

## Incentives:

### **Ethyl Alcohol Production Incentive**

- \$0.075 for each gallon sold by the producer.
- Producers who were in production prior to July 1, 2001 and who increased production capacity on or after July 1, 2001 by an amount of 5 million gallons qualify for the incentive for a maximum of 15 million gallons sold per year.
- Producers who commenced production on or after July 1, 2001 and who sold at least 5 million gallons qualify for the incentive for a maximum of 15 million gallons sold per year.
- \$875,000 per quarter is added to the fund for distribution. If production exceeds the fund balance, a proration of the distribution is performed.
- Program sunsets July 1, 2011.
- Reference Kansas Statutes 79-34,160-164

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### **Biodiesel Fuel Producer Incentive**

- \$0.30 for each gallon sold by the producer.
- \$100,000 per quarter beginning July 1, 2008 is added to the fund for distribution. If production exceeds the fund balance, a proration of the distribution is performed.
- Program sunsets July 1, 2016.
- Reference Kansas Statutes 79-34, 155-159

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### **Enterprise Zone Incentives**

- Investment tax credit of \$1,000 for each qualified business facility investment starting at \$51,000 or more.
- Jobs tax credit of \$1,500-\$2,500 with a minimum of two jobs created.
- Exemption from state and local sales tax on all tangible personal property or services purchased for the construction, enlarging or remodeling of a business. The sale and installation of machinery and equipment purchased for the installation at the business shall also be exempt from sales tax.
- Credits can be carried forward until used.

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### **CDBG – Economic Development Loans**

- The maximum amount of funding is \$35,000 per created job up to \$750,000.
- At least 51 percent of the jobs must meet HUD's low-and-moderate income (LMI) test for the county in which the project is located.
- The local unit of government must apply for infrastructure funding on behalf of a private for-profit biofuel entity. Funds may be used for water, sewer, road or a rail spur.
- This program requires that half the funds be paid back over a 10-year period at a 2 percent rate. This payment stream is accomplished through a special assessment placed on the property.

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### **Kansas Retail Dealers Incentive Fund**

- Kansas Retail Dealers Incentive Fund was created for the payment of incentives to Kansas retail dealers who sell and dispense renewable fuels or biodiesel through a motor fuel pump.
- On January 1, 2009, and quarterly thereafter, \$400,000 will be directed from the general fund into the Kansas Retail Dealers Incentive Fund. On or after July 1, 2009 the unobligated balance in the fund shall not exceed \$1.5 million.
- The retail dealer's renewable fuels threshold percentage must be 10 percent for any quarter in the calendar year 2009, and increase 1 percent per year to a total of 25 percent by the end of calendar year 2024. For any determination period in which the retail dealer attains the threshold percentage, the incentive rate is 6.5 cents per gallon.
- The retail dealer's biodiesel threshold percentage must be 2 percent for any quarter in the calendar year 2009, and increase 2 percent per year to a total of 25 percent by the end of calendar year 2024. For any determination period in which the retail dealer attains the threshold percentage, the incentive rate is 3 cents per gallon.
- The provisions of the Kansas Retail Dealers Incentive Fund shall expire on January 1, 2026.
- Reference Kansas Statutes 79-34,170-176

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### **Agriculture Value Added Loan**

- Loans for feasibility studies, business plans or equity drives are typically funded at the 50 percent level.
- Loans for feasibility studies are forgivable if the project does not move forward. Equity drive loans are typically paid back within 120 days of successful conclusion of the equity drive.
- Other loans are interest-free for two years and 1 percent over prime for the balance of the loan.

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### **Economic Revitalization and Reinvestment Act**

- The Economic Revitalization and Reinvestment Act is designed to provide new incentives for eligible wind and solar equipment manufacturing projects.
- Eligible projects require a minimum of \$30 million in project costs to be invested in Kansas and must employ a minimum of 200 full time employees within five years. In addition, projects must pay a minimum of \$32,500 of average annual compensation per Kansas employee and must be classified by NAICS code as being in the manufacturing sector.
- Upon approval from the Secretary of Commerce, each project would qualify for up to \$5 million in Kansas Development Finance Authority bonds.
- Bonds are repaid from withholding taxes generated from the new job creation.

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## Workforce Training Funds

- The Kansas Industrial Training program is designed to help new and expanding companies offset the costs of training workers for new jobs.
- Training funds can be used to reimburse negotiated costs for pre-employment, on-the-job and/or classroom training.
- The average reimbursement level for Kansas Industrial Training is \$300-\$500 per position.

