

5
6 **HOUSE BILL No. 2287**

7
8 By Representatives Krehbiel and Ruff

9
10 2-11

11
12 AN ACT concerning ~~property~~ taxation; relating to **collection and re-**
13 **mittance of sales tax by state contractors; property tax** classifi-
14 cation of and exemption for property used partially for bed and break-
15 fast purposes; *[dividend income;] sales taxation, computer*
16 *software; [income tax credits, net operating losses;] [franchise*
17 *tax;]* amending K.S.A. *[40-2246,] 75-3740a and[,] 79-1439[, 79-*
18 *32,176 and 79-32,190]* and K.S.A. 2002 Supp. *[17-2036, 17-7503,*
19 *17-7505, 17-76,139, 56-1a606, 56-1a607, 56a-1201, 56a-1202,]*
20 *75-3739, 79-201c[, 79-32,117][, 79-32,143, 79-32,197, 79-32,206,*
21 *79-32,210] and[,] 79-3603 [and 79-3609][, 79-3620, 79-3703*
22 *and 79-3710]* and repealing the existing sections.

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

25 **Section 1. K.S.A. 2002 Supp. 75-3739 is hereby amended to**
26 **read as follows: 75-3739. In the manner as provided in this act and**
27 **rules and regulations established thereunder:**

28 (a) **All contracts for construction and repairs, and all purchases**
29 **of and contracts for supplies, materials, equipment and contractual**
30 **services to be acquired for state agencies shall be based on com-**
31 **petitive bids, except that competitive bids need not be required in**
32 **the following instances:**

33 (1) **For contractual services, supplies, materials, or equipment**
34 **when, in the judgment of the director of purchases, no competition**
35 **exists;**

36 (2) **when, in the judgment of the director of purchases, chemi-**
37 **icals and other material or equipment for use in laboratories or ex-**
38 **perimental studies by state agencies are best purchased without**
39 **competition, or where rates are fixed by law or ordinance;**

40 (3) **when, in the judgment of the director of purchases, an**
41 **agency emergency requires immediate delivery of supplies, mate-**
42 **rials or equipment, or immediate performance of services;**

43 (4) **when any statute authorizes another procedure or provides**

1 *an exemption from the provisions of this section;*

2 *(5) when compatibility with existing contractual services, sup-*
3 *plies, materials or equipment is the overriding consideration;*

4 *(6) when a used item becomes available and is subject to im-*
5 *mediate sale; or*

6 *(7) when, in the judgment of the director of purchases and the*
7 *head of the acquiring state agency, not seeking competitive bids is*
8 *in the best interest of the state.*

9 *When the director of purchases approves a purchase of or con-*
10 *tract for supplies, materials, equipment, or contractual services in*
11 *any instance specified in this subsection, the director may delegate*
12 *authority to make the purchase or enter the contract under condi-*
13 *tions and procedures prescribed by the director.*

14 *The director of purchases shall prepare a detailed report at least*
15 *once in each calendar quarter of all contracts over \$5,000 entered*
16 *into without competitive bids under subsection (a)(1), (2), (3), (5),*
17 *(6) or (7). The director shall submit the report to the legislative*
18 *coordinating council, the chairperson of the committee on ways and*
19 *means of the senate, the chairperson of the committee on appropri-*
20 *ations of the house of representatives and the chairperson of the*
21 *Kansas performance review board.*

22 *(b) (1) If the amount of the purchase is estimated to exceed*
23 *\$50,000, sealed bids shall be solicited by notice published once in*
24 *the Kansas register not less than 10 days before the date stated in*
25 *the notice for the opening of the bids. The director of purchases*
26 *may waive this publication of notice requirement when the director*
27 *determines that a more timely procurement is in the best interest of*
28 *the state. The director of purchases also may designate a trade jour-*
29 *nal for the publication. The director of purchases also shall solicit*
30 *such bids by sending notices by mail to prospective bidders and by*
31 *posting the notice on a public bulletin board for at least 10 business*
32 *days before the date stated in the notice for the opening of the bids*
33 *unless otherwise provided by law. All bids shall be sealed when*
34 *received and shall be opened in public at the hour stated in the*
35 *notice.*

36 *(2) The director of purchases shall prepare a detailed report at*
37 *least once in each calendar quarter of all instances in which the*
38 *director waived publication of the notice of bid solicitations in the*
39 *Kansas register as provided in this subsection. The director shall*
40 *submit the report to the legislative coordinating council, the chair-*
41 *person of the committee on ways and means of the senate, the chair-*
42 *person of the committee on appropriations of the house of repre-*
43 *sentatives and the chairperson of the Kansas performance review*

1 *board.*

2 (c) *All purchases estimated to exceed approximately \$25,000*
3 *but not more than \$50,000, shall be made after receipt of sealed*
4 *bids following at least three days' notice posted on a public bulletin*
5 *board.*

6 (d) *All purchases estimated to be more than \$5,000, but less*
7 *than \$25,000, may be made after the receipt of three or more bid*
8 *solicitations by telephone, telephone facsimile or sealed bid, follow-*
9 *ing at least three days' notice posted on a public bulletin board.*
10 *Such bids shall be recorded as provided in subsection (e) of K.S.A.*
11 *75-3740 and amendments thereto. Any purchase that is estimated*
12 *to be less than \$5,000 may be purchased under conditions and pro-*
13 *cedures prescribed by the director of purchases. Purchases made in*
14 *compliance with such conditions and procedures shall be exempt*
15 *from other provisions of this section.*

16 (e) *With the approval of the secretary of administration, the di-*
17 *rector of purchases may delegate authority to any state agency to*
18 *make purchases of less than \$25,000 under certain prescribed con-*
19 *ditions and procedures. The director of purchases shall prepare a*
20 *report at least once in each calendar quarter of all current and*
21 *existing delegations of authority to state agencies as provided in this*
22 *subsection. The director shall submit the report to the legislative*
23 *coordinating council, the chairperson of the committee on ways and*
24 *means of the senate, the chairperson of the committee on appropri-*
25 *ations of the house of representatives and the chairperson of the*
26 *Kansas performance review board.*

27 (f) *Subject to the provisions of subsection (e), contracts and pur-*
28 *chases shall be based on specifications approved by the director of*
29 *purchases. When deemed applicable and feasible by the director of*
30 *purchases, such specifications shall include either energy efficiency*
31 *standards or appropriate life cycle cost formulas, or both, for all*
32 *supplies, materials, equipment and contractual services to be pur-*
33 *chased by the state. The director of purchases may reject a contract*
34 *or purchase on the basis that a product is manufactured or assem-*
35 *bled outside the United States. No such specifications shall be fixed*
36 *in a manner to effectively exclude any responsible bidder offering*
37 *comparable supplies, materials, equipment or contractual services.*

38 (g) *Notwithstanding anything herein to the contrary, all con-*
39 *tracts with independent construction concerns for the construction,*
40 *improvement, reconstruction and maintenance of the state highway*
41 *system and the acquisition of rights-of-way for state highway pur-*
42 *poses shall be advertised and let as now or hereafter provided by*
43 *law.*

1 ***(h) The director of purchases may authorize state agencies to***
2 ***contract for services and materials with other state agencies, or with***
3 ***federal agencies, political subdivisions of Kansas, agencies of other***
4 ***states or subdivisions thereof, or private nonprofit educational in-***
5 ***stitutions, without competitive bids.***

6 ***(i) The director of purchases may participate in, sponsor, con-***
7 ***duct, or administer a cooperative purchasing agreement or consor-***
8 ***tium for purchases of supplies, materials, equipment, and contrac-***
9 ***tual services with federal agencies or agencies of other states or***
10 ***local units of government. Cooperative purchasing agreements en-***
11 ***tered into under this subsection shall not be subject to K.S.A. 75-***
12 ***3739 through 75-3740a, and amendments thereto.*** Nothing in this
13 subsection shall allow federal grant moneys to be handled differently from
14 any other moneys of the state unless the requirements of the applicable
15 federal grant specifically require such federal moneys to be handled
16 differently.

17 ***(j) The director of purchases may delegate authority to any***
18 ***state agency to make purchases under certain prescribed conditions***
19 ***and procedures when the acquisition is funded, in whole or in part,***
20 ***from a grant. Purchases made in compliance with such conditions***
21 ***and procedures shall be exempt from other provisions of this sec-***
22 ***tion. As used in this subsection the term “grant” means a disburse-***
23 ***ment made from federal or private funds, or a combination of these***
24 ***sources, to a state agency.*** Nothing in this subsection shall allow federal
25 grant moneys to be handled differently from any other moneys of the state
26 unless the requirements of the applicable federal grant specifically require
27 such federal moneys to be handled differently.

