

As Amended by House Committee

Session of 2012

HOUSE BILL No. 2560

By Committee on Taxation

1-26

1 AN ACT concerning taxation; relating to income tax, rate for individuals,
2 credits, deductions and income determination; sales tax rate and
3 distribution of revenue; severance tax, exemptions; homestead property
4 tax refunds; food sales tax refund; amending K.S.A. 39-7,132, 65-7107,
5 74-8206, 74-8304, 79-32,118, 79-32,128, 79-32,177, 79-32,190 and 79-
6 32,200 and K.S.A. 2011 Supp. 40-2246, 74-50,173, 74-50,208, 74-
7 8316, 74-8401, 79-32,110, 79-32,111, 79-32,117, 79-32,119, 79-
8 32,138, 79-32,143, 79-32,143a, 79-32,182b, 79-32,196, 79-32,197, 79-
9 32,197a, 79-32,201, 79-32,204, 79-32,207, 79-32,210, 79-32,211, 79-
10 32,212, 79-32,222, 79-3603, 79-3620, 79-3703, 79-3710, 79-4217, 79-
11 4501, 79-4502, 79-4508, 79-4509, 79-4511 and 79-4522 and repealing
12 the existing sections; also repealing K.S.A. 79-32,176, 79-32,182, 79-
13 3634, 79-3636 and 79-3638 and K.S.A. 2011 Supp. 74-8131, 74-8132,
14 74-8133, 74-8134, 74-8135, 74-8136, 74-8137, 79-32,111a, 79-32,120,
15 79-32,202, 79-32,205, 79-32,213, 79-32,242, 79-3633, 79-3635, 79-
16 3637 and 79-3639.

17

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

19 Section 1. On and after January 1, 2013, K.S.A. 39-7,132 is hereby
20 amended to read as follows: 39-7,132. (a) Any person who agrees to
21 provide financial support to a person who would otherwise be eligible to
22 receive aid to families with dependent children and who has entered into
23 an agreement with the secretary of social and rehabilitation services for
24 this purpose, in accordance with rules and regulations adopted by the
25 secretary of social and rehabilitation services establishing the terms and
26 conditions of such agreement, shall receive a credit against the tax liability
27 imposed under the Kansas income tax act as provided under K.S.A. 79-
28 32,200, and amendments thereto.

29 (b) Moneys received by the secretary under this section shall be used
30 to match available federal moneys for providing aid to families with
31 dependent children in the following manner: (1) The portion equal to 80%
32 of such moneys shall be credited to the state general fund; (2) the portion
33 equal to 15% of such moneys shall be used by the secretary to match
34 available federal moneys and shall be added by the secretary to the grant
35 of the recipient family; and (3) the remaining portion equal to 5% of such
36 moneys shall be credited to the social welfare fund for administrative

1 expenses and one-time grants.

2 *(c) For tax year 2013 and all tax years thereafter, the income tax*
3 *credit provided by this section shall only be available to taxpayers subject*
4 *to the income tax on corporations imposed pursuant to subsection (c) of*
5 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
6 *against such taxpayer's corporate income tax liability.*

7 Sec. 2. On and after January 1, 2013, K.S.A. 2011 Supp. 40-2246 is
8 hereby amended to read as follows: 40-2246. (a) A credit against the taxes
9 otherwise due under the Kansas income tax act shall be allowed to an
10 employer for amounts paid during the taxable year for purposes of this act
11 on behalf of an eligible employee as defined in K.S.A. 40-2239, and
12 amendments thereto, to provide health insurance or care and amounts
13 contributed to health savings accounts of eligible covered employees.

14 (b) (1) For employers that have established a small employer health
15 benefit plan after December 31, 1999, but prior to January 1, 2005, the
16 amount of the credit allowed by subsection (a) shall be \$35 per month per
17 eligible covered employee or 50% of the total amount paid by the
18 employer during the taxable year, whichever is less, for the first two years
19 of participation. In the third year, the credit shall be equal to 75% of the
20 lesser of \$35 per month per employee or 50% of the total amount paid by
21 the employer during the taxable year. In the fourth year, the credit shall be
22 equal to 50% of the lesser of \$35 per month per employee or 50% of the
23 total amount paid by the employer during the taxable year. In the fifth year,
24 the credit shall be equal to 25% of the lesser of \$35 per month per
25 employee or 50% of the total amount paid by the employer during the
26 taxable year. For the sixth and subsequent years, no credit shall be
27 allowed.

28 (2) For employers that have established a small employer health
29 benefit plan or made contributions to a health savings account of an
30 eligible covered employee after December 31, 2004, the amount of credit
31 allowed by subsection (a) shall be \$70 per month per eligible covered
32 employee for the first 12 months of participation, \$50 per month per
33 eligible covered employee for the next 12 months of participation and \$35
34 per eligible covered employee for the next 12 months of participation.
35 After 36 months of participation, no credit shall be allowed.

36 (c) If the credit allowed by this section is claimed, the amount of any
37 deduction allowable under the Kansas income tax act for expenses
38 described in this section shall be reduced by the dollar amount of the
39 credit. The election to claim the credit shall be made at the time of filing
40 the tax return in accordance with law. If the credit allowed by this section
41 exceeds the taxes imposed under the Kansas income tax act for the taxable
42 year, that portion of the credit which exceeds those taxes shall be refunded
43 to the taxpayer.

1 (d) Any amount of expenses paid by an employer under this act shall
2 not be included as income to the employee for purposes of the Kansas
3 income tax act. If such expenses have been included in federal taxable
4 income of the employee, the amount included shall be subtracted in
5 arriving at state taxable income under the Kansas income tax act.

6 (e) The secretary of revenue shall promulgate rules and regulations to
7 carry out the provisions of this section.

8 (f) This section shall apply to all taxable years commencing after
9 December 31, 1999.

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

15 Sec. 3. On and after January 1, 2013, K.S.A. 65-7107 is hereby
16 amended to read as follows: 65-7107. (a) Appropriate state agencies are
17 hereby directed to amend their state plans to protect the benefits of those
18 receiving such benefits by adding language consistent with the following:
19 Any funds in an individual development account, including accrued
20 interest, shall be disregarded when determining eligibility to receive the
21 amount of any public assistance or benefits.

22 (b) A program contributor shall be allowed a credit against state
23 income tax imposed under the Kansas income tax act in an amount equal
24 to 25% of the contribution amount.

25 (c) The institute shall verify all tax credit claims by contributors. The
26 administration of the community-based organization, with the cooperation
27 of the participating financial institutions, shall submit the names of
28 contributors and the total amount each contributor contributes to the
29 individual development account reserve fund for the calendar year. The
30 institute shall determine the date by which such information shall be
31 submitted to the institute by the local administrator. The institute shall
32 submit verification of qualified tax credits pursuant to K.S.A. 65-7101
33 through 65-7107, and amendments thereto, to the department of revenue.

34 (d) The total tax credits authorized pursuant to this section shall not
35 exceed \$6,250 in any fiscal year.

36 (e) The provisions of this section shall be applicable to all taxable
37 years commencing after December 31, 2002.

38 (f) *For tax year 2013 and all tax years thereafter, the income tax*
39 *credit provided by this section shall only be available to taxpayers subject*
40 *to the income tax on corporations imposed pursuant to subsection (c) of*
41 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
42 *against such taxpayer's corporate income tax liability.*

43 Sec. 4. On and after January 1, 2013, K.S.A. 2011 Supp. 74-50,173 is

1 hereby amended to read as follows: 74-50,173. (a) For taxable years
2 commencing on and after December 31, 2003, December 31, 2004,
3 December 31, 2005, December 31, 2006, and December 31, 2007, there
4 shall be allowed as a credit against the tax liability of a taxpayer imposed
5 under the Kansas income tax act, an amount equal to 20% of the cost of
6 liability insurance paid by a registered agritourism operator who operates
7 an agritourism activity on the effective date of this act. No tax credit
8 claimed pursuant to this subsection shall exceed \$2,000. If the amount of
9 such tax credit exceeds the taxpayer's income tax liability for such taxable
10 year, the amount thereof which exceeds such tax liability may be carried
11 over for deduction from the taxpayer's income tax liability in the next
12 succeeding taxable year or years until the total amount of tax credit has
13 been deducted from tax liability, except that no such tax credit shall be
14 carried forward for deduction after the third taxable year succeeding the
15 taxable year in which the tax credit is claimed.

16 (b) For the first five taxable years commencing after a taxpayer opens
17 such taxpayer's business, after the effective date of this act, there shall be
18 allowed as a credit against the tax liability of a taxpayer imposed under the
19 Kansas income tax act, an amount equal to 20% of the cost of liability
20 insurance paid by a registered agritourism operator who starts an
21 agritourism activity after the effective date of this act. No tax credit
22 claimed pursuant to this subsection shall exceed \$2,000. If the amount of
23 such tax credit exceeds the taxpayer's income tax liability for such taxable
24 year, the amount thereof which exceeds such tax liability may be carried
25 over for deduction from the taxpayer's income tax liability in the next
26 succeeding taxable year or years until the total amount of tax credit has
27 been deducted from tax liability, except that no such tax credit shall be
28 carried forward for deduction after the third taxable year succeeding the
29 taxable year in which the tax credit is claimed.

30 (c) The secretary of commerce shall adopt rules and regulations
31 establishing criteria for determining those costs which qualify as costs of
32 liability insurance for agritourism activities of a registered agritourism
33 operator.

34 (d) On or before the 15th day of the regular legislative session in
35 2006, the secretary of commerce shall submit to the senate standing
36 committee on commerce and the house standing committee on tourism and
37 parks a report on the implementation and use of the tax credit provided by
38 this section.

39 (e) As used in this section, terms have the meanings provided by
40 K.S.A. 2011 Supp. 74-50,167, and amendments thereto.

41 (f) *For tax year 2013 and all tax years thereafter, the income tax*
42 *credit provided by this section shall only be available to taxpayers subject*
43 *to the income tax on corporations imposed pursuant to subsection (c) of*

1 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
2 *against such taxpayer's corporate income tax liability.*

3 Sec. 5. On and after January 1, 2013, K.S.A. 2011 Supp. 74-50,208 is
4 hereby amended to read as follows: 74-50,208. (a) A program contributor
5 shall be allowed a credit against state income tax imposed under the
6 Kansas income tax act in an amount not to exceed 75% of the contribution
7 amount. If the amount of the credit allowed by this section exceeds the
8 taxpayer's income tax liability imposed under the Kansas income tax act,
9 such excess amount shall be refunded to the taxpayer. No credit pursuant
10 to this section shall be allowed for any contribution made by a program
11 contributor which also qualified for a community services tax credit
12 pursuant to the provisions of K.S.A. 79-32,195 et seq., and amendments
13 thereto.

14 (b) The administration of the community-based organization, with the
15 cooperation of the participating financial institutions, shall submit the
16 names of contributors and the total amount each contributor contributes to
17 the individual development account reserve fund for the calendar year. The
18 secretary of revenue shall determine the date by which such information
19 shall be submitted to the department of revenue by the local administrator.

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

22 (d) The provisions of this section shall be applicable to all taxable
23 years commencing after December 31, 2010.

24 (e) *For tax year 2013 and all tax years thereafter, the income tax*
25 *credit provided by this section shall only be available to taxpayers subject*
26 *to the income tax on corporations imposed pursuant to subsection (c) of*
27 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
28 *against such taxpayer's corporate income tax liability.*

29 Sec. 6. On and after January 1, 2013, K.S.A. 74-8206 is hereby
30 amended to read as follows: 74-8206. (a) Except as otherwise provided in
31 K.S.A. 74-8207, and amendments thereto, every taxpayer investing in
32 stock issued by Kansas Venture Capital, Inc. shall be entitled to a credit in
33 an amount equal to 25% of the total amount of cash investment in such
34 stock against the income tax liability imposed against such taxpayer
35 pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated. The
36 amount by which that portion of the credit allowed by this section exceeds
37 the taxpayer's tax liability in any one taxable year may be carried forward
38 until the total amount of the credit is used. If the taxpayer is a corporation
39 having an election in effect under subchapter S of the federal internal
40 revenue code or a partnership, the credit provided by this section shall be
41 claimed by the shareholders of such corporation or the partners of such
42 partnership in the same manner as such shareholders or partners account
43 for their proportionate shares of the income or loss of the corporation or

1 partnership.

2 (b) No taxpayer claiming a credit under this section for cash
3 investment in stock issued by Kansas Venture Capital, Inc. shall be eligible
4 to claim a credit for the same investment under the provisions of K.S.A.
5 74-8301 to 74-8311, inclusive, and amendments thereto.

6 (c) The provisions of this section, and amendments thereto, shall be
7 applicable to all taxable years commencing after December 31, 1997, until
8 all allowed credits are exhausted.

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

14 Sec. 7. On and after January 1, 2013, K.S.A. 74-8304 is hereby
15 amended to read as follows: 74-8304. (a) There shall be allowed as a credit
16 against the tax imposed by the Kansas income tax act on the Kansas
17 taxable income of a taxpayer and against the tax imposed by K.S.A. 40-
18 252, and amendments thereto, on insurance companies for a cash
19 investment in a certified Kansas venture capital company in an amount
20 equal to 25% of such taxpayer's cash investment in any such company in
21 the taxable year in which such investment is made and the taxable years
22 following such taxable year until the total amount of the credit is used. The
23 amount by which that portion of the credit allowed by this section exceeds
24 the taxpayer's liability in any one taxable year may be carried forward until
25 the total amount of the credit is used. If the taxpayer is a corporation
26 having an election in effect under subchapter S of the federal internal
27 revenue code or a partnership, the credit provided by this section shall be
28 claimed by the shareholders of such corporation or the partners of such
29 partnership in the same manner as such shareholders or partners account
30 for their proportionate shares of the income or loss of the corporation or
31 partnership.

32 (b) The secretary of revenue shall allow credits that are attributable to
33 not more than \$50,000,000 of cash investments in certified Kansas venture
34 capital companies and certified local seed capital pools allowable pursuant
35 to K.S.A. 74-8401, and amendments thereto, which shall include not more
36 than \$10,000,000 for Kansas Venture Capital, Inc. The credits shall be
37 allocated by the secretary for cash investments in certified Kansas venture
38 capital companies in the order that completed applications for designation
39 as Kansas venture capital companies are received by the secretary. Any
40 certified Kansas venture capital company may apply to the secretary at any
41 time for additional allocation of such credit based upon then committed
42 cash investments, but priority as to such additional allocation shall be
43 determined at the time of such subsequent application. Notwithstanding

1 the provisions of subsection (c), investors in Kansas venture capital
2 companies established after July 1, 1984, which otherwise meet the
3 requirements specified in this act, shall be, upon certification of the Kansas
4 venture capital company, entitled to the tax credit provided in subsection
5 (a) in the calendar year in which the investment was made.

6 (c) No taxpayer shall claim a credit under this section for cash
7 investment in Kansas Venture Capital, Inc. No Kansas venture capital
8 company shall qualify for the tax credit allowed by Chapter 332 of the
9 1986 Session Laws of Kansas for investment in stock of Kansas Venture
10 Capital, Inc.

11 (d) The provisions of this section, and amendments thereto, shall be
12 applicable to cash investments made in any taxable year commencing after
13 December 31, 1985, and prior to January 1, 1998.

14 (e) *For tax year 2013 and all tax years thereafter, the income tax*
15 *credit provided by this section shall only be available to taxpayers subject*
16 *to the income tax on corporations imposed pursuant to subsection (c) of*
17 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
18 *against such taxpayer's corporate income tax liability.*

19 Sec. 8. On and after January 1, 2013, K.S.A. 2011 Supp. 74-8316 is
20 hereby amended to read as follows: 74-8316. (a) The secretary is hereby
21 authorized to facilitate the establishment of a technology-based venture-
22 capital fund in which the department may invest only moneys from the
23 economic development initiatives fund specifically so allocated. The
24 department may also credit the fund with gifts, donations or grants
25 received from any source other than state government and with proceeds
26 from the fund. Investments in the fund shall qualify for the income tax
27 credit allowed pursuant to K.S.A. 74-8304, and amendments thereto.

28 (b) The technology-based venture-capital fund may invest the assets
29 as follows:

30 (1) To carry out the purposes of this act through investments in
31 qualified securities and through the forms of financial assistance
32 authorized by this act, including:

33 (A) Loans, loans convertible to equity, and equity;

34 (B) leaseholds;

35 (C) management or consultant service agreements;

36 (D) loans with warrants attached that are beneficially owned by the
37 fund;

38 (E) loans with warrants attached that are beneficially owned by a
39 party other than the fund; and

40 (F) the fund, in connection with the provision of any form of financial
41 assistance, may enter into royalty agreements with an enterprise.

42 (2) To invest in such other investments as are lawful for Kansas
43 fiduciaries pursuant to K.S.A. 58-24a02, and amendments thereto.

1 (c) Distributions received by the corporation may be reinvested in any
2 fund consistent with the purposes of this act.

3 (d) The secretary may invest only in a fund whose investment
4 guidelines permit the fund's purchase of qualified securities issued by an
5 enterprise as a part of a resource and technology project subject to the
6 following:

7 (1) Receipt of an application from the enterprise which contains:

8 (A) A business plan including a description of the enterprise and its
9 management, product and market;

10 (B) a statement of the amount, timing and projected use of the capital
11 required;

12 (C) a statement of the potential economic impact of the enterprise,
13 including the number, location and types of jobs expected to be created;
14 and

15 (D) such other information as the fund manager or the fund's board of
16 directors shall request.

