

**HOUSE BILL No. 2358**

By Committee on Appropriations

2-18

1 AN ACT concerning taxation; relating to rate of taxation; distribution of  
2 revenue, refunds of sales tax on food; income taxation, certain credits;  
3 amending K.S.A. 2010 Supp. 79-32,205, 79-3603, 79-3620, 79-3633,  
4 79-3635, 79-3703 and 79-3710 and repealing the existing sections.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2010 Supp. 79-32,205 is hereby amended to read  
8 as follows: 79-32,205. (a) There shall be allowed as a credit against the  
9 tax liability of a resident individual imposed under the Kansas income tax  
10 act an amount equal to 18% for tax ~~years~~<sup>year</sup> 2010 through 2012, and an  
11 amount equal to 17% for tax year ~~2013~~<sup>2011</sup>, and all tax years thereafter,  
12 of the amount of the earned income credit allowed against such taxpayer's  
13 federal income tax liability pursuant to section 32 of the federal internal  
14 revenue code for the taxable year in which such credit was claimed  
15 against the taxpayer's federal income tax liability.

16 (b) If the amount of the credit allowed by subsection (a) exceeds the  
17 taxpayer's income tax liability imposed under the Kansas income tax act,  
18 such excess amount shall be refunded to the taxpayer.

19 Sec. 2. K.S.A. 2010 Supp. 79-3603 is hereby amended to read as  
20 follows: 79-3603. For the privilege of engaging in the business of selling  
21 tangible personal property at retail in this state or rendering or furnishing  
22 any of the services taxable under this act, there is hereby levied and there  
23 shall be collected and paid a tax at the rate of 5.3%, ~~and except that~~  
24 ~~commencing July 1, 2010, and ending June 30, 2011, at the rate of 6.3%,~~  
25 ~~and commencing July 1, 2013, at the rate of 5.7%.~~ Within a  
26 redevelopment district established pursuant to K.S.A. 74-8921, and  
27 amendments thereto, there is hereby levied and there shall be collected  
28 and paid an additional tax at the rate of 2% until the earlier of the date the  
29 bonds issued to finance or refinance the redevelopment project have been  
30 paid in full or the final scheduled maturity of the first series of bonds  
31 issued to finance any part of the project upon:

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

34 (b) the gross receipts from intrastate, interstate or international  
35 telecommunications services and any ancillary services sourced to this  
36 state in accordance with K.S.A. 2010 Supp. 79-3673, and amendments

1 thereto, except that telecommunications service does not include: (1) Any  
2 interstate or international 800 or 900 service; (2) any interstate or  
3 international private communications service as defined in K.S.A. 2010  
4 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice  
5 data service; (4) any telecommunication service to a provider of  
6 telecommunication services which will be used to render  
7 telecommunications services, including carrier access services; or (5) any  
8 service or transaction defined in this section among entities classified as  
9 members of an affiliated group as provided by section 1504 of the federal  
10 internal revenue code of 1986, as in effect on January 1, 2001;

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

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

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

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

39 (g) the gross receipts from the service of renting of rooms by hotels,  
40 as defined by K.S.A. 36-501, and amendments thereto, or by  
41 accommodation brokers, as defined by K.S.A. 12-1692, and amendments  
42 thereto, but such tax shall not be levied and collected upon the gross  
43 receipts received from sales of such service to the federal government and

1 any agency, officer or employee thereof in association with the  
2 performance of official government duties;

3 (h) the gross receipts from the service of renting or leasing of  
4 tangible personal property except such tax shall not apply to the renting  
5 or leasing of machinery, equipment or other personal property owned by a  
6 city and purchased from the proceeds of industrial revenue bonds issued  
7 prior to July 1, 1973, in accordance with the provisions of K.S.A. 12-  
8 1740 through 12-1749, and amendments thereto, and any city or lessee  
9 renting or leasing such machinery, equipment or other personal property  
10 purchased with the proceeds of such bonds who shall have paid a tax  
11 under the provisions of this section upon sales made prior to July 1, 1973,  
12 shall be entitled to a refund from the sales tax refund fund of all taxes  
13 paid thereon;

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

17 (j) the gross receipts from the rendering of the services of washing  
18 and washing and waxing of vehicles;

