

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 16th 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 16th 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 16th 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 ~~(h)~~(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 ~~(h)~~(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

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

Married individuals filing joint returns.

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

All other individuals.

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

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

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.