

Approved: 4/7/94
Date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on March 31, 1994 in Room 123-S of the Capitol.

Members present: Senators Burke, Downey, Feleciano, Gooch, Harris, Kerr, Ranson, Reynolds, Steffes, Salisbury and Vidricksen

Committee staff present: Lynne Holt, Legislative Research Department
Bob Nugent, Revisor of Statutes
Mary Jane Holt, Committee Secretary

Conferees appearing before the committee: Leslie M. Boll
Senator David Corbin
Cal Lantis, Existing Business Director, Department of Commerce and Housing

Others attending: See attached list

Confirmation hearing:

Leslie M. Boll appeared before the Committee and discussed his interest in and qualifications for appointment to the Export Loan Guarantee Review Committee.

Senator Kerr moved and Senator Vidricksen seconded to recommend confirmation of the appointment of Leslie M. Boll to the Export Loan Guarantee Review Committee. The motion carried on a roll call vote.

Hearing on HCR 5043-Approving creation of port authority

Senator David Corbin explained HCR 5043 approves the creation of a Joint Port Authority as the Commission of Butler County, Kansas, the Commission of the city of El Dorado, Kansas, and such other governmental units in the counties of Woodson, Greenwood and Sedgwick, including such counties, may, by appropriate resolutions or ordinances, determine to create by cooperative agreement, with the name of such joint port authority to be set forth in such cooperative agreement.

Senator Feleciano moved and Senator Harris seconded to report HCR 5043 favorably for passage. The motion carried on a roll call vote.

Hearing on HB 3045-Authorizing grants for incubator facilities for small business concerns

Cal Lantis, Director, Division of Existing Industry Development, testified HB 3045 repeals K.S.A. 75-5040, which is the statutory authority for the Kansas Department of Commerce and Housing to make one-time grants to nonprofit corporations affiliated with industrial development committees or commissions for the establishment of incubator facilities. Other than an attempt to use the Small Cities Community Development Block Grant program for funding in 1984, funds have not been appropriated by the Department of Commerce and Housing to create one or more incubators within the state. There are currently four operational incubators in the state of Kansas. They are located in Manhattan, Wichita, Hutchinson and Parsons. There is also an incubator on the Missouri side of the Kansas City metro area that services companies from Kansas. The Kansas Technology Enterprise Corporation is in the process of establishing three commercialization corporations, which will provide incubator support for technology-based businesses. He stated the incubators now in existence, and those proposed, are meeting the needs of Kansas business. Kansas Department of Commerce and Housing supports HB 3045, see attachment 1.

Senator Ranson moved and Senator Burke seconded to amend HB 3045 by adding provisions from SB 795 concerning corporate filings with the Secretary of State's office, as well as other amendments as in

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m. on March 31, 1994.

PAH 3045bl, which would retain the current franchise fees and the requirement to file agricultural land holdings, see attachment 2.

A substitute motion was made by Senator Burke and seconded by Senator Reynolds to amend HB 3045 by adding provisions from SB 795 concerning corporate filings with the Secretary of State's office; by inserting the correct reference for the current fee schedule, as well as other amendments in PAH 3045bl; and to report HB 3045, as amended, favorably for passage. The motion carried on a roll call vote.

Senator Vidricksen moved to reconsider the action taken on the substitute motion. Senator Burke seconded the motion and the motion carried on a voice vote.

After additional discussion on the impact of the original bill, a second vote was taken on the substitute motion. The substitute motion failed on a roll call vote.

Senator Ranson moved and Senator Burke seconded to amend the language in PAH 3045bl to substitute the current franchise tax, and to substitute PAH 3045bl for the provisions in HB 3045, and to report HB 3045, as amended, favorably for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 8:50 a.m.

GUEST LIST

COMMITTEE: SENATE COMMERCE COMMITTEE

DATE: 3/31/94

[illegible]

K.S.A. 74-5040, enacted in 1984, authorizes the Kansas Department of Commerce & Housing to create one or more incubators within the state. By definition, an incubator is a building that provides space and support services for small business concerns which are beginning operations. "Small business concerns" are defined as industrial concerns which will commercially produce and sell goods or services and have less than 250 employees.

Other than an attempt to use the Small Cities Community Development Block Grant program for funding in 1984, funds have not been appropriated to carry out this task.

