

HOUSE BILL No. 2110

By Committee on Taxation

1-28

1 AN ACT concerning taxation; relating to income tax rates and deductions;
2 sales tax rates and distribution of revenue; amending K.S.A. 2012
3 Supp. 79-32,110, 79-32,120, 79-3603, 79-3620, 79-3703 and 79-3710
4 and repealing the existing sections.
5

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

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

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

14 (A) For tax year 2012:

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

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

If the taxable income is:	The tax is:
22 Not over \$30,000.....	3.0% of Kansas taxable income
23 Over \$30,000.....	\$900 plus 4.9% of excess over
24	\$30,000
25	\$30,000

26 (C) For tax years 2014 and 2015:

If the taxable income is:	The tax is:
27 Not over \$30,000.....	2.5% of Kansas taxable income
28 Over \$30,000.....	\$750 plus 4.9% of excess over \$30,000
29	\$750 plus 4.9% of excess over \$30,000

30 (D) For tax year 2016:

If the taxable income is:	The tax is:
31 Not over \$30,000.....	1.9% of Kansas taxable income
32 Over \$30,000.....	\$570 plus 4.9% of excess over \$30,000
33	\$570 plus 4.9% of excess over \$30,000

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

If the taxable income is:	The tax is:
35 Not over \$30,000.....	1.9% of Kansas taxable income
36 Over \$30,000.....	\$570 plus 3.5% of excess over \$30,000
37	\$570 plus 3.5% of excess over \$30,000

38 (2) *All other individuals.*

1 (A) For tax year 2012:

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

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

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

13 (C) For tax years 2014 and 2015:

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

17 (D) For tax year 2016:

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

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

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

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

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

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

36 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
 37 3.1% of the Kansas taxable income of such corporation in excess of
 38 \$50,000;

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

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

45 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable

1 income of estates and trusts at the rates provided in paragraph (2) of
2 subsection (a) hereof.

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

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

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

35 Sec. 3. K.S.A. 2012 Supp. 79-3603 is hereby amended to read as
36 follows: 79-3603. For the privilege of engaging in the business of selling
37 tangible personal property at retail in this state or rendering or furnishing
38 any of the services taxable under this act, there is hereby levied and there
39 shall be collected and paid a tax at the rate of ~~5.3%~~, and commencing July
40 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of
41 ~~5.7%~~. Within a redevelopment district established pursuant to K.S.A. 74-
42 8921, and amendments thereto, there is hereby levied and there shall be
43 collected and paid an additional tax at the rate of 2% until the earlier of the

1 date the bonds issued to finance or refinance the redevelopment project
2 have been paid in full or the final scheduled maturity of the first series of
3 bonds issued to finance any part of the project upon:

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

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

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

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

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

43 (f) the gross receipts from the operation of any coin-operated device

1 dispensing or providing tangible personal property, amusement or other
2 services except laundry services, whether automatic or manually operated;

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

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

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

23 (j) the gross receipts from the rendering of the services of washing
24 and washing and waxing of vehicles;

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

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

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

39 (m) the gross receipts received from fees and charges by public and
40 private clubs, drinking establishments, organizations and businesses for
41 participation in sports, games and other recreational activities, but such tax
42 shall not be levied and collected upon the gross receipts received from: (1)
43 Fees and charges by any political subdivision, by any organization exempt

1 from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-201, and
2 amendments thereto, or by any youth recreation organization exclusively
3 providing services to persons 18 years of age or younger which is exempt
4 from federal income taxation pursuant to section 501(c)(3) of the federal
5 internal revenue code of 1986, for participation in sports, games and other
6 recreational activities; and (2) entry fees and charges for participation in a
7 special event or tournament sanctioned by a national sporting association
8 to which spectators are charged an admission which is taxable pursuant to
9 subsection (e);

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

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

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

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

22 For the purposes of this subsection:

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

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

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

43 (4) "residence" shall mean only those enclosures within which

1 individuals customarily live;

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

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

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

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

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

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

27 (u) the gross receipts received from the sale of prepaid calling service
28 and prepaid wireless calling service as defined in K.S.A. 2012 Supp. 79-
29 3673, and amendments thereto; and

30 (v) the gross receipts received from the sales of bingo cards, bingo
31 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
32 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
33 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
34 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
35 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
36 and amendments thereto, shall be exempt from taxes imposed pursuant to
37 this section.