17 (2) Approval of the investment by the fund may be made after the
18 fund manager or the fund's board of directors finds, based upon the
19 application submitted by the enterprise and such additional investigation as
20 the fund manager or the fund's board of directors shall make and
21 incorporate in its minutes, that:

22 (A) The proceeds of the investment will be used only to cover the
23 venture-capital needs of the enterprise except as authorized by this section;

24 (B) the enterprise has a reasonable possibility of success;

25 (C) the fund's participation is instrumental to the success of the
26 enterprise because funding otherwise available for the enterprise is not
27 available on commercially feasible terms;

28 (D) the enterprise has the reasonable potential to create a substantial
29 amount of employment within the state;

30 (E) the entrepreneur and other founders of the enterprise have already
31 made or are contractually committed to make a substantial financial and
32 time commitment to the enterprise;

33 (F) the securities to be purchased are qualified securities;

34 (G) there is a reasonable possibility that the fund will recoup at least
35 its initial investment; and

36 (H) binding commitments have been made to the fund by the
37 enterprise for adequate reporting of financial data to the fund, which shall
38 include a requirement for an annual report, or if required by the fund
39 manager, an annual audit of the financial and operational records of the
40 enterprise, and for such control on the part of the fund as the fund manager
41 shall consider prudent over the management of the enterprise, so as to
42 protect the investment of the fund, including in the discretion of the fund
43 manager and without limitation, the right of access to financial and other

1 records of the enterprise.

2 (e) All investments made pursuant to this section shall be evaluated
3 by the fund's investment committee and the fund shall be audited annually
4 by an independent auditing firm.

5 (f) The fund shall not make investments in qualified securities issued
6 by enterprises in excess of the amount necessary to own more than 49% of
7 the qualified securities in any one enterprise at the time of the purchase by
8 the fund, after giving effect to the conversion of all outstanding convertible
9 qualified securities of the enterprise, except that in the event of severe
10 financial difficulty of the enterprise, threatening, in the judgment of the
11 fund manager, the investment of the fund therein, a greater percentage of
12 such securities may be owned by the fund.

13 (g) At least 75% of the total investment of the fund must be in Kansas
14 businesses.

15 (h) *For tax year 2013 and all tax years thereafter, the income tax*
16 *credit provided by this section shall only be available to taxpayers subject*
17 *to the income tax on corporations imposed pursuant to subsection (c) of*
18 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
19 *against such taxpayer's corporate income tax liability.*

20 Sec. 9. On and after January 1, 2013, K.S.A. 2011 Supp. 74-8401 is
21 hereby amended to read as follows: 74-8401. (a) There shall be allowed as
22 a credit against the tax imposed by the Kansas income tax act on the
23 Kansas taxable income of a taxpayer and against the tax imposed by
24 K.S.A. 40-252, and amendments thereto, on insurance companies for cash
25 investment in a certified local seed capital pool an amount equal to 25% of
26 such taxpayer's cash investment in any such pool in the taxable year in
27 which such investment is made and the taxable years following such
28 taxable year until the total amount of the credit is used. The amount by
29 which that portion of the credit allowed by this section exceeds the
30 taxpayer's liability in any one taxable year may be carried forward until the
31 total amount of the credit is used. If the taxpayer is a corporation having an
32 election in effect under subchapter S of the federal internal revenue code
33 or a partnership, the credit provided by this section shall be claimed by the
34 shareholders of such corporation or the partners of such partnership in the
35 same manner as such shareholders or partners account for their
36 proportionate shares of the income or loss of the corporation or
37 partnership.

38 (b) The total amount of credits allowable pursuant to this section and
39 credits allowable pursuant to K.S.A. 74-8205, 74-8206 and 74-8304, and
40 amendments thereto, shall be attributable to not more than \$50,000,000 of
41 cash investments in Kansas venture capital companies, Kansas Venture
42 Capital, Inc. and local seed capital pools. With respect to the additional
43 amount of cash investments made eligible for tax credits by this act,

1 \$10,000,000 of such amount shall be dedicated and reserved until
2 December 31, 1990, for cash investments in a seed capital fund or funds in
3 which the department of commerce is an investor. The \$50,000,000
4 amount of cash investments now eligible for the tax credits allowed
5 pursuant to this section and K.S.A. 74-8205, 74-8206 and 74-8304, and
6 amendments thereto, shall be reduced to the extent that the total amount of
7 cash investments received by such seed capital fund or funds before
8 January 1, 1991, is less than \$10,000,000. However, any such credits
9 which were not claimed for investments made prior to January 1, 1991,
10 may be allowed to a taxpayer for cash investment made in Kansas Venture
11 Capital, Inc. pursuant to K.S.A. 74-8205 and 74-8206, and amendments
12 thereto, not to exceed \$2,595,236 of the \$10,000,000 reserved under this
13 subsection for investment in seed capital funds in which the department of
14 commerce was an investor. A taxpayer may also be allowed a credit for
15 cash investment made pursuant to K.S.A. 74-8304, and amendments
16 thereto, not to exceed \$6,012,345 of the \$10,000,000 reserved under this
17 subsection if such taxpayer first purchases the entire interest of the
18 department of commerce in Kansas venture capital companies established
19 prior to January 1, 1991. However, no credit shall be allowed for cash
20 investment which results in the purchase of the interest of the Kansas
21 technology enterprise corporation or its subsidiaries in Kansas venture
22 capital companies established prior to January 1, 1991.

23 (c) As used in this section, (1) "local seed capital pool" means money
24 invested in a fund established to provide funding for use by small
25 businesses for any one or more of the following purposes: (A)
26 Development of a prototype product or process; (B) a marketing study to
27 determine the feasibility of a new product or process; or (C) a business
28 plan for the development and production of a new product or process; and

29 (2) "Kansas business" means any small business owned by an
30 individual, any partnership, association or corporation domiciled in
31 Kansas, or any corporation, even if a wholly owned subsidiary of a foreign
32 corporation, that does business primarily in Kansas or does substantially
33 all of its production in Kansas.

34 (d) No credit from income tax liability shall be allowed for cash
35 investment in a local seed capital pool unless: (1) The amount of private
36 cash investment therein is \$200,000 or more; (2) the moneys necessary to
37 administer and operate the pool are funded from sources other than the
38 private and public cash investments; and (3) funds invested by the local
39 seed capital pool shall be invested at 100% in Kansas businesses.

40 (e) Public funds may be invested in a local seed capital pool except
41 that each dollar of public funds, other than that which may be used to
42 administer and operate a pool, shall be matched by not less than \$2 of
43 private cash investment. Public funds shall have a senior position to any

1 private cash investment and may receive a lower rate of return than that
 2 allowable for a private cash investment.

3 (f) The provisions of this section, and amendments thereto, shall be
 4 applicable to all taxable years commencing after December 31, 1986.

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

10 Sec. 10. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,110
 11 is hereby amended to read as follows: 79-32,110. (a) Resident Individuals.
 12 Except as otherwise provided by subsection (a) of K.S.A. 79-3220, and
 13 amendments thereto, a tax is hereby imposed upon the Kansas taxable
 14 income of every resident individual, which tax shall be computed in
 15 accordance with the following tax schedules:

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

17 (A) *For tax year 2012:*

18 If the taxable income is:.....The tax is:

19 Not over \$30,000.....	3.5% of Kansas taxable income
20 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess over \$30,000
21 Over \$60,000.....	\$2,925 plus 6.45% of excess over \$60,000

22 (B) *For tax year 2013, and all tax years thereafter years 2013 through 2018:*

23 *If the taxable income is:.....The tax is:*

24 <i>Not over \$30,000.....</i>	<i>3.0% of Kansas taxable income</i>
25 <i>Over \$30,000.....</i>	<i>\$900 plus 4.9% of excess over \$30,000</i>

26 (2) *All other individuals.*

27 (A) *For tax year 1997:*

28 If the taxable income is:.....The tax is:

29 Not over \$20,000.....	4.1% of Kansas taxable income
30 Over \$20,000 but not over \$30,000.....	\$820 plus 7.5% of excess over \$20,000
31 Over \$30,000.....	\$1,570 plus 7.75% of excess over \$30,000

32 (B) (A) *For tax year 1998, and all tax years thereafter 2012:*

33 If the taxable income is:.....The tax is:

34 Not over \$15,000.....	3.5% of Kansas taxable income
35 Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess over \$15,000
36 Over \$30,000.....	\$1,462.50 plus 6.45% of excess over \$30,000

37 (B) *For tax year 2013, and all tax years thereafter years 2013 through 2018:*

38 ~~If~~ *the taxable income is:.....The tax is:*

39 <i>Not over \$15,000.....</i>	<i>3.0 % of Kansas taxable income</i>
40 <i>Over \$15,000.....</i>	<i>\$450 plus 4.9% of excess over \$15,000</i>

41
 42 (b) Nonresident Individuals. A tax is hereby imposed upon the Kansas
 43 taxable income of every nonresident individual, which tax shall be an
 44 amount equal to the tax computed under subsection (a) as if the
 45 nonresident were a resident multiplied by the ratio of modified Kansas
 46 source income to Kansas adjusted gross income.

47 (c) Corporations. A tax is hereby imposed upon the Kansas taxable
 48 income of every corporation doing business within this state or deriving

1 income from sources within this state. Such tax shall consist of a normal
2 tax and a surtax and shall be computed as follows:

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

5 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
6 3.1% of the Kansas taxable income of such corporation in excess of
7 \$50,000;

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

11 (C) for tax year 2011, ~~and all tax years thereafter~~ **years 2013 through**
12 **2018**, the surtax shall be in an amount equal to 3% of the Kansas taxable
13 income of such corporation in excess of \$50,000.

14 (d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable
15 income of estates and trusts at the rates provided in paragraph (2) of
16 subsection (a) hereof.

17 **(e) For tax year 2019, and all tax years thereafter, there shall be**
18 **no income tax imposed under the provisions of this section**

19 Sec. 11. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,111
20 is hereby amended to read as follows: 79-32,111. (a) The amount of
21 income tax paid to another state by a resident individual, resident estate or
22 resident trust on income derived from sources in another state, *and*
23 *included in Kansas adjusted gross income*, shall be allowed as a credit
24 against the tax computed under the provisions of this act. Such credit shall
25 not be greater in proportion to the tax computed under this act than the
26 *Kansas* adjusted gross income for such year derived in another state while
27 such taxpayer is a resident of this state is to the total Kansas adjusted gross
28 income of the taxpayer. As used in this subsection, "state" shall have the
29 meaning ascribed thereto by subsection (h) of K.S.A. 79-3271, and
30 amendments thereto. The credit allowable hereunder for income tax paid
31 to a foreign country or political subdivision thereof shall not exceed the
32 difference of such income tax paid less the credit allowable for such
33 income tax paid by the federal internal revenue code. No redetermination
34 of income tax paid for the purposes of determining the credit allowed by
35 this subsection shall be required for the taxable year for which an income
36 tax refund payment pursuant to the provisions of section 18 of article 10 of
37 the Missouri constitution is made, but the income tax paid allowable for
38 credit in the next following taxable year shall be reduced by the amount of
39 such refund amount, except that, for tax year 1998, the income tax paid
40 allowable for credit shall be reduced by the amount of such refunds made
41 for all taxable years prior to tax year 1998.

42 (b) There shall be allowed as a credit against the tax computed under
43 the provisions of the Kansas income tax act, and ~~aets amendatory thereof~~

1 ~~and supplemental amendments~~ thereto, on the Kansas taxable income of an
2 individual, corporation or fiduciary the amount determined under the
3 provisions of K.S.A. 79-32,153 to 79-32,158, and amendments thereto.

4 Sec. 12. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,117
5 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted
6 gross income of an individual means such individual's federal adjusted
7 gross income for the taxable year, with the modifications specified in this
8 section.

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

10 (i) Interest income less any related expenses directly incurred in the
11 purchase of state or political subdivision obligations, to the extent that the
12 same is not included in federal adjusted gross income, on obligations of
13 any state or political subdivision thereof, but to the extent that interest
14 income on obligations of this state or a political subdivision thereof issued
15 prior to January 1, 1988, is specifically exempt from income tax under the
16 laws of this state authorizing the issuance of such obligations, it shall be
17 excluded from computation of Kansas adjusted gross income whether or
18 not included in federal adjusted gross income. Interest income on
19 obligations of this state or a political subdivision thereof issued after
20 December 31, 1987, shall be excluded from computation of Kansas
21 adjusted gross income whether or not included in federal adjusted gross
22 income.

23 (ii) Taxes on or measured by income or fees or payments in lieu of
24 income taxes imposed by this state or any other taxing jurisdiction to the
25 extent deductible in determining federal adjusted gross income and not
26 credited against federal income tax. This paragraph shall not apply to taxes
27 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
28 amendments thereto, for privilege tax year 1995, and all such years
29 thereafter.

30 (iii) The federal net operating loss deduction.

31 (iv) Federal income tax refunds received by the taxpayer if the
32 deduction of the taxes being refunded resulted in a tax benefit for Kansas
33 income tax purposes during a prior taxable year. Such refunds shall be
34 included in income in the year actually received regardless of the method
35 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
36 be deemed to have resulted if the amount of the tax had been deducted in
37 determining income subject to a Kansas income tax for a prior year
38 regardless of the rate of taxation applied in such prior year to the Kansas
39 taxable income, but only that portion of the refund shall be included as
40 bears the same proportion to the total refund received as the federal taxes
41 deducted in the year to which such refund is attributable bears to the total
42 federal income taxes paid for such year. For purposes of the foregoing
43 sentence, federal taxes shall be considered to have been deducted only to

1 the extent such deduction does not reduce Kansas taxable income below
2 zero.

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

8 (vi) Any amount of designated employee contributions picked up by
9 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
10 and amendments ~~to such sections~~ *thereto*.

11 (vii) The amount of any charitable contribution made to the extent the
12 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
13 32,196, and amendments thereto.

14 (viii) The amount of any costs incurred for improvements to a swine
15 facility, claimed for deduction in determining federal adjusted gross
16 income, to the extent the same is claimed as the basis for any credit
17 allowed pursuant to K.S.A. 2011 Supp. 79-32,204 and amendments
18 thereto.

19 (ix) The amount of any ad valorem taxes and assessments paid and
20 the amount of any costs incurred for habitat management or construction
21 and maintenance of improvements on real property, claimed for deduction
22 in determining federal adjusted gross income, to the extent the same is
23 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
24 and amendments thereto.

25 (x) Amounts received as nonqualified withdrawals, as defined by
26 K.S.A. 2011 Supp. 75-643, and amendments thereto, if, at the time of
27 contribution to a family postsecondary education savings account, such
28 amounts were subtracted from the federal adjusted gross income pursuant
29 to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amendments
30 thereto, or if such amounts are not already included in the federal adjusted
31 gross income.

32 (xi) The amount of any contribution made to the same extent the
33 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2011
34 Supp. 74-50,154, and amendments thereto.

35 (xii) For taxable years commencing after December 31, 2004,
36 amounts received as withdrawals not in accordance with the provisions of
37 K.S.A. 2011 Supp. 74-50,204, and amendments thereto, if, at the time of
38 contribution to an individual development account, such amounts were
39 subtracted from the federal adjusted gross income pursuant to paragraph
40 (xiii) of subsection (c), or if such amounts are not already included in the
41 federal adjusted gross income.

42 (xiii) The amount of any expenditures claimed for deduction in
43 determining federal adjusted gross income, to the extent the same is

1 claimed as the basis for any credit allowed pursuant to K.S.A. 2011 Supp.
2 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

3 (xiv) The amount of any amortization deduction claimed in
4 determining federal adjusted gross income to the extent the same is
5 claimed for deduction pursuant to K.S.A. 2011 Supp. 79-32,221, and
6 amendments thereto.

7 (xv) The amount of any expenditures claimed for deduction in
8 determining federal adjusted gross income, to the extent the same is
9 claimed as the basis for any credit allowed pursuant to K.S.A. 2011 Supp.
10 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
11 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
12 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

13 (xvi) The amount of any amortization deduction claimed in
14 determining federal adjusted gross income to the extent the same is
15 claimed for deduction pursuant to K.S.A. 2011 Supp. 79-32,227, 79-
16 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
17 thereto.

18 (xvii) The amount of any amortization deduction claimed in
19 determining federal adjusted gross income to the extent the same is
20 claimed for deduction pursuant to K.S.A. 2011 Supp. 79-32,256, and
21 amendments thereto.

22 (xviii) For taxable years commencing after December 31, 2006, the
23 amount of any ad valorem or property taxes and assessments paid to a state
24 other than Kansas or local government located in a state other than Kansas
25 by a taxpayer who resides in a state other than Kansas, when the law of
26 such state does not allow a resident of Kansas who earns income in such
27 other state to claim a deduction for ad valorem or property taxes or
28 assessments paid to a political subdivision of the state of Kansas in
29 determining taxable income for income tax purposes in such other state, to
30 the extent that such taxes and assessments are claimed as an itemized
31 deduction for federal income tax purposes.

32 (xix) *For all taxable years beginning after December 31, 2012, the*
33 *amount of any: (1) Loss from business as determined under the federal*
34 *internal revenue code and reported from schedule C and on line 12 of the*
35 *taxpayer's form 1040 federal individual income tax return; (2) loss from*
36 *rental real estate, royalties, partnerships, S corporations, estates, trusts,*
37 *residual interest in real estate mortgage investment conduits and net farm*
38 *rental as determined under the federal internal revenue code and reported*
39 *from schedule E and on line 17 of the taxpayer's form 1040 federal*
40 *individual income tax return; and (3) farm loss as determined under the*
41 *federal internal revenue code and reported from schedule F and on line 18*
42 *of the taxpayer's form 1040 federal income tax return; all to the extent*
43 *deducted or subtracted in determining the taxpayer's federal adjusted*

1 *gross income. For purposes of this subsection, references to the federal*
2 *form 1040 and federal schedule C, schedule E, and schedule F, shall be to*
3 *such form and schedules as they existed for tax year 2011, and as revised*
4 *thereafter by the internal revenue service.*

5 *(xx) For all taxable years beginning after December 31, 2012, the*
6 *amount of any deduction for self-employment taxes under section 164(f) of*
7 *the federal internal revenue code as in effect on January 1, 2012, and*
8 *amendments thereto, in determining the federal adjusted gross income of*
9 *an individual taxpayer.*

10 *(xxi) For all taxable years beginning after December 31, 2012, the*
11 *amount of any deduction for pension, profit sharing, and annuity plans of*
12 *self-employed individuals under section 62(a)(6) of the federal internal*
13 *revenue code as in effect on January 1, 2012, and amendments thereto, in*
14 *determining the federal adjusted gross income of an individual taxpayer.*

15 *(xxii) For all taxable years beginning after December 31, 2012, the*
16 *amount of any deduction for health insurance under section 162(l) of the*
17 *federal internal revenue code as in effect on January 1, 2012, and*
18 *amendments thereto, in determining the federal adjusted gross income of*
19 *an individual taxpayer.*

20 *(xxiii) For all taxable years beginning after December 31, 2012, the*
21 *amount of any deduction for domestic production activities under section*
22 *199 of the federal internal revenue code as in effect on January 1, 2012,*
23 *and amendments thereto, in determining the federal adjusted gross income*
24 *of an individual taxpayer.*

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

26 (i) Interest or dividend income on obligations or securities of any
27 authority, commission or instrumentality of the United States and its
28 possessions less any related expenses directly incurred in the purchase of
29 such obligations or securities, to the extent included in federal adjusted
30 gross income but exempt from state income taxes under the laws of the
31 United States.

