{As Amended by House Committee of the Whole}

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

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

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

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

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

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

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

(4) "qualified taxpayer" means the owner of the qualified historic structure or any other person who may qualify for the federal rehabilitation credit allowed by section 47 of the federal internal revenue code.

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

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

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

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

(h) ~~**A taxpayer shall not be eligible for the credit in any tax year if the taxpayer or any shareholder, partner or member of the taxpayer has an outstanding tax liability that is due to either the state of Kansas or a political or taxing subdivision of the state. In the event that a taxpayer has received a credit in violation of this subsection, such credit shall be voided for the tax year**~~ **{Before the issuance of a tax credit pursuant to this section, the department of revenue may verify that the qualified taxpayer does not owe any delinquent income, privilege, premium, sales or compensating use taxes, or interest, additions or penalties on such taxes to the state. Such delinquency shall not affect the issuance of a tax credit, except that the amount of credits issued shall be reduced by the qualified taxpayer's tax delinquency. After applying all available credits towards the qualified taxpayer's tax delinquency, the department of revenue shall reduce the amount of outstanding delinquent tax owed by the qualified taxpayer. If any credits remain after satisfying all income, privilege, premium, sales or compensating use tax delinquencies, the remaining credits shall be issued to the qualified taxpayer. Once a tax credit is issued, the amount of credits evidenced by the tax credit shall not be subject to reduction, recapture, disallowance or voidability}.**

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

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