

SENATE BILL No. 282

By Committee on Assessment and Taxation

2-25

1 AN ACT concerning—~~income~~ taxation; *{relating to income taxation;*
2 *relating to credits;}* providing certain tax credits for graduates of
3 aerospace and aviation-related educational programs and employers of
4 program graduates*;* *enacting the Kansas affordable housing tax*
5 *credit act and the Kansas housing investor tax credit act; providing*
6 *tax credits against income, privilege and premium taxes for qualified*
7 *housing projects; providing a credit for school and classroom*
8 *supplies purchased by teachers; providing homestead property tax*
9 *refunds from income tax refund fund to certain persons based on the*
10 *increase in property tax over the base year property tax amount;*
11 *relating to property taxation; increasing extent of exemption for*
12 *residential property from statewide school levy; amending K.S.A. 79-*
13 *4502, 79-4508 and 79-4509 and K.S.A. 2021 Supp. 79-201x and*
14 *repealing the existing sections}.*

15

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

17 *{New} Section 1. As used in sections 1 through 4, and amendments*
18 *thereto:*

19 (a) "Aerospace" means relating to vehicles or objects for the purpose
20 of suborbital, orbital or space flight, whether for private or public, or civil
21 or defense-related purposes.

22 (b) "Aviation" means relating to vehicles or objects, except
23 parachutes, for the purpose of controlled flight through the air, regardless
24 of how propelled or controlled, or whether manned or unmanned, whether
25 for private or public, or civil or defense-related purposes.

26 (c) "Aviation sector" means a private or public organization engaged
27 in the manufacture of aviation or aerospace hardware or software, aviation
28 or aerospace maintenance, aviation or aerospace repair and overhaul,
29 supply of parts to the aviation or aerospace industry, provision of services
30 and support relating to the aviation or aerospace industry, research and
31 development of aviation or aerospace technology and systems, and the
32 education and training of aviation or aerospace personnel.

33 (d) "Compensation" means payments in the form of contract labor for
34 which the payor is required to provide a federal tax form 1099 to the
35 person paid, wages subject to withholding tax paid to a part-time employee
36 or full-time employee, or salary or other remuneration. "Compensation"

1 does not include employer-provided retirement, medical or healthcare
2 benefits, reimbursement for travel, meals, lodging or any other expense.

3 (e) "Institution" means a state educational institution, municipal
4 university, institute of technology, community college or technical college,
5 as those terms are defined in K.S.A. 74-3201b, and amendments thereto,
6 or an educational institution, municipal university, institute of technology,
7 community college or technical college within the meaning of those terms
8 as defined in K.S.A. 74-3201b, and amendments thereto, but located in or
9 established under the laws of another state or any other public or private
10 college or university that is accredited by a regional accrediting body, the
11 engineering accreditation commission of the accreditation board for
12 engineering and technology (ABET) or the federal aviation administration.

13 (f) "Qualified employee" means any person newly employed on a
14 full-time basis by or first contracting with a qualified employer on a full-
15 time basis on or after January 1, ~~2022~~ {2023}, who has been awarded an
16 undergraduate or graduate degree, or a technical degree or certificate from
17 a qualified program by an institution.

18 (g) "Qualified employer" means a sole proprietorship, general
19 partnership, limited partnership, limited liability company, corporation,
20 other legally recognized business entity or public entity whose principal
21 business activity involves the aviation sector.

22 (h) "Qualified program" means: (1) A program that has been
23 accredited by the engineering accreditation commission of the
24 accreditation board for engineering and technology (ABET), the federal
25 aviation administration or a regional accrediting body and that awards an
26 undergraduate or graduate degree; or (2) a program within the meaning of
27 an associate of applied science degree program or career technical
28 education program, within the meaning of those programs as defined in
29 K.S.A. 74-32,407, and amendments thereto, whether a state or out-of-state
30 program that results in the awarding of a degree or certificate that prepares
31 the graduate for gainful employment with a qualified employer.

32 (i) "Tuition" means the amount paid for enrollment, program specific
33 course fees and instruction in a qualified program that includes both
34 amounts paid during participation in a qualified program or tuition debt
35 upon completion of a qualified program. "Tuition" does not include the
36 cost of books, fees, other than program specific course fees, or room and
37 board.

38 ~~{New}~~ Sec. 2. (a) For taxable years beginning after December 31,
39 ~~2021~~ {2022}, a taxpayer who is a qualified employer subject to the tax
40 imposed under the provisions of the Kansas income tax act shall be
41 allowed a credit against the tax for tuition reimbursed to a qualified
42 employee.

43 (b) The credit may be claimed only if the qualified employee has

1 been awarded an undergraduate or graduate degree, or technical degree or
2 certificate from a qualified program within one year prior to or following
3 the commencement of employment with a qualified employer and may be
4 claimed each year thereafter that the qualified employee remains employed
5 up to the fourth year of employment.

6 (c) The credit shall be in an amount equal to 50% of the tuition
7 reimbursed during the taxable year for which the credit is claimed to a
8 qualified employee, except that in no event shall the credit exceed 50% of
9 the average annual amount paid by a qualified employee for enrollment
10 and instruction in a qualified program, as determined by the secretary of
11 revenue.

12 (d) The credit shall be applied against the taxpayer's income tax
13 liability after all other credits allowed under the income tax act. The credit
14 shall not be refundable and may not be carried forward.

15 *{New}* Sec. 3. (a) For taxable years beginning after December 31,
16 ~~2021~~ *{2022}*, a taxpayer who is a qualified employer subject to the tax
17 imposed under the provisions of the Kansas income tax act shall be
18 allowed a credit against the tax for compensation paid during the taxable
19 year to a qualified employee in the first through fifth consecutive years of
20 employment. Except as otherwise provided, the credit shall be in an
21 amount equal to 10% of the compensation paid.

22 (b) The credit shall not exceed \$15,000 annually for each qualified
23 employee.

24 (c) The credit shall be applied against the taxpayer's income tax
25 liability after all other credits allowed under the income tax act. The credit
26 shall not be refundable and may not be carried forward.

27 (d) No credit shall be claimed for compensation paid to a qualified
28 employee after the fifth year of employment of the qualified employee.

