

HOUSE BILL No. 2788

By Committee on Taxation

2-6

AN ACT relating to taxation; concerning the structure of the state tax system; amending K.S.A. 2001 Supp. 72-6431, 79-201x, 79-2959, 79-2964, 79-34,147, 79-3603, 79-3620, 79-3635, 79-3703 and 79-3710 and repealing the existing sections; also repealing K.S.A. 2001 Supp. 79-3603b.

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

Section 1. On and after June 1, 2002, K.S.A. 2001 Supp. 72-6431 is hereby amended to read as follows: 72-6431. (a) The board of each district shall levy an ad valorem tax upon the taxable tangible property of the district in the school years specified in subsection (b) for the purpose of:

(1) Financing that portion of the district's general fund budget which is not financed from any other source provided by law;

(2) paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state; and

(3) with respect to any redevelopment district established prior to July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district.

(b) The tax required under subsection (a) shall be levied at a rate of ~~20 mills in the 2001-02 school year and 12 mills in the 2002-03 school year and in the 2003-04 school year.~~

(c) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the general fund of the district.

(d) On June 1 of each year, the amount, if any, by which a district's local effort exceeds the amount of the district's state financial aid, as determined by the state board, shall be remitted to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance

1 fund.

2 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-
3 1964b, and amendments thereto.

4 Sec. 2. On and after June 1, 2002, K.S.A. 2001 Supp. 79-201x is
5 hereby amended to read as follows: 79-201x. For taxable years ~~2001 and~~
6 ~~2002 and 2003~~, the following described property, to the extent herein
7 specified, shall be and is hereby exempt from the property tax levied
8 pursuant to the provisions of K.S.A. 72-6431, and amendments thereto:
9 Property used for residential purposes to the extent of \$20,000 of its
10 appraised valuation.

11 Sec. 3. On and after June 1, 2002, K.S.A. 2001 Supp. 79-2959 is
12 hereby amended to read as follows: 79-2959. (a) There is hereby created
13 the local ad valorem tax reduction fund. All moneys transferred or cred-
14 ited to such fund under the provisions of this act or any other law shall
15 be apportioned and distributed in the manner provided herein.

16 (b) On January 15 and on July 15 of each year, the director of ac-
17 counts and reports shall make transfers in equal amounts which in the
18 aggregate equal 4.5% of the total retail sales and compensating taxes
19 credited to the state general fund pursuant to articles 36 and 37 of chapter
20 79 of Kansas Statutes Annotated and acts amendatory thereof and sup-
21 plemental thereto during the preceding calendar year from the state gen-
22 eral fund to the local ad valorem tax reduction fund, except that: (1) The
23 transfers on January 15 and July 15 of each year shall be in equal amounts
24 which in the aggregate equal 3.630% of such taxes credited to the state
25 general fund during the preceding calendar year; ~~and~~ (2) the amount of
26 the transfer on each such date during state fiscal year ~~2002~~ 2003 shall be
27 ~~\$27,340,335.50~~ \$31,369,000; (3) *the amount of the transfer on each such*
28 *date during state fiscal year 2004 shall be \$32,462,000; (4) the amount of*
29 *the transfer on each such date during state fiscal year 2005 shall be*
30 *\$33,502,000; (5) the amount of the transfer on each such date during state*
31 *fiscal year 2006 shall be \$34,643,000; and (6) the amount of the transfer*
32 *on each such date during state fiscal year 2007 shall be \$35,884,000.* All
33 such transfers are subject to reduction under K.S.A. 75-6704 and amend-
34 ments thereto. All transfers made in accordance with the provisions of
35 this section shall be considered to be demand transfers from the state
36 general fund, except that all such transfers during the fiscal year ending
37 June 30, 2002, shall be considered revenue transfers from the state gen-
38 eral fund.

