

**K-77**

(Rev. 8-19)

**KANSAS  
QUALIFYING PIPELINE CREDIT**

For the taxable year beginning \_\_\_\_\_, 20\_\_\_\_; ending \_\_\_\_\_, 20\_\_\_\_.

Name of taxpayer (as shown on return)	Social Security Number or Employer ID Number (EIN)
If partner, shareholder or member, enter name of partnership, S corporation, LLC or LLP	Employer ID Number (EIN)

**PART A – COMPUTATION OF CREDIT**

Complete PART A in the year the new qualifying pipeline is placed into service.

1. Enter the total amount of the *qualified investment*. Do not enter more than \$250,000,000. 1. \_\_\_\_\_
2. Authorized credit percentage. 2. 10%
3. Credit limit on the *qualified investment* of \$250,000,000 or less. Multiply line 1 by line 2. 3. \_\_\_\_\_
4. Enter the total amount of the “qualified investment” that exceeds \$250,000,000. 4. \_\_\_\_\_
5. Authorized credit percentage. 5. 5%
6. Credit limit on the *qualified investment* that exceeds \$250,000,000. Multiply line 4 by line 5. 6. \_\_\_\_\_
7. Credit limit on the total *qualified investment*. Add line 3 and line 6. 7. \_\_\_\_\_
8. Authorized credit percentage allowed to be claimed each tax year. 8. 10%
9. Total credit allowed to be claimed in the year the pipeline is placed into service. Multiply line 7 by line 8. 9. \_\_\_\_\_
10. Proportionate share (see instructions). 10. \_\_\_\_\_
11. Your share of the credit that may be claimed this tax year and in each of the next subsequent nine (9) tax years. Multiply line 9 by line 10. 11. \_\_\_\_\_

**PART B – COMPUTATION OF TOTAL CREDIT CLAIMED THIS YEAR**

Indicate, by checking the appropriate box, which year of the ten (10) equal, annual installments for which this credit is being claimed:

1st year  2nd year  3rd year  4th year  5th year  6th year  7th year  8th year  9th year  10th year 

If the credit is being claimed for the “carry-over” 11th, 12th, 13th or 14th tax years, skip line 12 and make an entry on line 13.

12. Enter the amount from line 11, Schedule K-77 from the first year in which this credit was claimed. 12. \_\_\_\_\_
13. Enter the amount of available carry forward credit from the prior year’s Schedule K-77. 13. \_\_\_\_\_
14. Total credit available this tax year. Add lines 12 and 13. 14. \_\_\_\_\_
15. Amount of your Kansas tax liability for this tax year after all credits other than this credit. 15. \_\_\_\_\_
16. Amount of credit allowable this tax year. Enter the lesser of lines 14 or 15.  
Enter this amount on the appropriate line of Form K-40, Form K-41 or Form K-120. 16. \_\_\_\_\_

**If line 16 is less than line 14, complete PART C.****PART C – COMPUTATION OF CARRY FORWARD CREDIT**

17. Amount of credit to carry forward to next year’s Schedule K-77. Subtract line 16 from line 14.  
Enter this amount on line 13 of next year’s Schedule K-77. 17. \_\_\_\_\_

# INSTRUCTIONS FOR SCHEDULE K-77

## GENERAL INFORMATION

K.S.A. 79-32,224 provides a tax credit against the Kansas income tax liability of a taxpayer who makes a "qualified investment" in a new *qualifying pipeline* for tax years beginning after December 31, 2005 and before January 1, 2011. The credit is 10% of the taxpayer's *qualified investment* on the first \$250,000,000 invested, and 5% of the taxpayer's *qualified investment* that exceeds \$250,000,000. The credit will be taken in ten (10) equal, annual installments, beginning with the year in which the taxpayer places into service the new qualifying pipeline.

Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit. After receipt of such application, the Secretary of Commerce may enter into an agreement with the applicant for a credit if the Secretary determines that the taxpayer's proposed investment satisfies the requirements.

