

## HOUSE BILL No. 2431

By Committee on Taxation

6-4

1 AN ACT concerning taxation; relating to income tax, rates, credits,  
2 itemized deductions and determination of Kansas adjusted gross  
3 income; sales and compensating use tax, rates, food and food  
4 ingredients; property tax, homestead refunds; motor fuels tax, rates;  
5 cigarettes, rate of tax; amending K.S.A. 2016 Supp. 79-32,110, 79-  
6 32,117, 79-32,120, 79-32,138, 79-32,271, 79-3310, 79-3310c, 79-3311,  
7 79-3312, 79-3492b, 79-34,118, 79-34,141, 79-34,142, 79-3602, 79-  
8 3603, 79-3620, 79-3703, 79-3710, 79-4501, 79-4502, 79-4508, 79-  
9 4509, 79-4511 and 79-4522 and repealing the existing sections; also  
10 repealing K.S.A. 2016 Supp. 79-32,269.

11

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

13 New Section 1. (a) Commencing with fiscal year 2018, if the total  
14 balance in the state general fund on June 30 of such fiscal year exceeds  
15 7.5% of the total amount authorized to be expended or transferred by  
16 demand transfer from the state general fund in such fiscal year, such  
17 excess amount shall be transferred from the state general fund to the food  
18 sales tax reduction fund established in section 2, and amendments thereto.  
19 The transfer from the state general fund to the food sales tax reduction  
20 fund shall occur on or before August 15 following the end of such fiscal  
21 year.

22 (b) The director of budget and the director of legislative research  
23 shall certify such excess amount, in dollars, to the secretary of revenue.  
24 Upon receiving such certification, the secretary of revenue shall compute  
25 the food sales tax rate reductions, if any, to go into effect for the next tax  
26 year that would reduce by such certified amount, in dollars, the revenues  
27 received from taxes on the sales of food and food ingredients. The  
28 secretary shall publish the new sales tax rate on food and food ingredients  
29 to take effect on January 1, by October 1 of the preceding year.

30 New Sec. 2. (a) On July 1, 2018, the food sales tax reduction fund is  
31 hereby established in the state treasury.

32 (b) On or before the 10<sup>th</sup> day of each month, the director of accounts  
33 and reports shall transfer from the state general fund to the food sales tax  
34 reduction fund interest earnings based on:

35 (1) The average daily balance of moneys in the food sales tax  
36 reduction fund for the preceding month; and

1 (2) the net earnings rate of the pooled money investment portfolio for  
2 the preceding month.

3 New Sec. 3. (a) For all taxable years commencing after December 31,  
4 2016, there shall be allowed as a credit against the tax liability of a  
5 resident individual imposed under the Kansas income tax act an amount  
6 equal to 25% of the amount of the credit allowed against such taxpayer's  
7 federal income tax liability pursuant to 26 U.S.C. § 21 for the taxable year  
8 in which such credit was claimed against the taxpayer's federal income tax  
9 liability.

10 (b) The credit allowed by subsection (a) shall not exceed the amount  
11 of the tax imposed by K.S.A. 79-32,110, and amendments thereto, reduced  
12 by the sum of any other credits allowable pursuant to law.

13 (c) No credit provided under this section shall be allowed to any  
14 individual who fails to provide a valid social security number issued by the  
15 social security administration, to such individual, the individual's spouse  
16 and every dependent of the individual.

17 Sec. 4. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as  
18 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
19 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed  
20 upon the Kansas taxable income of every resident individual, which tax  
21 shall be computed in accordance with the following tax schedules:

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

23 (A) ~~For tax year 2012:~~

If the taxable income is:	The tax is:
24 Not over \$30,000.....	25 3.5% of Kansas taxable income
26 Over \$30,000 but not over \$60,000.....	27 \$1,050 plus 6.25% of excess over \$30,000
28 Over \$60,000.....	29 \$2,925 plus 6.45% of excess over \$60,000

30 ~~(B) For tax year 2013:~~

If the taxable income is:	The tax is:
31 Not over \$30,000.....	32 3.0% of Kansas taxable income
33 Over \$30,000.....	34 \$900 plus 4.9% of excess over \$30,000

35 ~~(C) For tax year 2014:~~

If the taxable income is:	The tax is:
36 Not over \$30,000.....	37 2.7% of Kansas taxable income
38 Over \$30,000.....	39 \$810 plus 4.8% of excess over \$30,000

40 ~~(D) For tax years 2015; and 2016 and 2017:~~

If the taxable income is:	The tax is:
41 Not over \$30,000.....	42 2.7% of Kansas taxable income
43 Over \$30,000.....	\$810 plus 4.6% of excess over

1 \$30,000  
2 ~~(E)(B) For tax year 2018, and all tax years thereafter 2017:~~  
3 If the taxable income is: The tax is:  
4 Not over \$30,000.....~~2.6%~~2.83% of Kansas taxable  
5 income  
6 Over \$30,000 but not over \$100,000.....~~\$780~~\$849 plus ~~4.6%~~ 5.28% of  
7 excess over \$30,000  
8 Over \$100,000 but not over \$250,000....~~\$4,545~~ plus 5.53% of excess over  
9 \$100,000  
10 Over \$250,000 but not over \$1,000,000. ~~\$12,840~~ plus 6.05% of excess  
11 over \$250,000  
12 Over \$1,000,000.....~~\$58,215~~ plus 7.3% of excess over  
13 \$1,000,000

14 (C) For tax years 2018 through 2022:  
15 If the taxable income is: The tax is:  
16 Not over \$30,000.....2.95% of Kansas taxable income  
17 Over \$30,000 but not over \$100,000.....\$885 plus 5.95% of excess over  
18 \$30,000  
19 Over \$100,000 but not over \$250,000....\$5,050 plus 6.45% of excess over  
20 \$100,000  
21 Over \$250,000 but not over \$1,000,000. \$14,725 plus 7.5% of excess over  
22 \$250,000  
23 Over \$1,000,000.....\$70,975 plus 10% of excess over  
24 \$1,000,000

25 (D) For tax year 2023, and all tax years thereafter:  
26 If the taxable income is: The tax is:  
27 Not over \$30,000.....2.95% of Kansas taxable income  
28 Over \$30,000 but not over \$100,000.....\$885 plus 5.95% of excess over  
29 \$30,000  
30 Over \$100,000 but not over \$250,000....\$5,050 plus 6.45% of excess over  
31 \$100,000  
32 Over \$250,000.....\$14,725 plus 7.5% of excess over  
33 \$250,000

34 (2) All other individuals.

35 (A) For tax year 2012:  
36 If the taxable income is: The tax is:  
37 Not over \$15,000.....3.5% of Kansas taxable income  
38 Over \$15,000 but not over \$30,000.....\$525 plus 6.25% of excess  
39 over \$15,000  
40 Over \$30,000.....\$1,462.50 plus 6.45% of excess  
41 over \$30,000

42 (B) For tax year 2013:  
43 If the taxable income is: The tax is:

1 Not over \$15,000.....3.0% of Kansas taxable income  
 2 Over \$15,000.....\$450 plus 4.9% of excess over  
 3 \$15,000

4 ~~(C)~~ For tax year 2014:

5 If the taxable income is: The tax is:  
 6 Not over \$15,000.....2.7% of Kansas taxable income  
 7 Over \$15,000.....\$405 plus 4.8% of excess over  
 8 \$15,000

9 ~~(D)~~ For tax years 2015; and 2016 and 2017:

10 If the taxable income is: The tax is:  
 11 Not over \$15,000.....2.7% of Kansas taxable income  
 12 Over \$15,000.....\$405 plus 4.6% of excess over  
 13 \$15,000

14 ~~(E)~~(B) For tax year 2018; and all tax years thereafter 2017:

15 If the taxable income is: The tax is:  
 16 Not over \$15,000.....~~2.6%~~2.83% of Kansas taxable  
 17 income  
 18 Over \$15,000 but not over \$50,000.....~~\$390~~\$424.50 plus ~~4.6%~~ 5.28% of  
 19 excess over \$15,000  
 20 Over \$50,000 but not over \$125,000.....\$2,272.50 plus 5.53% of excess  
 21 over \$50,000  
 22 Over \$125,000 but not over \$500,000.....\$6,420 plus 6.05% of excess over  
 23 \$125,000  
 24 Over \$500,000.....\$29,107.50 plus 7.3% of excess  
 25 over \$500,000

26 (C) For tax years 2018 through 2022:

27 If the taxable income is: The tax is:  
 28 Not over \$15,000.....2.95% of Kansas taxable income  
 29 Over \$15,000 but not over \$50,000.....\$442.50 plus 5.95% of excess  
 30 over \$15,000  
 31 Over \$50,000 but not over \$125,000.....\$2,525 plus 6.45% of excess over  
 32 \$50,000  
 33 Over \$125,000 but not over \$500,000.....\$7,362.50 plus 7.5% of excess  
 34 over \$125,000  
 35 Over \$500,000.....\$35,487.50 plus 10% of excess  
 36 over \$500,000

37 (D) For tax year 2023, and all tax years thereafter:

38 If the taxable income is: The tax is:  
 39 Not over \$15,000.....2.95% of Kansas taxable income  
 40 Over \$15,000 but not over \$50,000.....\$442.50 plus 5.95% of excess  
 41 over \$15,000  
 42 Over \$50,000 but not over \$125,000.....\$2,525 plus 6.45% of excess over  
 43 \$50,000

1 *Over \$125,000.....\$7,362.50 plus 7.5% of excess*  
 2 *over \$125,000*

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

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

12 (1) *For all tax years prior to tax year 2017,* the normal tax shall be in  
 13 an amount equal to 4% of the Kansas taxable income of such corporation;  
 14 and

15 ~~(2) (A) for tax year 2008, the surtax shall be in an amount equal to~~  
 16 ~~3.1% of the Kansas taxable income of such corporation in excess of~~  
 17 ~~\$50,000;~~

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

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

24 (2) *For tax year 2017, and all tax years thereafter, the normal tax*  
 25 *shall be in an amount equal to 3.75% of the Kansas taxable income, and*  
 26 *the surtax shall be in an amount equal to 3% of the Kansas taxable income*  
 27 *in excess of \$50,000.*

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

31 ~~(e) Tax rates provided in this section shall be adjusted pursuant to the~~  
 32 ~~provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.~~

33 ~~(f) Notwithstanding the provisions of subsections (a) and (b), for tax~~  
 34 ~~year 2016, and all tax years thereafter, married individuals filing joint~~  
 35 ~~returns with taxable income of \$12,500 or less, and all other individuals~~  
 36 ~~with taxable income of \$5,000 or less, shall have a tax liability of zero.~~

37 *(f) No taxpayer shall be assessed penalties and interest arising from*  
 38 *the underpayment of taxes due to changes to the rates in subsection (a)*  
 39 *that became law on July 1, 2017, so long as such underpayment is*  
 40 *rectified on or before April 17, 2018.*

41 Sec. 5. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as  
 42 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
 43 means such individual's federal adjusted gross income for the taxable year,

1 with the modifications specified in this section.

