

[As Amended by Senate Committee of the Whole]

As Amended by Senate Committee

Session of 2010

SENATE Substitute for HOUSE BILL No. 2360

By Committee on Ways and Means

4-30

12 AN ACT concerning taxation; relating to ~~tax upon cigarettes and tobacco~~
13 ~~products, rates;~~ rate of sales taxation, distribution of revenue, refunds
14 on sales of food ~~[, procedure for certain contracts];~~ income taxation;
15 ~~adjusted gross income and income tax credit or benefit eligibility/~~
16 ~~credits]; [Kansas taxpayer transparency act;]~~ amending ~~K.S.A. 79-~~
17 ~~3371 and 79-3378 and K.S.A. 2009 Supp. [74-72,123,] 79-32,117, 79-~~
18 ~~32,138, 79-3301, 79-3310, 79-3310c, 79-3311, 79-3312; [79-32,205,]~~
19 ~~79-3603, 79-3620, 79-3633, 79-3635, 79-3666, as amended by section~~
20 ~~15 of 2010 Senate Bill No. 430;~~ 79-3703 and 79-3710 and repealing
21 the existing sections.
22

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

24 ~~Section 1. K.S.A. 2009 Supp. 79-3301 is hereby amended to read as~~
25 ~~follows: 79-3301. As used in this act:~~

26 ~~—(a) “Carrier” means one who transports cigarettes from a manufac-~~
27 ~~turer to a wholesale dealer or from one wholesale dealer to another.~~

28 ~~—(b) “Carton” means the container used by the manufacturer of cig-~~
29 ~~arettes in which no more than 10 packages of cigarettes are placed prior~~
30 ~~to shipment from such manufacturer.~~

31 ~~—(c) “Cigar” means any roll of tobacco wrapped in leaf tobacco or in~~
32 ~~any substance containing tobacco other than any roll of tobacco which is~~
33 ~~a cigarette as defined in this section.~~

34 ~~—(d) “Cigarette” means any roll for smoking, made wholly or in part~~
35 ~~of tobacco, irrespective of size or shape, and irrespective of tobacco being~~
36 ~~flavored, adulterated or mixed with any other ingredient if the wrapper~~
37 ~~is in greater part made of any material except tobacco wrapped in paper~~
38 ~~or any substance not containing tobacco or any roll of tobacco wrapped~~
39 ~~in any substance containing tobacco that because of appearance, the type~~
40 ~~of tobacco used in the filler, or packaging and labeling, is likely to be~~
41 ~~offered to, or purchased by consumers as a cigarette as described in this~~
42 ~~subsection. Cigarettes include little cigars.~~

43 ~~—(d) (e) “Consumer” means the person purchasing or receiving ciga-~~

- 1 ~~rettes or tobacco products for final use.~~
2 ~~—(e) (f) “Dealer” means any person who engages in the sale or man-~~
3 ~~ufacture of cigarettes in the state of Kansas, and who is required to be~~
4 ~~licensed under the provisions of this act.~~
5 ~~—(f) (g) “Dealer establishment” means any location or premises, other~~
6 ~~than vending machine locations, at or from which cigarettes are sold, and~~
7 ~~where records are kept.~~
8 ~~—(g) (h) “Director” means the director of taxation.~~
9 ~~—(h) (i) “Distributor” means: (1) Any person engaged in the business~~
10 ~~of selling tobacco products in this state who brings, or causes to be~~
11 ~~brought, into this state from without the state any tobacco products for~~
12 ~~sale; (2) any person who makes, manufactures, fabricates or stores tobacco~~
13 ~~products in this state for sale in this state; or (3) any person engaged in~~
14 ~~the business of selling tobacco products without this state who ships or~~
15 ~~transports tobacco products to any person in the business of selling to-~~
16 ~~bacco products in this state.~~
17 ~~—(i) (j) “Division” means the division of taxation.~~
18 ~~—(j) (k) “License” means, in addition to the privilege of a licensee to~~
19 ~~sell cigarettes or tobacco products in the state of Kansas, the written~~
20 ~~evidence of such authority or privilege to so operate as evidenced by any~~
21 ~~license issued by the director of taxation.~~
22 ~~—(k) (l) “Licensee” means any person holding a current license issued~~
23 ~~pursuant to this act.~~
24 ~~—(l) (m) “Little cigar” means any roll of tobacco wrapped in leaf to-~~
25 ~~bacco or any substance containing tobacco and as to which 1,000 units~~
26 ~~weigh not more than three pounds.~~
27 ~~—(n) “Manufacturer’s salesperson” means a person employed by a cig-~~
28 ~~arette manufacturer who sells cigarettes, manufactured by such employer~~
29 ~~and procured from wholesale dealers.~~
30 ~~—(m) (o) “Meter imprints” means tax indicia applied by means of ink~~
31 ~~printing machines.~~
32 ~~—(n) (p) (1) “Package” means a container in which no more than 25~~
33 ~~individual cigarettes are wrapped and sealed by the manufacturer of cig-~~
34 ~~arettes prior to shipment to a wholesale dealer.~~
35 ~~—(2) For the purposes of subsections (u), (v) and (w) of K.S.A. 79-~~
36 ~~3321, and amendments thereto, “package” shall have the meaning as-~~
37 ~~cribed thereto means the same as provided in 15 U.S.C. §1332(4).~~
38 ~~—(o) (q) “Person” means any individual, partnership, society, associa-~~
39 ~~tion, joint stock company, corporation, estate, receiver, trustee, assignee,~~
40 ~~referee or any other person acting in a fiduciary or representative capacity~~
41 ~~whether appointed by a court or otherwise and any combination of~~
42 ~~individuals.~~
43 ~~—(p) (r) “Received” means the coming to rest of cigarettes for sale by~~

- 1 ~~any dealer in the state of Kansas.~~
2 ~~(q) (s) “Retail dealer” means a person, other than a vending machine~~
3 ~~operator, in possession of cigarettes for the purpose of sale to a consumer.~~
4 ~~(r) (t) “Sale” means any transfer of title or possession or both,~~
5 ~~exchange, barter, distribution or gift of cigarettes or tobacco products,~~
6 ~~with or without consideration.~~
7 ~~(s) (u) “Sample” means cigarettes or tobacco products distributed to~~
8 ~~members of the general public at no cost for purposes of promoting the~~
9 ~~product.~~
10 ~~(t) (v) “Stamps” means tax indicia applied either by means of water~~
11 ~~applied gummed paper or heat process.~~
12 ~~(u) (w) “Tax indicia” means visible evidence of tax payment in the~~
13 ~~form of stamps or meter imprints.~~
14 ~~(v) (x) “Tobacco products” means cigars, cheroots, stogies, periques,~~
15 ~~granulated, plug cut, crimp cut, ready rubbed and other smoking tobacco,~~
16 ~~snuff, snuff flour, cavendish, plug and twist tobacco, fine cut and other~~
17 ~~chewing tobaccos, shorts, refuse scraps, clippings, cuttings and sweepings~~
18 ~~of tobacco, cigarette wrappers made of tobacco and other kinds and forms~~
19 ~~of tobacco, prepared in such manner as to be suitable for chewing or~~
20 ~~smoking in a pipe or otherwise, or both for chewing and smoking. To-~~
21 ~~bacco products does not include cigarettes or little cigars.~~
22 ~~(w) (y) “Vending machine” means any coin operated machine, con-~~
23 ~~trivance or device, by means of which merchandise may be sold.~~
24 ~~(x) (z) “Vending machine distributor” means any person who sells~~
25 ~~cigarette vending machines to a vending machine operator operating~~
26 ~~vending machines in the state of Kansas.~~
27 ~~(y) (aa) “Vending machine operator” means any person who places a~~
28 ~~vending machine, owned, leased or operated by such person, at locations~~
29 ~~where cigarettes are sold from the machine. The owner or lessee of the~~
30 ~~premises upon which a vending machine is placed shall not be considered~~
31 ~~the operator of the machine, nor shall the owner or lessee, or any em-~~
32 ~~ployee or agent of the owner or lessee be considered an authorized agent~~
33 ~~of the vending machine operator, if the owner or lessee does not own or~~
34 ~~lease the machine and the owner’s or lessee’s sole remuneration from the~~
35 ~~machine is a flat rental fee or commission based upon the number or~~
36 ~~value of cigarettes sold from the machine, or a combination of both.~~
37 ~~(z) (bb) “Wholesale dealer” means any person who sells cigarettes to~~
38 ~~other wholesale dealers, retail dealers, vending machine operators and~~
39 ~~manufacturer’s salespersons for the purpose of resale in the state of~~
40 ~~Kansas.~~
41 ~~(aa) (cc) “Wholesale sales price” means the original net invoice price~~
42 ~~for which a manufacturer sells a tobacco product to a distributor, as shown~~
43 ~~by the manufacturer’s original invoice.~~