29 *{New}* Sec. 4. (a) For taxable years beginning after December 31,
30 ~~2021~~ *{2022}*, a taxpayer who becomes a qualified employee during the
31 taxable year shall be allowed a credit against the tax imposed under the
32 provisions of the Kansas income tax act in an amount equal to \$5,000. The
33 credit shall be deducted from the taxpayer's income tax liability for the
34 taxable year in which the taxpayer is or has been a qualified employee and
35 may be claimed each year the taxpayer achieves the status of a qualified
36 employee for the four taxable years succeeding the taxable year in which
37 the credit was first allowed.

38 (b) If the amount of the credit allowed a qualified employee is greater
39 than the qualified employee's income tax liability for the taxable year in
40 which the credit is allowed, the amount of the credit which exceeds the tax
41 liability may be carried over for deduction from the qualified employee's
42 income tax liability in the next succeeding taxable year or years, except
43 that the tax credit may not be carried over for deduction after the fourth

1 taxable year succeeding the taxable year in which the credit was first
2 allowed.

3 *{New}* Sec. 5. (a) The secretary of revenue may adopt rules and
4 regulations necessary or convenient for the implementation and
5 administration of sections 1 through 4, and amendments thereto.

6 (b) The secretary of revenue shall annually submit a written report to
7 the house committee on appropriations and to the senate committee on
8 ways and means beginning with the ~~2022~~ *{2023}* legislative session. The
9 report shall contain information regarding the cost and effectiveness of the
10 tax credit program described in sections 1 through 4, and amendments
11 thereto. The secretary also may include in the report any recommendations
12 for changes to law necessary to implement sections 1 through 4, and
13 amendments thereto.

14 *{New}* Sec. 6. No new credits shall be issued or may be earned under
15 the provisions of sections 1 through 4, and amendments thereto, after
16 December 31, ~~2026~~ *{2027}*.

17 *{New Sec. 7. The provisions of sections 7 through 12, and*
18 *amendments thereto, shall be known and may be cited as the Kansas*
19 *affordable housing tax credit act.*

20 *New Sec. 8. As used in sections 7 through 12, and amendments*
21 *thereto:*

22 (a) *"Act" means the provisions of sections 7 through 12, and*
23 *amendments thereto;*

24 (b) *"allocation certificate" means a statement issued by the KHRC*
25 *certifying that a given development is eligible for the credit and*
26 *specifying the amount of the credit allowed;*

27 (c) *"credit" means the Kansas affordable housing tax credit*
28 *allowed pursuant to this act;*

29 (d) *"credit period" means the credit period as defined in section*
30 *42(f)(1) of the federal internal revenue code;*

31 (e) *"director" means the director of taxation pursuant to K.S.A. 75-*
32 *5102, and amendments thereto;*

33 (f) *"federal tax credit" means the federal low-income housing tax*
34 *credit provided by section 42 of the federal internal revenue code;*

35 (g) *"KHRC" means the Kansas housing resources corporation, a*
36 *not-for-profit subsidiary of the Kansas development finance authority*
37 *incorporated pursuant to K.S.A. 74-8904(v), and amendments thereto;*

38 (h) *"pass-through entity" means any: (1) Limited liability*
39 *company; (2) limited partnership; or (3) limited liability partnership;*

40 (i) *"pass-through certification" means a certification provided to*
41 *the director by any pass-through entity allocating a credit to its partners*
42 *or members, certifying the amount of credit to be allocated to each*
43 *partner or member of such pass-through entity;*

1 (j) *"qualified allocation plan" means the qualified allocation plan*
2 *adopted by the KHRC pursuant to section 42(m) of the federal internal*
3 *revenue code;*

4 (k) *"qualified development" means a "qualified low-income*
5 *housing project," as that term is defined in section 42 of the federal*
6 *internal revenue code that is located in Kansas and is determined by the*
7 *KHRC to be eligible for a federal tax credit whether or not a federal tax*
8 *credit is allocated with respect to such qualified development; and*

9 (l) *"qualified taxpayer" means an individual, a person, firm,*
10 *corporation, or other entity that owns an interest, direct or indirect, in a*
11 *qualified development and is subject to the taxes imposed by the Kansas*
12 *income tax act, the privilege taxes imposed pursuant to article 11 of*
13 *chapter 79 of the Kansas Statutes Annotated, and amendments thereto,*
14 *or the premium taxes imposed pursuant to K.S.A. 40-252, and*
15 *amendments thereto.*

16 *New Sec. 9. (a) For all taxable years commencing after December*
17 *31, 2022, there shall be allowed a credit against the income tax liability*
18 *imposed pursuant to the Kansas income tax act, the privilege tax liability*
19 *imposed upon any national banking association, state bank, trust*
20 *company or savings and loan association pursuant to article 11 of*
21 *chapter 79 of the Kansas Statutes Annotated, and amendments thereto,*
22 *or the premium tax liability imposed upon an insurance company*
23 *pursuant to K.S.A. 40-252, and amendments thereto, for each qualified*
24 *development for each year of the credit period, in an amount equal to*
25 *the federal tax credit allocated or allowed by the KHRC to such qualified*
26 *development, except that there shall be no reduction in the credit*
27 *allowable in the first year of the credit period due to the calculation in*
28 *section 42(f)(2) of the federal internal revenue code.*

29 (b) *The KHRC shall issue an allocation certificate to an owner of a*
30 *qualified development to which a credit has been allocated. The KHRC*
31 *shall issue an allocation certificate to the qualified development*
32 *simultaneously with issuance of federal form 8609 with respect to the*
33 *federal tax credits.*

34 (c) *All allocations shall be made pursuant to the qualified*
35 *allocation plan.*

36 (d) *If an owner of a qualified development receiving an allocation*
37 *of a credit is a pass-through entity, the owner may allocate the credit*
38 *among its partners or members in any manner agreed to by such*
39 *persons and, in the case of multiple tiers of pass-through entities, the*
40 *credit may be so allocated through any number of pass-through entities*
41 *in any manner agreed by the owners of such pass-through entities, none*
42 *of which shall be considered a transfer. Any pass-through entity*
43 *allocating a credit to its partners or members shall attach a pass-through*

