

MINUTES OF THE HOUSE BUSINESS, COMMERCE, AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:11 a.m. on March 13, 2002 in Room 521-S of the Capitol.

All members were present except: Rep. John Ballou - excused  
Rep. Carol Beggs - excused  
Rep. Broderick Henderson - excused  
Rep. Doug Patterson - excused  
Rep. Rick Rehorn - excused  
Rep. Candy Ruff - excused  
Rep. Dale Swenson - excused

Committee staff present: Jerry Donaldson, Legislative Research  
Bob Nugent, Revisor of Statutes  
Bev Adams, Secretary

Conferees appearing before the committee: Melissa Wangemann, Deputy Secretary of State

Others attending: See attached list

**Hearing on: SB 524 - Annual report, filing of certain documents, franchise tax and business activities of certain business entities.**

Melissa Wangemann, Legal Counsel, Deputy Secretary of State, appeared before the committee as a proponent of the bill. The Kansas Bar Association (KBA) and the Secretary of State worked jointly this last year to update the Kansas corporate code. A bill containing a revised corporate code has been introduced recently by the KBA in the House Federal and State Affairs Committee. The purpose of **SB 524** is to duplicate changes made in the corporate code in the laws relating to all other business entities to create uniformity and consistency among all business entities that file with the Secretary of State. Since the bill's purpose is to dovetail with the KBA's corporate bill and their bill has not yet had a hearing, she proposed amendments that would add the corporate sections of the KBA bill that are analogous to the sections contained in **SB 524**. Also included are additional clean-up provisions that can be found in the KBA corporate code rewrite. (Attachment 1) She concluded her testimony by answering questions from the committee.

Rep. Humerickhouse requested that Ms. Wangemann send to the committee the number of entities that pay the maximum franchise tax of \$2500.

No others were present to testify for or against the bill and Chairman Lane closed the hearing on **SB 524**.

Chairman Lane adjourned the meeting at 9:35a.m.

The next meeting is scheduled for March 19, 2002.

HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE  
GUEST LIST

DATE: March 13, 2002

NAME	REPRESENTING
<i>Terry leatherman</i>	<i>KCCI</i>
<i>Melissa Wagemann</i>	<i>Sec of State</i>

RON THORNBURGH  
Secretary of State



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TESTIMONY OF THE SECRETARY OF STATE  
TO THE HOUSE BUSINESS, COMMERCE, AND LABOR COMMITTEE  
ON SB 524

March 13, 2002

Chairman Lane and Members of the Committee:

The Secretary of State appreciates the hearing on SB 524, a bill introduced at our request.

The Kansas Bar Association and the Secretary of State worked jointly this last year to update the Kansas corporate code. A bill containing a revised corporate code has been introduced by the KBA in the house federal and state affairs committee.

The purpose of SB 524 is to duplicate changes made in the corporate code in the laws relating to all other business entities to create uniformity and consistency among all business entities that file with the Secretary of State. SB 524 makes the following changes to business entities that file with the Secretary of State:

- 1. Filing Procedures.** The Secretary of State adopted an imaging system in 2000, which replaced our paper filing system. All documents are indexed and maintained on the imaging system and therefore retention of paper documents is no longer necessary. SB 524 directs the Secretary of State to image the original paper document filed by the customer and to return the paper document to the customer as a certified copy. This new procedure reduces our storage needs while providing the customer evidence of the document that was recorded in our office. Our office has checked with the Historical Society and they are satisfied that the Secretary of State's imaging system will adequately preserve our records.
- 2. Extensions.** The current statutory language allowing business trusts, limited liability companies and limited partnerships to file an extension (which delays the filing deadline for the annual report) is contained in the corporate code. SB 524 moves these provisions to their respective acts. The corporate code also contains a provision limiting public disclosure of the IRS tax extension filed with the Secretary of State; this provision is likewise moved to the correct statutory section for LLCs, LPs and business trusts.
- 3. Definition of "doing business" for Foreign Entities.** The definition of "doing business," which determines when a foreign entity must register with the Secretary of State, is amended to reflect the definition given in the KBA corporate code revision. The new definition is based on Delaware law and the Kansas Revised Uniform Partnership Act. All foreign entities that register with our office will use this uniform definition, which is much more precise than the current

**House Business, Commerce & Labor Committee**

**3-13-2002**

**Attachment 1**

definition. The current statutory definition of "doing business" garners more questions to the Secretary of State's Office than any other provision of law.

