

SENATE BILL No. 498

By Committee on Assessment and Taxation

2-6

1 AN ACT concerning taxation; relating to income tax; *{providing a tax*
2 *credit for expenditures for lockable gun and ammunition storage; }*
3 *providing a tax credit for the retail sale of higher ethanol blends of fuel;*
4 *discontinuing the tax credit for qualified alternative-fueled motor*
5 *vehicle property or fueling station expenditures; {repealing unused tax*
6 *credits relating to agritourism liability insurance, assistive technology*
7 *contributions, declared disaster capital investment, environmental*
8 *compliance, owners promoting employment across Kansas and swine*
9 *facility improvement;}* amending K.S.A. *{65-7107 and }79-32,201* and
10 *repealing the existing—section {sections; also repealing K.S.A. 79-*
11 *32,204, 79-32,222, 79-32,262 and 79-32,266 and K.S.A. 2025 Supp.*
12 *32-1438}.*
13

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

15 *{Section 1. On and after January 1, 2027, K.S.A. 65-7107 is hereby*
16 *amended to read as follows: 65-7107. (a) Appropriate state agencies are*
17 *hereby directed to amend—their the state plans of such agencies to protect*
18 *the benefits of those families and individuals receiving such benefits by*
19 *adding language consistent with the following: Any funds in an*
20 *individual development account, including accrued interest, shall be*
21 *disregarded when determining eligibility to receive the amount of any*
22 *public assistance or benefits.*

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

26 ~~(c) The institute shall verify all tax credit claims by contributors. The~~
27 ~~administration of the community-based organization, with the cooperation~~
28 ~~of the participating financial institutions, shall submit the names of~~
29 ~~contributors and the total amount each contributor contributes to the~~
30 ~~individual development account reserve fund for the calendar year. The~~
31 ~~institute shall determine the date by which such information shall be~~
32 ~~submitted to the institute by the local administrator. The institute shall~~
33 ~~submit verification of qualified tax credits pursuant to K.S.A. 65-7101~~
34 ~~through 65-7107, and amendments thereto, to the department of revenue.~~

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

1 ~~(e) The provisions of this section shall be applicable to all taxable~~
2 ~~years commencing after December 31, 2002.~~

3 ~~(f) For tax year 2013 and all tax years thereafter, the income tax~~
4 ~~credit provided by this section shall only be available to taxpayers subject~~
5 ~~to the income tax on corporations imposed pursuant to subsection (c) of~~
6 ~~K.S.A. 79-32,110, and amendments thereto, and shall be applied only~~
7 ~~against such taxpayer's corporate income tax liability.~~

8 ***New Sec. 2. (a) For tax years 2026 through 2028, there shall be***
9 ***allowed a credit against the tax liability of a resident individual imposed***
10 ***under the Kansas income tax act in an amount equal to 25% of the***
11 ***expenditures made by the individual during such tax year to purchase***
12 ***lockable gun and ammunition storage that is designed primarily for gun***
13 ***and ammunition storage. The amount of such credit allowed each tax***
14 ***year shall not exceed \$250 for any taxpayer.***

15 ***(b) If the amount of the credit allowed by subsection (a) exceeds the***
16 ***taxpayer's income tax liability imposed under the Kansas income tax act***
17 ***for the tax year in which the credit is allowed, the amount of credit that***
18 ***exceeds such tax liability may be carried forward for deduction from the***
19 ***taxpayer's income tax liability in the next succeeding tax year or years***
20 ***until the total amount of the credit has been deducted from tax***
21 ***liability.***

22 ***Sec. 3.*** } K.S.A. 79-32,201 is hereby amended to read as follows: 79-
23 32,201. (a) Any taxpayer who makes expenditures for a qualified
24 alternative-fueled motor vehicle or alternative-fuel fueling station shall be
25 allowed a credit against the income tax imposed by article 32 of chapter 79
26 of the Kansas Statutes Annotated, as follows:

27 ~~(1) For any qualified alternative-fueled motor vehicle placed in~~
28 ~~service on or after January 1, 1996, and before January 1, 2005, an amount~~
29 ~~equal to 50% of the incremental cost or conversion cost for each qualified~~
30 ~~alternative-fueled motor vehicle but not to exceed \$3,000 for each such~~
31 ~~motor vehicle with a gross vehicle weight of less than 10,000 lbs.; \$5,000~~
32 ~~for a heavy duty motor vehicle with a gross vehicle weight of greater than~~
33 ~~10,000 lbs. but less than 26,000 lbs.; and \$50,000 for motor vehicles~~
34 ~~having a gross vehicle weight of greater than 26,000 lbs.;~~

35 ~~(2) For any qualified alternative-fueled motor vehicle placed in~~
36 ~~service on or after January 1, 2005, and before January 1, 2027, an~~
37 ~~amount equal to 40% of the incremental cost or conversion cost for each~~
38 ~~qualified alternative-fueled motor vehicle, but not to exceed \$2,400 for~~
39 ~~each such motor vehicle with a gross vehicle weight of less than 10,000~~
40 ~~lbs.; \$4,000 for a heavy duty motor vehicle with a gross vehicle weight of~~
41 ~~greater than 10,000 lbs. but less than 26,000 lbs.; and \$40,000 for motor~~
42 ~~vehicles having a gross vehicle weight of greater than 26,000 lbs.;~~

43 ~~(3) for any qualified alternative-fuel fueling station placed in service~~

1 on or after January 1, 1996, and before January 1, 2005, an amount equal
2 to 50% of the total amount expended for each qualified alternative-fuel
3 fueling station but not to exceed \$200,000 for each fueling station;

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

8 ~~(5)~~(2) for any qualified alternative-fuel fueling station placed in
9 service on or after January 1, 2009, *and before January 1, 2027*, an
10 amount equal to 40% of the total amount expended for each qualified
11 alternative-fuel fueling station, but not to exceed \$100,000 for each fueling
12 station.

13 (b) If no credit has been claimed pursuant to subsection (a), a credit in
14 an amount not exceeding the lesser of 5% of the cost of the vehicle or
15 \$750 shall be allowed to a taxpayer who purchases a motor vehicle
16 equipped by the vehicle manufacturer with an alternative fuel system and
17 who is unable or elects not to determine the exact basis attributable to such
18 property. The credit under this subsection shall be allowed only to the first
19 individual to take title to such motor vehicle, other than for resale. The
20 credit under this subsection for motor vehicles which are capable of
21 operating on a blend of 85% ethanol and 15% gasoline shall be allowed for
22 taxable years commencing after December 31, 1999, *and before January*
23 *1, 2027*, only if the individual claiming the credit furnishes evidence of the
24 purchase, during the period of time beginning with the date of purchase of
25 such vehicle and ending on December 31 of the next succeeding calendar
26 year, of 500 gallons of such ethanol and gasoline blend as may be required
27 or is satisfactory to the secretary of revenue.

28 (c) The tax credit under subsection (a)~~(1) through (a)(4)~~ or (b) shall
29 be deducted from the taxpayer's income tax liability for the taxable year in
30 which the expenditures are made by the taxpayer. If the amount of the tax
31 credit exceeds the taxpayer's income tax liability for the taxable year, the
32 amount which exceeds the tax liability may be carried over for deduction
33 from the taxpayer's income tax liability in the next succeeding taxable year
34 or years until the total amount of the tax credit has been deducted from tax
35 liability, except that no such tax credit shall be carried over for deduction
36 after the third taxable year succeeding the taxable year in which the
37 expenditures are made.

38 (d) The tax credit under subsection ~~(a)(5)~~ *(a)(2)* shall be deducted
39 from the taxpayer's income tax liability for the taxable year in which the
40 expenditures are made by the taxpayer. If the amount of the tax credit
41 exceeds the taxpayer's income tax liability for the taxable year, the amount
42 which exceeds the tax liability may be carried over for deduction from the
43 taxpayer's income tax liability in the next succeeding taxable year or years

1 until the total amount of the tax credit has been deducted from tax liability,
2 except that no such tax credit shall be carried over for deduction after the
3 fourth taxable year in which the expenditures are made.

