

## HOUSE BILL No. 2441

By Committee on Taxation

Requested by Representative Hoheisel on behalf of CATALYST

1-14

1 AN ACT concerning income taxation; relating to credits; adding  
2 compressed natural gas or liquefied natural gas to alternative fuels that  
3 are eligible for the income tax credit for alternative-fueled motor  
4 vehicle property expenditures; amending K.S.A. 79-32,201 and  
5 repealing the existing section.  
6

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

8 Section 1. K.S.A. 79-32,201 is hereby amended to read as follows:  
9 79-32,201. (a) Any taxpayer who makes expenditures for a qualified  
10 alternative-fueled motor vehicle or alternative-fuel fueling station shall be  
11 allowed a credit against the income tax imposed by article 32 of chapter 79  
12 of the Kansas Statutes Annotated, *and amendments thereto*, as follows:

13 (1) For any qualified alternative-fueled motor vehicle placed in  
14 service on or after January 1, 1996, and before January 1, 2005, an amount  
15 equal to 50% of the incremental cost or conversion cost for each qualified  
16 alternative-fueled motor vehicle but not to exceed \$3,000 for each such  
17 motor vehicle with a gross vehicle weight of less than 10,000 lbs.; \$5,000  
18 for a heavy duty motor vehicle with a gross vehicle weight of greater than  
19 10,000 lbs. but less than 26,000 lbs.; and \$50,000 for motor vehicles  
20 having a gross vehicle weight of greater than 26,000 lbs.;

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

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

33 (4) for any qualified alternative-fuel fueling station placed in service  
34 on or after January 1, 2005, and before January 1, 2009, an amount equal  
35 to 40% of the total amount expended for each qualified alternative-fuel

1 fueling station; but not to exceed \$160,000 for each fueling station;

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

6 (b) If no credit has been claimed pursuant to subsection (a), a credit in  
7 an amount not exceeding the lesser of 5% of the cost of the vehicle or  
8 \$750 shall be allowed to a taxpayer who purchases a motor vehicle  
9 equipped by the vehicle manufacturer with an alternative fuel system and  
10 who is unable or elects not to determine the exact basis attributable to such  
11 property. The credit under this subsection shall be allowed only to the first  
12 individual to take title to such motor vehicle; other than for resale. The  
13 credit under this subsection for motor vehicles ~~which~~ *that* are capable of  
14 operating on a blend of 85% ethanol and 15% gasoline shall be allowed for  
15 taxable years commencing after December 31, 1999, only if the individual  
16 claiming the credit furnishes evidence of the purchase, during the period of  
17 time beginning with the date of purchase of such vehicle and ending on  
18 December 31 of the next succeeding calendar year, of 500 gallons of such  
19 ethanol and gasoline blend as may be required or is satisfactory to the  
20 secretary of revenue.

21 (c) The tax credit under subsection (a)(1) through (a)(4) or (b) shall  
22 be deducted from the taxpayer's income tax liability for the taxable year in  
23 which the expenditures are made by the taxpayer. If the amount of the tax  
24 credit exceeds the taxpayer's income tax liability for the taxable year, the  
25 amount ~~which~~ *that* exceeds the tax liability may be carried over for  
26 deduction from the taxpayer's income tax liability in the next succeeding  
27 taxable year or years until the total amount of the tax credit has been  
28 deducted from tax liability, except that no such tax credit shall be carried  
29 over for deduction after the third taxable year succeeding the taxable year  
30 in which the expenditures are made.

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

40 (e) As used in this section:

41 (1) "Alternative fuel" means:

42 (A) A combustible liquid derived from grain starch, oil seed, animal  
43 fat or other biomass; or produced from biogas source, including any

1 nonfossilized, decaying, organic matter; *or*

2 (B) *compressed natural gas or liquefied natural gas.*

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

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

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

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

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

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

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

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

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

35 (f) Except as otherwise more specifically provided, the provisions of  
36 this section shall apply to all taxable years commencing after December  
37 31, 1995.

38 (g) For tax year 2013 and all tax years thereafter, the income tax  
39 credit provided by this section shall only be available to taxpayers subject  
40 to the income tax on corporations imposed pursuant to ~~subsection (e) of~~  
41 K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only  
42 against such taxpayer's corporate income tax liability.

43 Sec. 2. K.S.A. 79-32,201 is hereby repealed.

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