

## 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

1 AN ACT concerning taxation; relating to income tax credit incentives;  
2 repealing or discontinuing certain income tax credit incentives; relating  
3 to abandoned well plugging credit, agritourism liability insurance  
4 credit, alternative fuel tax credit, assistive technology contribution  
5 credit, biomass-to-energy plant tax credit and deduction, carbon  
6 dioxide capture and sequestration tax deduction, disabled access credit,  
7 electric cogeneration facility credit and deduction, employer health  
8 insurance contribution credit, environmental compliance credit, friends  
9 of cedar crest association credit, petroleum refinery credit, regional  
10 foundation credit, storage and blending equipment credit and deduction  
11 and swine facility improvement credit; extending the income tax credit  
12 for angel investors and aviation-related employment; providing  
13 expanded options in the high performance tax credit program for tax  
14 credit transfers and wage requirements for rural businesses amending  
15 K.S.A. 40-2246, 65-7107, 74-50,131, 74-50,154, 79-229, 79-32,177,  
16 79-32,179, 79-32,180, 79-32,201, 79-32,204, 79-32,207, 79-32,222 and  
17 79-32,256 and K.S.A. 2025 Supp. 32-1438, 74-8133, 79-32,160a and  
18 79-32,176a and repealing the existing sections; also repealing K.S.A.  
19 79-32,218, 79-32,233, 79-32,234, 79-32,235, 79-32,236, 79-32,237,  
20 79-32,245, 79-32,246, 79-32,247, 79-32,248, 79-32,249, 79-32,251,  
21 79-32,252, 79-32,253, 79-32,254 and 79-32,255 and K.S.A. 2025 Supp.  
22 79-32,275 and 79-32,295.  
23

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

25 Section 1. K.S.A. 2025 Supp. 32-1438 is hereby amended to read as  
26 follows: 32-1438. (a) For taxable years commencing on and after  
27 December 31, 2003, December 31, 2004, December 31, 2005, December  
28 31, 2006, and December 31, 2007, *and ending before January 1, 2026*,  
29 there shall be allowed as a credit against the tax liability of a taxpayer  
30 imposed under the Kansas income tax act, an amount equal to 20% of the  
31 cost of liability insurance paid by a registered agritourism operator who  
32 operates an agritourism activity on the effective date of this act. No tax  
33 credit claimed pursuant to this subsection shall exceed \$2,000. If the  
34 amount of such tax credit exceeds the taxpayer's income tax liability for  
35 such taxable year, the amount thereof that exceeds such tax liability may

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

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

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

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

27 (e) For tax year 2013 and all tax years ~~thereafter through tax year~~  
28 2025, the income tax credit provided by this section shall only be available  
29 to taxpayers subject to the income tax on corporations imposed pursuant to  
30 of K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only  
31 against such taxpayer's corporate income tax liability. *No new income tax*  
32 *credit provided by this section shall be awarded to any taxpayer for any*  
33 *tax year after tax year 2025.*

34 Sec. 2. K.S.A. 40-2246 is hereby amended to read as follows: 40-  
35 2246. (a) A credit against the taxes otherwise due under the Kansas income  
36 tax act shall be allowed to an employer for amounts paid during the  
37 taxable year for purposes of this act on behalf of an eligible employee as  
38 defined in K.S.A. 40-2239, and amendments thereto, to provide health  
39 insurance or care and amounts contributed to health savings accounts of  
40 eligible covered employees, except that for taxable years commencing  
41 after December 31, 2013, no credit shall be allowed pursuant to this  
42 section for that portion of any amounts paid by an employer for healthcare  
43 expenditures, a health benefit plan, as defined in K.S.A. 65-6731, and

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

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

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

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

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

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

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

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

1 2025, the income tax credit provided by this section shall only be available  
2 to taxpayers subject to the income tax on corporations imposed pursuant to  
3 subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be  
4 applied only against such taxpayer's corporate income tax liability. *No new*  
5 *tax credit provided by this section shall be awarded to any taxpayer for*  
6 *any tax year after tax year 2025.*

7 Sec. 3. K.S.A. 65-7107 is hereby amended to read as follows: 65-  
8 7107. (a) Appropriate state agencies are hereby directed to amend their  
9 state plans to protect the benefits of those receiving such benefits by  
10 adding language consistent with the following: Any funds in an individual  
11 development account, including accrued interest, shall be disregarded  
12 when determining eligibility to receive the amount of any public assistance  
13 or benefits.

