

SENATE BILL No. 84

By Committee on Assessment and Taxation

1-22

AN ACT relating to income taxation; providing a credit therefrom for investments in certain agricultural cooperatives.

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

Section 1. (a) As used in this section:

(1) "Agricultural cooperative" means any corporation which is organized pursuant to the provisions of K.S.A. 17-1601 *et seq.*, and amendments thereto, the owners of which are required to purchase shares of equity stock as specified in the stock subscription agreement which conveys the obligation to deliver a specified quantity of product consistent with a marketing agreement;

(2) "direct investment" means the payment of money or the transfer of any form of economic value, whether tangible or intangible in exchange for stock; and

(3) "eligible person" means an individual or family farm corporation, limited agricultural partnership, authorized farm corporation, family trust, authorized trusts or resident limited liability agricultural company, as such phrases are defined by K.S.A. 17-5903, and amendments thereto, who, as a result of a direct investment, becomes a member of an agricultural cooperative.

(b) For all taxable years commencing after December 31, 2000, there shall be allowed a credit against the tax liability of an eligible person imposed under the Kansas income tax act in an amount equal to a direct investment in an agricultural cooperative. The total credit allowed by this subsection shall not exceed \$2,500 or 25% of the amount of such investment, whichever amount is less, but for any taxable year shall not exceed the amount of tax imposed under the Kansas income tax act reduced by the sum of any other credits allowable pursuant to law. If the amount of such tax credit exceeds the eligible person's income tax liability for any such taxable year, such excess amount 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. If an eligible person 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

1 shall be claimed by the shareholders of such corporation, the partners of
2 such partnership or the members of such limited liability company in the
3 same manner as such shareholders, partners or members account for their
4 proportionate shares of the income or loss of the corporation, partnership
5 or limited liability company.

6 (c) Any eligible person, hereinafter designated the assignor, may sell,
7 assign, convey or otherwise transfer tax credits allowed and earned pur-
8 suant to this section, and amendments thereto. The person acquiring
9 earned credits, hereinafter designated the assignee, may use the amount
10 of the acquired credits to offset up to 100% of its income tax liability for
11 the taxable year in which such acquisition was made. Only the full credit
12 amount for any one contribution may be transferred and such credit may
13 be transferred one time. Unused credit amounts claimed by the assignee
14 may be carried over for deduction from the assignee's income tax liability
15 in the next succeeding taxable year or years until the total amount of the
16 tax credit has been deducted from tax liability. The amount received by
17 the assignor of such tax credit shall be taxable as income of the assignor,
18 and the excess of the value of such credit over the amount paid by the
19 assignee for such credit shall be taxable as income of the assignee.

20 (d) In no event shall the total amount of credits allowed under this
21 section exceed \$2,000,000 for any one fiscal year.

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

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