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

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

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

23 (iii) The federal net operating loss deduction, *except that the federal*  
24 *net operating loss shall not be added to an individual's federal adjusted*  
25 *gross income for tax years beginning after December 31, 2016.*

26 (iv) Federal income tax refunds received by the taxpayer if the  
27 deduction of the taxes being refunded resulted in a tax benefit for Kansas  
28 income tax purposes during a prior taxable year. Such refunds shall be  
29 included in income in the year actually received regardless of the method  
30 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall  
31 be deemed to have resulted if the amount of the tax had been deducted in  
32 determining income subject to a Kansas income tax for a prior year  
33 regardless of the rate of taxation applied in such prior year to the Kansas  
34 taxable income, but only that portion of the refund shall be included as  
35 bears the same proportion to the total refund received as the federal taxes  
36 deducted in the year to which such refund is attributable bears to the total  
37 federal income taxes paid for such year. For purposes of the foregoing  
38 sentence, federal taxes shall be considered to have been deducted only to  
39 the extent such deduction does not reduce Kansas taxable income below  
40 zero.

41 (v) The amount of any depreciation deduction or business expense  
42 deduction claimed on the taxpayer's federal income tax return for any  
43 capital expenditure in making any building or facility accessible to the

1   handicapped, for which expenditure the taxpayer claimed the credit  
2   allowed by K.S.A. 79-32,177, and amendments thereto.

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

6       (vii) The amount of any charitable contribution made to the extent the  
7   same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
8   32,196, and amendments thereto.

9       (viii) The amount of any costs incurred for improvements to a swine  
10   facility, claimed for deduction in determining federal adjusted gross  
11   income, to the extent the same is claimed as the basis for any credit  
12   allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments  
13   thereto.

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

20       (x) Amounts received as nonqualified withdrawals, as defined by  
21   K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of  
22   contribution to a family postsecondary education savings account, such  
23   amounts were subtracted from the federal adjusted gross income pursuant  
24   to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts  
25   are not already included in the federal adjusted gross income.

26       (xi) The amount of any contribution made to the same extent the  
27   same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016  
28   Supp. 74-50,154, and amendments thereto.

29       (xii) For taxable years commencing after December 31, 2004,  
30   amounts received as withdrawals not in accordance with the provisions of  
31   K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of  
32   contribution to an individual development account, such amounts were  
33   subtracted from the federal adjusted gross income pursuant to subsection  
34   (c)(xiii), or if such amounts are not already included in the federal adjusted  
35   gross income.

36       (xiii) The amount of any expenditures claimed for deduction in  
37   determining federal adjusted gross income, to the extent the same is  
38   claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.  
39   79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

40       (xiv) The amount of any amortization deduction claimed in  
41   determining federal adjusted gross income to the extent the same is  
42   claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and  
43   amendments thereto.

1 (xv) The amount of any expenditures claimed for deduction in  
2 determining federal adjusted gross income, to the extent the same is  
3 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.  
4 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
5 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
6 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

7 (xvi) The amount of any amortization deduction claimed in  
8 determining federal adjusted gross income to the extent the same is  
9 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-  
10 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
11 thereto.

12 (xvii) The amount of any amortization deduction claimed in  
13 determining federal adjusted gross income to the extent the same is  
14 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and  
15 amendments thereto.

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

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



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

9 (xxi) For ~~all~~ taxable years beginning after December 31, 2012, *and*  
10 *ending before January 1, 2017*, the amount of any deduction for pension,  
11 profit sharing, and annuity plans of self-employed individuals under  
12 section 62(a)(6) of the federal internal revenue code as in effect on January  
13 1, 2012, and amendments thereto, in determining the federal adjusted gross  
14 income of an individual taxpayer.

15 (xxii) For ~~all~~ taxable years beginning after December 31, 2012, *and*  
16 *ending before January 1, 2017*, the amount of any deduction for health  
17 insurance under section 162(l) of the federal internal revenue code as in  
18 effect on January 1, 2012, and amendments thereto, in determining the  
19 federal adjusted gross income of an individual taxpayer.

20 (xxiii) For ~~all~~ taxable years beginning after December 31, 2012, *and*  
21 *ending before January 1, 2017*, the amount of any deduction for domestic  
22 production activities under section 199 of the federal internal revenue code  
23 as in effect on January 1, 2012, and amendments thereto, in determining  
24 the federal adjusted gross income of an individual taxpayer.

25 (xxiv) For taxable years commencing after December 31, 2013, that  
26 portion of the amount of any expenditure deduction claimed in  
27 determining federal adjusted gross income for expenses paid for medical  
28 care of the taxpayer or the taxpayer's spouse or dependents when such  
29 expenses were paid or incurred for an abortion, or for a health benefit plan,  
30 as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the  
31 purchase of an optional rider for coverage of abortion in accordance with  
32 K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that  
33 such taxes and assessments are claimed as an itemized deduction for  
34 federal income tax purposes.

35 (xxv) For taxable years commencing after December 31, 2013, that  
36 portion of the amount of any expenditure deduction claimed in  
37 determining federal adjusted gross income for expenses paid by a taxpayer  
38 for health care when such expenses were paid or incurred for abortion  
39 coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731,  
40 and amendments thereto, when such expenses were paid or incurred for  
41 abortion coverage or amounts contributed to health savings accounts for  
42 such taxpayer's employees for the purchase of an optional rider for  
43 coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and

1 amendments thereto, to the extent that such taxes and assessments are  
2 claimed as a deduction for federal income tax purposes.

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

4 (i) Interest or dividend income on obligations or securities of any  
5 authority, commission or instrumentality of the United States and its  
6 possessions less any related expenses directly incurred in the purchase of  
7 such obligations or securities, to the extent included in federal adjusted  
8 gross income but exempt from state income taxes under the laws of the  
9 United States.

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

13 (iii) The portion of any gain or loss from the sale or other disposition  
14 of property having a higher adjusted basis for Kansas income tax purposes  
15 than for federal income tax purposes on the date such property was sold or  
16 disposed of in a transaction in which gain or loss was recognized for  
17 purposes of federal income tax that does not exceed such difference in  
18 basis, but if a gain is considered a long-term capital gain for federal  
19 income tax purposes, the modification shall be limited to that portion of  
20 such gain which is included in federal adjusted gross income.

21 (iv) The amount necessary to prevent the taxation under this act of  
22 any annuity or other amount of income or gain which was properly  
23 included in income or gain and was taxed under the laws of this state for a  
24 taxable year prior to the effective date of this act, as amended, to the  
25 taxpayer, or to a decedent by reason of whose death the taxpayer acquired  
26 the right to receive the income or gain, or to a trust or estate from which  
27 the taxpayer received the income or gain.

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

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

35 (vii) Amounts received as annuities under the federal civil service  
36 retirement system from the civil service retirement and disability fund and  
37 other amounts received as retirement benefits in whatever form which  
38 were earned for being employed by the federal government or for service  
39 in the armed forces of the United States.

40 (viii) Amounts received by retired railroad employees as a  
41 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
42 228c (a)(1) et seq.

43 (ix) Amounts received by retired employees of a city and by retired

1 employees of any board of such city as retirement allowances pursuant to  
2 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter  
3 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and  
4 amendments thereto.

5 (x) For taxable years beginning after December 31, 1976, the amount  
6 of the federal tentative jobs tax credit disallowance under the provisions of  
7 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
8 amount of the targeted jobs tax credit and work incentive credit  
9 disallowances under 26 U.S.C. § 280 C.

10 (xi) For taxable years beginning after December 31, 1986, dividend  
11 income on stock issued by Kansas venture capital, inc.

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

16 (xiii) For taxable years beginning after December 31, 2004, amounts  
17 contributed to and the amount of income earned on contributions deposited  
18 to an individual development account under K.S.A. 2016 Supp. 74-50,201  
19 et seq., and amendments thereto.

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

34 (xv) For all taxable years beginning after December 31, 2006,  
35 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a  
36 joint return, for each designated beneficiary which are contributed to a  
37 family postsecondary education savings account established under the  
38 Kansas postsecondary education savings program or a qualified tuition  
39 program established and maintained by another state or agency or  
40 instrumentality thereof pursuant to section 529 of the internal revenue  
41 code of 1986, as amended, for the purpose of paying the qualified higher  
42 education expenses of a designated beneficiary at an institution of  
43 postsecondary education. The terms and phrases used in this paragraph

1 shall have the meaning respectively ascribed thereto by the provisions of  
2 K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of  
3 such section are hereby incorporated by reference for all purposes thereof.

4 (xvi) For all taxable years beginning after December 31, 2004,  
5 amounts received by taxpayers who are or were members of the armed  
6 forces of the United States, including service in the Kansas army and air  
7 national guard, as a recruitment, sign up or retention bonus received by  
8 such taxpayer as an incentive to join, enlist or remain in the armed services  
9 of the United States, including service in the Kansas army and air national  
10 guard, and amounts received for repayment of educational or student loans  
11 incurred by or obligated to such taxpayer and received by such taxpayer as  
12 a result of such taxpayer's service in the armed forces of the United States,  
13 including service in the Kansas army and air national guard.

14 (xvii) For all taxable years beginning after December 31, 2004,  
15 amounts received by taxpayers who are eligible members of the Kansas  
16 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
17 281, and amendments thereto, and amounts received for death benefits  
18 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
19 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
20 amendments thereto, to the extent that such death benefits are included in  
21 federal adjusted gross income of the taxpayer.

22 (xviii) For the taxable year beginning after December 31, 2006,  
23 amounts received as benefits under the federal social security act which  
24 are included in federal adjusted gross income of a taxpayer with federal  
25 adjusted gross income of \$50,000 or less, whether such taxpayer's filing  
26 status is single, head of household, married filing separate or married filing  
27 jointly; and for all taxable years beginning after December 31, 2007,  
28 amounts received as benefits under the federal social security act which  
29 are included in federal adjusted gross income of a taxpayer with federal  
30 adjusted gross income of \$75,000 or less, whether such taxpayer's filing  
31 status is single, head of household, married filing separate or married filing  
32 jointly.