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

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

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

28 (e) The provisions of this section shall be applicable to all taxable  
29 years commencing after December 31, 2002, *and ending before January 1,*  
30 *2026.*

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

38 Sec. 4. K.S.A. 74-50,131 is hereby amended to read as follows: 74-  
39 50,131. Commencing after December 31, 1999: (a) As used in this act:  
40 "Qualified firm" means a for-profit business establishment, subject to state  
41 income, sales or property taxes, identified under the North American  
42 industry classification system (NAICS) subsectors 221, 311 to 339, 423 to  
43 425, 481 to 519, 521 to 721 and 811 to 928 or is identified as a corporate

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

7 (b) In the case of firms in NAICS subsectors 221, 423 to 425, 481 to  
8 519, 521 to 721 and 811 to 928, the business establishment must also  
9 demonstrate the following:

10 (1) More than  $\frac{1}{2}$  of its gross revenues are a result of sales to  
11 commercial or governmental customers outside the state of Kansas; or

12 (2) more than  $\frac{1}{2}$  of its gross revenues are a result of sales to Kansas  
13 manufacturing firms within NAICS subsectors 311 to 339; or

14 (3) more than  $\frac{1}{2}$  of its gross revenues are a result of a combination of  
15 sales described in (1) and (2).

16 (c) For purposes of determining whether one of the average wage  
17 options described in subsection (d) below is satisfied, business  
18 establishments located within a metropolitan county, as defined in K.S.A.  
19 74-50,114, and amendments thereto, will be compared only to other  
20 businesses within that metropolitan county, and business establishments  
21 located outside of a metropolitan county will be compared to businesses  
22 within an aggregation of counties representing the business establishment's  
23 region of the state, which regional aggregation will exclude metropolitan  
24 counties. Such aggregation shall be determined by the department of  
25 commerce.

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

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

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

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

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

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

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

8 (1) *Prior to January 1, 2026, 1.5 times the aggregate average wage  
9 paid by industries covered by the employment security law based on data  
10 maintained by the secretary of labor and beginning on January 1, 2026,  
11 125% of such aggregate wage; or*

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

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

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

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

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

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

42 (1) A definition of "training and education" for purposes of K.S.A.  
43 74-50,132, and amendments thereto.

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

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

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

8       (5) A definition of "commercial customer" for the purpose of K.S.A.  
9 74-50,133, and amendments thereto.

10      (6) A definition of "headquarters" for the purpose of K.S.A. 74-  
11 50,133, and amendments thereto.

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

15      Sec. 5. K.S.A. 74-50,154 is hereby amended to read as follows: 74-  
16 50,154. (a) As used in this act: (1) "Business support services" means  
17 business counseling, technical assistance and business planning services  
18 provided to existing or prospective small businesses or entrepreneurs;

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

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

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

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

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

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

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

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

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

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

1 demonstrates capacity to provide economic development services to  
2 regions as defined by this act, and: (A) Has obtained a ruling from the  
3 internal revenue service of the United States department of treasury that  
4 such organization is exempt from income taxation under the provisions of  
5 section 501(c)(3) or 501(c)(6) of the federal internal revenue code;  
6 (B) has been designated as a certified development company by the  
7 United States small business administration;  
8 (C) has been designated as an economic development district by the  
9 United States department of commerce's economic development  
10 administration;  
11 (D) has been organized as a regional planning commission under  
12 K.S.A. 12-744 et seq., and amendments thereto, or its predecessor, K.S.A.  
13 12-716 et seq., and amendments thereto; or  
14 (E) is incorporated in the state of Kansas as a nonstock, nonprofit  
15 corporation;

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

19 (9) "rural community" means any city having a population of fewer  
20 than 50,000 or except as otherwise provided, any unincorporated area.  
21 Unincorporated areas within any county having a population of more than  
22 100,000 are not eligible;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (4) The total amount of credits allowed under this act shall not exceed  
30 \$2,500,000 for fiscal year 2005; \$2,500,000 for fiscal year 2006;  
31 \$2,000,000 per year for fiscal years 2007 through, and including, 2010,  
32 and fiscal year 2012, and \$1,800,000 for fiscal year 2011. Each region as  
33 defined by this act shall receive an equal share of this allocation.

