

SENATE BILL No. 534

By Committee on Assessment and Taxation

3-10

1 AN ACT concerning taxation; relating to excise taxes; imposing a
2 nameplate capacity tax and a production tax upon certain wind farms
3 and solar facilities; crediting the nameplate capacity tax and production
4 tax revenue to the property tax relief fund; relating to property tax;
5 creating the property tax relief fund; transferring moneys from the
6 property tax relief fund to the state school district finance fund;
7 decreasing the statewide property tax levy for schools; amending
8 K.S.A. 2025 Supp. 72-5142 and repealing the existing section.
9

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

11 New Section 1. As used in sections 1 through 3, and amendments
12 thereto:

13 (a) "Collector system" means all property used or constructed to
14 interconnect individual wind turbines or solar panels within a renewable
15 energy facility into a common project, including inverters, step-up
16 transformers, electrical collection equipment, collector substation
17 transformers and communication systems.

18 (b) "Company" means any natural person, firm, partnership,
19 corporation, limited liability company, association, company, political
20 subdivision, cooperative corporation, rural electric cooperative, any entity
21 or any group or combination acting as a unit.

22 (c) "Director" means the director of taxation.

23 (d) "Nameplate capacity" means the number of kilowatts a renewable
24 energy facility can produce, as assigned to the power units in the
25 renewable energy facility by the manufacturer and determined by the
26 secretary.

27 (e) "Renewable energy facility" means any wind farm or solar
28 facility.

29 (f) "Secretary" means the secretary of revenue.

30 (g) "Solar facility" means all real or personal property used or
31 constructed for the purpose of producing electricity for commercial
32 purposes utilizing solar radiation as an energy source and with a nameplate
33 capacity of at least 5,000 kilowatts. "Solar facility" includes the collector
34 system.

35 (h) "Wind farm" means all real or personal property used or
36 constructed for the purpose of producing electricity for commercial

1 purposes utilizing the wind as an energy source and with a nameplate
2 capacity of at least 5,000 kilowatts. "Wind farm" includes the collector
3 system.

4 New Sec. 2. (a) There is hereby imposed an excise tax for the
5 privilege of constructing and operating a renewable energy facility for
6 commercial purposes in this state. Any company owning, controlling,
7 managing or leasing any real or personal property used or intended for use
8 as a wind farm or a solar facility shall pay an annual tax equal to \$4 per
9 kilowatt multiplied by the nameplate capacity of the renewable energy
10 facility.

11 (b) (1) The tax imposed by this section shall be due and payable on or
12 before February 1 of the following year. The tax shall be imposed
13 beginning the first calendar year that the renewable energy facility
14 generates gross receipts. The tax for the first calendar year shall be
15 prorated based upon the percentage of the calendar year remaining after
16 the renewable energy facility generates gross receipts. For any renewable
17 energy facility first generating gross receipts prior to January 1, 2027, the
18 company shall first be subject to the tax for the taxable year commencing
19 on January 1, 2027. If a renewable energy facility is decommissioned, the
20 tax shall be prorated for the calendar year that the renewable energy
21 facility is decommissioned based upon the percentage of the calendar year
22 that the renewable energy facility was not decommissioned.

23 (2) Tax payments shall be made to the director and accompanied by a
24 return upon forms prescribed and furnished by the director. The return
25 shall contain all information that may be required by the director to
26 determine the amount of tax due.

27 (c) The provisions of K.S.A. 79-3226, 79-3228, 79-3228a, 79-3229,
28 79-3230, 79-3233, 79-3233a, 79-3233b, 79-3233g, 79-3233h, 79-3233i,
29 79-3234, 79-3235 and 79-3236, and amendments thereto, relating to the
30 administration, enforcement and collection of income tax shall apply to
31 this section insofar as practicable. The secretary may adopt such rules and
32 regulations as necessary for the efficient and effective administration,
33 enforcement and collection of the tax imposed by this section.

34 (d) The director shall remit all moneys collected from the tax
35 imposed by this section to the state treasurer in accordance with the
36 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
37 each such remittance, the state treasurer shall deposit the entire amount in
38 the state treasury to the credit of the property tax relief fund.

39 (e) The provisions of this section shall apply to all taxable years
40 commencing after December 31, 2026.

