

HOUSE BILL No. 2161

By Committee on Taxation

Requested by Gary Reser on behalf of Kansas Soybean Association

1-30

1 AN ACT concerning taxation; relating to income tax; providing a tax
2 credit for the sale and distribution of biodiesel and renewable diesel
3 blends for motor vehicle fuels.
4

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

6 Section 1. (a) For taxable years 2026 through 2031, there shall be
7 allowed a credit against the tax liability imposed under the Kansas income
8 tax act for a retail dealer that sells a biodiesel blend or renewable diesel
9 blend at such retail dealer's retail service station or a distributor that sells a
10 biodiesel blend or renewable diesel blend directly to the final user located
11 in this state. The amount of the credit shall equal \$0.05 per gallon of a
12 biodiesel blend or renewable diesel blend sold by the retail dealer and
13 dispensed through metered pumps at the retail dealer's retail service station
14 or by a distributor directly to the final user located in this state during the
15 tax year for which the tax credit is claimed.

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

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

21 (d) As used in this section:

22 (1) "Biodiesel blend" means a blend of diesel fuel and biodiesel fuel
23 of at least 10% for on-road or off-road diesel fueled vehicle use, including
24 farm tractors and railroad trains.

25 (2) "Biodiesel fuel" means a renewable, biodegradable, mono alkyl
26 ester combustible liquid fuel that is derived from agricultural and other
27 plant oils or animal fats and that meets the most recent version of the
28 American society of testing and materials (ASTM) international D6751
29 standard specification for biodiesel fuel blend stock. A fuel shall be
30 deemed to be biodiesel fuel if the fuel consists of a pure B100 or B99
31 ratio. Biodiesel produced from palm oil is not biodiesel fuel for the
32 purposes of this section unless the palm oil is contained within waste oil
33 and grease collected within the United States.

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

1 (A) Produces, refines, blends, compounds or manufactures motor
2 fuel;

3 (B) imports motor fuel into the state; or

4 (C) is engaged in distribution of motor fuel.

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

8 (5) "Renewable diesel blend" means a blend of renewable diesel of at
9 least 10% for on-road or off-road diesel fueled vehicle use, including farm
10 tractors and railroad trains.

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

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

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