

SENATE BILL No. 267

By Legislative Educational Planning Committee

1-11

1 AN ACT concerning taxation; relating to tax credits for certain
2 contributions to community colleges, technical colleges and
3 postsecondary educational institutions; amending K.S.A. 2011 Supp.
4 79-32,261 and repealing the existing section.
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6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2011 Supp. 79-32,261 is hereby amended to read as
8 follows: 79-32,261. (a) On and after July 1, 2008, any taxpayer who
9 contributes in the manner prescribed by this section to a community
10 college located in Kansas for capital improvements, to a technical college
11 for deferred maintenance or the purchase of technology or equipment or to
12 a postsecondary educational institution located in Kansas for deferred
13 maintenance, shall be allowed a credit against the tax imposed by the
14 Kansas income tax act, the premium tax or privilege fees imposed
15 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as
16 measured by net income of financial institutions imposed pursuant to
17 article 11 of chapter 79 of the Kansas Statutes Annotated. The tax credit
18 allowed by this section is applicable for the tax year 2008 for any
19 contributions made on and after July 1, 2008, and for ~~the tax years 2009,~~
20 ~~2010, 2011 and 2012~~ any tax year after tax year 2008 for any
21 contributions made during the entire tax year. The amount of the credit
22 allowed by this section shall not exceed 60% of the total amount
23 contributed during the taxable year by the taxpayer to a community college
24 or a technical college located in Kansas for such purposes. *For tax years*
25 *2008, 2009, 2010 and 2011*, the amount of the credit allowed by this
26 section shall not exceed 50% of the total amount contributed during the
27 taxable year by the taxpayer to a postsecondary educational institution for
28 such purposes. *For tax years 2012, 2013, 2014 and 2015*, the amount of
29 *the credit allowed by this section shall not exceed 60% of the total amount*
30 *contributed during the taxable year by the taxpayer to a postsecondary*
31 *educational institution for such purposes.* If the amount of the credit
32 allowed by this section for a taxpayer who contributes to a community
33 college or a technical college exceeds the taxpayer's income tax liability
34 imposed by the Kansas income tax act, such excess amount shall be
35 refunded to the taxpayer. If the amount of the tax credit for a taxpayer who
36 contributes to a postsecondary educational institution exceeds the

1 taxpayer's income tax liability for the taxable year, the amount which
2 exceeds the tax liability may be carried over for deduction from the
3 taxpayer's income tax liability in the next succeeding taxable year or years
4 until the total amount of the tax credit has been deducted from tax liability,
5 except that no such tax credit shall be carried over for deduction after the
6 third taxable year succeeding the taxable year in which the contribution is
7 made. Prior to the issuance of any tax credits pursuant to this section, the
8 structure of the process in which contributions received by a community
9 college, a technical college or a postsecondary educational institution
10 qualify as tax credits allowed and issued pursuant to this section shall be
11 developed by a community college, a technical college and a
12 postsecondary educational institution in consultation with the secretary of
13 revenue and the foundation or endowment association of any such
14 community college, technical college or postsecondary educational
15 institution in a manner that complies with requirements specified in the
16 federal internal revenue code of 1986, as amended, so that contributions
17 qualify as charitable contributions allowable as deductions from federal
18 adjusted gross income.

19 (b) (1) Upon receipt of any such contributions to a community
20 college made pursuant to the provisions of this section, the treasurer of the
21 community college shall deposit such contributions to the credit of the
22 capital outlay fund of such community college established as provided by
23 K.S.A. 71-501a, and amendments thereto. Expenditures from such fund
24 shall be made for the purposes described in subsection (a) of K.S.A. 71-
25 501, and amendments thereto, except that expenditures shall not be made
26 from such fund for new construction or the acquisition of real property for
27 use as building sites or for educational programs.

28 (2) Upon receipt of any such contributions to a technical college
29 made pursuant to the provisions of this section, such contributions shall be
30 deposited to the credit of a deferred maintenance fund or a technology and
31 equipment fund established by the technical college which received the
32 contribution. Expenditures from such fund shall be made only for the
33 purpose as provided in this subsection.

34 (3) Upon receipt of any such contributions to a postsecondary
35 educational institution made pursuant to the provisions of this section,
36 such contributions shall be deposited to the credit of the appropriate
37 deferred maintenance support fund of the postsecondary educational
38 institution which received the contribution. Expenditures from such fund
39 shall be made only for the purposes designated for such fund pursuant to
40 law.