4. **Business Trust Annual Reports.** The business trust annual report still requires detailed financial disclosure, which was eliminated from all other entity annual reports in 1997. SB 524 amends this statutory section to include language relating to annual report extensions and it seemed appropriate to further amend the section to strike the financial disclosure requirement so as to create uniform reporting requirements among all business entities.

5. **Franchise Tax Calculation.** Business entities pay a franchise tax at the time they file their annual report with our office. The franchise tax is calculated based on net worth; \$1 for each \$1,000 in net worth. Parent entities that own net worth in subsidiaries are therefore taxed twice. SB 524 would allow a parent entity to subtract any net worth reported by the subsidiary entity before computing its franchise tax, thereby eliminating the double taxation. A subsidiary entity is defined as ownership of over 50%, based on recommendations from the Department of Revenue. This amendment was requested by customers of the Secretary of State who believe the current tax system is inequitable.

This amendment will have a fiscal impact on state general funds; therefore the committee should carefully consider this provision of the bill. The Secretary of State believes the amendment promotes fairness and equity in taxing Kansas business entities; however, we would understand if the committee decides to eliminate this provision of the bill.

6. **Reporting of Agricultural Land.** The KBA corporate code rewrite strikes the requirement that corporations include the section, range and township when listing agricultural land on the annual report. SB 524 includes this provision for limited partnerships. Customers of the Secretary of State requested this amendment so that tracking down detailed land descriptions from the Register of Deeds would no longer be necessary to complete an annual report. I have discussed this amendment with Raney Gilliland of the Legislative Research Department and he is satisfied that it will not impede the public's ability to monitor agricultural entities.

As previously mentioned, the purpose of SB 524 is to dovetail with the KBA's corporate bill and to add provisions of the KBA bill to other business entities so as to create uniformity. However, the KBA bill has not had a hearing and the bill is still being drafted. Our office is concerned that the inconsistencies that SB 524 seeks to prevent will occur if SB 524 passes but the KBA corporate bill does not. Therefore, we propose the attached amendment to add the corporate sections of the KBA bill that are analogous to the sections contained in SB 524. The amendments to the corporations code also include additional clean-up provisions that can be found in the KBA corporate code rewrite.

I appreciate the opportunity to appear today on SB 524. I hope the committee will adopt our amendments and recommend the bill favorably for passage. I would be happy to answer questions.

Melissa A. Wangemann, Legal Counsel  
Deputy Assistant Secretary of State

## AMENDMENTS TO SB 524

**Technical Correction:** page two, line 5. Strike “as shown by its balance sheet,”

**K.S.A. 17-6003. Execution, filing and effective date of corporate instruments, exceptions; execution constitutes affirmation of contents; validation of former acts.**

(a) Whenever any provision of this act requires any instrument to be filed with the secretary of state or in accordance with this section, such instrument shall be executed as follows:

(1) The articles of incorporation shall be signed by the incorporator or incorporators, and any other instrument to be filed before the election of the initial board of directors, if the initial directors were not named in the articles of incorporation, shall be signed by the incorporator or incorporators ~~and~~; If any incorporator is not available by reason of death, incapacity, refusal or neglect to act, then the instrument may be signed by any person for whom or on whose behalf such incorporator was acting as employee or agent. The instrument shall state that the incorporator is not available and the reason therefore; that such incorporator was acting as employee or agent for or on behalf of such person; and that such person’s signature is authorized.

