As Amended by House Committee

Session of 2026

HOUSE BILL No. 2757

By Committee on Commerce, Labor and Economic Development

Requested by Eric Stafford on behalf of the Kansas Chamber of Commerce

2-6

AN ACT concerning taxation; relating to income tax credit incentives; repealing or discontinuing certain income tax credit incentives; relating to abandoned well plugging credit, agritourism liability insurance credit, alternative fuel tax credit, assistive technology contribution credit, biomass-to-energy plant tax credit and deduction, carbon dioxide capture and sequestration tax deduction, disabled access credit, electric cogeneration facility credit and deduction, employer health insurance contribution credit, ~~environmental compliance credit, friends of cedar crest association credit,~~ petroleum refinery credit, regional foundation credit, storage and blending equipment credit and deduction and swine facility improvement credit; ~~extending the income tax credit for angel investors and aviation-related employment;~~ providing expanded options in the high performance tax credit program for tax credit transfers ~~and wage requirements for rural businesses~~**;** amending K.S.A. 40-2246, 65-7107, 74-50,131, 74-50,154, 79-229, 79-32,177, 79-32,179, 79-32,180, 79-32,201, 79-32,204, 79-32,207~~, 79-32,222~~ and 79-32,256 and K.S.A. 2025 Supp. 32-1438~~, 74-8133,~~ **and** 79-32,160a ~~and 79-32,176a~~ and repealing the existing sections; also repealing K.S.A. 79-32,218, 79-32,233, 79-32,234, 79-32,235, 79-32,236, 79-32,237, 79-32,245, 79-32,246, 79-32,247, 79-32,248, 79-32,249, 79-32,251, 79-32,252, 79-32,253, 79-32,254 and 79-32,255 ~~and K.S.A. 2025 Supp. 79-32,275 and 79-32,295~~.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2025 Supp. 32-1438 is hereby amended to read as follows: 32-1438. (a) For taxable years commencing on and after December 31, 2003, December 31, 2004, December 31, 2005, December 31, 2006, and December 31, 2007, *and ending before January 1, 2026,* there shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act, an amount equal to 20% of the cost of liability insurance paid by a registered agritourism operator who operates an agritourism activity on the effective date of this act. No tax credit claimed pursuant to this subsection shall exceed $2,000. If the amount of such tax credit exceeds the taxpayer's income tax liability for such taxable year, the amount thereof that exceeds such tax liability may

be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of tax credit has been deducted from tax liability, except that no such tax credit shall be carried forward for deduction after the third taxable year succeeding the taxable year in which the tax credit is claimed.

(b) For the first five taxable years commencing after a taxpayer opens such taxpayer's business, after the effective date of this act, *and before the taxable year beginning January 1, 2026,* there shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act, an amount equal to 20% of the cost of liability insurance paid by a registered agritourism operator who starts an agritourism activity after the effective date of this act. No tax credit claimed pursuant to this subsection shall exceed $2,000. If the amount of such tax credit exceeds the taxpayer's income tax liability for such taxable year, the amount thereof that exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of tax credit has been deducted from tax liability, except that no such tax credit shall be carried forward for deduction after the third taxable year succeeding the taxable year in which the tax credit is claimed.

(c) The secretary of commerce shall adopt rules and regulations establishing criteria for determining those costs which qualify as costs of liability insurance for agritourism activities of a registered agritourism operator.

(d) As used in this section, terms mean the same as provided by K.S.A. 32-1432, and amendments thereto.

(e) For tax year 2013 and all tax years ~~thereafter~~ *through tax year 2025*, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to of K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability. *No new income tax credit provided by this section shall be awarded to any taxpayer for any tax year after tax year 2025.*

Sec. 2. K.S.A. 40-2246 is hereby amended to read as follows: 40-2246. (a) A credit against the taxes otherwise due under the Kansas income tax act shall be allowed to an employer for amounts paid during the taxable year for purposes of this act on behalf of an eligible employee as defined in K.S.A. 40-2239, and amendments thereto, to provide health insurance or care and amounts contributed to health savings accounts of eligible covered employees, except that for taxable years commencing after December 31, 2013, no credit shall be allowed pursuant to this section for that portion of any amounts paid by an employer for healthcare expenditures, a health benefit plan, as defined in K.S.A. 65-6731, and

amendments thereto, or amounts contributed to health savings accounts for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 40-2,190, and amendments thereto.

(b) (1) For employers that have established a small employer health benefit plan after December 31, 1999, but prior to January 1, 2005, the amount of the credit allowed by subsection (a) shall be $35 per month per eligible covered employee or 50% of the total amount paid by the employer during the taxable year, whichever is less, for the first two years of participation. In the third year, the credit shall be equal to 75% of the lesser of $35 per month per employee or 50% of the total amount paid by the employer during the taxable year. In the fourth year, the credit shall be equal to 50% of the lesser of $35 per month per employee or 50% of the total amount paid by the employer during the taxable year. In the fifth year, the credit shall be equal to 25% of the lesser of $35 per month per employee or 50% of the total amount paid by the employer during the taxable year. For the sixth and subsequent years, no credit shall be allowed.

(2) For employers that have established a small employer health benefit plan or made contributions to a health savings account of an eligible covered employee after December 31, 2004, the amount of credit allowed by subsection (a) shall be $70 per month per eligible covered employee for the first 12 months of participation, $50 per month per eligible covered employee for the next 12 months of participation and $35 per eligible covered employee for the next 12 months of participation. After 36 months of participation, no credit shall be allowed.

(c) If the credit allowed by this section is claimed, the amount of any deduction allowable under the Kansas income tax act for expenses described in this section shall be reduced by the dollar amount of the credit. The election to claim the credit shall be made at the time of filing the tax return in accordance with law. If the credit allowed by this section exceeds the taxes imposed under the Kansas income tax act for the taxable year, that portion of the credit which exceeds those taxes shall be refunded to the taxpayer.

(d) Any amount of expenses paid by an employer under this act shall not be included as income to the employee for purposes of the Kansas income tax act. If such expenses have been included in federal taxable income of the employee, the amount included shall be subtracted in arriving at state taxable income under the Kansas income tax act.

(e) The secretary of revenue shall promulgate rules and regulations to carry out the provisions of this section.

(f) This section shall apply to all taxable years commencing after December 31, 1999*, and ending before January 1, 2026*.

