



# 2022 Legislative Changes & Enactments

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# SALT Parity Act

## House Bill 2239, Sections 1- 6

- ❖ The SALT Parity Act allows for Pass Through Entities (PTE) such as Partnerships and S Corporations the option of paying state income taxes at the entity level rather than being paid by the individual owners of the pass-through entities. (PTE)
- ❖ Electing pass-through entity owner means a shareholder of an S Corporation and a partner in the partnership, except that the partner does not include a **C Corporation**.
- ❖ Starting for tax year 2022 an **annual election** by the Partnership or S Corporation to be subject tax at the entity level by choosing the election when filing of the K-120S.
- ❖ The elections that are made at the entity level is binding on all electing pass-through entity owners and shareholders.
- ❖ An electing PTE will be subject to a tax in an amount equal to 5.7% of the sum of:
  - a) each **resident** electing pass-through entity owner's distributive share of the electing pass-through entity's income, and
  - b) each **nonresident** electing pass-through entity owner's distributive share of income attributable to Kansas.
- ❖ Pass-through entities electing to be subject to the tax would be treated as corporations **for the purpose of estimated tax payments**. However, the underpayment penalty shall not apply during the first taxable period for which this act is applicable.
- ❖ Any credit that is attributable to the activities of the electing pass-through entity in the taxable year shall be claimed by the entity and not passed through to or claimed by the electing pass-through entity owner only for taxable periods when the election is allowed and made by the electing pass-through entity.

# SALT Parity Act

## House Bill 2239, Sections 1- 6

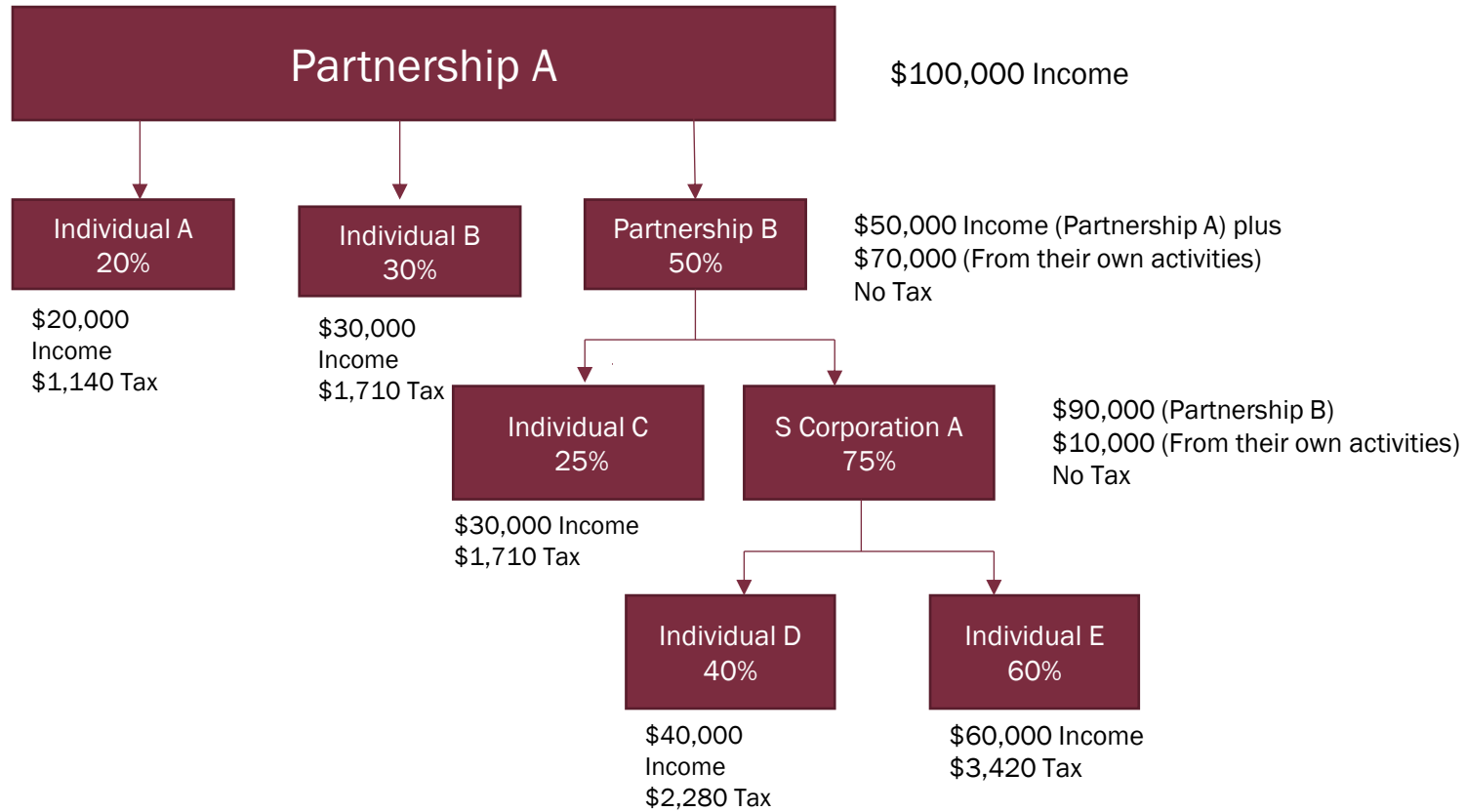
- ❖ Any credit that is attributable to the activities of the electing pass-through entity in the taxable year shall be claimed by the entity and not passed through to or claimed by the electing pass-through entity owner only for taxable periods when the election is allowed and made by the electing pass-through entity.
- ❖ Any excess income tax credit, net operating loss or other modification may be carried forward on the electing pass-through entity's return but only may be utilized in a year in which the electing pass-through entity has made the election allowed.
- ❖ Any limitation specified for the income tax credit, net operating loss, or other modification shall apply to the electing pass-through entity
- ❖ If an election is made, and in a subsequent period, an election is not allowed or not made, and excess tax credits **may** be transferred to the electing pass-through entity owners. Any excess income tax credits shall be available to each electing pass-through owner in the same proportion and manner that would have applied without election for the taxable period in which each respective income tax credit was generated.