(2) all other instruments shall be signed: (i) ~~By the chairperson or vice-chairperson of the board of directors, or by the president or a vice-president, and attested by the secretary or an assistant secretary, or by such officers as may be duly authorized to exercise the duties, respectively, ordinarily exercised by the president or vice-president and by the secretary or assistant secretary of a corporation~~ any authorized officer of the corporation; (ii) if it appears from the instrument that there are no such officers, by a majority of the directors or by such directors as may be designated by the board; (iii) if it appears from the instrument that there are no such officers or directors, by the holders of record, or such of them as may be designated by the holders of record, of a majority of all outstanding shares of stock; or (iv) by the holders of record of all outstanding shares of stock.

(b) The execution of any document required to be filed with the secretary of state pursuant to chapter 17 of the Kansas Statutes Annotated shall constitute an oath or affirmation, under the penalties of perjury, that the facts stated in the document are true.

(c) Whenever any provision of this act requires any instrument to be filed with the secretary of state or in accordance with this section, such requirement means that:

(1) The original signed instrument, ~~together with a duplicate copy which may be either a signed or conformed copy,~~ shall be delivered to the office of the secretary of state. Any signature on documents authorized to be filed with the secretary of state under the provisions of this chapter may be a facsimile, a conformed signature or an electronically transmitted signature;

(2) all taxes and fees authorized by law to be collected by the secretary of state in connection with the filing of the instrument shall be tendered to the secretary of state;

(3) upon delivery of the instrument, and upon tender of the required taxes and fees, the secretary of state shall certify that the instrument has been filed in the office of secretary of state by endorsing upon the original signed instrument the word "Filed" and the date and hour of its filing. This endorsement is the "filing date" of the instrument and is conclusive of the date and time of its filing in the absence of actual fraud. The secretary of state shall thereupon record file and index the endorsed instrument in an electronic medium; and

(4) the secretary of state shall return the original instrument ~~compare the duplicate copy with the original signed instrument, and if the secretary of state finds that they are identical, the secretary of state shall certify the duplicate copy by making upon it the same endorsement which is required to appear upon the original, together with a further endorsement that the duplicate copy is as a true certified copy of the original signed recorded instrument, except this provision shall not apply to annual reports.~~

**17-7301. Foreign corporations; application to do business in Kansas; contents of application; filing and certification by secretary of state, conditions.** (a) As used in this act, the words "foreign corporation" mean a corporation organized under the laws of any jurisdiction other than this state.

(b) No foreign corporation shall do any business in this state, through or by branch offices, agents or representatives located in this state, until it has filed in the office of the secretary of state of this state an application for authority to engage in business in this state as a foreign corporation. Such application shall be filed in accordance with K.S.A. 17-6003 and amendments thereto and shall ~~set forth~~ include:

(1) A certificate issued within 90 days of the date of the date of application by the proper officer of the jurisdiction where such corporation is incorporated attesting to the fact that such corporation is a corporation in good standing in such jurisdiction;

(2) the address of the principal office of the corporation;

(3) the address of the principal office or place of business in this state is to be located, if known;

(4) the full nature and character of the business the corporation proposes to conduct in this state;

(5) the name and address of each of the officers and trustees or directors of the corporation;

(6) a statement as to when the corporate existence of the corporation will expire in the state of incorporation;

(7) a detailed statement of the assets and liabilities of the corporation, as of a date not earlier than 12 months prior to the filing date;

(8) the location of the registered office of the corporation in this state and the name of its resident agent in charge of the registered office; and

(9) the date on which the corporation commenced, or intends to commence, doing business in this state; and

(10) an irrevocable written consent of the foreign corporation that actions may be commenced against it in the proper court of any county where there is proper venue by service of process on the Secretary of State as provided for in K.S.A. 60-304, and amendments thereto, and stipulating and agreeing that such service shall be taken and held, in all courts, to be as valid and binding as if due service had been made upon an officer of the corporation.