41 New Sec. 3. (a) There is hereby imposed an excise tax upon the
42 production of electricity in this state using a renewable energy facility. Any
43 company owning, controlling, managing or leasing any real or personal

1 property used or intended for use as a wind farm or a solar facility shall
2 pay an annual tax equal to \$0.001 per kilowatt hour of electricity produced
3 by the renewable energy facility during the calendar year.

4 (b) The tax imposed by this section shall be due and payable on or
5 before February 1 of the following year. Tax payments shall be made to the
6 director and accompanied by a return upon forms prescribed and furnished
7 by the director. The return shall include the amount of electricity in
8 kilowatt hours that was produced by the renewable energy facility during
9 the taxable year and contain all information that may be required by the
10 director to determine the amount of tax due.

11 (c) The provisions of K.S.A. 79-3226, 79-3228, 79-3228a, 79-3229,
12 79-3230, 79-3233, 79-3233a, 79-3233b, 79-3233g, 79-3233h, 79-3233i,
13 79-3234, 79-3235 and 79-3236, and amendments thereto, relating to the
14 administration, enforcement and collection of income tax shall apply to
15 this section insofar as practicable. The secretary may adopt such rules and
16 regulations as necessary for the efficient and effective administration,
17 enforcement and collection of the tax imposed by this section.

18 (d) The director shall remit all moneys collected from the tax
19 imposed by this section to the state treasurer in accordance with the
20 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
21 each such remittance, the state treasurer shall deposit the entire amount in
22 the state treasury to the credit of the property tax relief fund.

23 (e) The provisions of this section shall apply to all taxable years
24 commencing after December 31, 2026.

25 New Sec. 4. (a) There is hereby established in the state treasury the
26 property tax relief fund. The property tax relief fund shall be administered
27 by the state treasurer. All expenditures from the property tax relief fund
28 shall be for the purposes of the state school district finance fund
29 established by K.S.A. 72-5133, and amendments thereto, and reductions of
30 the property tax levied by school districts pursuant to K.S.A. 72-5142, and
31 amendments thereto. All expenditures from such fund shall be made in
32 accordance with appropriations acts upon warrants of the director of
33 accounts and reports issued pursuant to vouchers approved by the state
34 treasurer or the state treasurer's designee.

35 (b) Moneys in the property tax relief fund shall be used for the
36 purposes of the state school district finance fund established by K.S.A. 72-
37 5133, and amendments thereto. The director of accounts and reports shall
38 transfer all moneys in the property tax relief fund to the state school
39 district finance fund on or before the 15th day of each month.

40 Sec. 5. K.S.A. 2025 Supp. 72-5142 is hereby amended to read as
41 follows: 72-5142. (a) The board of education of each school district shall
42 levy an ad valorem tax upon the taxable tangible property of the school
43 district in the school years specified in subsection (b) for the purpose of:

1 (1) Financing that portion of the school district's general fund budget
2 that is not financed from any other source provided by law;

3 (2) paying a portion of the costs of operating and maintaining public
4 schools in partial fulfillment of the constitutional obligation of the
5 legislature to finance the educational interests of the state; and

6 (3) with respect to any redevelopment school district established prior
7 to July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto,
8 paying a portion of the principal and interest on bonds issued by cities
9 under authority of K.S.A. 12-1774, and amendments thereto, for the
10 financing of redevelopment projects upon property located within the
11 school district.

12 (b) The tax required under subsection (a) shall be levied at a rate of
13 20 mills in the school years 2025-2026 and 2026-2027 *and at a rate of*
14 *19.5 mills in the school years 2027-2028 and 2028-2029.*

15 (c) The proceeds from the tax levied by a district under authority of
16 this section, except the proceeds of such tax levied for the purpose
17 described in subsection (a)(3), shall be remitted to the state treasurer in
18 accordance with the provisions of K.S.A. 75-4215, and amendments
19 thereto. Upon receipt of each such remittance, the state treasurer shall
20 deposit the entire amount in the state treasury to the credit of the state
21 school district finance fund.

22 (d) No school district shall proceed under K.S.A. 79-1964, 79-1964a
23 or 79-1964b, and amendments thereto.

24 Sec. 6. K.S.A. 2025 Supp. 72-5142 is hereby repealed.

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