In the meantime, however, several other incubator facilities have been developed that are providing Kansas businesses the support they need to grow and develop. Currently there are four operational incubators in Kansas. In addition an incubator on the Missouri side of the Kansas City metro area also services companies from Kansas. Many of these companies establish operations in Kansas once their stint at the incubator has ended. KTEC is now in the process of establishing three commercialization corporations, which will provide incubator support for technology-based businesses.

It is the feeling of the Kansas Department of Commerce & Housing that the incubators now in existence, and those proposed, are meeting the needs of Kansas business and we would support H.B. 3045.

Senate Commerce Committee
March 31, 1994
Attachment #1

Proposed Standing Committee Report to HB 3045

On page 1, after line 13, by inserting new sections as follows:

New Section 1. (a) The annual franchise tax shall be based on shareholder's equity attributable to Kansas at the time of filing the corporate annual report.

(b) The annual franchise tax for limited partnerships and limited liability companies shall be based on the net capital accounts located in or used in Kansas at the time of filing the annual return.

Sec. 2. K.S.A. 1993 Supp. 17-2718 is hereby amended to read as follows: 17-2718. (a) Each professional corporation organized under the laws of this state shall file with the secretary of state an annual report in writing and a copy or duplicate thereof, ~~showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if any such corporation's tax period is other than the calendar year it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period.~~ The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that such corporation may apply to the secretary of state not more than 90 days after the due date of its annual report for an extension of the time for filing the report, and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. The report shall be made on a form provided prescribed by the secretary of state, containing the following information, as of the filing date:

(1) The names and residence addresses of all officers, directors and shareholders of the professional corporation;

(2) a statement that each officer, director and shareholder

Senate Committee
March 31, 1994
Attachment # 2

is or is not a qualified person as defined in K.S.A. 17-2707, and amendments thereto, and setting forth the date on which any shares of the corporation were no longer owned by a qualified person; and

(3) the amount of capital stock issued.

(b) The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report will be dated and subscribed by the person as true, under penalty of perjury. The copy of the annual report or the duplicate original copy of the annual report shall be forwarded to the regulatory board which licenses the shareholders described in the report. At the time of filing its annual report, each professional corporation shall pay the annual franchise tax prescribed by K.S.A. 17-7503, and amendments thereto.

Sec. 3. K.S.A. 1993 Supp. 17-7503 is hereby amended to read as follows: 17-7503. (a) Every domestic corporation organized for profit shall make an annual report in writing to the secretary of state, ~~showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period.~~ The reports shall be made on forms prescribed by the secretary of state. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that if any such corporation shall apply for an extension of time for filing its annual income tax return under the internal revenue service or under subsection

(c) of K.S.A. 79-3221, and amendments thereto, such corporation shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing the report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. Such application shall include a copy of the application to income tax authorities. The report shall contain the following information, as of the filing date:

- (1) The name of the corporation;
- (2) the location of the principal office;
- (3) the names of the president, secretary, treasurer and members of the board of directors, with the residence address of each;
- ~~(4) the number of shares of capital stock issued and the amount of capital stock paid up;~~
- (5) (4) the nature and kind of business in which the corporation is engaged; and
- ~~(6) except as provided in K.S.A. 1992-Supp. 17-7515, and amendments thereto, a complete and detailed statement of the assets, liabilities and net worth of the corporation; and~~
- ~~(7) (5) a list of stockholders owning at least 5% of the capital stock of the corporation, with the post office address of each and the number of shares held by each.~~

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

- (1) The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;
- (2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;
- (3) the value of the nonagricultural assets and the

agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;

(4) the total number of stockholders of the corporation;

(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under provision (5), state separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

(c) The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report will be dated and subscribed by the person as true, under penalty of perjury. At the time of filing such annual report it shall be the duty of each domestic corporation organized for profit to pay to the secretary of state ~~an the annual franchise tax in-an-amount-equal-to-\$1-for-each \$1,000-of-the-corporation's-shareholder's-equity-attributable--to Kansas,--except--that--no-such-tax-shall-be-less-than-\$20-or-more than-\$2,500~~ , as established in section 1.

(d) Any corporation which is an applicant for or holder of a license under the Kansas parimutuel racing act or a vendor under the Kansas lottery act shall, in addition to the foregoing, include a statement showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing; but if a corporation's tax period is other than the calendar year, it shall give notice

thereof to the secretary of state prior to December 31 of the year it commences such tax period; and a complete and detailed statement of the assets, liabilities and net worth of the corporation.