(g) For tax year 2013 and all tax years ~~thereafter~~ *through tax year*

2025, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability. *No new tax credit provided by this section shall be awarded to any taxpayer for any tax year after tax year 2025.*

Sec. 3. K.S.A. 65-7107 is hereby amended to read as follows: 65-7107. (a) Appropriate state agencies are hereby directed to amend their state plans to protect the benefits of those receiving such benefits by adding language consistent with the following: Any funds in an individual development account, including accrued interest, shall be disregarded when determining eligibility to receive the amount of any public assistance or benefits.

(b) A program contributor shall be allowed a credit against state income tax imposed under the Kansas income tax act in an amount equal to 25% of the contribution amount.

(c) The institute shall verify all tax credit claims by contributors. The administration of the community-based organization, with the cooperation of the participating financial institutions, shall submit the names of contributors and the total amount each contributor contributes to the individual development account reserve fund for the calendar year. The institute shall determine the date by which such information shall be submitted to the institute by the local administrator. The institute shall submit verification of qualified tax credits pursuant to K.S.A. 65-7101 through 65-7107, and amendments thereto, to the department of revenue.

(d) The total tax credits authorized pursuant to this section shall not exceed $6,250 in any fiscal year.

(e) The provisions of this section shall be applicable to all taxable years commencing after December 31, 2002*, and ending before January 1, 2026*.

(f) For tax year 2013 and all tax years ~~thereafter~~ *through tax year 2025*, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability. *No new tax credit provided by this section shall be awarded to any taxpayer for any tax year after tax year 2025.*

Sec. 4. K.S.A. 74-50,131 is hereby amended to read as follows: 74-50,131. Commencing after December 31, 1999: (a) As used in this act: "Qualified firm" means a for-profit business establishment, subject to state income, sales or property taxes, identified under the North American industry classification system (NAICS) subsectors 221, 311 to 339, 423 to 425, 481 to 519, 521 to 721 and 811 to 928 or is identified as a corporate

or regional headquarters or back-office operation of a national or multi-national corporation regardless of NAICS designation. The secretary of commerce shall determine eligibility when a difference exists between a firm's primary business activity and NAICS designation. A business establishment may be assigned a NAICS designation according to the primary business activity at a single physical location in the state.

(b) In the case of firms in NAICS subsectors 221, 423 to 425, 481 to 519, 521 to 721 and 811 to 928, the business establishment must also demonstrate the following:

(1) More than $^1/_2$ of its gross revenues are a result of sales to commercial or governmental customers outside the state of Kansas; or

(2) more than $^1/_2$ of its gross revenues are a result of sales to Kansas manufacturing firms within NAICS subsectors 311 to 339; or

(3) more than $^1/_2$ of its gross revenues are a result of a combination of sales described in (1) and (2).

(c) For purposes of determining whether one of the average wage options described in subsection (d) below is satisfied, business establishments located within a metropolitan county, as defined in K.S.A. 74-50,114, and amendments thereto, will be compared only to other businesses within that metropolitan county, and business establishments located outside of a metropolitan county will be compared to businesses within an aggregation of counties representing the business establishment's region of the state, which regional aggregation will exclude metropolitan counties. Such aggregation shall be determined by the department of commerce.

(d) Additionally, a business establishment having met the criteria as established in subsection (a) or (b), and using the comparison method described in subsection (c), must meet one of the following criteria:

(1) The establishment with 500 or fewer full-time equivalent employees will provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the appropriate NAICS designation.

(2) The establishment with 500 or fewer full-time equivalent employees is the sole firm within its appropriate NAICS designation which has 500 or fewer full-time equivalent employees.

(3) The establishment with more than 500 full-time equivalent employees will provide an average wage that is above the average wage paid by firms with more than 500 full-time equivalent employees which share the appropriate NAICS designation.

(4) The establishment with more than 500 full-time equivalent employees is the sole firm within its appropriate NAICS designation which has more than 500 full-time equivalent employees, in which event it shall either provide an average wage that is above the average wage paid

by all firms with 500 or fewer full-time equivalent employees which share the appropriate NAICS designation, or be the sole firm within its appropriate NAICS designation.

(e) As an alternative to the requirements of subsections (c) and (d), a firm having met the requirements of subsections (a) or (b), may qualify, if excluding taxable disbursements to company owners, the business establishment's annual average wage must be greater than or equal to~~:~~

~~*(1) Prior to January 1, 2026,* 1.5 times the aggregate average wage paid by industries covered by the employment security law based on data maintained by the secretary of labor *and beginning on January 1, 2026, 125% of such aggregate wage; or*~~

~~*(2) beginning on January 1, 2026, for a firm that is located outside of a metropolitan county, 125% of the aggregate average wage for all counties that are not metropolitan counties as determined by the secretary of labor based on data maintained by the secretary of labor. Such average wage for all nonmetropolitan counties shall be published on the website of the department of labor and updated at least annually*~~.

(f) For the purposes of this section, the number of full-time equivalent employees shall be determined by dividing the number of hours worked by part-time employees during the pertinent measurement interval by an amount equal to the corresponding multiple of a 40-hour work week and adding the quotient to the number of full-time employees.

(g) *(1) Except as provided by paragraph (2),* the secretary of commerce shall certify annually to the secretary of revenue that a firm meets the criteria for a qualified firm and that the firm is eligible for the benefits and assistance provided under this act.

(2) If the secretary of commerce has certified a firm as meeting such requirements in the year that the firm earns the tax credit pursuant to K.S.A. 79-32,160a, and amendments thereto, such firm shall be deemed to be certified for purposes of such credit in each taxable year thereafter during the tax credit carryforward period if the secretary of commerce determines that such firm continues to meet the average wage requirement applicable to such firm pursuant to subsection (d) or (e).

(3) The secretary of commerce is hereby authorized to obtain any and all information necessary to determine such eligibility. Information obtained under this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et seq., and amendments thereto, but shall upon request be made available to the legislative post audit division.

(h) The secretary of commerce shall publish rules and regulations for the implementation of this act. Such rules and regulations shall include, but not be limited to:

(1) A definition of "training and education" for purposes of K.S.A. 74-50,132, and amendments thereto.

(2) Establishment of eligibility requirements and application procedures for expenditures from the high performance incentive fund created in K.S.A. 74-50,133, and amendments thereto.

(3) Establishment of approval guidelines for private consultants authorized pursuant to K.S.A. 74-50,133, and amendments thereto.

(4) Establishment of guidelines for prioritizing business assistance programs pursuant to K.S.A. 74-50,133, and amendments thereto.

(5) A definition of "commercial customer" for the purpose of K.S.A. 74-50,133, and amendments thereto.

(6) A definition of "headquarters" for the purpose of K.S.A. 74-50,133, and amendments thereto.

(7) Establishment of guidelines concerning the use and disclosure of any information obtained to determine the eligibility of a firm for the assistance and benefits provided for by this act.

