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MEMORANDUM

To: Senate Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: February 1, 2024
Subject: Senate Bill No. 306

Summary

Senate Bill No. 306 relates to income taxation and would provide for the inclusion of losses from investments in technology-enabled fiduciary financial institutions in Kansas adjusted gross income for income tax purposes.

The bill amends subsection (b) of K.S.A. 2022 Supp. 79-32,117 relating to addition modifications for purposes of determining Kansas adjusted gross income to add to federal adjusted gross income:

(xxix) For all taxable years beginning after December 31, 2021, any amount reported as a loss on any applicable federal income tax return arising from any investment, including any alternative asset investment, in a technology-enabled fiduciary financial institution as authorized by K.S.A. 9-2301 et seq., and amendments thereto. As used in this paragraph, "alternative asset" and "technology-enabled fiduciary financial institution" mean the same as defined in K.S.A. 9-2301, and amendments thereto.

As defined in K.S.A. 9-2301, a part of the technology-enabled fiduciary financial institutions act:

(2) "alternative asset" means professionally managed investment assets that are not publicly traded, including, but not limited to, private equity, venture capital, leveraged buyouts, special situations, structured credit, private debt, private real estate funds and natural resources, including any economic or beneficial interest therein;

...

(16) "technology-enabled fiduciary financial institution" or "fiduciary financial institution" means any limited liability company, limited partnership or corporation that:

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(A) Is organized to perform any one or more of the activities and services authorized by this act;

(B) has been authorized to conduct business as a fiduciary financial institution under this chapter pursuant to the provisions of K.S.A. 9-2302, and amendments thereto;

(C) has made, committed to make or caused to be made a qualified investment; and

(D) has committed, in or as a part of the application provided in K.S.A. 9-2302, and amendments thereto, to conduct any fidfin transactions in accordance with K.S.A. 9-2311, and amendments thereto, including the distributions required therein;

...

The bill would take effect from and after its publication in the statute book.