28 ***(k) The director of purchases shall prepare a detailed report at***
29 ***least once each calendar quarter of all contracts for services, sup-***
30 ***plies, materials or equipment entered into pursuant to subsection***
31 ***(h), (i) or (j) and submit it to the legislative coordinating council,***
32 ***the chairperson of the committee on ways and means of the senate,***
33 ***the chairperson of the committee on appropriations of the house of***
34 ***representatives and the chairperson of the Kansas performance re-***
35 ***view board.***

36 ***(l) Except as otherwise specifically provided by law, no state***
37 ***agency shall enter into any lease of real property without the prior***
38 ***approval of the secretary of administration. A state agency shall***
39 ***submit to the secretary of administration such information relating***
40 ***to any proposed lease of real property as the secretary may require.***
41 ***The secretary of administration shall either approve, modify and***
42 ***approve or reject any such proposed lease.***

43 ***(m) The director of purchases shall require all bidders on state***

1 **contracts to disclose all substantial interests held by the bidder in**
2 **the state.**

3 (n) *The director of purchases shall require each bidder on a state*
4 *contract for supplies, materials and equipment to disclose whether such*
5 *bidder makes sales at retail of tangible personal property or services as*
6 *defined in K.S.A. 79-3602, and amendments thereto, in this state, or makes*
7 *sales at retail of tangible personal property as defined in K.S.A. 79-3602,*
8 *and amendments thereto, for use or storage within this state, as defined*
9 *in K.S.A. 79-3702, and amendments thereto, and if so, such bidder must*
10 *agree that if successful, such bidder, as of the date of such award, shall*
11 *register with the department of revenue and collect, report and remit to*
12 *the department pursuant to K.S.A. 79-3607 or 79-3706, and amendments*
13 *thereto, all applicable Kansas retailer's sales tax or compensating use tax*
14 *on sales at retail of tangible personal property or services in Kansas or*
15 *sales of tangible personal property shipped or delivered to customers lo-*
16 *cated in Kansas. Absent such agreement, the bid shall not be considered.*

17 **Sec. 2. K.S.A. 75-3740a is hereby amended to read as follows:**
18 **75-3740a. (a) To the extent permitted by federal law and regulations**
19 **whenever the state of Kansas or any agency, department, bureau or**
20 **division thereof or any municipality of the state including, but not**
21 **limited to, county, school district, improvement district or other**
22 **public body lets bids for contracts for the erection, construction,**
23 **alteration or repair of any public building or structure or any ad-**
24 **dition thereto or for any public work or improvement or for any**
25 **purchases of any goods, merchandise, materials, supplies or equip-**
26 **ment of any kind, the contractor domiciled outside the state of Kan-**
27 **sas, to be successful, shall submit a bid the same percent less than**
28 **the lowest bid submitted by a responsible Kansas contractor as**
29 **would be required of such Kansas domiciled contractor to succeed**
30 **over the bidding contractor domiciled outside Kansas on a like con-**
31 **tract let in such contractor's domiciliary state.**

32 (b) *Whenever the state of Kansas or any agency, department, bureau*
33 *or division thereof or any municipality of the state including, but not*
34 *limited to, county, school district, improvement district or other public*
35 *body lets bids for any purchases of any goods, merchandise, materials,*
36 *supplies or equipment of any kind, the bidder domiciled outside of the*
37 *state of Kansas, to be successful, shall agree that if awarded such contract,*
38 *such bidder, as of the date of such award, shall register with the depart-*
39 *ment of revenue and collect, report and remit to the department pursuant*
40 *to K.S.A. 79-3607 or 79-3706, and amendments thereto, all applicable*
41 *Kansas retailer's sales tax or compensating use tax on sales at retail of*
42 *tangible personal property or services in Kansas or sales at retail of tan-*
43 *gible personal property shipped or delivered to customers located in*

1 *Kansas.*

2 ~~Section 1~~ **Sec. 3.** K.S.A. 2002 Supp. 79-201c is hereby amended to
3 read as follows: 79-201c. The following described property, to the extent
4 herein specified, shall be and is hereby exempt from all property or ad
5 valorem taxes levied under the laws of the state of Kansas:

6 *First.* The wearing apparel of every person.

7 *Second.* All household goods and personal effects not used for the pro-
8 duction of income. The terms household goods and personal effects when
9 used in this act, except as otherwise specifically provided, shall include
10 all items of furniture, cooking utensils, refrigerators, deep freezers, wash-
11 ing and drying machines, dishwashers, stoves, ranges, ironers, vacuum
12 cleaners, sewing machines, radios, record players, television sets, shop
13 and hobby equipment used in or about the home, fishing equipment (not
14 including boats), bicycles, yard and garden equipment, firearms, golf
15 clubs, photographic equipment, jewelry, luggage, musical instruments, air
16 conditioners if not a part of the central heating and air conditioning sys-
17 tem, sailboards and pick-up truck shells. For the purposes of this para-
18 graph, household goods and personal effects shall not be deemed to be
19 used for the production of income when used in the home for day care
20 home purposes if such home has been registered or licensed pursuant to
21 K.S.A. 65-501 *et seq.*, and amendments thereto *or when used in the home*
22 *for bed and breakfast home purposes as defined in K.S.A. 79-1439 and*
23 *amendments thereto.*

24 *Third.* All lands used exclusively as graveyards.

25 The provisions of this section shall apply to all taxable years commenc-
26 ing after December 31, ~~1998~~ 2002.

27 Sec. 4. K.S.A. 79-1439 is hereby amended to read as follows: 79-
28 1439. (a) All real and tangible personal property which is subject to gen-
29 eral ad valorem taxation shall be appraised uniformly and equally as to
30 class and, unless otherwise specified herein, shall be appraised at its fair
31 market value, as defined in K.S.A. 79-503a, and amendments thereto.

32 (b) Property shall be classified into the following classes and assessed
33 at the percentage of value prescribed therefor:

34 (1) Real property shall be assessed as to subclass at the following
35 percentages of value:

36 (A) Real property used for residential purposes including multi-fam-
37 ily residential real property, real property necessary to accommodate a
38 residential community of mobile or manufactured homes including the
39 real property upon which such homes are located ~~and~~, residential real
40 property used partially for day care home purposes if such home has been
41 registered or licensed pursuant to K.S.A. 65-501 *et seq.*, and amendments
42 thereto *and residential real property used partially for bed and breakfast*
43 *home purposes at 11.5%. As used in this paragraph, "bed and breakfast*

1 *home*” means an owner occupied residence with ~~five~~ **seven** or fewer rooms
2 available for overnight guests who stay for not more than 28 consecutive
3 days for which there is compliance with all zoning or other applicable
4 ordinances or laws which pertain to facilities which lodge and feed guests;

5 (B) land devoted to agricultural use valued pursuant to K.S.A. 79-
6 1476, and amendments thereto, at 30%;

7 (C) vacant lots at 12%;

8 (D) real property which is owned and operated by a not-for-profit
9 organization not subject to federal income taxation pursuant to section
10 501 of the federal internal revenue code and included herein pursuant to
11 K.S.A. 79-1439a, and amendments thereto, at 12%;

12 (E) public utility real property, except railroad property which shall
13 be assessed at the average rate all other commercial and industrial prop-
14 erty is assessed, at 33%. As used in this paragraph, “public utility” shall
15 have the meaning ascribed thereto by K.S.A. 79-5a01, and amendments
16 thereto;

17 (F) real property used for commercial and industrial purposes and
18 buildings and other improvements located upon land devoted to agricul-
19 tural use at 25%; and

20 (G) all other urban and rural real property not otherwise specifically
21 subclassed at 30%.

22 (2) Personal property shall be classified into the following classes and
23 assessed at the percentage of value prescribed therefor:

24 (A) Mobile homes used for residential purposes at 11.5%;

25 (B) mineral leasehold interests, except oil leasehold interests the av-
26 erage daily production from which is five barrels or less, and natural gas
27 leasehold interests, the average daily production from which is 100 mcf
28 or less, which shall be assessed at 25%, at 30%;

29 (C) public utility tangible personal property including inventories
30 thereof, except railroad personal property including inventories thereof,
31 which shall be assessed at the average rate all other commercial and in-
32 dustrial property is assessed, at 33%. As used in this paragraph, “public
33 utility” shall have the meaning ascribed thereto by K.S.A. 79-5a01, and
34 amendments thereto;

35 (D) all categories of motor vehicles listed and taxed pursuant to
36 K.S.A. 79-306d, and amendments thereto, and over-the-road motor ve-
37 hicles defined pursuant to K.S.A. 79-6a01, and amendments thereto, at
38 30%;

39 (E) commercial and industrial machinery and equipment, including
40 rolling equipment defined pursuant to K.S.A. 79-6a01, and amendments
41 thereto, which, if its economic life is seven years or more, shall be valued
42 at its retail cost when new less seven-year straight-line depreciation, or
43 which, if its economic life is less than seven years, shall be valued at its

1 retail cost when new less straight-line depreciation over its economic life,
2 except that, the value so obtained for such property as long as it is being
3 used shall not be less than 20% of the retail cost when new of such
4 property at 25%; and

5 (F) all other tangible personal property not otherwise specifically
6 classified at 30%.