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

35 (xx) For ~~all~~ taxable years beginning after December 31, 2012, *and*  
36 *ending before January 1, 2017*, the amount of any: (1) Net profit from  
37 business as determined under the federal internal revenue code and  
38 reported from schedule C and on line 12 of the taxpayer's form 1040  
39 federal individual income tax return; (2) net income, not including  
40 guaranteed payments as defined in section 707(c) of the federal internal  
41 revenue code and as reported to the taxpayer from federal schedule K-1,  
42 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal  
43 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,

1 partnerships, S corporations, estates, trusts, residual interest in real estate  
2 mortgage investment conduits and net farm rental as determined under the  
3 federal internal revenue code and reported from schedule E and on line 17  
4 of the taxpayer's form 1040 federal individual income tax return; and (3)  
5 net farm profit as determined under the federal internal revenue code and  
6 reported from schedule F and on line 18 of the taxpayer's form 1040  
7 federal income tax return; all to the extent included in the taxpayer's  
8 federal adjusted gross income. For purposes of this subsection, references  
9 to the federal form 1040 and federal schedule C, schedule E, and schedule  
10 F, shall be to such form and schedules as they existed for tax year 2011  
11 and as revised thereafter by the internal revenue service.

12 (xxi) For all taxable years beginning after December 31, 2013,  
13 amounts equal to the unreimbursed travel, lodging and medical  
14 expenditures directly incurred by a taxpayer while living, or a dependent  
15 of the taxpayer while living, for the donation of one or more human organs  
16 of the taxpayer, or a dependent of the taxpayer, to another person for  
17 human organ transplantation. The expenses may be claimed as a  
18 subtraction modification provided for in this section to the extent the  
19 expenses are not already subtracted from the taxpayer's federal adjusted  
20 gross income. In no circumstances shall the subtraction modification  
21 provided for in this section for any individual, or a dependent, exceed  
22 \$5,000. As used in this section, "human organ" means all or part of a liver,  
23 pancreas, kidney, intestine, lung or bone marrow. The provisions of this  
24 paragraph shall take effect on the day the secretary of revenue certifies to  
25 the director of the budget that the cost for the department of revenue of  
26 modifications to the automated tax system for the purpose of  
27 implementing this paragraph will not exceed \$20,000.

28 (xxii) For all taxable years beginning after December 31, 2012, *and*  
29 *ending before January 1, 2017*, the amount of net gain from the sale of: (1)  
30 Cattle and horses, regardless of age, held by the taxpayer for draft,  
31 breeding, dairy or sporting purposes, and held by such taxpayer for 24  
32 months or more from the date of acquisition; and (2) other livestock,  
33 regardless of age, held by the taxpayer for draft, breeding, dairy or  
34 sporting purposes, and held by such taxpayer for 12 months or more from  
35 the date of acquisition. The subtraction from federal adjusted gross income  
36 shall be limited to the amount of the additions recognized under the  
37 provisions of subsection (b)(xix) attributable to the business in which the  
38 livestock sold had been used. As used in this paragraph, the term  
39 "livestock" shall not include poultry.

40 (xxiii) For all taxable years beginning after December 31, 2012,  
41 amounts received under either the Overland Park, Kansas police  
42 department retirement plan or the Overland Park, Kansas fire department  
43 retirement plan, both as established by the city of Overland Park, pursuant

1 to the city's home rule authority.

2 (xxiv) For all taxable years beginning after December 31, 2013, *and*  
3 *ending before January 1, 2017*, the net gain from the sale from Christmas  
4 trees grown in Kansas and held by the taxpayer for six years or more.

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

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

14 (f) *No taxpayer shall be assessed penalties and interest arising from*  
15 *the underpayment of taxes due to changes to this section that became law*  
16 *on July 1, 2017, so long as such underpayment is rectified on or before*  
17 *April 17, 2018.*

18 Sec. 6. K.S.A. 2016 Supp. 79-32,120 is hereby amended to read as  
19 follows: 79-32,120. (a) (1) If federal taxable income of an individual is  
20 determined by itemizing deductions from such individual's federal  
21 adjusted gross income, such individual may elect to deduct the Kansas  
22 itemized deduction in lieu of the Kansas standard deduction.

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

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

33 (4) For the tax years commencing on and after January 1, 2015, *and*  
34 *ending before January 1, 2017*, the Kansas itemized deduction of an  
35 individual means the following deductions from federal adjusted gross  
36 income, other than federal deductions for personal exemptions, as  
37 provided in the federal internal revenue code with the modifications  
38 specified in this section: (A) 100% of charitable contributions that qualify  
39 as charitable contributions allowable as deductions in section 170 of the  
40 federal internal revenue code; (B) 50% of the amount of qualified  
41 residence interest as provided in section 163(h) of the federal internal  
42 revenue code; and (C) 50% of the amount of taxes on real and personal  
43 property as provided in section 164(a) of the federal internal revenue code.

1       (5) *For the tax years commencing on and after January 1, 2017, the*  
2 *Kansas itemized deduction of an individual means the following*  
3 *deductions from federal adjusted gross income, other than federal*  
4 *deductions for personal exemptions, as provided in the federal internal*  
5 *revenue code with the modifications specified in this section: (A) 100% of*  
6 *charitable contributions that qualify as charitable contributions allowable*  
7 *as deductions in section 170 of the federal internal revenue code; (B)*  
8 *100% of the amount of qualified residence interest as provided in section*  
9 *163(h) of the federal internal revenue code; (C) 100% of the amount of*  
10 *taxes on real and personal property as provided in section 164(a) of the*  
11 *federal internal revenue code; and (D) 100% of expenses for medical care*  
12 *allowable as deductions in section 213 of the federal internal revenue*  
13 *code.*

14       (b) The total amount of deductions from federal adjusted gross  
15 income shall be reduced by the total amount of income taxes imposed by  
16 or paid to this state or any other taxing jurisdiction to the extent that the  
17 same are deducted in determining the federal itemized deductions and by  
18 the amount of all depreciation deductions claimed for any real or tangible  
19 personal property upon which the deduction allowed by K.S.A. 2016  
20 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,  
21 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

22       Sec. 7. K.S.A. 2016 Supp. 79-32,138 is hereby amended to read as  
23 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable  
24 under this act shall be the corporation's federal taxable income for the  
25 taxable year with the modifications 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(b), 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. 2016 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       (iv) for taxable years commencing December 31, 2013, that portion  
38 of the amount of any expenditure deduction claimed in determining federal  
39 adjusted gross income for expenses paid by a taxpayer for health care  
40 when such expenses were paid or incurred for abortion coverage, a health  
41 benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments  
42 thereto, when such expenses were paid or incurred for abortion coverage  
43 or amounts contributed to health savings accounts for such taxpayer's

1 employees for the purchase of an optional rider for coverage of abortion in  
2 accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto;

3 (v) the amount of any charitable contribution deduction claimed for  
4 any contribution or gift made to a scholarship granting organization to the  
5 extent the same is claimed as the basis for the credit allowed pursuant to  
6 K.S.A. 2016 Supp. 72-99a07, and amendments thereto; *and*

7 (vi) *the federal net operating loss deduction.*

8 (c) There shall be subtracted from federal taxable income: (i) The  
9 same modifications as are set forth in ~~subsection (e) of~~ K.S.A. 79-  
10 32,117(c), and amendments thereto, with respect to resident individuals,  
11 except subsection (c)(xx);

12 (ii) the federal income tax liability for any taxable year commencing  
13 prior to December 31, 1971, for which a Kansas return was filed after  
14 reduction for all credits thereon, except credits for payments on estimates  
15 of federal income tax, credits for gasoline and lubricating oil tax, and for  
16 foreign tax credits if, on the Kansas income tax return for such prior year,  
17 the federal income tax deduction was computed on the basis of the federal  
18 income tax paid in such prior year, rather than as accrued. Notwithstanding  
19 the foregoing, the deduction for federal income tax liability for any year  
20 shall not exceed that portion of the total federal income tax liability for  
21 such year which bears the same ratio to the total federal income tax  
22 liability for such year as the Kansas taxable income, as computed before  
23 any deductions for federal income taxes and after application of  
24 subsections (d) and (e) of this section as existing for such year, bears to the  
25 federal taxable income for the same year;

26 (iii) an amount for the amortization deduction allowed pursuant to  
27 K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-  
28 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto;

29 (iv) for all taxable years commencing after December 31, 1987, the  
30 amount included in federal taxable income pursuant to the provisions of  
31 section 78 of the internal revenue code; *and*

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

35 (d) If any corporation derives all of its income from sources within  
36 Kansas in any taxable year commencing after December 31, 1979, its  
37 Kansas taxable income shall be the sum resulting after application of  
38 subsections (a) through (c) hereof. Otherwise, such corporation's Kansas  
39 taxable income in any such taxable year, after excluding any refunds of  
40 federal income tax and before the deduction of federal income taxes  
41 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-  
42 3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any  
43 refund of federal income tax as determined under ~~paragraph (iv) of~~



1 ~~subsection (b) of K.S.A. 79-32,117(b)(iv), and amendments thereto, and~~  
2 ~~minus the deduction for federal income taxes as provided by subsection (c)~~  
3 ~~(ii) shall be such corporation's Kansas taxable income.~~

4 (e) A corporation may make an election with respect to its first  
5 taxable year commencing after December 31, 1982, whereby no addition  
6 modifications as provided for in subsection (b)(ii) ~~of K.S.A. 79-32,138,~~  
7 ~~and amendments thereto,~~ and subtraction modifications as provided for in  
8 subsection (c)(iii) ~~of K.S.A. 79-32,138, and amendments thereto,~~ as those  
9 subsections existed prior to their amendment by this act, shall be required  
10 to be made for such taxable year.

11 Sec. 8. K.S.A. 2016 Supp. 79-32,271 is hereby amended to read as  
12 follows: 79-32,271. (a) For any taxable year commencing after December  
13 31, 2014, a credit shall be allowed against the tax imposed by the Kansas  
14 income tax act on the Kansas taxable income of an individual income  
15 taxpayer who purchased food in this state, had federal adjusted gross  
16 income for the tax year that did not exceed \$30,615, and meets the  
17 qualifications in subsections (b) and (c).

18 (b) During the entire tax year a taxpayer filing single, head of  
19 household, or married filing separate, or the taxpayer and the taxpayer's  
20 spouse if married filing jointly, must be domiciled in this state. For  
21 purposes of this credit, "domicile" shall not include any correctional  
22 facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments  
23 thereto, any juvenile correctional facility, or portion thereof, as defined in  
24 K.S.A. 38-2302, and amendments thereto, any correctional facility of the  
25 federal bureau of prisons located in the state of Kansas, or any city or  
26 county jail facility in the state of Kansas.