# SALT Parity Act

## House Bill 2239, Sections 1- 6

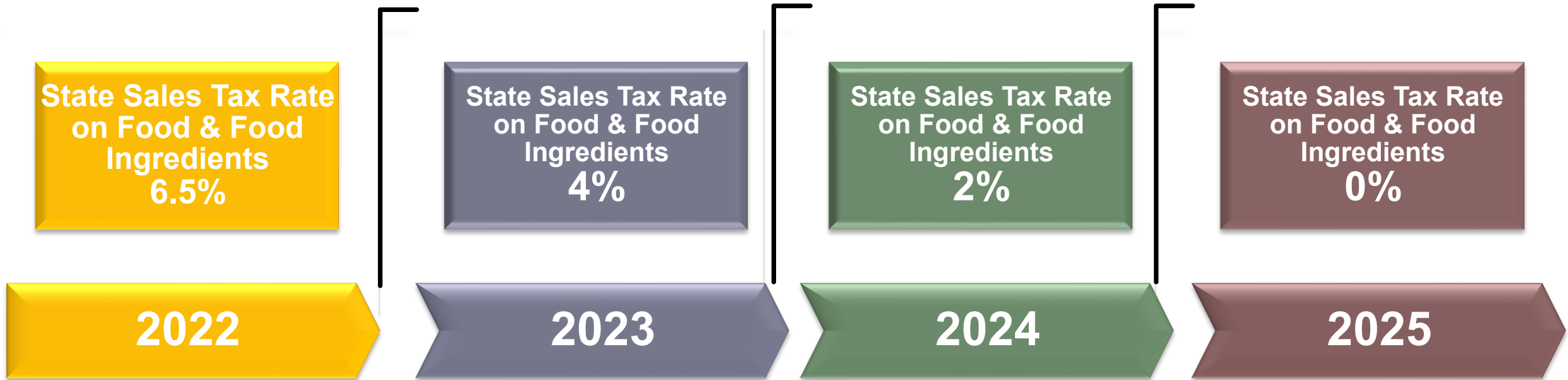
- ❖ The individual gets the benefit of the additional deduction at the federal level by way of a reduction to their share of reportable income from the PTE. At the state level the partners or shareholders get a credit on their Kansas tax returns for the state income tax paid by the PTE on their behalf.
- ❖ A nonresident individual or fiduciary whose only source of income from this state is income from an electing pass-through entity under the SALT Parity Act shall not be required to file a return.
- ❖ The amount of income tax paid to another state by an S Corporation or partnership that is included in Kansas Adjusted Gross Income of a resident individual, resident estate or resident trust who is a member, shareholder or partner of such S Corporation or partnership shall be considered income tax paid to another state by such resident individual, resident estate or resident trust.

# SALT Parity Act



# Reduction to State Sales Tax on Food

HB 2106 Sec 1



**Only the state sales tax rate is reduced,  
the local sales tax rate(s) will still be applicable.**



# Categories

- Food and food ingredients
  - Taxed at reduced rate of state sales tax **4%**
- Prepared Food
  - Taxed at full state and local sales tax rates **6.5%**
- Non-food
  - Taxed at full state and local sales tax rates **6.5%**



# FOOD AND FOOD INGREDIENTS

**"Food and food ingredients" are substances...**

- ❖ whether in liquid
- ❖ concentrated
- ❖ solid
- ❖ frozen
- ❖ dried or dehydrated form
- ❖ sold for ingestion or chewing by humans
- ❖ are consumed for their taste or nutritional value

***Food and food ingredients" include:***

*bottled water      candy      dietary supplements  
food sold through      vending      machines and soft drinks.*



**"Food and food ingredients" Do Not Include Alcoholic Beverages or Tobacco**



# Taxed as food & food ingredients

(4%, 2.5%, 0%)



Food that is only cut, repackaged, or pasteurized by a seller;



Eggs, fish, meat poultry, or foods containing these raw animal foods that require cooking by the consumer as recommended by the FDA so to prevent food borne illnesses



Bottled water

Candy

Dietary supplements



Food sold through vending machines



Soft drinks such as bottles & cans not fountain drinks



Direct sale by a manufacturer in Sector 311

• Except subsector 3118 (bakeries)



