

SENATE BILL No. 451

By Committee on Assessment and Taxation

1-25

AN ACT relating to sales and compensating use taxation; increasing the rate thereof; amending K.S.A. 2001 Supp. 79-2959, 79-2964, 79-34,147, 79-3603, 79-3620, 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. 79-3603 is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of ~~4.9%~~ 5.15% and, within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon:

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

(b) (1) the gross receipts from intrastate telephone or telegraph services; (2) the gross receipts received from the sale of interstate telephone or telegraph services, which (A) originate within this state and terminate outside the state and are billed to a customer's telephone number or account in this state; or (B) originate outside this state and terminate within this state and are billed to a customer's telephone number or account in this state except that the sale of interstate telephone or telegraph service does not include: (A) Any interstate incoming or outgoing wide area telephone service or wide area transmission type service which entitles the subscriber to make or receive an unlimited number of communications to or from persons having telephone service in a specified area which is outside the state in which the station provided this service is located; (B) any interstate private communications service to the persons contracting for the receipt of that service that entitles the purchaser to exclusive or priority use of a communications channel or group of channels between exchanges; (C) any value-added nonvoice service in

1 which computer processing applications are used to act on the form, con-
2 tent, code or protocol of the information to be transmitted; (D) any tel-
3 ecommunication service to a provider of telecommunication services
4 which will be used to render telecommunications services, including car-
5 rier access services; or (E) any service or transaction defined in this sec-
6 tion among entities classified as members of an affiliated group as pro-
7 vided by section 1504 of the federal internal revenue code of 1986, as in
8 effect on January 1, 2001. For the purposes of this subsection the term
9 gross receipts does not include purchases of telephone, telegraph or tel-
10 ecommunications using a prepaid telephone calling card or prepaid au-
11 thorization number. As used in this subsection, a prepaid telephone call-
12 ing card or prepaid authorization number means the right to exclusively
13 make telephone calls, paid for in advance, with the prepaid value meas-
14 ured in minutes or other time units, that enables the origination of calls
15 using an access number or authorization code or both, whether manually
16 or electronically dialed; and (3) the gross receipts from the provision of
17 services taxable under this subsection which are billed on a combined
18 basis with nontaxable services, shall be accounted for and the tax remitted
19 as follows: The taxable portion of the selling price of those combined
20 services shall include only those charges for taxable services if the selling
21 price for the taxable services can be readily distinguishable in the retailer's
22 books and records from the selling price for the nontaxable services. Oth-
23 erwise, the gross receipts from the sale of both taxable and nontaxable
24 services billed on a combined basis shall be deemed attributable to the
25 taxable services included therein. Within 90 days of billing taxable services
26 on a combined basis with nontaxable services, the retailer shall enter into
27 a written agreement with the secretary identifying the methodology to be
28 used in determining the taxable portion of the selling price of those com-
29 bined services. The burden of proving that any receipt or charge is not
30 taxable shall be upon the retailer. Upon request from the customer, the
31 retailer shall disclose to the customer the selling price for the taxable
32 services included in the selling price for the taxable and nontaxable serv-
33 ices billed on a combined basis;

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

42 (d) the gross receipts from the sale of meals or drinks furnished at
43 any private club, drinking establishment, catered event, restaurant, eating

1 house, dining car, hotel, drugstore or other place where meals or drinks
2 are regularly sold to the public;

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

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

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

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

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

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

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

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

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

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

15 (n) the gross receipts received from dues charged by public and pri-
16 vate clubs, drinking establishments, organizations and businesses, pay-
17 ment of which entitles a member to the use of facilities for recreation or
18 entertainment, but such tax shall not be levied and collected upon the
19 gross receipts received from: (1) Dues charged by any organization ex-
20 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
21 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
22 in a nonprofit organization which is exempt from federal income taxation
23 pursuant to section 501 (c)(3) of the federal internal revenue code of
24 1986, and whose purpose is to support the operation of a nonprofit zoo;

