

House Substitute for SENATE BILL No. 29

By Committee on Taxation

5-27

1 AN ACT concerning taxation; relating to income tax, rates, itemized
2 deductions, credits, income modifications and rural opportunity zones;
3 tax amnesty; sales and compensating use tax, rates, food and
4 distribution thereof; sales tax authority for Bourbon, Douglas and
5 Thomas counties; cigarettes, rates; property taxation, consolidated fire
6 districts; amending K.S.A. 2014 Supp. 12-187, 12-189, 12-192, 12-
7 3915, 74-50,208, 74-50,222, 74-50,223, 79-32,110, 79-32,117, 79-
8 32,120, 79-32,267, 79-32,269, 79-3310, 79-3310c, 79-3311, 79-3312,
9 79-3602, 79-3603, as amended by section 20 of 2015 Senate Substitute
10 for House Bill No. 2155, 79-3620, 79-3695, 79-3703 and 79-3710 and
11 repealing the existing sections.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. (a) (1) Notwithstanding the provisions of any other
15 law to the contrary, with respect to the following taxes administered by the
16 department of revenue, an amnesty from the assessment or payment of all
17 penalties and interest with respect to unpaid taxes or taxes due and owing
18 shall apply upon compliance with the provisions of this section and if such
19 tax liability is paid in full within the amnesty period, from September 1,
20 2015, to October 15, 2015: (A) Privilege tax under K.S.A. 79-1106 et seq.,
21 and amendments thereto; (B) taxes under the Kansas estate tax act, K.S.A.
22 2006 Supp. 79-15,100 et seq., prior to their repeal; (C) taxes under the
23 Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto;
24 (D) taxes under the Kansas withholding and declaration of estimated tax
25 act, K.S.A. 79-3294 et seq., and amendments thereto; (E) taxes under the
26 Kansas cigarette and tobacco products act, K.S.A. 79-3301 et seq., and
27 amendments thereto; (F) taxes under the Kansas retailers' sales tax act,
28 K.S.A. 79-3601 et seq., and amendments thereto, and the Kansas
29 compensating tax act, K.S.A. 79-3701 et seq., and amendments thereto;
30 (G) local sales and use taxes under K.S.A. 12-187 et seq., and amendments
31 thereto; (H) liquor enforcement tax under K.S.A. 79-4101 et seq., and
32 amendments thereto; (I) liquor drink tax under K.S.A. 79-74a01 et seq.,
33 and amendments thereto; and (J) mineral severance tax under K.S.A. 79-
34 4216 et seq., and amendments thereto.

35 (2) Amnesty under this section shall apply only to tax liabilities due
36 and unpaid for tax periods ending on or before December 31, 2013. For the

1 eligible taxes and tax periods, amnesty shall apply to the under-reporting
2 of such tax liabilities, the nonpayment of such taxes and the nonreporting
3 of such tax liabilities.

4 (3) Amnesty shall not apply to any matter or matters for which, on or
5 after September 1, 2015, any one of the following circumstances exist: (A)
6 The taxpayer has received notice of the commencement of an audit; (B) an
7 audit is in progress; (C) the taxpayer has received notice of an assessment
8 pursuant to K.S.A. 79-2971 or 79-3643, and amendments thereto; (D) as a
9 result of an audit, the taxpayer has received notice of a proposed or
10 estimated assessment or notice of an assessment; (E) the time to
11 administratively appeal an issued assessment has not yet expired; or (F) an
12 assessment resulting from an audit, or any portion of such assessment, is
13 pending in the administrative appeals process before the secretary or the
14 secretary's designee pursuant to K.S.A. 79-3226 or 79-3610, and
15 amendments thereto, or the state board of tax appeals, or is pending in the
16 judicial review process before any state or federal district or appellate
17 court. Amnesty shall not apply to any matter that is the subject of an
18 assessment, or any portion of an assessment, which has been affirmed by a
19 reviewing state or federal district or appellate court. Amnesty shall not
20 apply to any party to any criminal investigation or to any civil or criminal
21 litigation that is pending in any court of the United States or this state for
22 nonpayment, delinquency or fraud in relation to any tax imposed by the
23 state of Kansas. Amnesty shall not apply to any matter involving
24 individual or corporate income tax liability resulting from an audit or
25 adjustment by the federal internal revenue service and reported to the
26 Kansas department of revenue pursuant to K.S.A. 79-3230(f), and
27 amendments thereto.

28 (b) Upon written application by the taxpayer, on forms prescribed by
29 the secretary of revenue, and upon compliance with the provisions of this
30 section, the department of revenue may waive the imposition and
31 collection of any penalty or interest which may be applicable with respect
32 to taxes eligible for amnesty. The department of revenue may require all
33 applications for amnesty pursuant to this section be submitted
34 electronically.

35 (c) Amnesty for penalties and interest shall be granted only to those
36 eligible taxpayers who, within the amnesty period of September 1, 2015,
37 to October 15, 2015, and in accordance with rules and regulations
38 established by the secretary of revenue, have properly filed a tax return for
39 each taxable period for which amnesty is requested, paid the entire balance
40 of tax due and obtained approval of such amnesty by the department of
41 revenue.

42 (d) If a taxpayer elects to participate in the amnesty program
43 established pursuant to this section as evidenced by full payment of the tax

1 due as established by the secretary of revenue, that election shall constitute
2 an express and absolute relinquishment of all administrative and judicial
3 rights of appeal with respect to such tax liability. No tax payment received
4 pursuant to this section shall be eligible for refund or credit. No payment
5 of penalties or interest made prior to September 1, 2015, shall be eligible
6 for amnesty.

7 (e) For such tax returns for which amnesty has been requested,
8 nothing in this section shall be interpreted to prohibit the department from
9 adjusting such tax return as a result of a federal, department or other state
10 agency audit.

11 (f) Fraud or intentional misrepresentation of a material fact in
12 connection with an application for amnesty shall void such application and
13 any waiver of penalties and interest from amnesty.

14 (g) The department may promulgate such rules and regulations or
15 issue administrative guidelines as are necessary to administer the
16 provisions of this section.

17 New Sec. 2. (a) As used in this section:

18 (1) "Business entity" means a limited liability company, S
19 corporation, partnership, association, sole proprietorship, joint venture or
20 other similar form of business organization. The term "business entity"
21 shall not include any business organization subject to the income tax on
22 corporations under K.S.A. 79-32,110(c), and amendments thereto, the
23 privilege tax as measured by net income of financial institutions imposed
24 pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, and
25 amendments thereto, or the premium tax or privilege fees imposed
26 pursuant to K.S.A. 40-252, and amendments thereto;

27 (2) "qualified income" means:

28 (A) Net profit from business as determined under the federal internal
29 revenue code and reported from schedule C and on line 12 of the
30 taxpayer's form 1040 federal individual income tax return;

31 (B) net income from rental real estate, royalties, partnerships, S
32 corporations, estates, trusts, residual interest in real estate mortgage
33 investment conduits and net farm rental as determined under the federal
34 internal revenue code and reported from schedule E and on line 17 of the
35 taxpayer's form 1040 federal individual income tax return; and

36 (C) net farm profit as determined under the federal internal revenue
37 code and reported from schedule F and on line 18 of the taxpayer's form
38 1040 federal income tax return; and

39 (3) "qualified loss" means:

40 (A) Net loss from business as determined under the federal internal
41 revenue code and reported from schedule C and on line 12 of the
42 taxpayer's form 1040 federal individual income tax return;

43 (B) net loss from rental real estate, royalties, partnerships, S

1 corporations, estates, trusts, residual interest in real estate mortgage
2 investment conduits and net farm rental as determined under the federal
3 internal revenue code and reported from schedule E and on line 17 of the
4 taxpayer's form 1040 federal individual income tax return; and

5 (C) net farm loss as determined under the federal internal revenue
6 code and reported from schedule F and on line 18 of the taxpayer's form
7 1040 federal income tax return.

8 (b) For tax years 2015, 2016 and 2017, any individual who has an
9 ownership interest in a business entity shall be eligible for the lowest
10 marginal individual income tax rate applicable under K.S.A. 79-32,110,
11 and amendments thereto, with respect to qualified income received from
12 such business. Any qualified income of the individual received from a
13 business entity shall be taxed at the lowest rate for resident individuals
14 pursuant to, and computed in accordance with, the tax schedules listed in
15 K.S.A. 79-32,110, and amendments thereto. Remaining income of the
16 individual shall be taxed pursuant to, and computed in accordance with,
17 the tax schedules listed in K.S.A. 79-32,110, and amendments thereto,
18 without regard to the provisions of this section.

19 (c) The director of taxation shall not assess any penalties or interest
20 arising from the underpayment of taxes under this section which occurs
21 before April 15, 2016.

22 (d) The secretary of revenue shall adopt all necessary rules and
23 regulations to implement and administer the provisions of this section.

24 Sec. 3. K.S.A. 2014 Supp. 12-187 is hereby amended to read as
25 follows: 12-187. (a) No city shall impose a retailers' sales tax under the
26 provisions of this act without the governing body of such city having first
27 submitted such proposition to and having received the approval of a
28 majority of the electors of the city voting thereon at an election called and
29 held therefor. The governing body of any city may submit the question of
30 imposing a retailers' sales tax and the governing body shall be required to
31 submit the question upon submission of a petition signed by electors of
32 such city equal in number to not less than 10% of the electors of such city.

33 (b) (1) The board of county commissioners of any county may submit
34 the question of imposing a countywide retailers' sales tax to the electors at
35 an election called and held thereon, and any such board shall be required
36 to submit the question upon submission of a petition signed by electors of
37 such county equal in number to not less than 10% of the electors of such
38 county who voted at the last preceding general election for the office of
39 secretary of state, or upon receiving resolutions requesting such an election
40 passed by not less than $\frac{2}{3}$ of the membership of the governing body of
41 each of one or more cities within such county which contains a population
42 of not less than 25% of the entire population of the county, or upon
43 receiving resolutions requesting such an election passed by $\frac{2}{3}$ of the

1 membership of the governing body of each of one or more taxing
2 subdivisions within such county which levy not less than 25% of the
3 property taxes levied by all taxing subdivisions within the county.

4 (2) The board of county commissioners of Anderson, Atchison,
5 Barton, Brown, Butler, Chase, Cowley, Cherokee, Crawford, Ford,
6 Franklin, Jefferson, Linn, Lyon, Marion, Miami, Montgomery, Neosho,
7 Osage, Ottawa, Reno, Riley, Saline, Seward, Sumner, *Thomas*,
8 Wabaunsee, Wilson and Wyandotte counties may submit the question of
9 imposing a countywide retailers' sales tax and pledging the revenue
10 received therefrom for the purpose of financing the construction or
11 remodeling of a courthouse, jail, law enforcement center facility or other
12 county administrative facility, to the electors at an election called and held
13 thereon. The tax imposed pursuant to this paragraph shall expire when
14 sales tax sufficient to pay all of the costs incurred in the financing of such
15 facility has been collected by retailers as determined by the secretary of
16 revenue. Nothing in this paragraph shall be construed to allow the rate of
17 tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley,
18 Sumner or Wilson county pursuant to this paragraph to exceed or be
19 imposed at any rate other than the rates prescribed in K.S.A. 12-189, and
20 amendments thereto.

21 (3) (A) Except as otherwise provided in this paragraph, the result of
22 the election held on November 8, 1988, on the question submitted by the
23 board of county commissioners of Jackson county for the purpose of
24 increasing its countywide retailers' sales tax by 1% is hereby declared
25 valid, and the revenue received therefrom by the county shall be expended
26 solely for the purpose of financing the Banner Creek reservoir project. The
27 tax imposed pursuant to this paragraph shall take effect on the effective
28 date of this act and shall expire not later than five years after such date.

29 (B) The result of the election held on November 8, 1994, on the
30 question submitted by the board of county commissioners of Ottawa
31 county for the purpose of increasing its countywide retailers' sales tax by
32 1% is hereby declared valid, and the revenue received therefrom by the
33 county shall be expended solely for the purpose of financing the erection,
34 construction and furnishing of a law enforcement center and jail facility.

35 (C) Except as otherwise provided in this paragraph, the result of the
36 election held on November 2, 2004, on the question submitted by the
37 board of county commissioners of Sedgwick county for the purpose of
38 increasing its countywide retailers' sales tax by 1% is hereby declared
39 valid, and the revenue received therefrom by the county shall be used only
40 to pay the costs of: (i) Acquisition of a site and constructing and equipping
41 thereon a new regional events center, associated parking and infrastructure
42 improvements and related appurtenances thereto, to be located in the
43 downtown area of the city of Wichita, Kansas, (the "downtown arena");

1 (ii) design for the Kansas coliseum complex and construction of
2 improvements to the pavilions; and (iii) establishing an operating and
3 maintenance reserve for the downtown arena and the Kansas coliseum
4 complex. The tax imposed pursuant to this paragraph shall commence on
5 July 1, 2005, and shall terminate not later than 30 months after the
6 commencement thereof.

7 (D) Except as otherwise provided in this paragraph, the result of the
8 election held on August 5, 2008, on the question submitted by the board of
9 county commissioners of Lyon county for the purpose of increasing its
10 countywide retailers' sales tax by 1% is hereby declared valid, and the
11 revenue received therefrom by the county shall be expended for the
12 purposes of ad valorem tax reduction and capital outlay. The tax imposed
13 pursuant to this paragraph shall terminate not later than five years after the
14 commencement thereof.

15 (E) Except as otherwise provided in this paragraph, the result of the
16 election held on August 5, 2008, on the question submitted by the board of
17 county commissioners of Rawlins county for the purpose of increasing its
18 countywide retailers' sales tax by 0.75% is hereby declared valid, and the
19 revenue received therefrom by the county shall be expended for the
20 purposes of financing the costs of a swimming pool. The tax imposed
21 pursuant to this paragraph shall terminate not later than 15 years after the
22 commencement thereof or upon payment of all costs authorized pursuant
23 to this paragraph in the financing of such project.

24 (F) The result of the election held on December 1, 2009, on the
25 question submitted by the board of county commissioners of Chautauqua
26 county for the purpose of increasing its countywide retailers' sales tax by
27 1% is hereby declared valid, and the revenue received from such tax by the
28 county shall be expended for the purposes of financing the costs of
29 constructing, furnishing and equipping a county jail and law enforcement
30 center and necessary improvements appurtenant to such jail and law
31 enforcement center. Any tax imposed pursuant to authority granted in this
32 paragraph shall terminate upon payment of all costs authorized pursuant to
33 this paragraph incurred in the financing of the project described in this
34 paragraph.

35 (G) *The result of the election held on April 7, 2015, on the question*
36 *submitted by the board of county commissioners of Bourbon county for the*
37 *purpose of increasing its retailers' sales tax by 0.4% is hereby declared*
38 *valid, and the revenue received therefrom by the county shall be expended*
39 *solely for the purpose of financing the costs of constructing, furnishing*
40 *and operating a courthouse, law enforcement center or jail facility*
41 *improvements. Any tax imposed pursuant to authority granted in this*
42 *paragraph shall terminate upon payment of all costs authorized pursuant*
43 *to this paragraph incurred in the financing of the project described in this*

1 *paragraph.*

2 (4) The board of county commissioners of Finney and Ford counties
3 may submit the question of imposing a countywide retailers' sales tax at
4 the rate of 0.25% and pledging the revenue received therefrom for the
5 purpose of financing all or any portion of the cost to be paid by Finney or
6 Ford county for construction of highway projects identified as system
7 enhancements under the provisions of ~~paragraph (5) of subsection (b) of~~
8 K.S.A. 68-2314(b)(5), and amendments thereto, to the electors at an
9 election called and held thereon. Such election shall be called and held in
10 the manner provided by the general bond law. The tax imposed pursuant to
11 this paragraph shall expire upon the payment of all costs authorized
12 pursuant to this paragraph in the financing of such highway projects.
13 Nothing in this paragraph shall be construed to allow the rate of tax
14 imposed by Finney or Ford county pursuant to this paragraph to exceed the
15 maximum rate prescribed in K.S.A. 12-189, and amendments thereto. If
16 any funds remain upon the payment of all costs authorized pursuant to this
17 paragraph in the financing of such highway projects in Finney county, the
18 state treasurer shall remit such funds to the treasurer of Finney county and
19 upon receipt of such moneys shall be deposited to the credit of the county
20 road and bridge fund. If any funds remain upon the payment of all costs
21 authorized pursuant to this paragraph in the financing of such highway
22 projects in Ford county, the state treasurer shall remit such funds to the
23 treasurer of Ford county and upon receipt of such moneys shall be
24 deposited to the credit of the county road and bridge fund.

25 (5) The board of county commissioners of any county may submit the
26 question of imposing a retailers' sales tax at the rate of 0.25%, 0.5%,
27 0.75% or 1% and pledging the revenue received therefrom for the purpose
28 of financing the provision of health care services, as enumerated in the
29 question, to the electors at an election called and held thereon. Whenever
30 any county imposes a tax pursuant to this paragraph, any tax imposed
31 pursuant to ~~paragraph (2) of subsection (a)(2)~~ by any city located in such
32 county shall expire upon the effective date of the imposition of the
33 countywide tax, and thereafter the state treasurer shall remit to each such
34 city that portion of the countywide tax revenue collected by retailers
35 within such city as certified by the director of taxation. The tax imposed
36 pursuant to this paragraph shall be deemed to be in addition to the rate
37 limitations prescribed in K.S.A. 12-189, and amendments thereto. As used
38 in this paragraph, health care services shall include, but not be limited to,
39 the following: Local health departments, city or county hospitals, city or
40 county nursing homes, preventive health care services including
41 immunizations, prenatal care and the postponement of entry into nursing
42 homes by home care services, mental health services, indigent health care,
43 physician or health care worker recruitment, health education, emergency

1 medical services, rural health clinics, integration of health care services,
2 home health services and rural health networks.

3 (6) The board of county commissioners of Allen county may submit
4 the question of imposing a countywide retailers' sales tax at the rate of
5 0.5% and pledging the revenue received therefrom for the purpose of
6 financing the costs of operation and construction of a solid waste disposal
7 area or the modification of an existing landfill to comply with federal
8 regulations to the electors at an election called and held thereon. The tax
9 imposed pursuant to this paragraph shall expire upon the payment of all
10 costs incurred in the financing of the project undertaken. Nothing in this
11 paragraph shall be construed to allow the rate of tax imposed by Allen
12 county pursuant to this paragraph to exceed or be imposed at any rate other
13 than the rates prescribed in K.S.A. 12-189, and amendments thereto.

14 (7) The board of county commissioners of Clay, Dickinson and
15 Miami county may submit the question of imposing a countywide retailers'
16 sales tax at the rate of 0.50% in the case of Clay and Dickinson county and
17 at a rate of up to 1% in the case of Miami county, and pledging the revenue
18 received therefrom for the purpose of financing the costs of roadway
19 construction and improvement to the electors at an election called and held
20 thereon. Except as otherwise provided, the tax imposed pursuant to this
21 paragraph shall expire after five years from the date such tax is first
22 collected. The result of the election held on November 2, 2004, on the
23 question submitted by the board of county commissioners of Miami
24 county for the purpose of extending for an additional five-year period the
25 countywide retailers' sales tax imposed pursuant to this subsection in
26 Miami county is hereby declared valid. The countywide retailers' sales tax
27 imposed pursuant to this subsection in Clay and Miami county may be
28 extended or reenacted for additional five-year periods upon the board of
29 county commissioners of Clay and Miami county submitting such question
30 to the electors at an election called and held thereon for each additional
31 five-year period as provided by law.

32 (8) The board of county commissioners of Sherman county may
33 submit the question of imposing a countywide retailers' sales tax at the rate
34 of 1% and pledging the revenue received therefrom for the purpose of
35 financing the costs of street and roadway improvements to the electors at
36 an election called and held thereon. The tax imposed pursuant to this
37 paragraph shall expire upon payment of all costs authorized pursuant to
38 this paragraph in the financing of such project.