~~The application shall be subscribed and sworn to by the president or a vice-president and the secretary or an assistant secretary of the corporation, executed and filed in accordance with K.S.A. 17-6003 and it shall be accompanied by the written consent of the corporation, irrevocable, that actions may be commenced against it in the proper court of any county where there is proper venue by the service of process on the secretary of state as provided for in K.S.A. 17-7307 and amendments thereto and stipulating and agreeing that such service shall be taken and held, in all courts, to be as valid and binding as if due service had been made upon the president and secretary of the corporation. Such consent shall be executed by the president or a vice-president and the secretary or an assistant secretary of the corporation and shall be accompanied by a duly certified copy of the order or resolution of the board of directors, trustees or managers of the corporation authorizing the secretary or an assistant secretary and the president or a vice-president to execute it.~~

(c) After receipt of the application and fee, if the secretary of state finds that it complies with the provisions of this section, the secretary of state shall ~~file~~ record the original application and ~~certify the duplicate copy~~ return the original, certified, in accordance with K.S.A. 17-6003, and amendments thereto. The certified copy of the application shall be prima facie evidence of the right of the corporation to do business in this state. The secretary of state shall not file such application unless:

(1) The name of the corporation is such as to distinguish it upon the records of the office of the secretary of state from the name of ~~each~~ any other corporation, limited liability company, or limited partnership organized under the laws of this state or reserved or registered as a foreign corporation, limited liability company, or limited partnership under the laws of this state;

(2) the corporation has obtained the written consent of such other ~~corporation, entity~~ which has the same name, ~~for the corporation to do business in this state under such name~~

and such consent has been executed and filed with the secretary of state in accordance with K.S.A. 17-6003 and amendments thereto; or

(3) the corporation indicates, as a means of identification and in its advertising within this state, the state in which it is incorporated.

**K.S.A. 17-7303. ~~Same; what constitutes doing business in Kansas.~~** Every foreign corporation that has an office or place of business within this state, or a distributing point herein, or that delivers its wares or products to resident agents in this state for sale, delivery or distribution, shall be held to be doing business in this state within the meaning of this act: *Provided*, That foreign corporations shall have the right to receive, take, purchase and hold, by mortgage or otherwise, any securities or liens executed, given, transferred or intended to represent or secure loans upon real or personal property situated in this state, and to sell, assign, transfer, sue upon, foreclose or otherwise enforce the same; and any foreign corporation which engages in Kansas solely and exclusively in the activities enumerated in this proviso shall not be required to obtain authority under this act to engage in such activities in this state.

**Activities not constituting doing business.** (a) Activities of a foreign corporation which do not constitute doing business within the meaning of K.S.A. 17-7301 include:

- (1) Maintaining, defending or settling an action or proceeding;
- (2) holding meetings or carrying on any other activity concerning its internal affairs;
- (3) maintaining bank accounts;
- (4) maintaining offices or agencies for the transfer, exchange and registration of the corporation's own securities or maintaining trustees or depositories with respect to those securities;
- (5) selling through independent contractors;
- (6) soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if the orders require acceptance outside this state before they become contracts;
- (7) creating or acquiring indebtedness, mortgages or security interests in real or personal property;
- (8) securing or collecting debts or foreclosing mortgages or other security interests in property securing the debts, and holding, protecting and maintaining property so acquired;
- (9) conducting an isolated transaction that is completed within 30 days and is not one in the course of similar transactions of like nature; and



(10) transacting business in interstate commerce.

(b) The ownership in this state of income producing real property or tangible personal property, other than property excluded under subsection (a), constitutes transacting business in this state.

(c) This section does not apply in determining the contacts or activities that may subject a foreign corporation to service of process, taxation or regulation under any other law of this state.