32 (ii) Any amounts received which are included in federal adjusted
33 gross income but which are specifically exempt from Kansas income
34 taxation under the laws of the state of Kansas.

35 (iii) The portion of any gain or loss from the sale or other disposition
36 of property having a higher adjusted basis for Kansas income tax purposes
37 than for federal income tax purposes on the date such property was sold or
38 disposed of in a transaction in which gain or loss was recognized for
39 purposes of federal income tax that does not exceed such difference in
40 basis, but if a gain is considered a long-term capital gain for federal
41 income tax purposes, the modification shall be limited to that portion of
42 such gain which is included in federal adjusted gross income.

43 (iv) The amount necessary to prevent the taxation under this act of

1 any annuity or other amount of income or gain which was properly
2 included in income or gain and was taxed under the laws of this state for a
3 taxable year prior to the effective date of this act, as amended, to the
4 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
5 the right to receive the income or gain, or to a trust or estate from which
6 the taxpayer received the income or gain.

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

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

14 (vii) Amounts received as annuities under the federal civil service
15 retirement system from the civil service retirement and disability fund and
16 other amounts received as retirement benefits in whatever form which
17 were earned for being employed by the federal government or for service
18 in the armed forces of the United States.

19 (viii) Amounts received by retired railroad employees as a
20 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
21 228c (a)(1) et seq.

22 (ix) Amounts received by retired employees of a city and by retired
23 employees of any board of such city as retirement allowances pursuant to
24 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
25 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
26 amendments thereto.

27 (x) For taxable years beginning after December 31, 1976, the amount
28 of the federal tentative jobs tax credit disallowance under the provisions of
29 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
30 amount of the targeted jobs tax credit and work incentive credit
31 disallowances under 26 U.S.C. § 280 C.

32 (xi) For taxable years beginning after December 31, 1986, dividend
33 income on stock issued by Kansas Venture Capital, Inc.

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

38 (xiii) For taxable years beginning after December 31, 2004, amounts
39 contributed to and the amount of income earned on contributions deposited
40 to an individual development account under K.S.A. 2011 Supp. 74-50,201,
41 et seq., and amendments thereto.

42 (xiv) For all taxable years commencing after December 31, 1996, that
43 portion of any income of a bank organized under the laws of this state or

1 any other state, a national banking association organized under the laws of
2 the United States, an association organized under the savings and loan
3 code of this state or any other state, or a federal savings association
4 organized under the laws of the United States, for which an election as an
5 S corporation under subchapter S of the federal internal revenue code is in
6 effect, which accrues to the taxpayer who is a stockholder of such
7 corporation and which is not distributed to the stockholders as dividends of
8 the corporation. *For all taxable years beginning after December 31, 2012,*
9 *the amount of modification under this subsection shall exclude the portion*
10 *of income or loss reported on schedule E and included on line 17 of the*
11 *taxpayer's form 1040 federal individual income tax return.*

12 ~~(xv) For all taxable years beginning after December 31, 2006,~~
13 ~~amounts not exceeding \$3,000, or \$6,000 for a married couple filing a~~
14 ~~joint return, for each designated beneficiary which are contributed to a~~
15 ~~family postsecondary education savings account established under the~~
16 ~~Kansas postsecondary education savings program or a qualified tuition~~
17 ~~program established and maintained by another state or agency or~~
18 ~~instrumentality thereof pursuant to section 529 of the internal revenue~~
19 ~~code of 1986, as amended, for the purpose of paying the qualified higher~~
20 ~~education expenses of a designated beneficiary at an institution of~~
21 ~~postsecondary education. The terms and phrases used in this paragraph~~
22 ~~shall have the meaning respectively ascribed thereto by the provisions of~~
23 ~~K.S.A. 2011 Supp. 75-643, and amendments thereto, and the provisions of~~
24 ~~such section are hereby incorporated by reference for all purposes thereof.~~

25 ~~(xvi) For the tax year beginning after December 31, 2004, an amount~~
26 ~~not exceeding \$500; for the tax year beginning after December 31, 2005,~~
27 ~~an amount not exceeding \$600; for the tax year beginning after December~~
28 ~~31, 2006, an amount not exceeding \$700; for the tax year beginning after~~
29 ~~December 31, 2007, an amount not exceeding \$800; for the tax year~~
30 ~~beginning December 31, 2008, an amount not exceeding \$900; and for all~~
31 ~~taxable years commencing after December 31, 2009, an amount not~~
32 ~~exceeding \$1,000 of the premium costs for qualified long-term care~~
33 ~~insurance contracts, as defined by subsection (b) of section 7702B of~~
34 ~~public law 104-191.~~

35 ~~(xvii)(xv) For all taxable years beginning after December 31, 2004,~~
36 ~~amounts received by taxpayers who are or were members of the armed~~
37 ~~forces of the United States, including service in the Kansas army and air~~
38 ~~national guard, as a recruitment, sign up or retention bonus received by~~
39 ~~such taxpayer as an incentive to join, enlist or remain in the armed services~~
40 ~~of the United States, including service in the Kansas army and air national~~
41 ~~guard, and amounts received for repayment of educational or student loans~~
42 ~~incurred by or obligated to such taxpayer and received by such taxpayer as~~
43 ~~a result of such taxpayer's service in the armed forces of the United States,~~

1 including service in the Kansas army and air national guard.

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

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

21 ~~(xx)~~ (xviii) Amounts received by retired employees of Washburn
22 university as retirement and pension benefits under the university's
23 retirement plan.

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

40 **(xx) For all taxable years commencing after December 31, 2012,**
41 **the amount of qualified residence interest as provided in section**
42 **163(h) of the federal internal revenue code and as claimed and allowed**
43 **as an itemized deduction on the taxpayer's form 1040 federal income**

1 **tax return pursuant to section 163 of the federal internal revenue**
2 **code.**

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

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

12 Sec. 13. On and after January 1, 2013, K.S.A. 79-32,118 is hereby
13 amended to read as follows: 79-32,118. *Commencing in tax year 2013*, the
14 Kansas deduction of an individual shall be ~~his or her~~ *such individual's*
15 Kansas standard deduction ~~unless he or she elects to deduct his or her~~
16 ~~Kansas itemized deductions under the conditions set forth in K.S.A. 79-~~
17 ~~32,120.~~

18 Sec. 14. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,119
19 is hereby amended to read as follows: 79-32,119. The Kansas standard
20 deduction of an individual, including a husband and wife who are either
21 both residents or who file a joint return as if both were residents, shall be
22 equal to the sum of the standard deduction amount allowed pursuant to this
23 section, and the additional standard deduction amount allowed pursuant to
24 this section for each such deduction allowable to such individual or to such
25 husband and wife under the federal internal revenue code. For tax year
26 1998, ~~and all tax years thereafter~~ *through tax year 2012*, the standard
27 deduction amount shall be as follows: Single individual filing status,
28 \$3,000; married filing status, \$6,000; and head of household filing status,
29 \$4,500. For tax year 1998, and all tax years thereafter, the additional
30 standard deduction amount shall be as follows: Single individual and head
31 of household filing status, \$850; and married filing status, \$700. *For tax*
32 *year 2013, and all tax years thereafter, the standard deduction amount of*
33 *an individual, including husband and wife who are either both residents or*
34 *who file a joint return as if both were residents, shall be as follows: Single*
35 *individual filing status, \$3,000; married filing status, \$6,000; and head of*
36 *household filing status, \$9,000. For purposes of the foregoing, the federal*
37 *standard deduction allowable to a husband and wife filing separate Kansas*
38 *income tax returns shall be determined on the basis that separate federal*
39 *returns were filed, and the federal standard deduction of a husband and*
40 *wife filing a joint Kansas income tax return shall be determined on the*
41 *basis that a joint federal income tax return was filed.*

42 Sec. 15. On and after January 1, 2013, K.S.A. 79-32,128 is hereby
43 amended to read as follows: 79-32,128. An individual who is a resident of

1 Kansas for part of a year shall have the election to:

2 (a) Report and compute ~~his or her~~ *such individual's* Kansas tax as if
3 ~~he or she were~~ *such individual* was a resident for the entire year and take
4 the applicable credit as provided in K.S.A. 79-32,111, *and amendments*
5 *thereto*; or

6 (b) report and compute ~~his or her~~ *such individual's* Kansas tax as if he
7 ~~or she were~~ *such individual* was a nonresident for the entire year, except,
8 however, that for purposes of this computation the following modifications
9 shall be made: (i) Modified Kansas source income for that period during
10 which such individual was a resident shall include all items of income,
11 gain, loss or deductions *as set forth in K.S.A. 79-32,117, and amendments*
12 *thereto*, whether or not derived from sources within Kansas; and (ii) the
13 credit provided by K.S.A. 79-32,111, *and amendments thereto*, shall be
14 allowed. For purposes of computing such credit, the amount of income
15 taxes paid to another state shall be deemed to be limited by an amount
16 which bears the same proportion to the total taxes paid to such other state
17 for such year as the amount of *Kansas* adjusted gross income derived from
18 sources within that state while such individual was a resident bears to the
19 total *Kansas* adjusted gross income derived from sources within such state
20 for such year.

21 Sec. 16. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,138
22 is hereby amended to read as follows: 79-32,138. (a) Kansas taxable
23 income of a corporation taxable under this act shall be the corporation's
24 federal taxable income for the taxable year with the modifications
25 specified in this section.

26 (b) There shall be added to federal taxable income: (i) The same
27 modifications as are set forth in subsection (b) of K.S.A. 79-32,117, and
28 amendments thereto, with respect to resident individuals, *except*
29 *subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii)*.

30 (ii) The amount of all depreciation deductions claimed for any
31 property upon which the deduction allowed by K.S.A. 2011 Supp. 79-
32 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-
33 32,255 or 79-32,256, and amendments thereto, is claimed.

34 (iii) The amount of any charitable contribution deduction claimed for
35 any contribution or gift to or for the use of any racially segregated
36 educational institution.

37 (c) There shall be subtracted from federal taxable income: (i) The
38 same modifications as are set forth in subsection (c) of K.S.A. 79-32,117,
39 and amendments thereto, with respect to resident individuals, *except*
40 *subsection (c)(xix)*.

41 (ii) The federal income tax liability for any taxable year commencing
42 prior to December 31, 1971, for which a Kansas return was filed after
43 reduction for all credits thereon, except credits for payments on estimates

1 of federal income tax, credits for gasoline and lubricating oil tax, and for
2 foreign tax credits if, on the Kansas income tax return for such prior year,
3 the federal income tax deduction was computed on the basis of the federal
4 income tax paid in such prior year, rather than as accrued. Notwithstanding
5 the foregoing, the deduction for federal income tax liability for any year
6 shall not exceed that portion of the total federal income tax liability for
7 such year which bears the same ratio to the total federal income tax
8 liability for such year as the Kansas taxable income, as computed before
9 any deductions for federal income taxes and after application of
10 subsections (d) and (e) of this section as existing for such year, bears to the
11 federal taxable income for the same year.

12 (iii) An amount for the amortization deduction allowed pursuant to
13 K.S.A. 2011 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-
14 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.

15 (iv) For all taxable years commencing after December 31, 1987, the
16 amount included in federal taxable income pursuant to the provisions of
17 section 78 of the internal revenue code.

18 (v) For all taxable years commencing after December 31, 1987, 80%
19 of dividends from corporations incorporated outside of the United States
20 or the District of Columbia which are included in federal taxable income.

21 (d) If any corporation derives all of its income from sources within
22 Kansas in any taxable year commencing after December 31, 1979, its
23 Kansas taxable income shall be the sum resulting after application of
24 subsections (a) through (c) hereof. Otherwise, such corporation's Kansas
25 taxable income in any such taxable year, after excluding any refunds of
26 federal income tax and before the deduction of federal income taxes
27 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-
28 3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any
29 refund of federal income tax as determined under paragraph (iv) of
30 subsection (b) of K.S.A. 79-32,117, and amendments thereto, and minus
31 the deduction for federal income taxes as provided by subsection (c)(ii)
32 shall be such corporation's Kansas taxable income.

33 (e) A corporation may make an election with respect to its first
34 taxable year commencing after December 31, 1982, whereby no addition
35 modifications as provided for in subsection (b)(ii) of K.S.A. 79-32,138,
36 *and amendments thereto*, and subtraction modifications as provided for in
37 subsection (c)(iii) of K.S.A. 79-32,138, *and amendments thereto*, as those
38 subsections existed prior to their amendment by this act, shall be required
39 to be made for such taxable year.

40 Sec. 17. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,143
41 is hereby amended to read as follows: 79-32,143. (a) For net operating
42 losses incurred in taxable years beginning after December 31, 1987, a net
43 operating loss deduction shall be allowed in the same manner that it is

1 allowed under the federal internal revenue code except that such net
2 operating loss may only be carried forward to each of the 10 taxable years
3 following the taxable year of the net operating loss. For net operating farm
4 losses, as defined by subsection (i) of section 172 of the federal internal
5 revenue code, incurred in taxable years beginning after December 31,
6 1999, a net operating loss deduction shall be allowed in the same manner
7 that it is allowed under the federal internal revenue code except that such
8 net operating loss may be carried forward to each of the 10 taxable years
9 following the taxable year of the net operating loss. The amount of the net
10 operating loss that may be carried back or forward for Kansas income tax
11 purposes shall be that portion of the federal net operating loss allocated to
12 Kansas under this act in the taxable year that the net operating loss is
13 sustained.

14 (b) The amount of the loss to be carried back or forward will be the
15 federal net operating loss after: (1) All modifications required under this
16 act applicable to the net loss in the year the loss was incurred; and (2) after
17 apportionment as to source in the case of corporations, nonresident
18 individuals for losses incurred in taxable years beginning prior to January
19 1, 1978, and nonresident estates and trusts in the same manner that income
20 for such corporations, nonresident individuals, estates and trusts is
21 required to be apportioned.

22 (c) If a net operating loss was incurred in a taxable year beginning
23 prior to January 1, 1988, the amount of the net operating loss that may be
24 carried back and carried forward and the period for which it may be
25 carried back and carried forward shall be determined under the provisions
26 of the Kansas income tax laws which were in effect during the year that
27 such net operating loss was incurred.

28 (d) If any portion of a net operating loss described in subsections (a)
29 and (b) is not utilized prior to the final year of the carryforward period
30 provided in subsection (a), a refund shall be allowable in such final year in
31 an amount equal to the refund which would have been allowable in the
32 taxable year the loss was incurred by utilizing the three year carryback
33 provided under K.S.A. 79-32,143, as in effect on December 31, 1987,
34 multiplied by a fraction, the numerator of which is the unused portion of
35 such net operating loss in the final year, and the denominator of which is
36 the amount of such net operating loss which could have been carried back
37 to the three years immediately preceding the year in which the loss was
38 incurred. In no event may such fraction exceed 1.

39 (e) Notwithstanding any other provisions of the Kansas income tax
40 act, the net operating loss as computed under subsections (a), (b) and (c) of
41 this section shall be allowed in full in determining Kansas taxable income
42 or at the option of the taxpayer allowed in full in determining Kansas
43 adjusted gross income.

1 (f) No refund of income tax which results from a net operating farm
2 loss carry back shall be allowed in an amount exceeding \$1,500 in any
3 year. Any overpayment in excess of \$1,500 may be carried forward to any
4 year or years after the year of the loss and may be claimed as a credit
5 against the tax. The refundable portion of such credit shall not exceed
6 \$1,500 in any year.

7 (g) *For tax year 2013, and all tax years thereafter, a net operating*
8 *loss allowed by this section shall only be available to taxpayers subject to*
9 *the income tax on corporations imposed pursuant to subsection (c) of*
10 *K.S.A. 79-32,110, and amendments thereto, and used only to determine*
11 *such taxpayer's corporate income tax liability.*

12 Sec. 18. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,143a
13 is hereby amended to read as follows: 79-32,143a. (a) For taxable years
14 beginning after December 31, 2011, a taxpayer may elect to take an
15 expense deduction from Kansas net income before expensing or recapture
16 allocated or apportioned to this state for the cost of the following property
17 placed in service in this state during the taxable year: (1) Tangible property
18 eligible for depreciation under the modified accelerated cost recovery
19 system in section 168 of the internal revenue code, as amended, but not
20 including residential rental property, nonresidential real property, any
21 railroad grading or tunnel bore or any other property with an applicable
22 recovery period in excess of 25 years as defined under section 168(c) or
23 (g) of the internal revenue code, as amended; and (2) computer software as
24 defined in section 197(e)(3)(B) of the internal revenue code, as amended,
25 and as described in section 197(e)(3)(A)(i) of the internal revenue code, as
26 amended, to which section 167 of the internal revenue code, as amended,
27 applies. If such election is made, the amount of expense deduction for such
28 cost shall equal the difference between the depreciable cost of such
29 property for federal income tax purposes and the amount of bonus
30 depreciation being claimed for such property pursuant to section 168(k) of
31 the internal revenue code, as amended, for federal income tax purposes in
32 such tax year, but without regard to any expense deduction being claimed
33 for such property under section 179 of the internal revenue code, as
34 amended, multiplied by the applicable factor, determined by using, the
35 table provided in subsection (f), based on the method of depreciation
36 selected pursuant to section 168(b)(1), (2), or (3) or (g) of the internal
37 revenue code, as amended, and the applicable recovery period for such
38 property as defined under section 168(c) or (g) of the internal revenue
39 code, as amended. This election shall be made by the due date of the
40 original return, including any extensions, and may be made only for the
41 taxable year in which the property is placed in service, and once made,
42 shall be irrevocable. If the section 179 expense deduction election has
43 been made for federal income tax purposes for any asset, the applicable

1 factor to be utilized is in the IRC § 168 (b)(1) column of the table provided
2 in subsection (f) for the applicable recovery period of the respective assets.

