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

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

Section 1. K.S.A. 79-32,201 is hereby amended to read as follows:

79-32,201. (a) Any taxpayer who makes expenditures for a qualified alternative-fueled motor vehicle or alternative-fuel fueling station shall be allowed a credit against the income tax imposed by article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, as follows:

(1) For any qualified alternative-fueled motor vehicle placed in service on or after January 1, 1996, and before January 1, 2005, an amount equal to 50% of the incremental cost or conversion cost for each qualified alternative-fueled motor vehicle but not to exceed $3,000 for each such motor vehicle with a gross vehicle weight of less than 10,000 lbs.; $5,000 for a heavy duty motor vehicle with a gross vehicle weight of greater than 10,000 lbs. but less than 26,000 lbs.; and $50,000 for motor vehicles having a gross vehicle weight of greater than 26,000 lbs.;

(2) For any qualified alternative-fueled motor vehicle placed in service on or after January 1, 2005, an amount equal to 40% of the incremental cost or conversion cost for each qualified alternative-fueled motor vehicle, but not to exceed $2,400 for each such motor vehicle with a gross vehicle weight of less than 10,000 lbs.; $4,000 for a heavy duty motor vehicle with a gross vehicle weight of greater than 10,000 lbs. but less than 26,000 lbs.; and $40,000 for motor vehicles having a gross vehicle weight of greater than 26,000 lbs.;

(3) For any qualified alternative-fuel fueling station placed in service on or after January 1, 1996, and before January 1, 2005, an amount equal to 50% of the total amount expended for each qualified alternative-fuel fueling station but not to exceed $200,000 for each fueling station;

(4) For any qualified alternative-fuel fueling station placed in service on or after January 1, 2005, and before January 1, 2009, an amount equal to 40% of the total amount expended for each qualified alternative-fuel fueling station, but not to exceed $160,000 for each fueling station;

(5) For any qualified alternative-fuel fueling station placed in service
on or after January 1, 2009, an amount equal to 40% of the total amount
expended for each qualified alternative-fuel fueling station, but not to
exceed $100,000 for each fueling station.

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

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

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

(e) As used in this section:

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

(A) 15% ethanol or methanol; or
(B) 10% biodiesel.
(2) "Qualified alternative-fueled motor vehicle" means a motor vehicle that operates on an alternative fuel, meets or exceeds the clean fuel vehicle standards in the federal clean air act amendments of 1990, Title II and meets one of the following categories:
(A) Bi-fuel motor vehicle: A motor vehicle with two separate fuel systems designed to run on either an alternative fuel or conventional fuel, using only one fuel at a time;
(B) dedicated motor vehicle: A motor vehicle with an engine designed to operate on a single alternative fuel only; or
(C) flexible fuel motor vehicle: A motor vehicle that may operate on a blend of an alternative fuel with a conventional fuel, such as E-85 (85% ethanol and 15% gasoline) or M-85 (85% methanol and 15% gasoline), as long as such motor vehicle is capable of operating on at least an 85% alternative fuel blend.
(3) "Qualified alternative-fuel fueling station" means the property which is directly related to the delivery of alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, including the compression equipment, storage vessels and dispensers for such fuel at the point where such fuel is delivered but only if such property is primarily used to deliver such fuel for use in a qualified alternative-fueled motor vehicle.
(4) "Incremental cost" means the cost that results from subtracting the manufacturer's list price of the motor vehicle operating on conventional gasoline or diesel fuel from the manufacturer's list price of the same model motor vehicle designed to operate on an alternative fuel.
(5) "Conversion cost" means the cost that results from modifying a motor vehicle which is propelled by gasoline or diesel to be propelled by an alternative fuel.
(6) "Taxpayer" means any person who owns and operates a qualified alternative-fueled vehicle licensed in the state of Kansas or who makes an expenditure for a qualified alternative-fuel fueling station.
(7) "Person" means every natural person, association, partnership, limited liability company, limited partnership or corporation.
(f) Except as otherwise more specifically provided, the provisions of this section shall apply to all taxable years commencing after December 31, 1995.
(g) For tax year 2013 and all tax years thereafter, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.
Sec. 2. K.S.A. 79-32,201 is hereby repealed.
Sec. 3. This act shall take effect and be in force from and after its
publication in the statute book.