

2021 Kansas Statutes

79-32,283. **Income tax credit for certain qualified charitable distributions of fiduciary financial institutions; requirements; pass-through entity; carry forward.** (a) For taxable years commencing after December 31, 2020, there shall be allowed as a credit against the tax liability of a fiduciary financial institution imposed pursuant to the Kansas income tax act or the privilege tax imposed upon a fiduciary financial institution pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, in an amount equal to the qualified charitable distributions made in connection with the fiduciary financial institution's fidfin activities during such taxable year if the fiduciary financial institution maintained such fiduciary financial institution's principal office in an economic growth zone during such taxable year in accordance with the provisions of K.S.A. 2021 Supp. 9-2309, and amendments thereto.

(b) For purposes of this section:

(1) "Economic growth zone" and "fidfin" means the same as defined in K.S.A. 2021 Supp. 9-2301, and amendments thereto;

(2) "qualified charitable distributions" means distributions of cash, beneficial interests or other assets to one or more qualified charities having an aggregate value equal to at least 2.5% of the fiduciary financial institution's transactions originated during the taxable year. Such transactions shall exclude any renewals, extensions of credit or accruals associated with transactions made in a prior taxable year;

(3) "qualified charities" means one or more charities, in which contributions are allowable as a deduction pursuant to section 170 of the federal internal revenue code if such charities have:

(A) Been organized pursuant to a charter promulgated by the department of commerce for the purposes of making distributions for the benefit of economic growth zones;

(B) committed in writing to utilize the entire amount of the qualified charitable distributions, excluding reasonable administrative expenses, exclusively for the benefit of charitable causes located in one or more economic growth zones or postsecondary educational institutions as defined in K.S.A. 74-3201b, and amendments thereto; and

(C) agreed to provide an annual report to the department of commerce detailing qualified distributions received during such year, distributions made pursuant to subparagraph (B) and the remaining balance of qualified distributions as of the end of the reporting year.

The requirements of subparagraph (A) shall not apply to a charity, contributions to which are allowable as a deduction pursuant to section 170 of the federal internal revenue code, that has committed in writing to utilize the entire amount of the qualified charitable distributions, excluding reasonable administrative expenses, exclusively for the benefit of the economic growth zone identified in K.S.A. 2021 Supp. 9-2325(a)(2), and amendments thereto.

(c) No credit shall be allowed under this section if the fiduciary financial institution's tax return on which the credit is claimed is not timely filed, including any extension.

(d) A distribution or remittance to the department of commerce pursuant to K.S.A. 2021 Supp. 9-2311, and amendments thereto, shall be deemed a qualified charitable distribution for purposes of this section.

(e) A fiduciary financial institution shall not be required to ensure that qualified charitable distributions are made solely for the benefit of the economic growth zones where such fiduciary financial institution has:

(1) Established such fiduciary financial institution's principal office pursuant to K.S.A. 2021 Supp. 9-2309, and amendments thereto; or

(2) made qualified investments as defined in K.S.A. 2021 Supp. 9-2301, and amendments thereto. Qualified charitable distributions may be made for the benefit of any one or more economic growth zones.

(f) If a fiduciary financial institution is a pass-through entity for Kansas tax purposes and the credit allowed by this section for a taxable year is greater than the fiduciary financial institution's tax liability against which the tax credit may be applied, a member of the entity or any other party who is required to report such income on a Kansas income tax return is entitled to a tax credit equal to the tax credit determined for the fiduciary financial institution for the taxable year in excess of the fiduciary financial institution's tax liability under the Kansas income tax act or privilege tax under article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year multiplied by the percentage of the fiduciary financial institution's distributive income to which the member is entitled. Tax credits allowed and earned under this section shall not be sold, assigned, conveyed or otherwise transferred.

(g) If the amount of a tax credit allowed a member or other party under this section exceeds the taxpayer's income tax liability for the taxable year in which the tax credit is allowed, the amount thereof that exceeds such tax liability may be carried over for deduction from the taxpayer's income or privilege tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 5th taxable year succeeding the taxable year in which the tax credit is first allowed.

(h) In any taxable year, a fiduciary financial institution shall pay the greater of the qualified charitable distributions made during such taxable year or the tax liability of a fiduciary financial institution imposed pursuant to the Kansas income tax act or the privilege tax imposed upon a fiduciary financial institution pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto.

(i) This section shall be a part of and supplemental to the Kansas income tax act.

History: L. 2021, ch. 80, § 28; July 1.