Sec. 4. K.S.A. 1993 Supp. 17-7504 is hereby amended to read as follows: 17-7504. (a) Every corporation organized not for profit shall make an annual report in writing to the secretary of state, ~~showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period.~~ The reports shall be made on forms prescribed by the secretary of state. The report shall be filed on the 15th day of the sixth month following the close of the taxable year, except that such corporation may apply to the secretary of state not more than 90 days after the due date of its annual report for an extension of the time for filing the report, and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. The report shall contain the following information as of the filing date:

- (1) The name of the corporation;
- (2) the location of the principal office;
- (3) the names of the president, secretary and treasurer, and the members of the board of directors, with the ~~residence~~ address of each; and
- (4) the number of memberships or the number of shares of capital stock issued and the amount of capital stock paid up, ~~and~~
- ~~(5) a complete and detailed statement of the assets, liabilities and net worth of the corporation.~~

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

(1) The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;

(2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;

(3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;

(4) the total number of stockholders of the corporation;

(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under paragraph (5) of this subsection (b), stated separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

(c) The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report will be dated and subscribed by the person as true, under penalty of perjury. At the time of filing such report, each nonprofit corporation shall pay an annual privilege fee of \$5, except that the annual fee for tax periods ending after December 31, 1992, shall be \$20.

(d) Any corporation subject to the provisions of this section, which is an applicant for or a holder of a license under the Kansas parimutuel racing act or a vendor under the Kansas

lottery act shall, in addition to the foregoing, include a statement showing the financial condition of the corporation at the close of business of the last day of the tax period next preceding the date of filing; but if a corporation's tax period is other than a calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period; and a complete and detailed assets, liabilities and net worth of the corporation.

Sec. 5. K.S.A. 1993 Supp. 17-7505 is hereby amended to read as follows: 17-7505. (a) Every foreign corporation organized for profit, or organized under the cooperative type statutes of the state, territory or foreign country of incorporation, now or hereafter doing business in this state, and owning or using a part or all of its capital in this state, and subject to compliance with the laws relating to the admission of foreign corporations to do business in Kansas, shall make an annual report in writing to the secretary of state, ~~showing, in such form as the secretary of state may prescribe, the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation operates on a fiscal year other than the calendar year it shall give written notice thereof to the secretary of state prior to December 31 of the year commencing such fiscal~~ year. The report shall be made on a form prescribed by the secretary of state. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that if any such corporation shall apply for an extension of time for filing its annual income tax return under the internal revenue service or under subsection (c) of K.S.A. 79-3221, and amendments thereto, such corporation shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing the report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. Such

application shall include a copy of the application to income tax authorities. The report shall contain the following facts as of the filing date:

(1) The name of the corporation and under the laws of what state or country organized;

(2) the location of its principal office;

(3) the names of the president, secretary, treasurer and members of the board of directors, with the residence address of each; and

(4) ~~the--number--of--shares--of--capital--stock--issued--and--the amount--of--capital--stock--paid--up;~~

(5) the nature and kind of business in which the company is engaged and its place or places of business both within and without the state of Kansas;

(6) ~~--the--value--of--the--property--owned--and--used--by--the--company in--Kansas,--where--situated,--and--the--value--of--the--property--owned and--used--outside--of--Kansas--and--where--situated;~~

(7) ~~--the--corporation's--shareholder's--equity--attributable--to Kansas;--and~~

(8) ~~--except--as--provided--in--K.S.A.--1992-Supp.--17-7515,--and amendments--thereto,--a--balance--sheet--showing--the---financial position--of--the--corporation--at--the--close--of--business--on--the--last day--of--its--income--tax--fiscal--year--next--preceding--the--date--of filing.~~

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

(1) The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;

(2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;

(3) the value of the nonagricultural assets and the

agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;

(4) the total number of stockholders of the corporation;

(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under paragraph (5) of this subsection (b), stated separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

(c) The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report will be dated and subscribed by the person as true, under penalty of perjury. At the time of filing its annual report, each such foreign corporation shall pay to the secretary of state ~~an~~ the annual franchise tax ~~in-an-amount-equal to--\$1--for-each-\$1,000-of-the-corporation's-shareholder's-equity attributable-to-Kansas,--except-that-no-such--tax--shall--be--less than-\$20-or-more-than-\$2,500,~~ as established in section 1.