1 *certification to its tax return annually. Each partner or member shall be*
2 *allowed to claim or further allocate such amount subject to any*
3 *restrictions set forth in this act.*

4 *(e) An owner of a qualified development to which a credit has been*
5 *allocated and each qualified taxpayer to which such owner has allocated*
6 *a portion of such credit, if any, shall file with their state income,*
7 *privilege or premium tax return a copy of the allocation certificate*
8 *issued by the KHRC with respect to such qualified development and a*
9 *copy of any pass-through certification, as prescribed by the director.*

10 *(f) No credit shall be allocated pursuant to this act unless the*
11 *qualified development is the subject of a recorded restrictive covenant*
12 *requiring the development to be maintained and operated as a qualified*
13 *development and is in accordance with the accessibility and adaptability*
14 *requirements of the federal tax credits and title VIII of the civil rights*
15 *act of 1968, as amended by the fair housing amendments act of 1988, for*
16 *a period of 15 taxable years, or such longer period as may be agreed to*
17 *between the KHRC and the owner of the qualified development,*
18 *beginning with the first taxable year of the credit period.*

19 *(g) The allocated credit amount may be taken against the income,*
20 *privilege or premium taxes imposed for each taxable year of the credit*
21 *period. Any amount of credit that exceeds the income, privilege or*
22 *premium tax liability of a qualified taxpayer for a taxable year may be*
23 *carried forward as a credit against subsequent years' tax liability up to*
24 *11 tax years following the tax year in which the allocation was made and*
25 *shall be applied first to the earliest years possible. Any amount of the*
26 *credit that is not used shall not be refunded to the taxpayer.*

27 *(h) Unless otherwise provided in this act or the context or law*
28 *requires otherwise, the KHRC shall determine eligibility for a credit and*
29 *allocate credits in accordance with the standards and requirements set*
30 *forth in section 42 of the federal internal revenue code. Any*
31 *combination of federal tax credits and credits allowed pursuant to this*
32 *act shall be the least amount necessary to ensure the financial feasibility*
33 *of a qualified development.*

34 *New Sec. 10. If, under section 42 of the federal internal revenue*
35 *code, a portion of any federal tax credit taken on a qualified*
36 *development is required to be recaptured or is otherwise disallowed*
37 *during the credit period, the qualified taxpayer that claimed the credit*
38 *pursuant to this act with respect to such qualified development shall also*
39 *be required to recapture a portion of any credits authorized by this act.*
40 *The percentage of credits subject to recapture shall be equal to the*
41 *percentage of federal tax credits subject to recapture or otherwise*
42 *disallowed during such period. Any credits recaptured or disallowed*
43 *shall increase the tax liability of the qualified taxpayer who claimed the*

1 *credits and shall be included on the tax return of the qualified taxpayer*
2 *submitted for the taxable year in which the recapture or disallowance*
3 *event is identified.*

4 *New Sec. 11. The KHRC and the director, in consultation with each*
5 *other, shall promulgate rules and regulations necessary for their*
6 *respective administration of this act.*

7 *New Sec. 12. (a) The KHRC, in consultation with the director, shall*
8 *monitor and oversee compliance with the provisions of this act and shall*
9 *report specific occurrences of noncompliance to the director.*

10 *(b) For each allocation year, the KHRC shall submit a written*
11 *report to the legislature on or before December 31 of each year and*
12 *make such report available to the public. The report shall:*

13 *(1) Specify the number of qualified developments that have been*
14 *allocated credits during the allocation year and the total number of units*
15 *supported by each development;*

16 *(2) describe each qualified development that has been allocated*
17 *credits including, without limitation, the geographic location of the*
18 *development, the household type and any specific demographic*
19 *information available about residents intended to be served by the*
20 *development, the income levels intended to be served by the development,*
21 *and the rents or set-asides authorized for each development; and*

22 *(3) provide housing market and demographic information that*
23 *demonstrates how the qualified developments supported by the credits*
24 *are addressing the need for affordable housing within the communities*
25 *they are intended to serve as well as information about any remaining*
26 *disparities in the affordability of housing within those communities.*

27 *New Sec. 13. (a) The purpose of the Kansas housing investor tax*
28 *credit act is to bring housing investment dollars to communities that lack*
29 *adequate housing. Development of suitable residential housing will*
30 *complement economic development of rural and urban areas that lack*
31 *adequate housing resources and enable such communities to attract*
32 *businesses, employees and new residents.*

33 *(b) Sections 13 through 18, and amendments thereto, shall be*
34 *known and may be cited as the Kansas housing investor tax credit act.*

35 *New Sec. 14. As used in the Kansas housing investor tax credit act,*
36 *sections 13 through 18, and amendments thereto:*

37 *(a) "Act" means the Kansas housing investor tax credit act;*

38 *(b) "cash investment" means, as approved by the director, money or*
39 *money equivalent in consideration for qualified securities;*

40 *(c) "city" means any city incorporated in accordance with Kansas*
41 *law with a population of less than 70,000, as certified to the secretary of*
42 *state by the division of the budget on the previous July 1 in accordance*
43 *with K.S.A. 11-201, and amendments thereto;*

1 (d) *"corporation" means the Kansas housing resources*
2 *corporation;*

3 (e) *"county" means any county organized in accordance with*
4 *K.S.A. 18-101 et seq., and amendments thereto, with a population of less*
5 *than 75,000, as certified to the secretary of state by the division of the*
6 *budget on the previous July 1 in accordance with K.S.A. 11-201, and*
7 *amendments thereto;*

8 (f) *"director" means the director of housing of the Kansas*
9 *development finance authority;*

10 (g) *"Kansas investor" means an individual who is a resident of*
11 *Kansas or any business entity domiciled in Kansas, or any corporation,*
12 *even if a wholly owned subsidiary of a foreign corporation, that does*
13 *business primarily in Kansas or conducts substantially all of its business*
14 *activities in Kansas, or a bank or other financial institution or*
15 *association chartered or incorporated under the laws of Kansas that*
16 *does business primarily in Kansas or conducts substantially all of its*
17 *business activities in Kansas;*

