

## 2021 Kansas Statutes

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 July 1, 2004, 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 a business engaged in bioscience as defined in K.S.A. 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. 74-8134, and amendments thereto;
- (i) "qualified securities" means a cash investment through any form or combination of 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; or (C) preferred stock without regard to voting rights or seniority position, and whether or not convertible into common stock; or (2) any debt instrument subordinate to the general creditors of the qualified Kansas business debtor that requires no payment from the qualified Kansas business debtor, and that shall convert to some form of equity prior to the qualified Kansas business debtor raising any additional funds; 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; L. 2021, ch. 42, § 1; July 1.