SENATE BILL No. 82

AN ACT concerning taxation; relating to income tax; providing a tax credit for expenditures for lockable gun and ammunition storage; providing a tax credit for the retail sale of higher ethanol blends of fuel; discontinuing the tax credit for qualified alternative-fueled motor vehicle property or fueling station expenditures; repealing unused tax credits relating to agritourism liability insurance, assistive technology contributions, declared disaster capital investment, owners promoting employment across Kansas and swine facility improvement; providing for credits for payment of employee's child care related expenses and certain employer contributions to expand community child care availability for the child day care services assistance tax credit; amending K.S.A. 65-7107 and 79-32,201 and K.S.A. 2025 Supp. 79-32,190 and repealing the existing sections; also repealing K.S.A. 79-32,204, 79-32,262 and 79-32,266 and K.S.A. 2025 Supp. 32-1438.

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

New Section 1. (a) For tax years 2026 through 2028, there shall be allowed a credit against the tax liability of a resident individual imposed under the Kansas income tax act in an amount equal to 25% of the expenditures made by the individual during such tax year to purchase lockable gun and ammunition storage that is designed primarily for gun and ammunition storage. The amount of such credit allowed each tax year shall not exceed $250 for any taxpayer.

(b) If the amount of the credit allowed by subsection (a) exceeds the taxpayer's income tax liability imposed under the Kansas income tax act for the tax year in which the credit is allowed, the amount of credit that exceeds such tax liability may be carried forward for deduction from the taxpayer's income tax liability in the next succeeding tax year or years until the total amount of the credit has been deducted from tax liability.

Sec. 2. On and after January 1, 2027, K.S.A. 65-7107 is hereby amended to read as follows: 65-7107. ~~(a)~~ Appropriate state agencies are hereby directed to amend ~~their~~ *the* state plans *of such agencies* to protect the benefits of ~~those~~ *families and individuals* receiving such benefits by adding language consistent with the following: Any funds in an individual development account, including accrued interest, shall be disregarded when determining eligibility to receive the amount of any public assistance or benefits.

~~(b) A program contributor shall be allowed a credit against state income tax imposed under the Kansas income tax act in an amount equal to 25% of the contribution amount.~~

~~(c) The institute shall verify all tax credit claims by contributors. The administration of the community-based organization, with the cooperation of the participating financial institutions, shall submit the names of contributors and the total amount each contributor contributes to the individual development account reserve fund for the calendar year. The institute shall determine the date by which such information shall be submitted to the institute by the local administrator. The institute shall submit verification of qualified tax credits pursuant to K.S.A. 65-7101 through 65-7107, and amendments thereto, to the department of revenue.~~

~~(d) The total tax credits authorized pursuant to this section shall not exceed $6,250 in any fiscal year.~~

~~(e) The provisions of this section shall be applicable to all taxable years commencing after December 31, 2002.~~

~~(f) 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, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.~~

Sec. 3. On and after January 1, 2027, K.S.A. 2025 Supp. 79-32,190 is hereby amended to read as follows: 79-32,190. (a) Any taxpayer that pays ~~for or provides~~ *expenses related to the provision of*

~~child day~~ care ~~services, including the provision of the service of locating such services, to its~~ *for the taxpayer's* employees ~~or that provides facilities and necessary equipment for child day care services~~ shall be allowed a credit against the privilege or income tax imposed by articles 11 and 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, ~~as follows~~ *for the following expenses*:

(1) *(A) Paying for child care for employees;*

(B) establishing or expanding a child care program that is primarily used by employees;

(C) paying for referral services that connect employees to child care providers; and

(D) providing for collaborative child care investment with other employers.

(2) Subject to the limits set forth in subsection (d), the taxpayer shall be allowed a credit of ~~30%~~*75%* of the total amount expended *pursuant to the expenses provided in paragraph (1)* in the state during the taxable year by a taxpayer ~~for child day care services purchased to provide care for the dependent children of the taxpayer's employees or for the provision of the service of locating such services for such children;~~

~~(2) (A) in the taxable year in which a facility providing child day care services in the state for use primarily by the dependent children of the taxpayer's employees is established, 50% of the total amount expended during such year by a taxpayer in the establishment and operation of such facility;~~

~~(B) in the taxable years other than the taxable year to which paragraph (2)(A) applies, 30% of the amount equal to the total amount expended during the taxable year by a taxpayer for the operation of a facility described in paragraph (2)(A) less the amount of moneys received by the taxpayer for use of such facility for child day care services;~~

~~(3) (A) in the taxable year in which a facility providing child day care services in the state for use primarily by the dependent children of the taxpayers' employees is established in conjunction with one or more other taxpayers, 50% of the total amount expended during such year by a taxpayer in the establishment and operation of such facility;~~

~~(B) in the taxable years other than the taxable year to which paragraph (3)(A) applies, 30% of the amount equal to the total amount expended during the taxable year by a taxpayer for the operation of a facility described in paragraph (3)(A) less the amount of moneys received by the taxpayer for use of such facility for child day care services; and~~

~~(4) for all taxable years commencing after December 31, 2020, 50% of the amount equal to the total amount expended during the taxable year by a taxpayer as payments to an organization providing access to available child day care services for the taxpayer's employees~~.

(b) *Any employer that financially contributes to a third party that expands the availability of community child care shall be allowed a credit against the privilege or income tax imposed by articles 11 and 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, in an amount for expenses as follows:*

(1) (A) Establishing or expanding a child care program, including support to establish or maintain licensing;

(B) enabling a program to purchase learning materials or play equipment;

(C) compensating professional development for child care staff;

(D) providing child care tuition assistance for families in need; and

(E) providing referral services that connect families to child care

providers.