3 (b) If the amount of expense deduction calculated pursuant to
4 subsection (a) exceeds the taxpayer's Kansas net income before expensing
5 or recapture allocated or apportioned to this state, such excess amount
6 shall be treated as a Kansas net operating loss as provided in K.S.A. 79-
7 32,143, and amendments thereto.

8 (c) If the property for which an expense deduction is taken pursuant
9 to subsection (a) is subsequently sold during the applicable recovery
10 period for such property as defined under section 168(c) of the internal
11 revenue code, as amended, and in a manner that would cause recapture of
12 any previously taken expense or depreciation deductions for federal
13 income tax purposes, or if the situs of such property is otherwise changed
14 such that the property is relocated outside the state of Kansas during such
15 applicable recovery period, then the expense deduction determined
16 pursuant to subsection (a) shall be subject to recapture and treated as
17 Kansas taxable income allocated to this state. The amount of recapture
18 shall be the Kansas expense deduction determined pursuant to subsection
19 (a) multiplied by a fraction, the numerator of which is the number of years
20 remaining in the applicable recovery period for such property as defined
21 under section 168(c) or (g) of the internal revenue code, as amended, after
22 such property is sold or removed from the state including the year of such
23 disposition, and the denominator of which is the total number of years in
24 such applicable recovery period.

25 (d) The situs of tangible property for purposes of claiming and
26 recapture of the expense deduction shall be the physical location of such
27 property. If such property is mobile, the situs shall be the physical location
28 of the business operations from where such property is used or based. The
29 situs of computer software shall be apportioned to Kansas based on the
30 fraction, the numerator of which is the number of the taxpayer's users
31 located in Kansas of licenses for such computer software used in the active
32 conduct of the taxpayer's business operations, and the denominator of
33 which is the total number of the taxpayer's users of the licenses for such
34 computer software used in the active conduct of the taxpayer's business
35 operations everywhere.

36 (e) Any member of a unitary group filing a combined report may
37 elect to take an expense deduction pursuant to subsection (a) for an
38 investment in property made by any member of the combined group,
39 provided that the amount calculated pursuant to subsection (a) may only be
40 deducted from the Kansas net income before expensing or recapture
41 allocated to or apportioned to this state by such member making the
42 election.

43 (f) The following table shall be used in determining the expense

1 deduction calculated pursuant to subsection (a):

2 Factors

3 IRC§168	IRC§168(b)(1)	IRC§168(b)(2)	IRC§168(b)(3) or (g)
4 Recover Period	Depreciation Method	Depreciation Method	Depreciation Method
5 (year)			
6 2.5	*	.077	.092
7 3	.075	.091	.106
8 3.5	*	.102	.116
9 4	*	.114	.129
10 5	.116	.135	.150
11 6	*	.154	.170
12 6.5	*	.163	.179
13 7	.151	.173	.190
14 7.5	*	.181	.199
15 8	*	.191	.208
16 8.5	*	.199	.217
17 9	*	.208	.226
18 9.5	*	.216	.235
19 10	.198	.224	.244
20 10.5	*	.232	.252
21 11	*	.240	.261
22 11.5	*	.248	.269
23 12	*	.256	.277
24 12.5	*	.263	.285
25 13	*	.271	.293
26 13.5	*	.278	.300
27 14	*	.285	.308
28 15	*	.299	.323
29 16	*	.313	.337
30 16.5	*	.319	.344
31 17	*	.326	.351
32 18	*	.339	.365
33 19	*	.351	.378
34 20	*	.363	.391
35 22	*	.386	.415
36 24	*	.408	.438
37 25	*	.419	.449

38 *Not Applicable

39 (g) If a taxpayer elects to expense any investment pursuant to
 40 subsection (a), such taxpayer shall not be eligible for any tax credit,
 41 accelerated depreciation, or deduction for such investment allowed
 42 pursuant to K.S.A. 2011 Supp. 79-32,160a(e), 79-32,182b, 79-32,201, 79-
 43 32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-
 44 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-
 45 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and
 46 amendments thereto.

47 (h) For tax 2013, and all tax years thereafter, the deduction allowed
 48 by this section shall only be available to taxpayers subject to the income
 49 tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-
 50 32,110, and amendments thereto, and used only to determine such
 51 taxpayer's corporate income tax liability.

1 New Sec. 19. (a) For Kansas income tax purposes: (1) The basis of a
2 partner's interest shall be the same as that determined pursuant to section
3 705 of the federal internal revenue code as in effect on January 1, 2013,
4 and amendments thereto; and

5 (2) the basis of each shareholder's stock in an S corporation shall be
6 the same as that determined pursuant to section 1367 of the federal internal
7 revenue code as in effect on January 1, 2012, and amendments thereto.

8 (b) The provisions of this section shall be effective for tax year 2013,
9 and all tax years thereafter.

10 Sec. 20. On and after January 1, 2013, K.S.A. 79-32,177 is hereby
11 amended to read as follows: 79-32,177. (a) Any taxpayer who makes
12 expenditures for the purpose of making all or any portion of an existing
13 facility accessible to individuals with a disability, or who makes
14 expenditures for the purpose of making all or any portion of a facility or of
15 equipment usable for the employment of individuals with a disability,
16 which facility or equipment is on real property located in this state and
17 used in a trade or business or held for the production of income, shall be
18 entitled to claim an income tax credit in an amount equal to 50% of such
19 expenditures or, the amount of \$10,000, whichever is less, against the
20 income tax liability imposed against such taxpayer pursuant to article 32 of
21 chapter 79 of the Kansas Statutes Annotated. Such tax credit shall be
22 deducted from the taxpayer's income tax liability for the taxable year in
23 which the expenditures are made by the taxpayer. If the amount of such tax
24 credit exceeds the taxpayer's income tax liability for such taxable year, the
25 amount thereof which exceeds such tax liability may be carried over for
26 deduction from the taxpayer's income tax liability in the next succeeding
27 taxable year or years until the total amount of the tax credit has been
28 deducted from tax liability, except that no such tax credit shall be carried
29 over for deduction after the fourth taxable year succeeding the taxable year
30 in which the expenditures are made.

31 (b) *For tax year 2013 and all tax years thereafter, the income tax*
32 *credit provided by this section shall only be available to taxpayers subject*
33 *to the income tax on corporations imposed pursuant to subsection (c) of*
34 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
35 *against such taxpayer's corporate income tax liability.*

36 Sec. 21. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,182b
37 is hereby amended to read as follows: 79-32,182b. (a) For all taxable years
38 commencing after December 31, 2000, a credit shall be allowed against
39 the tax imposed by the Kansas income tax act on the Kansas taxable
40 income of a taxpayer for expenditures in research and development
41 activities conducted within this state in an amount equal to 61/2% of the
42 amount by which the amount expended for such activities in the taxable
43 year of the taxpayer exceeds the taxpayer's average of the actual

1 expenditures for such purposes made in such taxable year and the next
2 preceding two taxable years.

3 (b) In any one taxable year, the amount of such credit allowable for
4 deduction from the taxpayer's tax liability shall not exceed 25% of the total
5 amount of such credit plus any applicable carry forward amount. The
6 amount by which that portion of the credit allowed by subsections (a) and
7 (b) to be claimed in any one taxable year exceeds the taxpayer's tax
8 liability in such year may be carried forward until the total amount of the
9 credit is used.

10 (c) As used in this section, the term "expenditures in research and
11 development activities" means expenditures made for such purposes, other
12 than expenditures of moneys made available to the taxpayer pursuant to
13 federal or state law, which are treated as expenses allowable for deduction
14 under the provisions of the federal internal revenue code of 1986, and
15 amendments thereto.

16 (d) *For tax year 2013 and all tax years thereafter, the income tax*
17 *credit provided by this section shall only be available to taxpayers subject*
18 *to the income tax on corporations imposed pursuant to subsection (c) of*
19 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
20 *against such taxpayer's corporate income tax liability.*

21 Sec. 22. On and after January 1, 2013, K.S.A. 79-32,190 is hereby
22 amended to read as follows: 79-32,190. (a) Any taxpayer that pays for or
23 provides child day care services, including the provision of the service of
24 locating such services, to its employees or that provides facilities and
25 necessary equipment for child day care services shall be allowed a credit
26 against the privilege or income tax imposed by articles 11 and 32 of
27 chapter 79 of the Kansas Statutes Annotated as follows:

28 (1) Thirty percent of the total amount expended in the state during the
29 taxable year by a taxpayer for child day care services purchased to provide
30 care for the dependent children of the taxpayer's employees or for the
31 provision of the service of locating such services for such children;

32 (2) (A) in the taxable year in which a facility providing child day care
33 services in the state for use primarily by the dependent children of the
34 taxpayer's employees is established, 50% of the total amount expended
35 during such year by a taxpayer in the establishment and operation of such
36 facility;

37 (B) in the taxable years other than the taxable year to which
38 paragraph (2)(A) applies, 30% of the amount equal to the total amount
39 expended during the taxable year by a taxpayer for the operation of a
40 facility described in paragraph (2)(A) less the amount of moneys received
41 by the taxpayer for use of such facility for child day care services;

42 (3) (A) in the taxable year in which a facility providing child day care
43 services in the state for use primarily by the dependent children of the

1 taxpayers' employees is established in conjunction with one or more other
2 taxpayers, 50% of the total amount expended during such year by a
3 taxpayer in the establishment and operation of such facility;

4 (B) in the taxable years other than the taxable year to which
5 paragraph (3)(A) applies, 30% of the amount equal to the total amount
6 expended during the taxable year by a taxpayer for the operation of a
7 facility described in paragraph (3)(A) less the amount of moneys received
8 by the taxpayer for use of such facility for child day care services.

9 (b) No credit shall be allowed under this section unless the child day
10 care facility or provider is licensed or registered pursuant to Kansas law.

11 (c) The credit allowed by paragraphs (1), (2)(B) and (3)(B) of
12 subsection (a) shall not exceed \$30,000 for any taxpayer during any
13 taxable year. The credit allowed by paragraphs (2)(A) and (3)(A) of
14 subsection (a) shall not exceed \$45,000 for any taxpayer during any
15 taxable year. The amount of the credit which exceeds the tax liability for a
16 taxable year shall be refunded to the taxpayer. If the taxpayer is a
17 corporation having an election in effect under subchapter S of the federal
18 internal revenue code or a partnership, the credit provided by this section
19 shall be claimed by the shareholders of such corporation or the partners of
20 such partnership in the same manner as such shareholders or partners
21 account for their proportionate shares of the income or loss of the
22 corporation or partnership.

23 (d) The aggregate amount of credits claimed under this act for any
24 fiscal year shall not exceed \$3,000,000.

25 (e) *For tax year 2013 and all tax years thereafter, the income tax*
26 *credit provided by this section shall only be available to taxpayers subject*
27 *to the income tax on corporations imposed pursuant to subsection (c) of*
28 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
29 *against such taxpayer's corporate income tax liability.*

30 Sec. 23. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,196
31 is hereby amended to read as follows: 79-32,196. (a) For taxable years
32 commencing after December 31, 1997, any business firm which
33 contributes to a community service organization or governmental entity
34 which engages in the activities of providing community services, shall be
35 allowed a credit, as provided in K.S.A. 79-32,197, *and amendments*
36 *thereto*, against the tax imposed by the Kansas income tax act, the tax on
37 net income of national banking associations, state banks, trust companies
38 or savings and loan associations imposed under article 11 of chapter 79 of
39 the Kansas Statutes Annotated, or the premium tax or privilege fees
40 imposed pursuant to K.S.A. 40-252, and amendments thereto, if the
41 proposal of the provider of community services is approved pursuant to
42 K.S.A. 79-32,198, *and amendments thereto*. Any business firm which
43 makes such a contribution after the effective date of this act and prior to

1 July 1, 1998, shall be allowed a credit in accordance with this act, as if the
2 contribution had been made in calendar year 1997, for the firm's tax
3 liability for taxable years commencing after December 31, 1996.
4 Notwithstanding any other provisions of this section, no business firm
5 shall claim more than one credit for the same contribution.

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

11 Sec. 24. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,197
12 is hereby amended to read as follows: 79-32,197. *(a)* The amount of credit
13 allowed pursuant to K.S.A. 79-32,196, and amendments thereto, shall not
14 exceed 50% of the total amount contributed during the taxable year by the
15 business firm to a community service organization or governmental entity
16 for programs approved pursuant to K.S.A. 79-32,198, and amendments
17 thereto. The amount of credit allowed pursuant to K.S.A. 79-32,196, and
18 amendments thereto, shall not exceed 70% of the total amount contributed
19 during the taxable year by the business firm in a rural community to a
20 community service organization or governmental entity located therein for
21 programs approved pursuant to K.S.A. 79-32,198, and amendments
22 thereto. If the amount of the credit allowed by K.S.A. 79-32,196, and
23 amendments thereto, exceeds the taxpayer's income tax liability imposed
24 under the Kansas income tax act, such excess amount shall be refunded to
25 the taxpayer. In no event shall the total amount of credits allowed under
26 this section exceed \$4,130,000 for any one fiscal year.

27 *(b) For tax year 2013 and all tax years thereafter, the income tax*
28 *credit provided by this section shall only be available to taxpayers subject*
29 *to the income tax on corporations imposed pursuant to subsection (c) of*
30 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
31 *against such taxpayer's corporate income tax liability.*

32 Sec. 25. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,197a
33 is hereby amended to read as follows: 79-32,197a. *(a)* Any business firm
34 or business entity not subject to Kansas income, privilege or premiums tax,
35 hereinafter designated the assignor, may sell, assign, convey or otherwise
36 transfer tax credits allowed and earned pursuant to K.S.A. 79-32,196, and
37 amendments thereto, for an amount not less than 50% of the value of any
38 such credit. Such credits shall be deemed to be allowed and earned by any
39 such business entity which is only disqualified therefrom by reason of not
40 being subject to such Kansas taxes. The business firm acquiring earned
41 credits, hereinafter designated the assignee, may use the amount of the
42 acquired credits to offset up to 100% of its income, privilege or premiums
43 tax liability for the taxable year in which such acquisition was made. Only

1 the full credit amount for any one contribution may be transferred and
2 such credit may be transferred one time. Unused credit amounts claimed
3 by the assignee may be carried forward for up to five years, except that all
4 such amounts shall be claimed within 10 years following the tax year in
5 which the contribution was made. The assignor shall enter into a written
6 agreement with the assignee establishing the terms and conditions of the
7 agreement and shall perfect such transfer by notifying the director of
8 community development of the department of commerce in writing within
9 30 calendar days following the effective date of the transfer and shall
10 provide any information as may be required by the director of community
11 development of the department of commerce to administer and carry out
12 the provisions of this section. The amount received by the assignor of such
13 tax credit shall be taxable as income of the assignor, and the excess of the
14 value of such credit over the amount paid by the assignee for such credit
15 shall be taxable as income of the assignee.

16 *(b) For tax year 2013 and all tax years thereafter, the income tax*
17 *credit provided by this section shall only be available to taxpayers subject*
18 *to the income tax on corporations imposed pursuant to subsection (c) of*
19 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
20 *against such taxpayer's corporate income tax liability.*

21 Sec. 26. On and after January 1, 2013, K.S.A. 79-32,200 is hereby
22 amended to read as follows: 79-32,200. (a) There shall be allowed as a
23 credit against the tax liability imposed under the Kansas income tax act of
24 a person who has entered into an agreement with the secretary of social
25 and rehabilitation services under K.S.A. ~~1997 Supp.~~39-7,132, and
26 amendments thereto, an amount equal to 70% of the amount of financial
27 assistance paid by such person under K.S.A. ~~1997 Supp.~~39-7,132, and
28 amendments thereto, as certified by the secretary of social and
29 rehabilitation services, of not to exceed the amount of financial assistance
30 which would have been paid under the aid to families with dependent
31 children program from state matching contributions, as certified by the
32 secretary of social and rehabilitation services, if such person had not
33 agreed to assume some financial support.

34 (b) An individual may not claim a tax credit under this section if a
35 credit for child care and dependent care expenses was claimed on either
36 the state or federal tax return, or if the individual receives payment for care
37 of the person provided financial assistance.

38 (c) The credit allowed by this section shall not exceed the amount of
39 tax imposed under the Kansas income tax act reduced by the sum of any
40 other credits allowable pursuant to law.

41 (d) The provisions of this section shall be applicable to all taxable
42 years commencing after December 31, 1993.

43 *(e) For tax year 2013 and all tax years thereafter, the income tax*

1 *credit provided by this section shall only be available to taxpayers subject*
2 *to the income tax on corporations imposed pursuant to subsection (c) of*
3 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
4 *against such taxpayer's corporate income tax liability.*

5 Sec. 27. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,201
6 is hereby amended to read as follows: 79-32,201. (a) Any taxpayer who
7 makes expenditures for a qualified alternative-fueled motor vehicle or
8 alternative-fuel fueling station shall be allowed a credit against the income
9 tax imposed by article 32 of chapter 79 of the Kansas Statutes Annotated,
10 as follows:

11 (1) For any qualified alternative-fueled motor vehicle placed in
12 service on or after January 1, 1996, and before January 1, 2005, an amount
13 equal to 50% of the incremental cost or conversion cost for each qualified
14 alternative-fueled motor vehicle but not to exceed \$3,000 for each such
15 motor vehicle with a gross vehicle weight of less than 10,000 lbs.; \$5,000
16 for a heavy duty motor vehicle with a gross vehicle weight of greater than
17 10,000 lbs. but less than 26,000 lbs.; and \$50,000 for motor vehicles
18 having a gross vehicle weight of greater than 26,000 lbs.;

19 (2) for any qualified alternative-fueled motor vehicle placed in
20 service on or after January 1, 2005, an amount equal to 40% of the
21 incremental cost or conversion cost for each qualified alternative-fueled
22 motor vehicle, but not to exceed \$2,400 for each such motor vehicle with a
23 gross vehicle weight of less than 10,000 lbs.; \$4,000 for a heavy duty
24 motor vehicle with a gross vehicle weight of greater than 10,000 lbs. but
25 less than 26,000 lbs.; and \$40,000 for motor vehicles having a gross
26 vehicle weight of greater than 26,000 lbs.;

27 (3) for any qualified alternative-fuel fueling station placed in service
28 on or after January 1, 1996, and before January 1, 2005, an amount equal
29 to 50% of the total amount expended for each qualified alternative-fuel
30 fueling station but not to exceed \$200,000 for each fueling station;

31 (4) for any qualified alternative-fuel fueling station placed in service
32 on or after January 1, 2005, and before January 1, 2009, an amount equal
33 to 40% of the total amount expended for each qualified alternative-fuel
34 fueling station, but not to exceed \$160,000 for each fueling station;

35 (5) for any qualified alternative-fuel fueling station placed in service
36 on or after January 1, 2009, an amount equal to 40% of the total amount
37 expended for each qualified alternative-fuel fueling station, but not to
38 exceed \$100,000 for each fueling station.

