

SENATE BILL No. 227

By Committee on Commerce

2-6

1 AN ACT concerning economic development; relating to the tax credit for
2 qualified expenditures for the restoration and preservation of historic
3 structures; providing for different credit percentages based on city
4 populations of more than 50,000 or 50,000 or less and the amount of
5 expenditures; amending K.S.A. 2024 Supp. 79-32,211 and repealing
6 the existing section.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1. K.S.A. 2024 Supp. 79-32,211 is hereby amended to read as
10 follows: 79-32,211. (a) For all taxable years commencing after December
11 31, 2006, there shall be allowed a tax credit against the income, privilege
12 or premium tax liability imposed upon a taxpayer pursuant to the Kansas
13 income tax act, the privilege tax imposed upon any national banking
14 association, state bank, trust company or savings and loan association
15 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
16 amendments thereto, or the premiums tax and privilege fees imposed upon
17 an insurance company pursuant to K.S.A. 40-252, and amendments
18 thereto, in an amount equal to:

19 (1) 25% of qualified expenditures incurred in the restoration and
20 preservation of a qualified historic structure *located in a city with a*
21 *population of more than 50,000* pursuant to a qualified rehabilitation plan
22 by a qualified taxpayer if the total amount of such expenditures equals *at*
23 *least \$5,000 or more and less than \$50,000*;

24 (2) ~~30%~~40% of the qualified expenditures incurred in the restoration
25 and preservation of a qualified historic structure located in a city with a
26 population ~~between 9,500 and~~ *of more than 50,000* pursuant to a qualified
27 rehabilitation plan by a qualified taxpayer if the total amount of such
28 expenditures equals ~~\$5,000~~ *\$50,000* or more;

29 (3) 40% of the qualified expenditures incurred in the restoration and
30 preservation of a qualified historic structure located in a city, ***township or***
31 ***unincorporated area*** with a population of *50,000 or less* ~~than 9,500~~
32 pursuant to a qualified rehabilitation plan by a qualified taxpayer if the
33 total amount of such expenditures equals \$5,000 or more; or

34 (4) ~~30%~~40% of qualified expenditures incurred in the restoration and
35 preservation of a qualified historic structure which is exempt from federal
36 income taxation pursuant to section 501(c)(3) of the federal internal

1 revenue code and which is not income producing pursuant to a qualified
2 rehabilitation plan by a qualified taxpayer if the total amount of such
3 expenditures equals \$5,000 or more.

4 (b) If the amount of such tax credit exceeds the qualified taxpayer's
5 income, privilege or premium tax liability for the year in which the
6 qualified rehabilitation plan was placed in service, as defined by section
7 47(b)(1) of the federal internal revenue code and federal regulation section
8 1.48-12(f)(2), such excess amount may be carried over for deduction from
9 such taxpayer's income, privilege or premium tax liability in the next
10 succeeding year or years until the total amount of the credit has been
11 deducted from tax liability, except that no such credit shall be carried over
12 for deduction after the 10th taxable year succeeding the taxable year in
13 which the qualified rehabilitation plan was placed in service.

14 (c) Any bank, savings and loan association or savings bank shall pay
15 taxes on 50% of the interest earned on loans to qualified taxpayers used for
16 qualified expenditures for the restoration and preservation of a qualified
17 historic structure.

18 (d) As used in this section, unless the context clearly indicates
19 otherwise:

20 (1) "Qualified expenditures" means the costs and expenses incurred
21 by a qualified taxpayer in the restoration and preservation of a qualified
22 historic structure pursuant to a qualified rehabilitation plan which are
23 defined as a qualified rehabilitation expenditure by section 47(c)(2) of the
24 federal internal revenue code;

25 (2) "qualified historic structure" means any building, whether or not
26 income producing, which is defined as a certified historic structure by
27 section 47(c)(3) of the federal internal revenue code, is individually listed
28 on the register of Kansas historic places, or is located and contributes to a
29 district listed on the register of Kansas historic places;

30 (3) "qualified rehabilitation plan" means a project which is approved
31 by the cultural resources division of the state historical society, or by a
32 local government certified by the division to so approve, as being
33 consistent with the standards for rehabilitation and guidelines for
34 rehabilitation of historic buildings as adopted by the federal secretary of
35 interior and in effect on the effective date of this act. The society shall
36 adopt rules and regulations providing application and approval procedures
37 necessary to effectively and efficiently provide compliance with this act,
38 and may collect fees in order to defray its approval costs in accordance
39 with rules and regulations adopted therefor; and

40 (4) "qualified taxpayer" means the owner of the qualified historic
41 structure or any other person who may qualify for the federal rehabilitation
42 credit allowed by section 47 of the federal internal revenue code.

43 If the taxpayer is a corporation having an election in effect under

1 subchapter S of the federal internal revenue code, a partnership or a
2 limited liability company, the credit provided by this section shall be
3 claimed by the shareholders of such corporation, the partners of such
4 partnership or the members of such limited liability company in the same
5 manner as such shareholders, partners or members account for their
6 proportionate shares of the income or loss of the corporation, partnership
7 or limited liability company, or as the corporation, partnership or limited
8 liability company mutually agree as provided in the bylaws or other
9 executed agreement. Credits granted to a partnership, a limited liability
10 company taxed as a partnership or other multiple owners of property shall
11 be passed through to the partners, members or owners respectively pro rata
12 or pursuant to an executed agreement among the partners, members or
13 owners documenting any alternate distribution method.

14 (e) Any person, hereinafter designated the assignor, may sell, assign,
15 convey or otherwise transfer tax credits allowed and earned pursuant to
16 subsection (a). The taxpayer acquiring credits, hereinafter designated the
17 assignee, may use the amount of the acquired credits to offset up to 100%
18 of such assignee's income, privilege or premiums tax liability for either the
19 taxable year in which the qualified rehabilitation plan was first placed into
20 service or the taxable year in which such acquisition was made. Unused
21 credit amounts claimed by the assignee may be carried forward for up to
22 five years, except that all such amounts shall be claimed within 10 years
23 following the tax year in which the qualified rehabilitation plan was first
24 placed into service. The assignor shall enter into a written agreement with
25 the assignee establishing the terms and conditions of the agreement and
26 shall perfect such transfer by notifying the cultural resources division of
27 the state historical society in writing within 90 calendar days following the
28 effective date of the transfer and shall provide any information as may be
29 required by such division to administer and carry out the provisions of this
30 section. The amount received by the assignor of such tax credit shall be
31 taxable as income of the assignor, and the excess of the value of such
32 credit over the amount paid by the assignee for such credit shall be taxable
33 as income of the assignee.

34 (f) The executive director of the state historical society may adopt
35 rules and regulations as necessary for the efficient and effective
36 administration of the provisions of this section.

37 ***(g) The amendments made to this section by this act related to tax***
38 ***credit amounts shall apply to qualified rehabilitation plans placed into***
39 ***service on or after July 1, 2025.***

40 Sec. 2. K.S.A. 2024 Supp. 79-32,211 is hereby repealed.

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