

**74-8132. Definitions.** As used in this act:

- (a) "Angel investor" and "investor" mean an accredited investor who is a natural person or an owner of a permitted entity investor, who is of high net worth, as defined in 17 C.F.R. § 230.501(a) as in effect on the effective date of this act, and who seeks high returns through private investments in start-up companies and may seek active involvement in business, such as consulting and mentoring the entrepreneur. For the purposes of this act, a person who serves as an executive, officer, employee, vendor or independent contractor of the business in which an otherwise qualified cash investment is made is not an angel investor and such person shall not qualify for the issuance of tax credits for such investment;
- (b) "Bioscience business" means what is reflected in K.S.A. 2014 Supp. 74-99b83, and amendments thereto;
- (c) "cash investment" means money or money equivalent in consideration for qualified securities;
- (d) "department" means the department of commerce;
- (e) "Kansas business" means any business owned by an individual, any partnership, association or corporation domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that does business primarily in Kansas or does substantially all of such businesses' production in Kansas;
- (f) "owner" means any natural person who is, directly or indirectly, a partner, stockholder or member in a permitted entity investor;
- (g) "permitted entity investor" means (A) any general partnership, limited partnership, corporation that has in effect a valid election to be taxed as an S corporation under the United States internal revenue code, or a limited liability company that has elected to be taxed as a partnership under the United States internal revenue code and (B) that was established and is operated for the sole purpose of making investments in other entities;
- (h) "qualified Kansas business" means the Kansas businesses that are approved and certified as qualified Kansas businesses as provided in K.S.A. 2014 Supp. 74-8134, and amendments thereto;
- (i) "qualified securities" means a cash investment through any one or more forms of financial assistance as provided in this subsection that have been approved in form and substance by the secretary. Such forms of financial assistance are: (1) Any form of equity, such as: (A) A general or limited, partnership interest; (B) common stock; (C) preferred stock, with or without voting rights, without regard to seniority position, and whether or not convertible into common stock; or (D) any form of subordinate or convertible debt, or both, with warrants or other means of equity conversion attached; or (2) a debt instrument, such as a note or debenture that is secured or unsecured, subordinated to the general creditors of the debtor and requires no payments of principal, other than principal payments required to be made out of any future profits of the debtor, for at least a seven-year period after commencement of such debt instrument's term; and
- (j) "secretary" means the secretary of commerce.

**History:** L. 2004, ch. 112, § 75; L. 2005, ch. 134, § 2; L. 2007, ch. 184, § 7; L. 2011, ch. 104, § 27; July 1.