39 (b) If no credit has been claimed pursuant to subsection (a), a credit in
40 an amount not exceeding the lesser of 5% of the cost of the vehicle or
41 \$750 shall be allowed to a taxpayer who purchases a motor vehicle
42 equipped by the vehicle manufacturer with an alternative fuel system and
43 who is unable or elects not to determine the exact basis attributable to such

1 property. The credit under this subsection shall be allowed only to the first
2 individual to take title to such motor vehicle, other than for resale. The
3 credit under this subsection for motor vehicles which are capable of
4 operating on a blend of 85% ethanol and 15% gasoline shall be allowed for
5 taxable years commencing after December 31, 1999, only if the individual
6 claiming the credit furnishes evidence of the purchase, during the period of
7 time beginning with the date of purchase of such vehicle and ending on
8 December 31 of the next succeeding calendar year, of 500 gallons of such
9 ethanol and gasoline blend as may be required or is satisfactory to the
10 secretary of revenue.

11 (c) The tax credit under subsection (a)(1) through (a)(4) or (b) shall
12 be deducted from the taxpayer's income tax liability for the taxable year in
13 which the expenditures are made by the taxpayer. If the amount of the tax
14 credit exceeds the taxpayer's income tax liability for the taxable year, the
15 amount which exceeds the tax liability may be carried over for deduction
16 from the taxpayer's income tax liability in the next succeeding taxable year
17 or years until the total amount of the tax credit has been deducted from tax
18 liability, except that no such tax credit shall be carried over for deduction
19 after the third taxable year succeeding the taxable year in which the
20 expenditures are made.

21 (d) The tax credit under subsection (a)(5) shall be deducted from the
22 taxpayer's income tax liability for the taxable year in which the
23 expenditures are made by the taxpayer. If the amount of the tax credit
24 exceeds the taxpayer's income tax liability for the taxable year, the amount
25 which exceeds the tax liability may be carried over for deduction from the
26 taxpayer's income tax liability in the next succeeding taxable year or years
27 until the total amount of the tax credit has been deducted from tax liability,
28 except that no such tax credit shall be carried over for deduction after the
29 fourth taxable year in which the expenditures are made.

30 (e) As used in this section:

31 (1) "Alternative fuel" means a combustible liquid derived from grain
32 starch, oil seed, animal fat or other biomass; or produced from biogas
33 source, including any nonfossilized, decaying, organic matter.

34 (2) "Qualified alternative-fueled motor vehicle" means a motor
35 vehicle that operates on an alternative fuel, meets or exceeds the clean fuel
36 vehicle standards in the federal clean air act amendments of 1990, Title II
37 and meets one of the following categories:

38 (A) Bi-fuel motor vehicle: A motor vehicle with two separate fuel
39 systems designed to run on either an alternative fuel or conventional fuel,
40 using only one fuel at a time;

41 (B) dedicated motor vehicle: A motor vehicle with an engine designed
42 to operate on a single alternative fuel only; or

43 (C) flexible fuel motor vehicle: A motor vehicle that may operate on a

1 blend of an alternative fuel with a conventional fuel, such as E-85 (85%
2 ethanol and 15% gasoline) or M-85 (85% methanol and 15% gasoline), as
3 long as such motor vehicle is capable of operating on at least an 85%
4 alternative fuel blend.

5 (3) "Qualified alternative-fuel fueling station" means the property
6 which is directly related to the delivery of alternative fuel into the fuel tank
7 of a motor vehicle propelled by such fuel, including the compression
8 equipment, storage vessels and dispensers for such fuel at the point where
9 such fuel is delivered but only if such property is primarily used to deliver
10 such fuel for use in a qualified alternative-fueled motor vehicle.

11 (4) "Incremental cost" means the cost that results from subtracting the
12 manufacturer's list price of the motor vehicle operating on conventional
13 gasoline or diesel fuel from the manufacturer's list price of the same model
14 motor vehicle designed to operate on an alternative fuel.

15 (5) "Conversion cost" means the cost that results from modifying a
16 motor vehicle which is propelled by gasoline or diesel to be propelled by
17 an alternative fuel.

18 (6) "Taxpayer" means any person who owns and operates a qualified
19 alternative-fueled vehicle licensed in the state of Kansas or who makes an
20 expenditure for a qualified alternative-fuel fueling station.

21 (7) "Person" means every natural person, association, partnership,
22 limited liability company, limited partnership or corporation.

23 (f) Except as otherwise more specifically provided, the provisions of
24 this section shall apply to all taxable years commencing after December
25 31, 1995.

26 (g) *For tax year 2013 and all tax years thereafter, the income tax*
27 *credit provided by this section shall only be available to taxpayers subject*
28 *to the income tax on corporations imposed pursuant to subsection (c) of*
29 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
30 *against such taxpayer's corporate income tax liability.*

31 Sec. 28. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,204
32 is hereby amended to read as follows: 79-32,204. (a) As used in this
33 section:

34 (1) Terms have the meanings provided by K.S.A. 65-1,178, and
35 amendments thereto;

36 (2) "qualified swine facility" means a swine facility that: (A) Is
37 owned and operated by a sole proprietorship or partnership or by a family
38 farm corporation, authorized farm corporation, limited liability agricultural
39 company, family farm limited liability agricultural company, limited
40 agricultural partnership, family trust, authorized trust or testamentary trust,
41 as defined by K.S.A. 17-5903, and amendments thereto; and (B) is
42 utilizing its swine waste management system on January 1, 1998-; *and*

43 (3) "required improvements to a qualified swine facility" means

1 capital improvements that the secretary of health and environment certifies
2 to the director of taxation: (A) Are required for a qualified swine facility to
3 comply with the standards and requirements established pursuant to
4 K.S.A. 65-1,178 through 65-1,198, *and amendments thereto*, or pursuant
5 to the amendments made by this act to K.S.A. 65-171d, *and amendments*
6 *thereto*; and (B) are not required because of expansion for which a permit
7 has not been issued or applied for before the effective date of this act.

8 (b) There shall be allowed as a credit against the tax liability of a
9 taxpayer imposed under the Kansas income tax act an amount equal to not
10 more than 50% of the costs incurred by the taxpayer for required
11 improvements to a qualified swine facility. The tax credit allowed by this
12 subsection shall be deducted from the taxpayer's income tax liability for
13 the taxable year in which the expenditures are made by the taxpayer. If the
14 amount of such tax credit exceeds the taxpayer's income tax liability for
15 such taxable year, the taxpayer may carry over the amount thereof that
16 exceeds such tax liability for deduction from the taxpayer's income tax
17 liability in the next succeeding taxable year or years until the total amount
18 of the tax credit has been deducted from tax liability, except that no such
19 tax credit shall be carried over for deduction after the fourth taxable year
20 succeeding the year in which the costs are incurred.

21 (c) The provisions of this section shall be applicable to all taxable
22 years commencing after December 31, 1997.

23 ~~(d) On or before the first day of the 1999, 2000 and 2001 regular~~
24 ~~legislative sessions, the secretary of revenue shall submit to the senate~~
25 ~~standing committee on energy and natural resources, the house standing~~
26 ~~committee on environment, the senate standing committee on assessment~~
27 ~~and taxation and the house standing committee on taxation a report of the~~
28 ~~number of taxpayers claiming the credit allowed by this section and the~~
29 ~~total amount of such credits claimed by all taxpayers. For tax year 2013~~
30 ~~and all tax years thereafter, the income tax credit provided by this section~~
31 ~~shall only be available to taxpayers subject to the income tax on~~
32 ~~corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and~~
33 ~~amendments thereto, and shall be applied only against such taxpayer's~~
34 ~~corporate income tax liability.~~

35 Sec. 29. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,207
36 is hereby amended to read as follows: 79-32,207. (a) As used in this
37 section, "abandoned oil or gas well" means an abandoned well, as defined
38 by K.S.A. 55-191, and amendments thereto:

39 (1) The drilling of which was commenced before January 1, 1970;
40 and

41 (2) which is located on land owned by the taxpayer claiming the tax
42 credit allowed by this section.

43 (b) For any taxable year commencing after December 31, 2000, a

1 credit shall be allowed against the tax imposed by the Kansas income tax
2 act on the Kansas taxable income of a taxpayer for expenditures made for
3 the purpose of plugging any abandoned oil or gas well in accordance with
4 rules and regulations of the state corporation commission applicable
5 thereto, in an amount equal to 50% of such expenditures made in the
6 taxable year.

7 (c) If the amount of the tax credit allowed by this section exceeds the
8 taxpayer's income tax liability for such taxable year, the amount thereof
9 which exceeds such tax liability may be carried over for deduction from
10 the taxpayer's income tax liability in the next succeeding taxable year or
11 years until the total amount of the tax credit has been deducted from tax
12 liability.

13 (d) The total amount of credits allowed taxpayers pursuant to this
14 section, including the amount of credits carried over under subsection (c),
15 shall not exceed \$250,000 for any one fiscal year.

16 (e) The secretary of revenue shall adopt such rules and regulations as
17 necessary to carry out the purposes of this section.

18 (f) *For tax year 2013 and all tax years thereafter, the income tax*
19 *credit provided by this section shall only be available to taxpayers subject*
20 *to the income tax on corporations imposed pursuant to subsection (c) of*
21 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
22 *against such taxpayer's corporate income tax liability.*

23 Sec. 30. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,210
24 is hereby amended to read as follows: 79-32,210. (a) For all taxable years
25 commencing after December 31, 2000, and with respect to property
26 initially acquired and first placed into service in this state on and after
27 January 1, 2001, there shall be allowed as a credit against the tax liability
28 imposed by the Kansas income tax act of a telecommunications company,
29 as defined in K.S.A. 79-3271, and amendments thereto, an amount equal
30 to the difference between the property tax levied for property tax year
31 2001, and all such years thereafter, and actually and timely paid during the
32 appropriate income taxable year upon property assessed at the 33%
33 assessment rate and the property tax which would be levied and paid on
34 such property if assessed at a 25% assessment rate.

35 (b) If the amount of the tax credit determined under subsection (a)
36 exceeds the tax liability for the telecommunications company for any
37 taxable year, the amount thereof which exceeds such tax liability shall be
38 refunded to the telecommunications company. If the telecommunications
39 company is a corporation having an election in effect under subchapter S
40 of the federal internal revenue code, a partnership or a limited liability
41 company, the credit provided by this section shall be claimed by the
42 shareholders of such corporation, the partners of such partnership or the
43 members of such limited liability company in the same manner as such

1 shareholders, partners or members account for their proportionate shares
2 of income or loss of the corporation, partnership or limited liability
3 company.

4 (c) As used in this section, the term "acquired" shall not include the
5 transfer of property pursuant to an exchange for stock securities, or the
6 transfer of assets of one business entity to another due to a merger or other
7 consolidation.

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

13 Sec. 31. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,211
14 is hereby amended to read as follows: 79-32,211. (a) For all taxable years
15 commencing after December 31, 2006, there shall be allowed a tax credit
16 against the income, privilege or premium tax liability imposed upon a
17 taxpayer pursuant to the Kansas income tax act, the privilege tax imposed
18 upon any national banking association, state bank, trust company or
19 savings and loan association pursuant to article 11 of chapter 79 of the
20 Kansas Statutes Annotated, or the premiums tax and privilege fees
21 imposed upon an insurance company pursuant to K.S.A. 40-252, and
22 amendments thereto, in an amount equal to 25% of qualified expenditures
23 incurred in the restoration and preservation of a qualified historic structure
24 pursuant to a qualified rehabilitation plan by a qualified taxpayer if the
25 total amount of such expenditures equal \$5,000 or more; or in an amount
26 equal to 30% of qualified expenditures incurred in the restoration and
27 preservation of a qualified historic structure which is exempt from federal
28 income taxation pursuant to section 501(c)(3) of the federal internal
29 revenue code and which is not income producing pursuant to a qualified
30 rehabilitation plan by a qualified taxpayer if the total amount of such
31 expenditures equals \$5,000 or more. In no event shall the total amount of
32 credits allowed under this section exceed \$3,750,000 for fiscal year 2010.
33 If the amount of such tax credit exceeds the qualified taxpayer's income,
34 privilege or premium tax liability for the year in which the qualified
35 rehabilitation plan was placed in service, as defined by section 47(b)(1) of
36 the federal internal revenue code and federal regulation section 1.48-12(f)
37 (2), such excess amount may be carried over for deduction from such
38 taxpayer's income, privilege or premium tax liability in the next
39 succeeding year or years until the total amount of the credit has been
40 deducted from tax liability, except that no such credit shall be carried over
41 for deduction after the 10th taxable year succeeding the taxable year in
42 which the qualified rehabilitation plan was placed in service.

43 (b) As used in this section, unless the context clearly indicates

1 otherwise:

2 (1) "Qualified expenditures" means the costs and expenses incurred
3 by a qualified taxpayer in the restoration and preservation of a qualified
4 historic structure pursuant to a qualified rehabilitation plan which are
5 defined as a qualified rehabilitation expenditure by section 47(c)(2) of the
6 federal internal revenue code;

7 (2) "qualified historic structure" means any building, whether or not
8 income producing, which is defined as a certified historic structure by
9 section 47(c)(3) of the federal internal revenue code, is individually listed
10 on the register of Kansas historic places, or is located and contributes to a
11 district listed on the register of Kansas historic places;

12 (3) "qualified rehabilitation plan" means a project which is approved
13 by the cultural resources division of the state historical society, or by a
14 local government certified by the division to so approve, as being
15 consistent with the standards for rehabilitation and guidelines for
16 rehabilitation of historic buildings as adopted by the federal secretary of
17 interior and in effect on the effective date of this act. The society shall
18 adopt rules and regulations providing application and approval procedures
19 necessary to effectively and efficiently provide compliance with this act,
20 and may collect fees in order to defray its approval costs in accordance
21 with rules and regulations adopted therefor; and

22 (4) "qualified taxpayer" means the owner of the qualified historic
23 structure or any other person who may qualify for the federal rehabilitation
24 credit allowed by section 47 of the federal internal revenue code.

25 If the taxpayer is a corporation having an election in effect under
26 subchapter S of the federal internal revenue code, a partnership or a
27 limited liability company, the credit provided by this section shall be
28 claimed by the shareholders of such corporation, the partners of such
29 partnership or the members of such limited liability company in the same
30 manner as such shareholders, partners or members account for their
31 proportionate shares of the income or loss of the corporation, partnership
32 or limited liability company, or as the corporation, partnership or limited
33 liability company mutually agree as provided in the bylaws or other
34 executed agreement. Credits granted to a partnership, a limited liability
35 company taxed as a partnership or other multiple owners of property shall
36 be passed through to the partners, members or owners respectively pro rata
37 or pursuant to an executed agreement among the partners, members or
38 owners documenting any alternate distribution method.

39 (c) Any person, hereinafter designated the assignor, may sell, assign,
40 convey or otherwise transfer tax credits allowed and earned pursuant to
41 subsection (a). The taxpayer acquiring credits, hereinafter designated the
42 assignee, may use the amount of the acquired credits to offset up to 100%
43 of its income, privilege or premiums tax liability for either the taxable year

1 in which the qualified rehabilitation plan was first placed into service or
2 the taxable year in which such acquisition was made. Unused credit
3 amounts claimed by the assignee may be carried forward for up to five
4 years, except that all such amounts shall be claimed within 10 years
5 following the tax year in which the qualified rehabilitation plan was first
6 placed into service. The assignor shall enter into a written agreement with
7 the assignee establishing the terms and conditions of the agreement and
8 shall perfect such transfer by notifying the cultural resources division of
9 the state historical society in writing within 90 calendar days following the
10 effective date of the transfer and shall provide any information as may be
11 required by such division to administer and carry out the provisions of this
12 section. The amount received by the assignor of such tax credit shall be
13 taxable as income of the assignor, and the excess of the value of such
14 credit over the amount paid by the assignee for such credit shall be taxable
15 as income of the assignee.

16 *(d) For tax year 2013 and all tax years thereafter, the income tax*
17 *credit provided by this section shall only be available to taxpayers subject*
18 *to the income tax on corporations imposed pursuant to subsection (c) of*
19 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
20 *against such taxpayer's corporate income tax liability.*

21 Sec. 32. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,212
22 is hereby amended to read as follows: 79-32,212. (a) For taxable years
23 2002 through 2021, there shall be allowed as a credit against the tax
24 liability of a taxpayer imposed under the Kansas income tax act, an
25 amount equal to 100% of the amount attributable to the retirement of
26 indebtedness authorized by a single city port authority established before
27 January 1, 2002. In no event shall the total amount of the credits allowed
28 under this section exceed \$500,000 for any one fiscal year.

29 (b) Upon certification by the secretary of revenue of the amount of
30 any such credit, the director of accounts and reports shall issue to such
31 taxpayer a warrant for such amount which shall be deemed to be a capital
32 contribution.

