

SENATE BILL No. 429

By Committee on Commerce

1-30

1 AN ACT concerning economic development; relating to income tax credit
2 incentives; extending the sunset for the angel investor tax credit to
3 2031; amending K.S.A. 2025 Supp. 74-8133 and repealing the existing
4 section.

5

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

7 Section 1. K.S.A. 2025 Supp. 74-8133 is hereby amended to read as
8 follows: 74-8133. (a) A credit against the tax imposed by article 32 of
9 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, on
10 the Kansas taxable income of an angel investor and against the tax
11 imposed by K.S.A. 40-252, and amendments thereto, shall be allowed for
12 a cash investment in the qualified securities of a qualified Kansas business.
13 For tax year 2021 and all tax years thereafter, the credit shall be in a total
14 amount of up to 50% of such investors' cash investment in any qualified
15 Kansas business, subject to the limitations set forth in subsection (b). *This*
16 *Such* tax credit may be used in its entirety in the taxable year in which the
17 cash investment is made, except that no tax credit shall be allowed in a
18 year prior to January 1, 2005. If the amount by which that portion of the
19 credit allowed by this section exceeds the investors' liability in any one
20 taxable year, beginning in the year 2005, the remaining portion of the
21 credit may be carried forward until the total amount of the credit is used. If
22 the investor is a permitted entity investor, the credit provided by this
23 section shall be claimed by the owners of the permitted entity investor in
24 proportion to their ownership share of the permitted entity investor.

25 (b) For tax year 2021 and all tax years thereafter, the secretary of
26 revenue shall not allow tax credits of more than \$100,000 for a single
27 Kansas business or a total of \$350,000 in tax credits for a single year per
28 investor who is a natural person or owner of a permitted entity investor.
29 No tax credits authorized by this act shall be allowed for any cash
30 investments in qualified securities for any year after the year 2026 2031.
31 The total amount of tax credits that may be allowed under this section shall
32 not exceed:

33 (1) \$4,000,000 during the tax year 2007;
34 (2) \$6,000,000 for tax years 2008 through 2010 and 2012 through
35 2022, except that for tax year 2011, the total amount of tax credits that
36 may be allowed under this section shall not exceed \$5,000,000;

- 1 (3) \$6,500,000 for tax year 2023;
- 2 (4) \$7,000,000 for tax year 2024;
- 3 (5) \$7,500,000 for tax year 2025; and
- 4 (6) \$8,000,000 for tax year 2026 *and for each succeeding tax year*
5 *through tax year 2031.*

6 The balance of unissued tax credits may be carried over for issuance in
7 future years until tax year ~~2026~~ 2031.

8 (c) A cash investment in a qualified security shall be deemed to have
9 been made on the date of acquisition of the qualified security, as such date
10 is determined in accordance with the provisions of the internal revenue
11 code.

12 (d) Any investor without a current tax liability at the time of the
13 investment in a qualified Kansas business; who does not reasonably
14 believe that ~~it~~ *such investor* will owe any such tax for the current taxable
15 year and who makes a cash investment in a qualified security of a qualified
16 Kansas business shall be deemed to acquire an interest in the nature of a
17 transferable credit limited, for tax year 2021 and all tax years thereafter, to
18 an amount *of* up to 50% ~~of~~ *this such* cash investment. ~~This~~ *The* interest
19 may be transferred to any natural person, whether or not such person is
20 then an investor, and be claimed by the transferee as a credit against the
21 transferee's Kansas income tax liability beginning in the year provided in
22 subsection (a). No person shall be entitled to a refund for the interest
23 created under this section. Only the full credit for any one investment may
24 be transferred, and ~~this~~ *such* interest may only be transferred one time. A
25 credit acquired by transfer shall be subject to the limitations prescribed in
26 this section. Documentation of any credit acquired by transfer shall be
27 provided by the investor in the manner required by the director of taxation.

28 (e) The reasonable costs of the administration of this act, the review
29 of applications for certification as qualified Kansas businesses and the
30 issuance of tax credits authorized by this act shall be reimbursed through
31 fees paid by the qualified Kansas businesses and the investors or the
32 transferees of investors, according to a reasonable fee schedule adopted by
33 the secretary by rules and regulations in accordance with the rules and
34 regulations filing act.

35 Sec. 2. K.S.A. 2025 Supp. 74-8133 is hereby repealed.

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