1 ~~—(bb) (dd) “Importer” shall have the same meaning ascribed thereto~~
2 ~~means the same as provided in 26 U.S.C. §5702(l) (k).~~
3 ~~—(cc) (ee) “Manufacturer” shall have the same meaning ascribed~~
4 ~~thereto means the same as provided in 26 U.S.C. §5702(d).~~
5 ~~—Sec. 2. K.S.A. 2009 Supp. 79-3310 is hereby amended to read as~~
6 ~~follows: 79-3310. There is imposed a tax upon all cigarettes sold, distrib-~~
7 ~~uted or given away within the state of Kansas. On and after July 1, 2002,~~
8 ~~and before January 1, 2003, the rate of such tax shall be \$.70 on each 20~~
9 ~~cigarettes or fractional part thereof or \$.875 on each 25 cigarettes, as the~~
10 ~~case requires. On and after January 1, 2003 July 1, 2010, the rate of such~~
11 ~~tax shall be \$.79 \$1.34 on each 20 cigarettes or fractional part thereof or~~
12 ~~\$.99 \$1.675 on each 25 cigarettes, as the case requires. Such tax shall be~~
13 ~~collected and paid to the director as provided in this act. Such tax shall~~
14 ~~be paid only once and shall be paid by the wholesale dealer first receiving~~
15 ~~the cigarettes as herein provided.~~
16 ~~—The taxes imposed by this act are hereby levied upon all sales of ciga-~~
17 ~~rettes made to any department, institution or agency of the state of Kan-~~
18 ~~sas, and to the political subdivisions thereof and their departments, insti-~~
19 ~~tutions and agencies.~~
20 ~~—Sec. 3. K.S.A. 2009 Supp. 79-3310e is hereby amended to read as~~
21 ~~follows: 79-3310e. (1) On or before July 30, 2002 2010, each wholesale~~
22 ~~dealer, retail dealer and vending machine operator shall file a report with~~
23 ~~the director in such form as the director may prescribe showing cigarettes,~~
24 ~~cigarette stamps and meter imprints on hand at 12:01 a.m. on July 1, 2002~~
25 ~~2010. A tax of \$.46 \$.55 on each 20 cigarettes or fractional part thereof~~
26 ~~or \$.575 \$.6875 on each 25 cigarettes, as the case requires and \$.46 or~~
27 ~~\$.575 \$.55 or \$.6875, as the case requires upon all tax stamps and all~~
28 ~~meter imprints purchased from the director and not affixed to cigarettes~~
29 ~~prior to July 1, 2002 2010, is hereby imposed and shall be due and payable~~
30 ~~in equal installments on or before July 30, 2002 2010, on or before Sep-~~
31 ~~tember 30, 2002 2010, and on or before December 30, 2002 2010. The~~
32 ~~tax imposed upon such cigarettes, tax stamps and meter imprints shall be~~
33 ~~imposed only once under this act. The director shall remit all moneys~~
34 ~~collected pursuant to this section to the state treasurer who shall credit~~
35 ~~the entire amount thereof to the state general fund.~~
36 ~~—(2) On or before January 30, 2003, each wholesale dealer, retail~~
37 ~~dealer and vending machine operator shall file a report with the director~~
38 ~~in such form as the director may prescribe showing cigarettes, cigarette~~
39 ~~stamps and meter imprints on hand at 12:01 a.m. on January 1, 2003. A~~
40 ~~tax of \$.09 on each 20 cigarettes or fractional part thereof or \$.115 on~~
41 ~~each 25 cigarettes, as the case requires and \$.09 or \$.115, as the case~~
42 ~~requires upon all tax stamps and all meter imprints purchased from the~~
43 ~~director and not affixed to cigarettes prior to January 1, 2003, is hereby~~

1 ~~imposed and shall be due and payable in equal installments on or before~~
2 ~~January 30, 2003, on or before March 30, 2003, and on or before June~~
3 ~~30, 2003. The tax imposed upon such cigarettes, tax stamps and meter~~
4 ~~imprints shall be imposed only once under this act. The director shall~~
5 ~~remit all moneys collected pursuant to this section to the state treasurer~~
6 ~~who shall credit the entire amount thereof to the state general fund.~~
7 ~~—Sec. 4. K.S.A. 2009 Supp. 79-3311 is hereby amended to read as~~
8 ~~follows: 79-3311. The director shall design and designate indicia of tax~~
9 ~~payment to be affixed to each package of cigarettes as provided by this~~
10 ~~act. The director shall sell water applied stamps only to licensed wholesale~~
11 ~~dealers in the amounts of 1,000 or multiples thereof. Stamps applied by~~
12 ~~the heat process shall be sold only in amounts of 30,000 or multiples~~
13 ~~thereof, except that such stamps which are suitable for packages contain-~~
14 ~~ing 25 cigarettes each shall be sold in amounts prescribed by the director.~~
15 ~~Meter imprints shall be sold only in amounts of 10,000 or multiples~~
16 ~~thereof. Water applied stamps in amounts of 10,000 or multiples thereof~~
17 ~~and stamps applied by the heat process and meter imprints shall be sup-~~
18 ~~plied to wholesale dealers at a discount of .90% rate to be determined by~~
19 ~~the secretary of revenue based on statutory changes in tax rates and the~~
20 ~~collection responsibility placed on wholesale dealers, timeliness of filing~~
21 ~~returns and remittance of tax by wholesale dealers, completeness and ac-~~
22 ~~curacy of returns by wholesale dealers, and compliance with Kansas de-~~
23 ~~partment of revenue and attorney general reporting requirements by~~
24 ~~wholesale dealers, on and after July 1, 2002 2010, and before January 1,~~
25 ~~2003, and .80% thereafter from the face value thereof, and shall be de-~~
26 ~~ducted at the time of purchase or from the remittance therefor as here-~~
27 ~~inafter provided. Any wholesale cigarette dealer who shall file with the~~
28 ~~director a bond, of acceptable form, payable to the state of Kansas with~~
29 ~~a corporate surety authorized to do business in Kansas, shall be permitted~~
30 ~~to purchase stamps, and remit therefor to the director within 30 days~~
31 ~~after each such purchase, up to a maximum outstanding at any one time~~
32 ~~of 85% of the amount of the bond. Failure on the part of any wholesale~~
33 ~~dealer to remit as herein specified shall be cause for forfeiture of such~~
34 ~~dealer's bond. All revenue received from the sale of such stamps or meter~~
35 ~~imprints shall be remitted to the state treasurer in accordance with the~~
36 ~~provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of~~
37 ~~each such remittance, the state treasurer shall deposit the entire amount~~
38 ~~in the state treasury. The state treasurer shall first credit such amount as~~
39 ~~the director shall order to the cigarette tax refund fund and shall credit~~
40 ~~the remaining balance to the state general fund. A refund fund designated~~
41 ~~the cigarette tax refund fund not to exceed \$10,000 at any time shall be~~
42 ~~set apart and maintained by the director from taxes collected under this~~
43 ~~act and held by the state treasurer for prompt payment of all refunds~~

1 ~~authorized by this act. Such cigarette tax refund fund shall be in such~~
2 ~~amount as the director shall determine is necessary to meet current re-~~
3 ~~funding requirements under this act.~~
4 ~~—The wholesale cigarette dealer shall affix to each package of cigarettes~~
5 ~~stamps or tax meter imprints required by this act prior to the sale of~~
6 ~~cigarettes to any person, by such dealer or such dealer's agent or agents,~~
7 ~~within the state of Kansas. The director is empowered to authorize whole-~~
8 ~~sale dealers to affix revenue tax meter imprints upon original packages of~~
9 ~~cigarettes and is charged with the duty of regulating the use of tax meters~~
10 ~~to secure payment of the proper taxes. No wholesale dealer shall affix~~
11 ~~revenue tax meter imprints to original packages of cigarettes without first~~
12 ~~having obtained permission from the director to employ this method of~~
13 ~~affixation. If the director approves the wholesale dealer's application for~~
14 ~~permission to affix revenue tax meter imprints to original packages of~~
15 ~~cigarettes, the director shall require such dealer to file a suitable bond~~
16 ~~payable to the state of Kansas executed by a corporate surety authorized~~
17 ~~to do business in Kansas. The director may, to assure the proper collection~~
18 ~~of taxes imposed by the act, revoke or suspend the privilege of imprinting~~
19 ~~tax meter imprints upon original packages of cigarettes. All meters shall~~
20 ~~be under the direct control of the director, and all transfer assignments~~
21 ~~or anything pertaining thereto must first be authorized by the director.~~
22 ~~All inks used in the stamping of cigarettes must be of a special type~~
23 ~~devised for use in connection with the machine employed and approved~~
24 ~~by the director. All repairs to the meter are strictly prohibited except by~~
25 ~~a duly authorized representative of the director. Requests for service shall~~
26 ~~be directed to the director. Meter machine ink imprints on all packages~~
27 ~~shall be clear and legible. If a wholesale dealer continuously issues illeg-~~
28 ~~ible cigarette tax meter imprints, it shall be considered sufficient cause~~
29 ~~for revocation of such dealer's permit to use a cigarette tax meter. *Cig-*~~
30 ~~*arette stamps and meter imprints shall be affixed in a manner reasonably*~~
31 ~~*intended to preserve legibility of the serial numbers and other identifying*~~
32 ~~*characteristics of the stamp.*~~
33 ~~—A licensed wholesale dealer may, for the purpose of sale in another~~
34 ~~state, transport cigarettes not bearing Kansas indicia of tax payment~~
35 ~~through the state of Kansas provided such cigarettes are contained in~~
36 ~~sealed and original cartons.~~
37 ~~—Sec. 5. K.S.A. 2009 Supp. 79-3312 is hereby amended to read as~~
38 ~~follows: 79-3312. The director shall redeem any unused stamps or meter~~
39 ~~imprints that any wholesale dealer presents for redemption within six~~
40 ~~months after the purchase thereof, at the face value less .90% a discount~~
41 ~~rate to be determined by the secretary of revenue based on statutory~~
42 ~~changes in tax rates and the collection responsibility placed on wholesale~~
43 ~~dealers, timeliness of filing returns and remittance of tax by wholesale~~

1 ~~dealers, completeness and accuracy of returns by wholesale dealers, and~~
2 ~~compliance with Kansas department of revenue and attorney general re-~~
3 ~~porting requirements by wholesale dealers, on and after July 1, 2002-2010,~~
4 ~~and before January 1, 2003, and .80% thereafter thereof if such stamps~~
5 ~~or meter imprints have been purchased from the director. The director~~
6 ~~shall prepare a voucher showing the net amount of such refund due, and~~
7 ~~the director of accounts and reports shall draw a warrant on the state~~
8 ~~treasurer for the same. Wholesale dealers shall be entitled to a refund of~~
9 ~~the tax paid on cigarettes which have become unfit for sale upon proof~~
10 ~~thereof less .90% such discount on and after July 1, 2002, and before~~
11 ~~January 1, 2003, and .80% thereafter 2010, of such tax.~~

