Another amendment to that section allows individuals to claim the credit for making facilities accessible to individuals with a disability for new construction. Prior law allowed such credits only for modifications to existing structures.

These changes took effect for tax year 1997.

**SB 6 (1998). *Financial Institution Privilege Tax—Investment Subsidiaries and Rate Reduction***

SB 6 enacts a new law under which financial institutions' privilege tax taxpayers will be required to file consolidated returns or combined reports with any subsidiaries which own, hold, or manage all or part of the taxpayers' securities portfolio. The consolidated return is determined without regard to transactions between the companies involving securities income, but includes as income all earnings on the securities held by the subsidiary.

The Secretary of Revenue is authorized to allocate or distribute gross income, deductions, credits, or allowances when necessary to prevent the evasion of taxes or to clearly reflect income of the taxpayer.

The base rate for banks is reduced from 4.25 to 2.25 percent, and the base rate for savings and loan associations is reduced from 4.50 to 2.25 percent.

These new provisions apply to all taxable years commencing after December 31, 1997.

**HB 2527 (2000). *Agricultural Production Loan Deposit Program and Tax Credits for Agricultural Production Loan Interest Write-downs***

Sub. for HB 2527 establishes the Kansas Agricultural Production Loan Deposit Program to be administered by the State Treasurer. The purpose of the Program is to provide incentives for the making of agricultural production loans by "eligible lending institutions" which is defined by the bill as banks which are eligible to be a depository of state funds or institutions of the Farm Credit System if they provide securities acceptable to the Pooled Money Investment Board. "Eligible borrowers," under the bill, are defined to mean any individual, limited liability agricultural company, limited agricultural partnership, or family farm corporation as defined by the Kansas Corporate Farming Law involved in farming. [Note: The loans were required to have been made between the effective date and July 1, 2004. Both 2020 Senate Sub. for HB 2619 and 2021 SB 15/ HB 2069 would create a similar linked deposit program for the purposes of economic recovery.]

## **SB 90 (2019). Center for Entrepreneurship Credit**

SB 90 allows financial institutions to claim the Center for Entrepreneurship tax credit beginning in tax year 2019, which may be applied to the privilege tax owed. The maximum amount of tax credits that any taxpayer could claim increases from \$50,000 to \$100,000. The total amount of tax credits that may be claimed for all taxpayers remains capped at \$2.0 million per fiscal year.