

Policy & Research  
915 SW Harrison St  
Topeka KS 66612-1588  
Nick Jordan, Secretary  
Richard Cram, Director



Phone: 785-296-3081  
FAX: 785-296-7928  
[www.ksrevenue.org](http://www.ksrevenue.org)  
Sam Brownback, Governor

**State of Kansas**  
**Department of Revenue**  
**Notice of Hearing on Proposed Administrative Regulation**

A public hearing will be conducted by the Department of Revenue at 9:00 a.m. on Thursday, November 6, 2014, in Room 230, Secretary's Conference Room on the second floor of the Docking State Office Building, 915 SW Harrison, Topeka to consider new income tax regulations. Copies of these proposed regulations may be found at [www.ksrevenue.org](http://www.ksrevenue.org).

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written comments from the public on the proposed regulations. All interested parties may submit written public comments on the proposed regulations prior to the hearing to Kathleen Smith, Tax Specialist, Office of Policy and Research, Room 230, Docking State Office Building, 915 SW Harrison, Topeka, Kansas 66612 or through e-mail at [kathleen.smith@kdor.ks.gov](mailto:kathleen.smith@kdor.ks.gov).

All interested parties will be given a reasonable opportunity to present their views, either orally or in writing or both, concerning the adoption of the proposed regulations. In order to give all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statements in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Kathleen Smith at (785) 296-3081 or TTY (785) 296-6461. Disabled parking is located in State Parking Lot No. 2, south of the Docking Building facing Harrison Street. The east entrance to the Docking Building is accessible.

These regulations are proposed for adoption on a permanent basis. A summary of the proposed regulations and the economic impacts follows:

**Kansas Department of Revenue**  
**Article 12. Income Tax**

**Adoption of K.A.R. 92-12-146.** K.A.R. 92-12-146 provides definitions for the tax credit for low income students scholarship Program.

**Economic Impact:**

The Department of Revenue does not anticipate any impact on the department, other government agencies, or private businesses or individuals.

**Adoption of K.A.R. 92-12-147.** K.A.R. 92-12-147 provides the required information for tax credit agreements between the department and the scholarship granting organization for the tax credit for low income students scholarship program.

**Economic Impact:**

The Department of Revenue does not anticipate any impact on the department, other government agencies, or private businesses or individuals.

**Adoption of K.A.R. 92-12-148.** K.A.R. 92-12-148 describes the tax credit application for the tax credit for low income students scholarship program.

**Economic Impact:**

The Department of Revenue does not anticipate any impact on the department, other government agencies, or private businesses or individuals.

**Adoption of K.A.R. 92-12-149.** K.A.R. 92-12-149 requires quarterly reports by each scholarship granting organization through the tax credit for low income students scholarship program.

**Economic Impact:**

The Department of Revenue does not anticipate any impact on the department, other government agencies, or private businesses or individuals.

A copy of these regulations and the economic impact statements may be obtained from the Kansas Department of Revenue, Office of Policy and Research, Room 230, Docking State Office Building, 915 SW Harrison, Topeka, Kansas 66612-1588 or via our website: [www.ksrevenue.org](http://www.ksrevenue.org).

**92-12-146. Definitions.** (a) “Contribution,” as defined in L. 2014, ch. 93, sec. 56 and amendments thereto, shall include any donation of cash, stocks and bonds, personal property, or real property.

(1) Stocks and bonds shall be valued at the stock market price on the date of the transfer.

(2) Personal property shall be valued at the lesser of its fair market value or the cost to the donor. The value may include costs incurred in making the donation but shall not include sales tax. If the donor received the personal property as a gift or inheritance and the item is considered a rare and valuable antique or work of art, an independent appraisal may be necessary in determining the fair market value.

(3) The donation of real property shall be allowable for tax credit if title to the real property is in fee simple absolute and is clear of any encumbrances. The amount of tax credit allowable for donations of real property shall be based upon the lesser of two current, independent appraisals conducted by state-licensed appraisers.