39 (9) The board of county commissioners of Cowley, Crawford, Russell
40 and Woodson county may submit the question of imposing a countywide
41 retailers' sales tax at the rate of 0.5% in the case of Crawford, Russell and
42 Woodson county and at a rate of up to 0.25%, in the case of Cowley
43 county and pledging the revenue received therefrom for the purpose of

1 financing economic development initiatives or public infrastructure
2 projects. The tax imposed pursuant to this paragraph shall expire after five
3 years from the date such tax is first collected.

4 (10) The board of county commissioners of Franklin county may
5 submit the question of imposing a countywide retailers' sales tax at the rate
6 of 0.25% and pledging the revenue received therefrom for the purpose of
7 financing recreational facilities. The tax imposed pursuant to this
8 paragraph shall expire upon payment of all costs authorized in financing
9 such facilities.

10 (11) The board of county commissioners of Douglas county may
11 submit the question of imposing a countywide retailers' sales tax at the rate
12 of 0.25% and pledging the revenue received therefrom for the purposes of
13 conservation, access and management of open space; preservation of
14 cultural heritage; and economic development projects and activities.

15 (12) The board of county commissioners of Shawnee county may
16 submit the question of imposing a countywide retailers' sales tax at the rate
17 of 0.25% and pledging the revenue received therefrom to the city of
18 Topeka for the purpose of financing the costs of rebuilding the Topeka
19 boulevard bridge and other public infrastructure improvements associated
20 with such project to the electors at an election called and held thereon. The
21 tax imposed pursuant to this paragraph shall expire upon payment of all
22 costs authorized in financing such project.

23 (13) The board of county commissioners of Jackson county may
24 submit the question of imposing a countywide retailers' sales tax at a rate
25 of 0.4% and pledging the revenue received therefrom as follows: 50% of
26 such revenues for the purpose of financing for economic development
27 initiatives; and 50% of such revenues for the purpose of financing public
28 infrastructure projects to the electors at an election called and held thereon.
29 The tax imposed pursuant to this paragraph shall expire after seven years
30 from the date such tax is first collected. The board of county
31 commissioners of Jackson county may submit the question of imposing a
32 countywide retailers' sales tax at a rate of 0.4% which such tax shall take
33 effect after the expiration of the tax imposed pursuant to this paragraph
34 prior to the effective date of this act, and pledging the revenue received
35 therefrom for the purpose of financing public infrastructure projects to the
36 electors at an election called and held thereon. Such tax shall expire after
37 seven years from the date such tax is first collected.

38 (14) The board of county commissioners of Neosho county may
39 submit the question of imposing a countywide retailers' sales tax at the rate
40 of 0.5% and pledging the revenue received therefrom for the purpose of
41 financing the costs of roadway construction and improvement to the
42 electors at an election called and held thereon. The tax imposed pursuant
43 to this paragraph shall expire upon payment of all costs authorized

1 pursuant to this paragraph in the financing of such project.

2 (15) The board of county commissioners of Saline county may
3 submit the question of imposing a countywide retailers' sales tax at the rate
4 of up to 0.5% and pledging the revenue received therefrom for the purpose
5 of financing the costs of construction and operation of an expo center to
6 the electors at an election called and held thereon. The tax imposed
7 pursuant to this paragraph shall expire after five years from the date such
8 tax is first collected.

9 (16) The board of county commissioners of Harvey county may
10 submit the question of imposing a countywide retailers' sales tax at the rate
11 of 1.0% and pledging the revenue received therefrom for the purpose of
12 financing the costs of property tax relief, economic development initiatives
13 and public infrastructure improvements to the electors at an election called
14 and held thereon.

15 (17) The board of county commissioners of Atchison county may
16 submit the question of imposing a countywide retailers' sales tax at the rate
17 of 0.25% and pledging the revenue received therefrom for the purpose of
18 financing the costs of construction and maintenance of sports and
19 recreational facilities to the electors at an election called and held thereon.
20 The tax imposed pursuant to this paragraph shall expire upon payment of
21 all costs authorized in financing such facilities.

22 (18) The board of county commissioners of Wabaunsee county may
23 submit the question of imposing a countywide retailers' sales tax at the rate
24 of 0.5% and pledging the revenue received therefrom for the purpose of
25 financing the costs of bridge and roadway construction and improvement
26 to the electors at an election called and held thereon. The tax imposed
27 pursuant to this paragraph shall expire after 15 years from the date such
28 tax is first collected.

29 (19) The board of county commissioners of Jefferson county may
30 submit the question of imposing a countywide retailers' sales tax at the rate
31 of 1% and pledging the revenue received therefrom for the purpose of
32 financing the costs of roadway construction and improvement to the
33 electors at an election called and held thereon. The tax imposed pursuant
34 to this paragraph shall expire after six years from the date such tax is first
35 collected. The countywide retailers' sales tax imposed pursuant to this
36 paragraph may be extended or reenacted for additional six-year periods
37 upon the board of county commissioners of Jefferson county submitting
38 such question to the electors at an election called and held thereon for each
39 additional six-year period as provided by law.

40 (20) The board of county commissioners of Riley county may submit
41 the question of imposing a countywide retailers' sales tax at the rate of up
42 to 1% and pledging the revenue received therefrom for the purpose of
43 financing the costs of bridge and roadway construction and improvement

1 to the electors at an election called and held thereon. The tax imposed
2 pursuant to this paragraph shall expire after five years from the date such
3 tax is first collected.

4 (21) The board of county commissioners of Johnson county may
5 submit the question of imposing a countywide retailers' sales tax at the rate
6 of 0.25% and pledging the revenue received therefrom for the purpose of
7 financing the construction and operation costs of public safety projects,
8 including, but not limited to, a jail, detention center, sheriff's resource
9 center, crime lab or other county administrative or operational facility
10 dedicated to public safety, to the electors at an election called and held
11 thereon. The tax imposed pursuant to this paragraph shall expire after 10
12 years from the date such tax is first collected. The countywide retailers'
13 sales tax imposed pursuant to this subsection may be extended or
14 reenacted for additional periods not exceeding 10 years upon the board of
15 county commissioners of Johnson county submitting such question to the
16 electors at an election called and held thereon for each additional ten-year
17 period as provided by law.

18 (22) The board of county commissioners of Wilson county may
19 submit the question of imposing a countywide retailers' sales tax at the rate
20 of up to 1% and pledging the revenue received therefrom for the purpose
21 of financing the costs of roadway construction and improvements to
22 federal highways, the development of a new industrial park and other
23 public infrastructure improvements to the electors at an election called and
24 held thereon. The tax imposed pursuant to this paragraph shall expire upon
25 payment of all costs authorized pursuant to this paragraph in the financing
26 of such project or projects.

27 (23) The board of county commissioners of Butler county may
28 submit the question of imposing a countywide retailers' sales tax at the rate
29 of either 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received
30 therefrom for the purpose of financing the costs of public safety capital
31 projects or bridge and roadway construction projects, or both, to the
32 electors at an election called and held thereon. The tax imposed pursuant
33 to this paragraph shall expire upon payment of all costs authorized in
34 financing such projects.

35 (24) The board of county commissioners of Barton county may
36 submit the question of imposing a countywide retailers' sales tax at the rate
37 of up to 0.5% and pledging the revenue received therefrom for the purpose
38 of financing the costs of roadway and bridge construction and
39 improvement and infrastructure development and improvement to the
40 electors at an election called and held thereon. The tax imposed pursuant
41 to this paragraph shall expire after 10 years from the date such tax is first
42 collected.

43 (25) The board of county commissioners of Jefferson county may

1 submit the question of imposing a countywide retailers' sales tax at the rate
2 of 0.25% and pledging the revenue received therefrom for the purpose of
3 financing the costs of the county's obligation as participating employer to
4 make employer contributions and other required contributions to the
5 Kansas public employees retirement system for eligible employees of the
6 county who are members of the Kansas police and firemen's retirement
7 system, to the electors at an election called and held thereon. The tax
8 imposed pursuant to this paragraph shall expire upon payment of all costs
9 authorized in financing such purpose.

10 (26) The board of county commissioners of Pottawatomie county
11 may submit the question of imposing a countywide retailers' sales tax at
12 the rate of up to 0.5% and pledging the revenue received therefrom for the
13 purpose of financing the costs of construction or remodeling of a
14 courthouse, jail, law enforcement center facility or other county
15 administrative facility, or public infrastructure improvements, or both, to
16 the electors at an election called and held thereon. The tax imposed
17 pursuant to this paragraph shall expire upon payment of all costs
18 authorized in financing such project or projects.

19 (27) The board of county commissioners of Kingman county may
20 submit the question of imposing a countywide retailers' sales tax at the rate
21 of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received
22 therefrom for the purpose of financing the costs of constructing and
23 furnishing a law enforcement center and jail facility and the costs of
24 roadway and bridge improvements to the electors at an election called and
25 held thereon. The tax imposed pursuant to this paragraph shall expire not
26 later than 20 years from the date such tax is first collected.

27 (28) The board of county commissioners of Edwards county may
28 submit the question of imposing a countywide retailers' sales tax at the rate
29 of 0.375% and pledging the revenue therefrom for the purpose of
30 financing the costs of economic development initiatives to the electors at
31 an election called and held thereon.

32 (29) The board of county commissioners of Rooks county may
33 submit the question of imposing a countywide retailers' sales tax at the rate
34 of 0.5% and pledging the revenue therefrom for the purpose of financing
35 the costs of constructing or remodeling and furnishing a jail facility to the
36 electors at an election called and held thereon. The tax imposed pursuant
37 to this paragraph shall expire upon the payment of all costs authorized in
38 financing such project or projects.

39 (30) *The board of county commissioners of Douglas county may*
40 *submit the question of imposing a countywide retailers' sales tax at the*
41 *rate of 0.5% and pledging the revenue received therefrom for the purpose*
42 *of financing the construction or remodeling of a courthouse, jail, law*
43 *enforcement center facility, detention facility or other county*

1 *administrative facility, specifically including mental health and for the*
2 *operation thereof.*

3 (31) *The board of county commissioners of Bourbon county may*
4 *submit the question of imposing a countywide retailers' sales tax at the*
5 *rate of up to 1%, in increments of 0.05%, and pledging the revenue*
6 *received therefrom for the purpose of financing the costs of constructing,*
7 *furnishing and operating a courthouse, law enforcement center or jail*
8 *facility improvements to the electors at an election called and held*
9 *thereon.*

10 (c) The boards of county commissioners of any two or more
11 contiguous counties, upon adoption of a joint resolution by such boards,
12 may submit the question of imposing a retailers' sales tax within such
13 counties to the electors of such counties at an election called and held
14 thereon and such boards of any two or more contiguous counties shall be
15 required to submit such question upon submission of a petition in each of
16 such counties, signed by a number of electors of each of such counties
17 where submitted equal in number to not less than 10% of the electors of
18 each of such counties who voted at the last preceding general election for
19 the office of secretary of state, or upon receiving resolutions requesting
20 such an election passed by not less than $\frac{2}{3}$ of the membership of the
21 governing body of each of one or more cities within each of such counties
22 which contains a population of not less than 25% of the entire population
23 of each of such counties, or upon receiving resolutions requesting such an
24 election passed by $\frac{2}{3}$ of the membership of the governing body of each of
25 one or more taxing subdivisions within each of such counties which levy
26 not less than 25% of the property taxes levied by all taxing subdivisions
27 within each of such counties.

28 (d) Any city retailers' sales tax being levied by a city prior to July 1,
29 2006, shall continue in effect until repealed in the manner provided herein
30 for the adoption and approval of such tax or until repealed by the adoption
31 of an ordinance for such repeal. Any countywide retailers' sales tax in the
32 amount of 0.5% or 1% in effect on July 1, 1990, shall continue in effect
33 until repealed in the manner provided herein for the adoption and approval
34 of such tax.

35 (e) Any city or county proposing to adopt a retailers' sales tax shall
36 give notice of its intention to submit such proposition for approval by the
37 electors in the manner required by K.S.A. 10-120, and amendments
38 thereto. The notices shall state the time of the election and the rate and
39 effective date of the proposed tax. If a majority of the electors voting
40 thereon at such election fail to approve the proposition, such proposition
41 may be resubmitted under the conditions and in the manner provided in
42 this act for submission of the proposition. If a majority of the electors
43 voting thereon at such election shall approve the levying of such tax, the

1 governing body of any such city or county shall provide by ordinance or
2 resolution, as the case may be, for the levy of the tax. Any repeal of such
3 tax or any reduction or increase in the rate thereof, within the limits
4 prescribed by K.S.A. 12-189, and amendments thereto, shall be
5 accomplished in the manner provided herein for the adoption and approval
6 of such tax except that the repeal of any such city retailers' sales tax may
7 be accomplished by the adoption of an ordinance so providing.

8 (f) The sufficiency of the number of signers of any petition filed
9 under this section shall be determined by the county election officer. Every
10 election held under this act shall be conducted by the county election
11 officer.

12 (g) The governing body of the city or county proposing to levy any
13 retailers' sales tax shall specify the purpose or purposes for which the
14 revenue would be used, and a statement generally describing such purpose
15 or purposes shall be included as a part of the ballot proposition.

16 Sec. 4. K.S.A. 2014 Supp. 12-189 is hereby amended to read as
17 follows: 12-189. The rate of any city retailers' sales tax shall be fixed in
18 increments of 0.05% and in an amount not to exceed 2% for general
19 purposes and not to exceed 1% for special purposes which shall be
20 determined by the governing body of the city. For any retailers' sales tax
21 imposed by a city for special purposes, such city shall specify the purposes
22 for which such tax is imposed. All such special purpose retailers' sales
23 taxes imposed by a city shall expire after 10 years from the date such tax is
24 first collected. The rate of any countywide retailers' sales tax shall be fixed
25 in an amount not to exceed 1% and shall be fixed in increments of 0.25%,
26 and which amount shall be determined by the board of county
27 commissioners, except that:

28 (a) The board of county commissioners of Wabaunsee county, for the
29 purposes of ~~paragraph (2) of subsection (b) of~~ K.S.A. 12-187(b)(2), and
30 amendments thereto, may fix such rate at 1.25%; the board of county
31 commissioners of Osage or Reno county, for the purposes of ~~paragraph (2)~~
32 ~~of subsection (b) of~~ K.S.A. 12-187(b)(2), and amendments thereto, may fix
33 such rate at 1.25% or 1.5%; the board of county commissioners of
34 Cherokee, Crawford, Ford, Saline, Seward, *Thomas* or Wyandotte county,
35 for the purposes of ~~paragraph (2) of subsection (b) of~~ K.S.A. 12-187(b)(2),
36 and amendments thereto, may fix such rate at 1.5%, the board of county
37 commissioners of Atchison county, for the purposes of ~~paragraph (2) of~~
38 ~~subsection (b) of~~ K.S.A. 12-187(b)(2), and amendments thereto, may fix
39 such rate at 1.5% or 1.75%; the board of county commissioners of
40 Anderson, Barton, Jefferson or Ottawa county, for the purposes of
41 ~~paragraph (2) of subsection (b) of~~ K.S.A. 12-187(b)(2), and amendments
42 thereto, may fix such rate at 2%; the board of county commissioners of
43 Marion county, for the purposes of ~~paragraph (2) of subsection (b) of~~

- 1 K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 2.5%;
2 the board of county commissioners of Franklin, Linn and Miami counties,
3 for the purposes of ~~paragraph (2) of subsection (b) of K.S.A. 12-187(b)(2),~~
4 and amendments thereto, may fix such rate at a percentage which is equal
5 to the sum of the rate allowed to be imposed by the respective board of
6 county commissioners on July 1, 2007, plus up to 1.0%; and the board of
7 county commissioners of Brown county, for the purposes of ~~paragraph (2)~~
8 ~~of subsection (b) of K.S.A. 12-187(b)(2),~~ and amendments thereto, may fix
9 such rate at up to 2%;
- 10 (b) the board of county commissioners of Jackson county, for the
11 purposes of ~~paragraph (3) of subsection (b) of K.S.A. 12-187(b)(3),~~ and
12 amendments thereto, may fix such rate at 2%;
- 13 (c) the boards of county commissioners of Finney and Ford counties,
14 for the purposes of ~~paragraph (4) of subsection (b) of K.S.A. 12-187(b)(4),~~
15 and amendments thereto, may fix such rate at 0.25%;
- 16 (d) the board of county commissioners of any county for the purposes
17 of ~~paragraph (5) of subsection (b) of K.S.A. 12-187(b)(5),~~ and
18 amendments thereto, may fix such rate at a percentage which is equal to
19 the sum of the rate allowed to be imposed by a board of county
20 commissioners on the effective date of this act plus 0.25%, 0.5%, 0.75% or
21 1%, as the case requires;
- 22 (e) the board of county commissioners of Dickinson county, for the
23 purposes of ~~paragraph (7) of subsection (b) of K.S.A. 12-187(b)(7),~~ and
24 amendments thereto, may fix such rate at 1.5%, and the board of county
25 commissioners of Miami county, for the purposes of ~~paragraph (7) of~~
26 ~~subsection (b) of K.S.A. 12-187(b)(7),~~ and amendments thereto, may fix
27 such rate at 1.25%, 1.5%, 1.75% or 2%;
- 28 (f) the board of county commissioners of Sherman county, for the
29 purposes of ~~paragraph (8) of subsection (b) of K.S.A. 12-187(b)(8),~~ and
30 amendments thereto, may fix such rate at 2.25%;
- 31 (g) the board of county commissioners of Crawford or Russell county
32 for the purposes of ~~paragraph (9) of subsection (b) of K.S.A. 12-187(b)(9),~~
33 and amendments thereto, may fix such rate at 1.5%;
- 34 (h) the board of county commissioners of Franklin county, for the
35 purposes of ~~paragraph (10) of subsection (b) of K.S.A. 12-187(b)(10),~~ and
36 amendments thereto, may fix such rate at 1.75%;
- 37 (i) the board of county commissioners of Douglas county, for the
38 purposes of ~~paragraph (11) of subsection (b) of K.S.A. 12-187(b)(11) and~~
39 ~~(b)(30),~~ and amendments thereto, may fix such rate at ~~1.25%~~ 1.75%;
- 40 (j) the board of county commissioners of Jackson county, for the
41 purposes of ~~subsection (b)(13) of K.S.A. 12-187(b)(13),~~ and amendments
42 thereto, may fix such rate at 1.4%;
- 43 (k) the board of county commissioners of Sedgwick county, for the

1 purposes of ~~paragraph (3)(C) of subsection (b)~~ of K.S.A. 12-187(b)(3)(C),
2 and amendments thereto, may fix such rate at 2%;

3 (l) the board of county commissioners of Neosho county, for the
4 purposes of ~~paragraph (14) of subsection (b)~~ of K.S.A. 12-187(b)(14), and
5 amendments thereto, may fix such rate at 1.0% or 1.5%;

6 (m) the board of county commissioners of Saline county, for the
7 purposes of ~~paragraph (15) of subsection (b)~~ of K.S.A. 12-187(b)(15), and
8 amendments thereto, may fix such rate at up to 1.5%;

9 (n) the board of county commissioners of Harvey county, for the
10 purposes of ~~paragraph (16) of subsection (b)~~ of K.S.A. 12-187(b)(16), and
11 amendments thereto, may fix such rate at 2.0%;

12 (o) the board of county commissioners of Atchison county, for the
13 purpose of ~~paragraph (17) of subsection (b)~~ of K.S.A. 12-187(b)(17), and
14 amendments thereto, may fix such rate at a percentage which is equal to
15 the sum of the rate allowed to be imposed by the board of county
16 commissioners of Atchison county on the effective date of this act plus
17 0.25%;