27 (c) During the entire tax year a taxpayer filing single, head of  
28 household, or married filing separate, or the taxpayer or the taxpayer's  
29 spouse if married filing jointly, must be either: (1) A person having a  
30 disability, regardless of age; (2) a person without a disability who is 55  
31 years of age or older; or (3) a person without a disability who is younger  
32 than 55 years of age who claims an exemption for one or more dependent  
33 children under 18 years of age.

34 (d) The amount of the credit shall be \$125 for every exemption  
35 claimed on the taxpayer's federal income tax return, except that no  
36 exemption shall be counted for a dependent unless the dependent is a child  
37 under 18 years of age.

38 (e) The credit allowed under this provision shall be applied against  
39 the taxpayer's income tax liability after all other credits allowed under the  
40 income tax act. ~~It shall not be refundable and may not be carried forward~~  
41 *For tax year 2017, and all tax years thereafter, if the amount of the credit*  
42 *allowed by this section exceeds the taxpayers income tax liability imposed*  
43 *under the Kansas income tax act, such excess shall be refunded to the*

1 *taxpayer.*

2 (f) (1) Every taxpayer claiming the credit shall supply the division in  
3 support of a claim, reasonable proof of domicile, age and disability.

4 (2) A claim alleging disability shall be supported by a report of the  
5 examining physician of the claimant with a statement or certificate that the  
6 applicant has a disability as defined in subsection (g).

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

26 (2) blindness and inability by reason of blindness to engage in  
27 substantial gainful activity requiring skills or abilities comparable to those  
28 of any gainful activity in which the individual has previously engaged with  
29 some regularity and over a substantial period of time. For purposes of this  
30 paragraph, "blindness" means central visual acuity of <sup>20</sup>/<sub>200</sub> or less in the  
31 better eye with the use of a correcting lens. An eye which is accompanied  
32 by a limitation in the fields of vision such that the widest diameter of the  
33 visual field subtends an angle no greater than 20 degrees shall be  
34 considered for the purpose of this paragraph as having a central visual  
35 acuity of <sup>20</sup>/<sub>200</sub> or less.

36 (h) The secretary of revenue is hereby authorized to adopt such rules  
37 and regulations as may be necessary for the administration of the  
38 provisions of this section.

39 Sec. 9. K.S.A. 2016 Supp. 79-3310 is hereby amended to read as  
40 follows: 79-3310. There is imposed a tax upon all cigarettes sold,  
41 distributed or given away within the state of Kansas. On and after July 1,  
42 2015, *and before July 1, 2017*, the rate of such tax shall be \$1.29 on each  
43 20 cigarettes or fractional part thereof or \$1.61 on each 25 cigarettes, as

1 the case requires. *On and after July 1, 2017, the rate of such tax shall be*  
2 *\$2.29 on each 20 cigarettes or fractional part thereof or \$2.86 on each 25*  
3 *cigarettes, as the case requires.* Such tax shall be collected and paid to the  
4 director as provided in this act. Such tax shall be paid only once and shall  
5 be paid by the wholesale dealer first receiving the cigarettes as herein  
6 provided.

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

11 Sec. 10. K.S.A. 2016 Supp. 79-3310c is hereby amended to read as  
12 follows: 79-3310c. On or before July 31, ~~2015~~ 2017, each wholesale  
13 dealer, retail dealer and vending machine operator shall file a report with  
14 the director in such form as the director may prescribe showing cigarettes,  
15 cigarette stamps and meter imprints on hand at 12:01 a.m. on July 1, ~~2015~~  
16 2017. A tax of ~~\$.50~~ \$1 on each 20 cigarettes or fractional part thereof or  
17 ~~\$.62~~ \$1.25 on each 25 cigarettes, as the case requires and ~~\$.50 or \$.62~~ \$1  
18 or \$1.25, as the case requires upon all tax stamps and all meter imprints  
19 purchased from the director and not affixed to cigarettes prior to July 1,  
20 ~~2015~~ 2017, is hereby imposed and shall be due and payable on or before  
21 October 31, ~~2015~~ 2017. The tax imposed upon such cigarettes, tax stamps  
22 and meter imprints shall be imposed only once under this act. The director  
23 shall remit all moneys collected pursuant to this section to the state  
24 treasurer who shall credit the entire amount thereof to the state general  
25 fund.

26 Sec. 11. K.S.A. 2016 Supp. 79-3311 is hereby amended to read as  
27 follows: 79-3311. The director shall design and designate indicia of tax  
28 payment to be affixed to each package of cigarettes as provided by this act.  
29 The director shall sell water applied stamps only to licensed wholesale  
30 dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the  
31 heat process shall be sold only in amounts of 30,000 or multiples thereof,  
32 except that such stamps which are suitable for packages containing 25  
33 cigarettes each shall be sold in amounts prescribed by the director. Meter  
34 imprints shall be sold only in amounts of 10,000 or multiples thereof.  
35 Water applied stamps in amounts of 10,000 or multiples thereof and  
36 stamps applied by the heat process and meter imprints shall be supplied to  
37 wholesale dealers at a discount of ~~0.55%~~ 0.3% on and after July 1, ~~2015~~  
38 2017, and thereafter, from the face value thereof, and shall be deducted at  
39 the time of purchase or from the remittance therefor as hereinafter  
40 provided. Any wholesale cigarette dealer who shall file with the director a  
41 bond, of acceptable form, payable to the state of Kansas with a corporate  
42 surety authorized to do business in Kansas, shall be permitted to purchase  
43 stamps, and remit therefor to the director within 30 days after each such

1 purchase, up to a maximum outstanding at any one time of 85% of the  
2 amount of the bond. Failure on the part of any wholesale dealer to remit as  
3 herein specified shall be cause for forfeiture of such dealer's bond. All  
4 revenue received from the sale of such stamps or meter imprints shall be  
5 remitted to the state treasurer in accordance with the provisions of K.S.A.  
6 75-4215, and amendments thereto. Upon receipt of each such remittance,  
7 the state treasurer shall deposit the entire amount in the state treasury. The  
8 state treasurer shall first credit such amount as the director shall order to  
9 the cigarette tax refund fund and shall credit the remaining balance to the  
10 state general fund. A refund fund designated the cigarette tax refund fund  
11 not to exceed \$10,000 at any time shall be set apart and maintained by the  
12 director from taxes collected under this act and held by the state treasurer  
13 for prompt payment of all refunds authorized by this act. Such cigarette tax  
14 refund fund shall be in such amount as the director shall determine is  
15 necessary to meet current refunding requirements under this act.

16 The wholesale cigarette dealer shall affix to each package of cigarettes  
17 stamps or tax meter imprints required by this act prior to the sale of  
18 cigarettes to any person, by such dealer or such dealer's agent or agents,  
19 within the state of Kansas. The director is empowered to authorize  
20 wholesale dealers to affix revenue tax meter imprints upon original  
21 packages of cigarettes and is charged with the duty of regulating the use of  
22 tax meters to secure payment of the proper taxes. No wholesale dealer  
23 shall affix revenue tax meter imprints to original packages of cigarettes  
24 without first having obtained permission from the director to employ this  
25 method of affixation. If the director approves the wholesale dealer's  
26 application for permission to affix revenue tax meter imprints to original  
27 packages of cigarettes, the director shall require such dealer to file a  
28 suitable bond payable to the state of Kansas executed by a corporate surety  
29 authorized to do business in Kansas. The director may, to assure the proper  
30 collection of taxes imposed by the act, revoke or suspend the privilege of  
31 imprinting tax meter imprints upon original packages of cigarettes. All  
32 meters shall be under the direct control of the director, and all transfer  
33 assignments or anything pertaining thereto must first be authorized by the  
34 director. All inks used in the stamping of cigarettes must be of a special  
35 type devised for use in connection with the machine employed and  
36 approved by the director. All repairs to the meter are strictly prohibited  
37 except by a duly authorized representative of the director. Requests for  
38 service shall be directed to the director. Meter machine ink imprints on all  
39 packages shall be clear and legible. If a wholesale dealer continuously  
40 issues illegible cigarette tax meter imprints, it shall be considered  
41 sufficient cause for revocation of such dealer's permit to use a cigarette tax  
42 meter.

43 A licensed wholesale dealer may, for the purpose of sale in another

1 state, transport cigarettes not bearing Kansas indicia of tax payment  
2 through the state of Kansas provided such cigarettes are contained in  
3 sealed and original cartons.

4 Sec. 12. K.S.A. 2016 Supp. 79-3312 is hereby amended to read as  
5 follows: 79-3312. The director shall redeem any unused stamps or meter  
6 imprints that any wholesale dealer presents for redemption within six  
7 months after the purchase thereof, at the face value less ~~0.55%~~ 0.3%  
8 thereof if such stamps or meter imprints have been purchased from the  
9 director. The director shall prepare a voucher showing the net amount of  
10 such refund due, and the director of accounts and reports shall draw a  
11 warrant on the state treasurer for the same. Wholesale dealers shall be  
12 entitled to a refund of the tax paid on cigarettes which have become unfit  
13 for sale upon proof thereof less ~~0.55%~~ 0.3% of such tax.

14 Sec. 13. K.S.A. 2016 Supp. 79-3492b is hereby amended to read as  
15 follows: 79-3492b. Alternatively to the methods otherwise set forth in this  
16 act, special LP-gas permit users operating motor vehicles on the public  
17 highways of this state may upon application to the director on forms  
18 prescribed by the director elect to pay taxes in advance on LP-gas for each  
19 and every motor vehicle owned or operated by them and propelled in  
20 whole or in part with LP-gas during the calendar year and thereafter to  
21 purchase LP-gas tax free in lieu of securing a bonded user's permit and  
22 filing monthly reports and tax payments and keeping the records otherwise  
23 provided for in this act. The amount of such tax for each motor vehicle  
24 shall, except as otherwise provided, be based upon the gross weight of the  
25 motor vehicle and the number of miles it was operated on the public  
26 highways of this state during the previous year pursuant to the following  
27 schedules:





1 In the event any additional motor vehicles equipped to use LP-gas as a  
2 fuel are placed in operation by a special LP-gas permit user after the first  
3 month of any calendar year, a tax shall become due and payable to this  
4 state and is hereby imposed at the tax rate prescribed herein prorated on  
5 the basis of the weight and mileage for the months operated in the calendar  
6 year. The director shall issue special permit decals for each motor vehicle  
7 on which taxes have been paid in advance as provided herein, which shall  
8 be affixed on each such vehicle in the manner prescribed by the director.

