

HOUSE Substitute for SENATE BILL No. 70

By Committee on Utilities

3-23

10 AN ACT concerning income taxation; relating to credits and deductions;
11 energy efficiency expenditures.

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

14 Section 1. (a) For ~~all taxable years commencing after December 31,~~
15 ~~2005~~ **[taxable years 2006, 2007 and 2008]**, there shall be allowed tax
16 credits against the income tax liability imposed upon a taxpayer pursuant
17 to the Kansas income tax act, in an amount equal to the following:

18 (1) For nonowner occupied single family dwellings and duplexes and
19 multiple family dwellings other than duplexes, \$100 per dwelling unit for
20 each six inches of ceiling insulation installed;

21 (2) for nonowner occupied single family dwellings, \$300 for a newly
22 installed heating, ventilation or air conditioning system which replaces an
23 existing system and meets one or more of the following criteria:

- 24 (A) Furnace or boiler must meet or exceed 92% AFUE;
- 25 (B) split systems must meet or exceed SEER 14, EER of 11.5;
- 26 (C) single package systems must meet or exceed SEER 14;
- 27 (D) air source heat pumps must meet or exceed HSPF 8, SEER 14

28 and EER of 11.5; and

29 (E) ground-source heat pumps must meet or exceed:
30 (i) Closed-loop systems—14.1 cooling EER and 3.3 heating coeffi-

31 cient of performance (COP);

32 (ii) open-loop systems—16.2 EER and 3.6 COP;

33 (iii) direct-expansion systems—15 EER and 3.5 COP; and

34 (iv) all ground-source heat pumps must include a desuperheater,
35 which preheats water for a water heater, or an integrated water heating
36 system; and

37 (3) for nonowner occupied multiple family dwellings, \$300 times the
38 number of dwelling units served by the system for a newly installed heat-
39 ing, ventilation or air conditioning system which replaces an existing sys-
40 tem, has a separate temperature control for each dwelling unit and meets
41 one or more of the following criteria:

- 42 (A) Furnace or boiler must meet or exceed 92% AFUE;
- 43 (B) split systems must meet or exceed SEER 14, EER of 11.5;

- 1 (C) single package systems must meet or exceed SEER 14;
2 (D) air source heat pumps must meet or exceed HSPF 8, SEER 14
3 and EER of 11.5; and
4 (E) ground-source heat pumps must meet or exceed:
5 (i) Closed-loop systems—14.1 cooling EER and 3.3 heating coeffi-
6 cient of performance (COP);
7 (ii) open-loop systems—16.2 EER and 3.6 COP;
8 (iii) direct-expansion systems—15 EER and 3.5 COP; and
9 (iv) all ground-source heat pumps must include a desuperheater,
10 which preheats water for a water heater, or an integrated water heating
11 system.
12 (b) If the amount of tax credits allowed pursuant to this section ex-
13 ceeds the taxpayer's income tax liability for the year in which the ex-
14 penditures were incurred, the amount thereof which exceeds such tax
15 liability may be carried over for deduction from the taxpayer's income tax
16 liability in the next succeeding taxable year or years until the total amount
17 of the tax credits have been deducted from tax liability, except that no
18 such tax credits shall be carried over for deduction after the fifth taxable
19 year succeeding the taxable year in which the expenditures are made.
20 (c) The taxpayer claiming a credit pursuant to this section shall pro-
21 vide evidence of purchase and installation of the item or items for which
22 the credit is claimed as required by rules and regulations of the secretary
23 of revenue.
24 (d) The secretary of revenue shall adopt rules and regulations to im-
25 plement the provisions of this section.
26 (e) The secretary of revenue shall submit a report to the legislature
27 regarding utilization of credits claimed pursuant to this section, for pur-
28 poses of evaluation of the program. Such report shall be due on or before
29 the first day of the 2008 legislative session.
30 Sec. 2. (a) In addition to the income tax credit allowed pursuant to
31 section 1, and amendments thereto, for ~~all taxable years commencing~~
32 ~~after December 31, 2005~~ **[taxable years 2006, 2007 and 2008]**, a tax-
33 payer shall be entitled to a deduction from Kansas adjusted gross income
34 with respect to: (1) The amortization of the amortizable costs of a new
35 heating, ventilation or air conditioning system based upon a period of five
36 years; plus (2) the costs of installation of such new system spread over
37 five years. For the first taxable year in which such new system is in use,
38 such deduction shall be an amount equal to 60% of the amortizable costs
39 of such new system plus 60% of the costs of installation of such new
40 system. For each of the next four taxable years, such deduction shall be
41 an amount equal to 10% of the amortizable costs of such new system plus
42 10% of the costs of installation of such new system.
43 (b) The election of the taxpayer to claim the deduction allowed by

1 subsection (a) shall be made by filing a statement of such election with
2 the secretary of revenue in the manner and form and within the time
3 prescribed by rules and regulations adopted by the secretary.

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

6 Sec. 3. This act shall take effect and be in force from and after its
7 publication in the statute book.

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