

SENATE BILL No. 78

By Committee on Assessment and Taxation

1-24

1 AN ACT concerning taxation; relating to income tax rates and deductions;
2 sales tax rates and distribution of revenue; amending K.S.A. 2012
3 Supp. 79-32,110, 79-32,120, 79-3603, 79-3620, 79-3703 and 79-3710
4 and repealing the existing sections.

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

7 Section 1. K.S.A. 2012 Supp. 79-32,110 is hereby amended to read as
8 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
9 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is
10 hereby imposed upon the Kansas taxable income of every resident
11 individual, which tax shall be computed in accordance with the following
12 tax schedules:

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

14 (A) For tax year 2012:

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

20
21 (B) For tax year 2013, and all tax years thereafter:

If the taxable income is:	The tax is:
22 Not over \$30,000.....	3.0% of Kansas taxable income
23 Over \$30,000.....	\$900 plus 4.9% of excess over
24	\$30,000

25
26 (C) *For tax years 2014 and 2015:*

If the taxable income is:	The tax is:
27 Not over \$30,000.....	2.5% of Kansas taxable income
28 Over \$30,000.....	\$750 plus 4.9% of excess over \$30,000

29
30 (D) *For tax year 2016:*

If the taxable income is:	The tax is:
31 Not over \$30,000.....	1.9% of Kansas taxable income
32 Over \$30,000.....	\$570 plus 4.9% of excess over \$30,000

33
34 (E) *For tax year 2017 and all tax years thereafter:*

If the taxable income is:	The tax is:
35 Not over \$30,000.....	1.9% of Kansas taxable income

1 *Over \$30,000.....\$570 plus 3.5% of excess over \$30,000*

2 (2) *All other individuals.*

3 (A) For tax year 2012:

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

10 (B) For tax year 2013, ~~and all tax years thereafter:~~

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

15 (C) For tax years 2014 and 2015:

16 If the taxable income is:	The tax is:
17 Not over \$15,000.....	2.5% of Kansas taxable income
18 Over \$15,000.....	\$375 plus 4.9% of excess over \$15,000

19 (D) For tax year 2016:

20 If the taxable income is:	The tax is:
21 Not over \$15,000.....	1.9% of Kansas taxable income
22 Over \$15,000.....	\$285 plus 4.9% of excess over \$15,000

23 (E) For tax year 2017 and all tax years thereafter:

24 If the taxable income is:	The tax is:
25 Not over \$15,000.....	1.9% of Kansas taxable income
26 Over \$15,000.....	\$285 plus 3.5% of excess over \$15,000

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

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

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

38 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
39 3.1% of the Kansas taxable income of such corporation in excess of
40 \$50,000;

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

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

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

7 Sec. 2. K.S.A. 2012 Supp. 79-32,120 is hereby amended to read as
8 follows: 79-32,120. (a) If federal taxable income of an individual is
9 determined by itemizing deductions from such individual's federal
10 adjusted gross income, such individual may elect to deduct the Kansas
11 itemized deduction in lieu of the Kansas standard deduction. The Kansas
12 itemized deduction of an individual means the total amount of deductions
13 from federal adjusted gross income, other than federal deductions for
14 personal exemptions, as provided in the federal internal revenue code with
15 the modifications specified in this section.

16 (b) *For taxable years commencing prior to January 1, 2013*, the total
17 amount of deductions from federal adjusted gross income shall be reduced
18 by the total amount of income taxes imposed by or paid to this state or any
19 other taxing jurisdiction to the extent that the same are deducted in
20 determining the federal itemized deductions and by the amount of all
21 depreciation deductions claimed for any real or tangible personal property
22 upon which the deduction allowed by K.S.A. 2012 Supp. 79-32,221, 79-
23 32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-
24 32,256, and amendments thereto, is or has been claimed.

25 (c) *For taxable years commencing on or after January 1, 2013*, the
26 total amount of deductions from federal adjusted gross income shall be
27 reduced by the total amount of income ~~and real property~~ taxes imposed by
28 or paid to this state or any other taxing jurisdiction and allowed as
29 itemized deductions in section 164 of the federal internal revenue code,
30 and amendments thereto, and the amount of qualified residential interest
31 paid and allowed as an itemized deduction in section 163 of the federal
32 internal revenue code, and amendments thereto, to the extent that any of
33 the same are deducted in determining the federal itemized deductions and
34 by the amount of all depreciation deductions claimed for any real or
35 tangible personal property upon which the deduction allowed by K.S.A.
36 2012 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-
37 32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been
38 claimed.

39 Sec. 3. K.S.A. 2012 Supp. 79-3603 is hereby amended to read as
40 follows: 79-3603. For the privilege of engaging in the business of selling
41 tangible personal property at retail in this state or rendering or furnishing
42 any of the services taxable under this act, there is hereby levied and there
43 shall be collected and paid a tax at the rate of ~~5.3%~~, and commencing July

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

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

10 (b) the gross receipts from intrastate, interstate or international
11 telecommunications services and any ancillary services sourced to this
12 state in accordance with K.S.A. 2012 Supp. 79-3673, and amendments
13 thereto, except that telecommunications service does not include: (1) Any
14 interstate or international 800 or 900 service; (2) any interstate or
15 international private communications service as defined in K.S.A. 2012
16 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
17 data service; (4) any telecommunication service to a provider of
18 telecommunication services which will be used to render
19 telecommunications services, including carrier access services; or (5) any
20 service or transaction defined in this section among entities classified as
21 members of an affiliated group as provided by section 1504 of the federal
22 internal revenue code of 1986, as in effect on January 1, 2001;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 For the purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