39 (c) The state treasurer shall apportion and pay the amounts trans-
40 ferred under subsection (b) to the several county treasurers on January
41 15 and on July 15 in each year as follows: (1) Sixty-five percent of the
42 amount to be distributed shall be apportioned on the basis of the popu-
43 lation figures of the counties certified to the secretary of state pursuant

1 to K.S.A. 11-201 and amendments thereto on July 1 of the preceding
2 year; and (2) thirty-five percent of such amount shall be apportioned on
3 the basis of the equalized assessed tangible valuations on the tax rolls of
4 the counties on November 1 of the preceding year as certified by the
5 director of property valuation.

6 Sec. 4. On and after June 1, 2002, K.S.A. 2001 Supp. 79-2964 is
7 hereby amended to read as follows: 79-2964. There is hereby created the
8 county and city revenue sharing fund. All moneys transferred or credited
9 to such fund under the provisions of this act or any other law shall be
10 allocated and distributed in the manner provided herein. The director of
11 accounts and reports in each year on July 15 and December 10, shall
12 make transfers in equal amounts which in the aggregate equal 3.5% of
13 the total retail sales and compensating taxes credited to the state general
14 fund pursuant to articles 36 and 37 of chapter 79 of the Kansas Statutes
15 Annotated and acts amendatory thereof and supplemental thereto during
16 the preceding calendar year from the state general fund to the county
17 and city revenue sharing fund, except that: (a) The transfers on July 15
18 and December 10 of each year shall be in equal amounts which in the
19 aggregate equal 2.823% of such taxes credited to the state general fund
20 during the preceding calendar year; ~~and~~ (b) the amount of the transfer
21 on each such date during state fiscal year ~~2002~~ 2003 shall be
22 ~~\$17,438,174.50~~ \$23,934,000; (c) *the amount of the transfer on each such*
23 *date during state fiscal year 2004 shall be \$24,857,000; (d) the amount of*
24 *the transfer on each such date during state fiscal year 2005 shall be*
25 *\$25,633,000; (e) the amount of the transfer on each such date during state*
26 *fiscal year 2006 shall be \$26,475,000; and (f) the amount of the transfer*
27 *on each such date during state fiscal year 2007 shall be \$27,407,000.* All
28 such transfers are subject to reduction under K.S.A. 75-6704 and amend-
29 ments thereto. All transfers made in accordance with the provisions of
30 this section shall be considered to be demand transfers from the state
31 general fund, except that all such transfers during the fiscal year ending
32 June 30, 2002, shall be considered revenue transfers from the state gen-
33 eral fund.

34 Sec. 5. On and after June 1, 2002, K.S.A. 2001 Supp. 79-34,147 is
35 hereby amended to read as follows: 79-34,147. (a) (1) On July 1, 1999,
36 and quarterly thereafter the secretary of revenue shall certify to the di-
37 rector of accounts and reports the amount equal to 7.628% of the total
38 revenues received by the secretary from the taxes imposed under the
39 Kansas retailers' sales tax act and deposited in the state treasury and
40 credited to the state general fund during the preceding three calendar
41 months.

42 (2) On July 1, 2001, and quarterly thereafter, the secretary of revenue
43 shall certify to the director of accounts and reports the amount equal to

1 9.5% of the total revenues received by the secretary from the taxes im-
2 posed under the Kansas retailers' sales tax act and deposited in the state
3 treasury and credited to the state general fund during the preceding three
4 calendar months.

5 (3) On July 1, 2002, and quarterly thereafter, the secretary of revenue
6 shall certify to the director of accounts and reports the amount equal to
7 ~~11%~~ 10.62% of the total revenues received by the secretary from the
8 taxes imposed under the Kansas retailers' sales tax act and deposited in
9 the state treasury and credited to the state general fund during the pre-
10 ceding three calendar months.

11 (4) On July 1, 2003, and quarterly thereafter, the secretary of revenue
12 shall certify to the director of accounts and reports the amount equal to
13 ~~11.25%~~ 10.275% of the total revenues received by the secretary from the
14 taxes imposed under the Kansas retailers' sales tax act and deposited in
15 the state treasury and credited to the state general fund during the pre-
16 ceding three calendar months.