18 (h) *"manufactured home" means a "manufactured home" as*
19 *defined in K.S.A. 58-4202, and amendments thereto, that is installed on*
20 *a permanent foundation. The permanent foundation shall be of a type*
21 *not removable intact from the site, constructed of durable materials such*
22 *as concrete, mortared masonry or treated wood, site built and shall have*
23 *attachment points to anchor and stabilize the manufactured home to*
24 *transfer all loads to the underlying soil or rock;*

25 (i) *"modular home" means a "modular home" as defined in K.S.A.*
26 *58-4202, and amendments thereto, that is installed on a permanent*
27 *foundation. The permanent foundation shall include a basement or*
28 *crawl space;*

29 (j) *"qualified housing project" means a project within a city or*
30 *county for the construction of single-family residential dwellings,*
31 *including, but not limited to, manufactured housing or modular*
32 *housing, or multi-family residential dwellings or buildings, that is*
33 *eligible for designation by the director as a project for the purposes of*
34 *the tax credit allowed under this act. "Qualified housing project" does*
35 *not include a project eligible for income or other tax credits designated*
36 *for low-income housing under state or federal law, including, but not*
37 *limited to, the low income housing tax credit pursuant to 26 U.S.C. § 42,*
38 *or a project participating in tenant-based or project-based programs*
39 *pursuant to section 8 of the United States housing act of 1937, 42 U.S.C.*
40 *§ 1437f;*

41 (k) *"qualified investor" means an investor that has made a cash*
42 *investment in a qualified housing project and is eligible for a tax credit*
43 *under this act. A "qualified investor" includes a natural person, a*

1 *business or a bank or other financial institution or association and the*
2 *project builder or developer; and*

3 *(l) "qualified securities" means a cash investment through any*
4 *form or combination of forms of financial assistance, including equity*
5 *or debt instruments or bank or financial institution or association loans*
6 *pursuant to rules and regulations adopted by the director, and that with*
7 *respect to any investment made for the purpose of receiving a tax credit*
8 *under this act have been approved in form and substance by the director.*

9 *New Sec. 15. (a) There is hereby established the Kansas housing*
10 *investor tax credit program within the Kansas housing resources*
11 *corporation, to be administered by the director of housing. The purpose*
12 *of tax credits issued under the Kansas housing investor tax credit*
13 *program is to facilitate investment in suitable housing that will support*
14 *the growth of communities that lack adequate housing by attracting new*
15 *employees, residents and families and will support the development and*
16 *expansion of businesses that are job and wealth creating enterprises.*

17 *(b) To achieve this purpose and to optimize the use of the limited*
18 *resources of the state, the director is authorized to issue tax credits for*
19 *qualified housing projects to qualified investors who make cash*
20 *investments in such qualified housing projects and to project builders*
21 *and developers. Such tax credits shall be issued for those qualified*
22 *housing projects that, as determined by the director, are most likely to*
23 *provide the greatest economic benefit to and best meet the needs of the*
24 *community lacking adequate housing where the project is located. In*
25 *issuing tax credits, the director shall give priority to Kansas investors.*

26 *(c) To be designated as a qualified housing project, the project*
27 *builder or developer shall apply to the director. Such application shall be*
28 *in a form and substance as required by the director and shall include:*

29 *(1) The name and address of the project builder or developer and*
30 *names of all principals or management;*

31 *(2) if the project builder or developer is seeking tax credits for such*
32 *builder's or developer's cash investment in the project, information as*
33 *required by the director for consideration of the request;*

34 *(3) a project plan, including a description of the project, timeline,*
35 *housing to be constructed, intended market, costs and anticipated*
36 *pricing for the housing and any other information that may be required*
37 *by the director;*

38 *(4) a statement of the potential economic impact of the project;*

39 *(5) a description of all financing for the project, the amount of any*
40 *tax credits requested and the earliest year in which the tax credits may*
41 *be claimed;*

42 *(6) a statement of the amount, timing and projected use of the*
43 *proceeds to be raised from qualified investors;*

1 (7) *the names, addresses and taxpayer identification numbers of all*
2 *investors who may qualify for the tax credit. Such list of investors who*
3 *may qualify for the tax credit shall be amended as any information on*
4 *the list shall change; and*

5 (8) *such additional information as the director may require.*

6 (d) *In determining whether to designate a project as a qualified*
7 *housing project, the director shall consider whether the project:*

8 (1) *Has the support of the community and the governing body of*
9 *the city or county where such project is located;*

10 (2) *will enhance the ability of the community that lacks adequate*
11 *housing to attract new businesses or expand existing business by*
12 *providing suitable housing directly for employees or make such housing*
13 *significantly more available, or will meet other significant housing needs*
14 *of the community making the community attractive to new or expanding*
15 *businesses or their employees, as determined by the director;*

16 (3) *has the financial support, management, planning and market to*
17 *be successful;*

18 (4) *has an analysis or survey of the housing needs of the*
19 *community provided by the project builder or developer or the governing*
20 *body of the city or county where the project is located that, in the*
21 *director's judgment, supports proceeding with the proposed project for*
22 *the purposes of this act;*

23 (5) *has met all other requirements of this act to the satisfaction of*
24 *the director; and*

25 (6) *has met such other requirements of the director as adopted in*
26 *rules and regulations.*

27 (e) *If the director approves the application, the director shall enter*
28 *into an agreement with the project builder or developer for the project*
29 *prior to issuing any tax credits for the project. The agreement shall set*
30 *forth the amount of tax credits to be issued for the project, the*
31 *requirements for a cash investment and the issuance of tax credits. If the*
32 *project builder or developer has been approved by the director for tax*
33 *credits for the project builder's or developer's cash investment in the*
34 *project, the agreement shall set forth the amount of credits so approved*
35 *and the amount of credits remaining for issuance to other qualified*
36 *investors. Such agreement shall require, as a condition of the issuance*
37 *of tax credits, binding commitments by the project builder or developer*
38 *to the corporation for:*

39 (1) *The reporting of progress and financial data, including investor*
40 *information. The project builder or developer shall have the obligation*
41 *to notify the director in a timely manner of any changes in the*
42 *qualifications of the project or in the eligibility of investors to claim a*
43 *tax credit;*

1 (2) *the right of access to the project and to the financial records of*
2 *the project builder or developer;*