31 (u) the gross receipts received from the sale of prepaid calling service
32 and prepaid wireless calling service as defined in K.S.A. 2012 Supp. 79-
33 3673, and amendments thereto; and

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

42 Sec. 4. K.S.A. 2012 Supp. 79-3620 is hereby amended to read as
43 follows: 79-3620. (a) All revenue collected or received by the director of

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

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

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

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

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

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

41 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
42 revenue collected and received from the tax imposed by K.S.A. 79-3603,
43 and amendments thereto, at the rate of 6.3%, and deposited as provided by

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

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

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

14 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
15 ~~18.421%~~ 16.67% of the revenue collected and received from the tax
16 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~
17 6.3%, and deposited as provided by subsection (a), exclusive of amounts
18 credited pursuant to subsection (d), in the state highway fund.

19 (d) The state treasurer shall credit all revenue collected or received
20 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
21 certified by the director, from taxpayers doing business within that portion
22 of a STAR bond project district occupied by a STAR bond project or
23 taxpayers doing business with such entity financed by a STAR bond
24 project as defined in K.S.A. 2012 Supp. 12-17,162, and amendments
25 thereto, that was determined by the secretary of commerce to be of
26 statewide as well as local importance or will create a major tourism area
27 for the state or the project was designated as a STAR bond project as
28 defined in K.S.A. 2012 Supp. 12-17,162, and amendments thereto, to the
29 city bond finance fund, which fund is hereby created. The provisions of
30 this subsection shall expire when the total of all amounts credited
31 hereunder and under subsection (d) of K.S.A. 79-3710, and amendments
32 thereto, is sufficient to retire the special obligation bonds issued for the
33 purpose of financing all or a portion of the costs of such STAR bond
34 project.

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

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

24 Sec. 5. K.S.A. 2012 Supp. 79-3703 is hereby amended to read as
25 follows: 79-3703. There is hereby levied and there shall be collected from
26 every person in this state a tax or excise for the privilege of using, storing,
27 or consuming within this state any article of tangible personal property.
28 Such tax shall be levied and collected in an amount equal to the
29 consideration paid by the taxpayer multiplied by the rate of ~~5.3%, and~~
30 ~~commencing July 1, 2010, at the rate of 6.3%, and commencing July 1,~~
31 ~~2013, at the rate of 5.7%.~~ Within a redevelopment district established
32 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby
33 levied and there shall be collected and paid an additional tax of 2% until
34 the earlier of: (1) The date the bonds issued to finance or refinance the
35 redevelopment project undertaken in the district have been paid in full; or
36 (2) the final scheduled maturity of the first series of bonds issued to
37 finance the redevelopment project. All property purchased or leased within
38 or without this state and subsequently used, stored or consumed in this
39 state shall be subject to the compensating tax if the same property or
40 transaction would have been subject to the Kansas retailers' sales tax had
41 the transaction been wholly within this state.

42 Sec. 6. K.S.A. 2012 Supp. 79-3710 is hereby amended to read as
43 follows: 79-3710. (a) All revenue collected or received by the director

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

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

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

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

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

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

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

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

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

7 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
8 ~~18.421%~~ 16.67% of the revenue collected and received from the tax
9 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of ~~5.7%~~
10 6.3%, and deposited as provided by subsection (a), exclusive of amounts
11 credited pursuant to subsection (d), in the state highway fund.

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

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

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

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

17 New Sec. 7. (a) (1) Except as provided in subsection (a)(2),
18 commencing with fiscal year 2015, in any fiscal year in which the amount
19 of actual state general fund receipts from taxes for such fiscal year exceeds
20 the actual state general fund receipts from taxes for the immediately
21 preceding fiscal year by more than 4%, the director of budget and the
22 director of legislative research shall jointly certify such excess amount to
23 the secretary of revenue. Upon receipt of such certified amount, the
24 secretary shall estimate the individual income tax rate reductions to go into
25 effect for the next tax year that would decrease by such certified amount
26 the estimated individual income tax receipts during the fiscal year after the
27 next fiscal year.

28 Rate reductions for individual income tax shall be applied to reduce the
29 highest marginal rate applicable. Based on such determination, the
30 secretary shall reduce individual income tax rates prescribed by K.S.A. 79-
31 32,110, and amendments thereto.

32 (2) In any fiscal year in which the amount of actual state general fund
33 receipts from taxes for such fiscal year are less than 104% of the actual
34 state general fund receipts from taxes from any prior fiscal year, the
35 director of budget and the director of legislative research shall jointly
36 certify such amount and fact to the secretary of revenue. Upon receipt of
37 such amount and fact, the secretary shall not make any adjustment to the
38 individual income tax rates.

39 (b) Any reduction in individual income tax rates prescribed by this
40 section shall be published in the Kansas register prior to October 15 of the
41 calendar year immediately preceding the tax year in which such reduction
42 takes effect.

43 Sec. 8. K.S.A. 2012 Supp. 79-32,110, 79-32,120, 79-3603, 79-3620,

1 79-3703 and 79-3710 are hereby repealed.

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