18 (p) the board of county commissioners of Wabaunsee county, for the
19 purpose of ~~paragraph (18) of subsection (b)~~ of K.S.A. 12-187(b)(18), and
20 amendments thereto, may fix such rate at a percentage which is equal to
21 the sum of the rate allowed to be imposed by the board of county
22 commissioners of Wabaunsee county on July 1, 2007, plus 0.5%;

23 (q) the board of county commissioners of Jefferson county, for the
24 purpose of ~~paragraphs (19) and (25) of subsection (b)~~ of K.S.A. 12-187(b)
25 (19) and (25), and amendments thereto, may fix such rate at 2.25%;

26 (r) the board of county commissioners of Riley county, for the
27 purpose of ~~paragraph (20) of subsection (b)~~ of K.S.A. 12-187(b)(20), and
28 amendments thereto, may fix such rate at a percentage which is equal to
29 the sum of the rate allowed to be imposed by the board of county
30 commissioners of Riley county on July 1, 2007, plus up to 1%;

31 (s) the board of county commissioners of Johnson county for the
32 purposes of ~~paragraph (21) of subsection (b)~~ of K.S.A. 12-187(b)(21), and
33 amendments thereto, may fix such rate at a percentage which is equal to
34 the sum of the rate allowed to be imposed by the board of county
35 commissioners of Johnson county on July 1, 2007, plus 0.25%;

36 (t) the board of county commissioners of Wilson county for the
37 purposes of ~~paragraph (22) of subsection (b)~~ of K.S.A. 12-187(b)(22), and
38 amendments thereto, may fix such rate at up to 2%;

39 (u) the board of county commissioners of Butler county for the
40 purposes of ~~paragraph (23) of subsection (b)~~ of K.S.A. 12-187(b)(23), and
41 amendments thereto, may fix such rate at a percentage which is equal to
42 the sum of the rate otherwise allowed pursuant to this section, plus 0.25%,
43 0.5%, 0.75% or 1%;

1 (v) the board of county commissioners of Barton county, for the
2 purposes of ~~paragraph (24) of subsection (b) of K.S.A. 12-187(b)(24)~~, and
3 amendments thereto, may fix such rate at up to 1.5%;

4 (w) the board of county commissioners of Lyon county, for the
5 purposes of ~~paragraph (3)(D) of subsection (b) of K.S.A. 12-187(b)(3)(D)~~,
6 and amendments thereto, may fix such rate at 1.5%;

7 (x) the board of county commissioners of Rawlins county, for the
8 purposes of ~~paragraph (3)(E) of subsection (b) of K.S.A. 12-187(b)(3)(E)~~,
9 and amendments thereto, may fix such rate at 1.75%;

10 (y) the board of county commissioners of Chautauqua county, for the
11 purposes of ~~paragraph (3)(F) of subsection (b) of K.S.A. 12-187(b)(3)(F)~~,
12 and amendments thereto, may fix such rate at 2.0%;

13 (z) the board of county commissioners of Pottawatomie county, for the
14 purposes of ~~paragraph (26) of subsection (b) of K.S.A. 12-187(b)(26)~~,
15 and amendments thereto, may fix such rate at up to 1.5%;

16 (aa) the board of county commissioners of Kingman county, for the
17 purposes of ~~paragraph (27) of subsection (b) of K.S.A. 12-187(b)(27)~~, and
18 amendments thereto, may fix such rate at a percentage which is equal to
19 the sum of the rate otherwise allowed pursuant to this section, plus 0.25%,
20 0.5%, 0.75%, or 1%;

21 (bb) the board of county commissioners of Edwards county, for the
22 purposes of ~~paragraph (28) of subsection (b) of K.S.A. 12-187(b)(28)~~, and
23 amendments thereto, may fix such rate at 1.375%; ~~and~~

24 (cc) the board of county commissioners of Rooks county, for the
25 purposes of ~~paragraph (29) of subsection (b) of K.S.A. 12-187(b)(29)~~, and
26 amendments thereto, may fix such rate at up to 1.5%; *and*

27 *(dd) the board of county commissioners of Bourbon county, for the*
28 *purposes of K.S.A. 12-187(b)(3)(G) and (b)(31), and amendments thereto,*
29 *may fix such rate at up to 2.0%.*

30 Any county or city levying a retailers' sales tax is hereby prohibited
31 from administering or collecting such tax locally, but shall utilize the
32 services of the state department of revenue to administer, enforce and
33 collect such tax. Except as otherwise specifically provided in K.S.A. 12-
34 189a, and amendments thereto, such tax shall be identical in its
35 application, and exemptions therefrom, to the Kansas retailers' sales tax act
36 and all laws and administrative rules and regulations of the state
37 department of revenue relating to the Kansas retailers' sales tax shall apply
38 to such local sales tax insofar as such laws and rules and regulations may
39 be made applicable. The state director of taxation is hereby authorized to
40 administer, enforce and collect such local sales taxes and to adopt such
41 rules and regulations as may be necessary for the efficient and effective
42 administration and enforcement thereof.

43 Upon receipt of a certified copy of an ordinance or resolution

1 authorizing the levy of a local retailers' sales tax, the director of taxation
2 shall cause such taxes to be collected within or without the boundaries of
3 such taxing subdivision at the same time and in the same manner provided
4 for the collection of the state retailers' sales tax. Such copy shall be
5 submitted to the director of taxation within 30 days after adoption of any
6 such ordinance or resolution. All moneys collected by the director of
7 taxation under the provisions of this section shall be credited to a county
8 and city retailers' sales tax fund which fund is hereby established in the
9 state treasury, except that all moneys collected by the director of taxation
10 pursuant to the authority granted in ~~paragraph (22) of subsection (b) of~~
11 K.S.A. 12-187(b)(22), and amendments thereto, shall be credited to the
12 Wilson county capital improvements fund. Any refund due on any county
13 or city retailers' sales tax collected pursuant to this act shall be paid out of
14 the sales tax refund fund and reimbursed by the director of taxation from
15 collections of local retailers' sales tax revenue. Except for local retailers'
16 sales tax revenue required to be deposited in the redevelopment bond fund
17 established under K.S.A. 74-8927, and amendments thereto, all local
18 retailers' sales tax revenue collected within any county or city pursuant to
19 this act shall be apportioned and remitted at least quarterly by the state
20 treasurer, on instruction from the director of taxation, to the treasurer of
21 such county or city.

22 Revenue that is received from the imposition of a local retailers' sales
23 tax which exceeds the amount of revenue required to pay the costs of a
24 special project for which such revenue was pledged shall be credited to the
25 city or county general fund, as the case requires.

26 The director of taxation shall provide, upon request by a city or county
27 clerk or treasurer or finance officer of any city or county levying a local
28 retailers' sales tax, monthly reports identifying each retailer doing business
29 in such city or county or making taxable sales sourced to such city or
30 county, setting forth the tax liability and the amount of such tax remitted
31 by each retailer during the preceding month and identifying each business
32 location maintained by the retailer and such retailer's sales or use tax
33 registration or account number. Such report shall be made available to the
34 clerk or treasurer or finance officer of such city or county within a
35 reasonable time after it has been requested from the director of taxation.
36 The director of taxation shall be allowed to assess a reasonable fee for the
37 issuance of such report. Information received by any city or county
38 pursuant to this section shall be confidential, and it shall be unlawful for
39 any officer or employee of such city or county to divulge any such
40 information in any manner. Any violation of this paragraph by a city or
41 county officer or employee is a class A misdemeanor, and such officer or
42 employee shall be dismissed from office. Reports of violations of this
43 paragraph shall be investigated by the attorney general. The district

1 attorney or county attorney and the attorney general shall have authority to
2 prosecute violations of this paragraph.

3 Sec. 5. K.S.A. 2014 Supp. 12-192 is hereby amended to read as
4 follows: 12-192. (a) Except as otherwise provided by subsection (b), (d) or
5 (h), all revenue received by the director of taxation from a countywide
6 retailers' sales tax shall be apportioned among the county and each city
7 located in such county in the following manner: (1) One-half of all
8 revenue received by the director of taxation shall be apportioned among
9 the county and each city located in such county in the proportion that the
10 total tangible property tax levies made in such county in the preceding
11 year for all funds of each such governmental unit bear to the total of all
12 such levies made in the preceding year; and (2) one-half of all revenue
13 received by the director of taxation from such countywide retailers' sales
14 tax shall be apportioned among the county and each city located in such
15 county, first to the county that portion of the revenue equal to the
16 proportion that the population of the county residing in the unincorporated
17 area of the county bears to the total population of the county, and second to
18 the cities in the proportion that the population of each city bears to the
19 total population of the county, except that no persons residing within the
20 Fort Riley military reservation shall be included in the determination of the
21 population of any city located within Riley county. All revenue
22 apportioned to a county shall be paid to its county treasurer and shall be
23 credited to the general fund of the county.

24 (b) (1) In lieu of the apportionment formula provided in subsection
25 (a), all revenue received by the director of taxation from a countywide
26 retailers' sales tax imposed within Johnson county at the rate of 0.75%, 1%
27 or 1.25% after July 1, 2007, shall be apportioned among the county and
28 each city located in such county in the following manner: (A) The revenue
29 received from the first 0.5% rate of tax shall be apportioned in the manner
30 prescribed by subsection (a); and (B) the revenue received from the rate of
31 tax exceeding 0.5% shall be apportioned as follows: (i) One-fourth shall be
32 apportioned among the county and each city located in such county in the
33 proportion that the total tangible property tax levies made in such county
34 in the preceding year for all funds of each such governmental unit bear to
35 the total of all such levies made in the preceding year; (ii) one-fourth shall
36 be apportioned among the county and each city located in such county,
37 first to the county that portion of the revenue equal to the proportion that
38 the population of the county residing in the unincorporated area of the
39 county bears to the total population of the county, and second to the cities
40 in the proportion that the population of each city bears to the total
41 population of the county; and (iii) one-half shall be retained by the county
42 for its sole use and benefit.

43 (2) In lieu of the apportionment formula provided in subsection (a),

1 all money received by the director of taxation from a countywide sales tax
 2 imposed within Montgomery county pursuant to the election held on
 3 November 8, 1994, shall be remitted to and shall be retained by the county
 4 and expended only for the purpose for which the revenue received from
 5 the tax was pledged. All revenue apportioned and paid from the imposition
 6 of such tax to the treasurer of any city prior to the effective date of this act
 7 shall be remitted to the county treasurer and expended only for the purpose
 8 for which the revenue received from the tax was pledged.

9 (3) In lieu of the apportionment formula provided in subsection (a),
 10 on and after the effective date of this act, all moneys received by the
 11 director of taxation from a countywide retailers' sales tax imposed within
 12 Phillips county pursuant to the election held on September 20, 2005, shall
 13 be remitted to and shall be retained by the county and expended only for
 14 the purpose for which the revenue received from the tax was pledged.

15 (c) (1) Except as otherwise provided by paragraph (2) of this
 16 subsection, for purposes of subsections (a) and (b), the term "total tangible
 17 property tax levies" means the aggregate dollar amount of tax revenue
 18 derived from ad valorem tax levies applicable to all tangible property
 19 located within each such city or county. The ad valorem property tax levy
 20 of any county or city district entity or subdivision shall be included within
 21 this term if the levy of any such district entity or subdivision is applicable
 22 to all tangible property located within each such city or county.

23 (2) For the purposes of subsections (a) and (b), any ad valorem
 24 property tax levied on property located in a city in Johnson county for the
 25 purpose of providing fire protection service in such city shall be included
 26 within the term "total tangible property tax levies" for such city regardless
 27 of its applicability to all tangible property located within each such city. If
 28 the tax is levied by a district which extends across city boundaries, for
 29 purposes of this computation, the amount of such levy shall be apportioned
 30 among each city in which such district extends in the proportion that such
 31 tax levied within each city bears to the total tax levied by the district.

32 (d) (1) All revenue received from a countywide retailers' sales tax
 33 imposed pursuant to ~~paragraphs (2), (3)(C), (3)(F), (6), (7), (8), (9), (12),~~
 34 ~~(14), (15), (16), (17), (18), (19), (20), (22), (23), (25), (27), (28) and (29)~~
 35 ~~of subsection (b) of K.S.A. 12-187(b)(2), (3)(C), (3)(F), (3)(G), (6), (7),~~
 36 ~~(8), (9), (12), (14), (15), (16), (17), (18), (19), (20), (22), (23), (25), (27),~~
 37 ~~(28), (29), (30) and (31), and amendments thereto, shall be remitted to and~~
 38 ~~shall be retained by the county and expended only for the purpose for~~
 39 ~~which the revenue received from the tax was pledged.~~

40 (2) Except as otherwise provided in ~~paragraph (5) of subsection (b) of~~
 41 ~~K.S.A. 12-187(b)(5), and amendments thereto, all revenues received from~~
 42 ~~a countywide retailers' sales tax imposed pursuant to paragraph (5) of~~
 43 ~~subsection (b) of K.S.A. 12-187(b)(5), and amendments thereto, shall be~~

1 remitted to and shall be retained by the county and expended only for the
2 purpose for which the revenue received from the tax was pledged.

3 (3) All revenue received from a countywide retailers' sales tax
4 imposed pursuant to ~~paragraph (26) of subsection (b) of~~ K.S.A. 12-187(b)
5 (26), and amendments thereto, shall be remitted to and shall be retained by
6 the county and expended only for the purpose for which the revenue
7 received from the tax was pledged unless the question of imposing a
8 countywide retailers' sales tax authorized by ~~paragraph (26) of subsection~~
9 ~~(b) of~~ K.S.A. 12-187(b)(26), and amendments thereto, includes the
10 apportionment of revenue prescribed in subsection (a).

11 (e) All revenue apportioned to the several cities of the county shall be
12 paid to the respective treasurers thereof and deposited in the general fund
13 of the city. Whenever the territory of any city is located in two or more
14 counties and any one or more of such counties do not levy a countywide
15 retailers' sales tax, or whenever such counties do not levy countywide
16 retailers' sales taxes at a uniform rate, the revenue received by such city
17 from the proceeds of the countywide retailers' sales tax, as an alternative to
18 depositing the same in the general fund, may be used for the purpose of
19 reducing the tax levies of such city upon the taxable tangible property
20 located within the county levying such countywide retailers' sales tax.

21 (f) Prior to March 1 of each year, the secretary of revenue shall advise
22 each county treasurer of the revenue collected in such county from the
23 state retailers' sales tax for the preceding calendar year.

24 (g) Prior to December 31 of each year, the clerk of every county
25 imposing a countywide retailers' sales tax shall provide such information
26 deemed necessary by the secretary of revenue to apportion and remit
27 revenue to the counties and cities pursuant to this section.

28 (h) The provisions of subsections (a) and (b) for the apportionment of
29 countywide retailers' sales tax shall not apply to any revenues received
30 pursuant to a county or countywide retailers' sales tax levied or collected
31 under K.S.A. 74-8929, and amendments thereto. All such revenue
32 collected under K.S.A. 74-8929, and amendments thereto, shall be
33 deposited into the redevelopment bond fund established by K.S.A. 74-
34 8927, and amendments thereto, for the period of time set forth in K.S.A.
35 74-8927, and amendments thereto.

36 Sec. 6. K.S.A. 2014 Supp. 12-3915 is hereby amended to read as
37 follows: 12-3915. The governing body of any fire district created pursuant
38 to this act shall have the authority to:

39 (a) Levy taxes and special assessments as provided by law. Except as
40 provided by K.S.A. 12-3913, and amendments thereto, the governing body
41 shall fix the amount of the tax, ~~not to exceed 15 mills~~, to be levied upon all
42 taxable tangible property in the consolidated fire district;

43 (b) enter into contracts;

- 1 (c) acquire and dispose of real and personal property;
2 (d) acquire, construct, reconstruct, equip, operate, maintain and
3 furnish buildings to house fire-fighting equipment;
4 (e) acquire, operate and maintain fire-fighting equipment;
5 (f) issue general obligation bonds and no-fund warrants;
6 (g) pay compensation and salaries to fire district employees;
7 (h) exercise eminent domain;
8 (i) pay the operation and maintenance expenses of the fire district and
9 other expenses legally incurred by the district;
10 (j) select regular employees, provide for their compensation and
11 furnish quarters for such employees if deemed desirable;
12 (k) provide for the organization of volunteer members who may be
13 compensated for fighting fires, responding to emergencies or attending
14 meetings;
15 (l) provide special clothing and equipment for such employees and
16 volunteers;
17 (m) insure such employees and volunteers against accidental death
18 and injury in the performance of their duties;
19 (n) pay for the acquisition, installation or maintenance of one or more
20 fire hydrants, or similar devices for fighting fires, including necessary
21 equipment, services or supplies related thereto.

22 The acquisition, installation and maintenance shall be subject to the
23 mutual agreement of the governing body of the fire district and the
24 governing body of the rural water district which owns, operates or
25 maintains the water line on which the fire hydrant, or other similar device
26 for fighting fires, is to be installed; and

27 (o) do all things necessary or desirable to maintain and operate such
28 department so as to furnish fire protection for the inhabitants of the district
29 and otherwise effectuate the purposes of this act.

30 Sec. 7. K.S.A. 2014 Supp. 74-50,208 is hereby amended to read as
31 follows: 74-50,208. (a) A program contributor shall be allowed a credit
32 against state income tax imposed under the Kansas income tax act in an
33 amount not to exceed 75% of the contribution amount. If the amount of the
34 credit allowed by this section exceeds the taxpayer's income tax liability
35 imposed under the Kansas income tax act, such excess amount shall be
36 refunded to the taxpayer. No credit pursuant to this section shall be
37 allowed for any contribution made by a program contributor which also
38 qualified for a community services tax credit pursuant to the provisions of
39 K.S.A. 79-32,195 et seq., and amendments thereto.

40 (b) The administration of the community-based organization, with the
41 cooperation of the participating financial institutions, shall submit the
42 names of contributors and the total amount each contributor contributes to
43 the individual development account reserve fund for the calendar year. The

1 secretary of revenue shall determine the date by which such information
2 shall be submitted to the department of revenue by the local administrator.

3 (c) The total tax credits authorized pursuant to this section shall not
4 exceed \$500,000 in any fiscal year.

5 (d) The provisions of this section shall be applicable to all taxable
6 years commencing after December 31, ~~2010~~ 2014.

7 ~~(e) For tax year 2013 and all tax years thereafter, the income tax~~
8 ~~credit provided by this section shall only be available to taxpayers subject~~
9 ~~to the income tax on corporations imposed pursuant to subsection (e) of~~
10 ~~K.S.A. 79-32,110, and amendments thereto, and shall be applied only~~
11 ~~against such taxpayer's corporate income tax liability.~~

12 Sec. 8. K.S.A. 2014 Supp. 74-50,222 is hereby amended to read as
13 follows: 74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-
14 32,267, and amendments thereto:

15 (a) "Institution of higher education" means a public or private
16 nonprofit educational institution that meets the requirements of
17 participation in programs under the higher education act of 1965, as
18 amended, 34 C.F.R. § 600;

19 (b) "rural opportunity zone" means Allen, Anderson, Barber,
20 Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,
21 Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth,
22 Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper,
23 Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Labette,
24 Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, *Miami*, Mitchell,
25 Montgomery, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne,
26 Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush,
27 Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens,
28 Sumner, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita,
29 Wilson or Woodson counties;

30 (c) "secretary" means the secretary of commerce; and

31 (d) "student loan" means a federal student loan program supported by
32 the federal government and a nonfederal loan issued by a lender such as a
33 bank, savings and loan or credit union to help students and parents pay
34 school expenses for attendance at an institution of higher education.