12 ~~—Sec. 6. K.S.A. 79-3371 is hereby amended to read as follows: 79-~~
13 ~~3371. A tax is hereby imposed upon the privilege of selling or dealing in~~
14 ~~tobacco products in this state by any person engaged in business as a~~
15 ~~distributor thereof, at the rate of ten percent (10%) 40% of the wholesale~~
16 ~~sales price of such tobacco products. Such tax shall be imposed at the~~
17 ~~time the distributor: (a) Brings or causes to be brought into this state~~
18 ~~from without the state tobacco products for sale, (b) makes, manufac-~~
19 ~~tures, or fabricates tobacco products in this state for sale in this state, or~~
20 ~~(c) ships or transports tobacco products to retailers in this state to be sold~~
21 ~~by those retailers.~~

22 ~~—New Sec. 7. On or before July 31, 2010, each distributor and retail~~
23 ~~business selling tobacco products having a place of business in this state~~
24 ~~shall file a report with the director in such form as the director may~~
25 ~~prescribe, showing the tobacco products on hand at 12:01 a.m. on July 1,~~
26 ~~2010. For distributors, a tax at a rate equal to 30% of the wholesale sales~~
27 ~~price of such tobacco products, and for a retail business selling tobacco~~
28 ~~products, a tax at a rate of 30% of the retail invoice price to the consumer,~~
29 ~~is hereby imposed upon such tobacco products and shall be due and~~
30 ~~payable on or before July 31, 2010. The tax upon such tobacco products~~
31 ~~shall be imposed only once under this act. The director shall remit all~~
32 ~~moneys collected pursuant to this section to the state treasurer who shall~~
33 ~~credit the entire amount thereof to the state general fund.~~

34 ~~—Sec. 8. K.S.A. 79-3378 is hereby amended to read as follows: 79-~~
35 ~~3378. On or before the twentieth 20th day of each calendar month every~~
36 ~~distributor with a place of business in this state shall file a return with~~
37 ~~the director showing the quantity and wholesale sales price of each to-~~
38 ~~bacco product (1) brought, or caused to be brought, into this state for~~
39 ~~sale; and (2) made, manufactured, or fabricated in this state for sale in~~
40 ~~this state during the preceding calendar month. Every licensed distributor~~
41 ~~outside this state shall in like manner file a return showing the quantity~~
42 ~~and wholesale sales price of each tobacco product shipped or transported~~
43 ~~to retailers in this state to be sold by those retailers, during the preceding~~

1 ~~calendar month. Returns shall be made upon forms furnished and pre-~~
2 ~~scribed by the director. Each return shall be accompanied by a remittance~~
3 ~~for the full tax liability shown therein, less four percent (4%) a percentage~~
4 ~~of such liability as compensation to reimburse the distributor for his or~~
5 ~~her expenses incurred in the administration of this act to be determined~~
6 ~~by the secretary of revenue based on statutory changes in tax rates and~~
7 ~~the collection responsibility placed on distributors, timeliness of filing re-~~
8 ~~turns and remittance of tax by distributors, completeness and accuracy~~
9 ~~of returns by wholesale dealer and compliance with Kansas department~~
10 ~~of revenue and attorney general reporting requirement by distributors.~~
11 ~~As soon as practicable after any return is filed, the director shall examine~~
12 ~~the return. If the director finds that, in his or her the director's judgment,~~
13 ~~the return is incorrect and any amount of tax is due from the distributor~~
14 ~~and unpaid, he or she the director shall notify the distributor of the de-~~
15 ~~ficiency. If a deficiency disclosed by the director's examination cannot be~~
16 ~~allocated by him the director to a particular month or months, he or she~~
17 ~~the director may nevertheless notify the distributor that a deficiency exists~~
18 ~~and state the amount of tax due. Such notice shall be given to the di-~~
19 ~~istributor by registered or certified mail.~~

20 ~~Sec. 9. **Section 1.**—K.S.A. 2009 Supp. 79-32,117 is hereby amended~~
21 ~~to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an~~
22 ~~individual means such individual's federal adjusted gross income for the~~
23 ~~taxable year, with the modifications specified in this section.~~

24 ~~—(b) There shall be added to federal adjusted gross income:~~

25 ~~—(i) Interest income less any related expenses directly incurred in the~~
26 ~~purchase of state or political subdivision obligations, to the extent that~~
27 ~~the same is not included in federal adjusted gross income, on obligations~~
28 ~~of any state or political subdivision thereof, but to the extent that interest~~
29 ~~income on obligations of this state or a political subdivision thereof issued~~
30 ~~prior to January 1, 1988, is specifically exempt from income tax under the~~
31 ~~laws of this state authorizing the issuance of such obligations, it shall be~~
32 ~~excluded from computation of Kansas adjusted gross income whether or~~
33 ~~not included in federal adjusted gross income. Interest income on obli-~~
34 ~~gations of this state or a political subdivision thereof issued after Decem-~~
35 ~~ber 31, 1987, shall be excluded from computation of Kansas adjusted~~
36 ~~gross income whether or not included in federal adjusted gross income.~~

37 ~~—(ii) Taxes on or measured by income or fees or payments in lieu of~~
38 ~~income taxes imposed by this state or any other taxing jurisdiction to the~~
39 ~~extent deductible in determining federal adjusted gross income and not~~
40 ~~credited against federal income tax. This paragraph shall not apply to taxes~~
41 ~~imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amend-~~
42 ~~ments thereto, for privilege tax year 1995, and all such years thereafter.~~

43 ~~—(iii) The federal net operating loss deduction:~~

- 1 ~~—(iv) Federal income tax refunds received by the taxpayer if the de-~~
2 ~~duction of the taxes being refunded resulted in a tax benefit for Kansas~~
3 ~~income tax purposes during a prior taxable year. Such refunds shall be~~
4 ~~included in income in the year actually received regardless of the method~~
5 ~~of accounting used by the taxpayer. For purposes hereof, a tax benefit~~
6 ~~shall be deemed to have resulted if the amount of the tax had been de-~~
7 ~~ducted in determining income subject to a Kansas income tax for a prior~~
8 ~~year regardless of the rate of taxation applied in such prior year to the~~
9 ~~Kansas taxable income, but only that portion of the refund shall be in-~~
10 ~~cluded as bears the same proportion to the total refund received as the~~
11 ~~federal taxes deducted in the year to which such refund is attributable~~
12 ~~bears to the total federal income taxes paid for such year. For purposes~~
13 ~~of the foregoing sentence, federal taxes shall be considered to have been~~
14 ~~deducted only to the extent such deduction does not reduce Kansas tax-~~
15 ~~able income below zero.~~
- 16 ~~—(v) The amount of any depreciation deduction or business expense~~
17 ~~deduction claimed on the taxpayer's federal income tax return for any~~
18 ~~capital expenditure in making any building or facility accessible to the~~
19 ~~handicapped, for which expenditure the taxpayer claimed the credit al-~~
20 ~~lowed by K.S.A. 79-32,177, and amendments thereto.~~
- 21 ~~—(vi) Any amount of designated employee contributions picked up by~~
22 ~~an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,~~
23 ~~and amendments to such sections.~~
- 24 ~~—(vii) The amount of any charitable contribution made to the extent~~
25 ~~the same is claimed as the basis for the credit allowed pursuant to K.S.A.~~
26 ~~79-32,196, and amendments thereto.~~
- 27 ~~—(viii) The amount of any costs incurred for improvements to a swine~~
28 ~~facility, claimed for deduction in determining federal adjusted gross in-~~
29 ~~come, to the extent the same is claimed as the basis for any credit allowed~~
30 ~~pursuant to K.S.A. 2009 Supp. 79-32,204 and amendments thereto.~~
- 31 ~~—(ix) The amount of any ad valorem taxes and assessments paid and~~
32 ~~the amount of any costs incurred for habitat management or construction~~
33 ~~and maintenance of improvements on real property, claimed for deduc-~~
34 ~~tion in determining federal adjusted gross income, to the extent the same~~
35 ~~is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203~~
36 ~~and amendments thereto.~~
- 37 ~~—(x) Amounts received as nonqualified withdrawals, as defined by~~
38 ~~K.S.A. 2009 Supp. 75-643, and amendments thereto, if, at the time of~~
39 ~~contribution to a family postsecondary education savings account, such~~
40 ~~amounts were subtracted from the federal adjusted gross income pur-~~
41 ~~suant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amend-~~
42 ~~ments thereto, or if such amounts are not already included in the federal~~
43 ~~adjusted gross income.~~

