

**Substitute for HOUSE BILL No. 2694**

By Committee on Taxation

3-26

10 AN ACT concerning income taxation; relating to credits; alternative-fu-  
11 eled motor vehicles and alternative-fuel fueling stations; **expenses**  
12 **related to living organ donations;** **[adoption;]** amending K.S.A.  
13 2007 Supp. 79-32,201 **[and 79-32,202]** and repealing the existing  
14 section.  
15

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

17 Section 1. K.S.A. 2007 Supp. 79-32,201 is hereby amended to read  
18 as follows: 79-32,201. (a) Any taxpayer who makes expenditures for a  
19 qualified alternative-fueled motor vehicle or alternative-fuel fueling sta-  
20 tion shall be allowed a credit against the income tax imposed by article  
21 32 of chapter 79 of the Kansas Statutes Annotated, as follows:

22 (1) (A) For any qualified alternative-fueled motor vehicle placed in  
23 service on or after January 1, 1996, and before January 1, 2005, an amount  
24 equal to 50% of the incremental cost or conversion cost for each qualified  
25 alternative-fueled motor vehicle but not to exceed \$3,000 for each such  
26 motor vehicle with a gross vehicle weight of less than 10,000 lbs.; \$5,000  
27 for a heavy duty motor vehicle with a gross vehicle weight of greater than  
28 10,000 lbs. but less than 26,000 lbs.; and \$50,000 for motor vehicles hav-  
29 ing a gross vehicle weight of greater than 26,000 lbs.;

30 ~~(2)~~ (B) for any qualified alternative-fueled motor vehicle placed in  
31 service on or after January 1, 2005, *and before January 1, 2008*, an amount  
32 equal to 40% of the incremental cost or conversion cost for each qualified  
33 alternative-fueled motor vehicle, but not to exceed \$2,400 for each such  
34 motor vehicle with a gross vehicle weight of less than 10,000 lbs.; \$4,000  
35 for a heavy duty motor vehicle with a gross vehicle weight of greater than  
36 10,000 lbs. but less than 26,000 lbs.; and \$40,000 for motor vehicles hav-  
37 ing a gross vehicle weight of greater than 26,000 lbs.;

38 (C) *for any qualified alternative-fueled motor vehicle placed in service*  
39 *on or after January 1, 2008, an amount equal to 80% of the incremental*  
40 *cost or conversion cost, but not to exceed \$4,000, for each qualified alter-*  
41 *native-fueled motor vehicle with a gross weight of less than 26,000 lbs.;*

42 ~~(2)~~ (A) for any qualified alternative-fuel fueling station placed in  
43 service on or after January 1, 1996, and before January 1, 2005, an amount

1 equal to 50% of the total amount expended for each qualified alternative-  
2 fuel fueling station but not to exceed \$200,000 for each fueling station;

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

7 ~~(5)~~ (C) for any qualified alternative-fuel fueling station placed in serv-  
8 ice on or after January 1, 2009, an amount equal to 40% of the total  
9 amount expended for each qualified alternative-fuel fueling station, but  
10 not to exceed \$100,000 for each fueling station.

11 (b) If no credit has been claimed pursuant to subsection (a), a credit  
12 in an amount ~~not exceeding the lesser of 5% of the cost of the vehicle or~~  
13 ~~\$750~~ of \$500 shall be allowed to a taxpayer who purchases a motor vehicle  
14 equipped by the vehicle manufacturer with an alternative fuel system and  
15 who is unable or elects not to determine the exact basis attributable to  
16 such property. The credit under this subsection shall be allowed only to  
17 the first individual to take title to such motor vehicle, other than for resale.  
18 The credit under this subsection for motor vehicles which are capable of  
19 operating on a blend of ~~85% at least 20%~~ ethanol and ~~15% 80%~~ gasoline  
20 shall be allowed for taxable years commencing after December 31, ~~1999~~  
21 ~~2007~~, only if the individual claiming the credit furnishes evidence of the  
22 purchase, during the period of time beginning with the date of purchase  
23 of such vehicle and ending on December 31 of the next succeeding cal-  
24 endar year, of ~~500~~ 200 gallons of such ethanol and gasoline blend as may  
25 be required or is satisfactory to the secretary of revenue.

