

HOUSE BILL No. 2409

By Committee on Taxation

3-21

1 AN ACT concerning income taxation; relating to credits; alternative-fueled
2 motor vehicles and fueling stations; defining alternative fuel; amending
3 K.S.A. 2012 Supp. 79-32,201 and repealing the existing section.
4

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

6 Section 1. K.S.A. 2012 Supp. 79-32,201 is hereby amended to read as
7 follows: 79-32,201. (a) Any taxpayer who makes expenditures for a
8 qualified alternative-fueled motor vehicle or alternative-fuel fueling station
9 shall be allowed a credit against the income tax imposed by article 32 of
10 chapter 79 of the Kansas Statutes Annotated, *and amendments thereto*, as
11 follows:

12 (1) For any qualified alternative-fueled motor vehicle placed in
13 service on or after January 1, 1996, and before January 1, 2005, an amount
14 equal to 50% of the incremental cost or conversion cost for each qualified
15 alternative-fueled motor vehicle but not to exceed \$3,000 for each such
16 motor vehicle with a gross vehicle weight of less than 10,000 lbs.; \$5,000
17 for a heavy duty motor vehicle with a gross vehicle weight of greater than
18 10,000 lbs. but less than 26,000 lbs.; and \$50,000 for motor vehicles
19 having a gross vehicle weight of greater than 26,000 lbs.;

20 (2) for any qualified alternative-fueled motor vehicle placed in
21 service on or after January 1, 2005, an amount equal to 40% of the
22 incremental cost or conversion cost for each qualified alternative-fueled
23 motor vehicle, but not to exceed \$2,400 for each such motor vehicle with a
24 gross vehicle weight of less than 10,000 lbs.; \$4,000 for a heavy duty
25 motor vehicle with a gross vehicle weight of greater than 10,000 lbs. but
26 less than 26,000 lbs.; and \$40,000 for motor vehicles having a gross
27 vehicle weight of greater than 26,000 lbs.;

28 (3) for any qualified alternative-fuel fueling station placed in service
29 on or after January 1, 1996, and before January 1, 2005, an amount equal
30 to 50% of the total amount expended for each qualified alternative-fuel
31 fueling station but not to exceed \$200,000 for each fueling station;

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

36 (5) for any qualified alternative-fuel fueling station placed in service

1 on or after January 1, 2009, and before January 1, 2013, an amount equal
2 to 40% of the total amount expended for each qualified alternative-fuel
3 fueling station, but not to exceed \$100,000 for each fueling station;

4 (6) for any qualified alternative-fuel fueling station placed in service
5 on or after January 1, 2013, an amount equal to 40% of the total amount
6 expended for each qualified alternative-fuel fueling station, but not to
7 exceed \$250,000 for each fueling station.

8 (b) If no credit has been claimed pursuant to subsection (a), a credit in
9 an amount not exceeding the lesser of 5% of the cost of the vehicle or
10 \$750 shall be allowed to a taxpayer who purchases a motor vehicle
11 equipped by the vehicle manufacturer with an alternative fuel system and
12 who is unable or elects not to determine the exact basis attributable to such
13 property. The credit under this subsection shall be allowed only to the first
14 individual to take title to such motor vehicle, other than for resale. The
15 credit under this subsection for motor vehicles which are capable of
16 operating on a blend of 85% ethanol and 15% gasoline, or 80% alternative
17 fuel and 20% gasoline, shall be allowed for taxable years commencing
18 after December 31, ~~1999~~ 2012, only if the individual claiming the credit
19 furnishes evidence of the purchase, during the period of time beginning
20 with the date of purchase of such vehicle and ending on December 31 of
21 the next succeeding calendar year, of 500 gallons of such ethanol and
22 gasoline blend, or alternative fuel and gasoling blend, as may be required
23 or is satisfactory to the secretary of revenue.

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

34 (d) The tax credit under subsection (a)(5) shall be deducted from the
35 taxpayer's income tax liability for the taxable year in which the
36 expenditures are made by the taxpayer. If the amount of the tax credit
37 exceeds the taxpayer's income tax liability for the taxable year, the amount
38 which exceeds the tax liability may be carried over for deduction from the
39 taxpayer's income tax liability in the next succeeding taxable year or years
40 until the total amount of the tax credit has been deducted from tax liability,
41 except that no such tax credit shall be carried over for deduction after the
42 fourth taxable year in which the expenditures are made.

43 (e) As used in this section:

1 (1) "Alternative fuel" means ~~a combustible liquid~~ *liquified and*
2 *compressed natural gas and combustible liquids* derived from grain starch,
3 oil seed, animal fat or other biomass; or produced from biogas source,
4 including any nonfossilized, decaying, organic matter. *The provisions of*
5 *this paragraph shall be effective for all taxable years commencing after*
6 *December 31, 2012.*

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

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

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

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

21 (D) *On and after January 1, 2013, dual fuel motor vehicle: A motor*
22 *vehicle that may operate on a blend of an alternative fuel with a*
23 *conventional fuel, such as compressed natural gas or diesel, as long as*
24 *such motor vehicle is capable of operating on at least an 80% alternative*
25 *fuel blend when not idling.*

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

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

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

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

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

1 (f) Except as otherwise more specifically provided, the provisions of
2 this section shall apply to all taxable years commencing after December
3 31, 1995.

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

9 Sec. 2. K.S.A. 2012 Supp. 79-32,201 is hereby repealed.

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