33 *(c) For tax year 2013 and all tax years thereafter, the income tax*
34 *credit provided by this section shall only be available to taxpayers subject*
35 *to the income tax on corporations imposed pursuant to subsection (c) of*
36 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
37 *against such taxpayer's corporate income tax liability.*

38 Sec. 33. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,222
39 is hereby amended to read as follows: 79-32,222. (a) As used in this
40 section:

41 (1) "Refinery" has the meaning provided by K.S.A. 2011 Supp. 79-
42 32,217, and amendments thereto.

43 (2) "Qualified expenditures" means expenditures which the secretary

1 of health and environment certifies to the director of taxation are required
2 for an existing refinery to comply with environmental standards or
3 requirements established pursuant to federal statute or regulation, or state
4 statute or rules and regulation, adopted after December 31, 2006.

5 (b) There shall be allowed as a credit against the tax liability of a
6 taxpayer imposed under the Kansas income tax act an amount equal to the
7 taxpayer's qualified expenditures. The tax credit allowed by this subsection
8 shall be deducted from the taxpayer's income tax liability for the taxable
9 year in which the expenditures are made by the taxpayer. If the amount of
10 such tax credit exceeds the taxpayer's income tax liability for such taxable
11 year, the taxpayer may carry over the amount thereof that exceeds such tax
12 liability for deduction from the taxpayer's income tax liability in the next
13 succeeding taxable year or years until the total amount of the tax credit has
14 been deducted from tax liability, except that no such tax credit shall be
15 carried over for deduction after the fourth taxable year succeeding the year
16 in which the costs are incurred.

17 (c) (1) To qualify the expenditures of the tax credit allowed by this
18 section, a taxpayer shall apply to the secretary of health and environment
19 for a certification that the costs were incurred to comply with
20 environmental standards or requirements as specified in subsection (a).
21 The secretary shall prescribe the form of the application, which shall
22 include, but not be limited to, the following information: (A) A detailed
23 description of the refinery project that is the subject of the expenditure; (B)
24 a citation to the applicable federal or state statutes, regulations or rules and
25 regulations which require the environmental compliance; (C) a detailed
26 accounting of the costs incurred for the environmental compliance; and
27 (D) a certification by a responsible official that, based on information and
28 belief formed after reasonable inquiry, the statements and information in
29 the application are true, accurate and complete.

30 (2) If the secretary of health and environment determines that the
31 expenditures were incurred to comply with environmental standards or
32 requirements as specified in subsection (a), the secretary shall issue a
33 certificate of compliance to the director of taxation.

34 (3) The secretary of health and environment may adopt rules and
35 regulations to administer the provisions of this subsection, including rules
36 and regulations to fix, charge and collect an application fee to cover all or
37 any part of the department of health and environment's cost of certifying
38 the taxpayer's qualified expenditures under this subsection.

39 (d) The provisions of this section shall be applicable to all taxable
40 years commencing after December 31, 2006.

41 (e) *For tax year 2013 and all tax years thereafter, the income tax*
42 *credit provided by this section shall only be available to taxpayers subject*
43 *to the income tax on corporations imposed pursuant to subsection (c) of*

1 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
2 *against such taxpayer's corporate income tax liability.*

3 Sec. 34. K.S.A. 2011 Supp. 79-3603 is hereby amended to read as
4 follows: 79-3603. For the privilege of engaging in the business of selling
5 tangible personal property at retail in this state or rendering or furnishing
6 any of the services taxable under this act, there is hereby levied and there
7 shall be collected and paid a tax at the rate of ~~5.3%, and commencing July~~
8 ~~1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of~~
9 ~~5.7%~~. Within a redevelopment district established pursuant to K.S.A. 74-
10 8921, and amendments thereto, there is hereby levied and there shall be
11 collected and paid an additional tax at the rate of 2% until the earlier of the
12 date the bonds issued to finance or refinance the redevelopment project
13 have been paid in full or the final scheduled maturity of the first series of
14 bonds issued to finance any part of the project upon:

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

17 (b) the gross receipts from intrastate, interstate or international
18 telecommunications services and any ancillary services sourced to this
19 state in accordance with K.S.A. 2011 Supp. 79-3673, and amendments
20 thereto, except that telecommunications service does not include: (1) Any
21 interstate or international 800 or 900 service; (2) any interstate or
22 international private communications service as defined in K.S.A. 2011
23 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
24 data service; (4) any telecommunication service to a provider of
25 telecommunication services which will be used to render
26 telecommunications services, including carrier access services; or (5) any
27 service or transaction defined in this section among entities classified as
28 members of an affiliated group as provided by section 1504 of the federal
29 internal revenue code of 1986, as in effect on January 1, 2001;

30 (c) the gross receipts from the sale or furnishing of gas, water,
31 electricity and heat, which sale is not otherwise exempt from taxation
32 under the provisions of this act, and whether furnished by municipally or
33 privately owned utilities, except that, on and after January 1, 2006, for
34 sales of gas, electricity and heat delivered through mains, lines or pipes to
35 residential premises for noncommercial use by the occupant of such
36 premises, and for agricultural use and also, for such use, all sales of
37 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
38 gas, coal, wood and other fuel sources for the production of heat or
39 lighting for noncommercial use of an occupant of residential premises, the
40 state rate shall be 0%, but such tax shall not be levied and collected upon
41 the gross receipts from: (1) The sale of a rural water district benefit unit;
42 (2) a water system impact fee, system enhancement fee or similar fee
43 collected by a water supplier as a condition for establishing service; or (3)

1 connection or reconnection fees collected by a water supplier;

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

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

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

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

21 (h) the gross receipts from the service of renting or leasing of tangible
22 personal property except such tax shall not apply to the renting or leasing
23 of machinery, equipment or other personal property owned by a city and
24 purchased from the proceeds of industrial revenue bonds issued prior to
25 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
26 12-1749, and amendments thereto, and any city or lessee renting or leasing
27 such machinery, equipment or other personal property purchased with the
28 proceeds of such bonds who shall have paid a tax under the provisions of
29 this section upon sales made prior to July 1, 1973, shall be entitled to a
30 refund from the sales tax refund fund of all taxes paid thereon;

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

34 (j) the gross receipts from the rendering of the services of washing
35 and washing and waxing of vehicles;

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

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

43 (2) Any such contractor, subcontractor or repairman who maintains

1 an inventory of such property both for sale at retail and for use by them for
2 the purposes described by paragraph (1) shall be deemed a retailer with
3 respect to purchases for and sales from such inventory, except that the
4 gross receipts received from any such sale, other than a sale at retail, shall
5 be equal to the total purchase price paid for such property and the tax
6 imposed thereon shall be paid by the deemed retailer;

7 (m) the gross receipts received from fees and charges by public and
8 private clubs, drinking establishments, organizations and businesses for
9 participation in sports, games and other recreational activities, but such tax
10 shall not be levied and collected upon the gross receipts received from: (1)
11 Fees and charges by any political subdivision, by any organization exempt
12 from property taxation pursuant to paragraph Ninth of K.S.A. 79-201, and
13 amendments thereto, or by any youth recreation organization exclusively
14 providing services to persons 18 years of age or younger which is exempt
15 from federal income taxation pursuant to section 501(c)(3) of the federal
16 internal revenue code of 1986, for participation in sports, games and other
17 recreational activities; and (2) entry fees and charges for participation in a
18 special event or tournament sanctioned by a national sporting association
19 to which spectators are charged an admission which is taxable pursuant to
20 subsection (e);

21 (n) the gross receipts received from dues charged by public and
22 private clubs, drinking establishments, organizations and businesses,
23 payment of which entitles a member to the use of facilities for recreation
24 or entertainment, but such tax shall not be levied and collected upon the
25 gross receipts received from: (1) Dues charged by any organization exempt
26 from property taxation pursuant to paragraphs Eighth and Ninth of K.S.A.
27 79-201, and amendments thereto; and (2) sales of memberships in a
28 nonprofit organization which is exempt from federal income taxation
29 pursuant to section 501 (c)(3) of the federal internal revenue code of 1986,
30 and whose purpose is to support the operation of a nonprofit zoo;

31 (o) the gross receipts received from the isolated or occasional sale of
32 motor vehicles or trailers but not including: (1) The transfer of motor
33 vehicles or trailers by a person to a corporation or limited liability
34 company solely in exchange for stock securities or membership interest in
35 such corporation or limited liability company; or (2) the transfer of motor
36 vehicles or trailers by one corporation or limited liability company to
37 another when all of the assets of such corporation or limited liability
38 company are transferred to such other corporation or limited liability
39 company; or (3) the sale of motor vehicles or trailers which are subject to
40 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
41 amendments thereto, by an immediate family member to another
42 immediate family member. For the purposes of clause (3), immediate
43 family member means lineal ascendants or descendants, and their spouses.

1 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
2 on the isolated or occasional sale of motor vehicles or trailers on and after
3 July 1, 2004, which the base for computing the tax was the value pursuant
4 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments
5 thereto, when such amount was higher than the amount of sales tax which
6 would have been paid under the law as it existed on June 30, 2004, shall be
7 refunded to the taxpayer pursuant to the procedure prescribed by this
8 section. Such refund shall be in an amount equal to the difference between
9 the amount of sales tax paid by the taxpayer and the amount of sales tax
10 which would have been paid by the taxpayer under the law as it existed on
11 June 30, 2004. Each claim for a sales tax refund shall be verified and
12 submitted not later than six months from the effective date of this act to the
13 director of taxation upon forms furnished by the director and shall be
14 accompanied by any additional documentation required by the director.
15 The director shall review each claim and shall refund that amount of tax
16 paid as provided by this act. All such refunds shall be paid from the sales
17 tax refund fund, upon warrants of the director of accounts and reports
18 pursuant to vouchers approved by the director of taxation or the director's
19 designee. No refund for an amount less than \$10 shall be paid pursuant to
20 this act. In determining the base for computing the tax on such isolated or
21 occasional sale, the fair market value of any motor vehicle or trailer traded
22 in by the purchaser to the seller may be deducted from the selling price;

23 (p) the gross receipts received for the service of installing or applying
24 tangible personal property which when installed or applied is not being
25 held for sale in the regular course of business, and whether or not such
26 tangible personal property when installed or applied remains tangible
27 personal property or becomes a part of real estate, except that no tax shall
28 be imposed upon the service of installing or applying tangible personal
29 property in connection with the original construction of a building or
30 facility, the original construction, reconstruction, restoration, remodeling,
31 renovation, repair or replacement of a residence or the construction,
32 reconstruction, restoration, replacement or repair of a bridge or highway.

33 For the purposes of this subsection:

34 (1) "Original construction" shall mean the first or initial construction
35 of a new building or facility. The term "original construction" shall include
36 the addition of an entire room or floor to any existing building or facility,
37 the completion of any unfinished portion of any existing building or
38 facility and the restoration, reconstruction or replacement of a building,
39 facility or utility structure damaged or destroyed by fire, flood, tornado,
40 lightning, explosion, windstorm, ice loading and attendant winds,
41 terrorism or earthquake, but such term, except with regard to a residence,
42 shall not include replacement, remodeling, restoration, renovation or
43 reconstruction under any other circumstances;

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

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

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

13 (5) "utility structure" shall mean transmission and distribution lines
14 owned by an independent transmission company or cooperative, the
15 Kansas electric transmission authority or natural gas or electric public
16 utility; and

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

20 (q) the gross receipts received for the service of repairing, servicing,
21 altering or maintaining tangible personal property which when such
22 services are rendered is not being held for sale in the regular course of
23 business, and whether or not any tangible personal property is transferred
24 in connection therewith. The tax imposed by this subsection shall be
25 applicable to the services of repairing, servicing, altering or maintaining an
26 item of tangible personal property which has been and is fastened to,
27 connected with or built into real property;

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

31 (s) on and after January 1, 2005, the gross receipts received from the
32 sale of prewritten computer software and the sale of the services of
33 modifying, altering, updating or maintaining prewritten computer
34 software, whether the prewritten computer software is installed or
35 delivered electronically by tangible storage media physically transferred to
36 the purchaser or by load and leave;

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

38 (u) the gross receipts received from the sale of prepaid calling service
39 and prepaid wireless calling service as defined in K.S.A. 2011 Supp. 79-
40 3673, and amendments thereto; and

41 (v) the gross receipts received from the sales of bingo cards, bingo
42 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,
43 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,

1 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
2 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
3 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
4 and amendments thereto, shall be exempt from taxes imposed pursuant to
5 this section.

6 Sec. 35. K.S.A. 2011 Supp. 79-3620 is hereby amended to read as
7 follows: 79-3620. (a) All revenue collected or received by the director of
8 taxation from the taxes imposed by this act shall be remitted to the state
9 treasurer in accordance with the provisions of K.S.A. 75-4215, and
10 amendments thereto. Upon receipt of each such remittance, the state
11 treasurer shall deposit the entire amount in the state treasury, less amounts
12 withheld as provided in subsection (b) and amounts credited as provided in
13 subsection (c), (d) and (e), to the credit of the state general fund.

14 (b) A refund fund, designated as "sales tax refund fund" not to exceed
15 \$100,000 shall be set apart and maintained by the director from sales tax
16 collections and estimated tax collections and held by the state treasurer for
17 prompt payment of all sales tax refunds including refunds authorized
18 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
19 fund shall be in such amount, within the limit set by this section, as the
20 director shall determine is necessary to meet current refunding
21 requirements under this act. In the event such fund as established by this
22 section is, at any time, insufficient to provide for the payment of refunds
23 due claimants thereof, the director shall certify the amount of additional
24 funds required to the director of accounts and reports who shall promptly
25 transfer the required amount from the state general fund to the sales tax
26 refund fund, and notify the state treasurer, who shall make proper entry in
27 the records.

28 (c) (1) The state treasurer shall credit 5/98 of the revenue collected or
29 received from the tax imposed by K.S.A. 79-3603, and amendments
30 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
31 exclusive of amounts credited pursuant to subsection (d), in the state
32 highway fund.

33 (2) The state treasurer shall credit 5/106 of the revenue collected or
34 received from the tax imposed by K.S.A. 79-3603, and amendments
35 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
36 exclusive of amounts credited pursuant to subsection (d), in the state
37 highway fund.

38 (3) On July 1, 2006, the state treasurer shall credit 19/265 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 5.3%, and deposited as provided by
41 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
42 the state highway fund.

43 (4) On July 1, 2007, the state treasurer shall credit 13/106 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 5.3%, and deposited as provided by
3 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
4 the state highway fund.

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

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

15 (7) On July 1, 2012, the state treasurer shall credit 11.233% of the
16 revenue collected and received from the tax imposed by K.S.A. 79-3603,
17 and amendments thereto, at the rate of 6.3%, and deposited as provided by
18 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
19 the state highway fund, ~~as well as such revenue collected and received at~~
20 ~~the rate of 6.3%, after June 30, 2013.~~

21 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
22 ~~18.421%~~ 17.05% of the revenue collected and received from the tax
23 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~
24 6.3%, and deposited as provided by subsection (a), exclusive of amounts
25 credited pursuant to subsection (d), in the state highway fund.

26 (d) The state treasurer shall credit all revenue collected or received
27 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
28 certified by the director, from taxpayers doing business within that portion
29 of a STAR bond project district occupied by a STAR bond project or
30 taxpayers doing business with such entity financed by a STAR bond
31 project as defined in K.S.A. 2011 Supp. 12-17,162, and amendments
32 thereto, that was determined by the secretary of commerce to be of
33 statewide as well as local importance or will create a major tourism area
34 for the state or the project was designated as a STAR bond project as
35 defined in K.S.A. 2011 Supp. 12-17,162, and amendments thereto, to the
36 city bond finance fund, which fund is hereby created. The provisions of
37 this subsection shall expire when the total of all amounts credited
38 hereunder and under subsection (d) of K.S.A. 79-3710, and amendments
39 thereto, is sufficient to retire the special obligation bonds issued for the
40 purpose of financing all or a portion of the costs of such STAR bond
41 project.

42 (e) All revenue certified by the director of taxation as having been
43 collected or received from the tax imposed by subsection (c) of K.S.A. 79-

1 3603, and amendments thereto, on the sale or furnishing of gas, water,
2 electricity and heat for use or consumption within the intermodal facility
3 district described in this subsection, shall be credited by the state treasurer
4 to the state highway fund. Such revenue may be transferred by the
5 secretary of transportation to the rail service improvement fund pursuant to
6 law. The provisions of this subsection shall take effect upon certification
7 by the secretary of transportation that a notice to proceed has been
8 received for the construction of the improvements within the intermodal
9 facility district, but not later than December 31, 2010, and shall expire
10 when the secretary of revenue determines that the total of all amounts
11 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3710, and
12 amendments thereto, is equal to \$53,300,000, but not later than December
13 31, 2045. Thereafter, all revenues shall be collected and distributed in
14 accordance with applicable law. For all tax reporting periods during which
15 the provisions of this subsection are in effect, none of the exemptions
16 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply
17 to the sale or furnishing of any gas, water, electricity and heat for use or
18 consumption within the intermodal facility district. As used in this
19 subsection, "intermodal facility district" shall consist of an intermodal
20 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and
21 amendments thereto, located in Johnson county within the polygonal-
22 shaped area having Waverly Road as the eastern boundary, 191st Street as
23 the southern boundary, Four Corners Road as the western boundary, and
24 Highway 56 as the northern boundary, and the polygonal-shaped area
25 having Poplar Road as the eastern boundary, 183rd Street as the southern
26 boundary, Waverly Road as the western boundary, and the BNSF mainline
27 track as the northern boundary, that includes capital investment in an
28 amount exceeding \$150 million for the construction of an intermodal
29 facility to handle the transfer, storage and distribution of freight through
30 railway and trucking operations.

31 Sec. 36. K.S.A. 2011 Supp. 79-3703 is hereby amended to read as
32 follows: 79-3703. There is hereby levied and there shall be collected from
33 every person in this state a tax or excise for the privilege of using, storing,
34 or consuming within this state any article of tangible personal property.
35 Such tax shall be levied and collected in an amount equal to the
36 consideration paid by the taxpayer multiplied by the rate of ~~5.3%, and~~
37 ~~commencing July 1, 2010, at the rate of 6.3%; and commencing July 1,~~
38 ~~2013, at the rate of 5.7%.~~ Within a redevelopment district established
39 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby
40 levied and there shall be collected and paid an additional tax of 2% until
41 the earlier of: (1) The date the bonds issued to finance or refinance the
42 redevelopment project undertaken in the district have been paid in full; or
43 (2) the final scheduled maturity of the first series of bonds issued to

1 finance the redevelopment project. All property purchased or leased within
2 or without this state and subsequently used, stored or consumed in this
3 state shall be subject to the compensating tax if the same property or
4 transaction would have been subject to the Kansas retailers' sales tax had
5 the transaction been wholly within this state.