3 (3) *the provision of information for purposes of the economic*
4 *development incentive program information database pursuant to K.S.A.*
5 *2021 Supp. 74-50,226, and amendments thereto;*

6 (4) *the repayment requirements upon loss of designation pursuant*
7 *to section 17, and amendments thereto; and*

8 (5) *any additional terms and conditions required by the director.*

9 (f) *To be eligible to receive tax credits, a qualified investor shall*
10 *make a cash investment in the project in accordance with the agreement*
11 *required by subsection (e). Each project builder or developer of a*
12 *designated qualified housing project shall promptly report to the*
13 *corporation the following information at the time such information*
14 *becomes known to the builder or developer:*

15 (1) *The name, address and taxpayer identification number of each*
16 *qualified investor who has made a cash investment in qualified*
17 *securities in the project and has received tax credits for this investment*
18 *during the preceding year and all other preceding years;*

19 (2) *the amounts of the cash investments by each qualified investor*
20 *and a description of the qualified securities issued in consideration of*
21 *such cash investments;*

22 (3) *the name, address and taxpayer identification number of each*
23 *person to whom tax credits have been transferred by the original*
24 *qualified investor; and*

25 (4) *any additional information as the director may require when*
26 *requested.*

27 (g) *Any violation of the reporting requirements set forth in this*
28 *section shall be grounds for loss of the designation as a qualified*
29 *housing project, as provided by section 17, and amendments thereto.*

30 (h) *The reasonable costs of the administration of this act, the*
31 *review of applications for certification as qualified housing projects and*
32 *the issuance of tax credits to qualified housing projects as authorized by*
33 *this act may be reimbursed in total or in part through fees paid by the*
34 *qualified project, qualified investors or transferees of investors,*
35 *according to a reasonable fee schedule adopted by the director.*

36 (i) *The state of Kansas shall not be held liable for any damages to*
37 *any qualified investor that makes an investment in a qualified housing*
38 *project.*

39 (j) *The director shall provide information regarding qualified*
40 *housing projects and qualified investors to the secretary of revenue.*

41 (k) *The director shall adopt rules and regulations as necessary to*
42 *implement the provisions of this act.*

43 *New Sec. 16. (a) (1) For tax year 2022 and all tax years thereafter,*

1 *a credit against the income tax liability imposed pursuant to the Kansas*
2 *income tax act, the privilege tax liability imposed upon any national*
3 *banking association, state bank, trust company or savings and loan*
4 *association pursuant to article 11 of chapter 79 of the Kansas Statutes*
5 *Annotated, and amendments thereto, or the premium tax liability*
6 *imposed upon an insurance company pursuant to K.S.A. 40-252, and*
7 *amendments thereto, shall be allowed to:*

8 *(A) A qualified investor for a cash investment in a qualified*
9 *housing project that has been approved and issued a tax credit by the*
10 *director. The tax credit may be claimed in its entirety in the taxable year*
11 *the cash investment is made; and*

12 *(B) a project builder or developer of a qualified housing project*
13 *that has been approved and issued a tax credit by the director.*

14 *(2) To claim such tax credit, the qualified investor or project builder*
15 *or developer shall provide all information or documentation in the form*
16 *and manner required by the secretary of revenue. If the amount of the*
17 *credit exceeds the taxpayer's tax liability in any one taxable year, the*
18 *remaining portion of the credit may be carried forward in the*
19 *succeeding taxable years until the total amount of the credit is used,*
20 *except that no credit may be claimed after four taxable years next*
21 *succeeding the taxable year that such credit was issued, and any*
22 *remaining credit shall be forfeited.*

23 *(b) (1) Tax credits may be issued by the director for a qualified*
24 *housing project as follows:*

25 *(A) For qualified housing projects located in a county with a*
26 *population of not more than 8,000, in an amount not to exceed \$35,000*
27 *per residential unit;*

28 *(B) for qualified housing projects located in a county with a*
29 *population of more than 8,000 but not more than 25,000, in an amount*
30 *not to exceed \$32,000 per residential unit; and*

31 *(C) for all other qualified housing projects, in an amount not to*
32 *exceed \$30,000.*

33 *(2) A qualified housing project shall be limited to a total of 40 such*
34 *residential units per year for both single-family and multi-family*
35 *dwellings.*

36 *(3) Tax credits may be issued to a qualified investor in the amount*
37 *of a cash investment of up to the total amount that may be issued by the*
38 *director under this subsection for the qualified housing project, or as*
39 *provided in the agreement required by section 15, and amendments*
40 *thereto. Project builders or developers may apply to the director each*
41 *year for tax credits for additional units or phases of a project. Qualified*
42 *investors may be issued tax credits for cash investments in multiple*
43 *qualified housing projects. Project builders or developers may apply and*

1 *be approved for multiple qualified housing projects in the same tax year.*

2 *(4) The aggregate amount of tax credits that may be issued under*
3 *this section shall not exceed \$18,000,000 each tax year, except that if the*
4 *director issues an aggregate amount of tax credits in one tax year that is*
5 *less than \$18,000,000, then the director may carry forward the*
6 *difference and issue such amount of tax credits in the immediately*
7 *succeeding tax year in addition to the statutory amount that may be*
8 *issued under this section. Of the aggregate amount of tax credits issued*
9 *in one tax year, the director shall allocate:*

10 *(A) Not less than \$2,000,000 in tax credits for qualified housing*
11 *projects located in counties with a population of not more than 8,000;*
12 *and*

13 *(B) not less than \$2,000,000 in tax credits for qualified housing*
14 *projects located in counties with a population of more than 8,000 but not*
15 *more than 25,000.*

16 *(c) A cash investment in a qualified housing project shall be*
17 *deemed to have been made on the date of acquisition of the qualified*
18 *security, as such date is determined by the director.*