35 Sec. 9. K.S.A. 2014 Supp. 74-50,223 is hereby amended to read as
36 follows: 74-50,223. (a) Any county that has been designated a rural
37 opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto,
38 may participate in the program provided in this section by authorizing such
39 participation by the county commission of such county through a duly
40 enacted written resolution. Such county shall provide a certified copy of
41 such resolution to the secretary of commerce on or before January 1, 2012,
42 for calendar year 2012, or on or before January 1 for each calendar year
43 thereafter, in which a county chooses to participate. Such resolution shall

1 obligate the county to participate in the program provided by this section
2 for a period of five years, and shall be irrevocable. Such resolution shall
3 specify the maximum amount of outstanding student loan balance for each
4 resident individual to be repaid as provided in subsection (b), except the
5 maximum amount of such balance shall be \$15,000.

6 (b) If a county submits a resolution as provided in subsection (a),
7 under the program provided in this section, subject to subsection (d), the
8 state of Kansas and such county which chooses to participate as provided
9 in subsection (a), shall agree to pay in equal shares the outstanding student
10 loan balance of any resident individual who qualifies to have such
11 individual's student loans repaid under the provisions of subsection (c)
12 over a five-year period, except that the maximum amount of such balance
13 shall be \$15,000. The amount of such repayment shall be equal to 20% of
14 the outstanding student loan balance of the individual in a year over the
15 five-year repayment period. The state of Kansas is not obligated to pay the
16 student loan balance of any resident individual who qualifies pursuant to
17 subsection (c) prior to the county submitting a resolution to the secretary
18 pursuant to subsection (a). Each such county shall certify to the secretary
19 that such county has made the payment required by this subsection.

20 (c) A resident individual shall be entitled to have such individual's
21 outstanding student loan balance paid for attendance at an institution of
22 higher education where such resident individual earned an associate,
23 bachelor or post-graduate degree under the provisions of this section when
24 such resident individual establishes domicile in a county designated as a
25 rural opportunity zone which participates in the program as provided in
26 subsection (a), on and after the date in which such county commenced
27 such participation, ~~and prior to July 1, 2016~~. Such resident individual may
28 enroll in this program in a form and manner prescribed by the secretary.
29 Subject to subsection (d), once enrolled such resident individual shall be
30 entitled to full participation in the program for five years, except that if the
31 resident individual relocates outside the rural opportunity zone for which
32 the resident individual first qualified, such resident individual forfeits such
33 individual's eligibility to participate, and obligations under this section of
34 the state and the county terminate. ~~No resident individual shall enroll and
35 be eligible to participate in this program after June 30, 2016.~~

36 (d) The provisions of this act shall be subject to appropriation acts.
37 Nothing in this act guarantees a resident individual a right to the benefits
38 provided in this section. The county may continue to participate even if the
39 state does not participate.

40 (e) The secretary shall adopt rules and regulations necessary to
41 administer the provisions of this section.

42 (f) On January 1, 2012, and annually thereafter ~~until January 1, 2017~~,
43 the secretary of commerce shall report to the senate committee on

1 assessment and taxation and the house of representatives committee on
2 taxation as to how many residents applied for the rural opportunity zone
3 tax credit.

4 Sec. 10. K.S.A. 2014 Supp. 79-32,110 is hereby amended to read as
5 follows: 79-32,110.(a) *Resident Individuals*. Except as otherwise provided
6 by ~~subsection (a) of K.S.A. 79-3220(a) and section 2~~, and amendments
7 thereto, a tax is hereby imposed upon the Kansas taxable income of every
8 resident individual, which tax shall be computed in accordance with the
9 following tax schedules:

10 (1) *Married individuals filing joint returns.*

11 (A) For tax year 2012:

12 If the taxable income is:	The tax is:
13 Not over \$30,000.....	3.5% of Kansas taxable income
14 Over \$30,000 but not over	\$1,050 plus 6.25% of excess
15 \$60,000	over \$30,000
16 Over \$60,000.....	\$2,925 plus 6.45% of excess
17	over \$60,000

18 (B) For tax year 2013:

19 If the taxable income is:	The tax is:
20 Not over \$30,000.....	3.0% of Kansas taxable income
21 Over \$30,000.....	\$900 plus 4.9% of excess over
22	\$30,000

23 (C) For tax year 2014:

24 If the taxable income is:	The tax is:
25 Not over \$30,000.....	2.7% of Kansas taxable income
26 Over \$30,000.....	\$810 plus 4.8% of excess over
27	\$30,000

28 (D) For tax ~~year~~ *years 2015 through 2017*:

29 If the taxable income is:	The tax is:
30 Not over \$30,000.....	2.7% of Kansas taxable income
31 Over \$30,000.....	\$810 plus 4.6% of excess over
32	\$30,000

33 (E) For tax year ~~2016~~ *2018*:

34 If the taxable income is:	The tax is:
35 Not over \$30,000.....	2.4% of Kansas taxable income
36 Over \$30,000.....	\$720 plus 4.6% of excess over
37	\$30,000

38 (F) For tax year ~~2017~~ *2019*:

39 If the taxable income is:	The tax is:
40 Not over \$30,000.....	2.3% of Kansas taxable income
41 Over \$30,000.....	\$690 plus 4.6% of excess over
42	\$30,000

43 (G) For tax year ~~2018~~ *2020*, and all tax years thereafter:

1	If the taxable income is:	The tax is:
2	Not over \$30,000.....	2.3% of Kansas taxable income
3	Over \$30,000.....	\$690 plus 3.9% of excess over
4		\$30,000

5 (2) *All other individuals.*

6 (A) For tax year 2012:

7	If the taxable income is:	The tax is:
8	Not over \$15,000.....	3.5% of Kansas taxable income
9	Over \$15,000 but not over	\$525 plus 6.25% of excess
10	\$30,000.....	over \$15,000
11	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
12		over \$30,000

13 (B) For tax year 2013:

14	If the taxable income is:	The tax is:
15	Not over \$15,000.....	3.0% of Kansas taxable income
16	Over \$15,000.....	\$450 plus 4.9% of excess over
17		\$15,000

18 (C) For tax year 2014:

19	If the taxable income is:	The tax is:
20	Not over \$15,000.....	2.7% of Kansas taxable income
21	Over \$15,000.....	\$405 plus 4.8% of excess over
22		\$15,000

23 (D) For tax ~~year~~ *years 2015 through 2017:*

24	If the taxable income is:	The tax is:
25	Not over \$15,000.....	2.7% of Kansas taxable income
26	Over \$15,000.....	\$405 plus 4.6% of excess over
27		\$15,000

28 (E) For tax year ~~2016~~ *2018:*

29	If the taxable income is:	The tax is:
30	Not over \$15,000.....	2.4% of Kansas taxable income
31	Over \$15,000.....	\$360 plus 4.6% of excess over
32		\$15,000

33 (F) For tax year ~~2017~~ *2019:*

34	If the taxable income is:	The tax is:
35	Not over \$15,000.....	2.3% of Kansas taxable income
36	Over \$15,000.....	\$345 plus 4.6% of excess over
37		\$15,000

38 (G) For tax year ~~2018~~ *2020*, and all tax years thereafter:

39	If the taxable income is:	The tax is:
40	Not over \$15,000.....	2.3% of Kansas taxable income
41	Over \$15,000.....	\$345 plus 3.9% of excess over
42		\$15,000

43 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas

1 taxable income of every nonresident individual, which tax shall be an
2 amount equal to the tax computed under subsection (a) as if the
3 nonresident were a resident multiplied by the ratio of modified Kansas
4 source income to Kansas adjusted gross income.

5 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
6 income of every corporation doing business within this state or deriving
7 income from sources within this state. Such tax shall consist of a normal
8 tax and a surtax and shall be computed as follows:

9 (1) The normal tax shall be in an amount equal to 4% of the Kansas
10 taxable income of such corporation; and

11 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
12 3.1% of the Kansas taxable income of such corporation in excess of
13 \$50,000;

14 (B) for tax years 2009 and 2010, the surtax shall be in an amount
15 equal to 3.05% of the Kansas taxable income of such corporation in excess
16 of \$50,000; and

17 (C) for tax year 2011, and all tax years thereafter, the surtax shall be
18 in an amount equal to 3% of the Kansas taxable income of such
19 corporation in excess of \$50,000.

20 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
21 income of estates and trusts at the rates provided in ~~paragraph (2) of~~
22 subsection (a)(2) hereof.

23 (e) Tax rates provided in this section shall be adjusted pursuant to the
24 provisions of K.S.A. 2014 Supp. 79-32,269, and amendments thereto.

25 Sec. 11. K.S.A. 2014 Supp. 79-32,117 is hereby amended to read as
26 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
27 means such individual's federal adjusted gross income for the taxable year,
28 with the modifications specified in this section.

29 (b) There shall be added to federal adjusted gross income:

30 (i) Interest income less any related expenses directly incurred in the
31 purchase of state or political subdivision obligations, to the extent that the
32 same is not included in federal adjusted gross income, on obligations of
33 any state or political subdivision thereof, but to the extent that interest
34 income on obligations of this state or a political subdivision thereof issued
35 prior to January 1, 1988, is specifically exempt from income tax under the
36 laws of this state authorizing the issuance of such obligations, it shall be
37 excluded from computation of Kansas adjusted gross income whether or
38 not included in federal adjusted gross income. Interest income on
39 obligations of this state or a political subdivision thereof issued after
40 December 31, 1987, shall be excluded from computation of Kansas
41 adjusted gross income whether or not included in federal adjusted gross
42 income.

43 (ii) Taxes on or measured by income or fees or payments in lieu of

1 income taxes imposed by this state or any other taxing jurisdiction to the
2 extent deductible in determining federal adjusted gross income and not
3 credited against federal income tax. This paragraph shall not apply to taxes
4 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
5 amendments thereto, for privilege tax year 1995, and all such years
6 thereafter.

7 (iii) The federal net operating loss deduction, *except that the federal*
8 *net operating loss deduction shall not be added to an individual's federal*
9 *adjusted gross income for tax years beginning after December 31, 2014,*
10 *and ending before January 1, 2018.*

11 (iv) Federal income tax refunds received by the taxpayer if the
12 deduction of the taxes being refunded resulted in a tax benefit for Kansas
13 income tax purposes during a prior taxable year. Such refunds shall be
14 included in income in the year actually received regardless of the method
15 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
16 be deemed to have resulted if the amount of the tax had been deducted in
17 determining income subject to a Kansas income tax for a prior year
18 regardless of the rate of taxation applied in such prior year to the Kansas
19 taxable income, but only that portion of the refund shall be included as
20 bears the same proportion to the total refund received as the federal taxes
21 deducted in the year to which such refund is attributable bears to the total
22 federal income taxes paid for such year. For purposes of the foregoing
23 sentence, federal taxes shall be considered to have been deducted only to
24 the extent such deduction does not reduce Kansas taxable income below
25 zero.

26 (v) The amount of any depreciation deduction or business expense
27 deduction claimed on the taxpayer's federal income tax return for any
28 capital expenditure in making any building or facility accessible to the
29 handicapped, for which expenditure the taxpayer claimed the credit
30 allowed by K.S.A. 79-32,177, and amendments thereto.

31 (vi) Any amount of designated employee contributions picked up by
32 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
33 and amendments thereto.

34 (vii) The amount of any charitable contribution made to the extent the
35 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
36 32,196, and amendments thereto.

37 (viii) The amount of any costs incurred for improvements to a swine
38 facility, claimed for deduction in determining federal adjusted gross
39 income, to the extent the same is claimed as the basis for any credit
40 allowed pursuant to K.S.A. 2014 Supp. 79-32,204, and amendments
41 thereto.

42 (ix) The amount of any ad valorem taxes and assessments paid and
43 the amount of any costs incurred for habitat management or construction

1 and maintenance of improvements on real property, claimed for deduction
2 in determining federal adjusted gross income, to the extent the same is
3 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
4 and amendments thereto.

5 (x) Amounts received as nonqualified withdrawals, as defined by
6 K.S.A. 2014 Supp. 75-643, and amendments thereto, if, at the time of
7 contribution to a family postsecondary education savings account, such
8 amounts were subtracted from the federal adjusted gross income pursuant
9 to ~~paragraph (xv) of subsection (e) of~~ K.S.A. 79-32,117(c)(xv), and
10 amendments thereto, or if such amounts are not already included in the
11 federal adjusted gross income.

12 (xi) The amount of any contribution made to the same extent the
13 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2014
14 Supp. 74-50,154, and amendments thereto.

15 (xii) For taxable years commencing after December 31, 2004,
16 amounts received as withdrawals not in accordance with the provisions of
17 K.S.A. 2014 Supp. 74-50,204, and amendments thereto, if, at the time of
18 contribution to an individual development account, such amounts were
19 subtracted from the federal adjusted gross income pursuant to ~~paragraph~~
20 ~~(xiii) of subsection (c)(xiii)~~, or if such amounts are not already included in
21 the federal adjusted gross income.

22 (xiii) The amount of any expenditures claimed for deduction in
23 determining federal adjusted gross income, to the extent the same is
24 claimed as the basis for any credit allowed pursuant to K.S.A. 2014 Supp.
25 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

26 (xiv) The amount of any amortization deduction claimed in
27 determining federal adjusted gross income to the extent the same is
28 claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,221, and
29 amendments thereto.

30 (xv) The amount of any expenditures claimed for deduction in
31 determining federal adjusted gross income, to the extent the same is
32 claimed as the basis for any credit allowed pursuant to K.S.A. 2014 Supp.
33 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
34 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
35 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

36 (xvi) The amount of any amortization deduction claimed in
37 determining federal adjusted gross income to the extent the same is
38 claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,227, 79-
39 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
40 thereto.

41 (xvii) The amount of any amortization deduction claimed in
42 determining federal adjusted gross income to the extent the same is
43 claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,256, and

1 amendments thereto.

2 (xviii) For taxable years commencing after December 31, 2006, the
3 amount of any ad valorem or property taxes and assessments paid to a state
4 other than Kansas or local government located in a state other than Kansas
5 by a taxpayer who resides in a state other than Kansas, when the law of
6 such state does not allow a resident of Kansas who earns income in such
7 other state to claim a deduction for ad valorem or property taxes or
8 assessments paid to a political subdivision of the state of Kansas in
9 determining taxable income for income tax purposes in such other state, to
10 the extent that such taxes and assessments are claimed as an itemized
11 deduction for federal income tax purposes.

12 (xix) For ~~all~~ taxable years beginning after December 31, 2012, *and*
13 *ending prior to January 1, 2015, and all taxable years beginning after*
14 *December 31, 2017*, the amount of any: (1) Loss from business as
15 determined under the federal internal revenue code and reported from
16 schedule C and on line 12 of the taxpayer's form 1040 federal individual
17 income tax return; (2) loss from rental real estate, royalties, partnerships, S
18 corporations, except those with wholly owned subsidiaries subject to the
19 Kansas privilege tax, estates, trusts, residual interest in real estate
20 mortgage investment conduits and net farm rental as determined under the
21 federal internal revenue code and reported from schedule E and on line 17
22 of the taxpayer's form 1040 federal individual income tax return; and (3)
23 farm loss as determined under the federal internal revenue code and
24 reported from schedule F and on line 18 of the taxpayer's form 1040
25 federal income tax return; all to the extent deducted or subtracted in
26 determining the taxpayer's federal adjusted gross income. For purposes of
27 this subsection, references to the federal form 1040 and federal schedule
28 C, schedule E, and schedule F, shall be to such form and schedules as they
29 existed for tax year 2011, and as revised thereafter by the internal revenue
30 service.

31 (xx) For ~~all~~ taxable years beginning after December 31, 2012, *and*
32 *ending prior to January 1, 2015, and all taxable years beginning after*
33 *December 31, 2017*, the amount of any deduction for self-employment
34 taxes under section 164(f) of the federal internal revenue code as in effect
35 on January 1, 2012, and amendments thereto, in determining the federal
36 adjusted gross income of an individual taxpayer, to the extent the
37 deduction is attributable to income reported on schedule C, E or F and on
38 line 12, 17 or 18 of the taxpayer's form 1040 federal income tax return.

39 (xxi) For ~~all~~ taxable years beginning after December 31, 2012, *and*
40 *ending prior to January 1, 2015, and all taxable years beginning after*
41 *December 31, 2017*, the amount of any deduction for pension, profit
42 sharing, and annuity plans of self-employed individuals under section
43 62(a)(6) of the federal internal revenue code as in effect on January 1,

1 2012, and amendments thereto, in determining the federal adjusted gross
2 income of an individual taxpayer.

3 (xxii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
4 *ending prior to January 1, 2015, and all taxable years beginning after*
5 *December 31, 2017*, the amount of any deduction for health insurance
6 under section 162(l) of the federal internal revenue code as in effect on
7 January 1, 2012, and amendments thereto, in determining the federal
8 adjusted gross income of an individual taxpayer.

9 (xxiii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
10 *ending prior to January 1, 2015, and all taxable years beginning after*
11 *December 31, 2017*, the amount of any deduction for domestic production
12 activities under section 199 of the federal internal revenue code as in effect
13 on January 1, 2012, and amendments thereto, in determining the federal
14 adjusted gross income of an individual taxpayer.

15 (xxiv) For taxable years commencing after December 31, 2013, that
16 portion of the amount of any expenditure deduction claimed in
17 determining federal adjusted gross income for expenses paid for medical
18 care of the taxpayer or the taxpayer's spouse or dependents when such
19 expenses were paid or incurred for an abortion, or for a health benefit plan,
20 as defined in K.S.A. 2014 Supp. 65-6731, and amendments thereto, for the
21 purchase of an optional rider for coverage of abortion in accordance with
22 K.S.A. 2014 Supp. 40-2,190, and amendments thereto, to the extent that
23 such taxes and assessments are claimed as an itemized deduction for
24 federal income tax purposes.

25 (xxv) For taxable years commencing after December 31, 2013, that
26 portion of the amount of any expenditure deduction claimed in
27 determining federal adjusted gross income for expenses paid by a taxpayer
28 for health care when such expenses were paid or incurred for abortion
29 coverage, a health benefit plan, as defined in K.S.A. 2014 Supp. 65-6731,
30 and amendments thereto, when such expenses were paid or incurred for
31 abortion coverage or amounts contributed to health savings accounts for
32 such taxpayer's employees for the purchase of an optional rider for
33 coverage of abortion in accordance with K.S.A. 2014 Supp. 40-2,190, and
34 amendments thereto, to the extent that such taxes and assessments are
35 claimed as a deduction for federal income tax purposes.

36 (c) There shall be subtracted from federal adjusted gross income:

37 (i) Interest or dividend income on obligations or securities of any
38 authority, commission or instrumentality of the United States and its
39 possessions less any related expenses directly incurred in the purchase of
40 such obligations or securities, to the extent included in federal adjusted
41 gross income but exempt from state income taxes under the laws of the
42 United States.

43 (ii) Any amounts received which are included in federal adjusted

1 gross income but which are specifically exempt from Kansas income
2 taxation under the laws of the state of Kansas.

3 (iii) The portion of any gain or loss from the sale or other disposition
4 of property having a higher adjusted basis for Kansas income tax purposes
5 than for federal income tax purposes on the date such property was sold or
6 disposed of in a transaction in which gain or loss was recognized for
7 purposes of federal income tax that does not exceed such difference in
8 basis, but if a gain is considered a long-term capital gain for federal
9 income tax purposes, the modification shall be limited to that portion of
10 such gain which is included in federal adjusted gross income.

11 (iv) The amount necessary to prevent the taxation under this act of
12 any annuity or other amount of income or gain which was properly
13 included in income or gain and was taxed under the laws of this state for a
14 taxable year prior to the effective date of this act, as amended, to the
15 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
16 the right to receive the income or gain, or to a trust or estate from which
17 the taxpayer received the income or gain.

18 (v) The amount of any refund or credit for overpayment of taxes on
19 or measured by income or fees or payments in lieu of income taxes
20 imposed by this state, or any taxing jurisdiction, to the extent included in
21 gross income for federal income tax purposes.

22 (vi) Accumulation distributions received by a taxpayer as a
23 beneficiary of a trust to the extent that the same are included in federal
24 adjusted gross income.