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

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

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

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

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

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

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

17       (1) Business start-ups;

18       (2) business expansion;

19       (3) business retention;

20       (4) business support services;

21       (5) regional leadership development;

22       (6) technology improvements; and

23       (7) administrative services.

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

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

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

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

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

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

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

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

- 21 (1) \$4,000,000 during the tax year 2007;
- 22 (2) \$6,000,000 for tax years 2008 through 2010 and 2012 through  
23 2022, except that for tax year 2011, the total amount of tax credits that  
24 may be allowed under this section shall not exceed \$5,000,000;
- 25 (3) \$6,500,000 for tax year 2023;
- 26 (4) \$7,000,000 for tax year 2024;
- 27 (5) \$7,500,000 for tax year 2025; and
- 28 (6) \$8,000,000 for tax year 2026 *and for each succeeding tax year*  
29 *through tax year 2031.*

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

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

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

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

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

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

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

25 (c) The provisions of this section shall apply to ~~all~~ taxable years  
26 commencing after December 31, 2005, *and ending before January 1,*  
27 2026.

28 (d) As used in this section:

29 (1) "Biomass-to-energy plant" has the meaning provided by K.S.A.  
30 79-32,233, and amendments thereto.

31 (2) "Expanded biomass-to-energy plant property" means any real or  
32 tangible personal property purchased, constructed or installed for  
33 incorporation in and use as part of an expansion of an existing biomass-to-  
34 energy plant, construction of which expansion begins after December 31,  
35 2005.

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

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

43 Sec. 8. K.S.A. 2025 Supp. 79-32,160a is hereby amended to read as

1 follows: 79-32,160a. (a) For taxable years commencing after December  
2 31, 1999, and before January 1, 2012, any taxpayer who shall invest in a  
3 qualified business facility, as defined in K.S.A. 79-32,154(b), and  
4 amendments thereto, and effective for tax years commencing after  
5 December 31, 2010, and before January 1, 2012, located in an area other  
6 than a metropolitan county as defined in either K.S.A. 74-50,114 or 74-  
7 50,211, and amendments thereto, and also meets the definition of a  
8 business in K.S.A. 74-50,114(b), and amendments thereto, shall be  
9 allowed a credit for such investment, in an amount determined under  
10 subsection (b) or (c), as the case requires, against the tax imposed by the  
11 Kansas income tax act or where the qualified business facility is the  
12 principal place from which the trade or business of the taxpayer is directed  
13 or managed and the facility has facilitated the creation of at least 20 new  
14 full-time positions, against the premium tax or privilege fees imposed  
15 pursuant to K.S.A. 40-252, and amendments thereto, or as measured by the  
16 net income of financial institutions imposed pursuant to article 11 of  
17 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for  
18 the taxable year during which commencement of commercial operations,  
19 as defined in K.S.A. 79-32,154(f), and amendments thereto, occurs at such  
20 qualified business facility. In the case of a taxpayer who meets the  
21 definition of a manufacturing business in K.S.A. 74-50,114(d), and  
22 amendments thereto, no credit shall be allowed under this section unless  
23 the number of qualified business facility employees, as determined under  
24 K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in  
25 employment at the qualified business facility as a direct result of the  
26 investment by the taxpayer for the taxable year for which the credit is  
27 claimed equals or exceeds two. In the case of a taxpayer who meets the  
28 definition of a nonmanufacturing business in K.S.A. 74-50,114(f), and  
29 amendments thereto, no credit shall be allowed under this section unless  
30 the number of qualified business facility employees, as determined under  
31 K.S.A. 79-32,154(d), and amendments thereto, engaged or maintained in  
32 employment at the qualified business facility as a direct result of the  
33 investment by the taxpayer for the taxable year for which the credit is  
34 claimed equals or exceeds five. Where an employee performs services for  
35 the taxpayer outside the qualified business facility, the employee shall be  
36 considered engaged or maintained in employment at the qualified business  
37 facility if: (1) The employee's service performed outside the qualified  
38 business facility is incidental to the employee's service inside the qualified  
39 business facility; or (2) the base of operations or, the place from which the  
40 service is directed or controlled, is at the qualified business facility.