19 *(d) Any qualified investor without a current tax liability at the time*
20 *of the investment in a qualified housing project that does not reasonably*
21 *believe such investor will owe any such tax for the current taxable year*
22 *and who receives a tax credit pursuant to this section shall be deemed to*
23 *acquire an interest in the nature of a transferable credit limited to the*
24 *amount of the credit issued to the qualified investor by the director. This*
25 *interest may be transferred to any person whether or not such person is*
26 *then a qualified investor and be claimed by the transferee as a credit*
27 *against the transferee's Kansas tax liability in the same manner as the*
28 *transfer or beginning in the year the credit is transferred. The credit*
29 *may be carried forward as permitted by subsection (a). No person shall*
30 *be entitled to a refund for any interest on such tax credit that may be*
31 *created under this section. Only the full amount of the tax credit for any*
32 *one qualified housing project investment may be transferred and may*
33 *only be transferred one time. A credit acquired by transfer shall be*
34 *subject to the limitations prescribed in this section. Documentation of*
35 *any credit acquired by transfer shall be provided by the taxpayer*
36 *claiming such credit in the manner required by the secretary of revenue.*
37 *The qualified investor transferring such credit shall provide the director*
38 *and the secretary of revenue with the name, address and taxpayer*
39 *identification number of each person to whom tax credits have been*
40 *transferred and such other information as may be required by the*
41 *director or the secretary of revenue.*

42 *(e) The secretary of revenue may adopt rules and regulations as*
43 *necessary to implement and administer the provisions of this act.*

1 *New Sec. 17. (a) If the director determines that a project is not in*
2 *substantial compliance with the requirements of this act or the*
3 *agreement executed pursuant to section 15, and amendments thereto,*
4 *the director shall inform the project builder or developer of the project in*
5 *writing that the project will lose designation as a qualified housing*
6 *project in 120 days from the date of mailing of the notice unless such*
7 *builder or developer corrects the deficiencies and becomes compliant*
8 *with with the requirements for designation.*

9 *(b) At the end of such 120-day period, if the project is still not in*
10 *substantial compliance, the director shall send a notice of loss of*
11 *designation to the project builder or developer, the secretary of revenue*
12 *and all known qualified investors in the project. Loss of designation of a*
13 *qualified housing project shall preclude the issuance of any additional*
14 *tax credits with respect to the project, and the director shall not approve*
15 *any subsequent application for such project as a qualified housing*
16 *project. Upon loss of the designation as a qualified housing project, the*
17 *project builder or developer shall repay any tax credits such taxpayer*
18 *has claimed.*

19 *(c) Qualified investors other than the project builder or developer*
20 *who have lawfully made a cash investment in a qualified housing project*
21 *approved by the director shall not have tax credits disallowed solely due*
22 *to the project losing its designation as a qualified housing project under*
23 *this act.*

24 *New Sec. 18. (a) On or before January 31, 2023, and on or before*
25 *January 31 of each year thereafter, the director shall transmit a report*
26 *annually to the governor, the standing committee on commerce of the*
27 *senate and the standing committee on commerce, labor and economic*
28 *development of the house of representatives. Such report shall be based*
29 *upon information received from each qualified housing project for*
30 *which tax credits have been issued during the preceding year and shall*
31 *describe the following:*

32 *(1) The manner in which the purpose, as described in this act, has*
33 *been carried out;*

34 *(2) the total cash investments made for qualified securities in*
35 *qualified housing projects during the preceding year and cumulatively*
36 *since the enactment of this act;*

37 *(3) an estimate of jobs facilitated by housing developed through*
38 *such investments; and*

39 *(4) an estimate of the multiplier effect on the Kansas economy of*
40 *the investments. The amount of tax credits claimed in the previous fiscal*
41 *year; a general description of the investors that benefited from the tax*
42 *credits; and any aggregate job creation or capital investment in Kansas*
43 *that resulted from the tax credits for a period of five years beginning*

1 *from the date on which the tax credits were issued.*

2 *(b) The director shall conduct an annual review of the activities*
3 *undertaken pursuant to this act to ensure that tax credits issued*
4 *pursuant to this act are issued in compliance with the provisions of this*
5 *act and rules and regulations adopted by the director.*

6 *New Sec. 19. For tax year 2022, and all tax years thereafter, there*
7 *shall be allowed a credit against the tax liability of a qualified taxpayer*
8 *imposed under the Kansas income tax act in an amount equal to the*
9 *expenditures made by the taxpayer for school and classroom supplies*
10 *during the taxable year. The amount of the credit allowed each taxable*
11 *year under this section shall not exceed \$250. As used in this section, a*
12 *"qualified taxpayer" means an individual who is a Kansas resident and*
13 *is employed as a public or private school teacher.*

14 *New Sec. 20. (a) For tax year 2022, and all tax years thereafter, the*
15 *amount of any claim pursuant to this section shall be computed by*
16 *deducting the claimant's base year ad valorem tax amount for the*
17 *homestead from the claimant's homestead ad valorem tax amount for*
18 *the tax year for which the refund is sought.*

19 *(b) As used in this section:*

20 *(1) "Base year" means the year in which an individual becomes an*
21 *eligible claimant and who is also eligible for a claim for refund pursuant*
22 *to this section. For any individual who would otherwise be an eligible*
23 *claimant prior to 2021, such base year shall be deemed to be 2021 for*
24 *the purposes of this act. In the event an individual is no longer an*
25 *eligible claimant under this section, the individual shall establish a new*
26 *base year in the year that the individual becomes an eligible claimant.*

27 *(2) "Claimant" means a person who has filed a claim under the*
28 *provisions of this act and was, during the entire calendar year preceding*
29 *the year in which such claim was filed for refund under this act, except*
30 *as provided in K.S.A. 79-4503, and amendments thereto, both domiciled*
31 *in this state and was: (A) A person who is 65 years of age or older; or (B)*
32 *a disabled veteran. The surviving spouse of a person 65 years of age or*
33 *older or a disabled veteran who was receiving benefits pursuant to this*
34 *section at the time of the claimant's death shall be eligible to continue to*
35 *receive benefits until such time the surviving spouse remarries.*

36 *(c) A claimant shall only be eligible for a claim for refund under*
37 *this section if the claimant's household income for the year in which the*
38 *claim is filed is \$50,000 or less. In the case of all tax years commencing*
39 *after December 31, 2022, the upper limit household income threshold*
40 *amount prescribed in this subsection shall be increased by an amount*
41 *equal to such threshold amount multiplied by the cost-of-living*
42 *adjustment determined under section 1(f)(3) of the federal internal*
43 *revenue code for the calendar year in which the taxable year*

