

SENATE BILL No. 127

By Committee on Assessment and Taxation

2-7

1 AN ACT concerning public utilities; relating to recovery of income tax
2 expenses; income tax reimbursement charge.

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

5 Section 1. (a) Notwithstanding any other provision of law, beginning
6 January 1, 2019, an electric public utility as defined in K.S.A. 66-101a,
7 and amendments thereto, or natural gas public utility as defined in K.S.A.
8 66-104, and amendments thereto, that are subject to the jurisdiction of the
9 state corporation commission shall not recover any federal or state income
10 tax expense through such utility's base rates.

11 (b) (1) Prior to January 1, 2020, every such electric and natural gas
12 public utility subject to the jurisdiction of the state corporation
13 commission shall implement an income tax reimbursement charge as a
14 separate monthly charge on customer bills for the collection of federal and
15 state income tax expenses from customers. Such charge shall be calculated
16 to reimburse the utility for cash income taxes paid by such utility in the
17 previous tax year and shall be updated each year to recover the amount of
18 cash income taxes actually paid by the utility in the previous tax year. If
19 any such electric or natural gas public utility pays income taxes on a
20 consolidated basis with other affiliated entities, such utility may seek to
21 recover the amount of cash taxes paid by such utility through the
22 consolidated entity.

23 (2) No such electric or natural gas public utility shall assess an
24 income tax reimbursement charge on customers that exceeds the amount of
25 cash taxes paid by such utility for the preceding tax year.

26 (c) Any income tax expenses that have been recovered from
27 customers in previous tax years for future tax liabilities shall not be
28 included in such utility's income tax reimbursement charge.

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