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

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

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

33 (m) the gross receipts received from fees and charges by public and  
34 private clubs, drinking establishments, organizations and businesses for  
35 participation in sports, games and other recreational activities, but such  
36 tax shall not be levied and collected upon the gross receipts received  
37 from: (1) Fees and charges by any political subdivision, by any  
38 organization exempt from property taxation pursuant to paragraph *Ninth*  
39 of K.S.A. 79-201, and amendments thereto, or by any youth recreation  
40 organization exclusively providing services to persons 18 years of age or  
41 younger which is exempt from federal income taxation pursuant to  
42 section 501(c)(3) of the federal internal revenue code of 1986, for  
43 participation in sports, games and other recreational activities; and (2)

1 entry fees and charges for participation in a special event or tournament  
2 sanctioned by a national sporting association to which spectators are  
3 charged an admission which is taxable pursuant to subsection (e);

4 (n) the gross receipts received from dues charged by public and  
5 private clubs, drinking establishments, organizations and businesses,  
6 payment of which entitles a member to the use of facilities for recreation  
7 or entertainment, but such tax shall not be levied and collected upon the  
8 gross receipts received from: (1) Dues charged by any organization  
9 exempt from property taxation pursuant to paragraphs *Eighth* and *Ninth*  
10 of K.S.A. 79-201, and amendments thereto; and (2) sales of memberships  
11 in a nonprofit organization which is exempt from federal income taxation  
12 pursuant to section 501 (c)(3) of the federal internal revenue code of  
13 1986, and whose purpose is to support the operation of a nonprofit zoo;

14 (o) the gross receipts received from the isolated or occasional sale of  
15 motor vehicles or trailers but not including: (1) The transfer of motor  
16 vehicles or trailers by a person to a corporation or limited liability  
17 company solely in exchange for stock securities or membership interest  
18 in such corporation or limited liability company; ~~or~~ (2) the transfer of  
19 motor vehicles or trailers by one corporation or limited liability company  
20 to another when all of the assets of such corporation or limited liability  
21 company are transferred to such other corporation or limited liability  
22 company; or (3) the sale of motor vehicles or trailers which are subject to  
23 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and  
24 amendments thereto, by an immediate family member to another  
25 immediate family member. For the purposes of clause (3), immediate  
26 family member means lineal ascendants or descendants, and their  
27 spouses. Any amount of sales tax paid pursuant to the Kansas retailers  
28 sales tax act on the isolated or occasional sale of motor vehicles or trailers  
29 on and after July 1, 2004, which the base for computing the tax was the  
30 value pursuant to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105,  
31 and amendments thereto, when such amount was higher than the amount  
32 of sales tax which would have been paid under the law as it existed on  
33 June 30, 2004, shall be refunded to the taxpayer pursuant to the procedure  
34 prescribed by this section. Such refund shall be in an amount equal to the  
35 difference between the amount of sales tax paid by the taxpayer and the  
36 amount of sales tax which would have been paid by the taxpayer under  
37 the law as it existed on June 30, 2004. Each claim for a sales tax refund  
38 shall be verified and submitted not later than six months from the  
39 effective date of this act to the director of taxation upon forms furnished  
40 by the director and shall be accompanied by any additional  
41 documentation required by the director. The director shall review each  
42 claim and shall refund that amount of tax paid as provided by this act. All  
43 such refunds shall be paid from the sales tax refund fund, upon warrants

1 of the director of accounts and reports pursuant to vouchers approved by  
2 the director of taxation or the director's designee. No refund for an  
3 amount less than \$10 shall be paid pursuant to this act. In determining the  
4 base for computing the tax on such isolated or occasional sale, the fair  
5 market value of any motor vehicle or trailer traded in by the purchaser to  
6 the seller may be deducted from the selling price;

7 (p) the gross receipts received for the service of installing or  
8 applying tangible personal property which when installed or applied is  
9 not being held for sale in the regular course of business, and whether or  
10 not such tangible personal property when installed or applied remains  
11 tangible personal property or becomes a part of real estate, except that no  
12 tax shall be imposed upon the service of installing or applying tangible  
13 personal property in connection with the original construction of a  
14 building or facility, the original construction, reconstruction, restoration,  
15 remodeling, renovation, repair or replacement of a residence or the  
16 construction, reconstruction, restoration, replacement or repair of a bridge  
17 or highway.