6 Sec. 37. K.S.A. 2011 Supp. 79-3710 is hereby amended to read as
7 follows: 79-3710. (a) All revenue collected or received by the director
8 under the provisions of this act shall be remitted to the state treasurer in
9 accordance with the provisions of K.S.A. 75-4215, and amendments
10 thereto. Upon receipt of each such remittance, the state treasurer shall
11 deposit the entire amount in the state treasury, less amounts set apart as
12 provided in subsection (b) and amounts credited as provided in subsection
13 (c), (d) and (e), to the credit of the state general fund.

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

21 (c) (1) The state treasurer shall credit 5/98 of the revenue collected or
22 received from the tax imposed by K.S.A. 79-3703, and amendments
23 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
24 exclusive of amounts credited pursuant to subsection (d), in the state
25 highway fund.

26 (2) The state treasurer shall credit 5/106 of the revenue collected or
27 received from the tax imposed by K.S.A. 79-3703, and amendments
28 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
29 exclusive of amounts credited pursuant to subsection (d), in the state
30 highway fund.

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

36 (4) On July 1, 2007, the state treasurer shall credit 13/106 of the
37 revenue collected or received from the tax imposed by K.S.A. 79-3703,
38 and amendments thereto, at the rate of 5.3%, and deposited as provided by
39 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
40 the state highway fund.

41 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
42 revenue collected and received from the tax imposed by K.S.A. 79-3703,
43 and amendments thereto, at the rate of 6.3%, and deposited as provided by

1 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
2 the state highway fund.

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

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

14 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
15 ~~18.421%~~ 17.05%

16 of the revenue collected and received from the tax imposed by K.S.A.
17 79-3703, and amendments thereto, at the rate of ~~5.7%~~ 6.3%, and deposited
18 as provided by subsection (a), exclusive of amounts credited pursuant to
19 subsection (d), in the state highway fund.

20 (d) The state treasurer shall credit all revenue collected or received
21 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
22 certified by the director, from taxpayers doing business within that portion
23 of a redevelopment district occupied by a redevelopment project that was
24 determined by the secretary of commerce to be of statewide as well as
25 local importance or will create a major tourism area for the state as defined
26 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
27 fund created by subsection (d) of K.S.A. 79-3620, and amendments
28 thereto. The provisions of this subsection shall expire when the total of all
29 amounts credited hereunder and under subsection (d) of K.S.A. 79-3620,
30 and 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 redevelopment project.

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

36 (e) All revenue certified by the director of taxation as having been
37 collected or received from the tax imposed by subsection (c) of K.S.A. 79-
38 3603, and amendments thereto, on the sale or furnishing of gas, water,
39 electricity and heat for use or consumption within the intermodal facility
40 district described in this subsection, shall be credited by the state treasurer
41 to the state highway fund. Such revenue may be transferred by the
42 secretary of transportation to the rail service improvement fund pursuant to
43 law. The provisions of this subsection shall take effect upon certification

1 by the secretary of transportation that a notice to proceed has been
2 received for the construction of the improvements within the intermodal
3 facility district, but not later than December 31, 2010, and shall expire
4 when the secretary of revenue determines that the total of all amounts
5 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3620, and
6 amendments thereto, is equal to \$53,300,000, but not later than December
7 31, 2045. Thereafter, all revenues shall be collected and distributed in
8 accordance with applicable law. For all tax reporting periods during which
9 the provisions of this subsection are in effect, none of the exemptions
10 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply
11 to the sale or furnishing of any gas, water, electricity and heat for use or
12 consumption within the intermodal facility district. As used in this
13 subsection, "intermodal facility district" shall consist of an intermodal
14 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and
15 amendments thereto, located in Johnson county within the polygonal-
16 shaped area having Waverly Road as the eastern boundary, 191st Street as
17 the southern boundary, Four Corners Road as the western boundary, and
18 Highway 56 as the northern boundary, and the polygonal-shaped area
19 having Poplar Road as the eastern boundary, 183rd Street as the southern
20 boundary, Waverly Road as the western boundary, and the BNSF mainline
21 track as the northern boundary, that includes capital investment in an
22 amount exceeding \$150 million for the construction of an intermodal
23 facility to handle the transfer, storage and distribution of freight through
24 railway and trucking operations.

25 Sec. 38. K.S.A. 2011 Supp. 79-4217 is hereby amended to read as
26 follows: 79-4217. (a) There is hereby imposed an excise tax upon the
27 severance and production of coal, oil or gas from the earth or water in this
28 state for sale, transport, storage, profit or commercial use, subject to the
29 following provisions of this section. Such tax shall be borne ratably by all
30 persons within the term "producer" as such term is defined in K.S.A. 79-
31 4216, and amendments thereto, in proportion to their respective beneficial
32 interest in the coal, oil or gas severed. Such tax shall be applied equally to
33 all portions of the gross value of each barrel of oil severed and subject to
34 such tax and to the gross value of the gas severed and subject to such tax.
35 The rate of such tax shall be 8% of the gross value of all oil or gas severed
36 from the earth or water in this state and subject to the tax imposed under
37 this act. The rate of such tax with respect to coal shall be \$1 per ton. For
38 the purposes of the tax imposed hereunder the amount of oil or gas
39 produced shall be measured or determined: (1) In the case of oil, by tank
40 tables compiled to show 100% of the full capacity of tanks without
41 deduction for overage or losses in handling; allowance for any reasonable
42 and bona fide deduction for basic sediment and water, and for correction of
43 temperature to 60 degrees Fahrenheit will be allowed; and if the amount of

1 oil severed has been measured or determined by tank tables compiled to
2 show less than 100% of the full capacity of tanks, such amount shall be
3 raised to a basis of 100% for the purpose of the tax imposed by this act;
4 and (2) in the case of gas, by meter readings showing 100% of the full
5 volume expressed in cubic feet at a standard base and flowing temperature
6 of 60 degrees Fahrenheit, and at the absolute pressure at which the gas is
7 sold and purchased; correction to be made for pressure according to
8 Boyle's law, and used for specific gravity according to the gravity at which
9 the gas is sold and purchased, or if not so specified, according to the test
10 made by the balance method.

11 (b) The following shall be exempt from the tax imposed under this
12 section:

13 (1) The severance and production of gas which is: (A) Injected into
14 the earth for the purpose of lifting oil, recycling or repressuring; (B) used
15 for fuel in connection with the operation and development for, or
16 production of, oil or gas in the lease or production unit where severed; (C)
17 lawfully vented or flared; (D) severed from a well having an average daily
18 production during a calendar month having a gross value of not more than
19 \$87 per day, which well has not been significantly curtailed by reason of
20 mechanical failure or other disruption of production; in the event that the
21 production of gas from more than one well is gauged by a common meter,
22 eligibility for exemption hereunder shall be determined by computing the
23 gross value of the average daily combined production from all such wells
24 and dividing the same by the number of wells gauged by such meter; (E)
25 inadvertently lost on the lease or production unit by reason of leaks,
26 blowouts or other accidental losses; (F) used or consumed for domestic or
27 agricultural purposes on the lease or production unit from which it is
28 severed; or (G) placed in underground storage for recovery at a later date
29 and which was either originally severed outside of the state of Kansas, or
30 as to which the tax levied pursuant to this act has been paid;

31 (2) the severance and production of oil which is: (A) From a lease or
32 production unit whose average daily production is five barrels or less per
33 producing well, which well or wells have not been significantly curtailed
34 by reason of mechanical failure or other disruption of production; (B) from
35 a lease or production unit, the producing well or wells upon which have a
36 completion depth of 2,000 feet or more, and whose average daily
37 production is six barrels or less per producing well or, if the price of oil as
38 determined pursuant to subsection (d) is \$16 or less, whose average daily
39 production is seven barrels or less per producing well, or, if the price of oil
40 as determined pursuant to subsection (d) is \$15 or less, whose average
41 daily production is eight barrels or less per producing well, or, if the price
42 of oil as determined pursuant to subsection (d) is \$14 or less, whose
43 average daily production is nine barrels or less per producing well, or, if

1 the price of oil as determined pursuant to subsection (d) is \$13 or less,
2 whose average daily production is 10 barrels or less per producing well,
3 which well or wells have not been significantly curtailed by reason of
4 mechanical failure or other disruption of production; (C) from a lease or
5 production unit, whose production results from a tertiary recovery process.
6 "Tertiary recovery process" means the process or processes described in
7 subparagraphs (1) through (9) of 10 C.F.R. § 212.78(c) as in effect on June
8 1, 1979; (D) from a lease or production unit, the producing well or wells
9 upon which have a completion depth of less than 2,000 feet and whose
10 average daily production resulting from a water flood process, is six
11 barrels or less per producing well, which well or wells have not been
12 significantly curtailed by reason of mechanical failure or other disruption
13 of production; (E) from a lease or production unit, the producing well or
14 wells upon which have a completion depth of 2,000 feet or more, and
15 whose average daily production resulting from a water flood process, is
16 seven barrels or less per producing well or, if the price of oil as determined
17 pursuant to subsection (d) is \$16 or less, whose average daily production is
18 eight barrels or less per producing well, or, if the price of oil as determined
19 pursuant to subsection (d) is \$15 or less, whose average daily production is
20 nine barrels or less per producing well, or, if the price of oil as determined
21 pursuant to subsection (d) is \$14 or less, whose average daily production is
22 10 barrels or less per producing well, which well or wells have not been
23 significantly curtailed by reason of mechanical failure or other disruption
24 of production; (F) test, frac or swab oil which is sold or exchanged for
25 value; or (G) inadvertently lost on the lease or production unit by reason of
26 leaks or other accidental means;

27 (3) (A) any taxpayer applying for an exemption pursuant to
28 subsection (b)(2)(A) and (B) shall make application biennially to the
29 director of taxation therefor. Exemptions granted pursuant to subsection
30 (b)(2)(A) and (B) shall be valid for a period of two years following the
31 date of certification thereof by the director of taxation; (B) any taxpayer
32 applying for an exemption pursuant to subsection (b)(2)(D) or (E) shall
33 make application biennially to the director of taxation therefor. Such
34 application shall be accompanied by proof of the approval of an
35 application for the utilization of a water flood process therefor by the
36 corporation commission pursuant to rules and regulations adopted under
37 the authority of K.S.A. 55-152, and amendments thereto, and proof that
38 the oil produced therefrom is kept in a separate tank battery and that
39 separate books and records are maintained therefor. Such exemption shall
40 be valid for a period of two years following the date of certification thereof
41 by the director of taxation; (C) any exemption granted pursuant to
42 subsections (b)(2)(A), (B), (D) or (E) with an odd lease number and an
43 exemption termination date between June 1, 2004, and May 31, 2005,

1 inclusive, shall be valid for a period of one year following the date of
2 certification; and (D) notwithstanding the provisions of paragraph (A) or
3 (B), any exemption in effect on the effective date of this act affected by the
4 amendments to subsection (b)(2) by this act shall be redetermined in
5 accordance with such amendments. Any such exemption, and any new
6 exemption established by such amendments and applied for after the
7 effective date of this shall be valid for a period commencing with May 1,
8 1998, and ending on April 30, 1999.

9 (4) the severance and production of gas or oil from any pool from
10 which oil or gas was first produced on or after April 1, 1983, *and prior to*
11 *July 1, 2012*, as determined by the state corporation commission and
12 certified to the director of taxation, and continuing for a period of 24
13 months from the month in which oil or gas was first produced from such
14 pool as evidenced by an affidavit of completion of a well, filed with the
15 state corporation commission and certified to the director of taxation.
16 Exemptions granted for production from any well pursuant to this
17 paragraph shall be valid for a period of 24 months following the month in
18 which oil or gas was first produced from such pool. The term "pool"
19 means an underground accumulation of oil or gas in a single and separate
20 natural reservoir characterized by a single pressure system so that
21 production from one part of the pool affects the reservoir pressure
22 throughout its extent;

23 (5) *the severance and production of oil of not more than 50 barrels*
24 *per day from any pool from which oil was first produced on or after July 1,*
25 *2012, as determined by the state corporation commission and certified to*
26 *the director of taxation, and continuing for a period of 24 months from the*
27 *month in which oil was first produced from such pool as evidenced by an*
28 *affidavit of completion of a well, filed with the state corporation*
29 *commission and certified to the director of taxation. Exemptions granted*
30 *for production from any well pursuant to this subsection shall be valid for*
31 *a period of 24 months following the month in which oil was first produced*
32 *from such pool. The term "pool" means an underground accumulation of*
33 *oil in a single and separate natural reservoir characterized by a single*
34 *pressure system so that production from one part of the pool affects the*
35 *reservoir pressure throughout its extent;*

36 (6) the severance and production of oil or gas from a three-year
37 inactive well, as determined by the state corporation commission and
38 certified to the director of taxation, for a period of 10 years after the date
39 of receipt of such certification. As used in this paragraph, "three-year
40 inactive well" means any well that has not produced oil or gas in more
41 than one month in the three years prior to the date of application to the
42 state corporation commission for certification as a three-year inactive well.
43 An application for certification as a three-year inactive well shall be in

1 such form and contain such information as required by the state
2 corporation commission, and shall be made prior to July 1, 1996. The
3 commission may revoke a certification if information indicates that a
4 certified well was not a three-year inactive well or if other lease
5 production is credited to the certified well. Upon notice to the operator that
6 the certification for a well has been revoked, the exemption shall not be
7 applied to the production from that well from the date of revocation;

8 ~~(6)~~ (7) (A) The incremental severance and production of oil or gas
9 which results from a production enhancement project begun on or after
10 July 1, 1998, shall be exempt for a period of seven years from the startup
11 date of such project. As used in this paragraph ~~(6)~~:

12 (1) "Incremental severance and production" means the amount of oil
13 or natural gas which is produced as the result of a production enhancement
14 project which is in excess of the base production of oil or natural gas, and
15 is determined by subtracting the base production from the total monthly
16 production after the production enhancement project is completed.

17 (2) "Base production" means the average monthly amount of
18 production for the twelve-month period immediately prior to the
19 production enhancement project beginning date, minus the monthly rate of
20 production decline for the well or project for each month beginning 180
21 days prior to the project beginning date. The monthly rate of production
22 decline shall be equal to the average extrapolated monthly decline rate for
23 the well or project for the twelve-month period immediately prior to the
24 production enhancement project beginning date, except that the monthly
25 rate of production decline shall be equal to zero in the case where the well
26 or project has experienced no monthly decline during the twelve-month
27 period immediately prior to the production enhancement project beginning
28 date. Such monthly rate of production decline shall be continued as the
29 decline that would have occurred except for the enhancement project. Any
30 well or project which may have produced during the twelve-month period
31 immediately prior to the production enhancement project beginning date
32 but is not capable of production on the project beginning date shall have a
33 base production equal to zero. The calculation of the base production
34 amount shall be evidenced by an affidavit and supporting documentation
35 filed by the applying taxpayer with the state corporation commission.

36 (3) "Workover" means any downhole operation in an existing oil or
37 gas well that is designed to sustain, restore or increase the production rate
38 or ultimate recovery of oil or gas, including but not limited to acidizing,
39 reperforation, fracture treatment, sand/paraffin/scale removal or other
40 wellbore cleanouts, casing repair, squeeze cementing, initial installation, or
41 enhancement of artificial lifts including plunger lifts, rods, pumps,
42 submersible pumps and coiled tubing velocity strings, downsizing existing
43 tubing to reduce well loading, downhole commingling, bacteria treatments,

1 polymer treatments, upgrading the size of pumping unit equipment, setting
2 bridge plugs to isolate water production zones, or any combination of the
3 aforementioned operations; "workover" shall not mean the routine
4 maintenance, routine repair, or like for-like replacement of downhole
5 equipment such as rods, pumps, tubing packers or other mechanical
6 device.

7 (4) "Production enhancement project" means performing or causing
8 to be performed the following:

9 (i) Workover;

10 (ii) recompletion to a different producing zone in the same well bore,
11 except recompletions in formations and zones subject to a state
12 corporation commission proration order;

13 (iii) secondary recovery projects;

14 (iv) addition of mechanical devices to dewater a gas or oil well;

15 (v) replacement or enhancement of surface equipment;

16 (vi) installation or enhancement of compression equipment, line
17 looping or other techniques or equipment which increases production from
18 a well or a group of wells in a project;

19 (vii) new discoveries of oil or gas which are discovered as a result of
20 the use of new technology, including, but not limited to, three dimensional
21 seismic studies.

22 (B) The state corporation commission shall adopt rules and
23 regulations necessary to efficiently and properly administer the provisions
24 of this paragraph-~~(6)~~ including rules and regulations for the qualification of
25 production enhancement projects, the procedures for determining the
26 monthly rate of production decline, criteria for determining the share of
27 incremental production attributable to each well when a production
28 enhancement project includes a group of wells, criteria for determining the
29 start up date for any project for which an exemption is claimed, and
30 determining new qualifying technologies for the purposes of ~~paragraph (6)~~
31 *subsection (7)(A)(4)(vii)*.

32 (C) Any taxpayer applying for an exemption pursuant to this
33 paragraph-~~(6)~~ shall make application to the director of taxation. Such
34 application shall be accompanied by a state corporation commission
35 certification that the production for which an exemption is sought results
36 from a qualified production enhancement project and certification of the
37 base production for the enhanced wells or group of wells, and the rate of
38 decline to be applied to that base production. The secretary of revenue
39 shall provide credit for any taxes paid between the project startup date and
40 the certification of qualifications by the commission.

41 (D) The exemptions provided for in this paragraph-~~(6)~~ shall not apply
42 for 12 months beginning July 1 of the year subsequent to any calendar year
43 during which: (1) In the case of oil, the secretary of revenue determines

1 that the weighted average price of Kansas oil at the wellhead has exceeded
2 \$20.00 per barrel; or (2) in the case of natural gas the secretary of revenue
3 determines that the weighted average price of Kansas gas at the wellhead
4 has exceeded \$2.50 per Mcf.

