

**Substitute for SENATE BILL No. 95**

By Committee on Assessment and Taxation

3-10

1 AN ACT concerning taxation; relating to income tax rates, adjustment,  
2 procedure and requirements; sales and compensating use tax rates and  
3 distribution; amending K.S.A. 2010 Supp. 79-32,110, 79-3603, 79-  
4 3620, 79-3703 and 79-3710 and repealing the existing sections.

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

7 New Section 1. (a) As used in this section: (1) "Base fiscal year  
8 selected actual state general fund receipts" means selected actual state  
9 general fund receipts from fiscal year 2010; and

10 (2) "selected actual state general fund receipts" means receipts from  
11 the following taxes and fees: Individual and corporation income taxes  
12 imposed under K.S.A. 79-32,110, and amendments thereto, financial  
13 institutions privilege taxes imposed under article 11 of chapter 79 of the  
14 Kansas Statutes Annotated, and amendments thereto, retail sales taxes  
15 imposed under K.S.A. 79-3601 et seq., and amendments thereto,  
16 compensating use taxes imposed under K.S.A. 79-3701 et seq., and  
17 amendments thereto, cigarette and tobacco product taxes imposed under  
18 K.S.A. 79-3301 et seq., and amendments thereto, cereal malt beverage and  
19 liquor gallonage taxes imposed under K.S.A. 41-501 et seq., and  
20 amendments thereto, liquor enforcement taxes imposed under K.S.A. 79-  
21 4101 et seq., and amendments thereto, liquor drink taxes imposed under  
22 K.S.A. 79-41a01 et seq., and amendments thereto, corporation franchise  
23 taxes imposed under K.S.A. 79-5401, and amendments thereto, annual  
24 franchise fees charged pursuant to law and mineral severance taxes  
25 imposed under K.S.A. 79-4216 et seq., and amendments thereto.

26 (b) (1) Except as provided in subsections (b)(2) and (b)(3),  
27 commencing with fiscal year 2011, in any fiscal year in which the amount  
28 of selected actual state general fund receipts from such fiscal year exceeds  
29 the base fiscal year selected actual state general fund receipts, the director  
30 of legislative research shall certify such amount to the secretary of revenue  
31 and the director of the budget. Upon receipt of such certified amount, the  
32 secretary shall compute the percentage increase in selected actual state  
33 general receipts in such fiscal year. Based on such percentage of calculated  
34 receipt growth, the secretary shall reduce individual and corporation  
35 income tax rates prescribed by K.S.A. 79-32,110, and amendments thereto,  
36 by a percentage equal to such percentage of calculated receipt growth for

1 each income tax category and bracket for the income tax year in which the  
 2 increase in selected actual state general fund receipts occurred, except that  
 3 in no event shall the corporation normal income tax rate be less than 3.5%  
 4 of the Kansas taxable income of such corporation. In any computation by  
 5 the secretary pursuant to this section in which an individual or corporation  
 6 income tax rate for any income tax category or bracket is below .4%, such  
 7 rate shall be 0%.

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

15 (3) Following any such fiscal year in which selected actual state  
 16 general fund receipts were less than the previous fiscal year as described in  
 17 subsection (b)(2), if the selected actual state general fund receipts in any  
 18 subsequent fiscal year exceed selected actual state general fund receipts  
 19 from the immediately preceding fiscal year, the director of legislative  
 20 research shall certify such amount to the secretary of revenue and the  
 21 director of the budget. Upon such occurrence, the director shall also  
 22 certify the amount of selected actual state general fund receipts for such  
 23 fiscal year which exceeds the base year selected actual state general fund  
 24 receipts to the secretary and the director. Upon receipt of such certified  
 25 amount, the secretary shall compute the percentage increase in such actual  
 26 receipts. Based on such percentage of calculated receipt growth, the  
 27 secretary shall reduce individual and corporation income tax rates in the  
 28 same manner as provided in subsection (b)(1).

29 (c) Any reduction in individual and corporation income tax rates  
 30 prescribed by this section shall be reported to the chairperson of the  
 31 assessment and taxation committee of the senate, the chairperson of the  
 32 taxation committee of the house of representatives and the governor, and  
 33 shall be published in the Kansas register prior to September 15 in any year  
 34 in which there is such a reduction.

