

**SENATE BILL No. 136**

By Committee on Commerce

2-1

1 AN ACT concerning taxation; relating to income tax; providing a tax  
2 credit for the installation of certain water conservation systems in  
3 newly constructed houses.  
4

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

6 Section 1. (a) For taxable years 2023 through 2029, there shall be  
7 allowed a credit against the tax liability imposed under the Kansas income  
8 tax act in an amount equal to 25% of the expenditures paid or incurred for  
9 the installation of a qualified water conservation system in each newly  
10 constructed house or dwelling unit located in this state by the eligible  
11 taxpayer during the taxable year.

12 (b) The amount of the credit allowed under this section shall not  
13 exceed \$1,000 per qualified water conservation system.

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

17 (d) To qualify for the credit under this section, the qualified water  
18 conservation system installed shall:

19 (1) Comply with rules and regulations adopted by the department of  
20 health and environment that relate to the direct reuse of reclaimed water;  
21 and

22 (2) meet applicable local building codes.

23 (e) A water conservation system that was installed prior to January 1,  
24 2023, shall not qualify for a credit under this section.

25 (f) (1) Eligible taxpayers shall submit an application for the credit  
26 allowed under this section on a form and in a manner determined by the  
27 department of revenue. The application shall include:

28 (A) The name, address and social security number or federal  
29 employer identification number of the applicant;

30 (B) the amount of the cost of the qualified water conservation system  
31 installed and the amount for which the credit is claimed; and

32 (C) any additional information required by the department.

33 (2) The department shall review each application and certify to the  
34 taxpayer the amount of the credit that is authorized. The department may  
35 verify that a qualified water conservation system has been installed by the  
36 taxpayer.

1 (g) The secretary of revenue shall annually certify the tax credit  
2 amount allowed for each eligible taxpayer. The secretary of revenue may  
3 adopt rules and regulations necessary to administer the provisions of this  
4 section.

5 (h) The secretary of health and environment may adopt rules and  
6 regulations to permit verification of the eligibility of an eligible taxpayer's  
7 expenditures for purposes of the credit.

8 (i) As used in this section:

9 (1) "Eligible taxpayer" means a residential builder or developer of  
10 houses or dwelling units.

11 (2) "Graywater" means wastewater that has been collected separately  
12 from a sewage flow and originates from a clothes washer or bathroom tub,  
13 shower or sink. "Graywater" does not include wastewater from a kitchen  
14 sink, dishwasher or toilet.

15 (3) "Qualified water conservation system" means a system or series  
16 of components or mechanisms that are designed to provide for the  
17 collection of rainwater or residential graywater. "Qualified water  
18 conservation system" includes a system that is capable of storing rainwater  
19 or residential graywater for future use and reusing the collected water for  
20 the same residential property.

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