(b) “Contributor” shall mean any of the following entities making a contribution:

(1) A C corporation filing an income tax return pursuant to the Kansas income tax act, and amendments thereto;

(2) a taxpayer filing a privilege tax return pursuant to K.S.A. 79-1105c et seq., and amendments thereto; or

(3) a taxpayer filing an insurance premium tax return pursuant to K.S.A. 40-252, and amendments thereto. (Authorized by and implementing L. 2014, ch. 93, sec. 61; effective P-\_\_\_\_\_.)

**92-12-147. Tax credit agreement.** (a) Each scholarship-granting organization for which an allocation of tax credits has been authorized pursuant to L. 2014, ch. 93, sec. 61, and amendments thereto, shall enter into an annual tax credit agreement with the secretary for the scholarship-granting organization's allocation of tax credits.

(b) Each scholarship-granting organization for which an allocation of tax credits has been authorized pursuant to L. 2014, ch. 93, sec. 61, and amendments thereto, shall enter into a new tax credit agreement with the secretary at least one month before the beginning of each calendar year for which the tax credits are available. (Authorized by and implementing L. 2014, ch. 93, sec. 61; effective P-  
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**92-12-148. Tax credit application.** (a) Each contributor making a contribution to a scholarship-granting organization shall complete a tax credit application with the scholarship-granting organization on a form furnished by the secretary. Each application shall include the following information:

(1) The name, address, and employer identification number of the contributor;

(2) the name of the scholarship-granting organization to which the contribution is being made;

(3) the amount and type of the contribution;

(4) the date of the contribution; and

(5) any other supporting documentation that the secretary requires to review the tax credit application.

(b) Each scholarship-granting organization shall submit the completed tax credit application and supporting documentation to the secretary for review. The application, including the supporting documentation, may be filed by electronic means in a manner approved by the secretary. The scholarship-granting organization shall receive written notification from the secretary when the application is approved or denied. The scholarship-granting organization shall provide a copy of this approval or denial to the contributor that has made the contribution. (Authorized by and implementing L. 2014, ch. 93, sec. 61; effective P-\_\_\_\_\_.)

**92-12-149. Quarterly reports.** Each scholarship-granting organization shall submit a quarterly report indicating the amount of contributions qualifying for tax credits. This report shall be submitted to the secretary on a form furnished by the secretary. Any quarterly report may be filed by electronic means in a manner approved by the secretary. A quarterly report shall be submitted on or before the tenth day following the end of each calendar quarter even if no qualifying contributions are received in that quarter. Each quarterly report shall include the following information:

(a) The name and the employer identification number of each contributor in that quarter;

(b) the amount and type of each contribution received in that quarter;

(c) the total amount of qualified tax credits based on the contributions received in that quarter;

(d) the total amount of tax credits that remain from the scholarship-granting organization's annual allocation; and

(e) any documentation that the secretary requires to support the quarterly report. (Authorized by and implementing L. 2014, ch. 93, sec. 61; effective P-  
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KANSAS DEPARTMENT OF REVENUE  
ECONOMIC IMPACT STATEMENT  
K.A.R. 92-12-146

**I. Summary of Regulation to be Adopted.**

K.A.R. 92-12-146 provides definitions for the tax credit for low income students scholarship Program.

**II. Reason or Reasons the Adopted Regulation is Required, Including Whether or not the Regulation is Mandated by Federal Law.**

This regulation is required to provide the definitions for the tax credit allowed for contributions made to each scholarship granting organization for the tax credit for low income students scholarship program.

This regulation is not mandated by federal law.

**III. Anticipated Economic Impact upon the Kansas Department of Revenue.**

The adoption of this regulation will not result in an economic impact to the Kansas Department of Revenue.