**17-7306. Same; withdrawal from state; procedure; service of process on secretary of state.** (a) Any foreign corporation which shall have qualified to do business in this state under the provisions of K.S.A. 17-7301, and amendments thereto, may surrender its authority to do business in this state and may withdraw therefrom by filing with the secretary of state:

(1) A certificate signed by its president or a vice-president and attested by its secretary or an assistant secretary executed in accordance with K.S.A. 17-6003, and amendments thereto, stating that it surrenders its authority to transact business in the state of Kansas and withdraws therefrom; and stating the address to which the secretary of state may mail any process against the corporation that may be served upon the secretary of state; or

(2) A copy of a certificate of dissolution issued by the proper official of the state or other jurisdiction of its incorporation, certified to be a true copy under the hand and official seal of the official, together with a certificate, which shall be executed in accordance with paragraph (1) of this subsection, K.S.A. 17-6003, and amendments thereto, stating the address to which the secretary of state may mail any process against the corporation that may be served upon the secretary of state; or

(3) A copy of an order or decree of dissolution made by any court of competent jurisdiction or other competent authority of the state or other jurisdiction of its incorporation, certified to be a true copy under the hand of the clerk of the court or other official body, and the official seal of the court or official body or clerk thereof, together with a certificate executed in accordance with paragraph (1) of this subsection, K.S.A. 17-6003, and amendments thereto, stating the address to which the secretary of state may mail any process against the corporation that may be served upon the secretary of state.

The documents evidencing the withdrawal may be filed by telefacsimile communication as prescribed by K.S.A. 17-6003a, and amendments thereto.

(b) ~~The secretary of state,~~ Upon payment to the secretary of state of any required fees, ~~the secretary of state shall file record the certificate of withdrawal and certify a duplicate copy return the original, certified~~ evidencing the surrender of the authority of the corporation to do business in this state and its withdrawal therefrom.

(c) Upon the filing of the certificate by the secretary of state, the appointment of the resident agent of the corporation in this state, ~~upon whom process against the corporation may be served,~~ shall be revoked, and the corporation shall be deemed to have consented that service of process in any action, suit or proceeding based upon any cause of action arising in this state, during the time the corporation was authorized to transact business in this state, may thereafter be made by service upon the secretary of state in the manner prescribed by K.S.A. 60-304, and amendments thereto.

**K.S.A. 17-7501. Definitions.** As used in this act:

(a) "Domestic corporation" means any corporation organized under the laws of this state, irrespective of whether such corporation is organized for profit.

(b) "Foreign corporation" means any corporation organized under the laws of any jurisdiction other than this state.

(c) "Articles of incorporation" means the original articles of incorporation filed to create a corporation, but such term also includes the charter, articles of association and any other instrument by whatever name known under which a corporation has been or may be lawfully formed.

(d) "Shareholder's equity" means the sum of: (1) Paid-in capital stock, except that paid-in capital stock shall not include any capital stock issued by a corporation and reacquired by such corporation through gift, purchase or otherwise and available for resale or retirement; (2) capital paid in, in excess of par; and (3) retained earnings, except that any moneys which have been allocated and are payable to the members of any corporation which is organized as a cooperative association or society shall not be included as part of the retained earnings of such corporation for the purpose of this act; minus the amount of equity owned in any subsidiary entity reported on the subsidiary entity's annual report.

(e) "Shareholder's equity attributable to Kansas" means the shareholder's equity of a corporation multiplied by a percentage which is the average of the following three percentages: (1) The average value of the corporation's real and tangible personal property owned or rented and used in this state during the next preceding tax period divided by the average total value of the corporation's real and tangible personal property owned or rented and used during the next preceding tax period; (2) the total amount of compensation paid by the corporation in this state during the next preceding tax period divided by the total amount of compensation paid everywhere by the corporation during the next preceding tax period; and (3) the total sales of the corporation in this state during the next preceding tax period divided by the total sales of the corporation everywhere during the next preceding tax period. If a corporation has no property or activity mentioned in one of the above factors, the appropriate percentage for that factor is 100%.