25 (vii) Amounts received as annuities under the federal civil service
26 retirement system from the civil service retirement and disability fund and
27 other amounts received as retirement benefits in whatever form which
28 were earned for being employed by the federal government or for service
29 in the armed forces of the United States.

30 (viii) Amounts received by retired railroad employees as a
31 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
32 228c (a)(1) et seq.

33 (ix) Amounts received by retired employees of a city and by retired
34 employees of any board of such city as retirement allowances pursuant to
35 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
36 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
37 amendments thereto.

38 (x) For taxable years beginning after December 31, 1976, the amount
39 of the federal tentative jobs tax credit disallowance under the provisions of
40 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
41 amount of the targeted jobs tax credit and work incentive credit
42 disallowances under 26 U.S.C. § 280 C.

43 (xi) For taxable years beginning after December 31, 1986, dividend

1 income on stock issued by Kansas venture capital, inc.

2 (xii) For taxable years beginning after December 31, 1989, amounts
3 received by retired employees of a board of public utilities as pension and
4 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,
5 and amendments thereto.

6 (xiii) For taxable years beginning after December 31, 2004, amounts
7 contributed to and the amount of income earned on contributions deposited
8 to an individual development account under K.S.A. 2014 Supp. 74-50,201
9 et seq., and amendments thereto.

10 (xiv) For all taxable years commencing after December 31, 1996, that
11 portion of any income of a bank organized under the laws of this state or
12 any other state, a national banking association organized under the laws of
13 the United States, an association organized under the savings and loan
14 code of this state or any other state, or a federal savings association
15 organized under the laws of the United States, for which an election as an
16 S corporation under subchapter S of the federal internal revenue code is in
17 effect, which accrues to the taxpayer who is a stockholder of such
18 corporation and which is not distributed to the stockholders as dividends of
19 the corporation. For ~~all~~ taxable years beginning after December 31, 2012,
20 *and ending prior to January 1, 2015, and all taxable years beginning after*
21 *December 31, 2017*, the amount of modification under this subsection
22 shall exclude the portion of income or loss reported on schedule E and
23 included on line 17 of the taxpayer's form 1040 federal individual income
24 tax return.

25 (xv) For all taxable years beginning after December 31, 2006,
26 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
27 joint return, for each designated beneficiary which are contributed to a
28 family postsecondary education savings account established under the
29 Kansas postsecondary education savings program or a qualified tuition
30 program established and maintained by another state or agency or
31 instrumentality thereof pursuant to section 529 of the internal revenue
32 code of 1986, as amended, for the purpose of paying the qualified higher
33 education expenses of a designated beneficiary at an institution of
34 postsecondary education. The terms and phrases used in this paragraph
35 shall have the meaning respectively ascribed thereto by the provisions of
36 K.S.A. 2014 Supp. 75-643, and amendments thereto, and the provisions of
37 such section are hereby incorporated by reference for all purposes thereof.

38 (xvi) For all taxable years beginning after December 31, 2004,
39 amounts received by taxpayers who are or were members of the armed
40 forces of the United States, including service in the Kansas army and air
41 national guard, as a recruitment, sign up or retention bonus received by
42 such taxpayer as an incentive to join, enlist or remain in the armed services
43 of the United States, including service in the Kansas army and air national

1 guard, and amounts received for repayment of educational or student loans
2 incurred by or obligated to such taxpayer and received by such taxpayer as
3 a result of such taxpayer's service in the armed forces of the United States,
4 including service in the Kansas army and air national guard.

5 (xvii) For all taxable years beginning after December 31, 2004,
6 amounts received by taxpayers who are eligible members of the Kansas
7 army and air national guard as a reimbursement pursuant to K.S.A. 48-
8 281, and amendments thereto, and amounts received for death benefits
9 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
10 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
11 amendments thereto, to the extent that such death benefits are included in
12 federal adjusted gross income of the taxpayer.

13 (xviii) For the taxable year beginning after December 31, 2006,
14 amounts received as benefits under the federal social security act which
15 are included in federal adjusted gross income of a taxpayer with federal
16 adjusted gross income of \$50,000 or less, whether such taxpayer's filing
17 status is single, head of household, married filing separate or married filing
18 jointly; and for all taxable years beginning after December 31, 2007,
19 amounts received as benefits under the federal social security act which
20 are included in federal adjusted gross income of a taxpayer with federal
21 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
22 status is single, head of household, married filing separate or married filing
23 jointly.

24 (xix) Amounts received by retired employees of Washburn university
25 as retirement and pension benefits under the university's retirement plan.

26 (xx) For ~~all~~ taxable years beginning after December 31, 2012, *and*
27 *ending prior to January 1, 2015, and all taxable years beginning after*
28 *December 31, 2017*, the amount of any: (1) Net profit from business as
29 determined under the federal internal revenue code and reported from
30 schedule C and on line 12 of the taxpayer's form 1040 federal individual
31 income tax return; (2) net income from rental real estate, royalties,
32 partnerships, S corporations, estates, trusts, residual interest in real estate
33 mortgage investment conduits and net farm rental as determined under the
34 federal internal revenue code and reported from schedule E and on line 17
35 of the taxpayer's form 1040 federal individual income tax return; and (3)
36 net farm profit as determined under the federal internal revenue code and
37 reported from schedule F and on line 18 of the taxpayer's form 1040
38 federal income tax return; all to the extent included in the taxpayer's
39 federal adjusted gross income. For purposes of this subsection, references
40 to the federal form 1040 and federal schedule C, schedule E, and schedule
41 F, shall be to such form and schedules as they existed for tax year 2011
42 and as revised thereafter by the internal revenue service.

43 (xxi) For all taxable years beginning after December 31, 2013,

1 amounts equal to the unreimbursed travel, lodging and medical
2 expenditures directly incurred by a taxpayer while living, or a dependent
3 of the taxpayer while living, for the donation of one or more human organs
4 of the taxpayer, or a dependent of the taxpayer, to another person for
5 human organ transplantation. The expenses may be claimed as a
6 subtraction modification provided for in this section to the extent the
7 expenses are not already subtracted from the taxpayer's federal adjusted
8 gross income. In no circumstances shall the subtraction modification
9 provided for in this section for any individual, or a dependent, exceed
10 \$5,000. As used in this section, "human organ" means all or part of a liver,
11 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
12 paragraph shall take effect on the day the secretary of revenue certifies to
13 the director of the budget that the cost for the department of revenue of
14 modifications to the automated tax system for the purpose of
15 implementing this paragraph will not exceed \$20,000.

16 (xxii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
17 *ending prior to January 1, 2015, and all taxable years beginning after*
18 *December 31, 2017*, the amount of net gain from the sale of: (1) Cattle and
19 horses, regardless of age, held by the taxpayer for draft, breeding, dairy or
20 sporting purposes, and held by such taxpayer for 24 months or more from
21 the date of acquisition; and (2) other livestock, regardless of age, held by
22 the taxpayer for draft, breeding, dairy or sporting purposes, and held by
23 such taxpayer for 12 months or more from the date of acquisition. The
24 subtraction from federal adjusted gross income shall be limited to the
25 amount of the additions recognized under the provisions of ~~paragraph (xix)~~
26 ~~of subsection (b)(xix)~~ attributable to the business in which the livestock
27 sold had been used. As used in this paragraph, the term "livestock" shall
28 not include poultry.

29 (xxiii) For all taxable years beginning after December 31, 2012,
30 amounts received under either the Overland Park, Kansas police
31 department retirement plan or the Overland Park, Kansas fire department
32 retirement plan, both as established by the city of Overland Park, pursuant
33 to the city's home rule authority.

34 (d) There shall be added to or subtracted from federal adjusted gross
35 income the taxpayer's share, as beneficiary of an estate or trust, of the
36 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
37 amendments thereto.

38 (e) The amount of modifications required to be made under this
39 section by a partner which relates to items of income, gain, loss, deduction
40 or credit of a partnership shall be determined under K.S.A. 79-32,131, and
41 amendments thereto, to the extent that such items affect federal adjusted
42 gross income of the partner.

43 Sec. 12. K.S.A. 2014 Supp. 79-32,120 is hereby amended to read as

1 follows: 79-32,120. (a) (1) If federal taxable income of an individual is
2 determined by itemizing deductions from such individual's federal
3 adjusted gross income, such individual may elect to deduct the Kansas
4 itemized deduction in lieu of the Kansas standard deduction.

5 (2) For the tax year commencing on January 1, 2013, the Kansas
6 itemized deduction of an individual means 70% of the total amount of
7 deductions from federal adjusted gross income, other than federal
8 deductions for personal exemptions, as provided in the federal internal
9 revenue code with the modifications specified in this section.

10 (3) For the tax year commencing on January 1, 2014, the Kansas
11 itemized deduction of an individual means 65% of the total amount of
12 deductions from federal adjusted gross income, other than federal
13 deductions for personal exemptions, as provided in the federal internal
14 revenue code with the modifications specified in this section.

15 (4) For the tax ~~year~~ *years* commencing on *and after* January 1, 2015,
16 the Kansas itemized deduction of an individual means ~~60% of the total~~
17 ~~amount of following~~ deductions from federal adjusted gross income, other
18 than federal deductions for personal exemptions, as provided in the federal
19 internal revenue code *and* with the modifications specified in this section:
20 *(A) 100% of contributions that qualify as charitable contributions*
21 *allowable as deductions in section 170 of the federal internal revenue*
22 *code; (B) 50% of the amount of qualified residence interest as provided in*
23 *section 163(h) of the federal internal revenue code; and (C) 50% of the*
24 *amount of taxes on real and personal property as provided in section*
25 *164(a) of the federal internal revenue code.*

26 ~~(5) For the tax year commencing on January 1, 2016, the Kansas~~
27 ~~itemized deduction of an individual means 55% of the total amount of~~
28 ~~deductions from federal adjusted gross income, other than federal~~
29 ~~deductions for personal exemptions, as provided in the federal internal~~
30 ~~revenue code with the modifications specified in this section.~~

31 ~~(6) For tax years commencing on and after January 1, 2017, the~~
32 ~~Kansas itemized deduction of an individual means 50% of the total amount~~
33 ~~of deductions from federal adjusted gross income, other than federal~~
34 ~~deductions for personal exemptions, as provided in the federal internal~~
35 ~~revenue code with the modifications specified in this section.~~

36 (b) The total amount of deductions from federal adjusted gross
37 income shall be reduced by the total amount of income taxes imposed by
38 or paid to this state or any other taxing jurisdiction to the extent that the
39 same are deducted in determining the federal itemized deductions and by
40 the amount of all depreciation deductions claimed for any real or tangible
41 personal property upon which the deduction allowed by K.S.A. 2014
42 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,
43 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

1 ~~(e) The provisions of this section that provide for a reduction in the~~
2 ~~total amount of deductions from federal adjusted gross income shall not~~
3 ~~apply to contributions that qualify as charitable contributions allowable as~~
4 ~~deductions in section 170 of the federal internal revenue code, and~~
5 ~~amendments thereto.~~

6 ~~(d) Notwithstanding any provision of this section to the contrary, for~~
7 ~~taxable years commencing after January 1, 2013, the total amount of~~
8 ~~deductions from federal adjusted gross income shall be reduced by the~~
9 ~~total amount of wagering losses claimed as an itemized deduction in~~
10 ~~section 165(d) of the federal internal revenue code, and amendments~~
11 ~~thereto.~~

12 Sec. 13. K.S.A. 2014 Supp. 79-32,267 is hereby amended to read as
13 follows: 79-32,267. (a) For taxable years commencing after December 31,
14 2011, ~~and before January 1, 2017,~~ there shall be allowed as a credit against
15 the tax liability of a resident individual taxpayer an amount equal to the
16 resident individual's income tax liability under the provisions of the
17 Kansas income tax act, when the resident individual:

18 (1) Establishes domicile in a rural opportunity zone on or after July 1,
19 2011, ~~and prior to January 1, 2016,~~ and was domiciled outside this state for
20 five or more years immediately prior to establishing their domicile in a
21 rural opportunity zone in this state;

22 (2) had Kansas source income less than \$10,000 in any one year for
23 five or more years immediately prior to establishing their domicile in a
24 rural opportunity zone in this state; and

25 (3) was domiciled in a rural opportunity zone during the entire
26 taxable year for which such credit is claimed.

27 (b) A resident individual may claim the credit authorized by this
28 section for not more than five consecutive years following establishment
29 of their domicile in a rural opportunity zone.

30 (c) The maximum amount of any refund under this section shall be
31 equal to the amount withheld from the resident individual's wages or
32 payments other than wages pursuant to K.S.A. 79-3294 et seq., and
33 amendments thereto, or paid by the resident individual as estimated taxes
34 pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.

35 (d) No credit shall be allowed under this section if:

36 (1) The resident individual's income tax return on which the credit is
37 claimed is not timely filed, including any extension; or

38 (2) the resident individual is delinquent in filing any return with, or
39 paying any tax due to, the state of Kansas or any political subdivision
40 thereof.

41 (e) This section shall be part of and supplemental to the Kansas
42 income tax act.

43 Sec. 14. K.S.A. 2014 Supp. 79-32,269 is hereby amended to read as

1 follows: 79-32,269. (a) (1) Except as provided in subsection (a)(2),
2 commencing with fiscal year ~~2018~~ 2020, in any fiscal year in which the
3 amount of selected actual state general fund receipts from such fiscal year
4 exceeds the selected actual state general fund receipts for the immediately
5 preceding fiscal year by more than 2%, the director of legislative research
6 shall certify such excess amount to the secretary of revenue and the
7 director of the budget. Upon receipt of such certified amount, the secretary
8 shall compute the excess percentage increase in selected actual state
9 general fund receipts above 2%. Based on such excess percentage of
10 calculated receipt growth, the secretary shall compute the income tax rate
11 reductions to go into effect for the next tax year that would reduce by such
12 certified amount the tax rates during the fiscal year after the next fiscal
13 year according to the provisions of this section, as follows: (A) Rate
14 reductions for individual income tax rates shall be applied to reduce the
15 highest marginal income tax rate applicable to the current tax year, by such
16 excess percentage minus 0.5%, and the lowest marginal income tax rate
17 applicable to the current tax year by such excess percentage plus 0.5%,
18 except that in no case shall such excess percentage plus 0.5% result in an
19 income tax rate increase. In any such computation by the secretary
20 pursuant to this subsection: (i) The resulting income tax rate shall be
21 rounded down to the nearest 0.1%; and (ii) in any case in which the
22 income tax rate for any individual marginal income tax rate is below 0.4%,
23 such rate shall be 0%. Based on all such determinations, the secretary shall
24 reduce individual income tax rates prescribed by K.S.A. 79-32,110, and
25 amendments thereto, as required by this section;

26 (B) upon all individual marginal income tax rates being reduced to
27 0% pursuant to the provisions of subsection (a)(1)(A), rate reduction next
28 shall be applied for the surtax on corporations applicable to the current tax
29 year by such excess percentage. In any such computation by the secretary
30 pursuant to this subsection in which the surtax is below 0.4%, such surtax
31 rate shall be 0%. Based on such determination, the secretary shall reduce
32 the surtax on corporations prescribed by K.S.A. 79-32,110, and
33 amendments thereto, as required by this section; and

34 (C) upon the surtax on corporations being reduced to a rate which
35 when combined with the normal tax rate on corporations is equal to or
36 below the combined surtax and normal tax imposed on national banking
37 associations and state banks or is equal to or below the combined surtax
38 and normal tax imposed on trust companies and savings and loan
39 associations, rate reductions shall be proportionately applied for the tax on
40 corporations, the tax on national banking associations and state banks, and
41 the tax on trust companies and savings and loan associations. Such rate
42 reductions shall be first applied to the surtax until reduced to 0% and then
43 applied to the normal tax for each such tax. In any such computation by

1 the secretary pursuant to this subsection in which any such tax is below
2 0.4%, such tax rate shall be 0%. Based on such determination, the
3 secretary shall reduce the surtax and the normal tax on corporations
4 prescribed by K.S.A. 79-32,110, and amendments thereto, the surtax and
5 normal tax on national banking associations and state banks prescribed by
6 K.S.A. 79-1107, and amendments thereto, and the surtax and normal tax
7 on trust companies and savings and loan associations prescribed by K.S.A.
8 79-1108, and amendments thereto, as required by this section.

9 (2) In any fiscal year in which the amount of selected actual state
10 general fund receipts for such fiscal year are 102% or less than the selected
11 actual state general fund receipts from the immediately preceding fiscal
12 year, the director of legislative research shall certify such amount and fact
13 to the secretary of revenue and the director of the budget. Upon receipt of
14 such amount and fact, the secretary of revenue shall not make any
15 adjustment to the income tax rates for that tax year.

16 (b) The secretary of revenue shall report any reduction in income tax
17 rates prescribed by this section to the chairperson of the assessment and
18 taxation committee of the senate, the chairperson of the taxation
19 committee of the house of representatives and the governor, and shall
20 cause notice of any such reduction to be published in the Kansas register
21 prior to September 15 of the calendar year immediately preceding the tax
22 year in which such reduction takes effect.

23 (c) As used in this section, "selected actual state general fund
24 receipts" means receipts from the following taxes and fees: Individual and
25 corporation income taxes imposed under K.S.A. 79-32,110, and
26 amendments thereto, financial institutions privilege taxes imposed under
27 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
28 thereto, retail sales taxes imposed under K.S.A. 79-3601 et seq., and
29 amendments thereto, compensating use taxes imposed under K.S.A. 79-
30 3701 et seq., and amendments thereto, cigarette and tobacco product taxes
31 imposed under K.S.A. 79-3301 et seq., and amendments thereto, cereal
32 malt beverage and liquor gallonage taxes imposed under K.S.A. 41-501 et
33 seq., and amendments thereto, liquor enforcement taxes imposed under
34 K.S.A. 79-4101 et seq., and amendments thereto, liquor drink taxes
35 imposed under K.S.A. 79-41a01 et seq., and amendments thereto,
36 corporation franchise taxes imposed under K.S.A. 79-5401, and
37 amendments thereto, annual franchise fees charged pursuant to law and
38 mineral severance taxes imposed under K.S.A. 79-4216 et seq., and
39 amendments thereto.

40 Sec. 15. K.S.A. 2014 Supp. 79-3310 is hereby amended to read as
41 follows: 79-3310. There is imposed a tax upon all cigarettes sold,
42 distributed or given away within the state of Kansas. ~~On and after July 1,~~
43 ~~2002, and before January 1, 2003, the rate of such tax shall be \$.70 on~~

1 each 20 cigarettes or fractional part thereof or \$.875 on each 25 cigarettes,
2 as the case requires. On and after January 1, 2003 *July 1, 2015*, the rate of
3 such tax shall be ~~\$.79~~ *\$1.25* on each 20 cigarettes or fractional part thereof
4 or ~~\$.99~~ *\$1.56* on each 25 cigarettes, as the case requires. Such tax shall be
5 collected and paid to the director as provided in this act. Such tax shall be
6 paid only once and shall be paid by the wholesale dealer first receiving the
7 cigarettes as herein provided.

8 The taxes imposed by this act are hereby levied upon all sales of
9 cigarettes made to any department, institution or agency of the state of
10 Kansas, and to the political subdivisions thereof and their departments,
11 institutions and agencies.