(d) Any foreign corporation which is an applicant for or holder of a license under the Kansas parimutuel racing act or a vendor under the Kansas lottery act, in addition to the foregoing, shall include a statement in such form as the secretary of state may prescribe, the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation operates on a fiscal year other than the calendar year it shall

give written notice thereof to the secretary of state prior to December 31 of the year commencing such fiscal year.

Sec. 6. K.S.A. 1993 Supp. 17-7515 is hereby amended to read as follows: 17-7515. (a) The secretary of state shall have authority to place and maintain, in a confidential file, that portion of a corporation's annual report for a tax period ending on or before December 31, 1994, including the amount of any fee based thereon, containing the information required by subsection (a)(8) of K.S.A. 17-7503, and amendments thereto, or subsection (a)(11) of K.S.A. 17-7505, and amendments thereto, upon application by such corporation verifying to the secretary of state, that such corporation:

(1) Has a net worth of at least \$5,000 that is equal to at least 20% of its total assets, determined in accordance with generally accepted accounting principles;

(2) has never been the subject of a proceeding under chapter 7, 11 or 13 of the federal bankruptcy laws or any similar provision of any state law, any amendment to the federal bankruptcy laws or any predecessor to the federal bankruptcy laws;

(3) is not subject to the reporting requirements of the securities exchange act of 1934;

(4) has 35 or fewer holders of its voting shares;

(5) is not an applicant for or holder of a license under the Kansas parimutuel racing act; and

(6) is not a vendor under the Kansas lottery act.

(b) Any such application by a corporation shall be accompanied by payment of a fee set by rules and regulations from the secretary of state. The secretary of state shall remit all moneys received from fees pursuant to this section to the state treasurer for deposit in the state treasury to the credit of the information and copy service fee fund. Such application and any accompanying material shall also be maintained in a confidential file by the secretary of state.

(c) All material maintained in a confidential file pursuant

to this section shall not be disclosed except: (1) In accordance with a proper judicial order; (2) in accordance with the provisions of subsection (c) of K.S.A. 17-7514(e), and amendments thereto; (3) upon a proper written request of a law enforcement officer or agency of this state or of any political subdivision thereof; (4) upon a determination by the secretary of state that such corporation no longer meets one or more of the requirements set forth in subsection (a); or (5) when 10 years have elapsed since such material was filed with the secretary of state.

(d) The secretary of state shall adopt such rules and regulations as may be necessary to carry out the provisions of this act.

Sec. 7. K.S.A. 1993 Supp. 17-7647 is hereby amended to read as follows: 17-7647. (a) Every limited liability company organized under the laws of this state shall make an annual report in writing to the secretary of state, ~~showing the financial condition of the limited liability company at the close of business on the last day of its tax period next preceding the date of filing. If the limited liability company's tax period is other than the calendar year, it shall give notice of its different tax period in writing to the secretary of state prior to December 31 of the year it commences the different tax period.~~ The annual report shall be filed at the time prescribed by law for filing the limited liability company's annual Kansas income tax return. If the limited liability company applies for an extension of time for filing its annual income tax return under the internal revenue code, the limited liability company shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code. The application shall include a copy of the application to income tax authorities.

(b) The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the following

information, as of the filing date:

(1) The name of the limited liability company;

~~(2) --a--reconciliation--of--the--capital--accounts--for--the
preceding--taxable-year-as-required-to-be-reported-on-the-federal
partnership-return-of-income;--and~~

~~(3) --a--balance-sheet-showing-the-financial-condition--of--the
limited--liability--company--at-the-close-of-business-on-the-last
day-of-its-tax-period-next-preceding-the-date-of-filing.~~

(2) the names and addresses of members owning 5% or more of
the capital of the limited liability company; and

(3) the nature and kind of business in which the company is
engaged and such company's place or places of business within the
state of Kansas.