17 (5) On July 1, 2004, and quarterly thereafter, the secretary of revenue
18 shall certify to the director of accounts and reports the amount equal to
19 ~~12%~~ 10.713% of the total revenues received by the secretary from the
20 taxes imposed under the Kansas retailers' sales tax act and deposited in
21 the state treasury and credited to the state general fund during the pre-
22 ceding three calendar months.

23 (6) *On July 1, 2006, and quarterly thereafter, the secretary of revenue*
24 *shall certify to the director of accounts and reports the amount equal to*
25 *10.7% of the total revenues received by the secretary from the taxes im-*
26 *posed under the Kansas retailers' sales tax act and deposited in the state*
27 *treasury and credited to the state general fund during the preceding three*
28 *calendar months.*

29 (b) Upon receipt of each certification under subsection (a), the di-
30 rector of accounts and reports shall transfer from the state general fund
31 to the state highway fund an amount equal to the amount so certified, on
32 each July 1, October 1, January 1 and April 1, except that the amount of
33 the transfer on each such date during state fiscal year 2002 shall not
34 exceed \$30,277,162. All transfers made pursuant to this section are sub-
35 ject to reduction under K.S.A. 75-6704, and amendments thereto.

36 (c) All transfers made in accordance with the provisions of this section
37 shall be considered to be demand transfers from the state general fund.

38 Sec. 6. On and after October 15, 2002, K.S.A. 2001 Supp. 79-3603
39 is hereby amended to read as follows: 79-3603. For the privilege of en-
40 gaging in the business of selling tangible personal property at retail in this
41 state or rendering or furnishing any of the services taxable under this act,
42 there is hereby levied and there shall be collected and paid a tax at the
43 rate of ~~4.9%~~ 5.35% and, within a redevelopment district established pur-

1 suant to K.S.A. 74-8921, and amendments thereto, there is hereby levied
2 and there shall be collected and paid an additional tax at the rate of 2%
3 until the earlier of the date the bonds issued to finance or refinance the
4 redevelopment project have been paid in full or the final scheduled ma-
5 turity of the first series of bonds issued to finance any part of the project
6 upon:

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

9 (b) (1) the gross receipts from intrastate telephone or telegraph serv-
10 ices; (2) the gross receipts received from the sale of interstate telephone
11 or telegraph services, which (A) originate within this state and terminate
12 outside the state and are billed to a customer's telephone number or
13 account in this state; or (B) originate outside this state and terminate
14 within this state and are billed to a customer's telephone number or ac-
15 count in this state except that the sale of interstate telephone or telegraph
16 service does not include: (A) Any interstate incoming or outgoing wide
17 area telephone service or wide area transmission type service which en-
18 titles the subscriber to make or receive an unlimited number of com-
19 munications to or from persons having telephone service in a specified
20 area which is outside the state in which the station provided this service
21 is located; (B) any interstate private communications service to the per-
22 sons contracting for the receipt of that service that entitles the purchaser
23 to exclusive or priority use of a communications channel or group of
24 channels between exchanges; (C) any value-added nonvoice service in
25 which computer processing applications are used to act on the form, con-
26 tent, code or protocol of the information to be transmitted; (D) any tel-
27 ecommunication service to a provider of telecommunication services
28 which will be used to render telecommunications services, including car-
29 rier access services; or (E) any service or transaction defined in this sec-
30 tion among entities classified as members of an affiliated group as pro-
31 vided by section 1504 of the federal internal revenue code of 1986, as in
32 effect on January 1, 2001. For the purposes of this subsection the term
33 gross receipts does not include purchases of telephone, telegraph or tel-
34 ecommunications using a prepaid telephone calling card or prepaid au-
35 thorization number. As used in this subsection, a prepaid telephone call-
36 ing card or prepaid authorization number means the right to exclusively
37 make telephone calls, paid for in advance, with the prepaid value meas-
38 ured in minutes or other time units, that enables the origination of calls
39 using an access number or authorization code or both, whether manually
40 or electronically dialed; and (3) the gross receipts from the provision of
41 services taxable under this subsection which are billed on a combined
42 basis with nontaxable services, shall be accounted for and the tax remitted
43 as follows: The taxable portion of the selling price of those combined