(f) "Tax period" means a corporation's taxable year under the Kansas income tax act.

(g) "Subsidiary entity" means an entity in which a corporation holds more than 50% equity ownership.

**17-7503. Annual reports and franchise taxes of domestic corporations organized for profit.** (a) Every domestic corporation organized for profit shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The reports shall be made on forms prescribed by the secretary of state. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that if any such corporation shall apply for an extension of time for filing its annual income tax return under the internal revenue service or under subsection (c) of K.S.A. 79-3221, and amendments thereto, such corporation shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing the report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. Such application shall include a copy of the extension application to filed with the income tax authorities. The report shall contain the following information:

- (1) The name of the corporation;
- (2) the location of the principal office;
- (3) the names and addresses of the president, secretary, treasurer or equivalent thereof, and members of the board of directors, ~~with the residence address of each;~~
- (4) the number of shares of capital stock issued and the amount of capital stock paid up;
- (5) the nature and kind of business in which the corporation is engaged; and
- (6) a list of stockholders owning at least 5% of the capital stock of the corporation, with the post office address of each.

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

- (1) The acreage and ~~location listed by section, range, township and county of~~ each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;
- (2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;

(3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;

(4) the total number of stockholders of the corporation;

(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under provision (5), state separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

(c) ~~The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected~~ executed in accordance with K.S.A. 17-6003. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report ~~will~~ shall be dated and subscribed by the person as true, under penalty of perjury.

(d) At the time of filing such annual report it shall be the duty of each domestic corporation organized for profit to pay to the secretary of state an annual franchise tax in an amount equal to \$1 for each \$1,000 of the corporation's shareholder's equity attributable to Kansas, except that no such tax shall be less than \$20 or more than \$2,500. The amount of any such franchise tax paid by the corporation to the secretary as provided by this subsection shall not be disclosed by the secretary.

**K.S.A. 17-7504. Annual reports and privilege fee of nonprofit corporations.** (a) Every corporation organized not for profit shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The reports shall be made on forms prescribed by the secretary of state. The report shall be filed on the 15th day of the sixth month following the close of the taxable year, except that such corporation may apply to the secretary of state not more than 90 days after the due date of its annual report for an extension of the time for filing the report, and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. The report shall contain the following information:

(1) The name of the corporation;

(2) the location of the principal office;

(3) the names and addresses of the president, secretary and treasurer, or equivalent thereof, and the members of the board of directors, with the residence address of each governing body;

(4) the number of memberships or the number of shares of capital stock issued and the amount of capital stock paid up;

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

(1) ~~The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;~~

(2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;

(3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;

(4) the total number of stockholders or members of the corporation;

(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under paragraph (5) of this subsection (b), stated separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

(c) ~~The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected~~ executed in accordance with K.S.A. 17-6003. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report ~~will~~ shall be dated and subscribed by the person as true, under penalty of perjury.

(d) At the time of filing such report, each nonprofit corporation shall pay an annual privilege fee of \$5, except that the annual fee for tax periods ending after December 31, 1992, shall be \$20.

**K.S.A. 17-7505. Annual reports and franchise taxes of foreign corporations organized for profit or as cooperative.** (a) Every foreign corporation organized for profit, or organized under the cooperative type statutes of the state, territory or foreign country of incorporation, now or hereafter doing business in this state, and owning or using a part or all of its capital in this state, and subject to compliance with the laws relating to the admission of foreign corporations to do business in Kansas, shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation operates on a fiscal year other than the calendar year it shall give written notice thereof to the secretary of state prior to December 31 of the year commencing such fiscal year. The report shall be made on a form prescribed by the secretary of state. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that if any such corporation shall apply for an extension of time for filing its annual income tax return under the internal revenue service or under subsection (c) of K.S.A. 79-3221, and amendments thereto, such corporation shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing the report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. Such application shall include a copy of the extension application ~~to~~ filed with the income tax authorities. The report shall contain the following facts:

- (1) The name of the corporation and under the laws of what state or country ~~organized~~ it is incorporated;
- (2) the location of its principal office;
- (3) the names and addresses of the president, secretary, treasurer or equivalent thereof, and the members of the board of directors, ~~with the residence address of each~~;
- (4) the number of shares of capital stock issued and the amount of capital stock paid up;
- (5) the nature and kind of business in which the company is engaged and its place or places of business both within and without the state of Kansas;
- (6) the value of the property owned and used by the company in Kansas, where situated, and the value of the property owned and used outside of Kansas and where situated; and
- (7) the corporation's shareholder's equity attributable to Kansas.

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

(1) The acreage and location ~~listed by section, range, township and county~~ of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;

(2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;

(3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;

(4) the total number of stockholders of the corporation;

(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under paragraph (5) of this subsection (b), stated separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

The report shall be signed ~~by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected.~~ executed in accordance with K.S.A. 17-6003. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report ~~will~~ shall be dated and subscribed by the person as true, under penalty of perjury. At the time of filing its annual report, each such foreign corporation shall pay to the secretary of state an annual franchise tax in an amount equal to \$1 for each \$1,000 of the corporation's shareholder's equity attributable to Kansas, except that no such tax shall be less than \$20 or more than \$2,500. The amount of any such franchise tax paid by the foreign corporation to the secretary as provided by this subsection shall not be disclosed by the secretary.

**K.S.A. 17-7514. Annual reports; extension of time for filing; confidentiality.** (a) Whenever any corporation, ~~professional corporation, limited partnership, business trust or other business entity~~ which is required to file an annual report with the secretary of state ~~in accordance with the provisions of K.S.A. 17-2036, 17-2718, 17-7503, 17-7504, 17-7505, 56-1a606 or 56-1a607, and amendments thereto,~~ shall apply for an extension of time for filing its annual income tax return from the internal revenue service, the time for

filing the annual report with the secretary of state shall be extended, correspondingly, upon filing with the secretary of state, prior to the due date of its annual report, a copy of the application to income tax authorities. All such copies of applications for extension of the time for filing income tax returns filed on or after December 31, 1978, shall be maintained by the secretary of state in a confidential file and shall not be disclosed to any person except as authorized pursuant to the provisions of K.S.A. 79-3234 and amendments thereto and subsection (c) of this section. All copies of such applications shall be preserved for one year and thereafter until the secretary of state orders that they be destroyed.

(b) Except in accordance with subsection (c) of this section or a proper judicial order, it shall be unlawful for the secretary of state or any other officer, employee, former officer or former employee of this state to disclose any information contained in copies of federal extensions of time to file income tax returns. Nothing in this section shall be deemed to prohibit the secretary of state or any officer or employee of the office of secretary of state from issuing any of the corporate documents described in K.S.A. 17-7506 and amendments thereto or any document described in K.S.A. 56-1a605 and amendments thereto concerning a limited partnership.

(c) All copies of such applications shall be open to inspection by or disclosure to: (1) ~~In the case of a corporation~~ (i) any person designated by resolution of the corporation's board of directors or other similar governing body; (ii) (2) any officer or employee of such corporation upon written request signed by any principal officer and attested to by the secretary or other officer; or (iii) (3) any bona fide shareholder of record owning 100 or more shares or 1% or more of the outstanding stock of such corporation; (2) in the case of any limited partnership, any person who was a member of such partnership during any part of the period covered by the extension; (3) in the case of any business trust, any person designated by resolution of the trustees of the business trust; and (4) in the case of a limited liability company, any person who was a member of such company during any part of the period covered by the extension.

~~—(d) Any violation of subsection (b) is a class B nonperson misdemeanor.~~