(c) Every limited liability company subject to the
provisions of this section which holds agricultural land, as
defined in K.S.A. 17-5903, and amendments thereto, within this
state shall show the following additional information on the
report:

(1) The acreage and location listed by section, range,
township and county of each lot, tract or parcel of agricultural
land in this state owned or leased by or to the limited liability
company;

(2) the purposes for which such agricultural land is owned
or leased and, if leased, to whom such agricultural land is
leased;

(3) the value of the nonagricultural assets and the
agricultural assets, stated separately, owned and controlled by
the limited liability company both within and without the state
of Kansas and where situated;

(4) the total number of stockholders of the limited
liability company;

(5) the number of acres owned or operated by the limited
liability company, the number of acres leased by the limited
liability company and the number of acres leased to the limited
liability company;

(6) the number of acres of agricultural land, held and reported in each category under provision (5) stated separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

~~(c)~~ (d) The annual report shall be signed by a member of the limited liability company and forwarded to the secretary of state. At the time of filing the report, the limited liability company shall pay to the secretary of state an ~~the~~ annual franchise tax ~~in an amount equal to \$1 for each \$1,000 of the net capital--accounts--located in or used in this state at the end of the preceding taxable year as required--to--be--reported--on--the federal--partnership--return of income, except that no annual tax shall be less than \$20 or more than \$2,500,~~ as established in section 1.

~~(d)~~ (e) The provisions of K.S.A. 17-7509, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (a) of K.S.A. 17-7510 and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, shall be applicable to the articles of organization of any limited liability company which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the articles of organization of a limited liability company are forfeited for failure to file an annual report or to pay the required franchise tax, the limited liability company may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of

incorporation.

(f) Any limited liability company which is an applicant for or a holder of a license under the Kansas parimutuel racing act or a vendor under the Kansas lottery act shall, in addition to the foregoing, include a statement, in a form prescribed by the secretary of state, to the secretary of state, showing the financial condition of the limited liability company at the close of business on the last day of its tax period next preceding the date of filing. If the limited liability company's tax period is other than the calendar year, it shall give notice of its different tax period in writing to the secretary of state prior to December 31 of the year it commences the different tax period.

The statement must specifically include the following additional information:

(1) A reconciliation of the capital accounts for the preceding taxable year as required to be reported on the federal partnership return of income; and

(2) a balance sheet showing the financial condition of the limited liability company at the close of business on the last day of the tax period before filing.

Sec. 8. K.S.A. 1993 Supp. 17-7648 is hereby amended to read as follows: 17-7648. (a) Every foreign limited liability company shall make an annual report in writing to the secretary of state, ~~showing--the-financial-condition-of-the-limited-liability-company at-the-close-of-business-on-the-last-day-of-its-tax--period--next preceding--the-date-of-filing--if-the-limited-liability-company's tax-period-is-other-than-the-calendar-year,--it-shall-give--notice in--writing-of-its-different-tax-period-to-the-secretary-of-state prior-to-December-31-of-the-year-it-commences-the--different--tax period.~~ The annual report shall be filed at the time prescribed by law for filing the limited liability company's annual Kansas income tax return. If the limited liability company applies for an extension of time for filing its annual income tax return under the internal revenue code, the limited liability company shall also apply, not more than 90 days after the due date of its

annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code. The application shall include a copy of the application to income tax authorities.

(b) The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the following information, as of the filing date:

(1) The name of the limited liability company; and

~~(2) a reconciliation of the capital accounts for the preceding taxable year as required to be reported on the federal partnership return of income; and~~

~~(3) a balance sheet showing the financial condition of the limited liability company at the close of business on the last day of its tax period next preceding the date of filing.~~

(2) the nature and kind of business in which the company is engaged and such company's place or places of business within the state of Kansas.

(c) Every limited liability company subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

(1) The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the limited liability company;

(2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;

(3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the limited liability company both within and without the state of Kansas and where situated;

(4) the total number of stockholders of the limited

liability company;

(5) the number of acres owned or operated by the limited liability company, the number of acres leased by the limited liability company and the number of acres leased to the limited liability company;

(6) the number of acres of agricultural land, held and reported in each category under provision (5) stated separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

~~(c)~~ (d) The annual report shall be signed by a member of the limited liability company and forwarded to the secretary of state. At the time of filing the report, the limited liability company shall pay to the secretary of state an the annual franchise tax in an amount equal to \$1 for each \$1,000 of the net capital accounts located in or used in this state at the end of the preceding taxable year as required to be reported on the federal partnership return of income, except that no annual tax shall be less than \$20 or more than \$2,500, as established in section 1.

~~(d)~~ (e) The provisions of K.S.A. 17-7509, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (a) of K.S.A. 17-7510, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, shall be applicable to the authority of any foreign limited liability company which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the authority of a foreign limited liability company is forfeited for failure to file an annual report or to pay the required franchise tax, the authority of the foreign limited liability company may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and

paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of incorporation.