Sec. 5. K.S.A. 74-50,154 is hereby amended to read as follows: 74-50,154. (a) As used in this act: (1) "Business support services" means business counseling, technical assistance and business planning services provided to existing or prospective small businesses or entrepreneurs;

(2) "contributions" means and includes the donation of cash or property other than used clothing in an amount or value of $250 or more. Contributions shall be valued as follows:

(A) Stocks and bonds contributed shall be valued at the stock market price on the date of transfer;

(B) personal property items contributed shall be valued at the lesser of the item's fair market value or cost to the donor and may be inclusive of costs incurred in making the contribution. Such value shall not include sales tax;

(C) contributions of real estate are allowable for credit only when title of such real estate is in fee simple absolute and is clear of any encumbrances; and

(D) the amount of credit allowable shall be based upon the lesser of two current independent appraisals conducted by state licensed appraisers;

(3) "department" means the department of commerce;

(4) "entrepreneur" means an individual creating a new business, service or product;

(5) "region" means multi-county areas as defined by the secretary of commerce;

(6) "regional business development fund" means an authorized and audited fund that is created by taxpayer contributions, interest income and investment income and is managed by the regional foundation board of directors for the purposes of economic and leadership development in the region;

(7) "regional foundation" means any organization in Kansas that

demonstrates capacity to provide economic development services to regions as defined by this act, and: (A) Has obtained a ruling from the internal revenue service of the United States department of treasury that such organization is exempt from income taxation under the provisions of section 501(c)(3) or 501(c)(6) of the federal internal revenue code;

(B) has been designated as a certified development company by the United States small business administration;

(C) has been designated as an economic development district by the United States department of commerce's economic development administration;

(D) has been organized as a regional planning commission under K.S.A. 12-744 et seq., and amendments thereto, or its predecessor, K.S.A. 12-716 et seq., and amendments thereto; or

(E) is incorporated in the state of Kansas as a nonstock, nonprofit corporation;

(8) "regional leadership development" means training and education that enable a region to develop community leadership that strengthens the economic and social environment in that region;

(9) "rural community" means any city having a population of fewer than 50,000 or except as otherwise provided, any unincorporated area. Unincorporated areas within any county having a population of more than 100,000 are not eligible;

(10) "secretary" means the secretary of the department of commerce;

(11) "small business" means an independently owned and operated business having fewer than 100 full-time equivalent employees;

(12) "taxpayer" means: (A) Any business entity authorized to do business in the state of Kansas which is subject to the state income tax imposed by the provisions of the Kansas income tax act;

(B) any individual subject to the state income tax imposed by the provisions of the Kansas income tax act;

(C) any national banking association, state bank, trust company or savings and loan association paying an annual tax on its net income pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated; or

(D) any insurance company paying the premium tax and privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto; and

(13) "technology improvements" means a project that results in the ability of the region to enhance service in areas, including broadband access, web site creation, wireless internet services, computer programming, computer servers, computer networks, computer databases, electronic training modules, electronic media and any other technological areas deemed eligible by the secretary.

(b) For taxable years commencing after December 31, 2004, *and ending before January 1, 2026,* any taxpayer contributing to a regional

foundation designated by the secretary of commerce, shall be allowed a credit, as provided in this act, against the tax imposed by the Kansas income tax act, the tax on net income of national banking associations, state banks, trust companies or savings and loan associations imposed under article 11 of chapter 79 of the Kansas Statutes Annotated, or the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, if the proposal of the regional foundation is approved pursuant to this act.

(c) (1) On December 31, 2007, June 30, 2008, and each June 30 thereafter, each regional foundation shall transfer 5% of funds raised in the previous fiscal year from the marketing of the rural business tax credits to be credited to the enterprise facilitation fund created in K.S.A. 74-50,155, and amendments thereto.

(2) The secretary of commerce may adopt rules and regulations for the disbursement of regional foundation funds to the enterprise facilitation fund.

(d) (1) The secretary of commerce is hereby authorized to adopt rules and regulations for establishing criteria for evaluating proposals to designate regional foundations as defined by this act with the assistance of the secretary of revenue.

(2) The proposal shall set forth the program to be conducted, why the program is needed, the estimated amount to be invested in the program, composition of the board that shall be making investment decisions, policies stating the organization shall offer services to all counties in that region and the plans for implementing the program.

(3) The secretary of commerce shall select regional foundations pursuant to rules and regulations adopted pursuant to subsection (d)(1) to use the sale of credits to establish regional business development funds.

(4) The total amount of credits allowed under this act shall not exceed $2,500,000 for fiscal year 2005; $2,500,000 for fiscal year 2006; $2,000,000 per year for fiscal years 2007 through, and including, 2010, and fiscal year 2012, and $1,800,000 for fiscal year 2011. Each region as defined by this act shall receive an equal share of this allocation.

(5) Any credits not sold by such regional foundations shall be reclaimed by the secretary from such region and redistributed to other regions that sold all credits previously issued.

(6) The secretary shall annually review and approve or disapprove the proposal of each designated regional foundation for continued eligibility for tax credits. The department of commerce retains that right to reclaim credits in such cases the regional foundation closes or there is demonstrated violation of the organization's policies. Changes to the investment policies of each regional foundation are subject to approval of the secretary.

(e) Each regional foundation shall administer a regional business development fund. The sums generated by contributions to each regional business development fund are intended to be distributed to qualified entrepreneurs for the purposes of economic and leadership development in the region. Such sums shall be allocated by each regional foundation as follows:

(1) Not less than 60% of such funds may be allocated for job creation or retention;

(2) not more than 10% of such funds shall be allocated for administrative costs in overseeing particular projects; and

(3) the remaining funds may be allocated towards other eligible activities as provided in subsection (f) in a manner that fits the region's priorities and needs.

(f) Funds in the regional business development funds may be utilized by the regional foundation for one or more of the following eligible activities:

(1) Business start-ups;

(2) business expansion;

(3) business retention;

(4) business support services;

(5) regional leadership development;

(6) technology improvements; and

(7) administrative services.

(g) All interest generated on idle funds administered by the regional foundation shall be used by the foundation's board in accordance with subsections (e) and (f).

(h) Any regional foundation may increase or decrease the allocation percentages set forth in subsection (e) only upon approval of such adjustments by the secretary.

(i) (1) The amount of credit allowed pursuant to this act, shall not exceed 75% of the total amount contributed during the taxable year by the taxpayer to a regional foundation approved pursuant to this act.