If the credit allowed exceeds the taxpayer's tax liability in any one taxable year, the amount of the credit that exceeds the tax liability may be carried forward until the total amount of the credit is used, except that no such tax credit shall be carried over for deduction after the 14th taxable year after the taxable year in which the first annual installment is allowed.

Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

**Qualified investment** means expenditures made in construction of a new qualifying pipeline for real and tangible personal property incorporated in and used as part of such pipeline.

**Qualifying pipeline** means a pipeline that is located in this state, is used primarily for transportation of crude oil or natural gas liquids, with a length of more than 190 miles in this state and to which refineries or natural gas liquid processing facilities in this state have access.

## SPECIFIC LINE INSTRUCTIONS

Enter all requested information at the top of this schedule.

### PART A – COMPUTATION OF CREDIT

(To be completed only in the first year that this credit is claimed)

- LINE 1** – Enter the total qualified investment up to and including the first \$250,000,000 made in the construction of a new qualifying pipeline.
- LINE 2** – The credit is limited to 10% of the first \$250,000,000 of "qualified investment".
- LINE 3** – Credit limit on the qualified investment for the first \$250,000,000. Multiply line 1 by line 2, and enter the result.
- LINE 4** – Enter the total qualified investment which exceeds the first \$250,000,000 of investment made in the construction of a new qualifying pipeline.
- LINE 5** – The credit is limited to 5% of the qualified investment that exceeds \$250,000,000.
- LINE 6** – Credit limit on the qualified investment that exceeds \$250,000,000. Multiply line 4 by line 5, and enter the result.
- LINE 7** – Credit limit on the total qualified investment. Add line 3 and line 6, and enter the result.
- LINE 8** – Authorized credit percentage. This credit may be claimed in ten (10) equal annual installments.

**LINE 9** – Total credit allowed to be claimed this tax year. Multiply line 7 by line 8 and enter the result.

**LINE 10** – Partners, shareholders or members: Enter the percentage that represents your proportionate share in the partnership, S corporation, LLC or LLP. All other taxpayers: Enter 100%.

**LINE 11** – Your share of the credit. Multiply line 9 by line 10, and enter the result.

### PART B – COMPUTATION OF TOTAL CREDIT CLAIMED THIS YEAR

Indicate, by checking the appropriate box, which year of the annual installments for which this credit is being claimed.

**LINE 12** – Enter the amount from line 11, Schedule K-77 from the first year in which this credit was claimed.

**LINE 13** – Enter the amount of available carry forward credit from the prior year's Schedule K-77.

**LINE 14** – Total credit available. Add line 12 and 13, and enter the result.

**LINE 15** – Enter your tax liability after all credits other than this credit.

**LINE 16** – Enter the lesser of lines 14 or 15. This is the amount of credit allowed for this tax year. Enter this amount on the appropriate line of Form K-40, Form K-41 or Form K-120.

**If line 16 is less than line 14, complete PART C.**

### PART C – COMPUTATION OF CARRY FORWARD CREDIT

**LINE 17** – Subtract line 16 from line 14. This is the amount of credit to carry forward to next year's Schedule K-77.



**IMPORTANT:** Do not send any enclosures with this schedule. A copy of the approved authorization from the Secretary of Commerce must be kept with your records. The Kansas Department of Revenue reserves the right to request additional information as necessary.

## TAXPAYER ASSISTANCE

Address questions about qualifying for this credit to:

Kansas Department of Commerce  
1000 SW Jackson, Suite 100  
Topeka KS 66612-1354  
785-296-3481  
<http://kdoch.state.ks.us>

For assistance in completing this schedule contact the Kansas Department of Revenue:

Taxpayer Assistance  
120 SE 10th Ave  
PO Box 750260  
Topeka KS 66699-0260  
Phone: 785-368-8222  
Fax: 785-291-3614

Additional copies of this income tax credit schedule and other tax forms are available from our website at: [ksrevenue.org](http://ksrevenue.org)