18 For the purposes of this subsection:

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

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

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

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

41 (5) "utility structure" shall mean transmission and distribution lines  
42 owned by an independent transmission company or cooperative, the  
43 Kansas electric transmission authority or natural gas or electric public

1 utility; and

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

5 (q) the gross receipts received for the service of repairing, servicing,  
6 altering or maintaining tangible personal property which when such  
7 services are rendered is not being held for sale in the regular course of  
8 business, and whether or not any tangible personal property is transferred  
9 in connection therewith. The tax imposed by this subsection shall be  
10 applicable to the services of repairing, servicing, altering or maintaining  
11 an item of tangible personal property which has been and is fastened to,  
12 connected with or built into real property;

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

16 (s) on and after January 1, 2005, the gross receipts received from the  
17 sale of prewritten computer software and the sale of the services of  
18 modifying, altering, updating or maintaining prewritten computer  
19 software, whether the prewritten computer software is installed or  
20 delivered electronically by tangible storage media physically transferred  
21 to the purchaser or by load and leave;

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

23 (u) the gross receipts received from the sale of prepaid calling  
24 service and prepaid wireless calling service as defined in K.S.A. 2010  
25 Supp. 79-3673, and amendments thereto; and

26 (v) the gross receipts received from the sales of bingo cards, bingo  
27 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,  
28 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,  
29 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before  
30 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo  
31 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,  
32 and amendments thereto, shall be exempt from taxes imposed pursuant to  
33 this section.

34 Sec. 3. K.S.A. 2010 Supp. 79-3620 is hereby amended to read as  
35 follows: 79-3620. (a) All revenue collected or received by the director of  
36 taxation from the taxes imposed by this act shall be remitted to the state  
37 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
38 amendments thereto. Upon receipt of each such remittance, the state  
39 treasurer shall deposit the entire amount in the state treasury, less amounts  
40 withheld as provided in subsection (b) and amounts credited as provided  
41 in subsection (c), (d) and (e), to the credit of the state general fund.

42 (b) A refund fund, designated as "sales tax refund fund" not to  
43 exceed \$100,000 shall be set apart and maintained by the director from

1 sales tax collections and estimated tax collections and held by the state  
2 treasurer for prompt payment of all sales tax refunds including refunds  
3 authorized under the provisions of K.S.A. 79-3635, and amendments  
4 thereto. Such fund shall be in such amount, within the limit set by this  
5 section, as the director shall determine is necessary to meet current  
6 refunding requirements under this act. In the event such fund as  
7 established by this section is, at any time, insufficient to provide for the  
8 payment of refunds due claimants thereof, the director shall certify the  
9 amount of additional funds required to the director of accounts and  
10 reports who shall promptly transfer the required amount from the state  
11 general fund to the sales tax refund fund, and notify the state treasurer,  
12 who shall make proper entry in the records.

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

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

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

28 (4) On July 1, 2007, *and on July 1, 2011, and thereafter*, the state  
29 treasurer shall credit  $\frac{13}{106}$  of the revenue collected and received from the  
30 tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of  
31 5.3%, and deposited as provided by subsection (a), exclusive of amounts  
32 credited pursuant to subsection (d), in the state highway fund.

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

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

43 ~~(7) On July 1, 2012, the state treasurer shall credit 11.233% of the~~

1 revenue collected and received from the tax imposed by K.S.A. 79-3603,  
2 and amendments thereto, at the rate of 6.3%, and deposited as provided  
3 by subsection (a), exclusive of amounts credited pursuant to subsection  
4 (d), in the state highway fund, as well as such revenue collected and  
5 received at the rate of 6.3%, after June 30, 2013.