35 Sec. 2. K.S.A. 2010 Supp. 79-32,110 is hereby amended to read as  
 36 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
 37 by subsection (a) of K.S.A. 79-3220, and amendments thereto, *and*  
 38 *subsection (e)*, a tax is hereby imposed upon the Kansas taxable income of  
 39 every resident individual, which tax shall be computed in accordance with  
 40 the following tax schedules:

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

42 If the taxable income is:	The tax is:
43 Not over \$30,000 .....	3.5% of Kansas taxable income

1 Over \$30,000 but not over \$60,000 .....\$1,050 plus 6.25% of excess over \$30,000  
 2 Over \$60,000 .....\$2,925 plus 6.45% of excess over \$60,000

3 (2) *All other individuals.*

4 (A) For tax year 1997:

5 If the taxable income is:           The tax is:

6 Not over \$20,000 .....4.1% of Kansas taxable income

7 Over \$20,000 but not over \$30,000.....\$820 plus 7.5% of excess over \$20,000

8 Over \$30,000 .....\$1,570 plus 7.75% of excess over \$30,000

9 (B) For tax year 1998, and all tax years thereafter:

10 If the taxable income is:           The tax is:

11 Not over \$15,000.....3.5% of Kansas taxable income

12 Over \$15,000 but not over \$30,000.....\$525 plus 6.25% of excess over \$15,000

13 *Over \$30,000.....\$1,462.50 plus 6.45% of excess over \$30,000*

14 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas  
 15 taxable income of every nonresident individual, which tax shall be an  
 16 amount equal to the tax computed under subsection (a) as if the  
 17 nonresident were a resident multiplied by the ratio of modified Kansas  
 18 source income to Kansas adjusted gross income.

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

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

25 (2) (A) for tax year 2008, the surtax shall be in an amount equal to  
 26 3.1% of the Kansas taxable income of such corporation in excess of  
 27 \$50,000;

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

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

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

37 (e) *Tax rates provided in this section shall be adjusted pursuant to the*  
 38 *provisions of section 1, and amendments thereto.*

39 Sec. 3. K.S.A. 2010 Supp. 79-3603 is hereby amended to read as  
 40 follows: 79-3603. For the privilege of engaging in the business of selling  
 41 tangible personal property at retail in this state or rendering or furnishing  
 42 any of the services taxable under this act, there is hereby levied and there  
 43 shall be collected and paid a tax at the rate of 5.3%, and commencing July

1 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of  
2 5.7%. Within a redevelopment district established pursuant to K.S.A. 74-  
3 8921, and amendments thereto, there is hereby levied and there shall be  
4 collected and paid an additional tax at the rate of 2% until the earlier of the  
5 date the bonds issued to finance or refinance the redevelopment project  
6 have been paid in full or the final scheduled maturity of the first series of  
7 bonds issued to finance any part of the project upon:

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

10 (b) the gross receipts from intrastate, interstate or international  
11 telecommunications services and any ancillary services sourced to this  
12 state in accordance with K.S.A. 2010 Supp. 79-3673, and amendments  
13 thereto, except that telecommunications service does not include: (1) Any  
14 interstate or international 800 or 900 service; (2) any interstate or  
15 international private communications service as defined in K.S.A. 2010  
16 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice  
17 data service; (4) any telecommunication service to a provider of  
18 telecommunication services which will be used to render  
19 telecommunications services, including carrier access services; or (5) any  
20 service or transaction defined in this section among entities classified as  
21 members of an affiliated group as provided by section 1504 of the federal  
22 internal revenue code of 1986, as in effect on January 1, 2001;

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

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

42 (e) the gross receipts from the sale of admissions to any place  
43 providing amusement, entertainment or recreation services including

1 admissions to state, county, district and local fairs, but such tax shall not  
2 be levied and collected upon the gross receipts received from sales of  
3 admissions to any cultural and historical event which occurs triennially;