(f) Any foreign limited liability company which is an applicant or holder of a license under the Kansas parimutuel racing act or a vendor under the Kansas lottery act shall, in addition to the foregoing provide a statement, in a form prescribed by the secretary of state, make an annual report in writing to the secretary of state, showing the financial condition of the limited liability company at the close of business on the last day of its tax period next preceding the date of filing. If the limited liability company's tax period is other than the calendar year, it shall give notice in writing of its different tax period to the secretary of state prior to December 31 of the year it commences the different tax period.

The statement must specifically include the following additional information:

(1) A reconciliation of the capital accounts for the preceding taxable year as required to be reported on the federal partnership return of income; and

(2) a balance sheet showing the financial condition of the limited liability company at the close of business on the last day of its tax period next preceding the date of filing.

Sec. 9. K.S.A. 1993 Supp. 56-1a606 is hereby amended to read as follows: 56-1a606. (a) Every limited partnership organized under the laws of this state shall make an annual report in writing to the secretary of state, ~~showing the financial condition of the limited partnership at the close of business on the last day of its tax period next preceding the date of filing. If the limited partnership's tax period is other than the calendar year, it shall give notice of its different tax period to the secretary of state prior to December 31 of the year it~~

~~commences--the--different-tax-period.~~ The annual report shall be filed at the time prescribed by law for filing the limited partnership's annual Kansas income tax return. If the limited partnership applies for an extension of time for filing its annual income tax return under the internal revenue code or under K.S.A. 79-3221 and amendments thereto, the limited partnership shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221 and amendments thereto. The application shall include a copy of the application to income tax authorities.

(b) The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the following information, as of the filing date:

(1) The name of the limited partnership;

~~(2)--a--reconciliation--of--the--partners'--capital--accounts--for--the--preceding--taxable--year--as--required--to--be--reported--on--the--federal--partnership--return--of--income;--and~~

~~(3)--a--balance--sheet--showing--the--financial--condition--of--the--limited--partnership--at--the--close--of--business--on--the--last--day--of--its--tax--period--next--preceding--the--date--of--filing;--~~

(2) the names and addresses of partners owning 5% or more of the capital of the limited partnership; and

(3) the nature and kind of business in which the partnership is engaged and such partnership's place or places of business within the state of Kansas.

(c) Every limited partnership subject to the provisions of this section which is a limited corporate partnership, as defined in K.S.A. 17-5903 and amendments thereto, and which holds agricultural land, as defined in K.S.A. 17-5903 and amendments thereto, within this state shall show the following additional information on the report:

(1) The number of acres and location, listed by section,

range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by the limited partnership; and

(2) whether any of the agricultural land held and reported under subsection (c)(1) was acquired after July 1, 1981.

(d) The annual report shall be signed by the general partner or partners of the limited partnership, sworn to before an officer duly authorized to administer oaths and forwarded to the secretary of state. At the time of filing the report, the limited partnership shall pay to the secretary of state an the annual franchise tax in an amount equal to \$1 for each \$1,000 of the partners' net capital accounts located in or used in this state at the end of the preceding taxable year as required to be reported on the federal partnership return of income, except that no annual tax shall be less than \$20 or more than \$2,500, as established in section 1.

(e) The provisions of K.S.A. 17-7509 and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (a) of K.S.A. 17-7510 and amendments thereto, relating to forfeiture of a domestic corporation's articles of incorporation for failure to file an annual report or pay the required franchise tax, shall be applicable to the certificate of partnership of any limited partnership which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the certificate of partnership of a limited partnership is forfeited for failure to file an annual report or to pay the required franchise tax, the limited partnership may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506 and amendments thereto for filing a certificate

of extension, restoration, renewal or revival of a corporation's articles of incorporation.

(f) Any limited partnership which is an applicant for or the holder of a license under the Kansas parimutuel racing act or a vendor under the Kansas lottery act, in addition to the foregoing, shall provide a statement in a form prescribed by the secretary of state showing the financial condition of the limited partnership at the close of business on the last day of its tax period next preceding the date of filing. If the limited partnership's tax period is other than the calendar year, it shall give notice of its different tax period to the secretary of state prior to December 31 of the year it commences the different tax period. Such statement must specifically contain the following:

(1) A reconciliation of the partners' capital accounts for the preceding taxable year as required to be reported on the federal partnership return of income; and

(2) a balance sheet showing the financial condition of the limited partnership at the close of business on the last day of its tax period next preceding the date of filing.