6 ~~(8) On July 1, 2013, and thereafter, the state treasurer shall credit~~  
7 ~~18.421% of the revenue collected and received from the tax imposed by~~  
8 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 5.7%, and~~  
9 ~~deposited as provided by subsection (a), exclusive of amounts credited~~  
10 ~~pursuant to subsection (d), in the state highway fund.~~

11 (d) The state treasurer shall credit all revenue collected or received  
12 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
13 certified by the director, from taxpayers doing business within that  
14 portion of a STAR bond project district occupied by a STAR bond project  
15 or taxpayers doing business with such entity financed by a STAR bond  
16 project as defined in K.S.A. 2010 Supp. 12-17,162, and amendments  
17 thereto, that was determined by the secretary of commerce to be of  
18 statewide as well as local importance or will create a major tourism area  
19 for the state or the project was designated as a STAR bond project as  
20 defined in K.S.A. 2010 Supp. 12-17,162, and amendments thereto, to the  
21 city bond finance fund, which fund is hereby created. The provisions of  
22 this subsection shall expire when the total of all amounts credited  
23 hereunder and under subsection (d) of K.S.A. 79-3710, and amendments  
24 thereto, is sufficient to retire the special obligation bonds issued for the  
25 purpose of financing all or a portion of the costs of such STAR bond  
26 project.

27 (e) All revenue certified by the director of taxation as having been  
28 collected or received from the tax imposed by subsection (c) of K.S.A.  
29 79-3603, and amendments thereto, on the sale or furnishing of gas, water,  
30 electricity and heat for use or consumption within the intermodal facility  
31 district described in this subsection, shall be credited by the state treasurer  
32 to the state highway fund. Such revenue may be transferred by the  
33 secretary of transportation to the rail service improvement fund pursuant  
34 to law. The provisions of this subsection shall take effect upon  
35 certification by the secretary of transportation that a notice to proceed has  
36 been received for the construction of the improvements within the  
37 intermodal facility district, but not later than December 31, 2010, and  
38 shall expire when the secretary of revenue determines that the total of all  
39 amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-  
40 3710, and amendments thereto, is equal to \$53,300,000, but not later than  
41 December 31, 2045. Thereafter, all revenues shall be collected and  
42 distributed in accordance with applicable law. For all tax reporting  
43 periods during which the provisions of this subsection are in effect, none



1 of the exemptions contained in K.S.A. 79-3601 et seq., and amendments  
2 thereto, shall apply to the sale or furnishing of any gas, water, electricity  
3 and heat for use or consumption within the intermodal facility district. As  
4 used in this subsection, "intermodal facility district" shall consist of an  
5 intermodal transportation area as defined by subsection (oo) of K.S.A.  
6 12-1770a, and amendments thereto, located in Johnson county within the  
7 polygonal-shaped area having Waverly Road as the eastern boundary,  
8 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the western  
9 boundary, and Highway 56 as the northern boundary, and the polygonal-  
10 shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup> Street as  
11 the southern boundary, Waverly Road as the western boundary, and the  
12 BNSF mainline track as the northern boundary, that includes capital  
13 investment in an amount exceeding \$150 million for the construction of  
14 an intermodal facility to handle the transfer, storage and distribution of  
15 freight through railway and trucking operations.

16 Sec. 4. K.S.A. 2010 Supp. 79-3633 is hereby amended to read as  
17 follows: 79-3633. As used in K.S.A. 79-3620 and 79-3632 to 79-3639,  
18 and amendments thereto, unless the context clearly indicates otherwise:

19 (a) "Income" means adjusted gross income determined under the  
20 Kansas income tax act without regard to the modifications specified by  
21 subsections (c)(i), (ii) regarding Kansas public employee retirement  
22 system retirement benefits, (vii), (ix) and (xii) of K.S.A. 79-32,117, and  
23 amendments thereto.

24 (b) "Household" means a claimant and all other persons for whom a  
25 personal exemption is claimed who together occupy a common residence.

26 (c) "Claimant" means a person who has filed a claim for a refund or  
27 credit under the provisions of this act and was, during the entire calendar  
28 year preceding the year in which the claim was filed for relief under this  
29 act, domiciled in this state, was a member of a household, for *the tax*  
30 ~~years~~*year* commencing after December 31, 2009, had income of not more  
31 than \$35,000, *and for tax years commencing after December 31, 2010,*  
32 *had income of not more than \$31,900,* in the calendar year for which a  
33 claim is filed and was: (1) A person having a disability; (2) a person other  
34 than a person included under (1), who has attained 55 years of age in the  
35 calendar year for which a claim is filed; or (3) a person other than a  
36 person included under (1) or (2) having one or more dependent children  
37 under 18 years of age residing at the person's homestead during the  
38 calendar year for which a claim is filed.