25 (o) the gross receipts received from the isolated or occasional sale of
26 motor vehicles or trailers but not including: (1) The transfer of motor
27 vehicles or trailers by a person to a corporation or limited liability com-
28 pany solely in exchange for stock securities or membership interest in
29 such corporation or limited liability company; or (2) the transfer of motor
30 vehicles or trailers by one corporation or limited liability company to
31 another when all of the assets of such corporation or limited liability
32 company are transferred to such other corporation or limited liability
33 company; or (3) the sale of motor vehicles or trailers which are subject
34 to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and
35 amendments thereto, by an immediate family member to another im-
36 mediate family member. For the purposes of clause (3), immediate family
37 member means lineal ascendants or descendants, and their spouses. In
38 determining the base for computing the tax on such isolated or occasional
39 sale, the fair market value of any motor vehicle or trailer traded in by the
40 purchaser to the seller may be deducted from the selling price;

41 (p) the gross receipts received for the service of installing or applying
42 tangible personal property which when installed or applied is not being
43 held for sale in the regular course of business, and whether or not such

1 tangible personal property when installed or applied remains tangible
2 personal property or becomes a part of real estate, except that no tax shall
3 be imposed upon the service of installing or applying tangible personal
4 property in connection with the original construction of a building or
5 facility, the original construction, reconstruction, restoration, remodeling,
6 renovation, repair or replacement of a residence or the construction, re-
7 construction, restoration, replacement or repair of a bridge or highway.

8 For the purposes of this subsection:

9 (1) "Original construction" shall mean the first or initial construction
10 of a new building or facility. The term "original construction" shall include
11 the addition of an entire room or floor to any existing building or facility,
12 the completion of any unfinished portion of any existing building or fa-
13 cility and the restoration, reconstruction or replacement of a building or
14 facility damaged or destroyed by fire, flood, tornado, lightning, explosion
15 or earthquake, but such term, except with regard to a residence, shall not
16 include replacement, remodeling, restoration, renovation or reconstruc-
17 tion under any other circumstances;

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

22 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
23 well, feedlot or any conveyance, transmission or distribution line of any
24 cooperative, nonprofit, membership corporation organized under or sub-
25 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,
26 or of any municipal or quasi-municipal corporation, including the land
27 improvements immediately surrounding such facility; and

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

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

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

42 (s) the gross receipts received from the sale of computer software,
43 and the sale of the services of modifying, altering, updating or maintaining

1 computer software. As used in this subsection, “computer software”
2 means information and directions loaded into a computer which dictate
3 different functions to be performed by the computer. Computer software
4 includes any canned or prewritten program which is held or existing for
5 general or repeated sale, even if the program was originally developed
6 for a single end user as custom computer software. The sale of computer
7 software or services does not include: (1) The initial sale of any custom
8 computer program which is originally developed for the exclusive use of
9 a single end user; or (2) those services rendered in the modification of
10 computer software when the modification is developed exclusively for a
11 single end user only to the extent of the modification and only to the
12 extent that the actual amount charged for the modification is separately
13 stated on invoices, statements and other billing documents provided to
14 the end user. The services of modification, alteration, updating and main-
15 tenance of computer software shall only include the modification, alter-
16 ation, updating and maintenance of computer software taxable under this
17 subsection whether or not the services are actually provided;

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

20 (u) the gross receipts received from the sale of prepaid telephone
21 calling cards or prepaid authorization numbers and the recharge of such
22 cards or numbers. A prepaid telephone calling card or prepaid authori-
23 zation number means the right to exclusively make telephone calls, paid
24 for in advance, with the prepaid value measured in minutes or other time
25 units, that enables the origination of calls using an access number or
26 authorization code or both, whether manually or electronically dialed. If
27 the sale or recharge of such card or number does not take place at the
28 vendor’s place of business, it shall be conclusively determined to take
29 place at the customer’s shipping address; if there is no item shipped then
30 it shall be the customer’s billing address; and

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

39 Sec. 2. On and after June 1, 2002, K.S.A. 2001 Supp. 79-3703 is
40 hereby amended to read as follows: 79-3703. There is hereby levied and
41 there shall be collected from every person in this state a tax or excise for
42 the privilege of using, storing, or consuming within this state any article
43 of tangible personal property. Such tax shall be levied and collected in an