Sec. 10. K.S.A. 56-1a607 is hereby amended to read as follows: 56-1a607. (a) Every foreign limited partnership shall make an annual report in writing to the secretary of state, ~~showing the financial condition of the limited partnership at the close of business on the last day of its tax period next preceding the date of filing. If the limited partnership's tax period is other than the calendar year, it shall give notice of its different tax period to the secretary of state prior to December 31 of the year it commences the different tax period.~~ The annual report shall be filed at the time prescribed by law for filing the limited partnership's annual Kansas income tax return. If the limited partnership applies for an extension of time for filing its annual income tax return under the internal revenue code or under K.S.A. 79-3221 and amendments thereto, the limited partnership shall also apply, not more than 90 days after

the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221 and amendments thereto. The application shall include a copy of the application to income tax authorities.

(b) The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the following information, as of the filing date:

(1) The name of the limited partnership; and

~~(2) -- a reconciliation of the partners' capital accounts for the preceding taxable year as required to be reported on the federal partnership return of income; and~~

~~(3) -- a balance sheet showing the financial condition of the limited partnership at the close of business on the last day of its tax period next preceding the date of filing.~~

(2) the nature and kind of business in which the partnership is engaged and such partnership's place or places of business within the state of Kansas.

(c) Every foreign limited partnership subject to the provisions of this section which is a limited corporate partnership, as defined in K.S.A. 17-5903 and amendments thereto, and which holds agricultural land, as defined in K.S.A. 17-5903 and amendments thereto, within this state shall show the following additional information on the report:

(1) The number of acres and location, listed by section, range, township and county of agricultural land in this state owned or leased by the limited partnership; and

(2) whether any of the agricultural land held and reported under subsection (c)(1) was acquired after July 1, 1981.

(d) The annual report shall be signed by the general partner or partners of the limited partnership, sworn to before an officer duly authorized to administer oaths and forwarded to the secretary of state. At the time of filing the report, the foreign limited partnership shall pay to the secretary of state an the

~~annual franchise tax in an amount equal to \$1 for each \$1,000 of the partners' net capital accounts located in or used in this state at the end of the preceding taxable year as required to be reported on the federal partnership return of income, except that no annual tax shall be less than \$20 or more than \$2,500, as~~
established in section 1.

(e) The provisions of K.S.A. 17-7509 and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (b) of K.S.A. 17-7510 and amendments thereto, relating to forfeiture of a foreign corporation's authority to do business in this state for failure to file an annual report or pay the required franchise tax, shall be applicable to the authority of any foreign limited partnership which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the authority of a foreign limited partnership to do business in this state is forfeited for failure to file an annual report or to pay the required franchise tax, the foreign limited partnership's authority to do business in this state may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506 and amendments thereto for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of incorporation.

(f) Any foreign limited partnership which is an applicant for or the holder of a license under the Kansas parimutuel racing act or a vendor under the Kansas lottery act, in addition to the foregoing, shall provide a statement in a form prescribed by the secretary of state showing the financial condition of the foreign limited partnership at the close of business on the last day of its tax period next preceding the date of filing. If the foreign

limited partnership's tax period is other than the calendar year, it shall give notice of its different tax period to the secretary of state prior to December 31 of the year it commences the different tax period. Such statement must specifically contain the following:

(1) A reconciliation of the partners' capital accounts for the preceding taxable year as required to be reported on the federal partnership return of income; and

(2) a balance sheet showing the financial condition of the foreign limited partnership at the close of business on the last day of its tax period next preceding the date of filing.";

Also on page 1, in line 13, after "K.S.A." by inserting "56-1a607 and"; also in line 13, after "74-5040" by inserting "and K.S.A. 1993 Supp. 17-2718, 17-7503, 17-7504, 17-7505, 17-7515, 17-7647, 17-7648 and 56-1a606"; also in line 13, by striking "is" and inserting "are";

In the title, in line 9, by striking all after "Act"; by striking lines 9 and 10 and inserting "concerning business entities; relating to each such entities annual report and franchise tax; also relating to business incubator facilities for small business concerns; amending K.S.A. 56-1a607 and 74-5040 and K.S.A. 1993 Supp. 17-2718, 17-7503, 17-7504, 17-7505, 17-7515, 17-7647, 17-7648 and 56-1a606 and repealing the existing sections.";