

As Amended by House Committee

As Amended by Senate Committee

Session of 2025

SENATE BILL No. 227

By Committee on Commerce

2-6

AN ACT concerning economic development; relating to the tax credit for qualified expenditures for the restoration and preservation of historic structures; providing for different credit percentages based on city populations of more than 50,000 or 50,000 or less and the amount of expenditures; amending K.S.A. 2024 Supp. 79-32,211 and repealing the existing section.

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

Section 1. K.S.A. 2024 Supp. 79-32,211 is hereby amended to read as follows: 79-32,211. (a) For all taxable years commencing after December 31, 2006, there shall be allowed a tax credit against the income, privilege or premium tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, in an amount equal to:

(1) 25% of qualified expenditures incurred in the restoration and preservation of a qualified historic structure *located in a city with a population of more than 50,000* pursuant to a qualified rehabilitation plan by a qualified taxpayer if the total amount of such expenditures equals *at least \$5,000 or more and less than \$50,000*;

(2) ~~30%~~40% of the qualified expenditures incurred in the restoration and preservation of a qualified historic structure located in a city with a population ~~between 9,500 and~~ *of more than 50,000* pursuant to a qualified rehabilitation plan by a qualified taxpayer if the total amount of such expenditures equals ~~\$5,000~~ *\$50,000* or more;

(3) 40% of the qualified expenditures incurred in the restoration and preservation of a qualified historic structure located in a city, ***township or unincorporated area*** with a population of *50,000 or less* ~~than 9,500~~ pursuant to a qualified rehabilitation plan by a qualified taxpayer if the total amount of such expenditures equals \$5,000 or more; or

(4) ~~30%~~40% of qualified expenditures incurred in the restoration and

1 preservation of a qualified historic structure which is exempt from federal
2 income taxation pursuant to section 501(c)(3) of the federal internal
3 revenue code and which is not income producing pursuant to a qualified
4 rehabilitation plan by a qualified taxpayer if the total amount of such
5 expenditures equals \$5,000 or more.

6 (b) If the amount of such tax credit exceeds the qualified taxpayer's
7 income, privilege or premium tax liability for the year in which the
8 qualified rehabilitation plan was placed in service, as defined by section
9 47(b)(1) of the federal internal revenue code and federal regulation section
10 1.48-12(f)(2), such excess amount may be carried over for deduction from
11 such taxpayer's income, privilege or premium tax liability in the next
12 succeeding year or years until the total amount of the credit has been
13 deducted from tax liability, except that no such credit shall be carried over
14 for deduction after the 10th taxable year succeeding the taxable year in
15 which the qualified rehabilitation plan was placed in service.

16 (c) Any bank, savings and loan association or savings bank shall pay
17 taxes on 50% of the interest earned on loans to qualified taxpayers used for
18 qualified expenditures for the restoration and preservation of a qualified
19 historic structure.

20 (d) As used in this section, unless the context clearly indicates
21 otherwise:

22 (1) "Qualified expenditures" means the costs and expenses incurred
23 by a qualified taxpayer in the restoration and preservation of a qualified
24 historic structure pursuant to a qualified rehabilitation plan which are
25 defined as a qualified rehabilitation expenditure by section 47(c)(2) of the
26 federal internal revenue code;

27 (2) "qualified historic structure" means any building, whether or not
28 income producing, which is defined as a certified historic structure by
29 section 47(c)(3) of the federal internal revenue code, is individually listed
30 on the register of Kansas historic places, or is located and contributes to a
31 district listed on the register of Kansas historic places;

32 (3) "qualified rehabilitation plan" means a project which is approved
33 by the cultural resources division of the state historical society, or by a
34 local government certified by the division to so approve, as being
35 consistent with the standards for rehabilitation and guidelines for
36 rehabilitation of historic buildings as adopted by the federal secretary of
37 interior and in effect on the effective date of this act. The society shall
38 adopt rules and regulations providing application and approval procedures
39 necessary to effectively and efficiently provide compliance with this act,
40 and may collect fees in order to defray its approval costs in accordance
41 with rules and regulations adopted therefor; and

42 (4) "qualified taxpayer" means the owner of the qualified historic
43 structure or any other person who may qualify for the federal rehabilitation

1 credit allowed by section 47 of the federal internal revenue code.

2 If the taxpayer is a corporation having an election in effect under
3 subchapter S of the federal internal revenue code, a partnership or a
4 limited liability company, the credit provided by this section shall be
5 claimed by the shareholders of such corporation, the partners of such
6 partnership or the members of such limited liability company in the same
7 manner as such shareholders, partners or members account for their
8 proportionate shares of the income or loss of the corporation, partnership
9 or limited liability company, or as the corporation, partnership or limited
10 liability company mutually agree as provided in the bylaws or other
11 executed agreement. Credits granted to a partnership, a limited liability
12 company taxed as a partnership or other multiple owners of property shall
13 be passed through to the partners, members or owners respectively pro rata
14 or pursuant to an executed agreement among the partners, members or
15 owners documenting any alternate distribution method.

16 (e) Any person, hereinafter designated the assignor, may sell, assign,
17 convey or otherwise transfer tax credits allowed and earned pursuant to
18 subsection (a). The taxpayer acquiring credits, hereinafter designated the
19 assignee, may use the amount of the acquired credits to offset up to 100%
20 of such assignee's income, privilege or premiums tax liability for either the
21 taxable year in which the qualified rehabilitation plan was first placed into
22 service or the taxable year in which such acquisition was made. Unused
23 credit amounts claimed by the assignee may be carried forward for up to
24 five years, except that all such amounts shall be claimed within 10 years
25 following the tax year in which the qualified rehabilitation plan was first
26 placed into service. The assignor shall enter into a written agreement with
27 the assignee establishing the terms and conditions of the agreement and
28 shall perfect such transfer by notifying the cultural resources division of
29 the state historical society in writing within 90 calendar days following the
30 effective date of the transfer and shall provide any information as may be
31 required by such division to administer and carry out the provisions of this
32 section. The amount received by the assignor of such tax credit shall be
33 taxable as income of the assignor, and the excess of the value of such
34 credit over the amount paid by the assignee for such credit shall be taxable
35 as income of the assignee.

36 (f) The executive director of the state historical society may adopt
37 rules and regulations as necessary for the efficient and effective
38 administration of the provisions of this section.

39 ***(g) The amendments made to this section by this act related to tax***
40 ***credit amounts shall apply to qualified rehabilitation plans placed into***
41 ***service on or after July 1, 2025.***

42 **(h) A taxpayer shall not be eligible for the credit in any tax year if**
43 **the taxpayer or any shareholder, partner or member of the taxpayer**

1 **has an outstanding tax liability that is due to either the state of Kansas**
2 **or a political or taxing subdivision of the state. In the event that a**
3 **taxpayer has received a credit in violation of this subsection, such**
4 **credit shall be voided for the tax year.**

5 Sec. 2. K.S.A. 2024 Supp. 79-32,211 is hereby repealed.

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