1 services shall include only those charges for taxable services if the selling
2 price for the taxable services can be readily distinguishable in the retailer's
3 books and records from the selling price for the nontaxable services. Oth-
4 erwise, the gross receipts from the sale of both taxable and nontaxable
5 services billed on a combined basis shall be deemed attributable to the
6 taxable services included therein. Within 90 days of billing taxable services
7 on a combined basis with nontaxable services, the retailer shall enter into
8 a written agreement with the secretary identifying the methodology to be
9 used in determining the taxable portion of the selling price of those com-
10 bined services. The burden of proving that any receipt or charge is not
11 taxable shall be upon the retailer. Upon request from the customer, the
12 retailer shall disclose to the customer the selling price for the taxable
13 services included in the selling price for the taxable and nontaxable serv-
14 ices billed on a combined basis;

15 (c) the gross receipts from the sale or furnishing of gas, water, elec-
16 tricity and heat, which sale is not otherwise exempt from taxation under
17 the provisions of this act, and whether furnished by municipally or pri-
18 vately owned utilities but such tax shall not be levied and collected upon
19 the gross receipts from: (1) The sale of a rural water district benefit unit;
20 (2) a water system impact fee, system enhancement fee or similar fee
21 collected by a water supplier as a condition for establishing service; or (3)
22 connection or reconnection fees collected by a water supplier;

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

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

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

35 (g) the gross receipts from the service of renting of rooms by hotels,
36 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-
37 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto;

38 (h) the gross receipts from the service of renting or leasing of tangible
39 personal property except such tax shall not apply to the renting or leasing
40 of machinery, equipment or other personal property owned by a city and
41 purchased from the proceeds of industrial revenue bonds issued prior to
42 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
43 12-1749, and amendments thereto, and any city or lessee renting or leas-

1 ing such machinery, equipment or other personal property purchased
2 with the proceeds of such bonds who shall have paid a tax under the
3 provisions of this section upon sales made prior to July 1, 1973, shall be
4 entitled to a refund from the sales tax refund fund of all taxes paid
5 thereon;

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

9 (j) the gross receipts from the rendering of the services of washing
10 and washing and waxing of vehicles;

11 (k) the gross receipts from cable, community antennae and other sub-
12 scriber radio and television services;

13 (l) (1) except as otherwise provided by paragraph (2), the gross re-
14 cepts received from the sales of tangible personal property to all con-
15 tractors, subcontractors or repairmen for use by them in erecting struc-
16 tures, or building on, or otherwise improving, altering, or repairing real
17 or personal property.

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

25 (m) the gross receipts received from fees and charges by public and
26 private clubs, drinking establishments, organizations and businesses for
27 participation in sports, games and other recreational activities, but such
28 tax shall not be levied and collected upon the gross receipts received from:

29 (1) Fees and charges by any political subdivision, by any organization
30 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
31 201, and amendments thereto, or by any youth recreation organization
32 exclusively providing services to persons 18 years of age or younger which
33 is exempt from federal income taxation pursuant to section 501(c)(3) of
34 the federal internal revenue code of 1986, for participation in sports,
35 games and other recreational activities; and (2) entry fees and charges for
36 participation in a special event or tournament sanctioned by a national
37 sporting association to which spectators are charged an admission which
38 is taxable pursuant to subsection (e);

39 (n) the gross receipts received from dues charged by public and pri-
40 vate clubs, drinking establishments, organizations and businesses, pay-
41 ment of which entitles a member to the use of facilities for recreation or
42 entertainment, but such tax shall not be levied and collected upon the
43 gross receipts received from: (1) Dues charged by any organization ex-

1 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
2 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
3 in a nonprofit organization which is exempt from federal income taxation
4 pursuant to section 501 (c)(3) of the federal internal revenue code of
5 1986, and whose purpose is to support the operation of a nonprofit zoo;