41 (c) (1) In no event shall the total amount of credits allowed under this
42 section for taxpayers who contribute to any one such community college
43 or technical college exceed the following amounts: For the tax year 2008,

1 an amount not to exceed \$78,125; for the tax year 2009, an amount not to
2 exceed \$156,250; and for the tax years 2010, 2011 ~~and~~, 2012, 2013, 2014
3 ~~and~~ 2015 an amount not to exceed \$208,233.33. *If a community college or*
4 *technical college has not used the maximum amount of allowed credits*
5 *pursuant to this paragraph as of a date certain, to be determined by the*
6 *board of regents in conjunction with the department of revenue and after*
7 *dialogue with the community colleges and technical colleges, such unused*
8 *credits may be reallocated to another community college or technical*
9 *college. Such reallocated credits must be used in the same tax year and in*
10 *the same manner as provided in this section.*

11 (2) In no event shall the total of credits allowed under this section for
12 taxpayers who contribute to postsecondary educational institutions exceed
13 the following amounts: For the tax year 2008, an amount not to exceed
14 \$5,625,000; for the tax year 2009, an amount not to exceed \$11,250,000;
15 ~~and~~ for the tax years 2010; ~~and~~ 2011 ~~and~~ 2012, an amount not to exceed
16 \$15,000,000; *and for tax years 2012, 2013, 2014 and 2015, an amount not*
17 *to exceed \$10,000,000.* Except as otherwise provided, the allocation of
18 such tax credits for each individual state educational institution shall be
19 determined by the state board of regents in consultation with the secretary
20 of revenue and the university foundation or endowment association of
21 each postsecondary educational institution, and such determination shall
22 be completed prior to the issuance of any tax credits pursuant to this
23 section. Not more than 40% of the total of credits allowed under this
24 section shall be allocated to any one postsecondary educational institution
25 unless all such postsecondary educational institutions approve an
26 allocation to any one such postsecondary educational institution which
27 exceeds 40% of the total of such credits allowed under this section.

28 (d) As used in this section: (1) "Community college" means a
29 community college established under the provisions of the community
30 college act;

31 (2) "deferred maintenance" means the maintenance, repair,
32 reconstruction or rehabilitation of a building located at a technical college
33 or a postsecondary educational institution which has been deferred, any
34 utility systems relating to such building, any life-safety upgrades to such
35 building and any improvements necessary to be made to such building in
36 order to comply with the requirements of the Americans with disabilities
37 act or other federal or state law;

38 (3) "postsecondary educational institution" means the university of
39 Kansas, Kansas state university of agriculture and applied science, Wichita
40 state university, Emporia state university, Pittsburg state university, Fort
41 Hays state university and Washburn university of Topeka; and

42 (4) "technical college" means a technical college as designated
43 pursuant to K.S.A. 72-4472, 72-4473, 72-4474, 72-4475 and 72-4477, and

1 amendments thereto.

2 (e) Any taxpayer not subject to Kansas income, privilege or
3 premiums tax who contributes to a community college, technical college
4 or postsecondary educational institution, hereinafter designated the
5 transferor, may sell, assign, convey or otherwise transfer tax credits
6 allowed and earned pursuant to this section. The sale price of a tax credit
7 shall be at least 50% of the full value of the credit. Such credit shall be
8 deemed to be allowed and earned by any such taxpayer which is only
9 disqualified therefrom by reason of not being subject to such Kansas taxes.
10 The taxpayer acquiring earned credits, hereinafter designated the
11 transferee, may use the amount of the acquired credits to offset up to 100%
12 of the taxpayer's income, privilege or premiums tax liability for the taxable
13 year in which such acquisition was made. Such credits may be sold or
14 transferred only one time and, if sold or transferred, shall be transferred in
15 the tax year such credit is earned or the two successive tax years. A
16 transferred credit shall be claimed in the year purchased. The transferor
17 shall enter into a written agreement with the transferee establishing the
18 terms and conditions of the sale or transfer and shall perfect such transfer
19 by notifying the secretary of revenue in writing within 30 calendar days
20 following the effective date of the transfer, subject to the review and
21 approval or denial of such transfer by the secretary of revenue. The
22 transferor and transferee shall provide any information pertaining to the
23 sale or transfer as may be required by the secretary of revenue to
24 administer and carry out the provisions of this section. The amount
25 received by the transferor of such tax credit shall be taxable as income of
26 the transferor, and the excess of the value of such credit over the amount
27 paid by the transferee for such credit shall be taxable as income of the
28 transferee.

29 (f) The secretary of revenue shall submit an annual report to the
30 legislature to assist the legislature in the evaluation of the utilization of any
31 credits claimed pursuant to this act, including information specific as to
32 each community college, technical college or postsecondary educational
33 institution. Such report shall be due on or before the first day of the
34 legislative session following the tax year in which the credits were
35 claimed.

36 (g) The secretary of revenue shall adopt rules and regulations
37 necessary to administer the provisions of this section.

38 Sec. 2. K.S.A. 2011 Supp. 79-32,261 is hereby repealed.

39 Sec. 3. This act shall take effect and be in force from and after its
40 publication in the statute book.

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