7 **Sec. 5. K.S.A. 2002 Supp. 79-3603 is hereby amended to read**
8 **as follows: 79-3603. For the privilege of engaging in the business of**
9 **selling tangible personal property at retail in this state or rendering**
10 **or furnishing any of the services taxable under this act, there is**
11 **hereby levied and there shall be collected and paid a tax at the rate**
12 **of 5.3% on and after July 1, 2002, and before July 1, ~~2004~~, ~~5.2% on~~**
13 **~~and after July 1, 2004, and before July 1, 2005~~ [2006], and 5% on**
14 **and after July 1, ~~2005~~ [2006], and, within a redevelopment district**
15 **established pursuant to K.S.A. 74-8921, and amendments thereto,**
16 **there is hereby levied and there shall be collected and paid an ad-**
17 **ditional tax at the rate of 2% until the earlier of the date the bonds**
18 **issued to finance or refinance the redevelopment project have been**
19 **paid in full or the final scheduled maturity of the first series of**
20 **bonds issued to finance any part of the project upon:**

21 (a) **The gross receipts received from the sale of tangible per-**
22 **sonal property at retail within this state;**

23 (b) (1) **the gross receipts from intrastate telephone or telegraph**
24 **services; (2) the gross receipts received from the sale of interstate**
25 **telephone or telegraph services, which (A) originate within this state**
26 **and terminate outside the state and are billed to a customer's tele-**
27 **phone number or account in this state; or (B) originate outside this**
28 **state and terminate within this state and are billed to a customer's**
29 **telephone number or account in this state except that the sale of**
30 **interstate telephone or telegraph service does not include: (A) Any**
31 **interstate incoming or outgoing wide area telephone service or wide**
32 **area transmission type service which entitles the subscriber to make**
33 **or receive an unlimited number of communications to or from per-**
34 **sons having telephone service in a specified area which is outside**
35 **the state in which the station provided this service is located; (B)**
36 **any interstate private communications service to the persons con-**
37 **tracting for the receipt of that service that entitles the purchaser to**
38 **exclusive or priority use of a communications channel or group of**
39 **channels between exchanges; (C) any value-added nonvoice service**
40 **in which computer processing applications are used to act on the**
41 **form, content, code or protocol of the information to be transmitted;**
42 **(D) any telecommunication service to a provider of telecommuni-**
43 **cation services which will be used to render telecommunications**

1 *services, including carrier access services; or (E) any service or*
2 *transaction defined in this section among entities classified as mem-*
3 *bers of an affiliated group as provided by section 1504 of the federal*
4 *internal revenue code of 1986, as in effect on January 1, 2001. For*
5 *the purposes of this subsection the term gross receipts does not in-*
6 *clude purchases of telephone, telegraph or telecommunications us-*
7 *ing a prepaid telephone calling card or prepaid authorization num-*
8 *ber. As used in this subsection, a prepaid telephone calling card or*
9 *prepaid authorization number means the right to exclusively make*
10 *telephone calls, paid for in advance, that enables the origination of*
11 *calls using an access number or authorization code or both, whether*
12 *manually or electronically dialed; and (3) the gross receipts from*
13 *the provision of services taxable under this subsection which are*
14 *billed on a combined basis with nontaxable services, shall be ac-*
15 *counted for and the tax remitted as follows: The taxable portion of*
16 *the selling price of those combined services shall include only those*
17 *charges for taxable services if the selling price for the taxable ser-*
18 *vices can be readily distinguishable in the retailer's books and re-*
19 *records from the selling price for the nontaxable services. Otherwise,*
20 *the gross receipts from the sale of both taxable and nontaxable ser-*
21 *vices billed on a combined basis shall be deemed attributable to the*
22 *taxable services included therein. Within 90 days of billing taxable*
23 *services on a combined basis with nontaxable services, the retailer*
24 *shall enter into a written agreement with the secretary identifying*
25 *the methodology to be used in determining the taxable portion of*
26 *the selling price of those combined services. The burden of proving*
27 *that any receipt or charge is not taxable shall be upon the retailer.*
28 *Upon request from the customer, the retailer shall disclose to the*
29 *customer the selling price for the taxable services included in the*
30 *selling price for the taxable and nontaxable services billed on a*
31 *combined basis;*

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

41 *(d) the gross receipts from the sale of meals or drinks furnished*
42 *at any private club, drinking establishment, catered event, restau-*
43 *rant, eating house, dining car, hotel, drugstore or other place where*

1 *meals or drinks are regularly sold to the public;*

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

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

12 *(g) the gross receipts from the service of renting of rooms by*
13 *hotels, as defined by K.S.A. 36-501 and amendments thereto, or by*
14 *accommodation brokers, as defined by K.S.A. 12-1692, and amend-*
15 *ments thereto but such tax shall not be levied and collected upon*
16 *the gross receipts received from sales of such service to the federal*
17 *government and any agency, officer or employee thereof in associ-*
18 *ation with the performance of official government duties;*

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

30 *(i) the gross receipts from the rendering of dry cleaning, press-*
31 *ing, dyeing and laundry services except laundry services rendered*
32 *through a coin-operated device whether automatic or manually*
33 *operated;*

34 *(j) the gross receipts from the rendering of the services of wash-*
35 *ing and washing and waxing of vehicles;*

36 *(k) the gross receipts from cable, community antennae and*
37 *other subscriber radio and television services;*

38 *(l) (1) except as otherwise provided by paragraph (2), the gross*
39 *receipts received from the sales of tangible personal property to all*
40 *contractors, subcontractors or repairmen for use by them in erect-*
41 *ing structures, or building on, or otherwise improving, altering, or*
42 *repairing real or personal property.*

43 *(2) Any such contractor, subcontractor or repairman who main-*

1 *tains an inventory of such property both for sale at retail and for*
2 *use by them for the purposes described by paragraph (1) shall be*
3 *deemed a retailer with respect to purchases for and sales from such*
4 *inventory, except that the gross receipts received from any such*
5 *sale, other than a sale at retail, shall be equal to the total purchase*
6 *price paid for such property and the tax imposed thereon shall be*
7 *paid by the deemed retailer;*

8 *(m) the gross receipts received from fees and charges by public*
9 *and private clubs, drinking establishments, organizations and busi-*
10 *nesses for participation in sports, games and other recreational ac-*
11 *tivities, but such tax shall not be levied and collected upon the gross*
12 *receipts received from: (1) Fees and charges by any political sub-*
13 *division, by any organization exempt from property taxation pur-*
14 *suant to paragraph Ninth of K.S.A. 79-201, and amendments thereto,*
15 *or by any youth recreation organization exclusively providing serv-*
16 *ices to persons 18 years of age or younger which is exempt from*
17 *federal income taxation pursuant to section 501(c)(3) of the federal*
18 *internal revenue code of 1986, for participation in sports, games*
19 *and other recreational activities; and (2) entry fees and charges for*
20 *participation in a special event or tournament sanctioned by a na-*
21 *tional sporting association to which spectators are charged an ad-*
22 *mission which is taxable pursuant to subsection (e);*

23 *(n) the gross receipts received from dues charged by public and*
24 *private clubs, drinking establishments, organizations and busi-*
25 *nesses, payment of which entitles a member to the use of facilities*
26 *for recreation or entertainment, but such tax shall not be levied and*
27 *collected upon the gross receipts received from: (1) Dues charged*
28 *by any organization exempt from property taxation pursuant to par-*
29 *agraphs Eighth and Ninth of K.S.A. 79-201, and amendments thereto;*
30 *and (2) sales of memberships in a nonprofit organization which is*
31 *exempt from federal income taxation pursuant to section 501 (c)(3)*
32 *of the federal internal revenue code of 1986, and whose purpose is*
33 *to support the operation of a nonprofit zoo;*

34 *(o) the gross receipts received from the isolated or occasional*
35 *sale of motor vehicles or trailers but not including: (1) The transfer*
36 *of motor vehicles or trailers by a person to a corporation or limited*
37 *liability company solely in exchange for stock securities or mem-*
38 *bership interest in such corporation or limited liability company;*
39 *or (2) the transfer of motor vehicles or trailers by one corporation*
40 *or limited liability company to another when all of the assets of*
41 *such corporation or limited liability company are transferred to*
42 *such other corporation or limited liability company; or (3) the sale*
43 *of motor vehicles or trailers which are subject to taxation pursuant*

1 *to the provisions of K.S.A. 79-5101 et seq., and amendments thereto,*
2 *by an immediate family member to another immediate family mem-*
3 *ber. For the purposes of clause (3), immediate family member means*
4 *lineal ascendants or descendants, and their spouses. In determining*
5 *the base for computing the tax on such isolated or occasional sale,*
6 *the fair market value of any motor vehicle or trailer traded in by*
7 *the purchaser to the seller may be deducted from the selling price;*

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

19 *For the purposes of this subsection:*

20 *(1) “Original construction” shall mean the first or initial con-*
21 *struction of a new building or facility. The term “original construc-*
22 *tion” shall include the addition of an entire room or floor to any*
23 *existing building or facility, the completion of any unfinished por-*
24 *tion of any existing building or facility and the restoration, recon-*
25 *struction or replacement of a building or facility damaged or de-*
26 *stroyed by fire, flood, tornado, lightning, explosion or earthquake,*
27 *but such term, except with regard to a residence, shall not include*
28 *replacement, remodeling, restoration, renovation or reconstruction*
29 *under any other circumstances;*

30 *(2) “building” shall mean only those enclosures within which*
31 *individuals customarily are employed, or which are customarily*
32 *used to house machinery, equipment or other property, and includ-*
33 *ing the land improvements immediately surrounding such building;*

34 *(3) “facility” shall mean a mill, plant, refinery, oil or gas well,*
35 *water well, feedlot or any conveyance, transmission or distribution*
36 *line of any cooperative, nonprofit, membership corporation organ-*
37 *ized under or subject to the provisions of K.S.A. 17-4601 et seq.,*
38 *and amendments thereto, or of any municipal or quasi-municipal*
39 *corporation, including the land improvements immediately sur-*
40 *rounding such facility; and*

41 *(4) “residence” shall mean only those enclosures within which*
42 *individuals customarily live;*

43 *(q) the gross receipts received for the service of repairing, serv-*

1 **icing, altering or maintaining tangible personal property, except**
2 **computer software described in subsection (s), which when such serv-**
3 **ices are rendered is not being held for sale in the regular course of**
4 **business, and whether or not any tangible personal property is**
5 **transferred in connection therewith. The tax imposed by this sub-**
6 **section shall be applicable to the services of repairing, servicing,**
7 **altering or maintaining an item of tangible personal property which**
8 **has been and is fastened to, connected with or built into real**
9 **property;**

10 **(r) the gross receipts from fees or charges made under service**
11 **or maintenance agreement contracts for services, charges for the**
12 **providing of which are taxable under the provisions of subsection**
13 **(p) or (q);**