6 (o) the gross receipts received from the isolated or occasional sale of
7 motor vehicles or trailers but not including: (1) The transfer of motor
8 vehicles or trailers by a person to a corporation or limited liability com-
9 pany solely in exchange for stock securities or membership interest in
10 such corporation or limited liability company; or (2) the transfer of motor
11 vehicles or trailers by one corporation or limited liability company to
12 another when all of the assets of such corporation or limited liability
13 company are transferred to such other corporation or limited liability
14 company; or (3) the sale of motor vehicles or trailers which are subject
15 to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and
16 amendments thereto, by an immediate family member to another im-
17 mediate family member. For the purposes of clause (3), immediate family
18 member means lineal ascendants or descendants, and their spouses. In
19 determining the base for computing the tax on such isolated or occasional
20 sale, the fair market value of any motor vehicle or trailer traded in by the
21 purchaser to the seller may be deducted from the selling price;

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

32 For the purposes of this subsection:

33 (1) “Original construction” shall mean the first or initial construction
34 of a new building or facility. The term “original construction” shall include
35 the addition of an entire room or floor to any existing building or facility,
36 the completion of any unfinished portion of any existing building or fa-
37 cility and the restoration, reconstruction or replacement of a building or
38 facility damaged or destroyed by fire, flood, tornado, lightning, explosion
39 or earthquake, but such term, except with regard to a residence, shall not
40 include replacement, remodeling, restoration, renovation or reconstruc-
41 tion under any other circumstances;

42 (2) “building” shall mean only those enclosures within which individ-
43 uals customarily are employed, or which are customarily used to house

1 machinery, equipment or other property, and including the land improve-
2 ments immediately surrounding such building;

3 (3) “facility” shall mean a mill, plant, refinery, oil or gas well, water
4 well, feedlot or any conveyance, transmission or distribution line of any
5 cooperative, nonprofit, membership corporation organized under or sub-
6 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,
7 or of any municipal or quasi-municipal corporation, including the land
8 improvements immediately surrounding such facility; and

9 (4) “residence” shall mean only those enclosures within which indi-
10 viduals customarily live;

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

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

23 (s) the gross receipts received from the sale of computer software,
24 and the sale of the services of modifying, altering, updating or maintaining
25 computer software. As used in this subsection, “computer software”
26 means information and directions loaded into a computer which dictate
27 different functions to be performed by the computer. Computer software
28 includes any canned or prewritten program which is held or existing for
29 general or repeated sale, even if the program was originally developed
30 for a single end user as custom computer software. The sale of computer
31 software or services does not include: (1) The initial sale of any custom
32 computer program which is originally developed for the exclusive use of
33 a single end user; or (2) those services rendered in the modification of
34 computer software when the modification is developed exclusively for a
35 single end user only to the extent of the modification and only to the
36 extent that the actual amount charged for the modification is separately
37 stated on invoices, statements and other billing documents provided to
38 the end user. The services of modification, alteration, updating and main-
39 tenance of computer software shall only include the modification, alter-
40 ation, updating and maintenance of computer software taxable under this
41 subsection whether or not the services are actually provided;

42 (t) the gross receipts received for telephone answering services, in-
43 cluding mobile phone services, beeper services and other similar services;

1 (u) the gross receipts received from the sale of prepaid telephone
2 calling cards or prepaid authorization numbers and the recharge of such
3 cards or numbers. A prepaid telephone calling card or prepaid authori-
4 zation number means the right to exclusively make telephone calls, paid
5 for in advance, with the prepaid value measured in minutes or other time
6 units, that enables the origination of calls using an access number or
7 authorization code or both, whether manually or electronically dialed. If
8 the sale or recharge of such card or number does not take place at the
9 vendor's place of business, it shall be conclusively determined to take
10 place at the customer's shipping address; if there is no item shipped then
11 it shall be the customer's billing address; and

12 (v) the gross receipts received from the sales of bingo cards, bingo
13 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,
14 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
15 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
16 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
17 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,
18 and amendments thereto, shall be exempt from taxes imposed pursuant
19 to this section.

