

HOUSE BILL No. 2543

By Committee on Taxation

1-31

1 AN ACT concerning income taxation; relating to the alternative-fuel motor
2 vehicle property expenditure credit; clarifying types of fuels to be
3 included under the definition of alternative fuel; amending K.S.A. 79-
4 32,201 and repealing the existing section.

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

7 Section 1. K.S.A. 79-32,201 is hereby amended to read as follows:
8 79-32,201. (a) Any taxpayer who makes expenditures for a qualified
9 alternative-fueled motor vehicle or alternative-fuel fueling station shall be
10 allowed a credit against the income tax imposed by article 32 of chapter 79
11 of the Kansas Statutes Annotated, *and amendments thereto*, as 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, an amount equal to 40% of the total amount
2 expended for each qualified alternative-fuel fueling station, but not to
3 exceed \$100,000 for each fueling station.

4 (b) If no credit has been claimed pursuant to subsection (a), a credit in
5 an amount not exceeding the lesser of 5% of the cost of the vehicle or
6 \$750 shall be allowed to a taxpayer who purchases a motor vehicle
7 equipped by the vehicle manufacturer with an alternative fuel system and
8 who is unable or elects not to determine the exact basis attributable to such
9 property. The credit under this subsection shall be allowed only to the first
10 individual to take title to such motor vehicle, other than for resale. The
11 credit under this subsection for motor vehicles which are capable of
12 operating on a blend of 85% ethanol and 15% gasoline shall be allowed for
13 taxable years commencing after December 31, 1999, only if the individual
14 claiming the credit furnishes evidence of the purchase, during the period of
15 time beginning with the date of purchase of such vehicle and ending on
16 December 31 of the next succeeding calendar year, of 500 gallons of such
17 ethanol and gasoline blend as may be required or is satisfactory to the
18 secretary of revenue.

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

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

38 (e) As used in this section:

39 (1) "Alternative fuel" means a combustible liquid derived from grain
40 starch, oil seed, animal fat or other biomass; or produced from biogas
41 source, including any nonfossilized, decaying, organic matter. *"Alternative
42 fuel" includes, but is not limited to, a fuel containing at least:*

43 (A) 15% ethanol or methanol; or

1 (B) *10% biodiesel.*

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

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

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

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

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

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

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

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

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

34 (f) Except as otherwise more specifically provided, the provisions of
35 this section shall apply to all taxable years commencing after December
36 31, 1995.

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

42 Sec. 2. K.S.A. 79-32,201 is hereby repealed.

43 Sec. 3. This act shall take effect and be in force from and after its

- 1 publication in the statute book.