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## Incentives (cont.):

### Waste Heat Utilization System

- Waste heat utilization system means facilities and equipment for the recovery of waste heat generated in the process of generating electricity and the use of such heat to generate additional electricity or to produce fuels from renewable energy resources or technologies.
  - Waste heat utilization system shall be exempt from all property taxes levied under the laws of the state of Kansas for 10 taxable years immediately following the taxable year in which construction or installation is complete.
  - Reference Kansas Statute 79-231
  - In addition to the property tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2006; administered by the Secretary of Revenue.
  - Reference Kansas Statute 79-32,250
  - Waste heat utilization systems at electric generation facilities shall be exempt from property taxes for the 10 taxable years following completion of construction or installation.
  - Reference Kansas Statute 79-231
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- Waste heat utilization systems at electric generation facilities—The Kansas Development Finance Authority is authorized to issue revenue bonds in amounts sufficient to finance the construction of such a facility.
  - Reference Kansas Statute 74-8949d
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## Machinery and Equipment Sales Tax and Property Tax Exemptions

- The sale of machinery and equipment, including repair and replacement parts and accessories, used in Kansas as an essential part of an integrated production operation by a manufacturing or processing facility is exempt from sales tax effective July 1, 2000.
- A manufacturer or purchaser must submit the Integrated Production Machinery and Equipment Exemption Certificate (Form ST-201) to claim exemption from sales tax.

## Machinery and Equipment Sales Tax and Property Tax Exemptions (cont.):

- A property tax exemption exists for all commercial and industrial machinery and equipment that is acquired or leased, or transported into the state after June 30, 2006.
  - For the abatement of property tax on real property, the owner must file a request for abatement on forms provided by the county appraiser. The appraiser then recommends the granting or denial of the exemption.
  - Reference Kansas Statutes 79-223, 79-3606
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## Carbon Dioxide Capture/Sequestration Tax Deduction

- A taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of carbon dioxide capture, sequestration or utilization machinery and equipment based upon a period of 10 years. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such machinery and equipment for the first taxable year in which such machinery and equipment are in operation and 5% of the amortizable costs of such machinery and equipment for each of the next nine taxable years.
- The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time prescribed by rules and regulations adopted by the secretary.
- The provisions of this section shall apply to all taxable years commencing after December 31, 2007.
- This fund is administered by the Kansas Department of Revenue.
- Reference Kansas Statute 79-32,256

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## Tax Credits:

### Alternative-Fuel Fueling Station Tax Credit

- Expenditures for qualified alternative-fuel fueling stations shall be allowed a credit against the income tax imposed against the owner of such facility.
- 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 percent of the total amount expended but not to exceed \$160,000 for each fueling station.
- For any qualified alternative-fuel fueling station placed in service on or after January 1, 2009, an amount equal to 40 percent of the total amount expended but not to exceed \$100,000 for each fueling station.
- This fund is administered by the Kansas Department of Revenue.
- Reference Kansas Statute 79-32,201

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## Tax Credits (cont.):

### **Alternative-Fueled Motor Vehicle Tax Credit**

- Expenditures for qualified alternative-fueled motor vehicles shall be allowed a credit against the income tax imposed against the owner of such vehicle.
- 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 percent of the incremental cost or conversion cost for each qualified vehicle expended but not to exceed \$50,000 (credits based on vehicle weight).
- For any qualified alternative-fueled motor vehicle placed in service on or after January 1, 2005, the credit is 40 percent of the incremental cost or conversion cost for each qualified vehicle expended but not to exceed \$40,000 (credits based on vehicle weight).
- The credit 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, only if the individual claiming the credit furnishes evidence of the purchase of 500 gallons of ethanol and gasoline blend during the period of time beginning with vehicle purchase and ending on December 31 of the next succeeding calendar year.
- This fund is administered by the Kansas Department of Revenue.
- Reference Kansas Statute 79-32,201  
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### **Biomass-to-Energy Plant Tax Credit**

- An income tax credit for expenditures in new construction or expansion of the capacity in an existing plant commencing after December 3, 2005 and before January 1, 2011.
- The credit is 10 percent of the taxpayer's qualified investment on the first \$250 million invested, and 5 percent of the taxpayer's qualified investment that exceeds \$250 million.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section apply to all taxable years commencing after December 31, 2006; administered by the Secretary of Revenue.
- Reference Kansas Statutes 79-32, 233-237
- Biomass-to-Energy plant property shall be exempt from all property taxes levied for the 10 taxable years immediately following construction or installation.  
Reference Kansas Statute 79-229  
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### **Biomass-to-Energy Plant Tax Credit (cont.)**

- For the purpose of financing the construction of a Biomass-to-Energy plant, the Kansas Development Finance Authority is authorized to issue revenue bonds in amounts sufficient to pay the costs of construction or expansion.
- Reference Kansas Statute 74-8949b  
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### **Storage and Blending Equipment Tax Credit**