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

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

12 (1) \$2,500 for each qualified business facility employee determined  
13 under K.S.A. 79-32,154, and amendments thereto; plus

14 (2) \$1,000 for each \$100,000, or major fraction thereof, which shall  
15 be deemed to be 51% or more, in qualified business facility investment, as  
16 determined under K.S.A. 79-32,154, and amendments thereto.

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

35 (1) \$1,500 for each qualified business facility employee as  
36 determined under K.S.A. 79-32,154, and amendments thereto; and

37 (2) \$1,000 for each \$100,000, or major fraction thereof, which shall  
38 be deemed to be 51% or more, in qualified business facility investment as  
39 determined under K.S.A. 79-32,154, and amendments thereto.

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

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

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

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

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

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

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

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

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

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

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

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

11       Married individuals filing joint returns.

	% of expenditures eligible for credit
13       Taxpayers	
14        Federal Adjusted	
15        Gross Income	
16        \$0 to \$60,000.....	100%
17        Over \$60,000 but not over \$70,000.....	90%
18        Over \$70,000 but not over \$80,000.....	80%
19        Over \$80,000 but not over \$90,000.....	70%
20        Over \$90,000 but not over \$100,000.....	60%
21        Over \$100,000 but not over \$110,000.....	50%
22        Over \$110,000 but not over \$120,000.....	40%
23        Over \$120,000 but not over \$130,000.....	30%
24        Over \$130,000 but not over \$140,000.....	20%
25        Over \$140,000 but not over \$150,000.....	10%
26        Over \$150,000.....	0%

27       All other individuals.

	% of expenditures eligible for credit
29       Taxpayers	
30        Federal Adjusted	
31        Gross Income	
32        \$0 to \$40,000.....	100%
33        Over \$40,000 but not over \$50,000.....	90%
34        Over \$50,000 but not over \$60,000.....	80%
35        Over \$60,000 but not over \$70,000.....	70%
36        Over \$70,000 but not over \$80,000.....	60%
37        Over \$80,000 but not over \$90,000.....	50%
38        Over \$90,000 but not over \$100,000.....	40%
39        Over \$100,000 but not over \$110,000.....	30%
40        Over \$110,000 but not over \$120,000.....	20%
41        Over \$120,000 but not over \$130,000.....	10%
42        Over \$130,000.....	0%

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

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

10 (b) Notwithstanding the provisions of subsection (a), if the amount of  
11 the taxpayer's tax liability is less than \$3,750 in the first year in which the  
12 credit is claimed under this section, an amount equal to the amount by  
13 which  $\frac{1}{4}$  of the credit allowable under this section exceeds such tax  
14 liability shall be refunded to the taxpayer and the amount by which such  
15 credit exceeds such tax liability less the amount of such refund may be  
16 carried over for the next three succeeding taxable years. If the amount of  
17 the taxpayer's tax liability is less than \$3,750 in the second year in which  
18 the credit is claimed under this section, an amount equal to the amount by  
19 which  $\frac{1}{3}$  of the amount of the credit carried over from the first taxable  
20 year exceeds such tax liability shall be refunded to the taxpayer and the  
21 amount by which the amount of the credit carried over from the first  
22 taxable year exceeds such tax liability less the amount of such refund may  
23 be carried over for the next two succeeding taxable years. If the amount of  
24 the taxpayer's tax liability is less than \$3,750 in the third year in which the  
25 credit is claimed under this section, an amount equal to the amount by  
26 which  $\frac{1}{2}$  of the amount carried over from the second taxable year exceeds  
27 such tax liability shall be refunded to the taxpayer and the amount by  
28 which the amount of the credit carried over from the second taxable year  
29 exceeds such tax liability less the amount of such refund may be carried  
30 over to the next succeeding taxable year. If the amount of the credit carried  
31 over from the third taxable year exceeds the taxpayer's income tax liability  
32 for such year, the amount thereof which exceeds such tax liability shall be  
33 refunded to the taxpayer.

