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NOTICE 26-04

ETHANOL RETAILER TAX CREDIT

(JULY 1, 2026)

During the 2026 Legislative Session Senate Bill 82 was passed and signed into law. Section 4 of the Bill amends K.S.A. 79-32,201 which provides a corporate income tax credit for certain alternative-fuel motor vehicles or alternative-fuel fueling stations.

K.S.A. 79-32,201(a) is amended to discontinue the existing alternative fuel tax credit for alternative-fuel vehicles or alternative-fuel fueling stations that are placed in service on or after January 1, 2027. K.S.A. 79-32,201(f) is amended to provide that while no new tax credits will be allowed under the discontinued provisions of K.S.A. 79-32,201(a) through (g), for tax years commencing after December 31, 2026, taxpayers who have excess unused credit pursuant to a credit initially claimed under the discontinued provisions for a tax year commencing before January 1, 2027, may rely on the credit carry over provisions of the discontinued law, which will still apply.

Newly enumerated K.S.A. 79-32,201(h)(1) provides, for tax years 2026 through 2028, 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 equals $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.

Newly enumerated K.S.A. 79-32,201(h)(2) provides 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, and that the credit shall not be refundable.

Newly enumerated K.S.A. 79-32,201(h)(3) provides the total amount of credits provided under subsection (h) shall not exceed $2,500,000 per tax year, and sets forth an apportionment method to be used if total claims exceed that amount.

Newly enumerated K.S.A. 79-32,201(h)(4) establishes certain reporting requirements for those claiming the credit.

Newly enumerated K.S.A. 79-32,201(h)(5) provides definitions for subsection (h).

The provisions of the Bill are effective on July 1, 2026.

TAXPAYER ASSISTANCE

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