39 (d) "Head of household" means the person filing a claim under the  
40 provisions of this act.

41 (e) "Disability" means: (1) Inability to engage in any substantial  
42 gainful activity by reason of any medically determinable physical or  
43 mental impairment which can be expected to result in death or has lasted

1 or can be expected to last for a continuous period of not less than 12  
2 months, and an individual shall be determined to be under a disability  
3 only if the physical or mental impairment or impairments are of such  
4 severity that the individual is not only unable to do the individual's  
5 previous work but cannot, considering age, education and work  
6 experience, engage in any other kind of substantial gainful work which  
7 exists in the national economy, regardless of whether such work exists in  
8 the immediate area in which the individual lives or whether a specific job  
9 vacancy exists for the individual, or whether the individual would be  
10 hired if application was made for work. For purposes of the preceding  
11 sentence (with respect to any individual), "work which exists in the  
12 national economy" means work which exists in significant numbers either  
13 in the region where the individual lives or in several regions of the  
14 country; for purposes of this subsection, a "physical or mental  
15 impairment" is an impairment that results from anatomical, physiological  
16 or psychological abnormalities which are demonstrable by medically  
17 acceptable clinical and laboratory diagnostic techniques; or

18 (2) blindness and inability by reason of blindness to engage in  
19 substantial gainful activity requiring skills or abilities comparable to  
20 those of any gainful activity in which the individual has previously  
21 engaged with some regularity and over a substantial period of time.

22 (f) "Blindness" means central visual acuity of  $20/200$  or less in the  
23 better eye with the use of a correcting lens. An eye which is accompanied  
24 by a limitation in the fields of vision such that the widest diameter of the  
25 visual field subtends an angle no greater than 20 degrees shall be  
26 considered for the purpose of this paragraph as having a central visual  
27 acuity of  $20/200$  or less.

28 Sec. 5. K.S.A. 2010 Supp. 79-3635 is hereby amended to read as  
29 follows: 79-3635. (a) (1) A claimant shall be entitled to a refund of  
30 retailers' sales taxes paid upon food during the calendar year 2010 and  
31 each year thereafter in the amount hereinafter provided.

32 (A) *During the calendar year 2010*, there shall be allowed for each  
33 member of a household of a claimant having income of \$17,500 or less,  
34 an amount equal to \$90. There shall be allowed for each member of a  
35 household of a claimant having income of more than \$17,500 but not  
36 more than \$35,000, an amount equal to \$45. There shall be allowed for a  
37 claimant who qualifies for an additional personal exemption amount  
38 pursuant to K.S.A. 79-32,121, and amendments thereto, an additional  
39 amount of \$45 or \$90, as the case requires.

40 (B) *During calendar year 2011 and all calendar years thereafter*,  
41 *there shall be allowed for each member of a household of a claimant*  
42 *having income of \$15,950 or less, an amount equal to \$84. There shall be*  
43 *allowed for each member of a household of a claimant having income of*

1 *more than \$15,950 but not more than \$31,900, an amount equal to \$41.*  
2 *There shall be allowed for a claimant who qualifies for an additional*  
3 *personal exemption amount pursuant to K.S.A. 79-32,121, and*  
4 *amendments thereto, an additional amount of \$41 or \$84, as the case*  
5 *requires.*

6 (C) All such claims shall be paid from the sales tax refund fund  
7 upon warrants of the director of accounts and reports pursuant to  
8 vouchers approved by the director of taxation or by a person or persons  
9 designated by the director.

10 (2) As an alternative to the procedure described by subsection (a)(1),  
11 for all taxable years commencing after December 31, 2009, there shall be  
12 allowed as a credit against the tax liability of a resident individual  
13 imposed under the Kansas income tax act an amount equal to ~~\$45 or \$90,~~  
14 ~~as the case requires~~ *the amount provided in subsection (a)(1)*, for each  
15 member of a household. There shall be allowed for a claimant who  
16 qualifies for an additional personal exemption amount pursuant to K.S.A.  
17 79-32,121, and amendments thereto, an additional amount of ~~\$45 or \$90,~~  
18 ~~as the case requires~~ *equal to the amount provided in subsection (a)(1)*. If  
19 the amount of such tax credit exceeds the claimant's income tax liability  
20 for such taxable year, such excess amount shall be refunded to the  
21 claimant.

