

## REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Economic Development

Recommends that Senate Bill No. 70

"AN ACT concerning Kansas Venture Capital, Inc.; amending K.S.A. 1986 Supp. 74-8202, 74-8203 and 74-8307 and repealing the existing sections."

Be amended:

On page 2, in line 63, by striking "new";

On page 3, following line 99, by inserting:

(1) (i) Funds invested by Kansas Venture Capital, Inc. shall be invested at 100% in Kansas businesses or in Kansas venture capital companies which invest 100% of the funds invested in such companies by Kansas Venture Capital, Inc., in Kansas businesses in which the funds so invested were to be used solely for the purpose of enhancing their productive capacity within the state, or to add value to goods or services produced or processed within the state.;

Also on page 3, in line 110, by striking all after "(b)"; in line 111, by striking "investment levels," and inserting "Invest";

On page 4, after line 146, by inserting two new sections to read as follows:

(2) "Sec. 4. K.S.A. 17-7512 is hereby amended to read as follows: 17-7512. The provisions of this act relating to the filing of annual reports and the payment of franchise taxes shall not apply to banking, insurance or savings and loan corporations or associations or to credit unions or any firemen's relief association under the jurisdiction and supervision of the insurance commissioner or to Kansas Venture Capital, Inc. or to venture capital companies certified by the secretary of commerce pursuant to article 83 of chapter 74 of the Kansas Statutes

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Annotated and amendments thereto.

"Sec. 5. K.S.A. 79-1103 is hereby amended to read as follows: 79-1103. (a) Every individual, association, group of unincorporated persons or domestic corporations, other than national banking associations, banks, trust companies, savings and loan associations and those taxed under K.S.A. 79-310a and 40-2801 and Kansas Venture Capital, Inc. and venture capital companies certified by the secretary of commerce pursuant to article 83 of chapter 74 of the Kansas Statutes Annotated and amendments thereto, who shall engage in the business of lending money, buying and selling bills of exchange, notes, bonds, stocks or other evidences of indebtedness with a view to profit, shall be, for the purpose of taxation, deemed to be engaged in banking within the meaning of this act. Each such individual, association or unincorporated group of persons shall annually during the month of January, as of January 1, furnish to the assessing officer a statement showing the average amount of capital employed in its business of banking as defined in this section, and the net earnings or income of such business for the year preceding such date. Aided by such statement, the assessing officer shall determine the average capital employed in such business as herein defined, and the true value of the proportional interest or share of each person therein shall be taxed annually at the rate of five mills on the dollar of the value thereof. In determining the average capital employed in such business for assessment and taxation upon a share basis as herein provided, the amount of money borrowed by the business as an entity and employed in the business and the amount of capital invested in real estate used in such business separately listed and taxed in this state shall be deducted therefrom. Personal property, other than motor vehicles subject to taxation under K.S.A. 79-5101 et seq., and amendments thereto used in the business of banking shall not be separately listed nor shall it be taxed separately other than upon a share basis as herein

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provided.

(b) Shares of stock of domestic corporations engaged in the banking business, as defined in subsection (a), shall be assessed to the individual shareholders at their true value at the place where the particular domestic corporation is located. The managing officer of each domestic corporation shall furnish to the assessor on forms prescribed therefor during the month of January each year, a list of all the shareholders and the number of shares owned by each shareholder and the assessor shall fix and determine the true assessable value of such shares. To aid and assist in determining the true value of such shares the director of property valuation shall prescribe such forms for use by the assessor as deemed necessary, and the president, cashier or other managing officer of each domestic corporation shall furnish and make full disclosure of all information required therein. If any portion of the capital stock of any domestic corporation shall be invested in real estate and the domestic corporation holds title thereto in fee simple, the assessed value of the real estate shall be deducted from the gross valuation of all shares of stock and such real estate shall be assessed as other real estate. The net assessment of all shares shall be divided among the shareholders proportionately, according to the number of shares owned by each, and the domestic corporation shall pay the tax assessed upon the shares and shall have a lien thereon until the same is satisfied and such shares shall be taxed annually at the rate of five mills on the dollar of the value thereof, or as otherwise provided by law. Should the domestic corporation fail to pay taxes levied upon shares, the property of the individual shareholder shall be liable therefor.

(c) As soon as practicable after all tax levies for the current tax year are determined and reported, it shall be the duty of the county clerk to notify each domestic corporation, whose shareholders are assessed and taxed under the terms of subsection (b) hereof in writing, of the valuation, rate of levy

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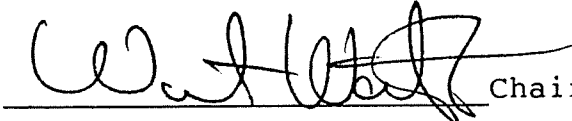
and amount of tax assessed against each and all shares and to be paid by each domestic corporation. Such notice to the domestic corporation shall be deemed and held notice to each shareholder. If the domestic corporation or any shareholder so notified shall for any cause be aggrieved by such assessment, appeal may be taken to the board of tax appeals at any time within 30 days after the receipt of such notice, by filing with the county clerk a notice of intention to appeal. An appeal by the domestic corporation shall be deemed an appeal for all shareholders thereof. When notice of intention to appeal is filed with the county clerk by any domestic corporation or shareholder, it shall be the duty of the county clerk to transmit to the board of tax appeals forthwith, a copy of all notices, a statement showing the valuation of the shares, the levies, the amount of the tax assessed and all papers relating to such assessment. Thereupon the board of tax appeals, as soon as practicable, shall fix a time and place for hearing such appeal and shall give notice thereof to the county clerk and appellant at least 10 days prior to such hearing. At such hearing the board of tax appeals shall receive and consider such testimony as may be offered by such corporation or shareholder, or any party in interest, and upon due consideration thereof, shall fix and by order determine and equalize the amount of assessment and the tax to be paid. Such order shall be certified forthwith to the county clerk who shall enter upon the tax rolls of the county the amount of tax so determined and the tax shall be paid as hereinbefore provided by this act. No action shall be instituted or maintained in any court by any domestic corporation or shareholder to set aside or to declare void any tax levied under the terms of this act or to recover any such tax paid under protest unless prior to bringing of the action, an appeal shall have been taken as herein provided and such appeal shall have been determined by the board of tax appeals adverse to the claim of the appellant./;

Also on page 4, in line 147, by striking "Sec. 4." and inserting

"Sec. 6. K.S.A. 17-7512 and 79-1103 and"; in line 149, by renumbering section 5 as section 7;

In the title, in line 16, by striking all after "concerning" and inserting "Kansas venture capital companies; amending K.S.A. 17-7512 and 79-1103 and";

And the bill be passed as amended.

  
Chairperson

ADOPTED

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