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

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

14 (h) the gross receipts from the service of renting or leasing of tangible  
15 personal property except such tax shall not apply to the renting or leasing  
16 of machinery, equipment or other personal property owned by a city and  
17 purchased from the proceeds of industrial revenue bonds issued prior to  
18 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
19 12-1749, and amendments thereto, and any city or lessee renting or leasing  
20 such machinery, equipment or other personal property purchased with the  
21 proceeds of such bonds who shall have paid a tax under the provisions of  
22 this section upon sales made prior to July 1, 1973, shall be entitled to a  
23 refund from the sales tax refund fund of all taxes paid thereon;

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

27 (j) the gross receipts from the rendering of the services of washing  
28 and washing and waxing of vehicles;

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

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

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

43 (m) the gross receipts received from fees and charges by public and

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

14 (n) the gross receipts received from dues charged by public and  
15 private clubs, drinking establishments, organizations and businesses,  
16 payment of which entitles a member to the use of facilities for recreation  
17 or entertainment, but such tax shall not be levied and collected upon the  
18 gross receipts received from: (1) Dues charged by any organization exempt  
19 from property taxation pursuant to paragraphs *Eighth* and *Ninth* of K.S.A.  
20 79-201, and amendments thereto; and (2) sales of memberships in a  
21 nonprofit organization which is exempt from federal income taxation  
22 pursuant to section 501 (c)(3) of the federal internal revenue code of 1986,  
23 and whose purpose is to support the operation of a nonprofit zoo;

24 (o) the gross receipts received from the isolated or occasional sale of  
25 motor vehicles or trailers but not including: (1) The transfer of motor  
26 vehicles or trailers by a person to a corporation or limited liability  
27 company solely in exchange for stock securities or membership interest in  
28 such corporation or limited liability company; or (2) the transfer of motor  
29 vehicles or trailers by one corporation or limited liability company to  
30 another when all of the assets of such corporation or limited liability  
31 company are transferred to such other corporation or limited liability  
32 company; or (3) the sale of motor vehicles or trailers which are subject to  
33 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and  
34 amendments thereto, by an immediate family member to another  
35 immediate family member. For the purposes of clause (3), immediate  
36 family member means lineal ascendants or descendants, and their spouses.  
37 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act  
38 on the isolated or occasional sale of motor vehicles or trailers on and after  
39 July 1, 2004, which the base for computing the tax was the value pursuant  
40 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments  
41 thereto, when such amount was higher than the amount of sales tax which  
42 would have been paid under the law as it existed on June 30, 2004, shall be  
43 refunded to the taxpayer pursuant to the procedure prescribed by this

1 section. Such refund shall be in an amount equal to the difference between  
2 the amount of sales tax paid by the taxpayer and the amount of sales tax  
3 which would have been paid by the taxpayer under the law as it existed on  
4 June 30, 2004. Each claim for a sales tax refund shall be verified and  
5 submitted not later than six months from the effective date of this act to the  
6 director of taxation upon forms furnished by the director and shall be  
7 accompanied by any additional documentation required by the director.  
8 The director shall review each claim and shall refund that amount of tax  
9 paid as provided by this act. All such refunds shall be paid from the sales  
10 tax refund fund, upon warrants of the director of accounts and reports  
11 pursuant to vouchers approved by the director of taxation or the director's  
12 designee. No refund for an amount less than \$10 shall be paid pursuant to  
13 this act. In determining the base for computing the tax on such isolated or  
14 occasional sale, the fair market value of any motor vehicle or trailer traded  
15 in by the purchaser to the seller may be deducted from the selling price;

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

26 For the purposes of this subsection:

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

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

41 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water  
42 well, feedlot or any conveyance, transmission or distribution line of any  
43 cooperative, nonprofit, membership corporation organized under or subject

1 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or  
2 municipal or quasi-municipal corporation, including the land  
3 improvements immediately surrounding such facility;

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

6 (5) "utility structure" shall mean transmission and distribution lines  
7 owned by an independent transmission company or cooperative, the  
8 Kansas electric transmission authority or natural gas or electric public  
9 utility; and

