

2012 Kansas Statutes

74-8308. Same; reporting requirements; annual compliance review of each company by secretary, costs; notice of noncompliance; decertification; notice of forfeited tax credits. (a) Each qualified Kansas venture capital company shall report to the secretary on an annual basis such information as the secretary requires to be submitted to maintain certification. As a part of such information, each Kansas venture capital company shall report the name, address and taxpayer identification number of each investor who has invested in such company and amounts invested by each such investor. Investors who are exempt from income taxation and who transfer income tax credits to a taxpayer shall report to the venture capital company the name, address and taxpayer identification number of the taxpayer who acquires the credit and the company shall report this information to the secretary.

(b) The secretary shall provide this information contained in subsection (a) to the department of revenue on an annual basis.

(c) The secretary shall conduct an annual review of each Kansas venture capital company certified under the program to determine if the Kansas venture capital company is in compliance with the requirements of certification, to advise the Kansas venture capital company as to the certification status of its investments, and to ensure that no investment has been made in violation of the provisions of this act or rules and regulations promulgated by the department. The reasonable costs of the annual review shall be paid by each Kansas venture capital company according to a reasonable fee schedule adopted by the secretary. Any violation shall be grounds for decertification under this section.

(d) If the Kansas venture capital company has met the fifth year, seventh year and ninth year investment levels and has subsequently sold any of the companies in which those equity investments were made, the temporary liquidity of the Kansas venture capital company prior to reinvestment in the equity of new ventures will not be cause for decertification.

(e) In undertaking the annual review the secretary shall use reasonable and generally accepted national standards of venture capital company practice. If the secretary determines that a company is not in substantial compliance with the requirements for continuing in certification, the secretary shall, by written notice, inform the officers of the company and the board of directors or partners that they will be decertified in 120 days from the date of mailing of the notice unless they correct the deficiencies and are once again in compliance with the requirements for certification.

(f) At the end of the 120-day period, if the Kansas venture capital company is still not in substantial compliance, the secretary shall send a notice of decertification to the company and to the secretary of the department of revenue. Decertification of a Kansas venture capital company shall cause the forfeiture of any right or interest to the tax credit under the provisions of this act and shall cause the total amount of tax credit previously claimed by persons under the program to be due and payable with that year's income tax liability.

(g) Following each annual examination, the secretary shall notify the department of revenue of any Kansas venture capital companies that are not in compliance with this section.

(h) The department of revenue shall send written notice to the address of each person whose tax credit has been forfeited, using the address last shown on the person's last income tax filing.

History: L. 1986, ch. 285, § 8; L. 1987, ch. 322, § 3; April 16.