22 (b) A head of household shall make application for refunds for all  
23 members of the same household upon a common form provided for the  
24 making of joint claims. All claims paid to members of the same  
25 household shall be paid as a joint claim by means of a single warrant.

26 (c) No claim for a refund of taxes under the provisions of K.S.A. 79-  
27 3632 et seq., and amendments thereto, shall be paid or allowed unless  
28 such claim is actually filed with and in the possession of the department  
29 of revenue on or before April 15 of the year next succeeding the year in  
30 which such taxes were paid. The director of taxation may: (1) Extend the  
31 time for filing any claim under the provisions of this act when good cause  
32 exists therefor; or (2) accept a claim filed after the deadline for filing in  
33 the case of sickness, absence or disability of the claimant if such claim  
34 has been filed within four years of such deadline.

35 (d) In the case of all tax years commencing after December 31,  
36 2010, the threshold income amounts prescribed in this section and  
37 subsection (c) of K.S.A. 79-3633, and amendments thereto, and the  
38 amounts of refund of taxes and the amounts of the tax credit, both as  
39 prescribed in this section, shall be increased by an amount equal to such  
40 threshold amount multiplied by the cost-of-living adjustment determined  
41 under section 1 (f)(3) of the federal internal revenue code for the calendar  
42 year in which the taxable year commences.

43 Sec. 6. K.S.A. 2010 Supp. 79-3703 is hereby amended to read as

1 follows: 79-3703. There is hereby levied and there shall be collected from  
2 every person in this state a tax or excise for the privilege of using,  
3 storing, or consuming within this state any article of tangible personal  
4 property. Such tax shall be levied and collected in an amount equal to the  
5 consideration paid by the taxpayer multiplied by the rate of 5.3%, ~~and~~  
6 *except that* commencing July 1, 2010, *and ending June 30, 2011*, at the  
7 rate of 6.3%, ~~and commencing July 1, 2013, at the rate of 5.7%~~. Within a  
8 redevelopment district established pursuant to K.S.A. 74-8921, and  
9 amendments thereto, there is hereby levied and there shall be collected  
10 and paid an additional tax of 2% until the earlier of: (1) The date the  
11 bonds issued to finance or refinance the redevelopment project  
12 undertaken in the district have been paid in full; or (2) the final scheduled  
13 maturity of the first series of bonds issued to finance the redevelopment  
14 project. All property purchased or leased within or without this state and  
15 subsequently used, stored or consumed in this state shall be subject to the  
16 compensating tax if the same property or transaction would have been  
17 subject to the Kansas retailers' sales tax had the transaction been wholly  
18 within this state.

19 Sec. 7. K.S.A. 2010 Supp. 79-3710 is hereby amended to read as  
20 follows: 79-3710. (a) All revenue collected or received by the director  
21 under the provisions of this act shall be remitted to the state treasurer in  
22 accordance with the provisions of K.S.A. 75-4215, and amendments  
23 thereto. Upon receipt of each such remittance, the state treasurer shall  
24 deposit the entire amount in the state treasury, less amounts set apart as  
25 provided in subsection (b) and amounts credited as provided in  
26 subsection (c), (d) and (e), to the credit of the state general fund.

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

34 (c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or  
35 received from the tax imposed by K.S.A. 79-3703, and amendments  
36 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),  
37 exclusive of amounts credited pursuant to subsection (d), in the state  
38 highway fund.

39 (2) The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected or  
40 received from the tax imposed by K.S.A. 79-3703, and amendments  
41 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),  
42 exclusive of amounts credited pursuant to subsection (d), in the state  
43 highway fund.