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

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

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

24 (s) on and after January 1, 2005, the gross receipts received from the  
25 sale of prewritten computer software and the sale of the services of  
26 modifying, altering, updating or maintaining prewritten computer  
27 software, whether the prewritten computer software is installed or  
28 delivered electronically by tangible storage media physically transferred to  
29 the purchaser or by load and leave;

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

31 (u) the gross receipts received from the sale of prepaid calling service  
32 and prepaid wireless calling service as defined in K.S.A. 2010 Supp. 79-  
33 3673, and amendments thereto; and

34 (v) the gross receipts received from the sales of bingo cards, bingo  
35 faces and instant bingo tickets by licensees under K.S.A. 79-4701; et seq.,  
36 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,  
37 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before  
38 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo  
39 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,  
40 and amendments thereto, shall be exempt from taxes imposed pursuant to  
41 this section.

42 Sec. 4. K.S.A. 2010 Supp. 79-3620 is hereby amended to read as  
43 follows: 79-3620. (a) All revenue collected or received by the director of



1 taxation from the taxes imposed by this act shall be remitted to the state  
2 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
3 amendments thereto. Upon receipt of each such remittance, the state  
4 treasurer shall deposit the entire amount in the state treasury, less amounts  
5 withheld as provided in subsection (b) and amounts credited as provided in  
6 subsection (c), (d) and (e), to the credit of the state general fund.

7 (b) A refund fund, designated as "sales tax refund fund" not to exceed  
8 \$100,000 shall be set apart and maintained by the director from sales tax  
9 collections and estimated tax collections and held by the state treasurer for  
10 prompt payment of all sales tax refunds including refunds authorized  
11 under the provisions of K.S.A. 79-3635, and amendments thereto. Such  
12 fund shall be in such amount, within the limit set by this section, as the  
13 director shall determine is necessary to meet current refunding  
14 requirements under this act. In the event such fund as established by this  
15 section is, at any time, insufficient to provide for the payment of refunds  
16 due claimants thereof, the director shall certify the amount of additional  
17 funds required to the director of accounts and reports who shall promptly  
18 transfer the required amount from the state general fund to the sales tax  
19 refund fund, and notify the state treasurer, who shall make proper entry in  
20 the records.

21 (c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or  
22 received from the tax imposed by K.S.A. 79-3603, 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  $\frac{5}{106}$  of the revenue collected or  
27 received from the tax imposed by K.S.A. 79-3603, 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  $\frac{19}{265}$  of the revenue  
32 collected and received from the tax imposed by K.S.A. 79-3603, and  
33 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  $\frac{13}{106}$  of the revenue  
37 collected and received from the tax imposed by K.S.A. 79-3603, and  
38 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. 79-3603,  
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. 79-3603,  
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. 79-3603,  
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%~~ 16.213% of the revenue collected and received from the tax  
16 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~  
17 6.3%, and deposited as provided by subsection (a), exclusive of amounts  
18 credited pursuant to subsection (d), in the state highway fund.

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

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

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

24 Sec. 5. K.S.A. 2010 Supp. 79-3703 is hereby amended to read as  
25 follows: 79-3703. There is hereby levied and there shall be collected from  
26 every person in this state a tax or excise for the privilege of using, storing,  
27 or consuming within this state any article of tangible personal property.  
28 Such tax shall be levied and collected in an amount equal to the  
29 consideration paid by the taxpayer multiplied by the rate of 5.3%, and  
30 commencing July 1, 2010, at the rate of 6.3%, ~~and commencing July 1,~~  
31 ~~2013, at the rate of 5.7%.~~ Within a redevelopment district established  
32 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby  
33 levied and there shall be collected and paid an additional tax of 2% until  
34 the earlier of: (1) The date the bonds issued to finance or refinance the  
35 redevelopment project undertaken in the district have been paid in full; or  
36 (2) the final scheduled maturity of the first series of bonds issued to  
37 finance the redevelopment project. All property purchased or leased within  
38 or without this state and subsequently used, stored or consumed in this  
39 state shall be subject to the compensating tax if the same property or  
40 transaction would have been subject to the Kansas retailers' sales tax had  
41 the transaction been wholly within this state.

