

SESSION OF 2007

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE  
FOR SUBSTITUTE FOR SENATE BILL NO. 215**

As Recommended by House Committee on  
Taxation

**Brief\***

House Sub. for Sub. for SB 215 would clarify the effective date of the corporation franchise tax reduction approved earlier in the session pursuant to Senate Sub. for HB 2264.

**Background**

The intent of that franchise tax legislation was to phase out the corporation franchise tax over five years. Both bills provide that beginning in tax year 2007, the exemption threshold is increased from \$100,000 of net worth to \$1 million of net worth. The rate of the tax subsequently is reduced from the current \$1.25 per \$1,000 of shareholder equity or net worth to \$0.9375 in tax year 2008; \$0.625 in tax year 2009; and \$0.3125 in tax year 2010. The tax is repealed altogether effective in tax year 2011.

The original bill would have provided tax credits for certain contributions associated with capital improvements at community colleges. The Senate Assessment and Taxation Committee on March 13 removed the bill's original provisions; recommended that a substitute bill be created; and inserted the Homestead provisions of both SB 26 and SB 28 as those bills had been amended previously by that Committee. The Senate Committee of the Whole on March 21 further amended the Homestead provisions.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The House Tax Committee on April 25 removed the Senate provisions; recommended that a substitute bill be created; and inserted the franchise tax language to clarify that the exemption threshold increase is in fact effective for tax year 2007.