Meat, seafood and other food in unheated state sold by weight or volume



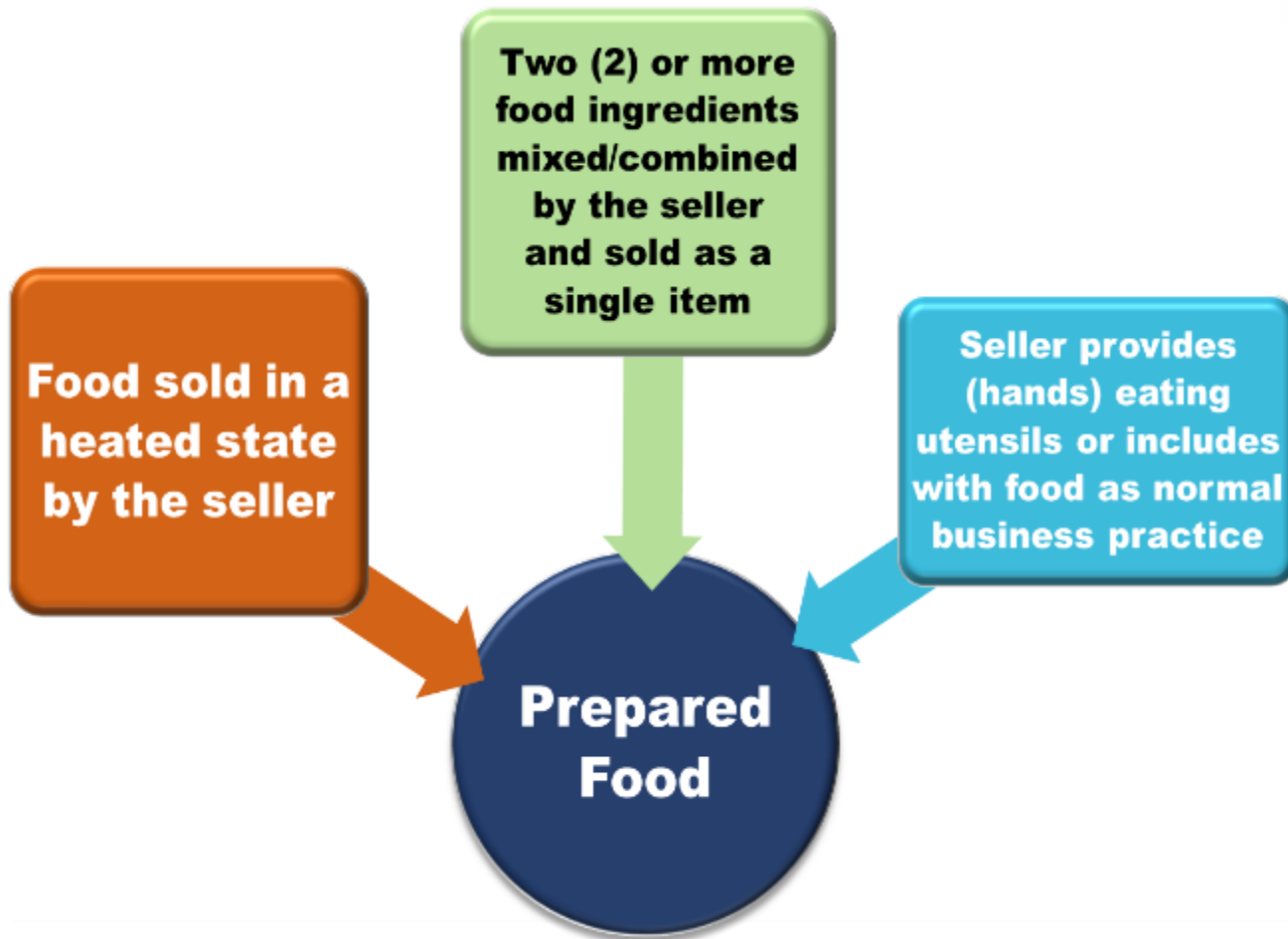
Bakery items



Food sold that ordinarily requires additional cooking by the consumer prior to consuming as opposed to just reheating

# WHAT IS PREPARED FOOD?

HB 2106 Sec 1 Effective January 1, 2023



**PREPARED FOOD**  
K.S.A. 79-3602(ooo)

K.S.A. 79-3602 (ooo) (1) "Prepared food" means:

- (A)** Food sold in a heated state or heated by the seller; or
- (B)** two or more food ingredients mixed or combined by the seller for sale as a single item; or
- (C)** food sold with eating utensils provided by the seller, including, but not limited to, plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does not include a container or packaging used to transport the food.

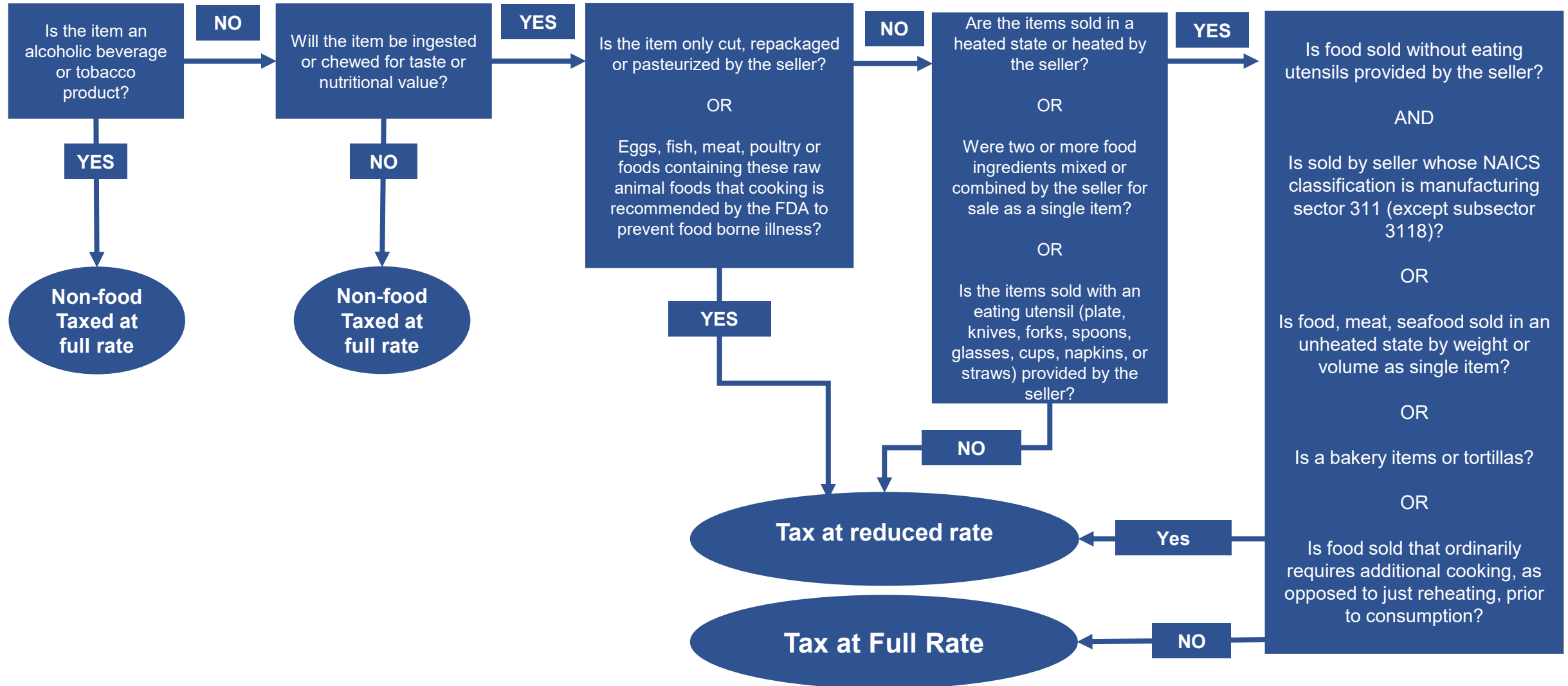
**FOOD SOLD WITH  
EATING UTENSILS  
FULL TAX RATE**