(2) If the amount of the credit allowed by this act, exceeds the taxpayer's income tax liability imposed under the Kansas income tax act, such excess amount shall be refunded to the taxpayer.

(j) The provisions of this act shall be applicable to ~~all~~ taxable years beginning after December 31, 2004*, and ending before January 1, 2026*.

~~Sec. 6. K.S.A. 2025 Supp. 74-8133 is hereby amended to read as follows: 74-8133. (a) A credit against the tax imposed by article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, on the Kansas taxable income of an angel investor and against the tax imposed by K.S.A. 40-252, and amendments thereto, shall be allowed for a cash investment in the qualified securities of a qualified Kansas business.~~

~~For tax year 2021 and all tax years thereafter, the credit shall be in a total amount of up to 50% of such investors' cash investment in any qualified Kansas business, subject to the limitations set forth in subsection (b). This~~ *Such* ~~tax credit may be used in its entirety in the taxable year in which the cash investment is made except that no tax credit shall be allowed in a year prior to January 1, 2005. If the amount by which that portion of the credit allowed by this section exceeds the investors' liability in any one taxable year, beginning in the year 2005, the remaining portion of the credit may be carried forward until the total amount of the credit is used. If the investor is a permitted entity investor, the credit provided by this section shall be claimed by the owners of the permitted entity investor in proportion to their ownership share of the permitted entity investor.~~

~~(b) For tax year 2021 and all tax years thereafter, the secretary of revenue shall not allow tax credits of more than $100,000 for a single Kansas business or a total of $350,000 in tax credits for a single year per investor who is a natural person or owner of a permitted entity investor. No tax credits authorized by this act shall be allowed for any cash investments in qualified securities for any year after the year 2026~~ *2031*~~. The total amount of tax credits that may be allowed under this section shall not exceed:~~

~~(1) $4,000,000 during the tax year 2007;~~

~~(2) $6,000,000 for tax years 2008 through 2010 and 2012 through 2022, except that for tax year 2011, the total amount of tax credits that may be allowed under this section shall not exceed $5,000,000;~~

~~(3) $6,500,000 for tax year 2023;~~

~~(4) $7,000,000 for tax year 2024;~~

~~(5) $7,500,000 for tax year 2025; and~~

~~(6) $8,000,000 for tax year 2026~~ *and for each succeeding tax year through tax year 2031*~~.~~

~~The balance of unissued tax credits may be carried over for issuance in future years until tax year 2026~~ *2031*~~.~~

~~(c) A cash investment in a qualified security shall be deemed to have been made on the date of acquisition of the qualified security, as such date is determined in accordance with the provisions of the internal revenue code.~~

~~(d) Any investor without a current tax liability at the time of the investment in a qualified Kansas business, who does not reasonably believe that it~~ *such investor* ~~will owe any such tax for the current taxable year and who makes a cash investment in a qualified security of a qualified Kansas business shall be deemed to acquire an interest in the nature of a transferable credit limited, for tax year 2021 and all tax years thereafter, to an amount~~ *of* ~~up to 50% of this~~ *such* ~~cash investment. This~~ *The* ~~interest may be transferred to any natural person whether or not such person is~~

~~then an investor and be claimed by the transferee as a credit against the transferee's Kansas income tax liability beginning in the year provided in subsection (a). No person shall be entitled to a refund for the interest created under this section. Only the full credit for any one investment may be transferred and this *such* interest may only be transferred one time. A credit acquired by transfer shall be subject to the limitations prescribed in this section. Documentation of any credit acquired by transfer shall be provided by the investor in the manner required by the director of taxation.~~

~~(e) The reasonable costs of the administration of this act, the review of applications for certification as qualified Kansas businesses and the issuance of tax credits authorized by this act shall be reimbursed through fees paid by the qualified Kansas businesses and the investors or the transferees of investors, according to a reasonable fee schedule adopted by the secretary by rules and regulations in accordance with the rules and regulations filing act.~~

Sec. ~~7.~~ **6.** K.S.A. 79-229 is hereby amended to read as follows: 79-229. (a) The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas: Any new biomass-to-energy plant property or any expanded biomass-to-energy plant property.

(b) The provisions of subsection (a) shall apply from and after purchase or commencement of construction or installation of such property and for the 10 taxable years immediately following the taxable year in which construction or installation of such property is completed.

(c) The provisions of this section shall apply to ~~all~~ taxable years commencing after December 31, 2005*, and ending before January 1, 2026*.

(d) As used in this section:

(1) "Biomass-to-energy plant" has the meaning provided by K.S.A. 79-32,233, and amendments thereto.

(2) "Expanded biomass-to-energy plant property" means any real or tangible personal property purchased, constructed or installed for incorporation in and use as part of an expansion of an existing biomass-to-energy plant, construction of which expansion begins after December 31, 2005.

(3) "Expansion of an existing biomass-to-energy plant" means expansion of the capacity of an existing biomass-to-energy plant by at least 10% of such capacity.

(4) "New biomass-to-energy plant property" means any real or tangible personal property purchased, constructed or installed for incorporation in and use as part of a biomass-to-energy plant, construction of which begins after December 31, 2005.

Sec. ~~8.~~ **7.** K.S.A. 2025 Supp. 79-32,160a is hereby amended to read

as follows: 79-32,160a. (a) For taxable years commencing after December 31, 1999, and before January 1, 2012, any taxpayer who shall invest in a qualified business facility, as defined in K.S.A. 79-32,154(b), and amendments thereto, and effective for tax years commencing after December 31, 2010, and before January 1, 2012, located in an area other than a metropolitan county as defined in either K.S.A. 74-50,114 or 74-50,211, and amendments thereto, and also meets the definition of a business in K.S.A. 74-50,114(b), and amendments thereto, shall be allowed a credit for such investment, in an amount determined under subsection (b) or (c), as the case requires, against the tax imposed by the Kansas income tax act or where the qualified business facility is the principal place from which the trade or business of the taxpayer is directed or managed and the facility has facilitated the creation of at least 20 new full-time positions, against the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year during which commencement of commercial operations, as defined in K.S.A. 79-32,154(f), and amendments thereto, occurs at such qualified business facility. In the case of a taxpayer who meets the definition of a manufacturing business in K.S.A. 74-50,114(d), and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds two. In the case of a taxpayer who meets the definition of a nonmanufacturing business in K.S.A. 74-50,114(f), and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds five. Where an employee performs services for the taxpayer outside the qualified business facility, the employee shall be considered engaged or maintained in employment at the qualified business facility if: (1) The employee's service performed outside the qualified business facility is incidental to the employee's service inside the qualified business facility; or (2) the base of operations or, the place from which the service is directed or controlled, is at the qualified business facility.