12 Sec. 16. K.S.A. 2014 Supp. 79-3310c is hereby amended to read as
13 follows: 79-3310c. ~~(1) On or before July 30, 2002~~ *31, 2015*, each
14 wholesale dealer, retail dealer and vending machine operator shall file a
15 report with the director in such form as the director may prescribe showing
16 cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on
17 July 1, ~~2002~~ *2015*. A tax of \$.46 on each 20 cigarettes or fractional part
18 thereof or \$.575 on each 25 cigarettes, as the case requires and \$.46 or
19 \$.575, as the case requires upon all tax stamps and all meter imprints
20 purchased from the director and not affixed to cigarettes prior to July 1,
21 ~~2002~~ *2015*, is hereby imposed and shall be due and payable ~~in equal~~
22 ~~installments on or before July 30, 2002, on or before September 30, 2002,~~
23 ~~and on or before December 30, 2002~~ *October 31, 2015, with 10% of such*
24 *amount to be retained by each wholesale dealer, retail dealer and vending*
25 *machine operator who remits such tax on or before October 31, 2015*. The
26 tax imposed upon such cigarettes, tax stamps and meter imprints shall be
27 imposed only once under this act. The director shall remit all moneys
28 collected pursuant to this section to the state treasurer who shall credit the
29 entire amount thereof to the state general fund.

30 ~~(2) On or before January 30, 2003, each wholesale dealer, retail~~
31 ~~dealer and vending machine operator shall file a report with the director in~~
32 ~~such form as the director may prescribe showing cigarettes, cigarette~~
33 ~~stamps and meter imprints on hand at 12:01 a.m. on January 1, 2003. A tax~~
34 ~~of \$.09 on each 20 cigarettes or fractional part thereof or \$.115 on each 25~~
35 ~~cigarettes, as the case requires and \$.09 or \$.115, as the case requires upon~~
36 ~~all tax stamps and all meter imprints purchased from the director and not~~
37 ~~affixed to cigarettes prior to January 1, 2003, is hereby imposed and shall~~
38 ~~be due and payable in equal installments on or before January 30, 2003, on~~
39 ~~or before March 30, 2003, and on or before June 30, 2003. The tax~~
40 ~~imposed upon such cigarettes, tax stamps and meter imprints shall be~~
41 ~~imposed only once under this act. The director shall remit all moneys~~
42 ~~collected pursuant to this section to the state treasurer who shall credit the~~
43 ~~entire amount thereof to the state general fund.~~

1 Sec. 17. K.S.A. 2014 Supp. 79-3311 is hereby amended to read as
2 follows: 79-3311. The director shall design and designate indicia of tax
3 payment to be affixed to each package of cigarettes as provided by this act.
4 The director shall sell water applied stamps only to licensed wholesale
5 dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the
6 heat process shall be sold only in amounts of 30,000 or multiples thereof,
7 except that such stamps which are suitable for packages containing 25
8 cigarettes each shall be sold in amounts prescribed by the director. Meter
9 imprints shall be sold only in amounts of 10,000 or multiples thereof.
10 Water applied stamps in amounts of 10,000 or multiples thereof and
11 stamps applied by the heat process and meter imprints shall be supplied to
12 wholesale dealers at a discount of ~~90% on and after July 1, 2002, and~~
13 ~~before January 1, 2003, and 0.80% on and after July 1, 2015, and~~
14 thereafter from the face value thereof, and shall be deducted at the time of
15 purchase or from the remittance therefor as hereinafter provided. Any
16 wholesale cigarette dealer who shall file with the director a bond, of
17 acceptable form, payable to the state of Kansas with a corporate surety
18 authorized to do business in Kansas, shall be permitted to purchase stamps,
19 and remit therefor to the director within 30 days after each such purchase,
20 up to a maximum outstanding at any one time of 85% of the amount of the
21 bond. Failure on the part of any wholesale dealer to remit as herein
22 specified shall be cause for forfeiture of such dealer's bond. All revenue
23 received from the sale of such stamps or meter imprints shall be remitted
24 to the state treasurer in accordance with the provisions of K.S.A. 75-4215,
25 and amendments thereto. Upon receipt of each such remittance, the state
26 treasurer shall deposit the entire amount in the state treasury. The state
27 treasurer shall first credit such amount as the director shall order to the
28 cigarette tax refund fund and shall credit the remaining balance to the state
29 general fund. A refund fund designated the cigarette tax refund fund not to
30 exceed \$10,000 at any time shall be set apart and maintained by the
31 director from taxes collected under this act and held by the state treasurer
32 for prompt payment of all refunds authorized by this act. Such cigarette tax
33 refund fund shall be in such amount as the director shall determine is
34 necessary to meet current refunding requirements under this act.

35 The wholesale cigarette dealer shall affix to each package of cigarettes
36 stamps or tax meter imprints required by this act prior to the sale of
37 cigarettes to any person, by such dealer or such dealer's agent or agents,
38 within the state of Kansas. The director is empowered to authorize
39 wholesale dealers to affix revenue tax meter imprints upon original
40 packages of cigarettes and is charged with the duty of regulating the use of
41 tax meters to secure payment of the proper taxes. No wholesale dealer
42 shall affix revenue tax meter imprints to original packages of cigarettes
43 without first having obtained permission from the director to employ this

1 method of affixation. If the director approves the wholesale dealer's
2 application for permission to affix revenue tax meter imprints to original
3 packages of cigarettes, the director shall require such dealer to file a
4 suitable bond payable to the state of Kansas executed by a corporate surety
5 authorized to do business in Kansas. The director may, to assure the proper
6 collection of taxes imposed by the act, revoke or suspend the privilege of
7 imprinting tax meter imprints upon original packages of cigarettes. All
8 meters shall be under the direct control of the director, and all transfer
9 assignments or anything pertaining thereto must first be authorized by the
10 director. All inks used in the stamping of cigarettes must be of a special
11 type devised for use in connection with the machine employed and
12 approved by the director. All repairs to the meter are strictly prohibited
13 except by a duly authorized representative of the director. Requests for
14 service shall be directed to the director. Meter machine ink imprints on all
15 packages shall be clear and legible. If a wholesale dealer continuously
16 issues illegible cigarette tax meter imprints, it shall be considered
17 sufficient cause for revocation of such dealer's permit to use a cigarette tax
18 meter.

19 A licensed wholesale dealer may, for the purpose of sale in another
20 state, transport cigarettes not bearing Kansas indicia of tax payment
21 through the state of Kansas provided such cigarettes are contained in
22 sealed and original cartons.

23 Sec. 18. K.S.A. 2014 Supp. 79-3312 is hereby amended to read as
24 follows: 79-3312. The director shall redeem any unused stamps or meter
25 imprints that any wholesale dealer presents for redemption within six
26 months after the purchase thereof, at the face value less ~~90% on and after~~
27 ~~July 1, 2002, and before January 1, 2003, and 0.80% thereafter~~ thereof if
28 such stamps or meter imprints have been purchased from the director. The
29 director shall prepare a voucher showing the net amount of such refund
30 due, and the director of accounts and reports shall draw a warrant on the
31 state treasurer for the same. Wholesale dealers shall be entitled to a refund
32 of the tax paid on cigarettes which have become unfit for sale upon proof
33 thereof less ~~90% on and after July 1, 2002, and before January 1, 2003,~~
34 ~~and 0.80% thereafter~~ of such tax.

35 Sec. 19. K.S.A. 2014 Supp. 79-3602 is hereby amended to read as
36 follows: 79-3602. Except as otherwise provided, as used in the Kansas
37 retailers' sales tax act:

38 (a) "Agent" means a person appointed by a seller to represent the
39 seller before the member states.

40 (b) "Agreement" means the multistate agreement entitled the
41 streamlined sales and use tax agreement approved by the streamlined sales
42 tax implementing states at Chicago, Illinois on November 12, 2002.

43 (c) "Alcoholic beverages" means beverages that are suitable for

1 human consumption and contain 0.05% or more of alcohol by volume.

2 (d) "Certified automated system (CAS)" means software certified
3 under the agreement to calculate the tax imposed by each jurisdiction on a
4 transaction, determine the amount of tax to remit to the appropriate state
5 and maintain a record of the transaction.

6 (e) "Certified service provider (CSP)" means an agent certified under
7 the agreement to perform all the seller's sales and use tax functions, other
8 than the seller's obligation to remit tax on its own purchases.

9 (f) "Computer" means an electronic device that accepts information
10 in digital or similar form and manipulates it for a result based on a
11 sequence of instructions.

12 (g) "Computer software" means a set of coded instructions designed
13 to cause a computer or automatic data processing equipment to perform a
14 task.

15 (h) "Delivered electronically" means delivered to the purchaser by
16 means other than tangible storage media.

17 (i) "Delivery charges" means charges by the seller of personal
18 property or services for preparation and delivery to a location designated
19 by the purchaser of personal property or services including, but not limited
20 to, transportation, shipping, postage, handling, crating and packing.
21 Delivery charges shall not include charges for delivery of direct mail if the
22 charges are separately stated on an invoice or similar billing document
23 given to the purchaser.

24 (j) "Direct mail" means printed material delivered or distributed by
25 United States mail or other delivery services to a mass audience or to
26 addressees on a mailing list provided by the purchaser or at the direction of
27 the purchaser when the cost of the items are not billed directly to the
28 recipients. Direct mail includes tangible personal property supplied
29 directly or indirectly by the purchaser to the direct mail seller for inclusion
30 in the package containing the printed material. Direct mail does not
31 include multiple items of printed material delivered to a single address.

32 (k) "Director" means the state director of taxation.

33 (l) "Educational institution" means any nonprofit school, college and
34 university that offers education at a level above the ~~twelfth~~ 12th grade, and
35 conducts regular classes and courses of study required for accreditation by,
36 or membership in, the North Central Association of Colleges and Schools,
37 the state board of education, or that otherwise qualify as an "educational
38 institution," as defined by K.S.A. 74-50,103, and amendments thereto.
39 Such phrase shall include: (1) A group of educational institutions that
40 operates exclusively for an educational purpose; (2) nonprofit endowment
41 associations and foundations organized and operated exclusively to
42 receive, hold, invest and administer moneys and property as a permanent
43 fund for the support and sole benefit of an educational institution; (3)

1 nonprofit trusts, foundations and other entities organized and operated
2 principally to hold and own receipts from intercollegiate sporting events
3 and to disburse such receipts, as well as grants and gifts, in the interest of
4 collegiate and intercollegiate athletic programs for the support and sole
5 benefit of an educational institution; and (4) nonprofit trusts, foundations
6 and other entities organized and operated for the primary purpose of
7 encouraging, fostering and conducting scholarly investigations and
8 industrial and other types of research for the support and sole benefit of an
9 educational institution.

10 (m) "Electronic" means relating to technology having electrical,
11 digital, magnetic, wireless, optical, electromagnetic or similar capabilities.

12 (n) "Food and food ingredients" means substances, whether in liquid,
13 concentrated, solid, frozen, dried or dehydrated form, that are sold for
14 ingestion or chewing by humans and are consumed for their taste or
15 nutritional value. "Food and food ingredients" does not include alcoholic
16 beverages, *candy, dietary supplements, food sold through vending*
17 *machines, prepared food, soft drinks* or tobacco.

18 (o) "Gross receipts" means the total selling price or the amount
19 received as defined in this act, in money, credits, property or other
20 consideration valued in money from sales at retail within this state; and
21 embraced within the provisions of this act. The taxpayer, may take credit
22 in the report of gross receipts for: (1) An amount equal to the selling price
23 of property returned by the purchaser when the full sale price thereof,
24 including the tax collected, is refunded in cash or by credit; and (2) an
25 amount equal to the allowance given for the trade-in of property.

26 (p) "Ingredient or component part" means tangible personal property
27 which is necessary or essential to, and which is actually used in and
28 becomes an integral and material part of tangible personal property or
29 services produced, manufactured or compounded for sale by the producer,
30 manufacturer or compounder in its regular course of business. The
31 following items of tangible personal property are hereby declared to be
32 ingredients or component parts, but the listing of such property shall not be
33 deemed to be exclusive nor shall such listing be construed to be a
34 restriction upon, or an indication of, the type or types of property to be
35 included within the definition of "ingredient or component part" as herein
36 set forth:

37 (1) Containers, labels and shipping cases used in the distribution of
38 property produced, manufactured or compounded for sale which are not to
39 be returned to the producer, manufacturer or compounder for reuse.

40 (2) Containers, labels, shipping cases, paper bags, drinking straws,
41 paper plates, paper cups, twine and wrapping paper used in the distribution
42 and sale of property taxable under the provisions of this act by wholesalers
43 and retailers and which is not to be returned to such wholesaler or retailer

1 for reuse.

2 (3) Seeds and seedlings for the production of plants and plant
3 products produced for resale.

4 (4) Paper and ink used in the publication of newspapers.

5 (5) Fertilizer used in the production of plants and plant products
6 produced for resale.

7 (6) Feed for animals, fowl and aquatic plants and animals, the
8 primary purpose of which is use in agriculture or aquaculture, as defined in
9 K.S.A. 47-1901, and amendments thereto, the production of food for
10 human consumption, the production of animal, dairy, poultry or aquatic
11 plant and animal products, fiber, fur, or the production of offspring for use
12 for any such purpose or purposes.

13 (q) "Isolated or occasional sale" means the nonrecurring sale of
14 tangible personal property, or services taxable hereunder by a person not
15 engaged at the time of such sale in the business of selling such property or
16 services. Any religious organization which makes a nonrecurring sale of
17 tangible personal property acquired for the purpose of resale shall be
18 deemed to be not engaged at the time of such sale in the business of selling
19 such property. Such term shall include: (1) Any sale by a bank, savings and
20 loan institution, credit union or any finance company licensed under the
21 provisions of the Kansas uniform consumer credit code of tangible
22 personal property which has been repossessed by any such entity; and (2)
23 any sale of tangible personal property made by an auctioneer or agent on
24 behalf of not more than two principals or households if such sale is
25 nonrecurring and any such principal or household is not engaged at the
26 time of such sale in the business of selling tangible personal property.

27 (r) "Lease or rental" means any transfer of possession or control of
28 tangible personal property for a fixed or indeterminate term for
29 consideration. A lease or rental may include future options to purchase or
30 extend.

31 (1) Lease or rental does not include: (A) A transfer of possession or
32 control of property under a security agreement or deferred payment plan
33 that requires the transfer of title upon completion of the required
34 payments;

35 (B) a transfer of possession or control of property under an agreement
36 that requires the transfer of title upon completion of required payments and
37 payment of an option price does not exceed the greater of \$100 or 1% of
38 the total required payments; or

39 (C) providing tangible personal property along with an operator for a
40 fixed or indeterminate period of time. A condition of this exclusion is that
41 the operator is necessary for the equipment to perform as designed. For the
42 purpose of this subsection, an operator must do more than maintain,
43 inspect or set-up the tangible personal property.

1 (2) Lease or rental does include agreements covering motor vehicles
2 and trailers where the amount of consideration may be increased or
3 decreased by reference to the amount realized upon sale or disposition of
4 the property as defined in 26 U.S.C. § 7701(h)(1).

5 (3) This definition shall be used for sales and use tax purposes
6 regardless if a transaction is characterized as a lease or rental under
7 generally accepted accounting principles, the internal revenue code, the
8 uniform commercial code, K.S.A. 84-1-101 et seq., and amendments
9 thereto, or other provisions of federal, state or local law.

10 (4) This definition will be applied only prospectively from the
11 effective date of this act and will have no retroactive impact on existing
12 leases or rentals.

13 (s) "Load and leave" means delivery to the purchaser by use of a
14 tangible storage media where the tangible storage media is not physically
15 transferred to the purchaser.

16 (t) "Member state" means a state that has entered in the agreement,
17 pursuant to provisions of article VIII of the agreement.

18 (u) "Model 1 seller" means a seller that has selected a CSP as its
19 agent to perform all the seller's sales and use tax functions, other than the
20 seller's obligation to remit tax on its own purchases.

21 (v) "Model 2 seller" means a seller that has selected a CAS to
22 perform part of its sales and use tax functions, but retains responsibility for
23 remitting the tax.

24 (w) "Model 3 seller" means a seller that has sales in at least five
25 member states, has total annual sales revenue of at least \$500,000,000, has
26 a proprietary system that calculates the amount of tax due each jurisdiction
27 and has entered into a performance agreement with the member states that
28 establishes a tax performance standard for the seller. As used in this
29 subsection a seller includes an affiliated group of sellers using the same
30 proprietary system.

31 (x) "Municipal corporation" means any city incorporated under the
32 laws of Kansas.

33 (y) "Nonprofit blood bank" means any nonprofit place, organization,
34 institution or establishment that is operated wholly or in part for the
35 purpose of obtaining, storing, processing, preparing for transfusing,
36 furnishing, donating or distributing human blood or parts or fractions of
37 single blood units or products derived from single blood units, whether or
38 not any remuneration is paid therefor, or whether such procedures are done
39 for direct therapeutic use or for storage for future use of such products.

40 (z) "Persons" means any individual, firm, copartnership, joint
41 adventure, association, corporation, estate or trust, receiver or trustee, or
42 any group or combination acting as a unit, and the plural as well as the
43 singular number; and shall specifically mean any city or other political

1 subdivision of the state of Kansas engaging in a business or providing a
2 service specifically taxable under the provisions of this act.

3 (aa) "Political subdivision" means any municipality, agency or
4 subdivision of the state which is, or shall hereafter be, authorized to levy
5 taxes upon tangible property within the state or which certifies a levy to a
6 municipality, agency or subdivision of the state which is, or shall hereafter
7 be, authorized to levy taxes upon tangible property within the state. Such
8 term also shall include any public building commission, housing, airport,
9 port, metropolitan transit or similar authority established pursuant to law
10 and the horsethief reservoir benefit district established pursuant to K.S.A.
11 82a-2201, and amendments thereto.

12 (bb) "Prescription" means an order, formula or recipe issued in any
13 form of oral, written, electronic or other means of transmission by a duly
14 licensed practitioner authorized by the laws of this state.

15 (cc) "Prewritten computer software" means computer software,
16 including prewritten upgrades, which is not designed and developed by the
17 author or other creator to the specifications of a specific purchaser. The
18 combining of two or more prewritten computer software programs or
19 prewritten portions thereof does not cause the combination to be other than
20 prewritten computer software. Prewritten computer software includes
21 software designed and developed by the author or other creator to the
22 specifications of a specific purchaser when it is sold to a person other than
23 the purchaser. Where a person modifies or enhances computer software of
24 which the person is not the author or creator, the person shall be deemed to
25 be the author or creator only of such person's modifications or
26 enhancements. Prewritten computer software or a prewritten portion
27 thereof that is modified or enhanced to any degree, where such
28 modification or enhancement is designed and developed to the
29 specifications of a specific purchaser, remains prewritten computer
30 software, except that where there is a reasonable, separately stated charge
31 or an invoice or other statement of the price given to the purchaser for
32 such modification or enhancement, such modification or enhancement
33 shall not constitute prewritten computer software.

34 (dd) "Property which is consumed" means tangible personal property
35 which is essential or necessary to and which is used in the actual process
36 of and consumed, depleted or dissipated within one year in: (1) The
37 production, manufacture, processing, mining, drilling, refining or
38 compounding of tangible personal property; (2) the providing of
39 services; (3) the irrigation of crops, for sale in the regular course of
40 business; or (4) the storage or processing of grain by a public grain
41 warehouse or other grain storage facility, and which is not reusable for
42 such purpose. The following is a listing of tangible personal property,
43 included by way of illustration but not of limitation, which qualifies as

1 property which is consumed:

2 (A) Insecticides, herbicides, germicides, pesticides, fungicides,
3 fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and
4 chemicals for use in commercial or agricultural production, processing or
5 storage of fruit, vegetables, feeds, seeds, grains, animals or animal
6 products whether fed, injected, applied, combined with or otherwise used;

7 (B) electricity, gas and water; and

8 (C) petroleum products, lubricants, chemicals, solvents, reagents and
9 catalysts.

10 (ee) "Purchase price" applies to the measure subject to use tax and
11 has the same meaning as sales price.

12 (ff) "Purchaser" means a person to whom a sale of personal property
13 is made or to whom a service is furnished.

14 (gg) "Quasi-municipal corporation" means any county, township,
15 school district, drainage district or any other governmental subdivision in
16 the state of Kansas having authority to receive or hold moneys or funds.