26 (c) *On and after January 1, 2009, any taxpayer purchasing a new*  
27 *qualified alternative-fueled motor vehicle, who is the first person to take*  
28 *title to such motor vehicle, shall, at the point of sale, be presented with*  
29 *documentation describing all income tax credits, available in the state of*  
30 *Kansas, related to the purchase of qualified alternative-fueled motor ve-*  
31 *hicles. Such documentation shall be created by the department of revenue*  
32 *and furnished to motor vehicle dealerships for presentation to the tax-*  
33 *payer. Such documentation shall include: (1) A description of all tax in-*  
34 *centive programs related to the purchase of qualified alternative-fueled*  
35 *motor vehicles; (2) a form whereby the taxpayer may elect, in lieu of the*  
36 *credit allowed pursuant to subsection (a), to participate in the credit pro-*  
37 *gram pursuant to subsection (b) or, alternatively, to receive a debit card*  
38 *from the department of revenue in accordance with the provisions of this*  
39 *section; and (3) any other information the department of revenue deems*  
40 *necessary. Upon electing to receive the debit card described above, the*  
41 *taxpayer shall return such form to the department of revenue and, within*  
42 *28 days of the receipt of such form by the department, shall receive such*  
43 *debit card with a credit balance of \$500. Such card shall be capable to be*

1 *used only for the purchase of alternative-fuel. Any magnetic strip ap-*  
2 *pearing on the back of such card shall be deactivated before being deliv-*  
3 *ered to the taxpayer. The secretary of revenue shall adopt rules and reg-*  
4 *ulations to administer the provisions of this section.*

5 ~~(c)~~ (d) The tax credit under ~~subsection~~ subsections (a)(1) through  
6 ~~(a)(4)~~, (a)(2)(A), (a)(2)(B) or (b) shall be deducted from the taxpayer's  
7 income tax liability for the taxable year in which the expenditures are  
8 made by the taxpayer. If the amount of the tax credit exceeds the tax-  
9 payer's income tax liability for the taxable year, the amount which exceeds  
10 the tax liability may be carried over for deduction from the taxpayer's  
11 income tax liability in the next succeeding taxable year or years until the  
12 total amount of the tax credit has been deducted from tax liability, except  
13 that no such tax credit shall be carried over for deduction after the third  
14 taxable year succeeding the taxable year in which the expenditures are  
15 made.

16 ~~(d)~~ (e) The tax credit under subsection (a)~~(5)~~(2) (C) shall be de-  
17 ducted from the taxpayer's income tax liability for the taxable year in  
18 which the expenditures are made by the taxpayer. If the amount of the  
19 tax credit exceeds the taxpayer's income tax liability for the taxable year,  
20 the amount which exceeds the tax liability may be carried over for de-  
21 duction from the taxpayer's income tax liability in the next succeeding  
22 taxable year or years until the total amount of the tax credit has been  
23 deducted from tax liability, except that no such tax credit shall be carried  
24 over for deduction after the fourth taxable year in which the expenditures  
25 are made.

26 ~~(e)~~ (f) As used in this section:

27 (1) "Alternative fuel" ~~means a combustible liquid derived from grain~~  
28 ~~starch, oil seed, animal fat or other biomass, or produced from biogas~~  
29 ~~source, including any nonfossilized, decaying, organic matter has the~~  
30 ~~meaning provided by 42 U.S.C. 13211. The provisions of this paragraph~~  
31 ~~shall be effective for the taxable year 2007, and all taxable years thereafter.~~

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

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

39 (B) dedicated motor vehicle: A motor vehicle with an engine de-  
40 signed to operate on a single alternative fuel only; or

41 (C) flexible fuel motor vehicle: A motor vehicle that may operate on  
42 a blend of an alternative fuel with a conventional fuel, ~~such as E-85 (85%~~  
43 ~~ethanol and 15% gasoline) or M-85 (85% methanol and 15% gasoline),~~

1 as long as such motor vehicle is capable of operating on at least an 85%  
2 alternative fuel blend[, **except for the purposes of subsection (b),**  
3 **capable of operating on at least 20% ethanol fuel blend**].

4 (3) “Qualified alternative-fuel fueling station” means the property  
5 which is directly related to the delivery of alternative fuel into the fuel  
6 tank of a motor vehicle propelled by such fuel, including the compression  
7 equipment, storage vessels and dispensers for such fuel at the point where  
8 such fuel is delivered but only if such property is primarily used to deliver  
9 such fuel for use in a qualified alternative-fueled motor vehicle.

10 (4) “Incremental cost” means the cost that results from subtracting  
11 the manufacturer’s list price of the motor vehicle operating on conven-  
12 tional gasoline or diesel fuel from the manufacturer’s list price of the same  
13 model motor vehicle designed to operate on an alternative fuel.

14 (5) “Conversion cost” means the cost that results from modifying a  
15 motor vehicle which is propelled by gasoline or diesel to be propelled by  
16 an alternative fuel.

17 (6) “Taxpayer” means any person who owns and operates a qualified  
18 alternative-fueled vehicle licensed in the state of Kansas or who makes  
19 an expenditure for a qualified alternative-fuel fueling station.

