Kansas Department of Revenue
Office of Policy and Research

Notice 09-09

2009 HB 2365
Reduction of Tax Credits

HB 2365 passed by the 2009 Kansas Legislature imposed a 10% reduction on various tax credits. The credit reduction which enables the State of Kansas to meet its budgetary needs is as follows:

Nonrefundable Tax Credits
Various tax credits allowed in tax years 2009 and 2010 (as specified below) against the tax imposed by the Kansas income tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, shall not exceed the lesser of:

- 90% of the tax credit earned in the current year or claimed in a current year as a carry forward from a prior tax year; OR
- 90% of the tax liability as computed prior to the allowance any such credits.

This credit reduction will occur on the applicable credit schedules when filed with the appropriate tax return for tax years 2009 and 2010.

The credits affected by this credit reduction include:

Adoption Credit	Schedule K-47	K.S.A. 79-32,200
Agritourism Liability Insurance Credit	Schedule K-33	K.S.A. 74-50,173
Alternative-Fueled Tax Credit	Schedule K-62	K.S.A. 79-32,202
Angel Investor Credit	Schedule K-30	K.S.A. 74-8133
Agricultural Interest Reduction Loan Credit	Schedule K-51	K.S.A. 79-32,181a
Assistive Technology Contribution Credit	Schedule K-42	K.S.A. 65-7107
Biomass-To-Energy Plant Credit	Schedule K-79	K.S.A. 79-32,234
*Business and Job Development Credit	Schedule K-34	K.S.A. 79-32,153 K.S.A. 79-32,160a
Center for Entrepreneurship Credit	Schedule K-31	K.S.A. 74-99c09
Declared Disaster Capital Investment Credit	Schedule K-87	K.S.A. 79-32,262

Disabled Access Credit	Schedule K-37	K.S.A. 79-1117 K.S.A. 79-32,176 K.S.A. 79-32,177
Electric Cogeneration Facility Credit	Schedule K-83	K.S.A. 79-32,246
Environmental Compliance Credit	Schedule K-81	K.S.A. 79-32,222
**High Performance Incentive Program-Investment Credit	Schedule K-59	K.S.A. 79-32,160a
Higher Education Deferred Maintenance Tax Credit-Designated Universities		K.S.A. 79-32,261
Integrated Coal Gasification Credit	Schedule K-80	K.S.A. 79-32,239
Law Enforcement Training Center Credit	Schedule K-72	K.S.A. 79-32,242
Mathematics and Science Teacher Employment Credit	Schedule K-71	K.S.A. 79-32,215
National Guard Employer Health Insurance Credit	Schedule K-54	K.S.A. 79-32,213
National Guard & Reserve Employer Credit	Schedule K-74	K.S.A. 79-32,244
Nitrogen Fertilizer Plant Credit	Schedule K-78	K.S.A. 79-32,229
Petroleum Refinery Credit	Schedule K 73	K.S.A. 79-32,218
Plugging an Abandoned Oil or Gas Well Credit	Schedule K-39	K.S.A. 79-32,207
Qualifying Pipeline Credit	Schedule K77	K.S.A. 79-32,224
Research and Development Credit	Schedule K-53	K.S.A. 79-32,182b
Single City Port Authority Credit	Schedule K-76	K.S.A. 79-32,212
Storage and Blending Equipment Credit	Schedule K-82	K.S.A. 79-32,252
Swine Facility Improvement Credit	Schedule K-38	K.S.A. 79-32,204
Temporary Assistance to Families Contribution Credit	Schedule K-61	K.S.A. 79-32,200
Venture Capital Credit	Schedule K-55	K.S.A. 74-8205

* For a taxpayer that has earned an enhanced Business and Job Development Credit under K.S.A. 79-32,160a prior to tax year 2009, any reduction in that credit in tax years 2009 and 2010 may be carried forward and claimed in tax year 2011.

**Any reduction in the investment credit claimed in tax years 2009 and 2010 may be carried forward and claimed in tax year 2011, for any taxpayer that has received a letter from the Department of Commerce that is dated prior to June 1, 2009 certifying the taxpayer as qualifying under the High Performance Incentive Program. If however the letter certifying the taxpayer is dated on or after June 1, 2009 and the investment becomes operational during tax year 2009 or tax year 2010, credits claimed in tax year 2009 or tax year 2010 will be reduced, and the reduction cannot be carried forward.

Refundable Tax Credits

Any credit allowed in tax years 2009 and 2010 (as specified below) against the tax imposed by the Kansas income tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, shall not exceed:

- 90% of the tax credit earned in the current year.

This credit reduction will occur on the applicable credit schedules when filed with the appropriate tax return for tax years 2009 and 2010.

The following credits will be limited to 90% of the tax credit for tax years 2009 and 2010:

Business Machinery and Equipment Credit	Schedule K-64	K.S.A. 79-32,206
Child Day Care Assistance Credit	Schedule K-56	K.S.A. 79-32,190
Community Service Contribution Credit	Schedule K-60	K.S.A. 79-32,196 K.S.A. 79-32,197
Declared Disaster Capital Investment Credit	Schedule K-87	K.S.A. 79-32,262
Disabled Access Credit	Schedule K-37	K.S.A. 79-32,176
Higher Education Deferred Maintenance Tax Credit-Community Colleges and Technical Colleges		K.S.A. 79-32,261
Historic Site Contribution Credit	Schedule K-75	K.S.A. 79-32,211a
Individual Development Account Credit	Schedule K-68	K.S.A. 74-50,208
Regional Foundation Credit	Schedule K-32	K.S.A. 74-50,154
Small Employer Health Care Credit	Schedule K-57	K.S.A. 40-2246
Telecommunications and Railroad Credit	Schedule K-36	K.S.A. 79-32,210 K.S.A. 79-32,206

Historic Preservation Tax Credit

In addition, this legislation imposes a $3.75M statutory cap on the Historic Preservation Tax Credit for FY 2010 and FY 2011. The Kansas Department of Revenue and the Kansas State Historical Society have established Guidelines for Implementation of Section 6, 2009 House Bill 2365-Amendments to K.S.A. 79-32,211.

Film Production Credit

The film production credit will be suspended for a period of two years beginning with tax years 2009 and 2010. Any film production credits that have been earned prior to tax year 2009 may be carried forward to tax year 2011. No film production credits will be allowed against tax years 2009 and 2010 tax liabilities.

Taxpayer Assistance

Additional copies of this notice, forms or publications are available from our web site, **www.ksrevenue.org**. If you have questions, please contact:

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