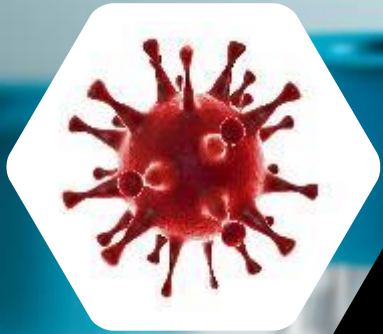


**FOOD SOLD ONLY WITH  
CONTAINER FOR  
TRANSPORT  
(NOT UTENSILS)  
REDUCED TAX RATE**



# Is It Non-Food, Food and Food Ingredients, or Prepared Food?





**Covid-19  
Retail Storefront  
Property Tax Relief Act**

HB 2136 (K-3) electronic only

**For Tax Years  
2020 and 2021**



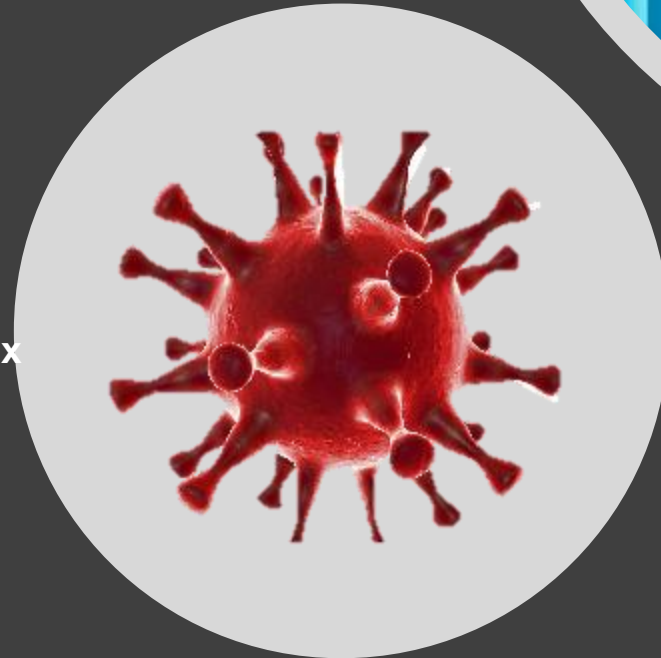
# Covid-19 Retail Storefront Property Tax Relief Act

HB 2136 (K-3) For Tax Years 2020 and 2021

## Property tax assistance for businesses impacted by COVID-19 shutdown restrictions

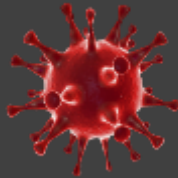
Assistance amount= 33% of COVID-19 QUALIFYING SUM

- ❖ Must have a Federal Unique Entity Identifier (UEI).
- ❖ Must be a for-profit business, regardless of legal structure.
- ❖ Majority of retail sales to customer physically on-site at retail storefront.
- ❖ Must have been in operation prior to July 1, 2019 and filed a tax return.
- ❖ \$10,000 in gross revenue including sales and receipts in 2019.
- ❖ Revenue Less in 2020 or 2021 compared to 2019
- ❖ Was in active operations as of March 1, 2020
- ❖ Has not received more than a total of \$150,000 in prior COVID-19 related
- ❖ local, state, or federal funding or any combination thereof





## The Retail Storefront Relief Act



# **NOT** Available for the Following Types of Businesses & Industries

- Grocery Stores
- Pharmacies
- Hardware stores or home improvement businesses
- Retail liquor stores
- Manufacturers and food processors
- Pre-Kindergarten schools through postsecondary
- Hospitals and health care providers including dentists
- Property management and real estate services
- Professional services
- Agricultural and Aquaculture Producers
- Hosts/Operators of Vacation/Short Term Rentals
- Passive businesses,
- Financial businesses engaged in lending,
- Cable companies
- Telephone companies
- Utilities and energy production
- Generation and distribution companies.

**KDOR has a dedicated phone line for the COVID Retail Storefront Relief Assistance**

**(785) 368-8660**

# Sales Tax

HB 2136 Section 18

## Effective July 1<sup>st</sup>, 2022

~~Accelerated  
Monthly Filing  
Frequency~~

~~\$4,000 and over~~

~~Accelerated  
Monthly~~

~~First 15 days  
liability is due on  
or before the 25<sup>th</sup>  
of that month.~~

Annual Tax	Filing Frequency	Return Due Date
\$0 — \$400.00	Annual	On or before January 25th of the following year.
\$400.01—\$4,000	Quarterly	On or before the 25th of the month following the end of the calendar quarter —  April 25, July 25, October 25, January 25.
\$4,000.01 and over	Monthly (Seasonal)	On or before the 25th of the following month (e.g., a March return is due by April 25).

