**Opinion Letter**

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| **Letter Number:** | **O-1998-09** |

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| **Tax Type:** | **Corporate Income Tax** |
| **Brief Description:** | **Income tax credits for alternative-fueled motor vehicle property expenditures.** |
| **Keywords:** |  |
| **Approval Date:** | **09/01/1998** |

**Body:**

Office of Policy & Research

September 1, 1998  
  
  
XXXX  
XXXX  
XXXX  
  
Dear XXXXXXX:  
  
I am responding to your letter of August 13, 1998, requesting an opinion regarding K.S.A. 79-32,201 which addresses income tax credits for alternative-fueled motor vehicle property expenditures. This is an informational letter only and not a private letter ruling pursuant to K.A.R. 92-19-59.  
  
You explain that the City of XXXX wants to establish a natural gas facility which would serve public and private alternative-fueled motor vehicles. In this endeavor, XXXXX and the City of XXXXX question whether the maximum tax credit of $2,500 applies only to expenditures for alternative-fueled motor vehicles or to expenditures for all alternative-fueled motor vehicle property. Specifically, you ask if there is a $2,500 cap on the tax credit provided for expenditures on equipment “. . . related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, including compression equipment and storage tanks for such fuel.” In addition, you ask how long the alternative-fueled motor vehicle property must be owned by the taxpayer to qualify for the tax credit.  
  
It is the opinion of the Kansas Department of Revenue that the intent of K.S.A. 79-32,201 is to apply the $2,500 ($2,000 on or after January 1,1999) cap or limit on the tax credit to each qualified alternative-fueled motor vehicle property expenditure as it is defined in the statute. A recent (February 1998) Question and Answer document of the Department addresses this issue. The document states that it is believed the word “property” was inadvertently omitted from the statute where describing the limit of the tax credit. In addition, the definition of an alternative-fueled motor vehicle is not delineated in the statute separately from the definition of alternative-fueled motor vehicle property. This is an indication that the drafters of the statute did not intend for alternative-fueled motor vehicles to qualify for a distinct tax credit. The property referred to in your question falls within the definition of alternative-fueled motor vehicle property contained in the statute. Thus, the limit on the tax credit also applies to expenditures for the property you describe.  
  
In response to the latter question, the credit may be deducted for the taxable year in which the expenditure is made by the taxpayer. The taxpayer does not have to own the property for a specific time period in order to qualify for the tax credit.  
  
If you have any further questions please contact this office at (785) 296 - 3081.  
  
  
Sincerely,  
  
  
Janet Buchanan  
Policy and Program Analyst  
  
  
**Date Composed: 09/14/1998 Date Modified: 10/10/2001**