1 amount equal to the consideration paid by the taxpayer multiplied by the
2 rate of ~~4.9%~~ 5.15%. Within a redevelopment district established pursuant
3 to K.S.A. 2001 Supp. 74-8921, and amendments thereto, there is hereby
4 levied and there shall be collected and paid an additional tax of 2% until
5 the earlier of: (1) The date the bonds issued to finance or refinance the
6 redevelopment project undertaken in the district have been paid in full;
7 or (2) the final scheduled maturity of the first series of bonds issued to
8 finance the redevelopment project. All property purchased or leased
9 within or without this state and subsequently used, stored or consumed
10 in this state shall be subject to the compensating tax if the same property
11 or transaction would have been subject to the Kansas retailers' sales tax
12 had the transaction been wholly within this state.

13 Sec. 3. On and after June 1, 2002, K.S.A. 2001 Supp. 79-3620 is
14 hereby amended to read as follows: 79-3620. (a) All revenue collected or
15 received by the director of taxation from the taxes imposed by this act
16 shall be remitted to the state treasurer in accordance with the provisions
17 of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
18 remittance, the state treasurer shall deposit the entire amount in the state
19 treasury, less amounts withheld as provided in subsection (b) and amounts
20 credited as provided in subsection (c) and (d), to the credit of the state
21 general fund.

22 (b) A refund fund, designated as "sales tax refund fund" not to exceed
23 \$100,000 shall be set apart and maintained by the director from sales tax
24 collections and estimated tax collections and held by the state treasurer
25 for prompt payment of all sales tax refunds including refunds authorized
26 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
27 fund shall be in such amount, within the limit set by this section, as the
28 director shall determine is necessary to meet current refunding require-
29 ments under this act. In the event such fund as established by this section
30 is, at any time, insufficient to provide for the payment of refunds due
31 claimants thereof, the director shall certify the amount of additional funds
32 required to the director of accounts and reports who shall promptly trans-
33 fer the required amount from the state general fund to the sales tax refund
34 fund, and notify the state treasurer, who shall make proper entry in the
35 records.

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

41 (2) *The state treasurer shall credit $\frac{5}{103}$ of the revenue collected or*
42 *received from the tax imposed by K.S.A. 79-3603, and amendments*
43 *thereto, at the rate of 5.15%, and deposited as provided by subsection (a),*

1 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
2 *way fund.*

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

16 Sec. 4. On and after June 1, 2002, K.S.A. 2001 Supp. 79-3710 is
17 hereby amended to read as follows: 79-3710. (a) All revenue collected or
18 received by the director under the provisions of this act shall be remitted
19 to the state treasurer in accordance with the provisions of K.S.A. 75-4215,
20 and amendments thereto. Upon receipt of each such remittance, the state
21 treasurer shall deposit the entire amount in the state treasury, less
22 amounts set apart as provided in subsection (b) and amounts credited as
23 provided in subsection (c) and (d), to the credit of the state general fund.

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

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

36 (2) *The state treasurer shall credit $\frac{5}{103}$ of the revenue collected or*
37 *received from the tax imposed by K.S.A. 79-3703, and amendments*
38 *thereto, at the rate of 5.15%, and deposited as provided by subsection (a),*
39 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
40 *way fund.*

41 (d) The state treasurer shall credit all revenue collected or received
42 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
43 certified by the director, from taxpayers doing business within that por-

1 tion of a redevelopment district occupied by a redevelopment project that
2 was determined by the secretary of commerce and housing to be of state-
3 wide as well as local importance or will create a major tourism area for
4 the state as defined in K.S.A. 12-1770a, and amendments thereto, to the
5 city bond finance fund created by subsection (d) of K.S.A. 79-3620, and
6 amendments thereto. The provisions of this subsection shall expire when
7 the total of all amounts credited hereunder and under subsection (d) of
8 K.S.A. 79-3620, and amendments thereto, is sufficient to retire the special
9 obligation bonds issued for the purpose of financing all or a portion of
10 the costs of such redevelopment project.