# Sales Tax Effective January 1, 2024

HB 2136 Section 18

## Sales & Use Tax Filing Thresholds



Annual Tax	Filing Frequency	Return Due Date
<b>\$0 — \$1000</b>	<b>Annual</b>	On or before January 25th of the following year.
<b>\$1000.01 — \$5,000</b>	<b>Quarterly</b>	On or before the 25th of the month following the end of the calendar quarter— April 25, July 25, October 25, January 25
<b>\$5,000.01 and over</b>	<b>Monthly (Seasonal)</b>	On or before the 25th of the following month (e.g., a March return is due by April 25).

# HOMESTEAD

HB 2239 Sec 17, 46-48  
Effective Jan 1, 2022

## 2022

MAXIMUM "HOUSEHOLD INCOME"  
*Indexed to inflation*

### HOMESTEAD

**\$37,500**

- ❖ 55 or older *or*;
- ❖ dependent under 18 *or*;
- ❖ totally & permanently disabled
- ❖ maximum refund **\$700**
- ❖ appraised valuation for property cannot exceed \$350,000 in any year

### SAFESR

**\$22,000**

- ❖ 65 or older;
- ❖ **75% of property taxes paid**
- ❖ property taxes must be timely
- ❖ appraised valuation for property cannot exceed \$350,000 in any year

**Homestead and Safe Senior Due date for tax year 2022**  
**April 18, 2023**

# SVR HOMESTEAD

HB 2239 Sec 17, 46-48  
Effective Jan 1, 2022



## Senior and Disabled Veterans Property Tax Refund. (SVR Homestead)

- ❖ A new property tax refund that is **part and supplemental to the homestead property tax refund act.**
  - As the property tax amount of the claimant's home increases over the years, the amount of property tax over the base year amount is refunded back to the claimant. This in essence is "locking" in the presumable lower property tax by refunding any increased amount of property tax.
  - For seniors and disabled veterans that were residents of Kansas the entire year.
  - Senior means age 65 years or older the entire year **or**
  - A disabled veteran that is disabled the entire year
  - Household income for the year in which the claim is filed is **\$50,000** or less;
  - the appraised value of the homestead for the base year is **\$350,000** or less.
    - Base year means the year in which an individual meets the qualifications and files a homestead SVR return.
    - For any individual who would otherwise be an eligible for the SVR prior to 2021, the base year will be 2021 for the purposes of an SVR.
  - The surviving spouse of a person 65 years of age or older or a disabled veteran who was receiving benefits pursuant to this section at the time of the claimant's death shall be eligible to continue to receive benefits until such time the surviving spouse remarries.

# SALES TAX

## Effective July 1<sup>st</sup>, 2023

HB 2136 Section 17



**NEW!**

## DELEVERY CHARGES

Delivery charges separately stated on the invoice to the customer will be exempt from Kansas retail sales and use tax starting **July 1<sup>st</sup>, 2023.**

# Motor Vehicle Cash Rebates Paid to the Dealer (Now Permanent)

**HB 2239 Section 44**

**Effective July 1, 2023**

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- ❖ The legislation makes permanent the language found in the definition of “sales or selling price” shall not include cash rebates granted by a manufacturer to a purchaser or lessee of a new motor vehicle if paid directly to the retailer as a result of the original sale.
- ❖ Previously, the statute only allowed the cash rebate to not be included as part of the selling price for the period between July 1, 2018, and June 30, 2024.





# Exempt Sales of Fencing Materials and Services for land devoted to agricultural purposes

HB 2239 Section 45

Effective July 1, 2022

KANSAS DEPARTMENT OF REVENUE  
**AGRICULTURAL EXEMPTION CERTIFICATE** 466318

Seller Name: \_\_\_\_\_  
 Seller Address: \_\_\_\_\_  
Street City State Zip Code

Purchaser Name: \_\_\_\_\_  
 Purchaser Address: \_\_\_\_\_  
Street City State Zip Code

Provide a description of tangible property or services purchased: \_\_\_\_\_

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**PART A (required) - QUALIFYING EXEMPTION**  
 Check all that apply.

- Property purchased is an ingredient or component part. Complete Part D. [see K.S.A. 79-3606(m)]
- Property purchased is consumed in production. Complete Part D. [see K.S.A. 79-3606(n)]
- Property purchased is propane for agricultural use. Complete Part D. [see K.S.A. 79-3606(w)]
- Property purchased is farm machinery and equipment or aquaculture machinery and equipment, repair and replacement parts therefor or services performed in repair and maintenance of such machinery and equipment, which will be used exclusively in farming, ranching, or aquaculture production. If property is a work-site utility vehicle. Complete Part C. [see K.S.A. 79-3606(x)]
- Property purchased is seed, tree seeding, fertilizer, insecticide, herbicide, germicide, pesticide, fungicide, or services, purchased and used for the purpose of producing plants in order to prevent soil erosion on land devoted to agricultural use. Complete Part D. [see K.S.A. 79-3606(mm)]
- Property purchased is tangible personal property or services necessary to construct, reconstruct, repair, or replace any fence that is used to enclose land devoted to agricultural use. Complete Part B. [see K.S.A. 79-3606(d)]

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**PART B - FENCING**  
 Location of agriculture land: \_\_\_\_\_  
City State Zip Code County

Name of agricultural landowner or operator: \_\_\_\_\_

By checking this box, I certify that I have read the instructions included on the back of this form and the tangible personal property or services purchased will be used to enclose land which is devoted to agricultural use only and I acknowledge that any tangible personal property or service purchased which is not used exclusively to enclose land devoted for agricultural use is subject to Kansas sales tax. Complete Part D.