20 Sec. 7. On and after October 15, 2002, K.S.A. 2001 Supp. 79-3620
21 is hereby amended to read as follows: 79-3620. (a) All revenue collected
22 or received by the director of taxation from the taxes imposed by this act
23 shall be remitted to the state treasurer in accordance with the provisions
24 of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
25 remittance, the state treasurer shall deposit the entire amount in the state
26 treasury, less amounts withheld as provided in subsection (b) and amounts
27 credited as provided in subsection (c) and (d), to the credit of the state
28 general fund.

29 (b) A refund fund, designated as "sales tax refund fund" not to exceed
30 \$100,000 shall be set apart and maintained by the director from sales tax
31 collections and estimated tax collections and held by the state treasurer
32 for prompt payment of all sales tax refunds including refunds authorized
33 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
34 fund shall be in such amount, within the limit set by this section, as the
35 director shall determine is necessary to meet current refunding require-
36 ments under this act. In the event such fund as established by this section
37 is, at any time, insufficient to provide for the payment of refunds due
38 claimants thereof, the director shall certify the amount of additional funds
39 required to the director of accounts and reports who shall promptly trans-
40 fer the required amount from the state general fund to the sales tax refund
41 fund, and notify the state treasurer, who shall make proper entry in the
42 records.

43 (c) (1) The state treasurer shall credit $\frac{5}{8}$ s of the revenue collected

1 or received from the tax imposed by K.S.A. 79-3603, and amendments
2 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
3 exclusive of amounts credited pursuant to subsection (d), in the state
4 highway fund.

5 (2) *The state treasurer shall credit $\frac{5}{107}$ of the revenue collected or*
6 *received from the tax imposed by K.S.A. 79-3603, and amendments*
7 *thereto, at the rate of 5.35%, and deposited as provided by subsection (a),*
8 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
9 *way fund.*

10 (d) The state treasurer shall credit all revenue collected or received
11 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
12 certified by the director, from taxpayers doing business within that por-
13 tion of a redevelopment district occupied by a redevelopment project that
14 was determined by the secretary of commerce and housing to be of state-
15 wide as well as local importance or will create a major tourism area for
16 the state as defined in K.S.A. 12-1770a, and amendments thereto, to the
17 city bond finance fund, which fund is hereby created. The provisions of
18 this subsection shall expire when the total of all amounts credited here-
19 under and under subsection (d) of K.S.A. 79-3710, and amendments
20 thereto, is sufficient to retire the special obligation bonds issued for the
21 purpose of financing all or a portion of the costs of such redevelopment
22 project.

23 Sec. 8. On and after October 15, 2002, K.S.A. 2001 Supp. 79-3635
24 is hereby amended to read as follows: 79-3635. (a) (1) A claimant shall
25 be entitled to a refund of retailers' sales taxes paid upon food during the
26 ~~calendar year 1998 and each year thereafter~~ *years 2002, 2003 and 2004,*
27 *in the amount hereinafter provided. There shall be allowed for each mem-*
28 *ber of a household of a claimant having income of \$12,500 or less, an*
29 *amount equal to ~~\$60~~ \$71. There shall be allowed for each member of a*
30 *household of a claimant having income of more than \$12,500 but not*
31 *more than \$25,000, an amount equal to ~~\$30~~ \$41. There shall be allowed*
32 *for a claimant who qualifies for an additional personal exemption amount*
33 *pursuant to K.S.A. 79-32,121, and amendments thereto, an additional*
34 *amount of ~~\$30 or \$60~~ \$41 or \$71, as the case requires. For calendar year*
35 *2005, and all years thereafter such refund amounts shall be increased to*
36 *\$42 or \$72, as the case requires. All such claims shall be paid from the*
37 *sales tax refund fund upon warrants of the director of accounts and re-*
38 *ports pursuant to vouchers approved by the director of taxation or by a*
39 *person or persons designated by the director.*