(b) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility that is located in a designated nonmetropolitan region established under K.S.A. 74-50,116, and

amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) $2,500 for each qualified business facility employee determined under K.S.A. 79-32,154, and amendments thereto; plus

(2) $1,000 for each $100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment, as determined under K.S.A. 79-32,154, and amendments thereto.

(c) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility that is not located in a nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, and effective for tax years commencing after December 31, 2010, and before January 1, 2012, located in an area other than a metropolitan county as defined in either K.S.A. 74-50,114 or 74-50,211, and amendments thereto, and that also meets the definition of business in K.S.A. 74-50,114(b), and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) $1,500 for each qualified business facility employee as determined under K.S.A. 79-32,154, and amendments thereto; and

(2) $1,000 for each $100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment as determined under K.S.A. 79-32,154, and amendments thereto.

(d) The credit allowed by subsection (a) for each qualified business facility employee and for qualified business facility investment shall be a one-time credit. If the amount of the credit allowed under subsection (a) exceeds the tax imposed by the Kansas income tax act on the taxpayer's

Kansas taxable income, the premium tax and privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year, or in the case where the qualified business facility investment was made prior to January 1, 1996, 50% of such tax imposed upon the amount which exceeds such tax liability or such portion thereof may be carried over for credit in the same manner in the succeeding taxable years until the total amount of such credit is used. Except that, before the credit is allowed, a taxpayer, who meets the definition of a manufacturing business in K.S.A. 74-50,114(d), and amendments thereto, shall recertify annually that the net increase of a minimum of two qualified business facility employees has continued to be maintained and a taxpayer, who meets the definition of a nonmanufacturing business in K.S.A. 74-50,114(f), and amendments thereto, shall recertify annually that the net increase of a minimum of five qualified business employees has continued to be maintained.

(e) Notwithstanding the foregoing provisions of this section, and except as otherwise provided in this subsection, any taxpayer qualified and certified under the provisions of K.S.A. 74-50,131, and amendments thereto, that prior to making a commitment to invest in a qualified Kansas business, has filed a certificate of intent to invest in a qualified business facility in a form satisfactory to the secretary of commerce, shall be entitled to a credit in an amount equal to 10% of that portion of the qualified business facility investment that exceeds $50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2) without regard to the number of qualified business facility employees engaged or maintained in employment at the qualified business facility. For tax years beginning on or after January 1, 2012, for a qualified business facility investment in Douglas, Johnson, Sedgwick, Shawnee or Wyandotte county, such credit shall be in an amount equal to 10% of that portion of the qualified business facility investment that exceeds $1,000,000. Any taxpayer who has filed a certificate of intent to invest in a qualified business facility pursuant to this subsection in Douglas, Johnson, Sedgwick, Shawnee or Wyandotte county prior to December 31, 2011, and commences investments in a qualified business facility prior to December 31, 2013, may claim credits under K.S.A. 74-50,131, 74-50,132 and 79-32,160a(e), and amendments thereto, in an amount equal to 10% of that portion of the qualified business facility investment that exceeds $50,000. Timing modifications may be authorized at the discretion of the secretary of commerce and the secretary of revenue during the transition period. The credit allowed by this subsection shall be a one-time credit. If the amount thereof exceeds the tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income or the

premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year, the amount thereof that exceeds such tax liability may be carried forward for credit in the succeeding taxable year or years until the total amount of the tax credit is used, except that no such tax credit shall be carried forward for deduction after the 16th taxable year succeeding the taxable year in which such credit initially was claimed, and no carryforward shall be allowed for deduction in any succeeding taxable year unless the taxpayer certifies under oath that the taxpayer continues to meet the requirements of K.S.A. 74-50,131, and amendments thereto, and this act. In no event shall any credit allowed under this section that expired during any taxable year prior to the taxable year commencing January 1, 2011, be revived under the provisions of this act.

(f) For projects placed into service on and after January 1, 2021, ~~a~~ *any* taxpayer*, including all pass-through entities, awarded a tax credit* may transfer up to 50% of the *unused portion of the* tax credit allowed under subsection (e), as provided in this subsection. The taxpayer may make a transfer to one or more transferees, but the total of all transfers shall not exceed 50% of the taxpayer's tax credit. The taxpayer ~~shall~~ *may* make the transfer or transfers ~~within a single tax year~~ *at any time during the carryforward period allowed by this subsection. The taxpayer shall ensure that any tax credit transferred has not been used, including any use by any partner, owner or shareholder of a pass-through entity.* The credit may be transferred to any individual or entity and shall be claimed in the year the credit was transferred against the transferee's tax liability for the income tax under the Kansas income tax act or the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto. The amount of the credit that exceeds the transferee's tax liability for such year may be carried forward for credit in the succeeding taxable year or years until the total amount of the tax credit is used, except that no such credit shall be carried forward for deduction after the 16th taxable year succeeding the taxable year in which such credit was initially claimed. The taxpayer or transferee shall provide such documentation of the tax credit transfer to the secretary of revenue as may be required by the secretary.

(g) *Notwithstanding the provisions of subsection (f), for projects placed into service on and after January 1, 2026, by an S corporation that is wholly owned by an employee stock ownership plan, as defined in the internal revenue code of 1986, as amended, U.S.C. § 4975(e)(7), and the*

trust thereunder, such S corporation and the trust thereunder may make one or more transfers that may total up to 100% of the unused portion of the tax credit allowed pursuant to subsection (e). Such transfer or transfers may be made to one or more transferees in one or more tax years and at any time during the carryforward period allowed by subsection (f). The taxpayer shall ensure that any transferred tax credit or portion of the tax credit has not been used. The tax credit or portion thereof may be transferred to any individual or entity and shall be claimed in the year that the credit was transferred against the transferee's tax liability for the income tax under the Kansas income tax act or the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto. The amount of the credit that exceeds the transferee's tax liability for such year may be carried forward for credit in the succeeding taxable year or years until the total amount of the tax credit is used, except that no such credit shall be carried forward for transfer or deduction after the 16th taxable year succeeding the taxable year in which such credit was initially claimed. The taxpayer or transferee shall provide such documentation of the tax credit transfer to the secretary of revenue as may be required by the secretary.

(h) In the event the tax credit earned by the taxpayer and transferred to a transferee is later disallowed in whole or in part by the secretary of revenue, the taxpayer that originally earned the tax credit shall be liable for repayment to the state in the amount disallowed.