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**PART C - WORK-SITE UTILITY VEHICLE**  
 Confirm that the purchased vehicle has all the following specifications.

- Vehicle is **NOT** less than forty-eight (48) inches in width
- Vehicle's unladen weight, including fuel, is more than eight hundred (800) pounds
- Vehicle is equipped with four or more non-highway tires
- Vehicle is equipped with bench or bucket type seating
- Vehicle is equipped with bed or cargo box for hauling materials

All five boxes must be checked for the vehicle to qualify for the agricultural exemption.

Select all activities the vehicle will be used for:  
 Farming  Ranching  Agriculture

Describe how the vehicle will be used in each activity selected above: \_\_\_\_\_

By checking this box, I certify that I have read the instructions included on the back of this form and the vehicle purchased will be used **exclusively** in farming, ranching, or aquaculture production and that using the vehicle in any other activity, such as hunting or other recreational purposes, subjects the vehicle to Kansas sales tax. Complete Part D.

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**PART D (required) - CERTIFICATION FOR ALL PURCHASERS INCLUDING CONTRACTORS**  
 I declare under penalty of perjury under the law of the State of Kansas that the foregoing is true and correct and that I have read the guidance included on the back of this form. I further understand that in the event the property so purchased is not used in accordance with the exemption checked above, I may be liable for any Kansas sales tax owed and any applicable penalties and interest.

Signature: \_\_\_\_\_ Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

Check this box and sign above as a purchaser, if you are a contractor purchasing materials (tangible personal property) for fencing used to enclose land devoted to agricultural purposes.

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**PART D From page 2 Instructions**  
 By signing this part of the form, you are declaring that under penalty of perjury under the law of the State of Kansas that the information provided in the form is true and correct and that you have read these instructions and further understand that in the event the property or service so purchased is not used in accordance with the exemption claimed, you may be liable for any Kansas sales tax owed and any applicable penalties and interest. Contractors are considered purchasers and must sign this form.

# Teacher's School & Classroom Supplies Tax Credit

House Bill 2239-Section 16  
Effective for Tax Year 2022

- ❖ Credit is for public or private school teachers for expenditures they made for school and classroom supplies not to exceed **\$250**.

## To Qualified:

- ❖ Must be a Kansas resident
- ❖ Must be employed as a public or private school teacher
- ❖ Credit equal to amount of expenditures for school and classroom supplies or \$250 which ever is less.

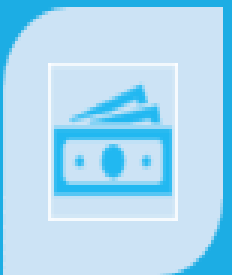


# AEROSPACE & AVIATION TAX CREDIT

HB 2239, Sections (10-15) Notice 22-07



**EMPLOYEE  
RECRUITMENT**



**EMPLOYER HIRING  
INCENTIVE**



**EMPLOYER TUITION  
REIMBURSEMENT  
INCENTIVE**



- ❖ **Three New Aerospace & Aviation Tax Credit**
- ❖ **Effective tax year 2022**
- ❖ **Two (2) tax credits for aviation employers'**
- ❖ **One (1) tax credit for aviation employees**



EMPLOYEE  
RECRUITMENT

# EMPLOYEE RECRUITMENT

- ❖ \$5,000 – per year state income tax credit from 2022-2026
- ❖ Applies to qualifying newly hire aviation employees
- ❖ Tax credit can be claimed each year through 2026
- ❖ If employee's state tax liability is less than \$5,000 in any qualifying year, remaining tax credit balance can be carried forward and used in any of the four tax years following the year in which the tax credit was first allowed.



## EMPLOYEE HIRING INCENTIVE

EMPLOYER HIRING  
INCENTIVE

**Effective Tax Year 2022 through 2026**

- ❖ Employer-Compensation paid to Qualified Employees Income Tax Credit
- ❖ Credit is 10% of the compensation paid to qualified employees in **each of the** first 5 years of employment, not to exceed **\$15,000** per year, **per employee.**
- ❖ Cannot be carried forward, not refundable.



## Effective Tax Year 2022 through 2026 Income Tax Credit

- ❖ Qualified employer-income tax credit for tuition reimbursed to a qualified employee
- ❖ Qualified employee-awarded an undergraduate degree or graduate degree, technical degree or certificate from qualified program within 1 year prior to or following the commencement of employment with the qualified employer.
- ❖ Credit is 50% of tuition reimbursement and can be claimed for each year the qualified employee remains employed up to the 4<sup>th</sup> year of employment
- ❖ Cannot be carried forward, not refundable.



EMPLOYER TUITION  
REIMBURSEMENT  
INCENTIVE

**EMPLOYER-TUITION  
REIMBURSEMENT PAID  
TO QUALIFIED  
EMPLOYEES**



**EMPLOYEE  
RECRUITMENT**

# DEFINITIONS

- ❖ “Qualified employee” means any person newly employed on a full-time basis by or first contracting with a qualified employer on a full-time basis on or after January 1, 2022, who has been awarded an undergraduate or graduate degree, or a technical degree or certificate from a qualified program by an institution.
- ❖ “Qualified employer” means a sole proprietorship, general partnership, limited partnership, limited liability company, corporation, other legally recognized business entity or public entity whose principal business activity involves the aviation sector.
- ❖ “Compensation” means payments in the form of contract labor for which the payor is required to provide a federal tax form 1099 to the person paid, wages subject to withholding tax paid to a part-time employee or full-time employee, or salary or other remuneration. “Compensation” does not include employer-provided retirement, medical or healthcare benefits, reimbursement for travel, meals, lodging or any other expense.
- ❖ “Tuition” means the amount paid for enrollment, program specific course fees and instruction in a qualified program that includes both amounts paid during participation in a qualified program or tuition debt upon completion of a qualified program. “Tuition” does not include the cost of books, fees, other than program specific course fees, or room and board.

