

Substitute for HOUSE BILL No. 2723

By Committee on Taxation

3-21

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

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

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

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

20 (2) for nonowner occupied single family dwellings and duplexes, \$300
21 for a newly installed heating, ventilation or air conditioning system which
22 replaces an existing system and meets one or more of the following
23 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 other than du-
38 plexes, \$300 times the number of dwelling units served by the system for
39 a newly installed heating, ventilation or air conditioning system which
40 replaces an existing system and meets one or more of the following
41 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, a taxpayer shall be entitled to a deduction from
33 Kansas adjusted gross income with respect to the amortization of the
34 amortizable costs of a new heating, ventilation or air conditioning system
35 based upon a period of five years. Such amortization deduction shall be
36 an amount equal to 60% of the amortizable costs of such new system for
37 the first taxable year in which such new system is in usage and 10% of
38 the amortizable costs of such new system for each of the next four taxable
39 years.
- 40 (b) The election of the taxpayer to claim the deduction allowed by
41 subsection (a) shall be made by filing a statement of such election with
42 the secretary of revenue in the manner and form and within the time
43 prescribed by rules and regulations adopted by the secretary.

1 (c) The secretary of revenue shall adopt rules and regulations as
2 deemed necessary to carry out the provisions of this section.
3 Sec. 3. This act shall take effect and be in force from and after its
4 publication in the statute book.