~~(h)~~*(i)* For tax years commencing after December 31, 2005, any taxpayer claiming credits pursuant to this section, as a condition for claiming and qualifying for such credits, shall provide information pursuant to K.S.A. 79-32,243, and amendments thereto, as part of the tax return in which such credits are claimed. Such credits shall not be denied solely on the basis of the contents of the information provided by the taxpayer pursuant to K.S.A. 79-32,243, and amendments thereto.

~~(i)~~*(j)* This section and K.S.A. 79-32,160b, and amendments thereto, shall be a part of and supplemental to the job expansion and investment credit act of 1976, and amendments thereto.

~~Sec. 9. K.S.A. 2025 Supp. 79-32,176a is hereby amended to read as follows: 79-32,176a. (a) Any resident individual taxpayer who makes expenditures for the purpose of making all or any portion of an existing facility accessible to individuals with a disability, which facility is used as, or in connection with, such taxpayer's principal dwelling or the principal dwelling of a lineal ascendant or descendant, including construction of a small barrier-free living unit attached to such principal dwelling, shall be entitled to claim a tax credit in an amount equal to the applicable~~

~~percentage of such expenditures or $15,000, whichever is less, against the income tax liability imposed against such taxpayer pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto. Nothing in this subsection shall be deemed to prevent any such taxpayer from claiming such credit: (1) For each principal dwelling in which the taxpayer or lineal ascendant or descendant may reside, or facility used in connection therewith; or (2) more than once, but not more often than once every four-year period of time. The applicable percentage of such expenditures eligible for credit shall be as set forth in the following schedules:~~

~~Married individuals filing joint returns.~~

~~Taxpayers Federal Adjusted Gross Income~~	~~% of expenditures eligible for credit~~
~~$0 to $60,000~~	~~100%~~
~~Over $60,000 but not over $70,000~~	~~90%~~
~~Over $70,000 but not over $80,000~~	~~80%~~
~~Over $80,000 but not over $90,000~~	~~70%~~
~~Over $90,000 but not over $100,000~~	~~60%~~
~~Over $100,000 but not over $110,000~~	~~50%~~
~~Over $110,000 but not over $120,000~~	~~40%~~
~~Over $120,000 but not over $130,000~~	~~30%~~
~~Over $130,000 but not over $140,000~~	~~20%~~
~~Over $140,000 but not over $150,000~~	~~10%~~
~~Over $150,000~~	~~0%~~

~~All other individuals.~~

~~Taxpayers Federal Adjusted Gross Income~~	~~% of expenditures eligible for credit~~
~~$0 to $40,000~~	~~100%~~
~~Over $40,000 but not over $50,000~~	~~90%~~
~~Over $50,000 but not over $60,000~~	~~80%~~
~~Over $60,000 but not over $70,000~~	~~70%~~
~~Over $70,000 but not over $80,000~~	~~60%~~
~~Over $80,000 but not over $90,000~~	~~50%~~
~~Over $90,000 but not over $100,000~~	~~40%~~
~~Over $100,000 but not over $110,000~~	~~30%~~
~~Over $110,000 but not over $120,000~~	~~20%~~
~~Over $120,000 but not over $130,000~~	~~10%~~
~~Over $130,000~~	~~0%~~

~~Such tax credit shall be deducted from the taxpayer's income tax~~

~~liability for the taxable year in which the expenditures are made by the taxpayer. If the amount of such tax credit exceeds the taxpayer's income tax liability for such taxable year, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth taxable year succeeding the taxable year in which the expenditures are made.~~

~~(b) Notwithstanding the provisions of subsection (a), if the amount of the taxpayer's tax liability is less than $3,750 in the first year in which the credit is claimed under this section, an amount equal to the amount by which ¼ of the credit allowable under this section exceeds such tax liability shall be refunded to the taxpayer and the amount by which such credit exceeds such tax liability less the amount of such refund may be carried over for the next three succeeding taxable years. If the amount of the taxpayer's tax liability is less than $3,750 in the second year in which the credit is claimed under this section, an amount equal to the amount by which ⅓ of the amount of the credit carried over from the first taxable year exceeds such tax liability shall be refunded to the taxpayer and the amount by which the amount of the credit carried over from the first taxable year exceeds such tax liability less the amount of such refund may be carried over for the next two succeeding taxable years. If the amount of the taxpayer's tax liability is less than $3,750 in the third year in which the credit is claimed under this section, an amount equal to the amount by which ½ of the amount carried over from the second taxable year exceeds such tax liability shall be refunded to the taxpayer and the amount by which the amount of the credit carried over from the second taxable year exceeds such tax liability less the amount of such refund may be carried over to the next succeeding taxable year. If the amount of the credit carried over from the third taxable year exceeds the taxpayer's income tax liability for such year, the amount thereof which exceeds such tax liability shall be refunded to the taxpayer.~~

~~(c) In the case of all tax years commencing after December 31, 2021, the maximum tax credit amount, as prescribed in subsection (a), and the tax liability threshold amount in the first, second and third years, as prescribed in subsection (b), shall be increased by an amount equal to such maximum tax credit amount and tax liability threshold amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.~~

~~(d) The provisions of this section are applicable to tax year 2021, and all tax years thereafter~~ *ending before January 1, 2026. No new tax credit*

~~*pursuant to this section shall be awarded for any tax year after tax year 2025.*~~

Sec. ~~10.~~ **8.** K.S.A. 79-32,177 is hereby amended to read as follows: 79-32,177. Any taxpayer who makes expenditures for the purpose of making all or any portion of an existing facility accessible to individuals with a disability, or who makes expenditures for the purpose of making all or any portion of a facility or of equipment usable for the employment of individuals with a disability, which facility or equipment is on real property located in this state and used in a trade or business or held for the production of income, shall be entitled to claim an income tax credit in an amount equal to 50% of such expenditures or, the amount of $10,000, whichever is less, against the income tax liability imposed against such taxpayer pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto. Such tax credit shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. If the amount of such tax credit exceeds the taxpayer's income tax liability for such taxable year, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth taxable year succeeding the taxable year in which the expenditures are made. *No new tax credit pursuant to this section shall be awarded for any tax year after tax year 2025.*

Sec. ~~11.~~ **9.** K.S.A. 79-32,179 is hereby amended to read as follows: 79-32,179. The provisions of this act shall apply to all taxable years commencing after December 31, 1977*, except that the provisions of K.S.A. ~~79-32,175 through 79-32,178~~* **79-32,177***, and amendments thereto, shall not apply to taxable years commencing after December 31, 2025*.

Sec. ~~12.~~ **10.** K.S.A. 79-32,180 is hereby amended to read as follows: 79-32,180. The provisions of ~~this act~~ *K.S.A. ~~79-32,175 through 79-32,178~~* **79-32,177***, and amendments thereto,* shall be applicable to all taxable years commencing after December 31, 1980*, and ending before January 1, 2026*.