- 1 ~~—(xi) The amount of any contribution made to the same extent the~~
2 ~~same is claimed as the basis for the credit allowed pursuant to K.S.A.~~
3 ~~2009 Supp. 74-50,154, and amendments thereto.~~
- 4 ~~—(xii) For taxable years commencing after December 31, 2004,~~
5 ~~amounts received as withdrawals not in accordance with the provisions~~
6 ~~of K.S.A. 2009 Supp. 74-50,204, and amendments thereto, if, at the time~~
7 ~~of contribution to an individual development account, such amounts were~~
8 ~~subtracted from the federal adjusted gross income pursuant to paragraph~~
9 ~~(xiii) of subsection (c), or if such amounts are not already included in the~~
10 ~~federal adjusted gross income.~~
- 11 ~~—(xiii) The amount of any expenditures claimed for deduction in deter-~~
12 ~~mining federal adjusted gross income, to the extent the same is claimed~~
13 ~~as the basis for any credit allowed pursuant to K.S.A. 2009 Supp. 79-~~
14 ~~32,217 through 79-32,220 or 79-32,222, and amendments thereto.~~
- 15 ~~—(xiv) The amount of any amortization deduction claimed in deter-~~
16 ~~mining federal adjusted gross income to the extent the same is claimed~~
17 ~~for deduction pursuant to K.S.A. 2009 Supp. 79-32,221, and amendments~~
18 ~~thereto.~~
- 19 ~~—(xv) The amount of any expenditures claimed for deduction in deter-~~
20 ~~mining federal adjusted gross income, to the extent the same is claimed~~
21 ~~as the basis for any credit allowed pursuant to K.S.A. 2009 Supp. 79-~~
22 ~~32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233~~
23 ~~through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-~~
24 ~~32,248 or 79-32,251 through 79-32,254, and amendments thereto.~~
- 25 ~~—(xvi) The amount of any amortization deduction claimed in deter-~~
26 ~~mining federal adjusted gross income to the extent the same is claimed~~
27 ~~for deduction pursuant to K.S.A. 2009 Supp. 79-32,227, 79-32,232, 79-~~
28 ~~32,237, 79-32,240, 79-32,250 or 79-32,255, and amendments thereto.~~
- 29 ~~—(xvii) The amount of any amortization deduction claimed in deter-~~
30 ~~mining federal adjusted gross income to the extent the same is claimed~~
31 ~~for deduction pursuant to K.S.A. 2009 Supp. 79-32,256, and amendments~~
32 ~~thereto.~~
- 33 ~~—(xviii) For taxable years commencing after December 31, 2006, the~~
34 ~~amount of any ad valorem or property taxes and assessments paid to a~~
35 ~~state other than Kansas or local government located in a state other than~~
36 ~~Kansas by a taxpayer who resides in a state other than Kansas, when the~~
37 ~~law of such state does not allow a resident of Kansas who earns income~~
38 ~~in such other state to claim a deduction for ad valorem or property taxes~~
39 ~~or assessments paid to a political subdivision of the state of Kansas in~~
40 ~~determining taxable income for income tax purposes in such other state,~~
41 ~~to the extent that such taxes and assessments are claimed as an itemized~~
42 ~~deduction for federal income tax purposes.~~
- 43 ~~—(xvix) The amount of any deduction claimed and allowed for qualified~~

1 ~~domestic production activities pursuant to section 199 of the internal rev-~~
2 ~~enue code of 1986, as amended, to the extent that such deductions are~~
3 ~~claimed as a deduction for federal income tax purposes.~~
4 ~~—(c) There shall be subtracted from federal adjusted gross income:~~
5 ~~—(i) Interest or dividend income on obligations or securities of any~~
6 ~~authority, commission or instrumentality of the United States and its pos-~~
7 ~~sessions less any related expenses directly incurred in the purchase of~~
8 ~~such obligations or securities, to the extent included in federal adjusted~~
9 ~~gross income but exempt from state income taxes under the laws of the~~
10 ~~United States.~~
11 ~~—(ii) Any amounts received which are included in federal adjusted~~
12 ~~gross income but which are specifically exempt from Kansas income tax-~~
13 ~~ation under the laws of the state of Kansas.~~
14 ~~—(iii) The portion of any gain or loss from the sale or other disposition~~
15 ~~of property having a higher adjusted basis for Kansas income tax purposes~~
16 ~~than for federal income tax purposes on the date such property was sold~~
17 ~~or disposed of in a transaction in which gain or loss was recognized for~~
18 ~~purposes of federal income tax that does not exceed such difference in~~
19 ~~basis, but if a gain is considered a long-term capital gain for federal in-~~
20 ~~come tax purposes, the modification shall be limited to that portion of~~
21 ~~such gain which is included in federal adjusted gross income.~~
22 ~~—(iv) The amount necessary to prevent the taxation under this act of~~
23 ~~any annuity or other amount of income or gain which was properly in-~~
24 ~~cluded in income or gain and was taxed under the laws of this state for a~~
25 ~~taxable year prior to the effective date of this act, as amended, to the~~
26 ~~taxpayer, or to a decedent by reason of whose death the taxpayer acquired~~
27 ~~the right to receive the income or gain, or to a trust or estate from which~~
28 ~~the taxpayer received the income or gain.~~
29 ~~—(v) The amount of any refund or credit for overpayment of taxes on~~
30 ~~or measured by income or fees or payments in lieu of income taxes im-~~
31 ~~posed by this state, or any taxing jurisdiction, to the extent included in~~
32 ~~gross income for federal income tax purposes.~~
33 ~~—(vi) Accumulation distributions received by a taxpayer as a beneficiary~~
34 ~~of a trust to the extent that the same are included in federal adjusted~~
35 ~~gross income.~~
36 ~~—(vii) Amounts received as annuities under the federal civil service~~
37 ~~retirement system from the civil service retirement and disability fund~~
38 ~~and other amounts received as retirement benefits in whatever form~~
39 ~~which were earned for being employed by the federal government or for~~
40 ~~service in the armed forces of the United States.~~
41 ~~—(viii) Amounts received by retired railroad employees as a supple-~~
42 ~~mental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1)~~
43 ~~et seq.~~

- 1 ~~—(ix) Amounts received by retired employees of a city and by retired~~
2 ~~employees of any board of such city as retirement allowances pursuant to~~
3 ~~K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter~~
4 ~~ordinance exempting a city from the provisions of K.S.A. 13-14,106, and~~
5 ~~amendments thereto.~~
- 6 ~~—(x) For taxable years beginning after December 31, 1976, the amount~~
7 ~~of the federal tentative jobs tax credit disallowance under the provisions~~
8 ~~of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978,~~
9 ~~the amount of the targeted jobs tax credit and work incentive credit dis-~~
10 ~~allowances under 26 U.S.C. 280 C.~~
- 11 ~~—(xi) For taxable years beginning after December 31, 1986, dividend~~
12 ~~income on stock issued by Kansas Venture Capital, Inc.~~
- 13 ~~—(xii) For taxable years beginning after December 31, 1989, amounts~~
14 ~~received by retired employees of a board of public utilities as pension and~~
15 ~~retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249~~
16 ~~and amendments thereto.~~
- 17 ~~—(xiii) For taxable years beginning after December 31, 2004, amounts~~
18 ~~contributed to and the amount of income earned on contributions de-~~
19 ~~posited to an individual development account under K.S.A. 2009 Supp.~~
20 ~~74-50,201, et seq., and amendments thereto.~~
- 21 ~~—(xiv) For all taxable years commencing after December 31, 1996, that~~
22 ~~portion of any income of a bank organized under the laws of this state or~~
23 ~~any other state, a national banking association organized under the laws~~
24 ~~of the United States, an association organized under the savings and loan~~
25 ~~code of this state or any other state, or a federal savings association or-~~
26 ~~ganized under the laws of the United States, for which an election as an~~
27 ~~S corporation under subchapter S of the federal internal revenue code is~~
28 ~~in effect, which accrues to the taxpayer who is a stockholder of such~~
29 ~~corporation and which is not distributed to the stockholders as dividends~~
30 ~~of the corporation.~~
- 31 ~~—(xv) For all taxable years beginning after December 31, 2006,~~
32 ~~amounts not exceeding \$3,000, or \$6,000 for a married couple filing a~~
33 ~~joint return, for each designated beneficiary which are contributed to a~~
34 ~~family postsecondary education savings account established under the~~
35 ~~Kansas postsecondary education savings program or a qualified tuition~~
36 ~~program established and maintained by another state or agency or instru-~~
37 ~~mentality thereof pursuant to section 529 of the internal revenue code of~~
38 ~~1986, as amended, for the purpose of paying the qualified higher edu-~~
39 ~~cation expenses of a designated beneficiary at an institution of postsec-~~
40 ~~ondary education. The terms and phrases used in this paragraph shall have~~
41 ~~the meaning respectively ascribed thereto by the provisions of K.S.A.~~
42 ~~2009 Supp. 75-643, and amendments thereto, and the provisions of such~~
43 ~~section are hereby incorporated by reference for all purposes thereof.~~

- 1 ~~—(xvi) For the tax year beginning after December 31, 2004, an amount~~
2 ~~not exceeding \$500, for the tax year beginning after December 31, 2005,~~
3 ~~an amount not exceeding \$600, for the tax year beginning after December~~
4 ~~31, 2006, an amount not exceeding \$700, for the tax year beginning after~~
5 ~~December 31, 2007, an amount not exceeding \$800, for the tax year~~
6 ~~beginning December 31, 2008, an amount not exceeding \$900, and for~~
7 ~~all taxable years commencing after December 31, 2009, an amount not~~
8 ~~exceeding \$1,000 of the premium costs for qualified long-term care in-~~
9 ~~surance contracts, as defined by subsection (b) of section 7702B of public~~
10 ~~law 104-191.~~
- 11 ~~—(xvii) For all taxable years beginning after December 31, 2004,~~
12 ~~amounts received by taxpayers who are or were members of the armed~~
13 ~~forces of the United States, including service in the Kansas army and air~~
14 ~~national guard, as a recruitment, sign up or retention bonus received by~~
15 ~~such taxpayer as an incentive to join, enlist or remain in the armed services~~
16 ~~of the United States, including service in the Kansas army and air national~~
17 ~~guard, and amounts received for repayment of educational or student~~
18 ~~loans incurred by or obligated to such taxpayer and received by such~~
19 ~~taxpayer as a result of such taxpayer's service in the armed forces of the~~
20 ~~United States, including service in the Kansas army and air national guard.~~
- 21 ~~—(xviii) For all taxable years beginning after December 31, 2004,~~
22 ~~amounts received by taxpayers who are eligible members of the Kansas~~
23 ~~army and air national guard as a reimbursement pursuant to K.S.A. 48-~~
24 ~~281, and amendments thereto, and amounts received for death benefits~~
25 ~~pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to sec-~~
26 ~~tion 1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and~~
27 ~~amendments thereto, to the extent that such death benefits are included~~
28 ~~in federal adjusted gross income of the taxpayer.~~
- 29 ~~—(xix) For the taxable year beginning after December 31, 2006,~~
30 ~~amounts received as benefits under the federal social security act which~~
31 ~~are included in federal adjusted gross income of a taxpayer with federal~~
32 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
33 ~~status is single, head of household, married filing separate or married~~
34 ~~filing jointly; and for all taxable years beginning after December 31, 2007,~~
35 ~~amounts received as benefits under the federal social security act which~~
36 ~~are included in federal adjusted gross income of a taxpayer with federal~~
37 ~~adjusted gross income of \$75,000 or less, whether such taxpayer's filing~~
38 ~~status is single, head of household, married filing separate or married~~
39 ~~filing jointly.~~
- 40 ~~—(xx) Amounts received by retired employees of Washburn university~~
41 ~~as retirement and pension benefits under the university's retirement plan.~~
- 42 ~~—(d) There shall be added to or subtracted from federal adjusted gross~~
43 ~~income the taxpayer's share, as beneficiary of an estate or trust, of the~~