5 (E) The provisions of this paragraph~~(6)~~ shall not affect any other
6 exemption allowable pursuant to this section; and

7 (7) for the calendar year 1988, and any year thereafter, the severance
8 or production of the first 350,000 tons of coal from any mine as certified
9 by the state geological survey.

10 (c) No exemption shall be granted pursuant to subsection (b)(3) or (4)
11 to any person who does not have a valid operator's license issued by the
12 state corporation commission, and no refund of tax shall be made to any
13 taxpayer attributable to any production in a period when such taxpayer did
14 not hold a valid operator's license issued by the state corporation
15 commission.

16 (d) On April 15, 1988, and on April 15 of each year thereafter, the
17 secretary of revenue shall determine from statistics compiled and provided
18 by the United States department of energy, the average price per barrel
19 paid by the first purchaser of crude oil in this state for the six-month
20 period ending on December 31 of the preceding year. Such price shall be
21 used for the purpose of determining exemptions allowed by subsection (b)
22 (2)(B) or (E) for the twelve-month period commencing on May 1 of such
23 year and ending on April 30 of the next succeeding year.

24 Sec. 39. On and after January 1, 2013, K.S.A. 2011 Supp. 79-4501 is
25 hereby amended to read as follows: 79-4501. The title of this act shall be
26 the homestead property tax refund act. The purpose of this act shall be to
27 provide ad valorem tax refunds to: (a) Certain persons who are of
28 qualifying age who own ~~or rent~~ their homestead; (b) certain persons who
29 have a disability, who own ~~or rent~~ their homestead; and (c) certain persons
30 other than persons included under the provisions of (a) or (b) who have
31 low incomes and dependent children and own ~~or rent~~ their homestead.

32 Sec. 40. On and after January 1, 2013, K.S.A. 2011 Supp. 79-4502 is
33 hereby amended to read as follows: 79-4502. As used in this act, unless the
34 context clearly indicates otherwise:

35 (a) "Income" means the sum of adjusted gross income under the
36 Kansas income tax act, maintenance, support money, cash public
37 assistance and relief, not including any refund granted under this act, the
38 gross amount of any pension or annuity, including all monetary retirement
39 benefits from whatever source derived, including but not limited to, all
40 payments received under the railroad retirement act, except disability
41 payments, payments received under the federal social security act, except
42 that for determination of what constitutes income such amount shall not
43 exceed 50% of any such social security payments and shall not include any

1 social security payments to a claimant who prior to attaining full
2 retirement age had been receiving disability payments under the federal
3 social security act in an amount not to exceed the amount of such disability
4 payments or 50% of any such social security payments, whichever is
5 greater, all dividends and interest from whatever source derived not
6 included in adjusted gross income, workers compensation and the gross
7 amount of "loss of time" insurance. Income does not include gifts from
8 nongovernmental sources or surplus food or other relief in kind supplied
9 by a governmental agency, nor shall net operating losses and net capital
10 losses be considered in the determination of income. Income does not
11 include veterans disability pensions. Income does not include disability
12 payments received under the federal social security act.

13 (b) "Household" means a claimant, a claimant and spouse who
14 occupy the homestead or a claimant and one or more individuals not
15 related as husband and wife who together occupy a homestead.

16 (c) "Household income" means all income received by all persons of
17 a household in a calendar year while members of such household.

18 (d) "Homestead" means the dwelling, or any part thereof, ~~whether~~
19 ~~owned or rented, which is~~ and occupied as a residence by the household
20 and so much of the land surrounding it, as defined as a home site for ad
21 valorem tax purposes, and may consist of a part of a multi-dwelling or
22 multi-purpose building and a part of the land upon which it is built or a
23 manufactured home or mobile home and the land upon which it is situated.
24 "Owned" includes a vendee in possession under a land contract, a life
25 tenant, a beneficiary under a trust and one or more joint tenants or tenants
26 in common.

27 (e) "Claimant" means a person who has filed a claim under the
28 provisions of this act and was, during the entire calendar year preceding
29 the year in which such claim was filed for refund under this act, except as
30 provided in K.S.A. 79-4503, and amendments thereto, both domiciled in
31 this state and was: (1) A person having a disability; (2) a person who is 55
32 years of age or older; (3) a disabled veteran; (4) the surviving spouse of
33 active duty military personnel who died in the line of duty; or (5) a person
34 other than a person included under (1), (2), (3) or (4) having one or more
35 dependent children under 18 years of age residing at the person's
36 homestead during the calendar year immediately preceding the year in
37 which a claim is filed under this act. The surviving spouse of a disabled
38 veteran who was receiving benefits pursuant to subsection (e)(3) of this
39 section at the time of the veterans' death, shall be eligible to continue to
40 receive benefits until such time the surviving spouse remarries.

41 When a homestead is occupied by two or more individuals and more
42 than one of the individuals is able to qualify as a claimant, the individuals
43 may determine between them as to whom the claimant will be. If they are

1 unable to agree, the matter shall be referred to the secretary of revenue
2 whose decision shall be final.

3 (f) "Property taxes accrued" means property taxes, exclusive of
4 special assessments, delinquent interest and charges for service, levied on
5 a claimant's homestead in 1979 or any calendar year thereafter by the state
6 of Kansas and the political and taxing subdivisions of the state. When a
7 homestead is owned by two or more persons or entities as joint tenants or
8 tenants in common and one or more of the persons or entities is not a
9 member of claimant's household, "property taxes accrued" is that part of
10 property taxes levied on the homestead that reflects the ownership
11 percentage of the claimant's household. For purposes of this act, property
12 taxes are "levied" when the tax roll is delivered to the local treasurer with
13 the treasurer's warrant for collection. When a claimant and household own
14 their homestead part of a calendar year, "property taxes accrued" means
15 only taxes levied on the homestead when both owned and occupied as a
16 homestead by the claimant's household at the time of the levy, multiplied
17 by the percentage of 12 months that the property was owned and occupied
18 by the household as its homestead in the year. When a household owns and
19 occupies two or more different homesteads in the same calendar year,
20 property taxes accrued shall be the sum of the taxes allocable to those
21 several properties while occupied by the household as its homestead
22 during the year. Whenever a homestead is an integral part of a larger unit
23 such as a multi-purpose or multi-dwelling building, property taxes accrued
24 shall be that percentage of the total property taxes accrued as the value of
25 the homestead is of the total value. For the purpose of this act, the word
26 "unit" refers to that parcel of property covered by a single tax statement of
27 which the homestead is a part.

28 (g) "Disability" means:

29 (1) Inability to engage in any substantial gainful activity by reason of
30 any medically determinable physical or mental impairment which can be
31 expected to result in death or has lasted or can be expected to last for a
32 continuous period of not less than 12 months, and an individual shall be
33 determined to be under a disability only if the physical or mental
34 impairment or impairments are of such severity that the individual is not
35 only unable to do the individual's previous work but cannot, considering
36 age, education and work experience, engage in any other kind of
37 substantial gainful work which exists in the national economy, regardless
38 of whether such work exists in the immediate area in which the individual
39 lives or whether a specific job vacancy exists for the individual, or whether
40 the individual would be hired if application was made for work. For
41 purposes of the preceding sentence (with respect to any individual), "work
42 which exists in the national economy" means work which exists in
43 significant numbers either in the region where the individual lives or in

1 several regions of the country; for purposes of this subsection, a "physical
2 or mental impairment" is an impairment that results from anatomical,
3 physiological or psychological abnormalities which are demonstrable by
4 medically acceptable clinical and laboratory diagnostic techniques; or

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

9 (h) "Blindness" means central visual acuity of 20/200 or less in the
10 better eye with the use of a correcting lens. An eye which is accompanied
11 by a limitation in the fields of vision such that the widest diameter of the
12 visual field subtends an angle no greater than 20 degrees shall be
13 considered for the purpose of this paragraph as having a central visual
14 acuity of 20/200 or less.

15 (i) ~~"Rent constituting property taxes accrued" means 15% of the gross~~
16 ~~rent actually paid in cash or its equivalent in 2007 or any taxable year~~
17 ~~thereafter by a claimant and claimant's household solely for the right of~~
18 ~~occupancy of a Kansas homestead on which ad valorem property taxes~~
19 ~~were levied in full for that year. When a household occupies two or more~~
20 ~~different homesteads in the same calendar year, rent constituting property~~
21 ~~taxes accrued shall be computed by adding the rent constituting property~~
22 ~~taxes accrued for each property rented by the household while occupied by~~
23 ~~the household as its homestead during the year.~~

24 (j) ~~"Gross rent" means the rental paid at arm's length solely for the~~
25 ~~right of occupancy of a homestead or space rental paid to a landlord for the~~
26 ~~parking of a mobile home, exclusive of charges for any utilities, services,~~
27 ~~furniture and furnishings or personal property appliances furnished by the~~
28 ~~landlord as a part of the rental agreement, whether or not expressly set out~~
29 ~~in the rental agreement. Whenever the director of taxation finds that the~~
30 ~~landlord and tenant have not dealt with each other at arms length and that~~
31 ~~the gross rent charge was excessive, the director may adjust the gross rent~~
32 ~~to a reasonable amount for the purposes of the claim.~~

33 (k) "Disabled veteran" means a person who is a resident of Kansas
34 and has been honorably discharged from active service in any branch of
35 the armed forces of the United States or Kansas national guard and who
36 has been certified by the United States department of veterans affairs or its
37 successor to have a 50% permanent disability sustained through military
38 action or accident or resulting from disease contracted while in such active
39 service.

40 Sec. 41. On and after January 1, 2013, K.S.A. 2011 Supp. 79-4508 is
41 hereby amended to read as follows: 79-4508. (a) Commencing in the tax
42 year beginning after December 31, 2005, the amount of any claim pursuant
43 to this act shall be computed by deducting the amount computed under

1 column (2) from the amount of claimant's property tax accrued ~~and/or rent~~
 2 ~~constituting property tax accrued.~~

	(1)	(2)
3	Claimants household	Deduction from property tax
4	income	accrued and/or rent
5		constituting
6		property tax accrued
7	At least	But not more than
8	\$0	\$6,000
9	6,001	7,000
10	7,001	16,000
11		4% plus 4% of every \$1,000, or
12		fraction thereof, of income in
13	16,001	excess of \$7,001
14		40% plus 5% of every \$1,000,
15		or fraction thereof, of income in
16	27,001	excess of \$16,001
17		95%

18 (b) The director of taxation shall prepare a table under which claims
 19 under this act shall be determined. The amount of claim for each bracket
 20 shall be computed only to the nearest \$1.

21 (c) The claimant may elect not to record the amount claimed on the
 22 claim. The claim allowable to persons making this election shall be
 23 computed by the department which shall notify the claimant by mail of the
 24 amount of the allowable claim.

25 (d) In the case of all tax years commencing after December 31, 2004,
 26 the upper limit threshold amount prescribed in this section, shall be
 27 increased by an amount equal to such threshold amount multiplied by the
 28 cost-of-living adjustment determined under section 1(f)(3) of the federal
 29 internal revenue code for the calendar year in which the taxable year
 30 commences.

31 Sec. 42. On and after January 1, 2013, K.S.A. 2011 Supp. 79-4509 is
 32 hereby amended to read as follows: 79-4509. In the event property taxes
 33 accrued, ~~rent constituting property taxes accrued or their sum~~ exceeds
 34 \$700 for a household in any one year, the amount thereof shall, for
 35 purposes of this act, be deemed to have been \$700.

36 Sec. 43. On and after January 1, 2013, K.S.A. 2011 Supp. 79-4511 is
 37 hereby amended to read as follows: 79-4511. (a) Every claimant under this
 38 act shall supply to the division, in support of a claim, reasonable proof of
 39 age or disability, and changes of homestead, household membership,
 40 household income, and size and nature of property claimed as the
 41 homestead. A claim alleging disability shall be supported by a report of the
 42 examining physician of the claimant with a statement or certificate that the
 43 applicant has a disability within the meaning of subsection (g) of K.S.A.
 44 79-4502, and amendments thereto.

45 (b) Every claimant who is a homestead owner, or whose claim is
 46 based wholly or partly upon homestead ownership at some time during the

1 calendar year, shall supply to the division, in support of a claim, the
2 amount of property taxes levied upon the property claimed as a homestead
3 and a statement that the property taxes accrued used for purposes of this
4 act have been or will be paid by the claimant. Upon request by the
5 division, such claimant shall provide a copy of the statement of property
6 taxes levied upon the property claimed as a homestead. The amount of
7 personal property taxes levied on a manufactured home or mobile home
8 shall be set out on the personal property tax statement showing the amount
9 of such tax as a separate item.

10 ~~(c) Every claimant who is a homestead renter, or whose claim is~~
11 ~~based wholly or partly upon homestead rental at some time during the~~
12 ~~calendar year, shall supply to the division, in support of a claim, a~~
13 ~~statement prescribed by the director certifying the amount of gross rent~~
14 ~~paid and that ad valorem property taxes were levied in full for that year on~~
15 ~~the property, all or a part of which was rented by the claimant. When such~~
16 ~~claimant reports household income that is 150% or less of the homestead~~
17 ~~rental amount and such claimant has failed to provide any documentation~~
18 ~~or information requested by the division to verify such household income~~
19 ~~in support of a claim as required pursuant to subsection (a), within 30 days~~
20 ~~of such request, such homestead property tax refund claim shall be denied.~~

21 ~~(d) The information required to be furnished under subsections (b) or~~
22 ~~(e) subsection (b) shall be in addition to that required under subsection (a).~~

23 Sec. 44. On and after January 1, 2013, K.S.A. 2011 Supp. 79-4522 is
24 hereby amended to read as follows: 79-4522. A person owning or
25 occupying a homestead ~~that is not rental property~~ and for which the
26 appraised valuation for property tax purposes exceeds \$350,000 in any
27 year shall not be entitled to claim a refund of property taxes under the
28 homestead property tax refund act for any such year. The provisions of this
29 section shall be part of and supplemental to the homestead property tax
30 refund act.

31 New Sec. 45. (a) (1) Except as provided in subsection (a)(2),
32 commencing with fiscal year 2015, in any fiscal year in which the amount
33 of actual state general fund receipts from such fiscal year exceeds the
34 actual state general fund receipts for the immediately preceding fiscal year
35 by more than 2% and the actual ending state general fund balance exceeds
36 the amount of 7.5% of the total amount authorized to be expended or
37 transferred by demand transfer from the state general fund in such fiscal
38 year, as determined under subsection (b) of K.S.A. 75-6702, and
39 amendments thereto, the director of budget and the director of legislative
40 research shall jointly certify such excess amount to the secretary of
41 revenue. Upon receipt of such certified amount, the secretary shall
42 estimate the individual income tax and corporate income tax rate
43 reductions to go into effect for the next tax year that would decrease by

1 such certified amount the estimated individual income tax and corporate
2 income tax receipts during the fiscal year after the next fiscal year. Such
3 rate reductions shall be estimated so that the revenue reductions for
4 individual income tax receipts and corporate income tax receipts will be in
5 the same proportion as individual income tax receipts and corporate
6 income tax receipts are to the total of individual and corporate income tax
7 receipts. Rate reductions for individual and corporate income tax shall be
8 applied to reduce the highest marginal rate applicable. Based on such
9 determination, the secretary shall reduce individual and corporate income
10 tax rates prescribed by K.S.A. 79-32,110, and amendments thereto.

11 (2) In any fiscal year in which the amount of actual state general fund
12 receipts for such fiscal year are less than 102% of the actual state general
13 fund receipts from any prior fiscal year or the actual ending state general
14 fund balance is equal to or less than the amount equal to 7.5% of the total
15 amount authorized to be expended or transferred by demand transfer from
16 the state general fund in such fiscal year, as determined under subsection
17 (b) of K.S.A. 75-6702, and amendments thereto, the director of budget and
18 the director of legislative research shall jointly certify such amount and
19 fact to the secretary of revenue. Upon receipt of such amount and fact, the
20 secretary shall not make any adjustment to the individual and corporate
21 income tax rates.

22 (b) Any reduction in individual and corporate income tax rates
23 prescribed by this section shall be published in the Kansas register prior to
24 October 15 of the calendar year immediately preceding the tax year in
25 which such reduction takes effect.

26 (c) The provisions of this section shall be effective on and after
27 January 1, 2013.

28 New Sec. 46. Any nonrefundable credits applicable to the Kansas
29 income tax imposed on individuals that are no longer available
30 commencing in tax year 2013 pursuant to this act and earned in any tax
31 year prior to 2013 which are unused may continue to be claimed, subject
32 to the limitations applicable to any such credit pursuant to law at the time
33 such credit was earned.

34 Sec. 47. K.S.A. 2011 Supp. 79-3603, 79-3620, 79-3703, 79-3710 and
35 79-4217 are hereby repealed.

36 Sec. 48. On and after January 1, 2013, K.S.A. 39-7,132, 65-7107,
37 74-8206, 74-8304, 79-32,118, 79-32,128, 79-32,176, 79-32,177, 79-
38 32,182, 79-32,190, 79-32,200, 79-3634, 79-3636 and 79-3638 and K.S.A.
39 2011 Supp. 40-2246, 74-50,173, 74-50,208, 74-8131, 74-8132, 74-8133,
40 74-8134, 74-8135, 74-8136, 74-8137, 74-8316, 74-8401, 79-32,110, 79-
41 32,111, 79-32,111a, 79-32,117, 79-32,119, 79-32,120, 79-32,138, 79-
42 32,143, 79-32,143a, 79-32,182b, 79-32,196, 79-32,197, 79-32,197a, 79-
43 32,201, 79-32,202, 79-32,204, 79-32,205, 79-32,207, 79-32,210, 79-

1 32,211, 79-32,212, 79-32,213, 79-32,222, 79-32,242, 79-3633, 79-3635,
2 79-3637, 79-3639, 79-4501, 79-4502, 79-4508, 79-4509, 79-4511 and 79-
3 4522 are hereby repealed.

4 Sec. 49. This act shall take effect and be in force from and after its
5 publication in the statute book.