9 Sec. 14. K.S.A. 2016 Supp. 79-34,118 is hereby amended to read as  
10 follows: 79-34,118. Upon application to the director of taxation and  
11 payment of the fee prescribed under this section any interstate motor fuel  
12 user may obtain a 24-hour motor fuel permit or a 72-hour motor fuel  
13 permit which shall authorize one commercial motor vehicle to be operated  
14 for a period of 24 hours or 72 hours, respectively, without compliance with  
15 the other provisions of the interstate motor fuel use act and in lieu of the  
16 tax imposed by K.S.A. 79-34,109, and amendments thereto. The fee for  
17 each 24-hour motor fuel permit issued under this section shall be \$13 *until*  
18 *June 30, 2017, and \$15.50 thereafter.* The fee for each 72-hour motor fuel  
19 permit issued under this section shall be \$25 *until June 30, 2017, and \$30*  
20 *thereafter.* Motor fuel permits may be purchased in multiples of three upon  
21 making proper application and payment of the required fees. The secretary  
22 of revenue shall adopt rules and regulations specifying the conditions  
23 under which motor fuel permits will be issued and providing for the  
24 issuance thereof. The secretary may designate agents or contract with  
25 private individuals, firms or corporations to issue such motor fuel permits  
26 so that such permits will be obtainable at convenient locations.

27 Sec. 15. K.S.A. 2016 Supp. 79-34,141 is hereby amended to read as  
28 follows: 79-34,141. (a) *Prior to July 1, 2017,* the tax imposed under this  
29 act shall be not less than:

30 (1) On motor-vehicle fuels other than E85 fuels, \$.24 per gallon, or  
31 fraction thereof;

32 (2) on special fuels, \$.26 per gallon, or fraction thereof;

33 (3) on LP-gas, other than compressed natural gas and liquefied  
34 natural gas, \$.23 per gallon, or fraction thereof;

35 (4) on E85 fuels, \$.17 per gallon, or fraction thereof;

36 (5) on compressed natural gas, \$.24 per gallon, or fraction thereof;  
37 and

38 (6) on liquefied natural gas, \$.26 per gallon, or fraction thereof.

39 (b) *On and after July 1, 2017, the tax imposed under this act shall be*  
40 *not less than:*

41 (1) *On motor-vehicle fuels other than E85 fuels, \$.29 per gallon, or*  
42 *fraction thereof;*

43 (2) *on special fuels, \$.31 per gallon, or fraction thereof;*



1       (3) *on LP-gas, other than compressed natural gas and liquefied*  
2 *natural gas, \$.28 per gallon, or fraction thereof;*

3       (4) *on E85 fuels, \$.22 per gallon, or fraction thereof;*

4       (5) *on compressed natural gas, \$.29 per gallon, or fraction thereof;*  
5 *and*

6       (6) *on liquefied natural gas, \$.31 per gallon, or fraction thereof.*

7       Sec. 16. K.S.A. 2016 Supp. 79-34,142 is hereby amended to read as  
8 follows: 79-34,142. The state treasurer shall credit amounts received  
9 pursuant to K.S.A. 79-3408, 79-3408c, 79-3491a, 79-3492 and 79-34,118,  
10 and amendments thereto, as follows: *Prior to July 1, 2017, to the state*  
11 *highway fund 66.37% and to the special city and county highway fund*  
12 *33.63%;*

13       *(b) beginning July 1, 2017, and prior to July 1, 2018, to the state*  
14 *highway fund 71.70% and to the special city and county highway fund*  
15 *28.30%; and*

16       *(c) beginning July 1, 2018, and thereafter, to the state highway fund*  
17 *72.06% and to the special city and county highway fund 27.94%.*

18       Sec. 17. K.S.A. 2016 Supp. 79-3602 is hereby amended to read as  
19 follows: 79-3602. Except as otherwise provided, as used in the Kansas  
20 retailers' sales tax act:

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

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

26       (c) "Alcoholic beverages" means beverages that are suitable for  
27 human consumption and contain 0.05% or more of alcohol by volume.

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

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

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

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

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

43       (i) "Delivery charges" means charges by the seller of personal

1 property or services for preparation and delivery to a location designated  
2 by the purchaser of personal property or services including, but not limited  
3 to, transportation, shipping, postage, handling, crating and packing.  
4 "Delivery charges" shall not include charges for delivery of direct mail if  
5 the charges are separately stated on an invoice or similar billing document  
6 given to the purchaser.

7 (j) "Direct mail" means printed material delivered or distributed by  
8 United States mail or other delivery services to a mass audience or to  
9 addressees on a mailing list provided by the purchaser or at the direction of  
10 the purchaser when the cost of the items are not billed directly to the  
11 recipients. "Direct mail" includes tangible personal property supplied  
12 directly or indirectly by the purchaser to the direct mail seller for inclusion  
13 in the package containing the printed material. "Direct mail" does not  
14 include multiple items of printed material delivered to a single address.

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

16 (l) "Educational institution" means any nonprofit school, college and  
17 university that offers education at a level above the 12<sup>th</sup> grade, and  
18 conducts regular classes and courses of study required for accreditation by,  
19 or membership in, the North central association of colleges and schools,  
20 the state board of education, or that otherwise qualify as an "educational  
21 institution," as defined by K.S.A. 74-50,103, and amendments thereto.  
22 Such phrase shall include: (1) A group of educational institutions that  
23 operates exclusively for an educational purpose; (2) nonprofit endowment  
24 associations and foundations organized and operated exclusively to  
25 receive, hold, invest and administer moneys and property as a permanent  
26 fund for the support and sole benefit of an educational institution; (3)  
27 nonprofit trusts, foundations and other entities organized and operated  
28 principally to hold and own receipts from intercollegiate sporting events  
29 and to disburse such receipts, as well as grants and gifts, in the interest of  
30 collegiate and intercollegiate athletic programs for the support and sole  
31 benefit of an educational institution; and (4) nonprofit trusts, foundations  
32 and other entities organized and operated for the primary purpose of  
33 encouraging, fostering and conducting scholarly investigations and  
34 industrial and other types of research for the support and sole benefit of an  
35 educational institution.

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

38 (n) "Food and food ingredients" means substances, whether in liquid,  
39 concentrated, solid, frozen, dried or dehydrated form, that are sold for  
40 ingestion or chewing by humans and are consumed for their taste or  
41 nutritional value. "Food and food ingredients" does not include alcoholic  
42 beverages, tobacco, *candy, dietary supplements, soft drinks or food sold*  
43 *through vending machines. "Food and food ingredients" does include*

1 *bottled water.*

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

10 (p) "Ingredient or component part" means tangible personal property  
11 which is necessary or essential to, and which is actually used in and  
12 becomes an integral and material part of tangible personal property or  
13 services produced, manufactured or compounded for sale by the producer,  
14 manufacturer or compounder in its regular course of business. The  
15 following items of tangible personal property are hereby declared to be  
16 ingredients or component parts, but the listing of such property shall not be  
17 deemed to be exclusive nor shall such listing be construed to be a  
18 restriction upon, or an indication of, the type or types of property to be  
19 included within the definition of "ingredient or component part" as herein  
20 set forth:

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

24 (2) Containers, labels, shipping cases, paper bags, drinking straws,  
25 paper plates, paper cups, twine and wrapping paper used in the distribution  
26 and sale of property taxable under the provisions of this act by wholesalers  
27 and retailers and which is not to be returned to such wholesaler or retailer  
28 for reuse.

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

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

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

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

40 (q) "Isolated or occasional sale" means the nonrecurring sale of  
41 tangible personal property, or services taxable hereunder by a person not  
42 engaged at the time of such sale in the business of selling such property or  
43 services. Any religious organization which makes a nonrecurring sale of

1 tangible personal property acquired for the purpose of resale shall be  
2 deemed to be not engaged at the time of such sale in the business of selling  
3 such property. Such term shall include: (1) Any sale by a bank, savings and  
4 loan institution, credit union or any finance company licensed under the  
5 provisions of the Kansas uniform consumer credit code of tangible  
6 personal property which has been repossessed by any such entity; and (2)  
7 any sale of tangible personal property made by an auctioneer or agent on  
8 behalf of not more than two principals or households if such sale is  
9 nonrecurring and any such principal or household is not engaged at the  
10 time of such sale in the business of selling tangible personal property.

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

15 (1) "Lease or rental" does not include: (A) A transfer of possession or  
16 control of property under a security agreement or deferred payment plan  
17 that requires the transfer of title upon completion of the required  
18 payments;

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

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

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

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

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

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

43 (t) "Member state" means a state that has entered in the agreement,

1 pursuant to provisions of article VIII of the agreement.

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

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

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

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

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

24 (z) "Persons" means any individual, firm, copartnership, joint  
25 adventure, association, corporation, estate or trust, receiver or trustee, or  
26 any group or combination acting as a unit, and the plural as well as the  
27 singular number; and shall specifically mean any city or other political  
28 subdivision of the state of Kansas engaging in a business or providing a  
29 service specifically taxable under the provisions of this act.

30 (aa) "Political subdivision" means any municipality, agency or  
31 subdivision of the state which is, or shall hereafter be, authorized to levy  
32 taxes upon tangible property within the state or which certifies a levy to a  
33 municipality, agency or subdivision of the state which is, or shall hereafter  
34 be, authorized to levy taxes upon tangible property within the state. Such  
35 term also shall include any public building commission, housing, airport,  
36 port, metropolitan transit or similar authority established pursuant to law  
37 and the horsethief reservoir benefit district established pursuant to K.S.A.  
38 82a-2201, and amendments thereto.

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

42 (cc) "Prewritten computer software" means computer software,  
43 including prewritten upgrades, which is not designed and developed by the

1 author or other creator to the specifications of a specific purchaser. The  
2 combining of two or more prewritten computer software programs or  
3 prewritten portions thereof does not cause the combination to be other than  
4 prewritten computer software. "Prewritten computer software" includes  
5 software designed and developed by the author or other creator to the  
6 specifications of a specific purchaser when it is sold to a person other than  
7 the purchaser. Where a person modifies or enhances computer software of  
8 which the person is not the author or creator, the person shall be deemed to  
9 be the author or creator only of such person's modifications or  
10 enhancements. Prewritten computer software or a prewritten portion  
11 thereof that is modified or enhanced to any degree, where such  
12 modification or enhancement is designed and developed to the  
13 specifications of a specific purchaser, remains prewritten computer  
14 software, except that where there is a reasonable, separately stated charge  
15 or an invoice or other statement of the price given to the purchaser for  
16 such modification or enhancement, such modification or enhancement  
17 shall not constitute prewritten computer software.