14 **(s) the gross receipts received from the sale of computer soft-**
15 **ware, and the sale of the services of modifying, altering, updating**
16 **or maintaining computer software. As used in this subsection, "c-**
17 **omputer software" means information and directions loaded into a**
18 **computer which dictate different functions to be performed by the**
19 **computer. Computer software includes any canned or prewritten**
20 **program which is held or existing for general or repeated sale, even**
21 **if the program was originally developed for a single end user as**
22 **custom computer software. ~~The~~ [On and after July 1, 2004, the] sale**
23 **of computer software or services does not include: (1) The initial sale of**
24 **any custom computer program which is originally developed for the ex-**
25 **clusive use of a single end user; or (2) those services rendered in the**
26 **modification of computer software when the modification is developed**
27 **exclusively for a single end user only to the extent of the modification and**
28 **only to the extent that the actual amount charged for the modification is**
29 **separately stated on invoices, statements and other billing documents pro-**
30 **vided to the end user. The services of modification, alteration, updating**
31 **and maintenance of computer software shall only include the modifica-**
32 **tion, alteration, updating and maintenance of computer software taxable**
33 **under this subsection whether or not the services are actually provided;**

34 **(t) the gross receipts received for telephone answering services,**
35 **mobile telecommunication services, beeper services and other sim-**
36 **ilar services. On and after August 1, 2002, the provisions of the**
37 **federal mobile telecommunications sourcing act as in effect on Jan-**
38 **uary 1, 2002, shall be applicable to all sales of mobile telecommu-**
39 **nication services taxable pursuant to this subsection. The secretary**
40 **of revenue is hereby authorized and directed to perform any act**
41 **deemed necessary to properly implement such provisions;**

42 **(u) the gross receipts received from the sale of prepaid tele-**
43 **phone calling cards or prepaid authorization numbers and the re-**

1 charge of such cards or numbers. A prepaid telephone calling card
2 or prepaid authorization number means the right to exclusively
3 make telephone calls, paid for in advance, that enables the origi-
4 nation of calls using an access number or authorization code or
5 both, whether manually or electronically dialed. If the sale or re-
6 charge of such card or number does not take place at the vendor's
7 place of business, it shall be conclusively determined to take place
8 at the customer's shipping address; if there is no item shipped then
9 it shall be the customer's billing address; and

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

18 [Sec. 6. K.S.A. 2002 Supp. 79-32,117 is hereby amended to read
19 as follows: 79-32,117. (a) The Kansas adjusted gross income of an
20 individual means such individual's federal adjusted gross income
21 for the taxable year, with the modifications specified in this section.

22 [(b) There shall be added to federal adjusted gross income:

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

37 [(ii) Taxes on or measured by income or fees or payments in lieu
38 of income taxes imposed by this state or any other taxing jurisdic-
39 tion to the extent deductible in determining federal adjusted gross
40 income and not credited against federal income tax. This paragraph
41 shall not apply to taxes imposed under the provisions of K.S.A. 79-
42 1107 or 79-1108, and amendments thereto, for privilege tax year
43 1995, and all such years thereafter.

1 [(iii) *The federal net operating loss deduction.*

2 [(iv) *Federal income tax refunds received by the taxpayer if the*
3 *deduction of the taxes being refunded resulted in a tax benefit for*
4 *Kansas income tax purposes during a prior taxable year. Such re-*
5 *funds shall be included in income in the year actually received re-*
6 *gardless of the method of accounting used by the taxpayer. For pur-*
7 *poses hereof, a tax benefit shall be deemed to have resulted if the*
8 *amount of the tax had been deducted in determining income subject*
9 *to a Kansas income tax for a prior year regardless of the rate of*
10 *taxation applied in such prior year to the Kansas taxable income,*
11 *but only that portion of the refund shall be included as bears the*
12 *same proportion to the total refund received as the federal taxes*
13 *deducted in the year to which such refund is attributable bears to*
14 *the total federal income taxes paid for such year. For purposes of*
15 *the foregoing sentence, federal taxes shall be considered to have*
16 *been deducted only to the extent such deduction does not reduce*
17 *Kansas taxable income below zero.*

18 [(v) *The amount of any depreciation deduction or business ex-*
19 *penditure deduction claimed on the taxpayer's federal income tax return*
20 *for any capital expenditure in making any building or facility ac-*
21 *cessible to the handicapped, for which expenditure the taxpayer*
22 *claimed the credit allowed by K.S.A. 79-32,177, and amendments*
23 *thereto.*

24 [(vi) *Any amount of designated employee contributions picked*
25 *up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919*
26 *and 74-4965, and amendments to such sections.*

27 [(vii) *The amount of any charitable contribution made to the*
28 *extent the same is claimed as the basis for the credit allowed pur-*
29 *suant to K.S.A. 79-32,196, and amendments thereto.*

30 [(viii) *The amount of any costs incurred for improvements to a*
31 *swine facility, claimed for deduction in determining federal ad-*
32 *justed gross income, to the extent the same is claimed as the basis*
33 *for any credit allowed pursuant to K.S.A. 2002 Supp. 79-32,204 and*
34 *amendments thereto.*

35 [(ix) *The amount of any ad valorem taxes and assessments paid*
36 *and the amount of any costs incurred for habitat management or*
37 *construction and maintenance of improvements on real property,*
38 *claimed for deduction in determining federal adjusted gross income,*
39 *to the extent the same is claimed as the basis for any credit allowed*
40 *pursuant to K.S.A. 79-32,203 and amendments thereto.*

41 [(x) *Amounts received as nonqualified withdrawals, as defined*
42 *by K.S.A. 2002 Supp. 75-643, and amendments thereto, if, at the*
43 *time of contribution to a family postsecondary education savings*

1 *account, such amounts were subtracted from the federal adjusted*
2 *gross income pursuant to paragraph (xv) of subsection (c) of K.S.A.*
3 *79-32,117, and amendments thereto, or if such amounts are not al-*
4 *ready included in the federal adjusted gross income.*

5 *[(xi) For taxable years commencing after December 31, 2002, the*
6 *amount of any dividend income, to the extent such dividend income is*
7 *excluded from federal adjusted gross income pursuant to any amendments*
8 *to the federal internal revenue code enacted after December 31, 2002.*

9 *[(c) There shall be subtracted from federal adjusted gross*
10 *income:*

11 *[(i) Interest or dividend income on obligations or securities of*
12 *any authority, commission or instrumentality of the United States*
13 *and its possessions less any related expenses directly incurred in the*
14 *purchase of such obligations or securities, to the extent included in*
15 *federal adjusted gross income but exempt from state income taxes*
16 *under the laws of the United States.*

17 *[(ii) Any amounts received which are included in federal ad-*
18 *justed gross income but which are specifically exempt from Kansas*
19 *income taxation under the laws of the state of Kansas.*

20 *[(iii) The portion of any gain or loss from the sale or other dis-*
21 *position of property having a higher adjusted basis for Kansas in-*
22 *come tax purposes than for federal income tax purposes on the date*
23 *such property was sold or disposed of in a transaction in which gain*
24 *or loss was recognized for purposes of federal income tax that does*
25 *not exceed such difference in basis, but if a gain is considered a*
26 *long-term capital gain for federal income tax purposes, the modifi-*
27 *cation shall be limited to that portion of such gain which is included*
28 *in federal adjusted gross income.*

29 *[(iv) The amount necessary to prevent the taxation under this*
30 *act of any annuity or other amount of income or gain which was*
31 *properly included in income or gain and was taxed under the laws*
32 *of this state for a taxable year prior to the effective date of this act,*
33 *as amended, to the taxpayer, or to a decedent by reason of whose*
34 *death the taxpayer acquired the right to receive the income or gain,*
35 *or to a trust or estate from which the taxpayer received the income*
36 *or gain.*

37 *[(v) The amount of any refund or credit for overpayment of*
38 *taxes on or measured by income or fees or payments in lieu of in-*
39 *come taxes imposed by this state, or any taxing jurisdiction, to the*
40 *extent included in gross income for federal income tax purposes.*

41 *[(vi) Accumulation distributions received by a taxpayer as a*
42 *beneficiary of a trust to the extent that the same are included in*
43 *federal adjusted gross income.*

1 [(vii) Amounts received as annuities under the federal civil serv-
2 ice retirement system from the civil service retirement and disabil-
3 ity fund and other amounts received as retirement benefits in what-
4 ever form which were earned for being employed by the federal
5 government or for service in the armed forces of the United States.

6 [(viii) Amounts received by retired railroad employees as a sup-
7 plemental annuity under the provisions of 45 U.S.C. 228b (a) and
8 228c (a)(1) et seq.

9 [(ix) Amounts received by retired employees of a city and by
10 retired employees of any board of such city as retirement allow-
11 ances pursuant to K.S.A. 13-14,106, and amendments thereto, or
12 pursuant to any charter ordinance exempting a city from the pro-
13 visions of K.S.A. 13-14,106, and amendments thereto.

14 [(x) For taxable years beginning after December 31, 1976, the
15 amount of the federal tentative jobs tax credit disallowance under
16 the provisions of 26 U.S.C. 280 C. For taxable years ending after
17 December 31, 1978, the amount of the targeted jobs tax credit and
18 work incentive credit disallowances under 26 U.S.C. 280 C.

19 [(xi) For taxable years beginning after December 31, 1986, div-
20 idend income on stock issued by Kansas Venture Capital, Inc.

21 [(xii) For taxable years beginning after December 31, 1989,
22 amounts received by retired employees of a board of public utilities
23 as pension and retirement benefits pursuant to K.S.A. 13-1246, 13-
24 1246a and 13-1249 and amendments thereto.