17 (hh) "Registered under this agreement" means registration by a seller
18 with the member states under the central registration system provided in
19 article IV of the agreement.

20 (ii) "Retailer" means a seller regularly engaged in the business of
21 selling, leasing or renting tangible personal property at retail or furnishing
22 electrical energy, gas, water, services or entertainment, and selling only to
23 the user or consumer and not for resale.

24 (jj) "Retail sale" or "sale at retail" means any sale, lease or rental for
25 any purpose other than for resale, sublease or subrent.

26 (kk) "Sale" or "sales" means the exchange of tangible personal
27 property, as well as the sale thereof for money, and every transaction,
28 conditional or otherwise, for a consideration, constituting a sale, including
29 the sale or furnishing of electrical energy, gas, water, services or
30 entertainment taxable under the terms of this act and including, except as
31 provided in the following provision, the sale of the use of tangible personal
32 property by way of a lease, license to use or the rental thereof regardless of
33 the method by which the title, possession or right to use the tangible
34 personal property is transferred. The term "sale" or "sales" shall not mean
35 the sale of the use of any tangible personal property used as a dwelling by
36 way of a lease or rental thereof for a term of more than 28 consecutive
37 days.

38 (ll) (1) "Sales or selling price" applies to the measure subject to sales
39 tax and means the total amount of consideration, including cash, credit,
40 property and services, for which personal property or services are sold,
41 leased or rented, valued in money, whether received in money or
42 otherwise, without any deduction for the following:

43 (A) The seller's cost of the property sold;

1 (B) the cost of materials used, labor or service cost, interest, losses,
2 all costs of transportation to the seller, all taxes imposed on the seller and
3 any other expense of the seller;

4 (C) charges by the seller for any services necessary to complete the
5 sale, other than delivery and installation charges;

6 (D) delivery charges; and

7 (E) installation charges.

8 (2) "Sales or selling price" includes consideration received by the
9 seller from third parties if:

10 (A) The seller actually receives consideration from a party other than
11 the purchaser and the consideration is directly related to a price reduction
12 or discount on the sale;

13 (B) the seller has an obligation to pass the price reduction or discount
14 through to the purchaser;

15 (C) the amount of the consideration attributable to the sale is fixed
16 and determinable by the seller at the time of the sale of the item to the
17 purchaser; and

18 (D) one of the following criteria is met:

19 (i) The purchaser presents a coupon, certificate or other
20 documentation to the seller to claim a price reduction or discount where
21 the coupon, certificate or documentation is authorized, distributed or
22 granted by a third party with the understanding that the third party will
23 reimburse any seller to whom the coupon, certificate or documentation is
24 presented;

25 (ii) the purchaser identifies to the seller that the purchaser is a
26 member of a group or organization entitled to a price reduction or
27 discount. A preferred customer card that is available to any patron does not
28 constitute membership in such a group; or

29 (iii) the price reduction or discount is identified as a third party price
30 reduction or discount on the invoice received by the purchaser or on a
31 coupon, certificate or other documentation presented by the purchaser.

32 (3) "Sales or selling price" shall not include:

33 (A) Discounts, including cash, term or coupons that are not
34 reimbursed by a third party that are allowed by a seller and taken by a
35 purchaser on a sale;

36 (B) interest, financing and carrying charges from credit extended on
37 the sale of personal property or services, if the amount is separately stated
38 on the invoice, bill of sale or similar document given to the purchaser;

39 (C) any taxes legally imposed directly on the consumer that are
40 separately stated on the invoice, bill of sale or similar document given to
41 the purchaser;

42 (D) the amount equal to the allowance given for the trade-in of
43 property, if separately stated on the invoice, billing or similar document

1 given to the purchaser; and

2 (E) commencing on July 1, 2006, and ending on June 30, 2009, cash
3 rebates granted by a manufacturer to a purchaser or lessee of a new motor
4 vehicle if paid directly to the retailer as a result of the original sale.

5 (mm) "Seller" means a person making sales, leases or rentals of
6 personal property or services.

7 (nn) "Service" means those services described in and taxed under the
8 provisions of K.S.A. 79-3603, and amendments thereto.

9 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2014 Supp.
10 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
11 thereto, which shall apply to identify and determine the state and local
12 taxing jurisdiction sales or use taxes to pay, or collect and remit on a
13 particular retail sale.

14 (pp) "Tangible personal property" means personal property that can
15 be seen, weighed, measured, felt or touched, or that is in any other manner
16 perceptible to the senses. Tangible personal property includes electricity,
17 water, gas, steam and prewritten computer software.

18 (qq) "Taxpayer" means any person obligated to account to the
19 director for taxes collected under the terms of this act.

20 (rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or
21 any other item that contains tobacco.

22 (ss) "Entity-based exemption" means an exemption based on who
23 purchases the product or who sells the product. An exemption that is
24 available to all individuals shall not be considered an entity-based
25 exemption.

26 (tt) "Over-the-counter" drug means a drug that contains a label that
27 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
28 over-the-counter drug label includes: (1) A drug facts panel; or (2) a
29 statement of the active ingredients with a list of those ingredients
30 contained in the compound, substance or preparation. Over-the-counter
31 drugs do not include grooming and hygiene products such as soaps,
32 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
33 lotions and screens.

34 (uu) "Ancillary services" means services that are associated with or
35 incidental to the provision of telecommunications services, including, but
36 not limited to, detailed telecommunications billing, directory assistance,
37 vertical service and voice mail services.

38 (vv) "Conference bridging service" means an ancillary service that
39 links two or more participants of an audio or video conference call and
40 may include the provision of a telephone number. Conference bridging
41 service does not include the telecommunications services used to reach the
42 conference bridge.

43 (ww) "Detailed telecommunications billing service" means an

1 ancillary service of separately stating information pertaining to individual
2 calls on a customer's billing statement.

3 (xx) "Directory assistance" means an ancillary service of providing
4 telephone number information or address information, or both.

5 (yy) "Vertical service" means an ancillary service that is offered in
6 connection with one or more telecommunications services, which offers
7 advanced calling features that allow customers to identify callers and to
8 manage multiple calls and call connections, including conference bridging
9 services.

10 (zz) "Voice mail service" means an ancillary service that enables the
11 customer to store, send or receive recorded messages. Voice mail service
12 does not include any vertical services that the customer may be required to
13 have in order to utilize the voice mail service.

14 (aaa) "Telecommunications service" means the electronic
15 transmission, conveyance or routing of voice, data, audio, video or any
16 other information or signals to a point, or between or among points. The
17 term telecommunications service includes such transmission, conveyance
18 or routing in which computer processing applications are used to act on the
19 form, code or protocol of the content for purposes of transmissions,
20 conveyance or routing without regard to whether such service is referred to
21 as voice over internet protocol services or is classified by the federal
22 communications commission as enhanced or value added.
23 Telecommunications service does not include:

24 (1) Data processing and information services that allow data to be
25 generated, acquired, stored, processed or retrieved and delivered by an
26 electronic transmission to a purchaser where such purchaser's primary
27 purpose for the underlying transaction is the processed data or
28 information;

29 (2) installation or maintenance of wiring or equipment on a
30 customer's premises;

31 (3) tangible personal property;

32 (4) advertising, including, but not limited to, directory advertising;

33 (5) billing and collection services provided to third parties;

34 (6) internet access service;

35 (7) radio and television audio and video programming services,
36 regardless of the medium, including the furnishing of transmission,
37 conveyance and routing of such services by the programming service
38 provider. Radio and television audio and video programming services shall
39 include, but not be limited to, cable service as defined in 47 U.S.C. §
40 522(6) and audio and video programming services delivered by
41 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

42 (8) ancillary services; or

43 (9) digital products delivered electronically, including, but not limited

1 to, software, music, video, reading materials or ring tones.

2 (bbb) "800 service" means a telecommunications service that allows a
3 caller to dial a toll-free number without incurring a charge for the call. The
4 service is typically marketed under the name 800, 855, 866, 877 and 888
5 toll-free calling, and any subsequent numbers designated by the federal
6 communications commission.

7 (ccc) "900 service" means an inbound toll telecommunications
8 service purchased by a subscriber that allows the subscriber's customers to
9 call in to the subscriber's prerecorded announcement or live service. 900
10 service does not include the charge for collection services provided by the
11 seller of the telecommunications services to the subscriber, or service or
12 product sold by the subscriber to the subscriber's customer. The service is
13 typically marketed under the name 900 service, and any subsequent
14 numbers designated by the federal communications commission.

15 (ddd) "Value-added non-voice data service" means a service that
16 otherwise meets the definition of telecommunications services in which
17 computer processing applications are used to act on the form, content,
18 code or protocol of the information or data primarily for a purpose other
19 than transmission, conveyance or routing.

20 (eee) "International" means a telecommunications service that
21 originates or terminates in the United States and terminates or originates
22 outside the United States, respectively. United States includes the District
23 of Columbia or a U.S. territory or possession.

24 (fff) "Interstate" means a telecommunications service that originates
25 in one United States state, or a United States territory or possession, and
26 terminates in a different United States state or a United States territory or
27 possession.

28 (ggg) "Intrastate" means a telecommunications service that originates
29 in one United States state or a United States territory or possession, and
30 terminates in the same United States state or a United States territory or
31 possession.

32 (hhh) *"Candy" means a preparation of sugar, honey or other natural
33 or artificial sweeteners in combination with chocolate, fruits, nuts or other
34 ingredients or flavorings in the form of bars, drops or pieces. Candy shall
35 not include any preparation containing flour and shall require no
36 refrigeration.*

37 (iii) *"Food sold through vending machines" means food dispensed
38 from a machine or other mechanical device that accepts payment.*

39 (jjj) (1) *"Prepared food" means any of the following:*

40 (A) *Food sold in a heated state or heated by the seller;*

41 (B) *two or more food ingredients mixed or combined by the seller for
42 sale as a single item; or*

43 (C) *food sold with eating utensils provided by the seller, including*

1 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does*
2 *not include a container or packaging used to transport the food.*

3 (2) *"Prepared food" does not include:*

4 (A) *Food that is only cut, repackaged or pasteurized by the seller;*

5 (B) *eggs, fish, meat, poultry and foods containing these raw animal*
6 *foods requiring cooking by the consumer as recommended by the United*
7 *States food and drug administration, in chapter 3, part 401.11 of its food*
8 *code, so as to prevent foodborne illnesses;*

9 (C) *if sold without eating utensils provided by the seller, bakery*
10 *items, including breads, rolls, buns, biscuits, bagels, croissants, pastries,*
11 *donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies and*
12 *tortillas; or*

13 (D) *food sold by a seller whose primary North American industry*
14 *classification system, United States, 2002 edition, classification is*
15 *manufacturing in sector 311, except subsector 3118.*

16 (lll) *"Soft drinks" means nonalcoholic beverages that contain natural*
17 *or artificial sweeteners. "Soft drinks" does not include beverages that*
18 *contain milk or milk products; soy, rice or similar milk substitutes; or*
19 *greater than 50% of vegetable or fruit juice by volume.*

20 (mmm) *"Dietary supplement" shall have the same meaning ascribed*
21 *to it as in K.S.A. 79-3606(jjj), and amendments thereto.*

22 Sec. 20. K.S.A. 2014 Supp. 79-3603, as amended by section 20 of
23 2015 Senate Substitute for House Bill No. 2155, is hereby amended to
24 read as follows: 79-3603. For the privilege of engaging in the business of
25 selling tangible personal property at retail in this state or rendering or
26 furnishing any of the services taxable under this act, there is hereby levied
27 and there shall be collected and paid a tax at the rate of ~~6.15%~~ 6.45%
28 *commencing July 1, 2015, and at the rate of 6.15% commencing July 1,*
29 *2018. Within a redevelopment district established pursuant to K.S.A. 74-*
30 *8921, and amendments thereto, there is hereby levied and there shall be*
31 *collected and paid an additional tax at the rate of 2% until the earlier of the*
32 *date the bonds issued to finance or refinance the redevelopment project*
33 *have been paid in full or the final scheduled maturity of the first series of*
34 *bonds issued to finance any part of the project upon:*

35 (a) *The gross receipts received from the sale of tangible personal*
36 *property at retail within this state;*

37 (b) *the gross receipts from intrastate, interstate or international*
38 *telecommunications services and any ancillary services sourced to this*
39 *state in accordance with K.S.A. 2014 Supp. 79-3673, and amendments*
40 *thereto, except that telecommunications service does not include: (1) Any*
41 *interstate or international 800 or 900 service; (2) any interstate or*
42 *international private communications service as defined in K.S.A. 2014*
43 *Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice*

1 data service; (4) any telecommunication service to a provider of
2 telecommunication services which will be used to render
3 telecommunications services, including carrier access services; or (5) any
4 service or transaction defined in this section among entities classified as
5 members of an affiliated group as provided by section 1504 of the federal
6 internal revenue code of 1986, as in effect on January 1, 2001;

7 (c) the gross receipts from the sale or furnishing of gas, water,
8 electricity and heat, which sale is not otherwise exempt from taxation
9 under the provisions of this act, and whether furnished by municipally or
10 privately owned utilities, except that, on and after January 1, 2006, for
11 sales of gas, electricity and heat delivered through mains, lines or pipes to
12 residential premises for noncommercial use by the occupant of such
13 premises, and for agricultural use and also, for such use, all sales of
14 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
15 gas, coal, wood and other fuel sources for the production of heat or
16 lighting for noncommercial use of an occupant of residential premises, the
17 state rate shall be 0%, but such tax shall not be levied and collected upon
18 the gross receipts from: (1) The sale of a rural water district benefit unit;
19 (2) a water system impact fee, system enhancement fee or similar fee
20 collected by a water supplier as a condition for establishing service; or (3)
21 connection or reconnection fees collected by a water supplier;

22 (d) the gross receipts from the sale of meals or drinks furnished at any
23 private club, drinking establishment, catered event, restaurant, eating
24 house, dining car, hotel, drugstore or other place where meals or drinks are
25 regularly sold to the public;

26 (e) the gross receipts from the sale of admissions to any place
27 providing amusement, entertainment or recreation services including
28 admissions to state, county, district and local fairs, but such tax shall not
29 be levied and collected upon the gross receipts received from sales of
30 admissions to any cultural and historical event which occurs triennially;

31 (f) the gross receipts from the operation of any coin-operated device
32 dispensing or providing tangible personal property, amusement or other
33 services except laundry services, whether automatic or manually operated;

34 (g) the gross receipts from the service of renting of rooms by hotels,
35 as defined by K.S.A. 36-501, and amendments thereto, or by
36 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
37 thereto, but such tax shall not be levied and collected upon the gross
38 receipts received from sales of such service to the federal government and
39 any agency, officer or employee thereof in association with the
40 performance of official government duties;

41 (h) the gross receipts from the service of renting or leasing of tangible
42 personal property except such tax shall not apply to the renting or leasing
43 of machinery, equipment or other personal property owned by a city and

1 purchased from the proceeds of industrial revenue bonds issued prior to
2 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
3 12-1749, and amendments thereto, and any city or lessee renting or leasing
4 such machinery, equipment or other personal property purchased with the
5 proceeds of such bonds who shall have paid a tax under the provisions of
6 this section upon sales made prior to July 1, 1973, shall be entitled to a
7 refund from the sales tax refund fund of all taxes paid thereon;

8 (i) the gross receipts from the rendering of dry cleaning, pressing,
9 dyeing and laundry services except laundry services rendered through a
10 coin-operated device whether automatic or manually operated;

11 (j) the gross receipts from the rendering of the services of washing
12 and washing and waxing of vehicles;

13 (k) the gross receipts from cable, community antennae and other
14 subscriber radio and television services;

15 (l) (1) except as otherwise provided by paragraph (2), the gross
16 receipts received from the sales of tangible personal property to all
17 contractors, subcontractors or repairmen for use by them in erecting
18 structures, or building on, or otherwise improving, altering, or repairing
19 real or personal property.

20 (2) Any such contractor, subcontractor or repairman who maintains
21 an inventory of such property both for sale at retail and for use by them for
22 the purposes described by paragraph (1) shall be deemed a retailer with
23 respect to purchases for and sales from such inventory, except that the
24 gross receipts received from any such sale, other than a sale at retail, shall
25 be equal to the total purchase price paid for such property and the tax
26 imposed thereon shall be paid by the deemed retailer;

27 (m) the gross receipts received from fees and charges by public and
28 private clubs, drinking establishments, organizations and businesses for
29 participation in sports, games and other recreational activities, but such tax
30 shall not be levied and collected upon the gross receipts received from: (1)
31 Fees and charges by any political subdivision, by any organization exempt
32 from property taxation pursuant to K.S.A. 79-201 *Ninth*, and amendments
33 thereto, or by any youth recreation organization exclusively providing
34 services to persons 18 years of age or younger which is exempt from
35 federal income taxation pursuant to section 501(c)(3) of the federal
36 internal revenue code of 1986, for participation in sports, games and other
37 recreational activities; and (2) entry fees and charges for participation in a
38 special event or tournament sanctioned by a national sporting association
39 to which spectators are charged an admission which is taxable pursuant to
40 subsection (e);

41 (n) the gross receipts received from dues charged by public and
42 private clubs, drinking establishments, organizations and businesses,
43 payment of which entitles a member to the use of facilities for recreation

1 or entertainment, but such tax shall not be levied and collected upon the
2 gross receipts received from: (1) Dues charged by any organization exempt
3 from property taxation pursuant to K.S.A. 79-201 *Eighth* and *Ninth*, and
4 amendments thereto; and (2) sales of memberships in a nonprofit
5 organization which is exempt from federal income taxation pursuant to
6 section 501(c)(3) of the federal internal revenue code of 1986, and whose
7 purpose is to support the operation of a nonprofit zoo;

8 (o) the gross receipts received from the isolated or occasional sale of
9 motor vehicles or trailers but not including: (1) The transfer of motor
10 vehicles or trailers by a person to a corporation or limited liability
11 company solely in exchange for stock securities or membership interest in
12 such corporation or limited liability company; (2) the transfer of motor
13 vehicles or trailers by one corporation or limited liability company to
14 another when all of the assets of such corporation or limited liability
15 company are transferred to such other corporation or limited liability
16 company; or (3) the sale of motor vehicles or trailers which are subject to
17 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
18 amendments thereto, by an immediate family member to another
19 immediate family member. For the purposes of paragraph (3), immediate
20 family member means lineal ascendants or descendants, and their spouses.
21 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
22 on the isolated or occasional sale of motor vehicles or trailers on and after
23 July 1, 2004, which the base for computing the tax was the value pursuant
24 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
25 such amount was higher than the amount of sales tax which would have
26 been paid under the law as it existed on June 30, 2004, shall be refunded to
27 the taxpayer pursuant to the procedure prescribed by this section. Such
28 refund shall be in an amount equal to the difference between the amount of
29 sales tax paid by the taxpayer and the amount of sales tax which would
30 have been paid by the taxpayer under the law as it existed on June 30,
31 2004. Each claim for a sales tax refund shall be verified and submitted not
32 later than six months from the effective date of this act to the director of
33 taxation upon forms furnished by the director and shall be accompanied by
34 any additional documentation required by the director. The director shall
35 review each claim and shall refund that amount of tax paid as provided by
36 this act. All such refunds shall be paid from the sales tax refund fund, upon
37 warrants of the director of accounts and reports pursuant to vouchers
38 approved by the director of taxation or the director's designee. No refund
39 for an amount less than \$10 shall be paid pursuant to this act. In
40 determining the base for computing the tax on such isolated or occasional
41 sale, the fair market value of any motor vehicle or trailer traded in by the
42 purchaser to the seller may be deducted from the selling price;

43 (p) the gross receipts received for the service of installing or applying

1 tangible personal property which when installed or applied is not being
2 held for sale in the regular course of business, and whether or not such
3 tangible personal property when installed or applied remains tangible
4 personal property or becomes a part of real estate, except that no tax shall
5 be imposed upon the service of installing or applying tangible personal
6 property in connection with the original construction of a building or
7 facility, the original construction, reconstruction, restoration, remodeling,
8 renovation, repair or replacement of a residence or the construction,
9 reconstruction, restoration, replacement or repair of a bridge or highway.