- 1 ~~Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and~~
2 ~~amendments thereto.~~
- 3 ~~—(c) The amount of modifications required to be made under this sec-~~
4 ~~tion by a partner which relates to items of income, gain, loss, deduction~~
5 ~~or credit of a partnership shall be determined under K.S.A. 79-32,131,~~
6 ~~and amendments thereto, to the extent that such items affect federal~~
7 ~~adjusted gross income of the partner.~~
- 8 ~~—Sec. 10. 2. K.S.A. 2009 Supp. 79-32,138 is hereby amended to read~~
9 ~~as follows: 79-32,138. (a) Kansas taxable income of a corporation taxable~~
10 ~~under this act shall be the corporation's federal taxable income for the~~
11 ~~taxable year with the modifications specified in this section.~~
- 12 ~~—(b) There shall be added to federal taxable income: (i) The same~~
13 ~~modifications as are set forth in subsection (b) of K.S.A. 79-32,117, and~~
14 ~~amendments thereto, with respect to resident individuals.~~
- 15 ~~—(ii) The amount of all depreciation deductions claimed for any prop-~~
16 ~~erty upon which the deduction allowed by K.S.A. 2009 Supp. 79-32,221,~~
17 ~~79-32,227, 79-32,232, 79-32,237, 79-32,240, 79-32,250, 79-32,255 or 79-~~
18 ~~32,256, and amendments thereto, is claimed.~~
- 19 ~~—(iii) The amount of any charitable contribution deduction claimed for~~
20 ~~any contribution or gift to or for the use of any racially segregated edu-~~
21 ~~ational institution.~~
- 22 ~~—(iv) The amount of any deduction claimed and allowed for qualified~~
23 ~~domestic production activities pursuant to section 199 of the internal rev-~~
24 ~~enue code of 1986, as amended, to the extent that such deductions are~~
25 ~~claimed as a deduction for federal income tax purposes.~~
- 26 ~~—(c) There shall be subtracted from federal taxable income: (i) The~~
27 ~~same modifications as are set forth in subsection (c) of K.S.A. 79-32,117,~~
28 ~~and amendments thereto, with respect to resident individuals.~~
- 29 ~~—(ii) The federal income tax liability for any taxable year commencing~~
30 ~~prior to December 31, 1971, for which a Kansas return was filed after~~
31 ~~reduction for all credits thereon, except credits for payments on estimates~~
32 ~~of federal income tax, credits for gasoline and lubricating oil tax, and for~~
33 ~~foreign tax credits if, on the Kansas income tax return for such prior year,~~
34 ~~the federal income tax deduction was computed on the basis of the federal~~
35 ~~income tax paid in such prior year, rather than as accrued. Notwithstand-~~
36 ~~ing the foregoing, the deduction for federal income tax liability for any~~
37 ~~year shall not exceed that portion of the total federal income tax liability~~
38 ~~for such year which bears the same ratio to the total federal income tax~~
39 ~~liability for such year as the Kansas taxable income, as computed before~~
40 ~~any deductions for federal income taxes and after application of subsec-~~
41 ~~tions (d) and (e) of this section as existing for such year, bears to the~~
42 ~~federal taxable income for the same year.~~
- 43 ~~—(iii) An amount for the amortization deduction allowed pursuant to~~

1 ~~K.S.A. 2009 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-~~
2 ~~32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.~~

3 ~~—(iv) For all taxable years commencing after December 31, 1987, the~~
4 ~~amount included in federal taxable income pursuant to the provisions of~~
5 ~~section 78 of the internal revenue code.~~

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

9 ~~—(d) If any corporation derives all of its income from sources within~~
10 ~~Kansas in any taxable year commencing after December 31, 1979, its~~
11 ~~Kansas taxable income shall be the sum resulting after application of~~
12 ~~subsections (a) through (c) hereof. Otherwise, such corporation's Kansas~~
13 ~~taxable income in any such taxable year, after excluding any refunds of~~
14 ~~federal income tax and before the deduction of federal income taxes pro-~~
15 ~~vided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-3271~~
16 ~~to K.S.A. 79-3293, inclusive, and amendments thereto, plus any refund~~
17 ~~of federal income tax as determined under paragraph (iv) of subsection~~
18 ~~(b) of K.S.A. 79-32,117, and amendments thereto, and minus the deduc-~~
19 ~~tion for federal income taxes as provided by subsection (c)(ii) shall be~~
20 ~~such corporation's Kansas taxable income.~~

21 ~~—(e) A corporation may make an election with respect to its first taxable~~
22 ~~year commencing after December 31, 1982, whereby no addition modi-~~
23 ~~fications as provided for in subsection (b)(ii) of K.S.A. 79-32,138 and~~
24 ~~subtraction modifications as provided for in subsection (c)(iii) of K.S.A.~~
25 ~~79-32,138, as those subsections existed prior to their amendment by this~~
26 ~~act, shall be required to be made for such taxable year.~~

27 **Sec. 11. 3. [Section 1.]** K.S.A. 2009 Supp. 79-3603 is hereby
28 amended to read as follows: 79-3603. For the privilege of engaging in the
29 business of selling tangible personal property at retail in this state or
30 rendering or furnishing any of the services taxable under this act, there
31 is hereby levied and there shall be collected and paid a tax at the rate of
32 5.3%, and commencing ~~June~~ **July 1, 2010, at the rate of 6.3%, and com-**
33 **mencing July 1, 2013, at the rate of 5.6% 5.7%.** Within a redevelopment
34 district established pursuant to K.S.A. 74-8921, and amendments thereto,
35 there is hereby levied and there shall be collected and paid an additional
36 tax at the rate of 2% until the earlier of the date the bonds issued to
37 finance or refinance the redevelopment project have been paid in full or
38 the final scheduled maturity of the first series of bonds issued to finance
39 any part of the project upon:

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

42 (b) the gross receipts from intrastate, interstate or international tel-
43 ecommunications services and any ancillary services sourced to this state

1 in accordance with K.S.A. 2009 Supp. 79-3673, and amendments thereto,
2 except that telecommunications service does not include: (1) Any inter-
3 state or international 800 or 900 service; (2) any interstate or international
4 private communications service as defined in K.S.A. 2009 Supp. 79-3673,
5 and amendments thereto; (3) any value-added nonvoice data service; (4)
6 any telecommunication service to a provider of telecommunication serv-
7 ices which will be used to render telecommunications services, including
8 carrier access services; or (5) any service or transaction defined in this
9 section among entities classified as members of an affiliated group as
10 provided by section 1504 of the federal internal revenue code of 1986, as
11 in effect on January 1, 2001;

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

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

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

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

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

- 1 agency, officer or employee thereof in association with the performance
2 of official government duties;
- 3 (h) the gross receipts from the service of renting or leasing of tangible
4 personal property except such tax shall not apply to the renting or leasing
5 of machinery, equipment or other personal property owned by a city and
6 purchased from the proceeds of industrial revenue bonds issued prior to
7 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
8 12-1749, and amendments thereto, and any city or lessee renting or leas-
9 ing such machinery, equipment or other personal property purchased
10 with the proceeds of such bonds who shall have paid a tax under the
11 provisions of this section upon sales made prior to July 1, 1973, shall be
12 entitled to a refund from the sales tax refund fund of all taxes paid
13 thereon;
- 14 (i) the gross receipts from the rendering of dry cleaning, pressing,
15 dyeing and laundry services except laundry services rendered through a
16 coin-operated device whether automatic or manually operated;
- 17 (j) the gross receipts from the rendering of the services of washing
18 and washing and waxing of vehicles;
- 19 (k) the gross receipts from cable, community antennae and other sub-
20 scriber radio and television services;
- 21 (l) (1) except as otherwise provided by paragraph (2), the gross re-
22 cepts received from the sales of tangible personal property to all con-
23 tractors, subcontractors or repairmen for use by them in erecting struc-
24 tures, or building on, or otherwise improving, altering, or repairing real
25 or personal property.
- 26 (2) Any such contractor, subcontractor or repairman who maintains
27 an inventory of such property both for sale at retail and for use by them
28 for the purposes described by paragraph (1) shall be deemed a retailer
29 with respect to purchases for and sales from such inventory, except that
30 the gross receipts received from any such sale, other than a sale at retail,
31 shall be equal to the total purchase price paid for such property and the
32 tax imposed thereon shall be paid by the deemed retailer;
- 33 (m) the gross receipts received from fees and charges by public and
34 private clubs, drinking establishments, organizations and businesses for
35 participation in sports, games and other recreational activities, but such
36 tax shall not be levied and collected upon the gross receipts received from:
- 37 (1) Fees and charges by any political subdivision, by any organization
38 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
39 201, and amendments thereto, or by any youth recreation organization
40 exclusively providing services to persons 18 years of age or younger which
41 is exempt from federal income taxation pursuant to section 501(c)(3) of
42 the federal internal revenue code of 1986, for participation in sports,
43 games and other recreational activities; and (2) entry fees and charges for