25 [(xiii) For taxable years beginning after December 31, 1993, the
26 amount of income earned on contributions deposited to an individ-
27 ual development account under K.S.A. 79-32,117h, and amend-
28 ments thereto.

29 [(xiv) For all taxable years commencing after December 31,
30 1996, that portion of any income of a bank organized under the
31 laws of this state or any other state, a national banking association
32 organized under the laws of the United States, an association or-
33 ganized under the savings and loan code of this state or any other
34 state, or a federal savings association organized under the laws of
35 the United States, for which an election as an S corporation under
36 subchapter S of the federal internal revenue code is in effect, which
37 accrues to the taxpayer who is a stockholder of such corporation
38 and which is not distributed to the stockholders as dividends of the
39 corporation.

40 [(xv) For all taxable years beginning after December 31, 1999,
41 amounts not exceeding \$2,000, or \$4,000 for a married couple filing
42 a joint return, for each designated beneficiary which are contrib-
43 uted to a family postsecondary education savings account estab-

1 *lished under the Kansas postsecondary education savings program*
2 *for the purpose of paying the qualified higher education expenses*
3 *of a designated beneficiary at an institution of postsecondary edu-*
4 *cation. The terms and phrases used in this paragraph shall have the*
5 *meaning respectively ascribed thereto by the provisions of K.S.A.*
6 *2002 Supp. 75-643, and amendments thereto, and the provisions of*
7 *such section are hereby incorporated by reference for all purposes*
8 *thereof.*

9 *[(d) There shall be added to or subtracted from federal adjusted*
10 *gross income the taxpayer's share, as beneficiary of an estate or*
11 *trust, of the Kansas fiduciary adjustment determined under K.S.A.*
12 *79-32,135, and amendments thereto.*

13 *[(e) The amount of modifications required to be made under this*
14 *section by a partner which relates to items of income, gain, loss,*
15 *deduction or credit of a partnership shall be determined under*
16 *K.S.A. 79-32,131, and amendments thereto, to the extent that such*
17 *items affect federal adjusted gross income of the partner.]*

18 *[Sec. 7. K.S.A. 40-2246 is hereby amended to read as follows:*
19 *40-2246. (a) A credit against the taxes otherwise due under the Kan-*
20 *sas income tax act shall be allowed to an employer for amounts paid*
21 *during the taxable year for purposes of this act on behalf of an*
22 *eligible employee as defined in K.S.A. 40-2239 and amendments*
23 *thereto to provide health insurance or care.*

24 *[(b) The amount of the credit allowed by subsection (a) shall*
25 *be \$35 per month per eligible covered employee or 50% of the total*
26 *amount paid by the employer during the taxable year, whichever is*
27 *less, for the first two years of participation. In the third year, the*
28 *credit shall be equal to 75% of the lesser of \$35 per month per*
29 *employee or 50% of the total amount paid by the employer during*
30 *the taxable year. In the fourth year, the credit shall be equal to 50%*
31 *of the lesser of \$35 per month per employee or 50% of the total*
32 *amount paid by the employer during the taxable year. In the fifth*
33 *year, the credit shall be equal to 25% of the lesser of \$35 per month*
34 *per employee or 50% of the total amount paid by the employer*
35 *during the taxable year. For the sixth and subsequent years, no*
36 *credit shall be allowed.*

37 *[(c) If the credit allowed by this section is claimed, the amount*
38 *of any deduction allowable under the Kansas income tax act for*
39 *expenses described in this section shall be reduced by the dollar*
40 *amount of the credit. The election to claim the credit shall be made*
41 *at the time of filing the tax return in accordance with law. If the*
42 *credit allowed by this section exceeds the taxes imposed under the*
43 *Kansas income tax act for the taxable year, that portion of the credit*

1 **which exceeds those taxes** ~~shall be refunded to the taxpayer~~ may be
2 carried over for deduction from the taxpayer's income tax liability in the
3 next succeeding taxable year or years until the total amount of the tax
4 credit has been deducted from tax liability.

5 **[(d) Any amount of expenses paid by an employer under this act**
6 **shall not be included as income to the employee for purposes of the**
7 **Kansas income tax act. If such expenses have been included in fed-**
8 **eral taxable income of the employee, the amount included shall be**
9 **subtracted in arriving at state taxable income under the Kansas**
10 **income tax act.**

11 **[(e) This section shall apply to all taxable years commencing**
12 **after December 31, 1999 2002.**

13 **[Sec. 8. K.S.A. 2002 Supp. 79-32,143 is hereby amended to read**
14 **as follows: 79-32,143. (a) For net operating losses incurred in tax-**
15 **able years beginning after December 31, 1987, a net operating loss**
16 **deduction shall be allowed in the same manner that it is allowed**
17 **under the federal internal revenue code except that such net oper-**
18 **ating loss may only be carried forward to each of the 10 taxable**
19 **years following the taxable year of the net operating loss. For net**
20 **operating farm losses, as defined by subsection (i) of section 172 of**
21 **the federal internal revenue code, incurred in taxable years begin-**
22 **ning after December 31, 1999, a net operating farm loss deduction**
23 **shall be allowed in the same manner that it is allowed under the**
24 **federal internal revenue code except that such net operating farm**
25 **loss may be carried forward to each of the 10 taxable years follow-**
26 **ing the taxable year of the net operating farm loss. The amount of**
27 **the net operating loss that may be carried back, if a net operating**
28 **farm loss, or forward for Kansas income tax purposes shall be that**
29 **portion of the federal net operating loss allocated to Kansas under**
30 **this act in the taxable year that the net operating loss is sustained.**

31 **[(b) The amount of the loss to be carried back, if a net operating**
32 **farm loss, or forward will be the federal net operating loss after (1)**
33 **all modifications required under this act applicable to the net loss**
34 **in the year the loss was incurred; and (2) after apportionment as to**
35 **source in the case of corporations, nonresident individuals for losses**
36 **incurred in taxable years beginning prior to January 1, 1978, and**
37 **nonresident estates and trusts in the same manner that income for**
38 **such corporations, nonresident individuals, estates and trusts is re-**
39 **quired to be apportioned.**

40 **[(c) If a net operating loss was incurred in a taxable year be-**
41 **ginning prior to January 1, 1988, the amount of the net operating**
42 **loss that may be carried back and carried forward and the period**
43 **for which it may be carried back and carried forward shall be de-**

1 *terminated under the provisions of the Kansas income tax laws which*
2 *were in effect during the year that such net operating loss was*
3 *incurred.*

4 *[(d) If any portion of a net operating loss described in subsec-*
5 *tions (a) and (b) is not utilized prior to the final year of the carry-*
6 *forward period provided in subsection (a), a refund shall be allow-*
7 *able in such final year in an amount equal to the refund which*
8 *would have been allowable in the taxable year the loss was incurred*
9 *by utilizing the three year carryback provided under K.S.A. 79-*
10 *32,143, as in effect on December 31, 1987, multiplied by a fraction,*
11 *the numerator of which is the unused portion of such net operating*
12 *loss in the final year, and the denominator of which is the amount*
13 *of such net operating loss which could have been carried back to*
14 *the three years immediately preceding the year in which the loss*
15 *was incurred. In no event may such fraction exceed 1.*

16 *[(e) Notwithstanding any other provisions of the Kansas income*
17 *tax act, the net operating loss as computed under subsections (a),*
18 *(b) and (c) of this section shall be allowed in full in determining*
19 *Kansas taxable income or at the option of the taxpayer allowed in*
20 *full in determining Kansas adjusted gross income.*

21 *[(f) No refund of income tax which results from a net operating*
22 *loss carry back shall be allowed in an amount exceeding \$1,500 in*
23 *any year. Any excess amount may be carried back, if a net operating*
24 *farm loss, or forward to any other year or years as provided by this*
25 *section.*

26 *[Sec. 9. K.S.A. 79-32,176 is hereby amended to read as follows:*
27 *79-32,176. (a) Any resident individual taxpayer who makes expend-*
28 *itures for the purpose of making all or any portion of an existing*
29 *facility accessible to individuals with a disability, which facility is*
30 *used as, or in connection with, such taxpayer's principal dwelling*
31 *or the principal dwelling of a lineal ascendant or descendant, in-*
32 *cluding construction of a small barrier free living unit attached to*
33 *such principal dwelling, shall be entitled to claim a tax credit in an*
34 *amount equal to the applicable percentage of such expenditures or*
35 *\$9,000, whichever is less, against the income tax liability imposed*
36 *against such taxpayer pursuant to article 32 of chapter 79 of the*
37 *Kansas Statutes Annotated. Nothing in this subsection shall be*
38 *deemed to prevent any such taxpayer from claiming such credit: (1)*
39 *For each principal dwelling in which the taxpayer or lineal ascen-*
40 *dant or descendant may reside, or facility used in connection there-*
41 *with; or (2) more than once, but not more often than once every*
42 *four-year period of time. The applicable percentage of such ex-*
43 *pensitures eligible for credit shall be as set forth in the following*

1 **schedule:**

2	% of
3 <i>[Taxpayers</i>	<i>expenditures</i>
4 <i>[Kansas Adjusted</i>	<i>eligible for</i>
5 <i>[Gross Income</i>	<i>credit</i>
6 <i>[\$0 to \$25,000</i>	100%
7 <i>[Over \$25,000 but not over \$30,000</i>	90%
8 <i>[Over \$30,000 but not over \$35,000</i>	80%
9 <i>[Over \$35,000 but not over \$40,000</i>	70%
10 <i>[Over \$40,000 but not over \$45,000</i>	60%
11 <i>[Over \$45,000 but not over \$55,000</i>	50%
12 <i>[Over \$55,000</i>	0