**IV. Anticipated Financial Impact upon Other Government Agencies and upon Private Business or Individuals.**

The Department of Revenue does not anticipate any economic impact upon other government agencies, private businesses or individuals.

**V. Description of any Less Costly or Less Intrusive Methods that were Considered by the Department of Revenue for Achieving the State Purpose of the Regulation and the Reason that those Methods were Rejected in Favor of the Adopted Regulation.**

None.

KANSAS DEPARTMENT OF REVENUE  
**ECONOMIC IMPACT STATEMENT**  
**K.A.R. 92-12-147**

**VI. Summary of Regulation to be Adopted.**

K.A.R. 92-12-147 provides the required information for tax credit agreements between the department and the scholarship granting organization for the tax credit for low income students scholarship program.

**VII. Reason or Reasons the Adopted Regulation is Required, Including Whether or not the Regulation is Mandated by Federal Law.**

This regulation is required to provide information to the department regarding tax credit agreements that have been entered into by the scholarship granting organization and the department.

This regulation is not mandated by federal law.

**VIII. Anticipated Economic Impact upon the Kansas Department of Revenue.**

The adoption of this regulation will not result in an economic impact to the Kansas Department of Revenue.

**IX. Anticipated Financial Impact upon Other Government Agencies and upon Private Business or Individuals.**

The Department of Revenue does not anticipate any economic impact upon other government agencies, private businesses or individuals.

**X. Description of any Less Costly or Less Intrusive Methods that were Considered by the Department of Revenue for Achieving the State Purpose of the Regulation and the Reason that those Methods were Rejected in Favor of the Adopted Regulation.**

None.

**KANSAS DEPARTMENT OF REVENUE  
ECONOMIC IMPACT STATEMENT  
K.A.R. 92-12-148**

**XI. Summary of Regulation to be Adopted.**

K.A.R. 92-12-148 describes the tax credit application for the tax credit for low income students scholarship program.

**XII. Reason or Reasons the Adopted Regulation is Required, Including Whether or not the Regulation is Mandated by Federal Law.**

This regulation is required to provide the information that is required on the tax credit application for each contributor making donations through the tax credit for low income students scholarship program.

This regulation is not mandated by federal law.

**XIII. Anticipated Economic Impact upon the Kansas Department of Revenue.**

The adoption of this regulation will not result in an economic impact to the Kansas Department of Revenue.

**XIV. Anticipated Financial Impact upon Other Government Agencies and upon Private Business or Individuals.**

The Department of Revenue does not anticipate any economic impact upon other government agencies, private businesses or individuals.

**XV. Description of any Less Costly or Less Intrusive Methods that were Considered by the Department of Revenue for Achieving the State Purpose of the Regulation and the Reason that those Methods were Rejected in Favor of the Adopted Regulation.**

None.

KANSAS DEPARTMENT OF REVENUE  
ECONOMIC IMPACT STATEMENT  
K.A.R. 92-12-149

**XVI. Summary of Regulation to be Adopted.**

K.A.R. 92-12-149 requires quarterly reports by each scholarship granting organization through the tax credit for low income students scholarship program.

**XVII. Reason or Reasons the Adopted Regulation is Required, Including Whether or not the Regulation is Mandated by Federal Law.**

This regulation is required to provide the scholarship granting organizations with the quarterly information that is required through the tax credit for low income students scholarship program.

This regulation is not mandated by federal law.

**XVIII. Anticipated Economic Impact upon the Kansas Department of Revenue.**

The adoption of this regulation will not result in an economic impact to the Kansas Department of Revenue.

**XIX. Anticipated Financial Impact upon Other Government Agencies and upon Private Business or Individuals.**

The Department of Revenue does not anticipate any economic impact upon other government agencies, private businesses or individuals.

**XX. Description of any Less Costly or Less Intrusive Methods that were Considered by the Department of Revenue for Achieving the State Purpose of the Regulation and the Reason that those Methods were Rejected in Favor of the Adopted Regulation.**

None.