1 participation in a special event or tournament sanctioned by a national
2 sporting association to which spectators are charged an admission which
3 is taxable pursuant to subsection (e);
4 (n) the gross receipts received from dues charged by public and pri-
5 vate clubs, drinking establishments, organizations and businesses, pay-
6 ment of which entitles a member to the use of facilities for recreation or
7 entertainment, but such tax shall not be levied and collected upon the
8 gross receipts received from: (1) Dues charged by any organization ex-
9 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
10 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
11 in a nonprofit organization which is exempt from federal income taxation
12 pursuant to section 501 (c)(3) of the federal internal revenue code of
13 1986, and whose purpose is to support the operation of a nonprofit zoo;
14 (o) the gross receipts received from the isolated or occasional sale of
15 motor vehicles or trailers but not including: (1) The transfer of motor
16 vehicles or trailers by a person to a corporation or limited liability com-
17 pany solely in exchange for stock securities or membership interest in
18 such corporation or limited liability company; or (2) the transfer of motor
19 vehicles or trailers by one corporation or limited liability company to
20 another when all of the assets of such corporation or limited liability
21 company are transferred to such other corporation or limited liability
22 company; or (3) the sale of motor vehicles or trailers which are subject
23 to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
24 amendments thereto, by an immediate family member to another im-
25 mediate family member. For the purposes of clause (3), immediate family
26 member means lineal ascendants or descendants, and their spouses. Any
27 amount of sales tax paid pursuant to the Kansas retailers sales tax act on
28 the isolated or occasional sale of motor vehicles or trailers on and after
29 July 1, 2004, which the base for computing the tax was the value pursuant
30 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments
31 thereto, when such amount was higher than the amount of sales tax which
32 would have been paid under the law as it existed on June 30, 2004, shall
33 be refunded to the taxpayer pursuant to the procedure prescribed by this
34 section. Such refund shall be in an amount equal to the difference be-
35 tween the amount of sales tax paid by the taxpayer and the amount of
36 sales tax which would have been paid by the taxpayer under the law as it
37 existed on June 30, 2004. Each claim for a sales tax refund shall be verified
38 and submitted not later than six months from the effective date of this
39 act to the director of taxation upon forms furnished by the director and
40 shall be accompanied by any additional documentation required by the
41 director. The director shall review each claim and shall refund that
42 amount of tax paid as provided by this act. All such refunds shall be paid
43 from the sales tax refund fund, upon warrants of the director of accounts

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

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

17 For the purposes of this subsection:

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

28 (2) "building" shall mean only those enclosures within which individ-
29 uals customarily are employed, or which are customarily used to house
30 machinery, equipment or other property, and including the land improve-
31 ments immediately surrounding such building;

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

38 (4) "residence" shall mean only those enclosures within which indi-
39 viduals customarily live;

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

- 1 (6) “windstorm” shall mean straight line winds of at least 80 miles
2 per hour as determined by a recognized meteorological reporting agency
3 or organization;
- 4 (q) the gross receipts received for the service of repairing, servicing,
5 altering or maintaining tangible personal property which when such serv-
6 ices are rendered is not being held for sale in the regular course of busi-
7 ness, and whether or not any tangible personal property is transferred in
8 connection therewith. The tax imposed by this subsection shall be appli-
9 cable to the services of repairing, servicing, altering or maintaining an
10 item of tangible personal property which has been and is fastened to,
11 connected with or built into real property;
- 12 (r) the gross receipts from fees or charges made under service or
13 maintenance agreement contracts for services, charges for the providing
14 of which are taxable under the provisions of subsection (p) or (q);
- 15 (s) on and after January 1, 2005, the gross receipts received from the
16 sale of prewritten computer software and the sale of the services of mod-
17 ifying, altering, updating or maintaining prewritten computer software,
18 whether the prewritten computer software is installed or delivered elec-
19 tronically by tangible storage media physically transferred to the pur-
20 chaser or by load and leave;
- 21 (t) the gross receipts received for telephone answering services;
- 22 (u) the gross receipts received from the sale of prepaid calling service
23 and prepaid wireless calling service as defined in K.S.A. 2009 Supp. 79-
24 3673, and amendments thereto; and
- 25 (v) the gross receipts received from the sales of bingo cards, bingo
26 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,
27 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
28 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
29 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
30 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
31 and amendments thereto, shall be exempt from taxes imposed pursuant
32 to this section.
- 33 Sec. ~~12~~ ~~4~~ [2.] K.S.A. 2009 Supp. 79-3620 is hereby amended to
34 read as follows: 79-3620. (a) All revenue collected or received by the
35 director of taxation from the taxes imposed by this act shall be remitted
36 to the state treasurer in accordance with the provisions of K.S.A. 75-4215,
37 and amendments thereto. Upon receipt of each such remittance, the state
38 treasurer shall deposit the entire amount in the state treasury, less
39 amounts withheld as provided in subsection (b) and amounts credited as
40 provided in subsection (c) ~~and~~ [f], (d) [**and (e)**], to the credit of the state
41 general fund.
- 42 (b) A refund fund, designated as “sales tax refund fund” not to exceed
43 \$100,000 shall be set apart and maintained by the director from sales tax

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

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

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

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

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

33 (5) On ~~June~~ **July** 1, 2010, the state treasurer shall credit ~~11.333%~~
34 **[11.427%]** of the revenue collected and received from the tax imposed
35 by K.S.A. 79-3603, and amendments thereto, at the rate of 6.3%, and
36 deposited as provided by subsection (a), exclusive of amounts credited
37 pursuant to subsection (d), in the state highway fund.

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

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

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

6 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
7 ~~16.964%~~ **18.421%** of the revenue collected and received from the tax
8 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.6%~~
9 **5.7%**, and deposited as provided by subsection (a), exclusive of amounts
10 credited pursuant to subsection (d), in the state highway fund.

11 (d) The state treasurer shall credit all revenue collected or received
12 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
13 certified by the director, from taxpayers doing business within that por-
14 tion of a STAR bond project district occupied by a STAR bond project
15 or taxpayers doing business with such entity financed by a STAR bond
16 project as defined in K.S.A. 2009 Supp. 12-17,162, and amendments
17 thereto, that was determined by the secretary of commerce to be of state-
18 wide as well as local importance or will create a major tourism area for
19 the state or the project was designated as a STAR bond project as defined
20 in K.S.A. 2009 Supp. 12-17,162, and amendments thereto, to the city
21 bond finance fund, which fund is hereby created. The provisions of this
22 subsection shall expire when the total of all amounts credited hereunder
23 and under subsection (d) of K.S.A. 79-3710, and amendments thereto, is
24 sufficient to retire the special obligation bonds issued for the purpose of
25 financing all or a portion of the costs of such STAR bond project.

26 (e) All revenue certified by the director of taxation as having been
27 collected or received from the tax imposed by subsection (c) of K.S.A. 79-
28 3603, and amendments thereto, on the sale or furnishing of gas, water,
29 electricity and heat for use or consumption within the intermodal facility
30 district described in this subsection, shall be credited by the state treasurer
31 to the state highway fund. Such revenue may be transferred by the sec-
32 retary of transportation to the rail service improvement fund pursuant to
33 law. The provisions of this subsection shall take effect upon certification
34 by the secretary of transportation that a notice to proceed has been re-
35 ceived for the construction of the improvements within the intermodal
36 facility district, but not later than December 31, 2010, and shall expire
37 when the secretary of revenue determines that the total of all amounts
38 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3710, and
39 amendments thereto, is equal to \$53,300,000, but not later than December
40 31, 2045. Thereafter, all revenues shall be collected and distributed in
41 accordance with applicable law. For all tax reporting periods during
42 which the provisions of this subsection are in effect, none of the exemp-
43 tions contained in K.S.A. 79-3601 et seq., and amendments thereto, shall

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

15 Sec. ~~13~~ ~~5~~ [3.] K.S.A. 2009 Supp. 79-3703 is hereby amended to
16 read as follows: 79-3703. There is hereby levied and there shall be col-
17 lected from every person in this state a tax or excise for the privilege of
18 using, storing, or consuming within this state any article of tangible per-
19 sonal property. Such tax shall be levied and collected in an amount equal
20 to the consideration paid by the taxpayer multiplied by the rate of 5.3%,
21 *and commencing ~~June~~ July 1, 2010, at the rate of 6.3%, and commencing*
22 *July 1, 2013, at the rate of ~~5.6%~~ 5.7%.* Within a redevelopment district
23 established pursuant to K.S.A. 74-8921, and amendments thereto, there
24 is hereby levied and there shall be collected and paid an additional tax of
25 2% until the earlier of: (1) The date the bonds issued to finance or refi-
26 nance the redevelopment project undertaken in the district have been
27 paid in full; or (2) the final scheduled maturity of the first series of bonds
28 issued to finance the redevelopment project. All property purchased or
29 leased within or without this state and subsequently used, stored or con-
30 sumed in this state shall be subject to the compensating tax if the same
31 property or transaction would have been subject to the Kansas retailers’
32 sales tax had the transaction been wholly within this state.

33 Sec. ~~14~~ ~~6~~ [4.] K.S.A. 2009 Supp. 79-3710 is hereby amended to
34 read as follows: 79-3710. (a) All revenue collected or received by the
35 director under the provisions of this act shall be remitted to the state
36 treasurer in accordance with the provisions of K.S.A. 75-4215, and
37 amendments thereto. Upon receipt of each such remittance, the state
38 treasurer shall deposit the entire amount in the state treasury, less
39 amounts set apart as provided in subsection (b) and amounts credited as
40 provided in subsection (c) ~~and~~ [f], (d) [**and (e)**], to the credit of the state
41 general fund.