1 (3) On July 1, 2006, the state treasurer shall credit  $19/265$  of the  
2 revenue collected or received from the tax imposed by K.S.A. 79-3703,  
3 and amendments thereto, at the rate of 5.3%, and deposited as provided  
4 by subsection (a), exclusive of amounts credited pursuant to subsection  
5 (d), in the state highway fund.

6 (4) On July 1, 2007, *and on July 1, 2011, and thereafter*, the state  
7 treasurer shall credit  $13/106$  of the revenue collected or received from the  
8 tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of  
9 5.3%, and deposited as provided by subsection (a), exclusive of amounts  
10 credited pursuant to subsection (d), in the state highway fund.

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

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

21 ~~(7) On July 1, 2012, the state treasurer shall credit 11.233% of the~~  
22 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~  
23 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided~~  
24 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~  
25 ~~(d), in the state highway fund, as well as such revenue collected and~~  
26 ~~received at the rate of 6.3%, after June 30, 2013.~~

27 ~~(8) On July 1, 2013, and thereafter, the state treasurer shall credit~~  
28 ~~18.421% of the revenue collected and received from the tax imposed by~~  
29 ~~K.S.A. 79-3703, and amendments thereto, at the rate of 5.7%, and~~  
30 ~~deposited as provided by subsection (a), exclusive of amounts credited~~  
31 ~~pursuant to subsection (d), in the state highway fund.~~

32 (d) The state treasurer shall credit all revenue collected or received  
33 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
34 certified by the director, from taxpayers doing business within that  
35 portion of a redevelopment district occupied by a redevelopment project  
36 that was determined by the secretary of commerce to be of statewide as  
37 well as local importance or will create a major tourism area for the state  
38 as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond  
39 finance fund created by subsection (d) of K.S.A. 79-3620, and  
40 amendments thereto. The provisions of this subsection shall expire when  
41 the total of all amounts credited hereunder and under subsection (d) of  
42 K.S.A. 79-3620, and amendments thereto, is sufficient to retire the  
43 special obligation bonds issued for the purpose of financing all or a

1 portion of the costs of such redevelopment project.

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

5 (e) All revenue certified by the director of taxation as having been  
6 collected or received from the tax imposed by subsection (c) of K.S.A.  
7 79-3603, and amendments thereto, on the sale or furnishing of gas, water,  
8 electricity and heat for use or consumption within the intermodal facility  
9 district described in this subsection, shall be credited by the state treasurer  
10 to the state highway fund. Such revenue may be transferred by the  
11 secretary of transportation to the rail service improvement fund pursuant  
12 to law. The provisions of this subsection shall take effect upon  
13 certification by the secretary of transportation that a notice to proceed has  
14 been received for the construction of the improvements within the  
15 intermodal facility district, but not later than December 31, 2010, and  
16 shall expire when the secretary of revenue determines that the total of all  
17 amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-  
18 3620, and amendments thereto, is equal to \$53,300,000, but not later than  
19 December 31, 2045. Thereafter, all revenues shall be collected and  
20 distributed in accordance with applicable law. For all tax reporting  
21 periods during which the provisions of this subsection are in effect, none  
22 of the exemptions contained in K.S.A. 79-3601 et seq., and amendments  
23 thereto, shall apply to the sale or furnishing of any gas, water, electricity  
24 and heat for use or consumption within the intermodal facility district. As  
25 used in this subsection, "intermodal facility district" shall consist of an  
26 intermodal transportation area as defined by subsection (oo) of K.S.A.  
27 12-1770a, and amendments thereto, located in Johnson county within the  
28 polygonal-shaped area having Waverly Road as the eastern boundary,  
29 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the western  
30 boundary, and Highway 56 as the northern boundary, and the polygonal-  
31 shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup> Street as  
32 the southern boundary, Waverly Road as the western boundary, and the  
33 BNSF mainline track as the northern boundary, that includes capital  
34 investment in an amount exceeding \$150 million for the construction of  
35 an intermodal facility to handle the transfer, storage and distribution of  
36 freight through railway and trucking operations.

37 Sec. 8. K.S.A. 2010 Supp. 79-32,205, 79-3603, 79-3620, 79-3633,  
38 79-3635, 79-3703 and 79-3710 are hereby repealed.

39 Sec. 9. This act shall take effect and be in force from and after its  
40 publication in the statute book.

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