40 (2) As an alternative to the procedure described by paragraph 1, for
41 ~~all taxable years commencing after December 31, 1997~~ *2002, 2003 and*
42 *2004, there shall be allowed as a credit against the tax liability of a resident*
43 *individual imposed under the Kansas income tax act an amount equal to*

1 ~~\$60 or \$30~~ \$41 or \$71, as the case requires, for each member of a house-
2 hold. There shall be allowed for a claimant who qualifies for an additional
3 personal exemption amount pursuant to K.S.A. 79-32,121, and amend-
4 ments thereto, an additional amount of ~~\$30 or \$60~~ \$41 or \$71, as the case
5 requires. *For tax year 2005, and all tax years thereafter, such credit*
6 *amounts shall be increased to \$42 or \$72, as the case requires.* If the
7 amount of such tax credit exceeds the claimant's income tax liability for
8 such taxable year, such excess amount shall be refunded to the claimant.

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

13 (c) No claim for a refund of taxes under the provisions of K.S.A. 79-
14 3632 *et seq.* shall be paid or allowed unless such claim is actually filed
15 with and in the possession of the department of revenue on or before
16 April 15 of the year next succeeding the year in which such taxes were
17 paid. The director of taxation may: (1) Extend the time for filing any claim
18 under the provisions of this act when good cause exists therefor; or (2)
19 accept a claim filed after the deadline for filing in the case of sickness,
20 absence or disability of the claimant if such claim has been filed within
21 four years of such deadline.

22 Sec. 9. On and after October 15, 2002, K.S.A. 2001 Supp. 79-3703
23 is hereby amended to read as follows: 79-3703. There is hereby levied
24 and there shall be collected from every person in this state a tax or excise
25 for the privilege of using, storing, or consuming within this state any
26 article of tangible personal property. Such tax shall be levied and collected
27 in an amount equal to the consideration paid by the taxpayer multiplied
28 by the rate of ~~4.9%~~ 5.35%. Within a redevelopment district established
29 pursuant to K.S.A. 2001 Supp. 74-8921, and amendments thereto, there
30 is hereby levied and there shall be collected and paid an additional tax of
31 2% until the earlier of: (1) The date the bonds issued to finance or re-
32 finance the redevelopment project undertaken in the district have been
33 paid in full; or (2) the final scheduled maturity of the first series of bonds
34 issued to finance the redevelopment project. All property purchased or
35 leased within or without this state and subsequently used, stored or con-
36 sumed in this state shall be subject to the compensating tax if the same
37 property or transaction would have been subject to the Kansas retailers'
38 sales tax had the transaction been wholly within this state.

39 Sec. 10. On and after October 15, 2002, K.S.A. 2001 Supp. 79-3710
40 is hereby amended to read as follows: 79-3710. (a) All revenue collected
41 or received by the director under the provisions of this act shall be re-
42 mitted to the state treasurer in accordance with the provisions of K.S.A.
43 75-4215, and amendments thereto. Upon receipt of each such remittance,

1 the state treasurer shall deposit the entire amount in the state treasury,
2 less amounts set apart as provided in subsection (b) and amounts credited
3 as provided in subsection (c) and (d), to the credit of the state general
4 fund.

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

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

17 (2) *The state treasurer shall credit $\frac{5}{107}$ of the revenue collected or*
18 *received from the tax imposed by K.S.A. 79-3703, and amendments*
19 *thereto, at the rate of 5.35%, and deposited as provided by subsection (a),*
20 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
21 *way fund.*

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

35 Sec. 11. On and after June 1, 2002, K.S.A. 2001 Supp. 72-6431, 79-
36 201x, 79-2959, 79-2964, and 79-34,147 are hereby repealed.

37 Sec. 12. On and after October 15, 2002, K.S.A. 2001 Supp. 79-3603,
38 79-3603b, 79-3620, 79-3635, 79-3703 and 79-3710 are hereby repealed.

39 Sec. 13. This act shall take effect and be in force from and after its
40 publication in the Kansas register.

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