

SESSION OF 2023

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 204**

As Amended by Senate Committee on Financial  
Institutions and Insurance

**Brief\***

SB 204, as amended, would would modify definitions specified in the Technology-enabled Fiduciary Financial Institutions Act (TEFFI Act) to reference the term “qualified charities” and make changes in the corresponding tax statute applicable to the tax liability of a fiduciary financial institution and its qualified charitable distributions.

***TEFFI Act Definitions***

The bill would remove the term “charitable beneficiaries” from the Act (this term is not referenced elsewhere) and add a definition for the term “qualified charities” and assign the term its meaning in the statute providing for the income tax credit against Fiduciary Financial Institution tax liability.

***Income Tax Credit for Fiduciary Financial Institutions;  
Qualified Charities***

The bill would expand the definition of the term “qualified charities” within the income tax credit against Fiduciary Financial Institution tax liability to add certain nonprofit corporations and specify these charities would either be:

- Charities in which contributions are allowable as a deduction pursuant to section 170 of the federal Internal Revenue Code; or

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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>

- One of more Kansas nonprofit corporations, regardless of their federal income tax treatment.

Under current law, qualified charities are subject to specified criteria including: organization for the purpose of making distributions for the benefit of economic growth zones and a commitment to use the entire amount of qualified charitable distributions, excluding reasonable administrative expenses, for the benefit of charitable causes located in one or more of the economic growth zones or postsecondary educational institutions.

### **Background**

The bill was introduced by the Joint Committee on Fiduciary Financial Institutions. [Note: The Joint Committee met in December 2022, and among topics discussed, the Committee considered a request from the Beneficient Company Group, LP, to expand the definition of “charitable beneficiaries” within the TEFFI Act regarding an income tax credit for certain qualified charitable distribution of fiduciary financial institutions. The Joint Committee recommended the introduction of this legislation.]

### ***Senate Committee on Financial Institutions and Insurance***

In the Senate Committee hearing, a representative of the Beneficient Company Group, LP, provided **proponent** testimony, stating the bill would make significant contributions to the economic growth zone program created under the TEFFI Act by expanding the categories of charitable participants while maintaining appropriate financial reporting and regulatory oversight.

No other testimony was submitted.

The Senate Committee amended the bill to include and update statutory language regarding fiduciary financial institutions and credit for qualified charitable distributions. The amendment was provided by the Committee Revisor (the bill, as amended by Senate Committee, reflects the intent of the Joint Committee's request for bill introduction).

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Office of the State Bank Commissioner indicates the bill would not have a fiscal effect. [*Note: A fiscal note was not immediately available on the bill, as amended by the Senate Committee.*]

Fiduciary financial institutions; TEFFI Act; qualified charities; income and privilege tax credit