18 (dd) "Property which is consumed" means tangible personal property  
19 which is essential or necessary to and which is used in the actual process  
20 of and consumed, depleted or dissipated within one year in: (1) The  
21 production, manufacture, processing, mining, drilling, refining or  
22 compounding of tangible personal property; (2) the providing of services;  
23 (3) the irrigation of crops, for sale in the regular course of business; or (4)  
24 the storage or processing of grain by a public grain warehouse or other  
25 grain storage facility, and which is not reusable for such purpose. The  
26 following is a listing of tangible personal property, included by way of  
27 illustration but not of limitation, which qualifies as property which is  
28 consumed:

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

34 (B) electricity, gas and water; and

35 (C) petroleum products, lubricants, chemicals, solvents, reagents and  
36 catalysts.

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

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

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

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

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

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

10 (kk) "Sale" or "sales" means the exchange of tangible personal  
11 property, as well as the sale thereof for money, and every transaction,  
12 conditional or otherwise, for a consideration, constituting a sale, including  
13 the sale or furnishing of electrical energy, gas, water, services or  
14 entertainment taxable under the terms of this act and including, except as  
15 provided in the following provision, the sale of the use of tangible personal  
16 property by way of a lease, license to use or the rental thereof regardless of  
17 the method by which the title, possession or right to use the tangible  
18 personal property is transferred. The term "sale" or "sales" shall not mean  
19 the sale of the use of any tangible personal property used as a dwelling by  
20 way of a lease or rental thereof for a term of more than 28 consecutive  
21 days.

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

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

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

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

33 (D) delivery charges; and

34 (E) installation charges.

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

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

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

42 (C) the amount of the consideration attributable to the sale is fixed  
43 and determinable by the seller at the time of the sale of the item to the

1 purchaser; and

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

3 (i) The purchaser presents a coupon, certificate or other  
4 documentation to the seller to claim a price reduction or discount where  
5 the coupon, certificate or documentation is authorized, distributed or  
6 granted by a third party with the understanding that the third party will  
7 reimburse any seller to whom the coupon, certificate or documentation is  
8 presented;

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

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

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

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

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

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

26 (D) the amount equal to the allowance given for the trade-in of  
27 property, if separately stated on the invoice, billing or similar document  
28 given to the purchaser; and

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

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

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

36 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2016 Supp.  
37 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments  
38 thereto, which shall apply to identify and determine the state and local  
39 taxing jurisdiction sales or use taxes to pay, or collect and remit on a  
40 particular retail sale.

41 (pp) "Tangible personal property" means personal property that can  
42 be seen, weighed, measured, felt or touched, or that is in any other manner  
43 perceptible to the senses. "Tangible personal property" includes electricity,



1 water, gas, steam and prewritten computer software.

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

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

6 (ss) "Entity-based exemption" means an exemption based on who  
7 purchases the product or who sells the product. An exemption that is  
8 available to all individuals shall not be considered an entity-based  
9 exemption.

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

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

22 (vv) "Conference bridging service" means an ancillary service that  
23 links two or more participants of an audio or video conference call and  
24 may include the provision of a telephone number. "Conference bridging  
25 service" does not include the telecommunications services used to reach  
26 the conference bridge.

27 (ww) "Detailed telecommunications billing service" means an  
28 ancillary service of separately stating information pertaining to individual  
29 calls on a customer's billing statement.

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

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

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

41 (aaa) "Telecommunications service" means the electronic  
42 transmission, conveyance or routing of voice, data, audio, video or any  
43 other information or signals to a point, or between or among points. The

1 term "telecommunications service" includes such transmission,  
2 conveyance or routing in which computer processing applications are used  
3 to act on the form, code or protocol of the content for purposes of  
4 transmissions, conveyance or routing without regard to whether such  
5 service is referred to as voice over internet protocol services or is  
6 classified by the federal communications commission as enhanced or value  
7 added. "Telecommunications service" does not include:

8 (1) Data processing and information services that allow data to be  
9 generated, acquired, stored, processed or retrieved and delivered by an  
10 electronic transmission to a purchaser where such purchaser's primary  
11 purpose for the underlying transaction is the processed data or  
12 information;

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

15 (3) tangible personal property;

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

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

18 (6) internet access service;

19 (7) radio and television audio and video programming services,  
20 regardless of the medium, including the furnishing of transmission,  
21 conveyance and routing of such services by the programming service  
22 provider. Radio and television audio and video programming services shall  
23 include, but not be limited to, cable service as defined in 47 U.S.C. §  
24 522(6) and audio and video programming services delivered by  
25 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

26 (8) ancillary services; or

27 (9) digital products delivered electronically, including, but not limited  
28 to, software, music, video, reading materials or ring tones.

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

34 (ccc) "900 service" means an inbound toll telecommunications  
35 service purchased by a subscriber that allows the subscriber's customers to  
36 call in to the subscriber's prerecorded announcement or live service. "900  
37 service" does not include the charge for collection services provided by the  
38 seller of the telecommunications services to the subscriber, or service or  
39 product sold by the subscriber to the subscriber's customer. The service is  
40 typically marketed under the name 900 service, and any subsequent  
41 numbers designated by the federal communications commission.

42 (ddd) "Value-added non-voice data service" means a service that  
43 otherwise meets the definition of telecommunications services in which

1 computer processing applications are used to act on the form, content,  
2 code or protocol of the information or data primarily for a purpose other  
3 than transmission, conveyance or routing.

4 (eee) "International" means a telecommunications service that  
5 originates or terminates in the United States and terminates or originates  
6 outside the United States, respectively. United States includes the District  
7 of Columbia or a U.S. territory or possession.

8 (fff) "Interstate" means a telecommunications service that originates  
9 in one United States state, or a United States territory or possession, and  
10 terminates in a different United States state or a United States territory or  
11 possession.

12 (ggg) "Intrastate" means a telecommunications service that originates  
13 in one United States state or a United States territory or possession, and  
14 terminates in the same United States state or a United States territory or  
15 possession.

16 (hhh) *"Bottled water" means water that is placed in a safety sealed*  
17 *container or package for human consumption. "Bottled water" is calorie*  
18 *free and does not contain sweeteners or other additives, except that it may*  
19 *contain:*

- 20 (1) *Antimicrobial agents;*
- 21 (2) *fluoride;*
- 22 (3) *carbonation;*
- 23 (4) *vitamins, minerals and electrolytes;*
- 24 (5) *oxygen;*
- 25 (6) *preservatives; and*
- 26 (7) *only those flavors, extracts or essences derived from a spice or*  
27 *fruit.*

28 *"Bottled water" includes water that is delivered to the buyer in a*  
29 *reusable container that is not sold with the water.*

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

35 (jjj) *"Food sold through vending machines" means food dispensed*  
36 *from a machine or other mechanical device that accepts payment.*

37 (lll) *"Prepared food" means:*

- 38 (1) *Food sold in a heated state or heated by the seller;*
- 39 (2) *two or more food ingredients mixed or combined by the seller for*  
40 *sale as a single item; or*
- 41 (3) *food sold with eating utensils provided by the seller, including*  
42 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does*  
43 *not include a container or packaging used to transport the food.*

1        *"Prepared food" does not include food that is only cut, repackaged or*  
2 *pasteurized by the seller; and eggs, fish, meat, poultry and foods*  
3 *containing these raw animal foods requiring cooking by the consumer as*  
4 *recommended by the food and drug administration in chapter 3, part*  
5 *401.11 of its food code so as to prevent food borne illnesses.*

6        *(mmm) "Soft drinks" means nonalcoholic beverages that contain*  
7 *natural or artificial sweeteners. "Soft drinks" does not include beverages*  
8 *that contain milk or milk products, soy, rice or similar milk substitutes, or*  
9 *greater than 50% of vegetable or fruit juice by volume.*

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

12        Sec. 18. K.S.A. 2016 Supp. 79-3603 is hereby amended to read as  
13 follows: 79-3603. For the privilege of engaging in the business of selling  
14 tangible personal property at retail in this state or rendering or furnishing  
15 any of the services taxable under this act, there is hereby levied and there  
16 shall be collected and paid a tax at the rate of 6.15%, and commencing  
17 July 1, 2015, at the rate of 6.5%. Within a redevelopment district  
18 established pursuant to K.S.A. 74-8921, and amendments thereto, there is  
19 hereby levied and there shall be collected and paid an additional tax at the  
20 rate of 2% until the earlier of the date the bonds issued to finance or  
21 refinance the redevelopment project have been paid in full or the final  
22 scheduled maturity of the first series of bonds issued to finance any part of  
23 the project upon:

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

26        (b) the gross receipts from intrastate, interstate or international  
27 telecommunications services and any ancillary services sourced to this  
28 state in accordance with K.S.A. 2016 Supp. 79-3673, and amendments  
29 thereto, except that telecommunications service does not include: (1) Any  
30 interstate or international 800 or 900 service; (2) any interstate or  
31 international private communications service as defined in K.S.A. 2016  
32 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice  
33 data service; (4) any telecommunication service to a provider of  
34 telecommunication services which will be used to render  
35 telecommunications services, including carrier access services; or (5) any  
36 service or transaction defined in this section among entities classified as  
37 members of an affiliated group as provided by section 1504 of the federal  
38 internal revenue code of 1986, as in effect on January 1, 2001;

39        (c) the gross receipts from the sale or furnishing of gas, water,  
40 electricity and heat, which sale is not otherwise exempt from taxation  
41 under the provisions of this act, and whether furnished by municipally or  
42 privately owned utilities, except that, on and after January 1, 2006, for  
43 sales of gas, electricity and heat delivered through mains, lines or pipes to

1 residential premises for noncommercial use by the occupant of such  
2 premises, and for agricultural use and also, for such use, all sales of  
3 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP  
4 gas, coal, wood and other fuel sources for the production of heat or  
5 lighting for noncommercial use of an occupant of residential premises, the  
6 state rate shall be 0%, but such tax shall not be levied and collected upon  
7 the gross receipts from: (1) The sale of a rural water district benefit unit;  
8 (2) a water system impact fee, system enhancement fee or similar fee  
9 collected by a water supplier as a condition for establishing service; or (3)  
10 connection or reconnection fees collected by a water supplier;

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

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

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

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

30 (h) the gross receipts from the service of renting or leasing of tangible  
31 personal property except such tax shall not apply to the renting or leasing  
32 of machinery, equipment or other personal property owned by a city and  
33 purchased from the proceeds of industrial revenue bonds issued prior to  
34 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
35 12-1749, and amendments thereto, and any city or lessee renting or leasing  
36 such machinery, equipment or other personal property purchased with the  
37 proceeds of such bonds who shall have paid a tax under the provisions of  
38 this section upon sales made prior to July 1, 1973, shall be entitled to a  
39 refund from the sales tax refund fund of all taxes paid thereon;

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

43 (j) the gross receipts from the rendering of the services of washing

1 and washing and waxing of vehicles;

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

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

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

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

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

40 (o) the gross receipts received from the isolated or occasional sale of  
41 motor vehicles or trailers but not including: (1) The transfer of motor  
42 vehicles or trailers by a person to a corporation or limited liability  
43 company solely in exchange for stock securities or membership interest in

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

32 (p) the gross receipts received for the service of installing or applying  
33 tangible personal property which when installed or applied is not being  
34 held for sale in the regular course of business, and whether or not such  
35 tangible personal property when installed or applied remains tangible  
36 personal property or becomes a part of real estate, except that no tax shall  
37 be imposed upon the service of installing or applying tangible personal  
38 property in connection with the original construction of a building or  
39 facility, the original construction, reconstruction, restoration, remodeling,  
40 renovation, repair or replacement of a residence or the construction,  
41 reconstruction, restoration, replacement or repair of a bridge or highway.