# Historic Preservation Tax Credit

HB 2237, Section 24

Income, Privilege, and Premium Tax

**Effective Tax Year 2022** K-35

- ❖ The bill amends the Historic Preservation Tax Credit by **adding two credits**, pursuant to a qualified rehabilitation plan by qualified taxpayer if the total amount of expenditures equals **\$5,000 or more**.
- ❖ A credit is **30%** of qualified expenditures incurred in the restoration and preservation of a qualified historic structure located in a city with a population between **9,500** and **50,000**; and
- ❖ A credit of **40%** of qualified expenditures incurred in the restoration and preservation of a qualified historic structure located in a city with a **population of less than 9,500**.
- ❖ The bill requires the financial institutions specified in the bill to **pay taxes on 50%** of the interest earned on loans to qualified expenditures for the restoration and preservation of a qualified historic structure.

# INCOME, PRIVILEGE, PREMIUM TAXES

HB 2237 New Sections 13-14

## Historic Kansas Commercial Restoration & Preservation Credit (K-92)

Effective starting tax year 2022



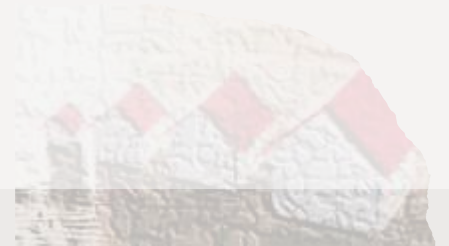
- 10% of Costs & Expenses Incurred for restoration and preservation
  - Only Commercial Structures
  - Must be at least 50 years old
  - Structure cannot be receiving other tax credits pursuant K.S.A. 79,32,211
    - ❖ ~~Historic Preservation Credit (K-35)~~
- 10% of costs and expenses for installation of fire suppression materials or equipment by a taxpayer.
  - Cost incurred must be at least \$25,000 but not greater than \$500,000.
  - Unused credit may be carried forward until credit is gone or ten (10) taxable years which ever occurs first.
- Total Aggregate amount of tax credits able to be claimed each year is **\$10,000,000**

# Kansas Housing Investor Tax Credit Act

## SB 2237 Sections 7-12

Effective for tax year 2022

- ❖ The Kansas Housing Investor Tax Credit act is intended to bring housing investment dollars to communities that lack adequate housing. Development of suitable residential housing.
- ❖ Non-Refundable Tax Credit available for cash investment in an approved qualified housing project
- ❖ Qualified Investor for cash investments in an approved qualified housing project.
- ❖ Project builder or Developer of an approved qualified housing project.
- ❖ Credit may be claimed in its entirety in the tax year the cash investment is made.
- ❖ Credit is equal to the amount of investment. Once tax liability is satisfied, remaining credit may be carried forward four until completely used or (4) years which ever comes first.
- ❖ Qualified Investor that does not reasonably believe they will owe any taxes in the current tax year and receives credit may transfer credit one (1) time in its entirety to anyone.
- ❖ Credit acquired by transfer must be claimed in year credit transferred.
- ❖ Credit maybe carried forward in the same manner as a qualified investor
- ❖ Subject to same limitations
- ❖ \$13 Million Cap



# **NEW TAX CREDIT (Non-Refundable)** **for INCOME, PRIVILEGE and PREMIUM TAXES**

HB 2237 (Sections 1-6)  
Effective Starting Tax Year 2023



## **Kansas Affordable Housing Tax Credit Act**

- ❖ Credit Equal to the amount of the federal tax credit determined and allowed by the Kanas Housing Resources Corporation (KHRC) as defined in section 42(f)(2) of the I.R.C.
- ❖ KHRC will issue an allocation certificate simultaneously with the federal form 8609, (federal low-income housing credit allocation and certificate) that is issued with the federal credit.
- ❖ Any federal credit required to be recaptured or disallowed is required to be recaptured or disallowed for this credit.
- ❖ Development required to maintain and operated as a qualified development meeting federal accessibility and adaptability requirements.
- ❖ Eleven (11) Year carryforward.

# Income and Privilege Tax Employer Provided Child Day Care Services Credit **EXPANDED**

HB 2237 Section 23

## **Effective Tax Year 2021**

Any taxpayer that pays for or provides child day care services, including the provision of the service of locating such services, to its 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

- **30%** of expenditures for locating daycare service for employees.
- **50%** of expenditures during the year for **establishing** a daycare facility and operation.
- **30%** of expenditures for operation of daycare less any payment amount received by their employees for use of the facility.
- **(NEW) Taxpayers may claim a credit for 50% of expenditures paid to an organization providing access to available child day care services for the employees.**
- Child day care facility or provider must be licensed pursuant to Kansas Law.
- Credit cannot exceed \$45,000 in any taxable year.