13 *[Such tax credit shall be deducted from the taxpayer's income tax*
 14 *liability for the taxable year in which the expenditures are made by*
 15 *the taxpayer. If the amount of such tax credit exceeds the taxpayer's*
 16 *income tax liability for such taxable year, the amount thereof which*
 17 *exceeds such tax liability may be carried over for deduction from*
 18 *the taxpayer's income tax liability in the next succeeding taxable*
 19 *year or years until the total amount of the tax credit has been de-*
 20 *ducted from tax liability, except that no such tax credit shall be*
 21 *carried over for deduction after the fourth taxable year succeeding*
 22 *the taxable year in which the expenditures are made.*

23 *[(b) Notwithstanding the provisions of subsection (a), if the amount*
 24 *of the taxpayer's tax liability is less than \$2,250 in the first year in which*
 25 *the credit is claimed under this section, an amount equal to the amount*
 26 *by which 1/4 of the credit allowable under this section exceeds such tax*
 27 *liability shall be refunded to the taxpayer and the amount by which such*
 28 *credit exceeds such tax liability less the amount of such refund may be*
 29 *carried over for the next three succeeding taxable years. If the amount of*
 30 *the taxpayer's tax liability is less than \$2,250 in the second year in which*
 31 *the credit is claimed under this section, an amount equal to the amount*
 32 *by which 1/3 of the amount of the credit carried over from the first taxable*
 33 *year exceeds such tax liability shall be refunded to the taxpayer and the*
 34 *amount by which the amount of the credit carried over from the first*
 35 *taxable year exceeds such tax liability less the amount of such refund may*
 36 *be carried over for the next two succeeding taxable years. If the amount*
 37 *of the taxpayer's tax liability is less than \$2,250 in the third year in which*
 38 *the credit is claimed under this section, an amount equal to the amount*
 39 *by which 1/2 of the amount carried over from the second taxable year*
 40 *exceeds such tax liability shall be refunded to the taxpayer and the amount*
 41 *by which the amount of the credit carried over from the second taxable*
 42 *year exceeds such tax liability less the amount of such refund may be*
 43 *carried over to the next succeeding taxable year. If the amount of the*

1 ~~credit carried over from the third taxable year exceeds the taxpayer's~~
2 ~~income tax liability for such year, the amount thereof which exceeds such~~
3 ~~tax liability shall be refunded to the taxpayer. The provisions of this section~~
4 ~~shall apply to all taxable years commencing after December 31, 2002.~~

5 **[Sec. 10. K.S.A. 79-32,190 is hereby amended to read as fol-**
6 **lows: 79-32,190. (a) Any taxpayer that pays for or provides child**
7 **day care services, including the provision of the service of locating**
8 **such services, to its employees or that provides facilities and nec-**
9 **essary equipment for child day care services shall be allowed a**
10 **credit against the privilege or income tax imposed by articles 11**
11 **and 32 of chapter 79 of the Kansas Statutes Annotated as follows:**

12 **[(1) Thirty percent of the total amount expended in the state**
13 **during the taxable year by a taxpayer for child day care services**
14 **purchased to provide care for the dependent children of the tax-**
15 **payer's employees or for the provision of the service of locating such**
16 **services for such children;**

17 **[(2) (A) in the taxable year in which a facility providing child**
18 **day care services in the state for use primarily by the dependent**
19 **children of the taxpayer's employees is established, 50% of the total**
20 **amount expended during such year by a taxpayer in the establish-**
21 **ment and operation of such facility;**

22 **[(B) in the taxable years other than the taxable year to which**
23 **paragraph (2)(A) applies, 30% of the amount equal to the total**
24 **amount expended during the taxable year by a taxpayer for the**
25 **operation of a facility described in paragraph (2)(A) less the amount**
26 **of moneys received by the taxpayer for use of such facility for child**
27 **day care services;**

28 **[(3) (A) in the taxable year in which a facility providing child**
29 **day care services in the state for use primarily by the dependent**
30 **children of the taxpayers' employees is established in conjunction**
31 **with one or more other taxpayers, 50% of the total amount expended**
32 **during such year by a taxpayer in the establishment and operation**
33 **of such facility;**

34 **[(B) in the taxable years other than the taxable year to which**
35 **paragraph (3)(A) applies, 30% of the amount equal to the total**
36 **amount expended during the taxable year by a taxpayer for the**
37 **operation of a facility described in paragraph (3)(A) less the amount**
38 **of moneys received by the taxpayer for use of such facility for child**
39 **day care services.**

40 **[(b) No credit shall be allowed under this section unless the**
41 **child day care facility or provider is licensed or registered pursuant**
42 **to Kansas law.**

43 **[(c) The credit allowed by paragraphs (1), (2)(B) and (3)(B) of**

1 **subsection (a) shall not exceed \$30,000 for any taxpayer during any**
2 **taxable year. The credit allowed by paragraphs (2)(A) and (3)(A)**
3 **of subsection (a) shall not exceed \$45,000 for any taxpayer during**
4 **any taxable year. For all taxable years commencing after December 31,**
5 **2002, the amount of the credit which exceeds the tax liability for a**
6 **taxable year shall be refunded to the taxpayer may be carried over for**
7 **deduction from the taxpayer's income tax liability in the next succeeding**
8 **taxable year or years until the total amount of the tax credit has been**
9 **deducted from tax liability. If the taxpayer is a corporation having an**
10 **election in effect under subchapter S of the federal internal revenue**
11 **code or a partnership, the credit provided by this section shall be**
12 **claimed by the shareholders of such corporation or the partners of**
13 **such partnership in the same manner as such shareholders or part-**
14 **ners account for their proportionate shares of the income or loss of**
15 **the corporation or partnership.**

16 **[(d) The aggregate amount of credits claimed under this act for**
17 **any fiscal year shall not exceed \$3,000,000.**

18 **[Sec. 11. K.S.A. 2002 Supp. 79-32,197 is hereby amended to**
19 **read as follows: 79-32,197. The amount of credit allowed pursuant**
20 **to K.S.A. 79-32,196, and amendments thereto, shall not exceed 50%**
21 **of the total amount contributed during the taxable year by the busi-**
22 **ness firm to a community service organization or governmental en-**
23 **tity for programs approved pursuant to K.S.A. 79-32,198, and**
24 **amendments thereto. The amount of credit allowed pursuant to**
25 **K.S.A. 79-32,196, and amendments thereto, shall not exceed 70% of**
26 **the total amount contributed during the taxable year by the busi-**
27 **ness firm in a rural community to a community service organization**
28 **or governmental entity located therein for programs approved pur-**
29 **suant to K.S.A. 79-32,198, and amendments thereto. For all taxable**
30 **years commencing after December 31, 2002, if the amount of the credit**
31 **allowed by K.S.A. 79-32,196, and amendments thereto, exceeds the**
32 **taxpayer's income tax liability imposed under the Kansas income**
33 **tax act, such excess amount shall be refunded to the taxpayer may be**
34 **carried over for deduction from the taxpayer's income tax liability in the**
35 **next succeeding taxable year or years until the total amount of the tax**
36 **credit has been deducted from tax liability. In no event shall the total**
37 **amount of credits allowed under this section exceed \$4,130,000 for**
38 **any one fiscal year.**

39 **[Sec. 12. K.S.A. 2002 Supp. 79-32,206 is hereby amended to**
40 **read as follows: 79-32,206. For all taxable years commencing after**
41 **December 31, 2001, there shall be allowed as a credit against the**
42 **tax liability of a taxpayer imposed under the Kansas income tax act,**
43 **the premiums tax upon insurance companies imposed pursuant to**

1 *K.S.A. 40-252, and amendments thereto, and the privilege tax as*
2 *measured by net income of financial institutions imposed pursuant*
3 *to article 11 of chapter 79 of the Kansas Statutes Annotated, an*
4 *amount equal to 15% of the property tax levied for property tax*
5 *years 2002, 2003 and 2004, 20% of the property tax levied for prop-*
6 *erty tax years 2005 and 2006, and 25% of the property tax levied*
7 *for property tax year 2007, and all such years thereafter, actually*
8 *and timely paid during an income or privilege taxable year upon*
9 *commercial and industrial machinery and equipment classified for*
10 *property taxation purposes pursuant to section 1 of article 11 of the*
11 *Kansas constitution in subclass (5) or (6) of class 2, machinery and*
12 *equipment classified for such purposes in subclass (2) of class 2. For*
13 *all taxable years commencing after December 31, 2004, there shall*
14 *be allowed as a credit against the tax liability of a taxpayer imposed*
15 *under the Kansas income tax act an amount equal to 20% of the*
16 *property tax levied for property tax years 2005 and 2006, and 25%*
17 *of the property tax levied for property tax year 2007 and all such*
18 *years thereafter, actually and timely paid during an income taxable*
19 *year upon machinery and equipment classified for property tax pur-*
20 *poses pursuant to section 1 of article 11 of the Kansas constitution*
21 *in subclass (3) of class 2. Prior to the 2004 legislative session, the joint*
22 *committee on economic development shall conduct a study of the eco-*
23 *nomiic impact of the foregoing provision. For all taxable years commencing*
24 *after December 31, 2002, if the amount of such tax credit exceeds*
25 *the taxpayer's income tax liability for the taxable year, the amount*
26 *thereof which exceeds such tax liability shall be refunded to the tax-*
27 *payer may be carried over for deduction from the taxpayer's income tax*
28 *liability in the next succeeding taxable year or years until the total amount*
29 *of the tax credit has been deducted from tax liability. If the taxpayer is*
30 *a corporation having an election in effect under subchapter S of the*
31 *federal internal revenue code, a partnership or a limited liability*
32 *company, the credit provided by this section shall be claimed by*
33 *the shareholders of such corporation, the partners of such partner-*
34 *ship or the members of such limited liability company in the same*
35 *manner as such shareholders, partners or members account for*
36 *their proportionate shares of the income or loss of the corporation,*
37 *partnership or limited liability company.*