20 (7) “Person” means every natural person, association, partnership,  
21 limited liability company, limited partnership or corporation.

22 ~~(g)~~ (g) Except as otherwise more specifically provided, the provisions  
23 of this section shall apply to ~~all taxable years commencing after December~~  
24 ~~31, 1995 tax years 2008 through 2013.~~

25 **[New Sec. 2. (a) For all taxable years commencing after De-**  
26 **cember 31, 2006, there shall be allowed a tax credit against the**  
27 **income tax liability imposed upon a taxpayer pursuant to the Kan-**  
28 **sas income tax act, in an amount equal to unreimbursed expendi-**  
29 **tures incurred by a taxpayer or a dependent of the taxpayer not to**  
30 **exceed \$10,000 related to the donation, while living, of one or**  
31 **more human organs of the taxpayer or a dependent of the taxpayer**  
32 **to another person for human organ transplantation. The credit**  
33 **under this section shall only be claimed one time by a taxpayer.**  
34 **The tax credit under this section shall be deducted from the tax-**  
35 **payer’s income tax liability for expenditures incurred in the taxable**  
36 **year in which the organ transplantation occurs. If the amount of**  
37 **the credit exceeds the taxpayer’s income tax liability imposed un-**  
38 **der the Kansas income tax act, such excess amount shall be re-**  
39 **funded to the taxpayer. As used in this section, “human organ”**  
40 **means all or part of a liver, pancreas, kidney, intestine, lung or**  
41 **bone marrow.]**

42 **[Sec. 3. K.S.A. 2007 Supp. 79-32,202 is hereby amended to**  
43 **read as follows: 79-32,202. (a) For all taxable years commencing**

1 after December 31, 2005, and in addition to the credit provided  
2 in subsection (b), there shall be allowed as a credit against the tax  
3 liability of a resident individual imposed under the Kansas income  
4 tax act an amount equal to: (1) 25% of the amount of the credit  
5 allowed against such taxpayer's federal income tax liability pur-  
6 suant to section 23 determined without regard to subsection (c)  
7 thereof of the federal internal revenue code; (2) in addition to  
8 subsection (a)(1), 25% of the amount of such federal income tax  
9 credit, if the child adopted by the taxpayer was a resident of Kansas  
10 prior to such lawful adoption; and (3) and in addition to subsections  
11 (a)(1) and (a)(2), 25% of the amount of such federal income tax  
12 credit, if the child adopted by the taxpayer is a child with special  
13 needs, as defined in section 23 of the federal internal revenue  
14 code, and the child was a resident of Kansas prior to such lawful  
15 adoption, for the taxable year in which such credit was claimed  
16 against the taxpayer's federal income tax liability.

17 [(b) For all taxable years commencing after December 31, 1996  
18 2003, in addition to the credit provided in subsection (a), there shall be  
19 allowed as a credit against the tax liability of a resident individual  
20 imposed under the Kansas income tax act an amount equal to  
21 \$1,500 for the taxable year in which occurs the lawful adoption of  
22 a child in the custody of the secretary of social and rehabilitation  
23 services or a child with special needs, whether or not such individ-  
24 ual is reimbursed for all or part of qualified adoption expenses or  
25 has received a public or private grant therefor. As used in this  
26 subsection, terms and phrases shall have the meanings ascribed  
27 thereto by the provisions of section 23 of the federal internal rev-  
28 enue code. No credit shall be allowed under subsection (a) for any qual-  
29 ified adoption expenses incurred in the adoption of a child described by  
30 this subsection. Notwithstanding any provision of law to the contrary, a  
31 taxpayer may file an amended return to claim the credit under this sub-  
32 section or subsection (a) for taxable years 2004 and 2005, if the taxpayer  
33 only claimed the credit under subsection (a) or (b), but not both for such  
34 taxable years.

35 [(c) The credit allowed by subsections (a) and (b) shall not ex-  
36 ceed the amount of the tax imposed by K.S.A. 79-32,110, and  
37 amendments thereto, reduced by the sum of any other credits al-  
38 lowable pursuant to law. If the amount of such tax credit exceeds  
39 the taxpayer's income tax liability for such taxable year, the amount  
40 thereof which exceeds such tax liability may be carried over for  
41 deduction from the taxpayer's income tax liability in the next suc-  
42 ceeding taxable year or years until the total amount of the tax  
43 credits has been deducted from tax liability.]

1     Sec. ~~2~~ **[4.]** K.S.A. 2007 Supp. 79-32,201 ~~is~~ **[and 79-32,202 are]**  
2 hereby repealed.  
3     Sec. ~~3~~ **[5.]** This act shall take effect and be in force from and after  
4 its publication in the Kansas register.