(2) Subject to the limits set forth in subsection (d), the taxpayer shall be allowed a credit of:

(A) 75% of the total amount expended pursuant to paragraph (1) if the recipient accepts and serves children and families receiving a child care subsidy; or

(B) 50% of the total amount expended pursuant to paragraph (1) if the recipient does not accept or serve children and families receiving a child care subsidy.

(c) No credit shall be allowed under this section unless the child day care facility or provider is licensed pursuant to Kansas law.

~~(c)~~*(d)* The credit allowed by ~~subsection (a)(1), (2)(B) and (3)(B)~~ *subsections (a) and (b)* shall not exceed ~~$30,000~~ *$100,000* for any taxpayer during any taxable year. ~~The credit allowed by subsection (a)(2)(A), (3)(A) and (4) shall not exceed $45,000 for any taxpayer during any taxable year.~~ *For tax year 2027, and all tax years thereafter, if* the amount of the credit ~~which~~ exceeds the tax liability for a taxable year ~~shall be refunded to~~ *of* the taxpayer*, 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 credit was first allowed*. If the taxpayer is a corporation having an election in effect under subchapter S of the federal internal revenue code or a partnership, the credit provided by this section shall be claimed by the shareholders of such corporation or the partners of such partnership in the same manner as such shareholders or partners account for their proportionate shares of the income or loss of the corporation or partnership.

~~(d)~~*(e)* The aggregate amount of credits claimed under this act for any fiscal year shall not exceed $3,000,000.

~~(e) For tax years 2013 through 2020, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.~~

(f) As used in this section, "community child care" means a for-profit or not-for-profit provider of child care services that is open at least nine hours per day and located within 45 miles of the employer that is seeking the credit or such employer's offices.

Sec. 4. 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, 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, *and before January 1, 2027,* 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;~~ *and*

~~(5)~~*(2)* for any qualified alternative-fuel fueling station placed in service on or after January 1, 2009, *and before January 1, 2027,* 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, *and before January 1, 2027,* 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)~~ *(a)(2)* 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~~ *subsections (a) through (g)*:

(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.

(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.~~*No tax credits shall be allowed pursuant to subsections (a) through (g) for tax years commencing after December 31, 2026, except that for taxpayers who have excess unused credit pursuant to a credit initially claimed under subsections (a) through (g) for a tax year commencing before January 1, 2027, the credit carry over provisions of subsections (c) and (d) still apply.*

(g) For tax year 2013 and all tax years thereafter, the income tax credit provided by ~~this section~~ *subsections (a) through (g)* 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.

(h) (1) For taxable years 2026 through 2028, there shall be allowed a credit against the tax liability imposed under the Kansas income tax act for a retail dealer that sells higher ethanol blend at such retail dealer's retail service station. The amount of the credit shall equal $0.05 per gallon of higher ethanol blend sold by the retail dealer on a retail basis and dispensed through metered pumps at the retail dealer's retail service station during the tax year for which the tax credit is claimed.

(2) Any unused credit amounts may be carried forward for up to

three taxable years immediately following the taxable year for which the credits were allowed. The credit shall not be refundable.

(3) The total amount of tax credits issued pursuant to this subsection shall not exceed $2,500,000 per tax year. In the event that the total amount of tax credits claimed under this subsection exceeds the maximum amount of tax credits available for the tax year, the maximum total amount of tax credits for the tax year of $2,500,000 shall be apportioned or divided among all eligible retail dealers that claimed the tax credit on or before April 15 following the close of the taxable year. In an apportionment, each such eligible retail dealer's share of the tax credit shall be in the proportion that the number of gallons of higher ethanol blend sold and reported to the department by such retail dealer bears to the total of all gallons of higher ethanol blend sold and reported to the department by all eligible retail dealers claiming the tax credit on or before the deadline.

(4) As part of any claim for tax credits pursuant to this subsection, the retail dealer shall include an annual report to the department on a form prescribed by the department. The report shall include the following information:

(A) The name and address of the retail dealer;

(B) the total number of gallons of higher ethanol blend sold by the retail dealer on a retail basis and dispensed through metered pumps at the retail service station or stations owned or operated by the retail dealer during the tax year for which the tax credit is claimed; and

(C) any other documentation or information required by the department.

(5) As used in this subsection:

(A) "Department" means the department of revenue.

(B) "Higher ethanol blend" means ethanol blended fuel E15, as defined in 40 C.F.R. § 1090.80, as in effect on July 1, 2026, or any higher percent ethanol blend.

(C) "Retail dealer" means a person, firm or corporation doing business in this state that owns or operates a retail service station in this state.

(D) "Retail service station" means a location in this state from which higher ethanol blend is sold to the general public and is dispensed directly into motor vehicle fuel tanks for consumption.

Sec. 5. K.S.A. 79-32,201 is hereby repealed.

Sec. 6. On and after January 1, 2027, K.S.A. 65-7107, 79-32,204, 79-32,262 and 79-32,266 and K.S.A. 2025 Supp. 32-1438 and 79-32,190 are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

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SENATE adopted
Conference Committee Report _____

_____
President of the Senate.

_____
Secretary of the Senate.

Passed the HOUSE
as amended _____

HOUSE adopted
Conference Committee Report _____

_____
Speaker of the House.

_____
Chief Clerk of the House.

APPROVED _____

_____
Governor.