38 *[Sec. 13. K.S.A. 2002 Supp. 79-32,210 is hereby amended to*
39 *read as follows: 79-32,210. (a) For all taxable years commencing*
40 *after December 31, 2000, and with respect to property initially ac-*
41 *quired and first placed into service in this state on and after January*
42 *1, 2001, there shall be allowed as a credit against the tax liability*
43 *imposed by the Kansas income tax act of a telecommunications com-*

1 *pany, as defined in K.S.A. 79-3271 and amendments thereto, an*
2 *amount equal to the difference between the property tax levied for*
3 *property tax year 2001, and all such years thereafter, and actually*
4 *and timely paid during the appropriate income taxable year upon*
5 *property assessed at the 33% assessment rate and the property tax*
6 *which would be levied and paid on such property if assessed at a*
7 *25% assessment rate.*

8 *[(b) For taxable years commencing after December 31, 2002, if the*
9 *amount of the tax credit determined under subsection (a) exceeds*
10 *the tax liability for the telecommunications company for any taxa-*
11 *ble year, the amount thereof which exceeds such tax liability shall*
12 *be refunded to the telecommunications company may be carried over for*
13 *deduction from the taxpayer's income tax liability in the next succeeding*
14 *taxable year or years until the total amount of the tax credit has been*
15 *deducted from tax liability. If the telecommunications company is a*
16 *corporation having an election in effect under subchapter S of the*
17 *federal internal revenue code, a partnership or a limited liability*
18 *company, the credit provided by this section shall be claimed by*
19 *the shareholders of such corporation, the partners of such partner-*
20 *ship or the members of such limited liability company in the same*
21 *manner as such shareholders, partners or members account for*
22 *their proportionate shares of income or loss of the corporation, part-*
23 *nership or limited liability company.*

24 *[(c) As used in this section, the term "acquired" shall not in-*
25 *clude the transfer of property pursuant to an exchange for stock*
26 *securities, or the transfer of assets of one business entity to another*
27 *due to a merger or other consolidation.]*

28 *[Sec. 14. K.S.A. 2002 Supp. 79-3609 is hereby amended to read*
29 *as follows: 79-3609. (a) Every person engaged in the business of*
30 *selling tangible personal property at retail or furnishing services*
31 *taxable in this state, shall keep records and books of all such sales,*
32 *together with invoices, bills of lading, sales records, copies of bills*
33 *of sale and other pertinent papers and documents. Such books and*
34 *records and other papers and documents shall, at all times during*
35 *business hours of the day, be available for and subject to inspection*
36 *by the director, or the director's duly authorized agents and em-*
37 *ployees, for a period of three years from the last day of the calendar*
38 *year or of the fiscal year of the retailer, whichever comes later, to*
39 *which the records pertain. Such records shall be preserved during*
40 *the entire period during which they are subject to inspection by the*
41 *director, unless the director in writing previously authorizes their*
42 *disposal. Any person selling tangible personal property or furnish-*
43 *ing taxable services shall be prohibited from asserting that any sales*

1 *are exempt from taxation unless the retailer has in the retailer's*
2 *possession a properly executed exemption certificate provided by*
3 *the consumer claiming the exemption. Any retailer asserting a claim*
4 *that certain sales are exempt who does not have the required ex-*
5 *emption certificates in possession shall acquire such certificates*
6 *within 60 days after receiving notice from the director that such*
7 *certificates are required. If such certificates are not obtained within*
8 *the period set forth herein, the sales shall be deemed to be taxable*
9 *sales under this act.*

10 *[(b) The amount of tax imposed by this act is to be assessed*
11 *within three years after the return is filed, and no proceedings in*
12 *court for the collection of such taxes shall be begun after the expi-*
13 *ration of such period. In the case of a false or fraudulent return*
14 *with intent to evade tax, the tax may be assessed or a proceeding in*
15 *court for collection of such tax may be begun at any time, within*
16 *two years from the discovery of such fraud. No assessment shall be*
17 *made for any period preceding the date of registration of the retailer*
18 *by more than three years except in cases of fraud. No refund or*
19 *credit shall be allowed by the director after ~~three years~~ one year from*
20 *the date of payment of the tax as provided in this act unless before*
21 *the expiration of such period a claim therefor is filed by the tax-*
22 *payer, and no suit or action to recover on any claim for refund shall*
23 *be commenced until after the expiration of six months from the date*
24 *of filing a claim therefor with the director.*

25 *[(c) Before the expiration of time prescribed in this section for*
26 *the assessment of additional tax or the filing of a claim for refund,*
27 *the director is hereby authorized to enter into an agreement in writ-*
28 *ing with the taxpayer consenting to the extension of the periods of*
29 *limitations for the assessment of tax or for the filing of a claim for*
30 *refund, at any time prior to the expiration of the period of limita-*
31 *tions. The period so agreed upon may be extended by subsequent*
32 *agreements in writing made before the expiration of the period pre-*
33 *viously agreed upon. In consideration of such agreement or agree-*
34 *ments, interest due in excess of 48 months on any additional tax*
35 *shall be waived.*

36 *[(d) For all taxable periods subject to assessment on January 1,*
37 *1998, including periods subject to an agreement to extend the stat-*
38 *ute of limitations, and for all taxable periods commencing after De-*
39 *cember 31, 1997, interest at the rate prescribed by K.S.A. 79-2968,*
40 *and amendments thereto, shall be allowed on any overpayment of*
41 *tax computed from the due date of the return if it was timely filed*
42 *and accompanied by the tax due or, if the return was not timely*
43 *filed, from the date of payment, except that no interest shall be*

1 *allowed on any such refund if the same is paid within 60 days after*
2 *the date of the return or the date of payment, as the case requires.*

3 *[(e) Notwithstanding any other provision of this section or the*
4 *provisions of the Kansas compensating tax act:*

5 *[(1) (A) Any claim for refund of tax imposed by the Kansas re-*
6 *tailers' sales tax act or the Kansas compensating tax act based upon*
7 *the provisions of subsection (kk) of K.S.A. 79-3606 in existence prior*
8 *to its amendment by this act which is without dispute shall be al-*
9 *lowed, but, with respect to any claim exceeding \$10,000, the refund*
10 *associated therewith shall not be paid until after 510 days from the*
11 *date such claim was filed and shall not include interest from such*
12 *date. As used in this subparagraph, a claim for refund without dis-*
13 *pute shall not include any claim the basis for which is a judicial or*
14 *quasi-judicial interpretation of such subsection occurring after the*
15 *effective date of this act.*

16 *[(B) Any refund of tax resulting from a final determination or*
17 *adjudication with regard to any claim submitted or to be submitted*
18 *for refund of tax imposed by the Kansas retailers' sales tax act or*
19 *the Kansas compensating tax act based upon the provisions of sub-*
20 *section (kk) of K.S.A. 79-3606 in existence prior to its amendment*
21 *by this act not described by subparagraph (A) shall, with respect*
22 *to any refund exceeding \$50,000, be paid in equal annual install-*
23 *ments over 10 years commencing with the year of such final deter-*
24 *mination or adjudication. Interest shall not accrue during the time*
25 *period of such payment.*

26 *[(2) No claim for refund of tax imposed by the Kansas retailers'*
27 *sales tax act or the Kansas compensating tax act based upon the*
28 *application of the provisions of subsection (n) of K.S.A. 79-3606*
29 *pursuant to its interpretation by the court of appeals of the state of*
30 *Kansas in its opinion filed on August 13, 1999, in the case entitled*
31 *In re appeal of Water District No. 1 of Johnson County shall be*
32 *allowed for tax paid prior to the effective date of this act. The pro-*
33 *visions of this subsection shall not be applicable to Water District*
34 *No. 1 of Johnson county.]*

35 *[Sec. 15. K.S.A. 2002 Supp. 79-3620 is hereby amended to read*
36 *as follows: 79-3620. (a) All revenue collected or received by the*
37 *director of taxation from the taxes imposed by this act shall be re-*
38 *mitted to the state treasurer in accordance with the provisions of*
39 *K.S.A. 75-4215, and amendments thereto. Upon receipt of each such*
40 *remittance, the state treasurer shall deposit the entire amount in*
41 *the state treasury, less amounts withheld as provided in subsection*
42 *(b) and amounts credited as provided in subsection (c) and (d), to*
43 *the credit of the state general fund.*

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

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

21 ***[(2) The state treasurer shall credit $\frac{5}{104}$ of the revenue collected or***
22 ***received from the tax imposed by K.S.A. 79-3603, and amendments***
23 ***thereto, at the rate of 5.2%, and deposited as provided in subsection (a),***
24 ***exclusive of amounts credited pursuant to subsection (d), in the state***
25 ***highway fund.***

26 ***[(~~3~~) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected***
27 ***or received from the tax imposed by K.S.A. 79-3603, and amend-***
28 ***ments thereto, at the rate of 5.3%, and deposited as provided in***
29 ***subsection (a), exclusive of amounts credited pursuant to subsection***
30 ***(d), in the state highway fund.***

31 ***[(~~4~~) (3) The state treasurer shall credit $\frac{1}{20}$ of the revenue col-***
32 ***lected and received from the tax imposed by K.S.A. 79-3603, and***
33 ***amendments thereto, at the rate of 5%, and deposited as provided***
34 ***by subsection (a), exclusive of amounts credited pursuant to sub-***
35 ***section (d), in the state highway fund.***