10 For the purposes of this subsection:

11 (1) "Original construction" shall mean the first or initial construction
12 of a new building or facility. The term "original construction" shall include
13 the addition of an entire room or floor to any existing building or facility,
14 the completion of any unfinished portion of any existing building or
15 facility and the restoration, reconstruction or replacement of a building,
16 facility or utility structure damaged or destroyed by fire, flood, tornado,
17 lightning, explosion, windstorm, ice loading and attendant winds,
18 terrorism or earthquake, but such term, except with regard to a residence,
19 shall not include replacement, remodeling, restoration, renovation or
20 reconstruction under any other circumstances;

21 (2) "building" shall mean only those enclosures within which
22 individuals customarily are employed, or which are customarily used to
23 house machinery, equipment or other property, and including the land
24 improvements immediately surrounding such building;

25 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
26 well, feedlot or any conveyance, transmission or distribution line of any
27 cooperative, nonprofit, membership corporation organized under or subject
28 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
29 municipal or quasi-municipal corporation, including the land
30 improvements immediately surrounding such facility;

31 (4) "residence" shall mean only those enclosures within which
32 individuals customarily live;

33 (5) "utility structure" shall mean transmission and distribution lines
34 owned by an independent transmission company or cooperative, the
35 Kansas electric transmission authority or natural gas or electric public
36 utility; and

37 (6) "windstorm" shall mean straight line winds of at least 80 miles per
38 hour as determined by a recognized meteorological reporting agency or
39 organization;

40 (q) the gross receipts received for the service of repairing, servicing,
41 altering or maintaining tangible personal property which when such
42 services are rendered is not being held for sale in the regular course of
43 business, and whether or not any tangible personal property is transferred

1 in connection therewith. The tax imposed by this subsection shall be
2 applicable to the services of repairing, servicing, altering or maintaining an
3 item of tangible personal property which has been and is fastened to,
4 connected with or built into real property;

5 (r) the gross receipts from fees or charges made under service or
6 maintenance agreement contracts for services, charges for the providing of
7 which are taxable under the provisions of subsection (p) or (q);

8 (s) on and after January 1, 2005, the gross receipts received from the
9 sale of prewritten computer software and the sale of the services of
10 modifying, altering, updating or maintaining prewritten computer
11 software, whether the prewritten computer software is installed or
12 delivered electronically by tangible storage media physically transferred to
13 the purchaser or by load and leave;

14 (t) the gross receipts received for telephone answering services;

15 (u) the gross receipts received from the sale of prepaid calling service
16 and prepaid wireless calling service as defined in K.S.A. 2014 Supp. 79-
17 3673, and amendments thereto;

18 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
19 licensees under section 1 of 2015 Senate Substitute for House Bill No.
20 2155, et seq., and amendments thereto, shall be exempt from taxes
21 imposed pursuant to this section; ~~and~~

22 (w) all sales of charitable raffle tickets in accordance with section 1
23 of 2015 Senate Substitute for House Bill No. 2155, et seq., and
24 amendments thereto, shall be exempt from taxes imposed pursuant to this
25 section; *and*

26 (x) *commencing July 1, 2015, and thereafter, the gross receipts from*
27 *the sale of food and food ingredients shall be taxed at the rate of 5.9%.*

28 Sec. 21. K.S.A. 2014 Supp. 79-3620 is hereby amended to read as
29 follows: 79-3620. (a) All revenue collected or received by the director of
30 taxation from the taxes imposed by this act shall be remitted to the state
31 treasurer in accordance with the provisions of K.S.A. 75-4215, and
32 amendments thereto. Upon receipt of each such remittance, the state
33 treasurer shall deposit the entire amount in the state treasury, less amounts
34 withheld as provided in subsection (b) and amounts credited as provided in
35 subsections (c), (d) and (e), to the credit of the state general fund.

36 (b) A refund fund, designated as "sales tax refund fund" not to exceed
37 \$100,000 shall be set apart and maintained by the director from sales tax
38 collections and estimated tax collections and held by the state treasurer for
39 prompt payment of all sales tax refunds. Such fund shall be in such
40 amount, within the limit set by this section, as the director shall determine
41 is necessary to meet current refunding requirements under this act. In the
42 event such fund as established by this section is, at any time, insufficient to
43 provide for the payment of refunds due claimants thereof, the director shall

1 certify the amount of additional funds required to the director of accounts
2 and reports who shall promptly transfer the required amount from the state
3 general fund to the sales tax refund fund, and notify the state treasurer,
4 who shall make proper entry in the records.

5 ~~(c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or~~
6 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
7 ~~thereto, at the rate of 4.9%, and deposited as provided in subsection (a),~~
8 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
9 ~~highway fund.~~

10 ~~(2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or~~
11 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
12 ~~thereto, at the rate of 5.3%, and deposited as provided in subsection (a),~~
13 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
14 ~~highway fund.~~

15 ~~(3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue~~
16 ~~collected and received from the tax imposed by K.S.A. 79-3603, and~~
17 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
18 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
19 ~~the state highway fund.~~

20 ~~(4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue~~
21 ~~collected and received from the tax imposed by K.S.A. 79-3603, and~~
22 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
23 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
24 ~~the state highway fund.~~

25 ~~(5) On July 1, 2010, the state treasurer shall credit 11.427% of the~~
26 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
27 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
28 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
29 ~~the state highway fund.~~

30 ~~(6)(2) On July 1, 2011, the state treasurer shall credit 11.26% of the~~
31 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
32 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
33 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
34 ~~the state highway fund.~~

35 ~~(7)(3) On July 1, 2012, the state treasurer shall credit 11.233% of the~~
36 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
37 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
38 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
39 ~~the state highway fund.~~

40 ~~(8)(4) On July 1, 2013, and thereafter, the state treasurer shall credit~~
41 ~~17.073% of the revenue collected and received from the tax imposed by~~
42 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.15%, and~~
43 ~~deposited as provided by subsection (a), exclusive of amounts credited~~

1 pursuant to subsection (d), in the state highway fund.

2 (5) *On July 1, 2015, the state treasurer shall credit 16.509% of the*
3 *revenue collected and received from the tax imposed by K.S.A. 79-3603,*
4 *and amendments thereto, at the rates of 6.45% and 5.9%, and deposited as*
5 *provided by subsection (a), exclusive of amounts credited pursuant to*
6 *subsection (d), in the state highway fund.*

7 (6) *On July 1, 2016, through June 30, 2018, the state treasurer shall*
8 *credit 16.460% of the revenue collected and received from the tax imposed*
9 *by K.S.A. 79-3603, and amendments thereto, at the rates of 6.45% and*
10 *5.9%, and deposited as provided by subsection (a), exclusive of amounts*
11 *credited pursuant to subsection (d), in the state highway fund.*

12 (7) *On July 1, 2018, and thereafter, the state treasurer shall credit*
13 *17.102% of the revenue collected and received from the tax imposed by*
14 *K.S.A. 79-3603, and amendments thereto, at the rates of 6.15% and 5.9%,*
15 *and deposited as provided by subsection (a), exclusive of amounts credited*
16 *pursuant to subsection (d), in the state highway fund.*

17 (d) The state treasurer shall credit all revenue collected or received
18 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
19 certified by the director, from taxpayers doing business within that portion
20 of a STAR bond project district occupied by a STAR bond project or
21 taxpayers doing business with such entity financed by a STAR bond
22 project as defined in K.S.A. 2014 Supp. 12-17,162, and amendments
23 thereto, that was determined by the secretary of commerce to be of
24 statewide as well as local importance or will create a major tourism area
25 for the state or the project was designated as a STAR bond project as
26 defined in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, to the
27 city bond finance fund, which fund is hereby created. The provisions of
28 this subsection shall expire when the total of all amounts credited
29 hereunder and under ~~subsection (d)~~ of K.S.A. 79-3710(d), and
30 amendments thereto, is sufficient to retire the special obligation bonds
31 issued for the purpose of financing all or a portion of the costs of such
32 STAR bond project.

33 (e) All revenue certified by the director of taxation as having been
34 collected or received from the tax imposed by ~~subsection (e)~~ of K.S.A. 79-
35 3603(c), and amendments thereto, on the sale or furnishing of gas, water,
36 electricity and heat for use or consumption within the intermodal facility
37 district described in this subsection, shall be credited by the state treasurer
38 to the state highway fund. Such revenue may be transferred by the
39 secretary of transportation to the rail service improvement fund pursuant to
40 law. The provisions of this subsection shall take effect upon certification
41 by the secretary of transportation that a notice to proceed has been
42 received for the construction of the improvements within the intermodal
43 facility district, but not later than December 31, 2010, and shall expire

1 when the secretary of revenue determines that the total of all amounts
2 credited hereunder and pursuant to ~~subsection (e)~~ of K.S.A. 79-3710(e),
3 and amendments thereto, is equal to \$53,300,000, but not later than
4 December 31, 2045. Thereafter, all revenues shall be collected and
5 distributed in accordance with applicable law. For all tax reporting periods
6 during which the provisions of this subsection are in effect, none of the
7 exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto,
8 shall apply to the sale or furnishing of any gas, water, electricity and heat
9 for use or consumption within the intermodal facility district. As used in
10 this subsection, "intermodal facility district" shall consist of an intermodal
11 transportation area as defined by ~~subsection (oo)~~ of K.S.A. 12-1770a(oo),
12 and amendments thereto, located in Johnson county within the polygonal-
13 shaped area having Waverly Road as the eastern boundary, 191st Street as
14 the southern boundary, Four Corners Road as the western boundary, and
15 Highway 56 as the northern boundary, and the polygonal-shaped area
16 having Poplar Road as the eastern boundary, 183rd Street as the southern
17 boundary, Waverly Road as the western boundary, and the BNSF mainline
18 track as the northern boundary, that includes capital investment in an
19 amount exceeding \$150 million for the construction of an intermodal
20 facility to handle the transfer, storage and distribution of freight through
21 railway and trucking operations.

22 Sec. 22. K.S.A. 2014 Supp. 79-3695 is hereby amended to read as
23 follows: 79-3695. If any contractor has entered into a written binding
24 contract prior to May 1, ~~2010~~ 2015, for the original construction,
25 reconstruction, restoration, remodeling, renovation, repair or replacement
26 of a building, facility or residential structure, or for the construction,
27 reconstruction, restoration, replacement or repair of a bridge or highway,
28 the state sales tax applicable to such contracts shall be remitted at the rate
29 in effect prior to the state sales tax increase scheduled to take effect on
30 July 1, ~~2010~~ 2015, if the contractor gives notice and proof of such contract
31 to the director of taxation on or before July 10, ~~2010~~ 2015, which notice
32 and proof shall be in such form and of such sufficiency as the director shall
33 prescribe.

34 Sec. 23. K.S.A. 2014 Supp. 79-3703 is hereby amended to read as
35 follows: 79-3703. There is hereby levied and there shall be collected from
36 every person in this state a tax or excise for the privilege of using, storing,
37 or consuming within this state any article of tangible personal property.
38 Such tax shall be levied and collected in an amount equal to the
39 consideration paid by the taxpayer multiplied by the rate of ~~6.15%~~ 6.45%
40 *commencing July 1, 2015, except that such rate shall be 5.9% upon food*
41 *and food ingredients, as defined by K.S.A. 79-3602, and amendments*
42 *thereto, and commencing July 1, 2018, at the rate of 6.15%, except that*
43 *such rate shall be 5.9% upon food and food ingredients, as defined by*

1 *K.S.A. 79-3602, and amendments thereto.* Within a redevelopment district
2 established pursuant to K.S.A. 74-8921, and amendments thereto, there is
3 hereby levied and there shall be collected and paid an additional tax of 2%
4 until the earlier of: (1) The date the bonds issued to finance or refinance
5 the redevelopment project undertaken in the district have been paid in full;
6 or (2) the final scheduled maturity of the first series of bonds issued to
7 finance the redevelopment project. All property purchased or leased within
8 or without this state and subsequently used, stored or consumed in this
9 state shall be subject to the compensating tax if the same property or
10 transaction would have been subject to the Kansas retailers' sales tax had
11 the transaction been wholly within this state.

12 Sec. 24. K.S.A. 2014 Supp. 79-3710 is hereby amended to read as
13 follows: 79-3710. (a) All revenue collected or received by the director
14 under the provisions of this act shall be remitted to the state treasurer in
15 accordance with the provisions of K.S.A. 75-4215, and amendments
16 thereto. Upon receipt of each such remittance, the state treasurer shall
17 deposit the entire amount in the state treasury, less amounts set apart as
18 provided in subsection (b) and amounts credited as provided in subsection
19 (c), (d) and (e), to the credit of the state general fund.

20 (b) A revolving fund, designated as "compensating tax refund fund"
21 not to exceed \$10,000 shall be set apart and maintained by the director
22 from compensating tax collections and estimated tax collections and held
23 by the state treasurer for prompt payment of all compensating tax refunds.
24 Such fund shall be in such amount, within the limit set by this section, as
25 the director shall determine is necessary to meet current refunding
26 requirements under this act.

27 ~~(c) (1) The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or~~
28 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~
29 ~~thereto, at the rate of 4.9%, and deposited as provided in subsection (a),~~
30 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
31 ~~highway fund.~~

32 ~~(2) The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or~~
33 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~
34 ~~thereto, at the rate of 5.3%, and deposited as provided in subsection (a),~~
35 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
36 ~~highway fund.~~

37 ~~(3) On July 1, 2006, the state treasurer shall credit $\frac{19}{100}$ of the revenue~~
38 ~~collected or received from the tax imposed by K.S.A. 79-3703, and~~
39 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
40 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
41 ~~the state highway fund.~~

42 ~~(4) On July 1, 2007, the state treasurer shall credit $\frac{13}{100}$ of the revenue~~
43 ~~collected or received from the tax imposed by K.S.A. 79-3703, and~~

1 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
2 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
3 ~~the state highway fund.~~

4 (5)—On July 1, 2010, the state treasurer shall credit 11.427% of the
5 revenue collected and received from the tax imposed by K.S.A. 79-3703,
6 and amendments thereto, at the rate of 6.3%, and deposited as provided by
7 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
8 the state highway fund.

9 (6)(2) On July 1, 2011, the state treasurer shall credit 11.26% of the
10 revenue collected and received from the tax imposed by K.S.A. 79-3703,
11 and amendments thereto, at the rate of 6.3%, and deposited as provided by
12 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
13 the state highway fund.

14 (7)(3) On July 1, 2012, the state treasurer shall credit 11.233% of the
15 revenue collected and received from the tax imposed by K.S.A. 79-3703,
16 and amendments thereto, at the rate of 6.3%, and deposited as provided by
17 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
18 the state highway fund.

19 (8)(4) On July 1, 2013, ~~and thereafter~~, the state treasurer shall credit
20 17.073% of the revenue collected and received from the tax imposed by
21 K.S.A. 79-3703, and amendments thereto, at the rate of 6.15%, and
22 deposited as provided by subsection (a), exclusive of amounts credited
23 pursuant to subsection (d), in the state highway fund.

24 (5) *On July 1, 2015, the state treasurer shall credit 16.509% of the*
25 *revenue collected and received from the tax imposed by K.S.A. 79-3703,*
26 *and amendments thereto, at the rates of 6.45% and 5.9%, and deposited as*
27 *provided by subsection (a), exclusive of amounts credited pursuant to*
28 *subsection (d), in the state highway fund.*

29 (6) *On July 1, 2016, through June 30, 2018, the state treasurer shall*
30 *credit 16.460% of the revenue collected and received from the tax imposed*
31 *by K.S.A. 79-3703, and amendments thereto, at the rates of 6.45% and*
32 *5.9%, and deposited as provided by subsection (a), exclusive of amounts*
33 *credited pursuant to subsection (d), in the state highway fund.*

34 (7) *On July 1, 2018, and thereafter, the state treasurer shall credit*
35 *17.102% of the revenue collected and received from the tax imposed by*
36 *K.S.A. 79-3703, and amendments thereto, at the rates of 6.15% and 5.9%,*
37 *and deposited as provided by subsection (a), exclusive of amounts credited*
38 *pursuant to subsection (d), in the state highway fund.*

39 (d) The state treasurer shall credit all revenue collected or received
40 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
41 certified by the director, from taxpayers doing business within that portion
42 of a redevelopment district occupied by a redevelopment project that was
43 determined by the secretary of commerce to be of statewide as well as

1 local importance or will create a major tourism area for the state as defined
2 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
3 fund created by ~~subsection (d) of K.S.A. 79-3620(d)~~, and amendments
4 thereto. The provisions of this subsection shall expire when the total of all
5 amounts credited hereunder and under ~~subsection (d) of K.S.A. 79-~~
6 ~~3620(d)~~, and amendments thereto, is sufficient to retire the special
7 obligation bonds issued for the purpose of financing all or a portion of the
8 costs of such redevelopment project.

9 This subsection shall not apply to a project designated as a special bond
10 project as defined in ~~subsection (z) of K.S.A. 12-1770a(z)~~, and
11 amendments thereto.

12 (e) All revenue certified by the director of taxation as having been
13 collected or received from the tax imposed by ~~subsection (e) of K.S.A. 79-~~
14 ~~3603(c)~~, and amendments thereto, on the sale or furnishing of gas, water,
15 electricity and heat for use or consumption within the intermodal facility
16 district described in this subsection, shall be credited by the state treasurer
17 to the state highway fund. Such revenue may be transferred by the
18 secretary of transportation to the rail service improvement fund pursuant to
19 law. The provisions of this subsection shall take effect upon certification
20 by the secretary of transportation that a notice to proceed has been
21 received for the construction of the improvements within the intermodal
22 facility district, but not later than December 31, 2010, and shall expire
23 when the secretary of revenue determines that the total of all amounts
24 credited hereunder and pursuant to ~~subsection (e) of K.S.A. 79-3620(e)~~,
25 and amendments thereto, is equal to \$53,300,000, but not later than
26 December 31, 2045. Thereafter, all revenues shall be collected and
27 distributed in accordance with applicable law. For all tax reporting periods
28 during which the provisions of this subsection are in effect, none of the
29 exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto,
30 shall apply to the sale or furnishing of any gas, water, electricity and heat
31 for use or consumption within the intermodal facility district. As used in
32 this subsection, "intermodal facility district" shall consist of an intermodal
33 transportation area as defined by ~~subsection (oo) of K.S.A. 12-1770a(oo)~~,
34 and amendments thereto, located in Johnson county within the polygonal-
35 shaped area having Waverly Road as the eastern boundary, 191st Street as
36 the southern boundary, Four Corners Road as the western boundary, and
37 Highway 56 as the northern boundary, and the polygonal-shaped area
38 having Poplar Road as the eastern boundary, 183rd Street as the southern
39 boundary, Waverly Road as the western boundary, and the BNSF mainline
40 track as the northern boundary, that includes capital investment in an
41 amount exceeding \$150 million for the construction of an intermodal
42 facility to handle the transfer, storage and distribution of freight through
43 railway and trucking operations.

1 Sec. 25. K.S.A. 2014 Supp. 12-187, 12-189, 12-192, 12-3915, 74-
2 50,208, 74-50,222, 74-50,223, 79-32,110, 79-32,117, 79-32,120, 79-
3 32,267, 79-32,269, 79-3310, 79-3310c, 79-3311, 79-3312, 79-3602, 79-
4 3603, as amended by section 20 of 2015 Senate Substitute for House Bill
5 No. 2155, 79-3620, 79-3695, 79-3703 and 79-3710 are hereby repealed.

6 Sec. 26. This act shall take effect and be in force from and after its
7 publication in the statute book.