4 (e) As used in ~~this section~~ *subsections (a) through (g)*:

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

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

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

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

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

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

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

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

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

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

40 (f) ~~Except as otherwise more specifically provided, the provisions of~~
41 ~~this section shall apply to all taxable years commencing after December~~
42 ~~31, 1995. No tax credits shall be allowed pursuant to subsections (a)~~
43 ~~through (g) for tax years commencing after December 31, 2026, except~~

1 *that for taxpayers who have excess unused credit pursuant to a credit*
2 *initially claimed under subsections (a) through (g) for a tax year*
3 *commencing before January 1, 2027, the credit carry over provisions of*
4 *subsections (c) and (d) still apply.*

5 (g) For tax year 2013 and all tax years thereafter, the income tax
6 credit provided by ~~this section~~ subsections (a) through (g) shall only be
7 available to taxpayers subject to the income tax on corporations imposed
8 pursuant to ~~subsection (e) of~~ K.S.A. 79-32,110(c), and amendments
9 thereto, and shall be applied only against such taxpayer's corporate income
10 tax liability.

11 (h) (1) *For taxable years 2026 through ~~2031~~ {2028}, there shall be*
12 *allowed a credit against the tax liability imposed under the Kansas income*
13 *tax act for a retail dealer that sells higher ethanol blend at such retail*
14 *dealer's retail service station. The amount of the credit shall equal \$0.05*
15 *per gallon of higher ethanol blend sold by the retail dealer on a retail*
16 *basis and dispensed through metered pumps at the retail dealer's retail*
17 *service station during the tax year for which the tax credit is claimed.*

18 (2) *Any unused credit amounts may be carried forward for up to ~~five~~*
19 *{three} taxable years immediately following the taxable year for which the*
20 *credits were allowed. The credit shall not be refundable.*

21 (3) *The total amount of tax credits issued pursuant to this subsection*
22 *shall not exceed \$2,500,000 per tax year. In the event that the total amount*
23 *of tax credits claimed under this subsection exceeds the maximum amount*
24 *of tax credits available for the tax year, the maximum total amount of tax*
25 *credits for the tax year of \$2,500,000 shall be apportioned or divided*
26 *among all eligible retail dealers that claimed the tax credit on or before*
27 *April 15 following the close of the taxable year. In an apportionment, each*
28 *such eligible retail dealer's share of the tax credit shall be in the*
29 *proportion that the number of gallons of higher ethanol blend sold and*
30 *reported to the department by such retail dealer bears to the total of all*
31 *gallons of higher ethanol blend sold and reported to the department by all*
32 *eligible retail dealers claiming the tax credit on or before the deadline.*

33 (4) *As part of any claim for tax credits pursuant to this subsection,*
34 *the retail dealer shall include an annual report to the department on a*
35 *form prescribed by the department. The report shall include the following*
36 *information:*

37 (A) *The name and address of the retail dealer;*

38 (B) *the total number of gallons of higher ethanol blend sold by the*
39 *retail dealer on a retail basis and dispensed through metered pumps at the*
40 *retail service station or stations owned or operated by the retail dealer*
41 *during the tax year for which the tax credit is claimed; and*

42 (C) *any other documentation or information required by the*
43 *department.*

1 (5) *As used in this subsection:*

2 (A) *"Department" means the department of revenue.*

3 (B) *"Higher ethanol blend" means ethanol blended fuel E15, as*
4 *defined in 40 C.F.R. § 1090.80, as in effect on July 1, 2026, or any higher*
5 *percent ethanol blend.*

6 (C) *"Retail dealer" means a person, firm or corporation doing*
7 *business in this state that owns or operates a retail service station in this*
8 *state.*

9 (D) *"Retail service station" means a location in this state from which*
10 *higher ethanol blend is sold to the general public and is dispensed directly*
11 *into motor vehicle fuel tanks for consumption.}*

12 ~~Sec. 2. {4.}~~ K.S.A. 79-32,201 is hereby repealed.

13 ***{Sec. 5. On and after January 1, 2027, K.S.A. 65-7107, 79-32,204,***
14 ***79-32,222, 79-32,262 and 79-32,266 and K.S.A. 2025 Supp. 32-1438 are***
15 ***hereby repealed.}***

16 ~~Sec. 3. {6.}~~ This act shall take effect and be in force from and after its
17 publication in the statute book.