

## SENATE BILL No. 329

By Senator Holland

12-14

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1 AN ACT concerning economic development; relating to the Kansas angel  
2 investor tax credit act; discontinuing issuance of new tax credits after  
3 2024; amending K.S.A. 2023 Supp. 74-8133 and repealing the existing  
4 section.

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

7 Section 1. K.S.A. 2023 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 *as provided by this section*,  
14 the credit shall be in a total amount of up to 50% of such investors' cash  
15 investment in any qualified Kansas business, subject to the limitations set  
16 forth in subsection (b). This tax credit may be used in its entirety in the  
17 taxable year in which the cash investment is made except that no tax credit  
18 shall be allowed in a year prior to January 1, 2005. If the amount by which  
19 that portion of the credit allowed by this section exceeds the investors'  
20 liability in any one taxable year, beginning in the year 2005, the remaining  
21 portion of the credit may be carried forward until the total amount of the  
22 credit is used, *except that any credit or portion of a credit remaining after*  
23 *the tax year ending on December 31, 2028, shall not be carried forward*  
24 *but shall be forfeited*. If the investor is a permitted entity investor, the  
25 credit provided by this section shall be claimed by the owners of the  
26 permitted entity investor in proportion to their ownership share of the  
27 permitted entity investor.

28 (b) For tax year 2021 and ~~all~~ tax years thereafter *as provided by this*  
29 *section*, the secretary of revenue shall not allow tax credits of more than  
30 \$100,000 for a single Kansas business or a total of \$350,000 in tax credits  
31 for a single year per investor who is a natural person or owner of a  
32 permitted entity investor. No tax credits authorized by this act shall be  
33 allowed for any cash investments in qualified securities for any year after  
34 the year ~~2026~~ 2024. The total amount of tax credits that may be allowed  
35 under this section shall not exceed:

36 (1) \$4,000,000 during the tax year 2007;

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

4 (3) \$6,500,000 for tax year 2023; *and*

5 (4) \$7,000,000 for tax year 2024;

6 ~~(5) \$7,500,000 for tax year 2025; and~~

7 ~~(6) \$8,000,000 for tax year 2026.~~

8 The balance of unissued tax credits may be carried over for issuance in  
9 future years until tax year ~~2026~~ 2024.

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

14 (d) Any investor without a current tax liability at the time of the  
15 investment in a qualified Kansas business, who does not reasonably  
16 believe that it will owe any such tax for the current taxable year and who  
17 makes a cash investment in a qualified security of a qualified Kansas  
18 business shall be deemed to acquire an interest in the nature of a  
19 transferable credit limited, for tax year 2021 and ~~all~~ tax years thereafter *as*  
20 *provided by this section*, to an amount up to 50% of this cash investment.  
21 This interest may be transferred to any natural person whether or not such  
22 person is then an investor and be claimed by the transferee as a credit  
23 against the transferee's Kansas income tax liability beginning in the year  
24 provided in subsection (a). No person shall be entitled to a refund for the  
25 interest created under this section. Only the full credit for any one  
26 investment may be transferred and this interest may only be transferred  
27 one time. A credit acquired by transfer shall be subject to the limitations  
28 prescribed in this section. Documentation of any credit acquired by  
29 transfer shall be provided by the investor in the manner required by the  
30 director of taxation. *No transfers of tax credits shall be allowed after*  
31 *December 31, 2028. Any transferred credit or portion of a transferred*  
32 *credit remaining after the tax year ending on December 31, 2028, shall*  
33 *not be carried forward by the transferee but shall be forfeited.*

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

41 Sec. 2. K.S.A. 2023 Supp. 74-8133 is hereby repealed.

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