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

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

1 *pursuant to this section shall be awarded for any tax year after tax year*  
2 *2025.*

3 Sec. 10. K.S.A. 79-32,177 is hereby amended to read as follows: 79-  
4 32,177. Any taxpayer who makes expenditures for the purpose of making  
5 all or any portion of an existing facility accessible to individuals with a  
6 disability, or who makes expenditures for the purpose of making all or any  
7 portion of a facility or of equipment usable for the employment of  
8 individuals with a disability, which facility or equipment is on real  
9 property located in this state and used in a trade or business or held for the  
10 production of income, shall be entitled to claim an income tax credit in an  
11 amount equal to 50% of such expenditures or, the amount of \$10,000,  
12 whichever is less, against the income tax liability imposed against such  
13 taxpayer pursuant to article 32 of chapter 79 of the Kansas Statutes  
14 Annotated, and amendments thereto. Such tax credit shall be deducted  
15 from the taxpayer's income tax liability for the taxable year in which the  
16 expenditures are made by the taxpayer. If the amount of such tax credit  
17 exceeds the taxpayer's income tax liability for such taxable year, the  
18 amount thereof which exceeds such tax liability may be carried over for  
19 deduction from the taxpayer's income tax liability in the next succeeding  
20 taxable year or years until the total amount of the tax credit has been  
21 deducted from tax liability, except that no such tax credit shall be carried  
22 over for deduction after the fourth taxable year succeeding the taxable year  
23 in which the expenditures are made. *No new tax credit pursuant to this*  
24 *section shall be awarded for any tax year after tax year 2025.*

25 Sec. 11. K.S.A. 79-32,179 is hereby amended to read as follows: 79-  
26 32,179. The provisions of this act shall apply to all taxable years  
27 commencing after December 31, 1977, *except that the provisions of K.S.A.*  
28 *79-32,175 through 79-32,178, and amendments thereto, shall not apply to*  
29 *taxable years commencing after December 31, 2025.*

30 Sec. 12. K.S.A. 79-32,180 is hereby amended to read as follows: 79-  
31 32,180. The provisions of ~~this act~~ *K.S.A. 79-32,175 through 79-32,178,*  
32 *and amendments thereto, shall be applicable to all taxable years*  
33 *commencing after December 31, 1980, and ending before January 1,*  
34 *2026.*

35 Sec. 13. K.S.A. 79-32,201 is hereby amended to read as follows: 79-  
36 32,201. (a) Any taxpayer who makes expenditures for a qualified  
37 alternative-fueled motor vehicle or alternative-fuel fueling station shall be  
38 allowed a credit against the income tax imposed by article 32 of chapter 79  
39 of the Kansas Statutes Annotated, as follows:

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

1       motor vehicle with a gross vehicle weight of less than 10,000 lbs.; \$5,000  
2       for a heavy duty motor vehicle with a gross vehicle weight of greater than  
3       10,000 lbs. but less than 26,000 lbs.; and \$50,000 for motor vehicles  
4       having a gross vehicle weight of greater than 26,000 lbs.;

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

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

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

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

25       (b) If no credit has been claimed pursuant to subsection (a), a credit in  
26      an amount not exceeding the lesser of 5% of the cost of the vehicle or  
27      \$750 shall be allowed to a taxpayer who purchases a motor vehicle  
28      equipped by the vehicle manufacturer with an alternative fuel system and  
29      who is unable or elects not to determine the exact basis attributable to such  
30      property. The credit under this subsection shall be allowed only to the first  
31      individual to take title to such motor vehicle, other than for resale. The  
32      credit under this subsection for motor vehicles which are capable of  
33      operating on a blend of 85% ethanol and 15% gasoline shall be allowed for  
34      taxable years commencing after December 31, 1999, only if the individual  
35      claiming the credit furnishes evidence of the purchase, during the period of  
36      time beginning with the date of purchase of such vehicle and ending on  
37      December 31 of the next succeeding calendar year, of 500 gallons of such  
38      ethanol and gasoline blend as may be required or is satisfactory to the  
39      secretary of revenue.

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

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

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

16 (e) As used in this section:

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

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

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

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

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

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

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

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

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

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

9       (f) Except as otherwise more specifically provided, the provisions of  
10 this section shall apply to all taxable years commencing after December  
11 31, 1995, and ending before January 1, 2026.