# TARGETED EMPLOYMENT CREDIT

INCOME, PRIVILEGE AND PREMIUM TAXES  
EFFECTIVE TAX YEAR 2022 THROUGH 2027  
HB 2703 SEC 1-6

- ❖ The Kansas Targeted Employment Act establishes a tax credit for targeted employment businesses or taxpayer that outsource work to a targeted employment business for every hour that the eligible individual earned income as compensation in a calendar year.
- ❖ Credit only applies to wages for hours worked and not for compensation for paid leave to eligible individuals.
- ❖ Credit = 50% of wages paid to eligible individual on an hourly basis up to \$7.50/hr.
  - Wage rate used must not be more than a reasonable or usual and customary market rate for a similar job.
  - Eligible individual who receives support or services from a community service provider may choose to have support or services provided for them at their worksite to maintain employment.
- ❖ Total aggregate credit allowed is \$5 million.
- ❖ Credit cannot be transferred

# Short Line Railroad Credit

House Bill 2239, Section 18 **Tax credit available for tax years 2022 through 2031**  
**NOTICE 22-05**

- ❖ Credit can be claimed by any **Class II or Class III railroad**, or any owner or lessee of **rail siding located adjacent** to a Class II or Class III railroad.
- ❖ Credit is equal to **50% of qualified track maintenance expenditures paid or incurred** during the tax year for track located in Kansas. Credit is limited to **\$5,000 per mile** of track or per rail siding owned or leased within the state as of the close of the taxable year.
- ❖ Total amount of statewide credits would be limited to \$8.72 million.
- ❖ Credit is not refundable. Unused credit could be carried forward for up to five taxable years.
- ❖ The taxpayer earning the credit would be permitted to transfer the credit to any eligible customer or vendor with a written agreement approved by the Secretary of Revenue.
- ❖ Eligible customer is a business that uses short-line railroads or railroad-related property in Kansas, that is served by a short-line railroad, or stores railcars on the short-line railroad.
- ❖ Eligible vendor is defined as a **person providing railroad-related services to the taxpayer** earning the credits.
- ❖ Eligible customer and vendor **does not include a Class I Railroad**.

# **Rural Opportunity Zone (ROZ) Credit**

**HB 2239-Section 31 and 43**

The ROZ program is an income tax credit for certain non-resident individuals who establish residency in one of the ROZ counties is now **extended through Tax Year 2026.**

## Current qualifications

- Establish domicile in ROZ prior to January 1, 2026
- Kansas source income of less than \$10,000 in 5 previous consecutive years prior to moving to Kansas
- Domiciled in ROZ for entire taxable year
- Return must be filed timely!!!

**Rural opportunity zone are counties with a population of 40,000 persons or less**

# Community College and Technical College Contributions Tax Credit

HB 2239 Section 42 Non-Refundable Credit (Income, Premium, & Privilege Taxes)

- ❖ The bill provides a non-transferable, non-refundable tax credit for donors to Kansas community colleges and technical colleges.
- ❖ Donations need to be made for capital improvements, deferred maintenance, or technology or equipment purchases are eligible for a 60% non-refundable credit.
- ❖ The credit has an annual limit of **\$250,000** for each taxpayer, **not to exceed \$500,000** for any one technical or community college. The total annual value of the credits cannot exceed \$5.0 million.
- ❖ Colleges must deposit contributions to their capital outlay funds.
- ❖ The program applies to contributions made after July 1, 2022, and for tax years, **2023, 2024, 2025, and 2026.**
- ❖ Should one contributor make several types (i.e., cash and stocks) of contributions to a designated community college or technical college, a separate tax credit application will be required for each type of contribution.
- ❖ You may download Schedule K-84 to claim this tax credit. This schedule must be completed and submitted with the income or privilege tax return.

# **Community College and Technical College Contribution Tax Credit Program**

## **Designated Community Colleges**

- Allen Community College
- Barton Community College
- Butler Community College
- Cloud County Community College
- Coffeyville Community College
- Colby Community College
- Cowley Community College
- Dodge City Community College
- Fort Scott Community College
- Garden City Community College
- Highland Community College
- Hutchinson Community College
- Independence Community College
- Johnson County Community College
- Kansas City Kansas Community College
- Labette Community College
- Neosho County Community College
- Pratt Community College
- Seward County Community College

## **Designated Technical Colleges**

- Flint Hills Technical College
- Manhattan Area Technical College
- North Central Kansas Technical College
- Northwest Kansas Technical College
- Salina Area Technical College
- Washburn Institute of Technology
- WSU Campus of Applied Sciences and Technology

# Research and Development Tax Credit

Available for individual income tax starting in 2023

HB 2239 Section 41

## Effective starting tax year 2023

- ❖ Increases the credit amount from 6.5% to 10% of qualified expenses,
- ❖ Allows the credit to be claimed by all income taxpayers rather than only corporate income taxpayers, the credit is non-refundable, but can be carried forward until the amount of the credit is used.
- ❖ Allows a one-time transfer of the credit in its entirety by a taxpayer without a current tax liability. The credit may be transferred to any person and be claimed by the transferee as a credit against the transferee's income tax liability when it was transferred. The transferred credit is non-refundable but may be carried forward.
- ❖ Documentation of the transferred credit shall be provided by the taxpayer or the transferee in the manner required by the Secretary of Revenue.

# **Additional Personal Exemption (\$2,250) for Disabled Veterans** HB2239 Sec 40

**Effective starting Tax Year 2023**

- ❖ Any individual who has been honorably discharged from active service in any branch of the armed forces of the United States and
- ❖ is certified by the United States Department of Veterans Affairs or its successor to be in receipt of disability compensation at the 100% rate,
  - if the disability is permanent and was sustained through military action or accident or resulted from disease contracted while in while in such active service.

- ❖ **Interest rate** — **6%** Interest rate (.005 monthly) for calendar year **2023** on delinquent or unpaid taxes and over payment of taxes.
- ❖ **Income tax credits — Order of use...**
  - There is not a “Pecking order” for the Kansas “Other Non-Refundable and Other Refundable Credits” even though many of the credits have include the language “**after all credits other than this credit**”. This is up to the taxpayer to decide.
  - There are credits that do have time limitations associated with them (i.e., K-59 training credits must be used in the year certified, K-89 allowed for 5 years, etc.) and other credits that could be claimed as non-refundable and refundable (i.e., K-60), but it is still the taxpayer’s choice how they would like to apply the credits.
  - Most taxpayer with multiple tax credits will apply the credits in a manner that will benefit the taxpayer.

Miscellaneous