

HOUSE BILL No. 2295

By Committee on Taxation

2-5

AN ACT relating to income taxation; providing for a credit therefrom for certain expenses incurred by a small business.

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

Section 1. (a) For all taxable years commencing after December 31, 2000, there shall be allowed as a credit against the tax liability of an eligible small business imposed under the Kansas income tax act, an amount equal to any amount paid to the United States small business administration as a guaranty fee pursuant to the obtaining of financing guaranteed by such administration. If such business is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability company, the credit provided by this section shall be claimed by the shareholders of such corporation, the partners of such partnership or the members of such limited liability company in the same manner as such shareholders, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability company.

(b) The credit authorized by this section shall only be claimed against the tax liability resulting from income generated by the small business. If an income tax return upon which this credit is claimed includes adjusted gross income from sources other than the small business, the credit shall only be allowed to be claimed upon a percentage of the income tax liability which does not exceed the percentage of adjusted gross income generated by the small business as compared to the total adjusted gross income shown on the return.

(c) If the amount of the tax credit allowed by this section exceeds the taxpayer's income tax liability for such taxable year, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability.

(d) As used in this section, "eligible small business" shall have the meaning ascribed thereto by subsection (b) of section 44 of the federal internal revenue code without regard to subparagraph (2) thereof.

1 Sec. 2. This act shall take effect and be in force from and after its
2 publication in the statute book.
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