

## SENATE BILL No. 315

By Joint Committee on Administrative Rules  
and Regulations

11-2

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10 AN ACT concerning certain tax credits for economic development;  
11 amending K.S.A. 2005 Supp. 74-50,154 and repealing the existing  
12 section.

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

15 Section 1. K.S.A. 2005 Supp. 74-50,154 is hereby amended to read  
16 as follows: 74-50,154. (a) As used in this act: (1) "Contributions" means  
17 and includes the donation of cash, services or property other than used  
18 clothing in an amount or value of \$250 or more. Contributions shall be  
19 valued as follows:

20 (A) Stocks and bonds contributed shall be valued at the stock market  
21 price on the date of transfer;

22 (B) personal property items contributed shall be valued at the lesser  
23 of the item's fair market value or cost to the donor and may be inclusive  
24 of costs incurred in making the contribution. Such value shall not include  
25 sales tax;

26 (C) contributions of real estate are allowable for credit only when  
27 title of such real estate is in fee simple absolute and is clear of any en-  
28 cumberances; and

29 (D) the amount of credit allowable shall be based upon the lesser of  
30 two current independent appraisals conducted by state licensed  
31 appraisers;

32 (2) "region" means multi-county areas as defined by the secretary of  
33 commerce;

34 (3) "regional foundation" means any organization in Kansas that dem-  
35 onstrates capacity to provide economic development services to regions  
36 as defined by this act, and: (A) Has obtained a ruling from the internal  
37 revenue service of the United States department of treasury that such  
38 organization is exempt from income taxation under the provisions of sec-  
39 tion 501(c)(3) or 501(c)(6) of the federal internal revenue code;

40 (B) has been designated as a certified development company by the  
41 United States small business administration;

42 (C) has been designated as an economic development district by the  
43 United States department of commerce's economic development

1 administration;

2 (D) has been organized as a regional planning commission under  
3 K.S.A. 12-744 et seq., and amendments thereto, or its predecessor, K.S.A.  
4 12-716 et seq., and amendments thereto; or

5 (E) is incorporated in the state of Kansas as a nonstock, nonprofit  
6 corporation;

7 (4) “rural community” means any city having a population of fewer  
8 than 50,000 or except as otherwise provided, any unincorporated area.  
9 Unincorporated areas within any county having a population of more than  
10 100,000 are not eligible; and

11 (5) “taxpayer” means: (A) Any business entity authorized to do busi-  
12 ness in the state of Kansas which is subject to the state income tax im-  
13 posed by the provisions of the Kansas income tax act;

14 (B) any individual subject to the state income tax imposed by the  
15 provisions of the Kansas income tax act;

16 (C) any national banking association, state bank, trust company or  
17 savings and loan association paying an annual tax on its net income pur-  
18 suant to article 11 of chapter 79 of the Kansas Statutes Annotated; or

19 (D) any insurance company paying the premium tax and privilege  
20 fees imposed pursuant to K.S.A. 40-252, and amendments thereto.

21 (b) For taxable years commencing after December 31, 2003, any tax-  
22 payer contributing to a regional foundation designated by the secretary  
23 of commerce, shall be allowed a credit, as provided in this act, against  
24 the tax imposed by the Kansas income tax act, the tax on net income of  
25 national banking associations, state banks, trust companies or savings and  
26 loan associations imposed under article 11 of chapter 79 of the Kansas  
27 Statutes Annotated, or the premium tax or privilege fees imposed pur-  
28 suant to K.S.A. 40-252, and amendments thereto, if the proposal of the  
29 regional foundation is approved pursuant to this act.

30 (c) (1) The secretary of commerce is hereby authorized to promul-  
31 gate rules and regulations for establishing criteria for evaluating proposals  
32 to designate regional foundations as defined by this act with the assistance  
33 of the secretary of revenue.

34 (2) The proposal shall set forth the program to be conducted, why  
35 the program is needed, the estimated amount to be invested in the pro-  
36 gram, composition of the board that shall be making investment decisions,  
37 policies stating the organization shall offer services to all counties in that  
38 region and the plans for implementing the program.

39 (3) The secretary of commerce shall select regional foundations pur-  
40 suant to rules and regulations promulgated pursuant to subsection (c)(1)  
41 to use the sale of credits to establish regional business development funds.

42 (4) The total amount of credits allowed under this act shall not exceed  
43 \$2,500,000 for fiscal year 2005; \$2,500,000 for fiscal year 2006; and

1 \$2,000,000 for fiscal year 2007. Each region as defined by this act shall  
2 receive an equal share of this allocation.

3 (5) Any credits not sold by such regional foundations shall be re-  
4 claimed by the secretary from such region and redistributed ~~to other~~  
5 ~~regions that sold all credits previously issued~~ *within such region by the*  
6 *secretary.*

7 (6) The secretary shall annually review and approve or disapprove the  
8 proposal of each designated regional foundation for continued eligibility  
9 for tax credits. The department of commerce retains that right to reclaim  
10 credits in such cases the regional foundation closes or there is demon-  
11 strated violation of the organization's policies. *Any credits reclaimed pur-*  
12 *suant to this paragraph shall be redistributed within such region by the*  
13 *secretary.* Changes to the investment policies of each regional foundation  
14 are subject to approval of the secretary.

15 (d) (1) The amount of credit allowed pursuant to this act, shall not  
16 exceed 50% of the total amount contributed during the taxable year by  
17 the taxpayer to a regional foundation approved pursuant to this act.

18 (2) If the amount of the credit allowed by this act, exceeds the tax-  
19 payer's income tax liability imposed under the Kansas income tax act,  
20 such excess amount shall be refunded to the taxpayer.

21 (e) The provisions of this act shall be applicable to all taxable years  
22 beginning after December 31, 2003.

23 Sec. 2. K.S.A. 2005 Supp. 74-50,154 is hereby repealed.

24 Sec. 3. This act shall take effect and be in force from and after its  
25 publication in the statute book.