42 For the purposes of this subsection:

43 (1) "Original construction" shall mean the first or initial construction

1 of a new building or facility. The term "original construction" shall include  
2 the addition of an entire room or floor to any existing building or facility,  
3 the completion of any unfinished portion of any existing building or  
4 facility and the restoration, reconstruction or replacement of a building,  
5 facility or utility structure damaged or destroyed by fire, flood, tornado,  
6 lightning, explosion, windstorm, ice loading and attendant winds,  
7 terrorism or earthquake, but such term, except with regard to a residence,  
8 shall not include replacement, remodeling, restoration, renovation or  
9 reconstruction under any other circumstances;

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

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

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

22 (5) "utility structure" shall mean transmission and distribution lines  
23 owned by an independent transmission company or cooperative, the  
24 Kansas electric transmission authority or natural gas or electric public  
25 utility; and

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

29 (q) the gross receipts received for the service of repairing, servicing,  
30 altering or maintaining tangible personal property which when such  
31 services are rendered is not being held for sale in the regular course of  
32 business, and whether or not any tangible personal property is transferred  
33 in connection therewith. The tax imposed by this subsection shall be  
34 applicable to the services of repairing, servicing, altering or maintaining an  
35 item of tangible personal property which has been and is fastened to,  
36 connected with or built into real property;

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

40 (s) on and after January 1, 2005, the gross receipts received from the  
41 sale of prewritten computer software and the sale of the services of  
42 modifying, altering, updating or maintaining prewritten computer  
43 software, whether the prewritten computer software is installed or



1 delivered electronically by tangible storage media physically transferred to  
2 the purchaser or by load and leave;

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

4 (u) the gross receipts received from the sale of prepaid calling service  
5 and prepaid wireless calling service as defined in K.S.A. 2016 Supp. 79-  
6 3673, and amendments thereto;

7 (v) all sales of bingo cards, bingo faces and instant bingo tickets by  
8 licensees under K.S.A. 2016 Supp. 75-5171 et seq., and amendments  
9 thereto, shall be exempt from taxes imposed pursuant to this section; ~~and~~

10 (w) all sales of charitable raffle tickets in accordance with K.S.A.  
11 2016 Supp. 75-5171 et seq., and amendments thereto, shall be exempt  
12 from taxes imposed pursuant to this section; *and*

13 (x) *commencing July 1, 2017, and thereafter, the gross receipts from*  
14 *the sale of food and food ingredients shall be taxed at the rate of 4.5% and*  
15 *as further reduced by section 1, and amendments thereto. The provisions*  
16 *of this subsection shall not apply to prepared food, unless sold without*  
17 *eating utensils provided by the seller and described below:*

18 (1) *Food sold by a seller whose proper primary NAICS classification*  
19 *is manufacturing in sector 311, except subsector 3118 (bakeries);*

20 (2) (A) *food sold in an unheated state by weight or volume as a single*  
21 *item; or*

22 (B) *only meat or seafood sold in an unheated state by weight or*  
23 *volume as a single item;*

24 (3) *bakery items, including bread, rolls, buns, biscuits, bagels,*  
25 *croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,*  
26 *cookies and tortillas;*

27 (4) *food sold that ordinarily requires additional cooking, as opposed*  
28 *to just reheating, by the consumer prior to consumption; or*

29 (5) *bottled water that is not otherwise sold as prepared food.*

30 Sec. 19. K.S.A. 2016 Supp. 79-3620 is hereby amended to read as  
31 follows: 79-3620. (a) All revenue collected or received by the director of  
32 taxation from the taxes imposed by this act shall be remitted to the state  
33 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
34 amendments thereto. Upon receipt of each such remittance, the state  
35 treasurer shall deposit the entire amount in the state treasury, less amounts  
36 withheld as provided in subsection (b) and amounts credited as provided in  
37 subsections (c), (d) and (e), to the credit of the state general fund.

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

1 event such fund as established by this section is, at any time, insufficient to  
2 provide for the payment of refunds due claimants thereof, the director shall  
3 certify the amount of additional funds required to the director of accounts  
4 and reports who shall promptly transfer the required amount from the state  
5 general fund to the sales tax refund fund, and notify the state treasurer,  
6 who shall make proper entry in the records.

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

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

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

22 (4) On July 1, 2013, the state treasurer shall credit 17.073% of the  
23 revenue collected and received from the tax imposed by K.S.A. 79-3603,  
24 and amendments thereto, at the rate of 6.15%, and deposited as provided  
25 by subsection (a), exclusive of amounts credited pursuant to subsection  
26 (d), in the state highway fund.

27 (5) On July 1, 2015, the state treasurer shall credit 16.226% of the  
28 revenue collected and received from the tax imposed by K.S.A. 79-3603,  
29 and amendments thereto, at the rate of 6.5%, and deposited as provided by  
30 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
31 the state highway fund.

32 (6) On July 1, 2016, ~~and thereafter~~, the state treasurer shall credit  
33 16.154% of the revenue collected and received from the tax imposed by  
34 K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and  
35 deposited as provided by subsection (a), exclusive of amounts credited  
36 pursuant to subsection (d), in the state highway fund.

37 (7) *On July 1, 2017, and thereafter, the state treasurer shall credit*  
38 *16.154% of the revenue collected and received from the tax imposed by*  
39 *K.S.A. 79-3603, and amendments thereto, at the rates prescribed by that*  
40 *section, and deposited as provided by subsection (a), exclusive of amounts*  
41 *credited pursuant to subsection (d), in the state highway fund.*

42 (d) The state treasurer shall credit all revenue collected or received  
43 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as

1 certified by the director, from taxpayers doing business within that portion  
2 of a STAR bond project district occupied by a STAR bond project or  
3 taxpayers doing business with such entity financed by a STAR bond  
4 project as defined in K.S.A. 2016 Supp. 12-17,162, and amendments  
5 thereto, that was determined by the secretary of commerce to be of  
6 statewide as well as local importance or will create a major tourism area  
7 for the state or the project was designated as a STAR bond project as  
8 defined in K.S.A. 2016 Supp. 12-17,162, and amendments thereto, to the  
9 city bond finance fund, which fund is hereby created. The provisions of  
10 this subsection shall expire when the total of all amounts credited  
11 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is  
12 sufficient to retire the special obligation bonds issued for the purpose of  
13 financing all or a portion of the costs of such STAR bond project.

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

1 distribution of freight through railway and trucking operations.

2 Sec. 20. K.S.A. 2016 Supp. 79-3703 is hereby amended to read as  
3 follows: 79-3703. There is hereby levied and there shall be collected from  
4 every person in this state a tax or excise for the privilege of using, storing,  
5 or consuming within this state any article of tangible personal property.  
6 Such tax shall be levied and collected in an amount equal to the  
7 consideration paid by the taxpayer multiplied by the rate of 6.5%, *except*  
8 *that commencing on July 1, 2017, such rate shall be 4.5% on food and*  
9 *food ingredients, and as further reduced by K.S.A. 79-3603(x), and*  
10 *amendments thereto.* Within a redevelopment district established pursuant  
11 to K.S.A. 74-8921, and amendments thereto, there is hereby levied and  
12 there shall be collected and paid an additional tax of 2% until the earlier  
13 of: (1) The date the bonds issued to finance or refinance the redevelopment  
14 project undertaken in the district have been paid in full; or (2) the final  
15 scheduled maturity of the first series of bonds issued to finance the  
16 redevelopment project. All property purchased or leased within or without  
17 this state and subsequently used, stored or consumed in this state shall be  
18 subject to the compensating tax if the same property or transaction would  
19 have been subject to the Kansas retailers' sales tax had the transaction been  
20 wholly within this state.

21 Sec. 21. K.S.A. 2016 Supp. 79-3710 is hereby amended to read as  
22 follows: 79-3710. (a) All revenue collected or received by the director  
23 under the provisions of this act shall be remitted to the state treasurer in  
24 accordance with the provisions of K.S.A. 75-4215, and amendments  
25 thereto. Upon receipt of each such remittance, the state treasurer shall  
26 deposit the entire amount in the state treasury, less amounts set apart as  
27 provided in subsection (b) and amounts credited as provided in subsection  
28 (c), (d) and (e), to the credit of the state general fund.

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

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

41 (2) On July 1, 2011, the state treasurer shall credit 11.26% 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 (3) On July 1, 2012, the state treasurer shall credit 11.233% 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 (4) On July 1, 2013, the state treasurer shall credit 17.073% 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 6.15%, and deposited as provided  
11 by subsection (a), exclusive of amounts credited pursuant to subsection  
12 (d), in the state highway fund.

13 (5) On July 1, 2015, the state treasurer shall credit 16.226% of the  
14 revenue collected and received from the tax imposed by K.S.A. 79-3703,  
15 and amendments thereto, at the rate of 6.5%, and deposited as provided by  
16 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
17 the state highway fund.

18 (6) On July 1, 2016, ~~and thereafter~~, the state treasurer shall credit  
19 16.154% of the revenue collected and received from the tax imposed by  
20 K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and  
21 deposited as provided by subsection (a), exclusive of amounts credited  
22 pursuant to subsection (d), in the state highway fund.

23 *(7) On July 1, 2017, and thereafter, the state treasurer shall credit*  
24 *16.154% of the revenue collected and received from the tax imposed by*  
25 *K.S.A. 79-3703, and amendments thereto, at the rates prescribed by that*  
26 *section, and deposited as provided by subsection (a), exclusive of amounts*  
27 *credited pursuant to subsection (d), in the state highway fund.*

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

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

42 (e) All revenue certified by the director of taxation as having been  
43 collected or received from the tax imposed by K.S.A. 79-3603(c), and

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

30 Sec. 22. K.S.A. 2016 Supp. 79-4501 is hereby amended to read as  
31 follows: 79-4501. The title of this act shall be the homestead property tax  
32 refund act. The purpose of this act shall be to provide ad valorem tax  
33 refunds to: (a) Certain persons who are of qualifying age who own *or rent*  
34 their homestead; (b) certain persons who have a disability, who own *or*  
35 *rent* their homestead; and (c) certain persons other than persons included  
36 under the provisions of (a) or (b) who have low incomes and dependent  
37 children and own *or rent* their homestead.