1 *commences.*

2 *(d) A taxpayer shall not be eligible for a homestead property tax*
3 *refund claim pursuant to this section if such taxpayer has received for*
4 *such property for such tax year either: (1) A homestead property tax*
5 *refund pursuant to K.S.A. 79-4508, and amendments thereto; or (2) the*
6 *selective assistance for effective senior relief (SAFESR) credit pursuant*
7 *to K.S.A. 79-32,263, and amendments thereto.*

8 *(e) The amount of any claim shall be computed to the nearest \$1.*

9 *(f) The provisions of this section shall be a part of and*
10 *supplemental to the homestead property tax refund act.*

11 *Sec. 21. K.S.A. 2021 Supp. 79-201x is hereby amended to read as*
12 *follows: 79-201x. (a) For taxable years 2021 and year 2022, and all*
13 *taxable years thereafter, the following described property, to the extent*
14 *herein specified, shall be and is hereby exempt from the property tax*
15 *levied pursuant to the provisions of K.S.A. 72-5142, and amendments*
16 *thereto: Property used for residential purposes to the extent of ~~\$20,000~~*
17 *\$65,000 of its appraised valuation.*

18 *(b) For taxable year 2023, and all taxable years thereafter, the dollar*
19 *amount of the extent of appraised valuation that is exempt pursuant to*
20 *subsection (a) shall be adjusted to reflect the average percentage change*
21 *in statewide residential valuation of all residential real property for the*
22 *preceding 10 years. Such average percentage change shall not be less*
23 *than zero. The director of property valuation shall calculate the average*
24 *percentage change for purposes of this annual adjustment and calculate*
25 *the dollar amount of the extent of appraised valuation that is exempt*
26 *pursuant to this section each year.*

27 *Sec. 22. K.S.A. 79-4502 is hereby amended to read as follows: 79-*
28 *4502. As used in this act, unless the context clearly indicates otherwise:*

29 *(a) "Income" means the sum of adjusted gross income under the*
30 *Kansas income tax act effective for tax year 2013 and thereafter without*
31 *regard to any modifications pursuant to K.S.A. 79-32,117(b)(xx) through*
32 *(xxiii) and (c)(xx), and amendments thereto, maintenance, support*
33 *money, cash public assistance and relief, not including any refund*
34 *granted under this act, the gross amount of any pension or annuity,*
35 *including all monetary retirement benefits from whatever source*
36 *derived, including but not limited to, all payments received under the*
37 *railroad retirement act, except disability payments, payments received*
38 *under the federal social security act, except that for determination of*
39 *what constitutes income such amount shall not exceed 50% of any such*
40 *social security payments and shall not include any social security*
41 *payments to a claimant who prior to attaining full retirement age had*
42 *been receiving disability payments under the federal social security act*
43 *in an amount not to exceed the amount of such disability payments or*

1 *50% of any such social security payments, whichever is greater, all*
 2 *dividends and interest from whatever source derived not included in*
 3 *adjusted gross income, workers compensation and the gross amount of*
 4 *"loss of time" insurance. Income does not include gifts from*
 5 *nongovernmental sources or surplus food or other relief in kind supplied*
 6 *by a governmental agency, nor shall net operating losses and net capital*
 7 *losses be considered in the determination of income. Income does not*
 8 *include veterans disability pensions. Income does not include disability*
 9 *payments received under the federal social security act.*

10 (b) *"Household" means a claimant, a claimant and spouse who*
 11 *occupy the homestead or a claimant and one or more individuals not*
 12 *related as husband and wife who together occupy a homestead.*

13 (c) *"Household income" means all income received by all persons*
 14 *of a household in a calendar year while members of such household.*

15 (d) *"Homestead" means the dwelling, or any part thereof, owned*
 16 *and occupied as a residence by the household and so much of the land*
 17 *surrounding it, as defined as a home site for ad valorem tax purposes,*
 18 *and may consist of a part of a multi-dwelling or multi-purpose building*
 19 *and a part of the land upon which it is built or a manufactured home or*
 20 *mobile home and the land upon which it is situated. "Owned" includes a*
 21 *vendee in possession under a land contract, a life tenant, a beneficiary*
 22 *under a trust and one or more joint tenants or tenants in common.*

23 (e) *"Claimant" means a person who has filed a claim under the*
 24 *provisions of this act and was, during the entire calendar year preceding*
 25 *the year in which such claim was filed for refund under this act, except*
 26 *as provided in K.S.A. 79-4503, and amendments thereto, both domiciled*
 27 *in this state and was: (1) For purposes of a claim under K.S.A. 79-4508,*
 28 *and amendments thereto: (A) A person having a disability; ~~(2) (B) a~~*
 29 *person who is 55 years of age or older; ~~(3) (C) a disabled veteran; ~~(4)~~~~*
 30 *(D) the surviving spouse of active duty military personnel who died in*
 31 *the line of duty; or ~~(5) (E) a person other than a person included under~~*
 32 *~~(1), (2), (3) or (4) subparagraph (A), (B), (C) or (D) having one or more~~*
 33 *dependent children under 18 years of age residing at the person's*
 34 *homestead during the calendar year immediately preceding the year in*
 35 *which a claim is filed under this act; or (2) for purposes of a claim under*
 36 *section 20, and amendments thereto: (A) A person who is 65 years of age*
 37 *or older; or (B) a disabled veteran. The surviving spouse of a disabled*
 38 *veteran who was receiving benefits pursuant to subsection ~~(e)(3) of this~~*
 39 *section ~~(e)(1)(C) at the time of the veterans' death, shall be eligible to~~*
 40 *continue to receive benefits until such time the surviving spouse*
 41 *remarries.*

42 *When a homestead is occupied by two or more individuals and more*
 43 *than one of the individuals is able to qualify as a claimant, the*

1 *individuals may determine between them as to whom the claimant will*
2 *be. If they are unable to agree, the matter shall be referred to the*
3 *secretary of revenue whose decision shall be final.*