Sec. ~~13.~~ **11.** K.S.A. 79-32,201 is hereby amended to read as follows: 79-32,201. (a) Any taxpayer who makes expenditures for a qualified alternative-fueled motor vehicle or alternative-fuel fueling station shall be allowed a credit against the income tax imposed by article 32 of chapter 79 of the Kansas Statutes Annotated, as follows:

(1) For any qualified alternative-fueled motor vehicle placed in service on or after January 1, 1996, and before January 1, 2005, an amount equal to 50% of the incremental cost or conversion cost for each qualified alternative-fueled motor vehicle but not to exceed $3,000 for each such

motor vehicle with a gross vehicle weight of less than 10,000 lbs.; $5,000 for a heavy duty motor vehicle with a gross vehicle weight of greater than 10,000 lbs. but less than 26,000 lbs.; and $50,000 for motor vehicles having a gross vehicle weight of greater than 26,000 lbs.;

(2) for any qualified alternative-fueled motor vehicle placed in service on or after January 1, 2005, an amount equal to 40% of the incremental cost or conversion cost for each qualified alternative-fueled motor vehicle, but not to exceed $2,400 for each such motor vehicle with a gross vehicle weight of less than 10,000 lbs.; $4,000 for a heavy duty motor vehicle with a gross vehicle weight of greater than 10,000 lbs. but less than 26,000 lbs.; and $40,000 for motor vehicles having a gross vehicle weight of greater than 26,000 lbs.;

(3) for any qualified alternative-fuel fueling station placed in service on or after January 1, 1996, and before January 1, 2005, an amount equal to 50% of the total amount expended for each qualified alternative-fuel fueling station but not to exceed $200,000 for each fueling station;

(4) for any qualified alternative-fuel fueling station placed in service on or after January 1, 2005, and before January 1, 2009, an amount equal to 40% of the total amount expended for each qualified alternative-fuel fueling station, but not to exceed $160,000 for each fueling station; *and*

(5) for any qualified alternative-fuel fueling station placed in service on or after January 1, 2009, an amount equal to 40% of the total amount expended for each qualified alternative-fuel fueling station, but not to exceed $100,000 for each fueling station.

(b) If no credit has been claimed pursuant to subsection (a), a credit in an amount not exceeding the lesser of 5% of the cost of the vehicle or $750 shall be allowed to a taxpayer who purchases a motor vehicle equipped by the vehicle manufacturer with an alternative fuel system and who is unable or elects not to determine the exact basis attributable to such property. The credit under this subsection shall be allowed only to the first individual to take title to such motor vehicle, other than for resale. The credit under this subsection for motor vehicles which are capable of operating on a blend of 85% ethanol and 15% gasoline shall be allowed for taxable years commencing after December 31, 1999, only if the individual claiming the credit furnishes evidence of the purchase, during the period of time beginning with the date of purchase of such vehicle and ending on December 31 of the next succeeding calendar year, of 500 gallons of such ethanol and gasoline blend as may be required or is satisfactory to the secretary of revenue.

(c) The tax credit under subsection (a)(1) through (a)(4) or (b) shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the

amount which exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the third taxable year succeeding the taxable year in which the expenditures are made.

(d) The tax credit under subsection (a)(5) shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount which exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth taxable year in which the expenditures are made.

(e) As used in this section:

(1) "Alternative fuel" means a combustible liquid derived from grain starch, oil seed, animal fat or other biomass; or produced from biogas source, including any nonfossilized, decaying, organic matter.

(2) "Qualified alternative-fueled motor vehicle" means a motor vehicle that operates on an alternative fuel, meets or exceeds the clean fuel vehicle standards in the federal clean air act amendments of 1990, Title II and meets one of the following categories:

(A) Bi-fuel motor vehicle: A motor vehicle with two separate fuel systems designed to run on either an alternative fuel or conventional fuel, using only one fuel at a time;

(B) dedicated motor vehicle: A motor vehicle with an engine designed to operate on a single alternative fuel only; or

(C) flexible fuel motor vehicle: A motor vehicle that may operate on a blend of an alternative fuel with a conventional fuel, such as E-85 (85% ethanol and 15% gasoline) or M-85 (85% methanol and 15% gasoline), as long as such motor vehicle is capable of operating on at least an 85% alternative fuel blend.

(3) "Qualified alternative-fuel fueling station" means the property which is directly related to the delivery of alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, including the compression equipment, storage vessels and dispensers for such fuel at the point where such fuel is delivered but only if such property is primarily used to deliver such fuel for use in a qualified alternative-fueled motor vehicle.

(4) "Incremental cost" means the cost that results from subtracting the manufacturer's list price of the motor vehicle operating on conventional gasoline or diesel fuel from the manufacturer's list price of the same model motor vehicle designed to operate on an alternative fuel.

(5) "Conversion cost" means the cost that results from modifying a motor vehicle which is propelled by gasoline or diesel to be propelled by an alternative fuel.

(6) "Taxpayer" means any person who owns and operates a qualified alternative-fueled vehicle licensed in the state of Kansas or who makes an expenditure for a qualified alternative-fuel fueling station.

(7) "Person" means every natural person, association, partnership, limited liability company, limited partnership or corporation.

(f) Except as otherwise more specifically provided, the provisions of this section shall apply to ~~all~~ taxable years commencing after December 31, 1995*, and ending before January 1, 2026*.

(g) For tax year 2013 and ~~all~~ tax years ~~thereafter~~ *through tax year 2025*, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability. *No new tax credit provided by this section shall be awarded to any taxpayer for any tax year after tax year 2025.*

Sec. ~~14.~~ **12.** K.S.A. 79-32,204 is hereby amended to read as follows: 79-32,204. (a) As used in this section:

(1) Terms have the meanings provided by K.S.A. 65-1,178, and amendments thereto;

(2) "qualified swine facility" means a swine facility that: (A) Is owned and operated by a sole proprietorship or partnership or by a family farm corporation, authorized farm corporation, limited liability agricultural company, family farm limited liability agricultural company, limited agricultural partnership, family trust, authorized trust or testamentary trust, as defined by K.S.A. 17-5903, and amendments thereto; and (B) is utilizing its swine waste management system on January 1, 1998; and

(3) "required improvements to a qualified swine facility" means capital improvements that the secretary of health and environment certifies to the director of taxation: (A) Are required for a qualified swine facility to comply with the standards and requirements established pursuant to K.S.A. 65-1,178 through 65-1,198, and amendments thereto, or pursuant to the amendments made by this act to K.S.A. 65-171d, and amendments thereto; and (B) are not required because of expansion for which a permit has not been issued or applied for before the effective date of this act.

