

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

(a) For taxable years 2026 through 2031, there shall be allowed a credit against the tax liability imposed under the Kansas income tax act for a retail dealer that sells a biodiesel blend or renewable diesel blend at a retail dealer's retail service station or a distributor that sells a biodiesel blend or renewable diesel blend directly to the final user located in this state. The amount of the credit shall equal \$0.05 per gallon of biodiesel blend or renewable diesel blend sold in excess of ten percent and dispensed through metered pumps at the retail dealer's retail service station or by a distributor directly to the final user located in this state during the tax year for which the tax credit is claimed.

(b) Any unused credit amounts may be carried forward for up to five taxable years immediately following the taxable year for which the credits were allowed. The credit shall not be refundable.

(c) The total amount of tax credits issued pursuant to this section shall not exceed \$5,000,000 per tax year.

(d) As used in this section:

(1) "Distributor" means a person, firm, or corporation doing business in this state that:

- (A) Produces, refines, blends, compounds, or manufactures motor fuel;
- (B) imports motor fuel into the state; or
- (C) is engaged in distribution of motor fuel.

(2) "Biodiesel blend" means a blend of diesel fuel and biodiesel fuel of at least ten percent for on-road or off-road diesel fueled vehicle use, including farm tractors and railroad trains.

(3) "Biodiesel fuel" means a renewable, biodegradable, mono alkyl ester combustible liquid fuel that is derived from agricultural and other plant oils or animal fats and that meets the most recent version of the ASTM International D6751 Standard Specification for Biodiesel Fuel Blend Stock. A fuel shall be deemed to be biodiesel fuel if the fuel consists of a pure B100 or B99 ratio. Biodiesel produced from palm oil is not biodiesel fuel for the purposes of this section unless the palm oil is contained within waste oil and grease collected within the United States.

(4) "Renewable diesel" means a hydrocarbon fuel derived from biomass meeting the requirements of ASTM standards D975 or D396. Fuels that have been co-processed shall not apply.

(5) "Renewable diesel blend" means a blend of renewable diesel of at least ten percent for on-road or off-road diesel fueled vehicle use, including farm tractors and railroad trains.

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

(7) "Retail service station" means a location in this state from which biodiesel blend is sold to the general public and is dispensed directly into motor vehicle fuel tanks for consumption.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.