



STATE OF KANSAS

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July 16, 1979

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ATTORNEY GENERAL OPINION NO. 79-140

Mr. Sherman A. Parks, Jr.
Deputy Assistant Secretary of State
Office of the Secretary of State
State Capitol, 2nd Floor
Topeka, Kansas 66612

Re: Partnerships--Uniform Limited Partnership Act--
Annual Reports--Franchise Tax

Synopsis: In computing the annual franchise tax due from a domestic or foreign limited partnership under K.S.A. 1978 Supp. 56-123a(b) and K.S.A. 56-123c(b), the invested capital of the limited partnership should be increased in the amount of capital contributions by limited partners admitted after formation of the limited partnership, and should be decreased in the amount of any withdrawal or reduction of a limited partner's contribution.

* * *

Dear Mr. Parks:

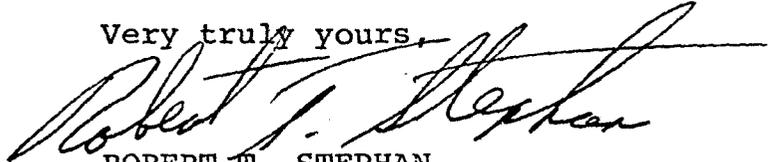
You request a clarification of Attorney General Opinion 78-228, wherein it is stated that the term "invested capital," as used in K.S.A. 1978 Supp. 56-123a(b) and K.S.A. 56-123c(b), is limited to the amount of capital invested in the limited partnership by the general and limited partners, and is not determined by the annual profit or loss of the limited partnership. Specifically, you request our opinion as to how the franchise tax would be computed in the following situations:

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- "(a) If the initial invested capital in 1978 was \$50,000 and a limited partner was added in 1979 with an investment of \$10,000, would the franchise tax then be based on the total invested capital of \$60,000 or be limited to the initial invested capital of \$50,000?
- "(b) Would the same formula apply if there was a subsequent decrease in the amount of the original contributions by any of the partners?"

In our judgment, the amount of invested capital to be included in the annual report of the limited partnership must reflect any modifications thereto which have occurred since the formation of the limited partnership. The invested capital of the limited partnership should be increased in the amount of capital contributions by limited partners admitted after formation of the limited partnership, and should be decreased in the amount of any withdrawal or reduction of a limited partner's contribution. Answering your questions as set forth above, the franchise tax in (a) should be based on \$60,000.00 and the franchise tax in (b) should be based on the decreased amount of invested capital.

Very truly yours,



ROBERT T. STEPHAN
Attorney General of Kansas



Terrence R. Hearshman
Assistant Attorney General

RTS:BJS:TRH:jm