42 (b) A revolving fund, designated as “compensating tax refund fund”
43 not to exceed \$10,000 shall be set apart and maintained by the director

1 from compensating tax collections and estimated tax collections and held
2 by the state treasurer for prompt payment of all compensating tax refunds.
3 Such fund shall be in such amount, within the limit set by this section,
4 as the director shall determine is necessary to meet current refunding
5 requirements under this act.

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

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

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

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

26 (5) On ~~June~~ **July** 1, 2010, the state treasurer shall credit ~~11.333%~~
27 **[11.427%]** of the revenue collected and received from the tax imposed
28 by K.S.A. 79-3703, and amendments thereto, at the rate of 6.3%, and
29 deposited as provided by subsection (a), exclusive of amounts credited
30 pursuant to subsection (d), in the state highway fund.

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

36 (7) On July 1, 2012, the state treasurer shall credit 11.233% 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
39 by subsection (a), exclusive of amounts credited pursuant to subsection
40 (d), in the state highway fund, as well as such revenue collected and
41 received at the rate of 6.3%, after June 30, 2013.

42 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
43 ~~16.964%~~ **18.421%** of the revenue collected and received from the tax

1 *imposed by K.S.A. 79-3703, and amendments thereto, at the rate of ~~5.6%~~*
2 *5.7%*, and deposited as provided by subsection (a), exclusive of amounts
3 credited pursuant to subsection (d), in the state highway fund.

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

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

20 (e) *All revenue certified by the director of taxation as having been*
21 *collected or received from the tax imposed by subsection (c) of K.S.A. 79-*
22 *3603, and amendments thereto, on the sale or furnishing of gas, water,*
23 *electricity and heat for use or consumption within the intermodal facility*
24 *district described in this subsection, shall be credited by the state treasurer*
25 *to the state highway fund. Such revenue may be transferred by the sec-*
26 *retary of transportation to the rail service improvement fund pursuant to*
27 *law. The provisions of this subsection shall take effect upon certification*
28 *by the secretary of transportation that a notice to proceed has been re-*
29 *ceived for the construction of the improvements within the intermodal*
30 *facility district, but not later than December 31, 2010, and shall expire*
31 *when the secretary of revenue determines that the total of all amounts*
32 *credited hereunder and pursuant to subsection (e) of K.S.A. 79-3620, and*
33 *amendments thereto, is equal to \$53,300,000, but not later than December*
34 *31, 2045. Thereafter, all revenues shall be collected and distributed in*
35 *accordance with applicable law. For all tax reporting periods during*
36 *which the provisions of this subsection are in effect, none of the exemp-*
37 *tions contained in K.S.A. 79-3601 et seq., and amendments thereto, shall*
38 *apply to the sale or furnishing of any gas, water, electricity and heat for*
39 *use or consumption within the intermodal facility district. As used in this*
40 *subsection, "intermodal facility district" shall consist of an intermodal*
41 *transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and*
42 *amendments thereto, located in Johnson county within the polygonal-*
43 *shaped area having Waverly Road as the eastern boundary, 191st Street*

1 *as the southern boundary, Four Corners Road as the western boundary,*
2 *and Highway 56 as the northern boundary, and the polygonal-shaped*
3 *area having Poplar Road as the eastern boundary, 183rd Street as the*
4 *southern boundary, Waverly Road as the western boundary, and the*
5 *BNSF mainline track as the northern boundary, that includes capital in-*
6 *vestment in an amount exceeding \$150 million for the construction of an*
7 *intermodal facility to handle the transfer, storage and distribution of*
8 *freight through railway and trucking operations.*

9 New Sec. ~~15. 7.~~ **[5.]** Any business owning, operating, or leasing any
10 facility located within the intermodal facility district described in subsec-
11 tion (e) of K.S.A. 79-3620, and amendments thereto, during the time
12 period that the provisions of subsection (e) of K.S.A. 79-3620 and sub-
13 section (e) of K.S.A. 79-3710, and amendments thereto, are in effect,
14 shall be ineligible to claim any tax credits or other incentives or benefits
15 with respect to capital investment or jobs in such facility during such time
16 period under the following programs: K.S.A. 79-32,153, 79-32,160a, but
17 not including subsection (e) of that statute, 74-50,210 et seq. or 74-50,102
18 et seq., and amendments thereto.

19 Sec. ~~16. 8.~~ **[6.]** K.S.A. 2009 Supp. 79-3633 is hereby amended to
20 read as follows: 79-3633. As used in K.S.A. 79-3620 and 79-3632 to 79-
21 3639 and amendments thereto, unless the context clearly indicates
22 otherwise:

23 (a) “Income” means adjusted gross income determined under the
24 Kansas income tax act without regard to the modifications specified by
25 subsections (c)(i), (ii) regarding Kansas public employee retirement sys-
26 tem retirement benefits, (vii), (ix) and (xii) of K.S.A. 79-32,117, and
27 amendments thereto.

28 (b) “Household” means a claimant and all other persons for whom a
29 personal exemption is claimed who together occupy a common residence.

30 (c) “Claimant” means a person who has filed a claim for a refund or
31 credit under the provisions of this act and was, during the entire calendar
32 year preceding the year in which the claim was filed for relief under this
33 act, domiciled in this state, was a member of a household, *for tax years*
34 *commencing after December 31, 2009*, had income of not more than
35 ~~\$25,000~~ ~~\$33,000~~ **\$35,000** in the calendar year for which a claim is filed
36 and was: (1) A person having a disability; (2) a person other than a person
37 included under (1), who has attained 55 years of age in the calendar year
38 for which a claim is filed or (3) a person other than a person included
39 under (1) or (2) having one or more dependent children under 18 years
40 of age residing at the person’s homestead during the calendar year for
41 which a claim is filed.

42 (d) “Head of household” means the person filing a claim under the
43 provisions of this act.

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

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

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

31 Sec. ~~17, 9~~ [7.] K.S.A. 2009 Supp. 79-3635 is hereby amended to
32 read as follows: 79-3635. (a) (1) A claimant shall be entitled to a refund
33 of retailers’ sales taxes paid upon food during the calendar year ~~1998~~ 2010
34 and each year thereafter in the amount hereinafter provided. There shall
35 be allowed for each member of a household of a claimant having income
36 of ~~\$12,500~~ ~~\$16,500~~ **\$17,500** or less, an amount equal to ~~\$72~~ ~~\$88~~ **\$90**.
37 There shall be allowed for each member of a household of a claimant
38 having income of more than ~~\$12,500~~ ~~\$16,500~~ **\$17,500** but not more than
39 ~~\$25,000~~ ~~\$33,000~~ **\$35,000**, an amount equal to ~~\$36~~ ~~\$44~~ **\$45**. There shall
40 be allowed for a claimant who qualifies for an additional personal exemp-
41 tion amount pursuant to K.S.A. 79-32,121, and amendments thereto, an
42 additional amount of ~~\$36~~ ~~or \$72~~ ~~\$44~~ ~~or \$88~~ **\$45 or \$90**, as the case
43 requires. All such claims shall be paid from the sales tax refund fund upon

1 warrants of the director of accounts and reports pursuant to vouchers
2 approved by the director of taxation or by a person or persons designated
3 by the director.

4 (2) As an alternative to the procedure described by subsection (a)(1),
5 for all taxable years commencing after December 31, ~~2001~~ 2009, there
6 shall be allowed as a credit against the tax liability of a resident individual
7 imposed under the Kansas income tax act an amount equal to ~~\$36 or \$72~~
8 ~~\$44 or \$88~~ **\$45 or \$90**, as the case requires, for each member of a
9 household. There shall be allowed for a claimant who qualifies for an
10 additional personal exemption amount pursuant to K.S.A. 79-32,121, and
11 amendments thereto, an additional amount of ~~\$36 or \$72~~ ~~\$44 or \$88~~ **\$45**
12 **or \$90**, as the case requires. If the amount of such tax credit exceeds the
13 claimant's income tax liability for such taxable year, such excess amount
14 shall be refunded to the claimant.

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

19 (c) No claim for a refund of taxes under the provisions of K.S.A. 79-
20 3632 et seq., and amendments thereto, shall be paid or allowed unless
21 such claim is actually filed with and in the possession of the department
22 of revenue on or before April 15 of the year next succeeding the year in
23 which such taxes were paid. The director of taxation may: (1) Extend the
24 time for filing any claim under the provisions of this act when good cause
25 exists therefor; or (2) accept a claim filed after the deadline for filing in
26 the case of sickness, absence or disability of the claimant if such claim
27 has been filed within four years of such deadline.

28 (d) In the case of all tax years commencing after December 31, ~~2005~~
29 2010, the threshold income amounts prescribed in this section and sub-
30 section (c) of K.S.A. 79-3633, and amendments thereto, and the amounts
31 of refund of taxes and the amounts of the tax credit, both as prescribed
32 in this section, shall be increased by an amount equal to such threshold
33 amount multiplied by the cost-of-living adjustment determined under
34 section 1 (f)(3) of the federal internal revenue code for the calendar year
35 in which the taxable year commences.

