

HOUSE BILL No. 2685

By Representatives George and Otto

1-23

9 AN ACT concerning income taxation; relating to credits; taxpayer con-
10 tributions to educational institutions in certain circumstances.

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) For taxable years commencing after December 31,
14 2005, any taxpayer who contributes to an educational institution located
15 in Kansas in which such contribution is designated to be used by such
16 educational institution to further a course of study designed to educate
17 or train students to become licensed medical or health care professionals
18 shall be allowed a credit against the tax imposed by the Kansas income
19 tax act. Contributions eligible for the credit provided in this section shall
20 include, but not be limited to, contributions to the educational institution
21 for scholarship programs, teaching awards and professorship chairs, and
22 construction of new buildings or repair or expansion of existing buildings
23 including personal property and equipment related thereto that allows
24 the educational institution to further a course of study as provided in this
25 act. The amount of the credit allowed by this section shall not exceed
26 70% of the total amount contributed during the taxable year by the tax-
27 payer. If the amount of the credit allowed by this section exceeds the
28 taxpayer's income tax liability imposed under the Kansas income tax act,
29 such excess amount shall be refunded to the taxpayer. In no event shall
30 the total amount of credits allowed under this section exceed \$10,000,000
31 for any one fiscal year, and of that amount, except as otherwise provided,
32 no more than \$2,500,000 of credits shall be allowed for taxpayers located
33 in any one congressional district per fiscal year. The secretary of revenue
34 shall establish by adoption of rules and regulations a procedure for real-
35 location of unused tax credits by one congressional district to another
36 congressional district which has or will use all of its allocated tax credits
37 in that fiscal year and has additional tax credit allowance requests pending.

38 (b) Any taxpayer not subject to Kansas income tax, hereinafter des-
39 ignated the assignor, may sell, assign, convey or otherwise transfer tax
40 credits allowed and earned pursuant to this section, for an amount not
41 less than 50% of the value of any such credit. Such credits shall be deemed
42 to be allowed and earned by any such taxpayer which is only disqualified
43 therefrom by reason of not being subject to such Kansas taxes. The tax-

1 payer acquiring earned credits, hereinafter designated the assignee, may
2 use the amount of the acquired credits to offset up to 100% of its income
3 tax liability for the taxable year in which such acquisition was made. Only
4 the full credit amount for any one contribution may be transferred and
5 such credit may be transferred one time. Unused credit amounts claimed
6 by the assignee may be carried forward for up to five years, except that
7 all such amounts shall be claimed within 10 years following the tax year
8 in which the contribution was made. The assignor shall enter into a writ-
9 ten agreement with the assignee establishing the terms and conditions of
10 the agreement and shall perfect such transfer by notifying the secretary
11 of revenue in writing within 30 calendar days following the effective date
12 of the transfer and shall provide any information as may be required by
13 the secretary to administer and carry out the provisions of this section.
14 The amount received by the assignor of such tax credit shall be taxable
15 as income of the assignor, and the excess of the value of such credit over
16 the amount paid by the assignee for such credit shall be taxable as income
17 of the assignee.

18 (c) As used in this section:

19 (1) "Educational institution" means a state educational institution, an
20 area vocational school, an area vocational-technical school, a community
21 college, the municipal university, a technical college and a private edu-
22 cational institution of postsecondary education, which is located in the
23 state of Kansas; and

24 (2) "licensed medical or health care professionals" means persons
25 licensed under the Kansas healing arts act to practice medicine and sur-
26 gery, osteopathic medicine and surgery or physician assistants, dentists,
27 optometrists, nurses including licensed professional nurses and licensed
28 practical nurses, podiatrists, pharmacists and emergency medical tech-
29 nicians licensed pursuant to the laws of the state of Kansas.

30 Sec. 2. This act shall take effect and be in force from and after its
31 publication in the statute book.