

HOUSE BILL No. 2407

By Committee on Taxation

2-7

AN ACT relating to income taxation; providing a credit therefrom for certain contributions for elementary or secondary school pupil financial assistance; amending K.S.A. 2000 Supp. 79-32,197 and repealing the existing section.

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

New Section 1. (a) Any business firm which makes a contribution for the purpose of providing financial assistance in the form of scholarships for any student who is eligible for free or reduced fee school lunches, or other financial assistance for students who have been determined to be exceptional children under the special education for exceptional children act to an organization which is not subject to federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code and which has as its primary purpose the provision of scholarships and financial assistance to elementary and secondary school students in need shall be allowed a credit against the tax imposed by the Kansas income tax act, the tax imposed on net income of national banking associations, state banks, trust companies or savings and loan associations by the provisions of article 11 of chapter 79 of the Kansas Statutes Annotated, or the tax imposed on net income of insurance companies by the provisions of article 28 of chapter 40 of the Kansas Statutes Annotated. The amount of credit allowed shall not exceed 50% of the total amount contributed during the taxable year. Any credit amount not used for the taxable year the contribution was made may be carried over to any succeeding taxable year until the total amount of the credit is used. In no event shall the total amount of credits allowed under this section exceed \$1,000,000 for any one fiscal year, except that such amount shall be determined without regard to the amount of any credits being carried forward.

(b) As used in this section, "business firm" means any business entity authorized to do business in the state of Kansas which is subject to the state income tax imposed by the provisions of the Kansas income tax act, any national banking association, state bank, trust company or savings and loan association paying an annual tax on its net income pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, or any insurance company paying an annual tax on its net income pursuant to article 28 of

1 chapter 40 of the Kansas Statutes Annotated.

2 Sec. 2. K.S.A. 2000 Supp. 79-32,197 is hereby amended to read as
3 follows: 79-32,197. The amount of credit allowed pursuant to K.S.A. 79-
4 32,196, and amendments thereto, shall not exceed 50% of the total
5 amount contributed during the taxable year by the business firm to a
6 community service organization or governmental entity for programs ap-
7 proved pursuant to K.S.A. 79-32,198, and amendments thereto. The
8 amount of credit allowed pursuant to K.S.A. 79-32,196, and amendments
9 thereto, shall not exceed 70% of the total amount contributed during the
10 taxable year by the business firm in a rural community to a community
11 service organization or governmental entity located therein for programs
12 approved pursuant to K.S.A. 79-32,198, and amendments thereto. If the
13 amount of the credit allowed by K.S.A. 79-32,196, and amendments
14 thereto, exceeds the taxpayer's income tax liability imposed under the
15 Kansas income tax act, such excess amount shall be refunded to the tax-
16 payer. In no event shall the total amount of credits allowed under this
17 section exceed ~~\$5,000,000~~ \$4,000,000 for any one fiscal year.

18 Sec. 3. K.S.A. 2000 Supp. 79-32,197 is hereby repealed.

19 Sec. 4. This act shall take effect and be in force from and after its
20 publication in the statute book.

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