36 ~~Sec. 18. K.S.A. 2009 Supp. 79-3666, as amended by section 15 of~~
37 ~~2010 Senate Bill No. 430, is hereby amended to read as follows: 79-3666.~~
38 ~~State sales tax rate changes For any state sales tax rate that will first take~~
39 ~~effect after July 1, 2010, such state sales tax rate change must take effect~~
40 ~~on the first day of a calendar quarter. The secretary shall make a reason-~~
41 ~~able effort to provide sellers with as much advance notice as practicable~~
42 ~~of any rate changes, legislative change in the tax base and amendments~~
43 ~~to sales and use tax rules and regulations. Failure of a seller to receive~~

1 ~~such notice or failure of the secretary to provide such notice to a seller~~
2 ~~or limit the effective date of a rate change shall not relieve the seller of~~
3 ~~its obligation to collect sales or use tax or otherwise comply with any such~~
4 ~~legislative, rule or regulatory changes. Whenever there is less than 30~~
5 ~~days between the effective date of any amendments to K.S.A. 79-3603~~
6 ~~and 79-3703, which make a change in the retailers' sales tax or compen-~~
7 ~~sating use tax rate and the date such rate change takes effect as provided~~
8 ~~by this section, the seller shall be relieved from liability for failing to~~
9 ~~collect tax at the changed rate if:~~

10 ~~(a) The seller collected tax at the immediately preceding rate during~~
11 ~~such time period, and~~

12 ~~(b) the seller's failure to collect at the changed rate does not extend~~
13 ~~beyond 30 days after such effective date.~~

14 ~~When the seller fraudulently failed to collect at the new sales tax rate~~
15 ~~or solicits purchasers based on the immediately preceding effective rate,~~
16 ~~such relief from liability does not apply to such seller.~~

17 *[New Sec. 8. If any contractor has entered into a written bind-*
18 *ing contract prior to May 1, 2010, for the original construction,*
19 *reconstruction, restoration, remodeling, renovation, repair or re-*
20 *placement of a building, facility or residential structure, or for the*
21 *construction, reconstruction, restoration, replacement or repair of*
22 *a bridge or highway, the state sales tax applicable to such contracts*
23 *shall be remitted at the rate in effect prior to the state sales tax*
24 *increase scheduled to take effect on July 1, 2010, if the contractor*
25 *gives notice and proof of such contract to the director of taxation*
26 *on or before July 10, 2010, which notice and proof shall be in such*
27 *form and of such sufficiency as the director shall prescribe.]*

28 *[Sec. 9. K.S.A. 2009 Supp. 74-72,123 is hereby amended to read*
29 *as follows: 74-72,123. (a) As used in the Kansas taxpayer transpar-*
30 *ency act:*

31 *[(1) "Searchable website" means a website that allows the pub-*
32 *lic to search and aggregate the information identified in subsection*
33 *(b) including requirements that the website offer the public the abil-*
34 *ity to efficiently search and display data, and ascertain the total*
35 *amounts of revenues and expenditures (A) of funds established*
36 *within the state treasury in an aggregate or summary form in a*
37 *manner determined by the secretary of administration, (B) of com-*
38 *pen-sation paid to public employees employed by state agencies, and*
39 *(C) of bond debt as specified in this act.*

40 *[(2) "Agency" means any entity or instrumentality of the state*
41 *of Kansas as defined in K.S.A. 75-3701, and amendments thereto,*
42 *and any other entity or instrumentality delegated statutory author-*
43 *ity by the legislature to issue bonds and to collect revenue for the*

- 1 *purpose of repaying bonds issued under authority delegated by*
2 *statute.*
- 3 *[(3) “Board” means the public finance transparency board.*
4 *[(b) No later than March 1, 2009, the secretary of administra-*
5 *tion shall develop and operate a single, searchable website acces-*
6 *sible by the public at no cost to access, that includes:*
- 7 *[(1) Annual expenditures, as determined by the secretary of ad-*
8 *ministration and as available within the central accounting system*
9 *and state payroll system, shall include, but not be limited to:*
- 10 *[(A) Disbursements by any state agency from funds established*
11 *within the state treasury;*
- 12 *[(B) bond debt payments;*
- 13 *[(C) salaries and wages including, but not limited to, compen-*
14 *sation paid to individual employees of state agencies;*
- 15 *[(D) contractual services including, but not limited to, amounts*
16 *paid to individual vendors;*
- 17 *[(E) commodities including, but not limited to, amounts paid to*
18 *individual vendors;*
- 19 *[(F) capital outlay including, but not limited to, amounts paid*
20 *to individual vendors;*
- 21 *[(G) debt service including, but not limited to, amounts of bond*
22 *interest paid and sources of funds paid for individual bond issues;*
- 23 *[(H) aid to local units including, but not limited to, amounts*
24 *paid to individual units of government for individually identifiable*
25 *aid programs;*
- 26 *[(I) other assistance and benefits; and*
27 *[(J) capital improvements including, but not limited to, amounts*
28 *of bond principal paid and sources of funds paid for individual bond*
29 *issues; and*
- 30 *[(K) tax expenditures as reported by the secretary of revenue in the*
31 *annual tax expenditure report.*
- 32 *[(2) Annual revenues, as determined by the secretary of admin-*
33 *istration and as available within the central accounting system,*
34 *shall include, but not be limited to:*
- 35 *[(A) Receipts or deposits by any state agency into funds estab-*
36 *lished within the state treasury;*
- 37 *[(B) taxes including, but not limited to, compulsory contribu-*
38 *tions imposed by the state for the purpose of financing services;*
- 39 *[(C) agency earnings including, but not limited to, amounts col-*
40 *lected by each agency for merchandise sold, services performed,*
41 *licenses and permits issued, or regulation;*
- 42 *[(D) revenue for the use of money and property including, but*
43 *not limited to, amounts received for compensation for the use of*

1 *state-owned money and property;*

2 *[(E) gifts, donations and federal grants including, but not lim-*
3 *ited to, amounts received from public and private entities to aid in*
4 *support of a specific function or other governmental activity;*

5 *[(F) other revenue including, but not limited to, receipts not*
6 *classified elsewhere; and*

7 *[(G) non-revenue receipts including, but not limited to, all re-*
8 *ceipts that do not constitute revenue.*

9 *[(3) Annual bonded indebtedness which shall include, but not*
10 *be limited to the amount of the total original obligation stated in*
11 *terms of principal and interest, the term of the obligation, the source*
12 *of funding for repayment of the obligation, the amounts of principal*
13 *and interest previously paid to reduce the obligation, the balance*
14 *remaining of the obligation, any refinancing of the obligation, and*
15 *the cited statutory authority to issue such bonds.*

16 *[(4) Any other relevant information specified by the secretary*
17 *of administration after consulting with and seeking the advice of the*
18 *public finance transparency board as established in K.S.A. 2009*
19 *Supp. 74-72,124, and amendments thereto.*

20 *[(c) The single website provided for in subsection (b) of this*
21 *section shall include data for fiscal year 2003 and each fiscal year*
22 *thereafter. The website shall be designed so that such data shall be*
23 *retained on the single website for not less than 10 years and shall*
24 *include data for the most recent fiscal years. Data that is available*
25 *in the central accounting system and state payroll system shall be*
26 *on the single website as soon as possible, but not later than 45 days*
27 *after the last day of the preceding fiscal year. The secretary of ad-*
28 *ministration shall develop policies and procedures to make data*
29 *available from any other source. Nothing in this act shall require*
30 *the secretary of administration to provide information on the web-*
31 *site that is not available in the central accounting system and the*
32 *state payroll system at the time of initial implementation of the web-*
33 *site. After implementation of the initial website, the public finance*
34 *transparency board shall advise the secretary of administration on*
35 *incorporating additional information described by this act from any*
36 *other source of information available to the secretary of adminis-*
37 *tration including information submitted by state agencies pursuant*
38 *to subsection (d) of this section.*

39 *[(d) Any state agency shall provide, at the request of the sec-*
40 *retary of administration, such information as is necessary to accom-*
41 *plish the purposes of this act.*

42 *[(e) Nothing in this act shall permit or require the disclosure of*
43 *information which is considered confidential by state or federal*

1 *law.]*

2 ~~*[Sec. 10. K.S.A. 2009 Supp. 79-32,205 is hereby amended to*~~
3 ~~*read as follows: 79-32,205. (a) There shall be allowed as a credit*~~
4 ~~*against the tax liability of a resident individual imposed under the*~~
5 ~~*Kansas income tax act an amount equal to 17% 18% for tax year*~~
6 ~~*2007 2010, and all tax years thereafter, of the amount of the earned*~~
7 ~~*income credit allowed against such taxpayer's federal income tax*~~
8 ~~*liability pursuant to section 32 of the federal internal revenue code*~~
9 ~~*for the taxable year in which such credit was claimed against the*~~
10 ~~*taxpayer's federal income tax liability.*~~

11 ~~*[(b) If the amount of the credit allowed by subsection (a) ex-*~~
12 ~~*ceeds the taxpayer's income tax liability imposed under the Kansas*~~
13 ~~*income tax act, such excess amount shall be refunded to the*~~
14 ~~*taxpayer.]*~~

15 *[Sec. 10. K.S.A. 2009 Supp. 79-32,205 is hereby amended to*
16 *read as follows: 79-32,205. (a) There shall be allowed as a credit*
17 *against the tax liability of a resident individual imposed under the*
18 *Kansas income tax act an amount equal to 17% 18% for tax year 2007*
19 *years 2010 through 2012, and an amount equal to 17% for tax year 2013,*
20 *and all tax years thereafter, of the amount of the earned income*
21 *credit allowed against such taxpayer's federal income tax liability*
22 *pursuant to section 32 of the federal internal revenue code for the*
23 *taxable year in which such credit was claimed against the taxpayer's*
24 *federal income tax liability.*

25 *[(b) If the amount of the credit allowed by subsection (a) ex-*
26 *ceeds the taxpayer's income tax liability imposed under the Kansas*
27 *income tax act, such excess amount shall be refunded to the*
28 *taxpayer.]*

29 ~~*Sec. 10. 10. [11.] K.S.A. 79-3371 and 79-3378 and K.S.A. 2009*~~
30 ~~*Supp. [74-72,123,] 79-32,117, 79-32,138, 79-3301, 79-3310, 79-3310e,*~~
31 ~~*79-3311, 79-3312, [79-32,205,] 79-3603, 79-3620, 79-3633, 79-3635, 79-*~~
32 ~~*3666, as amended by section 15 of 2010 Senate Bill No. 430, 79-3703*~~
33 ~~*and 79-3710 are hereby repealed.*~~

34 ~~*Sec. 20. [12.] This act shall take effect and be in force from and*~~
35 ~~*after its publication in the Kansas register [statute book].*~~