(b) There shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act an amount equal to not more than 50% of the costs incurred by the taxpayer for required improvements to a qualified swine facility. The tax credit allowed by this subsection shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. If the

amount of such tax credit exceeds the taxpayer's income tax liability for such taxable year, the taxpayer may carry over the amount thereof that exceeds such tax liability for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth taxable year succeeding the year in which the costs are incurred.

(c) The provisions of this section shall be applicable to all taxable years commencing after December 31, 1997*, and ending before January 1, 2026*.

(d) For tax year 2013 and ~~all~~ tax years ~~thereafter~~ *before tax year 2026*, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability. *No new tax credit pursuant to this section shall be awarded to any taxpayer for any tax year after tax year 2025.*

Sec. ~~15.~~ **13.** K.S.A. 79-32,207 is hereby amended to read as follows: 79-32,207. (a) As used in this section, "abandoned oil or gas well" means an abandoned well, as defined by K.S.A. 55-191, and amendments thereto:

(1) The drilling of which was commenced before January 1, 1970; and

(2) which is located on land owned by the taxpayer claiming the tax credit allowed by this section.

(b) For any taxable year commencing after December 31, 2000, *and ending before January 1, 2026,* a credit shall be allowed against the tax imposed by the Kansas income tax act on the Kansas taxable income of a taxpayer for expenditures made for the purpose of plugging any abandoned oil or gas well in accordance with rules and regulations of the state corporation commission applicable thereto, in an amount equal to 50% of such expenditures made in the taxable year.

(c) If the amount of the tax credit allowed by this section exceeds the taxpayer's income tax liability for such taxable year, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability.

(d) The total amount of credits allowed taxpayers pursuant to this section, including the amount of credits carried over under subsection (c), shall not exceed $250,000 for any one fiscal year.

(e) The secretary of revenue shall adopt such rules and regulations as necessary to carry out the purposes of this section.

(f) For tax year 2013 and ~~all~~ tax years ~~thereafter~~ *through tax year*

2025, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability. *No new tax credit pursuant to this section shall be awarded to any taxpayer for any tax year after tax year 2025.*

~~Sec. 16. K.S.A. 79-32,222 is hereby amended to read as follows: 79-32,222. (a) As used in this section:~~

~~(1) "Refinery" has the meaning provided by K.S.A. 79-32,217, and amendments thereto.~~

~~(2) "Qualified expenditures" means expenditures which the secretary of health and environment certifies to the director of taxation are required for an existing refinery to comply with environmental standards or requirements established pursuant to federal statute or regulation, or state statute or rules and regulation, adopted after December 31, 2006.~~

~~(b) There shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act an amount equal to the taxpayer's qualified expenditures. The tax credit allowed by this subsection shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. If the amount of such tax credit exceeds the taxpayer's income tax liability for such taxable year, the taxpayer may carry over the amount thereof that exceeds such tax liability for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth taxable year succeeding the year in which the costs are incurred.~~

~~(c) (1) To qualify the expenditures of the tax credit allowed by this section, a taxpayer shall apply to the secretary of health and environment for a certification that the costs were incurred to comply with environmental standards or requirements as specified in subsection (a). The secretary shall prescribe the form of the application, which shall include, but not be limited to, the following information: (A) A detailed description of the refinery project that is the subject of the expenditure; (B) a citation to the applicable federal or state statutes, regulations or rules and regulations which require the environmental compliance; (C) a detailed accounting of the costs incurred for the environmental compliance; and (D) a certification by a responsible official that, based on information and belief formed after reasonable inquiry, the statements and information in the application are true, accurate and complete.~~

~~(2) If the secretary of health and environment determines that the expenditures were incurred to comply with environmental standards or requirements as specified in subsection (a), the secretary shall issue a~~

~~certificate of compliance to the director of taxation.~~

~~(3) The secretary of health and environment may adopt rules and regulations to administer the provisions of this subsection, including rules and regulations to fix, charge and collect an application fee to cover all or any part of the department of health and environment's cost of certifying the taxpayer's qualified expenditures under this subsection.~~

~~(d) The provisions of this section shall be applicable to all taxable years commencing after December 31, 2006~~*, and ending before January 1, 2026*~~.~~

~~(e) For tax year 2013 and all tax years thereafter~~ *through tax year 2025*~~, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.~~ *No new tax credit pursuant to this section shall be awarded to any taxpayer for any tax year after tax year 2025.*

Sec.~~17.~~ **14.** K.S.A. 79-32,256 is hereby amended to read as follows: 79-32,256. (a) A taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of carbon dioxide capture, sequestration or utilization machinery and equipment based upon a period of 10 years. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such machinery and equipment for the first taxable year in which such machinery and equipment are in operation and 5% of the amortizable costs of such machinery and equipment for each of the next nine taxable years.

(b) The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time prescribed by rules and regulations adopted by the secretary.

(c) The provisions of this section shall apply to~~ all~~ taxable years commencing after December 31, 2007*, and ending before January 1, 2026*.

(d) The secretary of revenue shall adopt such rules and regulations as deemed necessary to carry out the provisions of this section.

(e) As used in this section, "carbon dioxide capture, sequestration or utilization machinery and equipment" means any machinery and equipment which is located in this state and is: (1) Used to capture carbon dioxide from industrial and other anthropogenic sources, or to convert such carbon dioxide into one or more products; (2) used to inject carbon dioxide into a carbon dioxide injection well, as defined in K.S.A. 55-1637, and amendments thereto; or (3) used to recover carbon dioxide from sequestration.

Sec.~~18.~~ **15.** K.S.A. 40-2246, 65-7107, 74-50,131, 74-50,154, 79-229,

79-32,177, 79-32,179, 79-32,180, 79-32,201, 79-32,204, 79-32,207, 79-32,218, ~~79-32,222,~~ 79-32,233, 79-32,234, 79-32,235, 79-32,236, 79-32,237, 79-32,245, 79-32,246, 79-32,247, 79-32,248, 79-32,249, 79-32,251, 79-32,252, 79-32,253, 79-32,254, 79-32,255 and 79-32,256 and K.S.A. 2025 Supp. 32-1438, ~~74-8133,~~ **and** 79-32,160a, ~~79-32,176a, 79-32,275 and 79-32,295~~ are hereby repealed.

Sec. ~~19.~~ **16.** This act shall take effect and be in force from and after its publication in the statute book.