38 Sec. 4. K.S.A. 2012 Supp. 79-3620 is hereby amended to read as
39 follows: 79-3620. (a) All revenue collected or received by the director of
40 taxation from the taxes imposed by this act shall be remitted to the state
41 treasurer in accordance with the provisions of K.S.A. 75-4215, and
42 amendments thereto. Upon receipt of each such remittance, the state
43 treasurer shall deposit the entire amount in the state treasury, less amounts

1 withheld as provided in subsection (b) and amounts credited as provided in
2 subsection (c), (d) and (e), to the credit of the state general fund.

3 (b) A refund fund, designated as "sales tax refund fund" not to exceed
4 \$100,000 shall be set apart and maintained by the director from sales tax
5 collections and estimated tax collections and held by the state treasurer for
6 prompt payment of all sales tax refunds including refunds authorized
7 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
8 fund shall be in such amount, within the limit set by this section, as the
9 director shall determine is necessary to meet current refunding
10 requirements under this act. In the event such fund as established by this
11 section is, at any time, insufficient to provide for the payment of refunds
12 due claimants thereof, the director shall certify the amount of additional
13 funds required to the director of accounts and reports who shall promptly
14 transfer the required amount from the state general fund to the sales tax
15 refund fund, and notify the state treasurer, who shall make proper entry in
16 the records.

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

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

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

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

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

42 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
43 revenue collected and received from the tax imposed by K.S.A. 79-3603,

1 and amendments thereto, at the rate of 6.3%, and deposited as provided by
2 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
3 the state highway fund.

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

10 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
11 ~~18.421%~~ 16.67% of the revenue collected and received from the tax
12 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~
13 6.3%, and deposited as provided by subsection (a), exclusive of amounts
14 credited pursuant to subsection (d), in the state highway fund.

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

31 (e) All revenue certified by the director of taxation as having been
32 collected or received from the tax imposed by subsection (c) of K.S.A. 79-
33 3603, and amendments thereto, on the sale or furnishing of gas, water,
34 electricity and heat for use or consumption within the intermodal facility
35 district described in this subsection, shall be credited by the state treasurer
36 to the state highway fund. Such revenue may be transferred by the
37 secretary of transportation to the rail service improvement fund pursuant to
38 law. The provisions of this subsection shall take effect upon certification
39 by the secretary of transportation that a notice to proceed has been
40 received for the construction of the improvements within the intermodal
41 facility district, but not later than December 31, 2010, and shall expire
42 when the secretary of revenue determines that the total of all amounts
43 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3710, and

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

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

38 Sec. 6. K.S.A. 2012 Supp. 79-3710 is hereby amended to read as
39 follows: 79-3710. (a) All revenue collected or received by the director
40 under the provisions of this act shall be remitted to the state treasurer in
41 accordance with the provisions of K.S.A. 75-4215, and amendments
42 thereto. Upon receipt of each such remittance, the state treasurer shall
43 deposit the entire amount in the state treasury, less amounts set apart as

1 provided in subsection (b) and amounts credited as provided in subsection
2 (c), (d) and (e), to the credit of the state general fund.

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

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

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

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

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

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

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

40 (7) On July 1, 2012, the state treasurer shall credit 11.233% of the
41 revenue collected and received from the tax imposed by K.S.A. 79-3703,
42 and amendments thereto, at the rate of 6.3%, and deposited as provided by
43 subsection (a), exclusive of amounts credited pursuant to subsection (d), in

1 the state highway fund, ~~as well as such revenue collected and received at~~
2 ~~the rate of 6.3%, after June 30, 2013.~~

3 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
4 ~~18.421%~~ 16.67% of the revenue collected and received from the tax
5 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of ~~5.7%~~
6 6.3%, and deposited as provided by subsection (a), exclusive of amounts
7 credited pursuant to subsection (d), in the state highway fund.

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

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

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

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

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

24 Rate reductions for individual income tax shall be applied to reduce the
25 highest marginal rate applicable. Based on such determination, the
26 secretary shall reduce individual income tax rates prescribed by K.S.A. 79-
27 32,110, and amendments thereto.

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

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

39 Sec. 8. K.S.A. 2012 Supp. 79-32,110, 79-32,120, 79-3603, 79-3620,
40 79-3703 and 79-3710 are hereby repealed.

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