- Storage and blending equipment means any equipment which is used for storing and blending petroleum-based fuel and biodiesel, ethanol or other biofuel and is installed at a fuel terminal, refinery or biofuel production plant. This does not include equipment used only for denaturing ethyl alcohol.
- Income tax credit equal to 10 percent of the taxpayer's qualified investment for the first \$10 million invested and an amount equal to 5 percent of the amount that exceeds \$10 million. Program is for taxable years commencing after December 31, 2006 and before January 1, 2012.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2006; administered by the Secretary of Revenue.
- Reference Kansas Statutes 79-32,251-255
- Storage and blending equipment shall be exempt from all property taxes levied for the 10 taxable years immediately following the installation of such equipment.
- Reference Kansas Statute 79-232  
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### Renewable Electric Cogeneration Facility Tax Credit

- Renewable electric cogeneration facility is a facility owned and operated by the owner of an industrial, commercial or agricultural process to generate electricity for use in such process to displace current or provide for future electricity use.
- Income tax credit equal to 10 percent of taxpayer's qualified investment for the first \$50 million and an amount equal to 5 percent of the amount that exceeds \$50 million. Program is for taxable years commencing after December 31, 2006 and before January 1, 2012.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2006; administered by the Secretary of Revenue.
- Reference Kansas Statutes 79-32,245-249
- A renewable electric cogeneration facility shall be exempt from property taxes for all taxable years commencing after December 31, 1998.
- Reference Kansas Statute 79-201, Section 11  
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- Renewable electric cogeneration facility—The Kansas Development Finance Authority is authorized to issue revenue bonds in amounts sufficient to finance the construction costs of such facility.
- Reference Kansas Statute 74-8949c  
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### Coal Gasification Power Plant Tax Credit

- For the placement of a new integrated coal gasification power plant into service or the expansion of an existing integrated coal gasification power plant.
- Income tax credit equal to 10 percent of the taxpayer's qualified investment for the first \$250 million invested and an amount equal to 5 percent of the amount that exceeds \$250 million. Program is for taxable years commencing after December 31, 2005 and before January 1, 2011.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Kansas Corporation Commission to enter into an agreement for a tax credit.
- Reference Kansas Statutes 79-32,238-241
- Integrated coal gasification power plant property shall be exempt from all property taxes levied for the 12 taxable years immediately following construction or installation of such property.
- Reference Kansas Statute 79-225  
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### Coal Gasification Power Plant Tax Credit (cont)

- Coal gasification power plants—The Kansas Development Finance Authority is authorized to issue revenue bonds in amounts sufficient to finance the construction of such a facility.
- Reference Kansas Statute 74-8947  
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### Coal or Coke Gasification Nitrogen Fertilizer Plant

- For the placement into service of a new or the expansion of an existing integrated coal or coke gasification nitrogen fertilizer plant.
- Income tax credit equal to 10 percent of the taxpayer's qualified investment for the first \$250 million invested and an amount equal to 5 percent of the amount that exceeds \$250 million. Program is for taxable years commencing after December 31, 2005 and before January 1, 2011.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new or expanded facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2005; administered by the Secretary of Revenue.
- Reference Kansas Statutes 79-32,228-232
- A coal or coke gasification nitrogen fertilizer plant shall be exempt from all property taxes levied for the 10 taxable years following the construction or installation of such property.
- Reference Kansas Statute 79-228  
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- Coal or coke gasification nitrogen fertilizer plants—The Kansas Development Finance Authority is authorized to issue revenue bonds in amounts sufficient to finance the construction, purchase and installation of such a system at an electric generation facility.
- Reference Kansas Statute 74-8949a  
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## Refinery Tax Credit

- For the placement into service of a new or the expansion of a refinery.
- Income tax credit equal to 10 percent of the taxpayer's qualified investment for the first \$250 million invested and an amount equal to 5 percent of the amount that exceeds \$250 million. Program is for taxable years commencing after December 31, 2005 and before January 1, 2011.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new or expanded facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2005; administered by the Secretary of Revenue.
- Reference Kansas Statutes 79-32,217-222  
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## Crude Oil or Natural Gas Pipeline Tax Credit

- For the placement into service of a new or the expansion of an refinery.
- Income tax credit equal to 10 percent of the taxpayer's qualified investment for the first \$250 million invested and an amount equal to 5 percent of the amount that exceeds \$250 million. Program is for taxable years commencing after December 31, 2005 and before January 1, 2011.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new or expanded facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2005; administered by the Secretary of Revenue.
- Reference Kansas Statutes 79-32,223-227  
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## High Performance Incentive Program (HPIP)

- HPIP provides an investment tax credit to companies that pay above-average wages and have a strong commitment to skills development for their workers.
- Employer must invest 2 percent of payroll in training or participate in one of Commerce's workforce training programs.
- A capital investment tax credit equal to 10 percent of eligible investment that exceeds \$50,000.
- A project description must be submitted prior to any commitment of investment.
- Credits can be carried forward 10 years.
- A company can elect to take the High Performance Investment Credits or the Enterprise Zone Investment Tax Credits, but not both.  
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