12       (g) For tax year 2013 and all tax years ~~thereafter through tax year~~  
13 2025, the income tax credit provided by this section shall only be available  
14 to taxpayers subject to the income tax on corporations imposed pursuant to  
15 subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be  
16 applied only against such taxpayer's corporate income tax liability. *No new*  
17 *tax credit provided by this section shall be awarded to any taxpayer for*  
18 *any tax year after tax year 2025.*

19       Sec. 14. K.S.A. 79-32,204 is hereby amended to read as follows: 79-  
20 32,204. (a) As used in this section:

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

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

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

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

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

8 (c) The provisions of this section shall be applicable to all taxable  
9 years commencing after December 31, 1997, *and ending before January 1,*  
10 *2026.*

11 (d) For tax year 2013 and ~~all~~ tax years ~~thereafter~~ *before tax year*  
12 2026, the income tax credit provided by this section shall only be available  
13 to taxpayers subject to the income tax on corporations imposed pursuant to  
14 subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be  
15 applied only against such taxpayer's corporate income tax liability. *No new*  
16 *tax credit pursuant to this section shall be awarded to any taxpayer for*  
17 *any tax year after tax year 2025.*

18 Sec. 15. K.S.A. 79-32,207 is hereby amended to read as follows: 79-  
19 32,207. (a) As used in this section, "abandoned oil or gas well" means an  
20 abandoned well, as defined by K.S.A. 55-191, and amendments thereto:

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

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

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

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

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

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

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

1 2025, the income tax credit provided by this section shall only be available  
2 to taxpayers subject to the income tax on corporations imposed pursuant to  
3 subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be  
4 applied only against such taxpayer's corporate income tax liability. *No new*  
5 *tax credit pursuant to this section shall be awarded to any taxpayer for*  
6 *any tax year after tax year 2025.*

7 Sec. 16. K.S.A. 79-32,222 is hereby amended to read as follows: 79-  
8 32,222. (a) As used in this section:

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

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

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

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

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

1 certificate of compliance to the director of taxation.

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

7 (d) The provisions of this section shall be applicable to all taxable  
8 years commencing after December 31, 2006, *and ending before January 1,*  
9 2026.

10 (e) For tax year 2013 and ~~all~~ tax years ~~thereafter through tax year~~  
11 2025, the income tax credit provided by this section shall only be available  
12 to taxpayers subject to the income tax on corporations imposed pursuant to  
13 subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be  
14 applied only against such taxpayer's corporate income tax liability. *No new*  
15 *tax credit pursuant to this section shall be awarded to any taxpayer for*  
16 *any tax year after tax year 2025.*

17 Sec. 17. K.S.A. 79-32,256 is hereby amended to read as follows: 79-  
18 32,256. (a) A taxpayer shall be entitled to a deduction from Kansas  
19 adjusted gross income with respect to the amortization of the amortizable  
20 costs of carbon dioxide capture, sequestration or utilization machinery and  
21 equipment based upon a period of 10 years. Such amortization deduction  
22 shall be an amount equal to 55% of the amortizable costs of such  
23 machinery and equipment for the first taxable year in which such  
24 machinery and equipment are in operation and 5% of the amortizable costs  
25 of such machinery and equipment for each of the next nine taxable years.

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

30 (c) The provisions of this section shall apply to ~~all~~ taxable years  
31 commencing after December 31, 2007, *and ending before January 1,*  
32 2026.

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

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

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

1 32,177, 79-32,179, 79-32,180, 79-32,201, 79-32,204, 79-32,207, 79-  
2 32,218, 79-32,222, 79-32,233, 79-32,234, 79-32,235, 79-32,236, 79-  
3 32,237, 79-32,245, 79-32,246, 79-32,247, 79-32,248, 79-32,249, 79-  
4 32,251, 79-32,252, 79-32,253, 79-32,254, 79-32,255 and 79-32,256 and  
5 K.S.A. 2025 Supp. 32-1438, 74-8133, 79-32,160a, 79-32,176a, 79-32,275  
6 and 79-32,295 are hereby repealed.

7 Sec. 19. This act shall take effect and be in force from and after its  
8 publication in the statute book.