4 *(f) "Property taxes accrued" means property taxes, exclusive of*
5 *special assessments, delinquent interest and charges for service, levied*
6 *on a claimant's homestead in 1979 or any calendar year thereafter by*
7 *the state of Kansas and the political and taxing subdivisions of the state.*
8 *When a homestead is owned by two or more persons or entities as joint*
9 *tenants or tenants in common and one or more of the persons or entities*
10 *is not a member of claimant's household, "property taxes accrued" is*
11 *that part of property taxes levied on the homestead that reflects the*
12 *ownership percentage of the claimant's household. For purposes of this*
13 *act, property taxes are "levied" when the tax roll is delivered to the local*
14 *treasurer with the treasurer's warrant for collection. When a claimant*
15 *and household own their homestead part of a calendar year, "property*
16 *taxes accrued" means only taxes levied on the homestead when both*
17 *owned and occupied as a homestead by the claimant's household at the*
18 *time of the levy, multiplied by the percentage of 12 months that the*
19 *property was owned and occupied by the household as its homestead in*
20 *the year. When a household owns and occupies two or more different*
21 *homesteads in the same calendar year, property taxes accrued shall be*
22 *the sum of the taxes allocable to those several properties while occupied*
23 *by the household as its homestead during the year. Whenever a*
24 *homestead is an integral part of a larger unit such as a multi-purpose or*
25 *multi-dwelling building, property taxes accrued shall be that percentage*
26 *of the total property taxes accrued as the value of the homestead is of the*
27 *total value. For the purpose of this act, the word "unit" refers to that*
28 *parcel of property covered by a single tax statement of which the*
29 *homestead is a part.*

30 *(g) "Disability" means:*

31 *(1) Inability to engage in any substantial gainful activity by reason*
32 *of any medically determinable physical or mental impairment which can*
33 *be expected to result in death or has lasted or can be expected to last for*
34 *a continuous period of not less than 12 months, and an individual shall*
35 *be determined to be under a disability only if the physical or mental*
36 *impairment or impairments are of such severity that the individual is not*
37 *only unable to do the individual's previous work but cannot, considering*
38 *age, education and work experience, engage in any other kind of*
39 *substantial gainful work which exists in the national economy,*
40 *regardless of whether such work exists in the immediate area in which*
41 *the individual lives or whether a specific job vacancy exists for the*
42 *individual, or whether the individual would be hired if application was*
43 *made for work. For purposes of the preceding sentence (with respect to*

1 *any individual), "work which exists in the national economy" means*
 2 *work which exists in significant numbers either in the region where the*
 3 *individual lives or in several regions of the country; for purposes of this*
 4 *subsection, a "physical or mental impairment" is an impairment that*
 5 *results from anatomical, physiological or psychological abnormalities*
 6 *which are demonstrable by medically acceptable clinical and laboratory*
 7 *diagnostic techniques; or*

8 (2) *blindness and inability by reason of blindness to engage in*
 9 *substantial gainful activity requiring skills or abilities comparable to*
 10 *those of any gainful activity in which the individual has previously*
 11 *engaged with some regularity and over a substantial period of time.*

12 (h) *"Blindness" means central visual acuity of ²⁰/₂₀₀ or less in the*
 13 *better eye with the use of a correcting lens. An eye which is accompanied*
 14 *by a limitation in the fields of vision such that the widest diameter of the*
 15 *visual field subtends an angle no greater than 20 degrees shall be*
 16 *considered for the purpose of this paragraph as having a central visual*
 17 *acuity of ²⁰/₂₀₀ or less.*

18 (i) *"Disabled veteran" means a person who is a resident of Kansas*
 19 *and has been honorably discharged from active service in any branch of*
 20 *the armed forces of the United States or Kansas national guard and who*
 21 *has been certified by the United States department of veterans affairs or*
 22 *its successor to have a 50% or greater permanent disability sustained*
 23 *through military action or accident or resulting from disease contracted*
 24 *while in such active service.*

25 *Sec. 23. K.S.A. 79-4508 is hereby amended to read as follows: 79-*
 26 *4508. (a) Commencing in the tax year beginning after December 31,*
 27 *2005, the amount of any claim pursuant to this act and under this section*
 28 *shall be computed by deducting the amount computed under column (2)*
 29 *from the amount of claimant's property tax accrued.*

Claimants	(1) Claimant's household income	(2) Deduction from property tax accrued
	<i>But not</i>	
	<i>more than</i>	
<i>At least</i>		
<i>\$0</i>	<i>\$6,000</i>	<i>\$0</i>
<i>6,001</i>	<i>7,000</i>	<i>4%</i>
<i>7,001</i>	<i>16,000</i>	<i>4% plus 4% of every \$1,000, or</i> <i>fraction thereof, of income in</i> <i>excess of \$7,001</i>
<i>16,001</i>	<i>27,000</i>	<i>40% plus 5% of every \$1,000,</i> <i>or fraction thereof, of income in</i> <i>excess of \$16,001</i>
<i>27,001</i>	<i>27,600</i>	<i>95%</i>

1 ***(b) The director of taxation shall prepare a table under which***
2 ***claims under this act and this section shall be determined. The amount***
3 ***of claim for each bracket shall be computed only to the nearest \$1.***

4 ***(c) The claimant may elect not to record the amount claimed on the***
5 ***claim. The claim allowable to persons making this election shall be***
6 ***computed by the department which shall notify the claimant by mail of***
7 ***the amount of the allowable claim.***

8 ***(d) In the case of all tax years commencing after December 31,***
9 ***2004, the upper limit threshold amount prescribed in this section, shall***
10 ***be increased by an amount equal to such threshold amount multiplied by***
11 ***the cost-of-living adjustment determined under section 1(f)(3) of the***
12 ***federal internal revenue code for the calendar year in which the taxable***
13 ***year commences.***

14 ***Sec. 24. K.S.A. 79-4509 is hereby amended to read as follows: 79-***
15 ***4509. (a) In the event property taxes accrued exceeds \$700 for a***
16 ***household in any one year, the amount thereof shall, for purposes of this***
17 ***act, be deemed to have been \$700.***

18 ***(b) The provisions of subsection (a) shall not apply to a claim for***
19 ***refund pursuant to section 20, and amendments thereto.***

20 ***Sec. 25. K.S.A. 79-4502, 79-4508 and 79-4509 and K.S.A. 2021***
21 ***Supp. 79-201x are hereby repealed.***

22 ***Sec.-7: {26.}*** This act shall take effect and be in force from and after
23 its publication in the statute book.