38 Sec. 23. K.S.A. 2016 Supp. 79-4502 is hereby amended to read as  
39 follows: 79-4502. As used in this act, unless the context clearly indicates  
40 otherwise:

41 (a) "Income" means the sum of adjusted gross income under the  
42 Kansas income tax act effective for tax year 2013 and thereafter without  
43 regard to any modifications pursuant to K.S.A. 79-32,117(b)(xx) through

1 (xxiii) and (c)(xx), and amendments thereto, maintenance, support money,  
2 cash public assistance and relief, not including any refund granted under  
3 this act, the gross amount of any pension or annuity, including all  
4 monetary retirement benefits from whatever source derived, including but  
5 not limited to, all payments received under the railroad retirement act,  
6 except disability payments, payments received under the federal social  
7 security act, except that for determination of what constitutes income such  
8 amount shall not exceed 50% of any such social security payments and  
9 shall not include any social security payments to a claimant who prior to  
10 attaining full retirement age had been receiving disability payments under  
11 the federal social security act in an amount not to exceed the amount of  
12 such disability payments or 50% of any such social security payments,  
13 whichever is greater, all dividends and interest from whatever source  
14 derived not included in adjusted gross income, workers compensation and  
15 the gross amount of "loss of time" insurance. Income does not include gifts  
16 from nongovernmental sources or surplus food or other relief in kind  
17 supplied by a governmental agency, nor shall net operating losses and net  
18 capital losses be considered in the determination of income. Income does  
19 not include veterans disability pensions. Income does not include disability  
20 payments received under the federal social security act.

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

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

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

35 (e) "Claimant" means a person who has filed a claim under the  
36 provisions of this act and was, during the entire calendar year preceding  
37 the year in which such claim was filed for refund under this act, except as  
38 provided in K.S.A. 79-4503, and amendments thereto, both domiciled in  
39 this state and was: (1) A person having a disability; (2) a person who is 55  
40 years of age or older; (3) a disabled veteran; (4) the surviving spouse of  
41 active duty military personnel who died in the line of duty; or (5) a person  
42 other than a person included under *paragraph* (1), (2), (3) or (4) having  
43 one or more dependent children under 18 years of age residing at the

1 person's homestead during the calendar year immediately preceding the  
2 year in which a claim is filed under this act. The surviving spouse of a  
3 disabled veteran who was receiving benefits pursuant to subsection (e)(3)  
4 of this section at the time of the veterans' death, shall be eligible to  
5 continue to receive benefits until such time the surviving spouse remarries.

6 When a homestead is occupied by two or more individuals and more  
7 than one of the individuals is able to qualify as a claimant, the individuals  
8 may determine between them as to whom the claimant will be. If they are  
9 unable to agree, the matter shall be referred to the secretary of revenue  
10 whose decision shall be final.

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

36 (g) "Disability" means:

37 (1) Inability to engage in any substantial gainful activity by reason of  
38 any medically determinable physical or mental impairment which can be  
39 expected to result in death or has lasted or can be expected to last for a  
40 continuous period of not less than 12 months, and an individual shall be  
41 determined to be under a disability only if the physical or mental  
42 impairment or impairments are of such severity that the individual is not  
43 only unable to do the individual's previous work but cannot, considering



1 age, education and work experience, engage in any other kind of  
2 substantial gainful work which exists in the national economy, regardless  
3 of whether such work exists in the immediate area in which the individual  
4 lives or whether a specific job vacancy exists for the individual, or whether  
5 the individual would be hired if application was made for work. *With*  
6 *respect to any individual*, for purposes of the preceding sentence ~~(with~~  
7 ~~respect to any individual)~~, "work which exists in the national economy"  
8 means work which exists in significant numbers either in the region where  
9 the individual lives or in several regions of the country; for purposes of  
10 this subsection, a "physical or mental impairment" is an impairment that  
11 results from anatomical, physiological or psychological abnormalities  
12 which are demonstrable by medically acceptable clinical and laboratory  
13 diagnostic techniques; or

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

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

24 (i) "Disabled veteran" means a person who is a resident of Kansas  
25 and has been honorably discharged from active service in any branch of  
26 the armed forces of the United States or Kansas national guard and who  
27 has been certified by the United States department of veterans affairs or its  
28 successor to have a 50% permanent disability sustained through military  
29 action or accident or resulting from disease contracted while in such active  
30 service.

31 (j) "*Gross rent*" means the rental paid at arm's length solely for the  
32 right of occupancy of a homestead or space rental paid to a landlord for  
33 the parking of a mobile home, exclusive of charges for any utilities,  
34 services, furniture and furnishings or personal property appliances  
35 furnished by the landlord as a part of the rental agreement, whether or not  
36 expressly set out in the rental agreement. Whenever the director of  
37 taxation finds that the landlord and tenant have not dealt with each other  
38 at arm's length and that the gross rent charge was excessive, the director  
39 may adjust the gross rent to a reasonable amount for the purpose of the  
40 claim.

41 (k) "*Rent constituting property taxes accrued*" means 15% of the  
42 gross rent actually paid in cash or its equivalent in 2017 or any taxable  
43 year thereafter by a claimant and claimant's household solely for the right

1 of occupancy of a Kansas homestead on which ad valorem property taxes  
 2 were levied in full for that year. When a household occupies two or more  
 3 different homesteads in the same calendar year, rent constituting property  
 4 taxes accrued shall be computed by adding the rent constituting property  
 5 taxes accrued for each property rented by the household while occupied  
 6 by the household as its homestead during the year.

7 Sec. 24. K.S.A. 2016 Supp. 79-4508 is hereby amended to read as  
 8 follows: 79-4508. (a) Commencing in the tax year beginning after  
 9 December 31, ~~2005~~ 2016, the amount of any claim pursuant to this act  
 10 shall be computed by deducting the amount computed under column (2)  
 11 from the amount of claimant's property tax accrued *or rent constituting*  
 12 *property tax accrued, or both.*

(1)		(2)
Claimants household income		Deduction from property tax accrued <i>or rent constituting property</i> <i>tax accrued, or both</i>
	But not	
	more than	
At least		\$0
\$0	\$6,000	4%
6,001	7,000	4% plus 4% of every \$1,000, or fraction thereof, of income in excess of \$7,001
7,001	16,000	40% plus 5% of every \$1,000, or fraction thereof, of income in excess of \$16,001
16,001	27,000	95%
27,001	27,600	

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

31 (c) The claimant may elect not to record the amount claimed on the  
 32 claim. The claim allowable to persons making this election shall be  
 33 computed by the department which shall notify the claimant by mail of the  
 34 amount of the allowable claim.

35 (d) ~~In the case of all tax years commencing after December 31, 2004,~~  
 36 The upper limit threshold amount prescribed in this section, shall be  
 37 increased by an amount equal to such threshold amount multiplied by the  
 38 cost-of-living adjustment determined under section 1(f)(3) of the federal  
 39 internal revenue code for the calendar year in which the taxable year  
 40 commences.

41 Sec. 25. K.S.A. 2016 Supp. 79-4509 is hereby amended to read as  
 42 follows: 79-4509. In the event property taxes accrued *or rent constituting*  
 43 *property tax accrued, or the sum of both, exceeds \$700 for a household in*

1 any one year, the amount thereof shall, for purposes of this act, be deemed  
2 to have been \$700.

3 Sec. 26. K.S.A. 2016 Supp. 79-4511 is hereby amended to read as  
4 follows: 79-4511. (a) Every claimant under this act shall supply to the  
5 division, in support of a claim, reasonable proof of age or disability, and  
6 changes of homestead, household membership, household income, and  
7 size and nature of property claimed as the homestead. A claim alleging  
8 disability shall be supported by a report of the examining physician of the  
9 claimant with a statement or certificate that the applicant has a disability  
10 within the meaning of ~~subsection (g)~~ of K.S.A. 79-4502(g), and  
11 amendments thereto.

12 (b) Every claimant who is a homestead owner, or whose claim is  
13 based wholly or partly upon homestead ownership at some time during the  
14 calendar year, shall supply to the division, in support of a claim, the  
15 amount of property taxes levied upon the property claimed as a homestead  
16 and a statement that the property taxes accrued used for purposes of this  
17 act have been or will be paid by the claimant. Upon request by the  
18 division, such claimant shall provide a copy of the statement of property  
19 taxes levied upon the property claimed as a homestead. The amount of  
20 personal property taxes levied on a manufactured home or mobile home  
21 shall be set out on the personal property tax statement showing the amount  
22 of such tax as a separate item.

23 (c) *Every claimant who is a homestead renter, or whose claim is*  
24 *based wholly or partly upon homestead rental at some time during the*  
25 *calendar year, shall supply to the division, in support of a claim, a*  
26 *statement prescribed by the director certifying the amount of gross rent*  
27 *paid and that ad valorem property taxes were levied in full that year on the*  
28 *property, all or a part of which was rented by the claimant. When such*  
29 *claimant reports household income that is 150% or less of the homestead*  
30 *rental amount and such claimant has failed to provide any documentation*  
31 *or information requested by the division to verify such household income*  
32 *in support of a claim as required pursuant to subsection (a), within 30*  
33 *days of such request, such homestead property tax refund claim shall be*  
34 *denied.* The information required to be furnished under *this subsection or*  
35 *subsection (b)* shall be in addition to that required under subsection (a).

36 Sec. 27. K.S.A. 2016 Supp. 79-4522 is hereby amended to read as  
37 follows: 79-4522. A person owning or occupying a homestead *that is not*  
38 *rental property and* for which the appraised valuation for property tax  
39 purposes exceeds \$350,000 in any year shall not be entitled to claim a  
40 refund of property taxes under the homestead property tax refund act for  
41 any such year. The provisions of this section shall be part of and  
42 supplemental to the homestead property tax refund act.

43 Sec. 28. K.S.A. 2016 Supp. 79-32,110, 79-32,117, 79-32,120, 79-

1 32,138, 79-32,269, 79-32,271, 79-3310, 79-3310c, 79-3311, 79-3312, 79-  
2 3492b, 79-34,118, 79-34,141, 79-34,142, 79-3602, 79-3603, 79-3620, 79-  
3 3703, 79-3710, 79-4501, 79-4502, 79-4508, 79-4509, 79-4511 and 79-  
4 4522 are hereby repealed.

5 Sec. 29. This act shall take effect and be in force from and after its  
6 publication in the statute book.