42 Sec. 6. K.S.A. 2010 Supp. 79-3710 is hereby amended to read as  
43 follows: 79-3710. (a) All revenue collected or received by the director

1 under the provisions of this act shall be remitted to the state treasurer in  
2 accordance with the provisions of K.S.A. 75-4215, and amendments  
3 thereto. Upon receipt of each such remittance, the state treasurer shall  
4 deposit the entire amount in the state treasury, less amounts set apart as  
5 provided in subsection (b) and amounts credited as provided in subsection  
6 (c), (d) and (e), to the credit of the state general fund.

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

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

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

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

29 (4) On July 1, 2007, the state treasurer shall credit  $\frac{13}{106}$  of the revenue  
30 collected or received from the tax imposed by K.S.A. 79-3703, and  
31 amendments thereto, at the rate of 5.3%, and deposited as provided by  
32 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
33 the state highway fund.

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

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

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

7 (8) On July 1, 2013, and thereafter, the state treasurer shall credit  
8 ~~18.421%~~ 16.213% of the revenue collected and received from the tax  
9 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of ~~5.7%~~  
10 6.3%, and deposited as provided by subsection (a), exclusive of amounts  
11 credited pursuant to subsection (d), in the state highway fund.

12 (d) The state treasurer shall credit all revenue collected or received  
13 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
14 certified by the director, from taxpayers doing business within that portion  
15 of a redevelopment district occupied by a redevelopment project that was  
16 determined by the secretary of commerce to be of statewide as well as  
17 local importance or will create a major tourism area for the state as defined  
18 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance  
19 fund created by subsection (d) of K.S.A. 79-3620, and amendments  
20 thereto. The provisions of this subsection shall expire when the total of all  
21 amounts credited hereunder and under subsection (d) of K.S.A. 79-3620,  
22 and amendments thereto, is sufficient to retire the special obligation bonds  
23 issued for the purpose of financing all or a portion of the costs of such  
24 redevelopment project.

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

28 (e) All revenue certified by the director of taxation as having been  
29 collected or received from the tax imposed by subsection (c) of K.S.A. 79-  
30 3603, and amendments thereto, on the sale or furnishing of gas, water,  
31 electricity and heat for use or consumption within the intermodal facility  
32 district described in this subsection, shall be credited by the state treasurer  
33 to the state highway fund. Such revenue may be transferred by the  
34 secretary of transportation to the rail service improvement fund pursuant to  
35 law. The provisions of this subsection shall take effect upon certification  
36 by the secretary of transportation that a notice to proceed has been  
37 received for the construction of the improvements within the intermodal  
38 facility district, but not later than December 31, 2010, and shall expire  
39 when the secretary of revenue determines that the total of all amounts  
40 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3620, and  
41 amendments thereto, is equal to \$53,300,000, but not later than December  
42 31, 2045. Thereafter, all revenues shall be collected and distributed in  
43 accordance with applicable law. For all tax reporting periods during which

1 the provisions of this subsection are in effect, none of the exemptions  
2 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply  
3 to the sale or furnishing of any gas, water, electricity and heat for use or  
4 consumption within the intermodal facility district. As used in this  
5 subsection, "intermodal facility district" shall consist of an intermodal  
6 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and  
7 amendments thereto, located in Johnson county within the polygonal-  
8 shaped area having Waverly Road as the eastern boundary, 191<sup>st</sup> Street as  
9 the southern boundary, Four Corners Road as the western boundary, and  
10 Highway 56 as the northern boundary, and the polygonal-shaped area  
11 having Poplar Road as the eastern boundary, 183<sup>rd</sup> Street as the southern  
12 boundary, Waverly Road as the western boundary, and the BNSF mainline  
13 track as the northern boundary, that includes capital investment in an  
14 amount exceeding \$150 million for the construction of an intermodal  
15 facility to handle the transfer, storage and distribution of freight through  
16 railway and trucking operations.

17 Sec. 7. K.S.A. 2010 Supp. 79-32,110, 79-3603, 79-3620, 79-3703 and  
18 79-3710 are hereby repealed.

19 Sec. 8. This act shall take effect and be in force from and after its  
20 publication in the statute book.  
21