11 Sec. 5. 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; (3) *the amount of the transfer on each such date during*
28 *state fiscal year 2004 shall be \$32,462,000; (4) the amount of the transfer*
29 *on each such date during state fiscal year 2005 shall be \$33,502,000; (5) the*
30 *amount of the transfer on each such date during state fiscal year 2006*
31 *shall be \$34,643,000; and (6) the amount of the transfer on each such*
32 *date during state fiscal year 2007 shall be \$35,884,000.* All such transfers
33 are subject to reduction under K.S.A. 75-6704 and amendments thereto.
34 All transfers made in accordance with the provisions of this section shall
35 be considered to be demand transfers from the state general fund, except
36 that all such transfers during the fiscal year ending June 30, 2002, shall
37 be considered revenue transfers from the state general fund.

38 (c) The state treasurer shall apportion and pay the amounts trans-
39 ferred under subsection (b) to the several county treasurers on January
40 15 and on July 15 in each year as follows: (1) Sixty-five percent of the
41 amount to be distributed shall be apportioned on the basis of the popu-
42 lation figures of the counties certified to the secretary of state pursuant
43 to K.S.A. 11-201 and amendments thereto on July 1 of the preceding

1 year; and (2) thirty-five percent of such amount shall be apportioned on
2 the basis of the equalized assessed tangible valuations on the tax rolls of
3 the counties on November 1 of the preceding year as certified by the
4 director of property valuation.

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

32 Sec. 7. On and after June 1, 2002, K.S.A. 2001 Supp. 79-34,147 is
33 hereby amended to read as follows: 79-34,147. (a) (1) On July 1, 1999,
34 and quarterly thereafter the secretary of revenue shall certify to the di-
35 rector of accounts and reports the amount equal to 7.628% of the total
36 revenues received by the secretary from the taxes imposed under the
37 Kansas retailers' sales tax act and deposited in the state treasury and
38 credited to the state general fund during the preceding three calendar
39 months.

40 (2) On July 1, 2001, and quarterly thereafter, the secretary of revenue
41 shall certify to the director of accounts and reports the amount equal to
42 9.5% of the total revenues received by the secretary from the taxes im-
43 posed under the Kansas retailers' sales tax act and deposited in the state

1 treasury and credited to the state general fund during the preceding three
2 calendar months.

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

9 (4) On July 1, 2003, and quarterly thereafter, the secretary of revenue
10 shall certify to the director of accounts and reports the amount equal to
11 ~~11.25%~~ 10.687% of the total revenues received by the secretary from the
12 taxes imposed under the Kansas retailers' sales tax act and deposited in
13 the state treasury and credited to the state general fund during the pre-
14 ceding three calendar months.

15 (5) On July 1, 2004, and quarterly thereafter, the secretary of revenue
16 shall certify to the director of accounts and reports the amount equal to
17 ~~12%~~ 11.394% of the total revenues received by the secretary from the
18 taxes imposed under the Kansas retailers' sales tax act and deposited in
19 the state treasury and credited to the state general fund during the pre-
20 ceding three calendar months.

21 (6) *On July 1, 2006, and quarterly thereafter, the secretary of revenue*
22 *shall certify to the director of accounts and reports the amount equal to*
23 *11.389% of the total revenues received by the secretary from the taxes*
24 *imposed under the Kansas retailers' sales tax act and deposited in the state*
25 *treasury and credited to the state general fund during the preceding three*
26 *calendar months.*

27 (b) Upon receipt of each certification under subsection (a), the di-
28 rector of accounts and reports shall transfer from the state general fund
29 to the state highway fund an amount equal to the amount so certified, on
30 each July 1, October 1, January 1 and April 1, except that ~~the amount of~~
31 ~~the transfer on each such date during state fiscal year 2002 shall not~~
32 ~~exceed \$30,277,162~~ *no such transfer shall be made on each such date*
33 *during state fiscal year 2003.* All transfers made pursuant to this section
34 are subject to reduction under K.S.A. 75-6704, and amendments thereto.

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

37 Sec. 8. On and after June 1, 2002, K.S.A. 2001 Supp. 79-2959, 79-
38 2964, 79-34,147, 79-3603, 79-3603b, 79-3620, 79-3703 and 79-3710 are
39 hereby repealed.

40 Sec. 9. This act shall take effect and be in force from and after its
41 publication in the Kansas register.