36 ***[(d) The state treasurer shall credit all revenue collected or re-***
37 ***ceived from the tax imposed by K.S.A. 79-3603, and amendments***
38 ***thereto, as certified by the director, from taxpayers doing business***
39 ***within that portion of a redevelopment district occupied by a re-***
40 ***development project that was determined by the secretary of com-***
41 ***merce and housing to be of statewide as well as local importance or***
42 ***will create a major tourism area for the state as defined in K.S.A.***
43 ***12-1770a, and amendments thereto, to the city bond finance fund,***

1 *which fund is hereby created. The provisions of this subsection shall*
2 *expire when the total of all amounts credited hereunder and under*
3 *subsection (d) of K.S.A. 79-3710, and amendments thereto, is suf-*
4 *ficient to retire the special obligation bonds issued for the purpose*
5 *of financing all or a portion of the costs of such redevelopment pro-*
6 *ject.*

7 *[Sec. 16. K.S.A. 2002 Supp. 79-3703 is hereby amended to read*
8 *as follows: 79-3703. There is hereby levied and there shall be col-*
9 *lected from every person in this state a tax or excise for the privilege*
10 *of using, storing, or consuming within this state any article of tan-*
11 *gible personal property. Such tax shall be levied and collected in*
12 *an amount equal to the consideration paid by the taxpayer multi-*
13 *plied by the rate of 5.3% on and after July 1, 2002, and before July*
14 *1, 2004, 5.2% on and after July 1, 2004, and before July 1, 2005 2006,*
15 *and 5% on and after July 1, 2005 2006. Within a redevelopment*
16 *district established pursuant to K.S.A. 74-8921, and amendments*
17 *thereto, there is hereby levied and there shall be collected and paid*
18 *an additional tax of 2% until the earlier of: (1) The date the bonds*
19 *issued to finance or refinance the redevelopment project under-*
20 *taken in the district have been paid in full; or (2) the final scheduled*
21 *maturity of the first series of bonds issued to finance the redev-*
22 *elopment project. All property purchased or leased within or without*
23 *this state and subsequently used, stored or consumed in this state*
24 *shall be subject to the compensating tax if the same property or*
25 *transaction would have been subject to the Kansas retailers' sales*
26 *tax had the transaction been wholly within this state.*

27 *[Sec. 17. K.S.A. 2002 Supp. 79-3710 is hereby amended to read*
28 *as follows: 79-3710. (a) All revenue collected or received by the*
29 *director under the provisions of this act shall be remitted to the*
30 *state treasurer in accordance with the provisions of K.S.A. 75-4215,*
31 *and amendments thereto. Upon receipt of each such remittance, the*
32 *state treasurer shall deposit the entire amount in the state treasury,*
33 *less amounts set apart as provided in subsection (b) and amounts*
34 *credited as provided in subsection (c) and (d), to the credit of the*
35 *state general fund.*

36 *[(b) A revolving fund, designated as "compensating tax refund*
37 *fund" not to exceed \$10,000 shall be set apart and maintained by*
38 *the director from compensating tax collections and estimated tax*
39 *collections and held by the state treasurer for prompt payment of*
40 *all compensating tax refunds. Such fund shall be in such amount,*
41 *within the limit set by this section, as the director shall determine*
42 *is necessary to meet current refunding requirements under this act.*

43 *[(c) (1) The state treasurer shall credit $\frac{5}{8}$ of the revenue col-*

1 *lected or received from the tax imposed by K.S.A. 79-3703, and*
2 *amendments thereto, at the rate of 4.9%, and deposited as provided*
3 *in subsection (a), exclusive of amounts credited pursuant to subsec-*
4 *tion (d), in the state highway fund.*

5 ~~[(2) The state treasurer shall credit $\frac{5}{104}$ of the revenue collected or~~
6 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~
7 ~~thereto, at the rate of 5.2%, and deposited as provided in subsection (a),~~
8 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
9 ~~highway fund.~~

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

15 ~~[(4) (3) The state treasurer shall credit $\frac{1}{20}$ of the revenue col-~~
16 ~~lected or received from the tax imposed by K.S.A. 79-3703, and~~
17 ~~amendments thereto, at the rate of 5%, and deposited as provided~~
18 ~~by subsection (a), exclusive of amounts credited pursuant to sub-~~
19 ~~section (d), in the state highway fund.~~

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

34 ~~[Sec. 18. K.S.A. 2002 Supp. 17-2036 is hereby amended to read~~
35 ~~as follows: 17-2036. Every business trust shall make an annual re-~~
36 ~~port in writing to the secretary of state, showing its financial con-~~
37 ~~dition at the close of business on the last day of its tax period under~~
38 ~~the Kansas income tax act next preceding the date of filing, but if a~~
39 ~~business trust's tax period is other than the calendar year, it shall~~
40 ~~give notice thereof to the secretary of state prior to December 31 of~~
41 ~~the year it commences such tax period. The reports shall be made~~
42 ~~on forms provided by the secretary of state and shall be filed at the~~
43 ~~time prescribed by law for filing the business trust's annual Kansas~~

1 *income tax return, except that if any such business trust shall re-*
2 *ceive an extension of time for filing its annual income tax return*
3 *from the internal revenue service or pursuant to subsection (c) of*
4 *K.S.A. 79-3221, and amendments thereto, the time for filing the re-*
5 *port hereunder shall be extended, correspondingly, upon filing with*
6 *the secretary of state a copy of the extension granted by the internal*
7 *revenue service or the director of taxation. The report shall contain*
8 *the following:*

9 *[(a) Executed copies of all amendments to the instrument by*
10 *which the business trust was created, or to prior amendments*
11 *thereto, which have been adopted and have not theretofore been*
12 *filed under K.S.A. 17-2033, and amendments thereto, and accom-*
13 *panied by the fee prescribed therein for each such amendment;*

14 *[(b) a verified list of the names and addresses of its trustees as*
15 *of the end of its tax period; and*

16 *[(c) a balance sheet as of the end of its tax period, certified by*
17 *the trustee, fairly and truly reflecting its assets and liabilities and*
18 *specifically setting out its corpus, and, in the case of a foreign busi-*
19 *ness trust, fairly and truly reflecting an allocation of its moneys and*
20 *other assets as between those located, used, or to be used in this*
21 *state and those located, used or to be used elsewhere.*

22 *[At the time of filing its annual report, the business trust shall*
23 *pay to the secretary of state an annual franchise tax in an amount*
24 *equal to ~~2~~ \$1 for each \$1,000 of its corpus as shown by its balance*
25 *sheet, or, in the case of a foreign business trust, in an amount equal*
26 *to ~~2~~ \$1 for each \$1,000 of that portion of its corpus which is located*
27 *in or which it uses or intends to use in this state as shown by its*
28 *balance sheet, except that in any case no such tax shall be less than*
29 *\$40 nor more than \$5,000.*

30 *[The failure of any domestic or foreign business trust to file its*
31 *annual report and pay its annual franchise tax within 90 days from*
32 *the date on which they are due, as aforesaid, shall work a forfeiture*
33 *of its authority to transact business in this state and all of the rem-*
34 *edies, procedures, and penalties specified in K.S.A. 17-7509 and 17-*
35 *7510, and amendments thereto, with respect to a corporation which*
36 *fails to file its annual report or pay its annual franchise tax within*
37 *90 days after they are due, shall be applicable to such business*
38 *trust.*

39 *[Sec. 19. K.S.A. 2002 Supp. 17-7503 is hereby amended to read*
40 *as follows: 17-7503. (a) Every domestic corporation organized for*
41 *profit shall make an annual report in writing to the secretary of*
42 *state, stating the prescribed information concerning the corporation*
43 *at the close of business on the last day of its tax period next preced-*

1 *ing the date of filing, but if a corporation's tax period is other than*
2 *the calendar year, it shall give notice thereof to the secretary of*
3 *state prior to December 31 of the year it commences such tax period.*
4 *The reports shall be made on forms prescribed by the secretary of*
5 *state. The report shall be filed at the time prescribed by law for*
6 *filing the corporation's annual Kansas income tax return, except*
7 *that if any such corporation shall apply for an extension of time for*
8 *filing its annual income tax return under the internal revenue serv-*
9 *ice or under subsection (c) of K.S.A. 79-3221, and amendments*
10 *thereto, such corporation shall also apply, not more than 90 days*
11 *after the due date of its annual report, to the secretary of state for*
12 *an extension of the time for filing the report and an extension shall*
13 *be granted for a period of time corresponding to that granted under*
14 *the internal revenue code or K.S.A. 79-3221, and amendments*
15 *thereto. Such application shall include a copy of the application to*
16 *income tax authorities. The report shall contain the following in-*
17 *formation:*

18 *[(1) The name of the corporation;*

19 *[(2) the location of the principal office;*

20 *[(3) the names of the president, secretary, treasurer and mem-*
21 *bers of the board of directors, with the residence address of each;*

22 *[(4) the number of shares of capital stock issued and the amount*
23 *of capital stock paid up;*

24 *[(5) the nature and kind of business in which the corporation is*
25 *engaged; and*

26 *[(6) a list of stockholders owning at least 5% of the capital stock*
27 *of the corporation, with the post office address of each.*

28 *[(b) Every corporation subject to the provisions of this section*
29 *which holds agricultural land, as defined in K.S.A. 17-5903, and*
30 *amendments thereto, within this state shall show the following ad-*
31 *ditional information on the report:*

32 *[(1) The acreage and location listed by section, range, township*
33 *and county of each lot, tract or parcel of agricultural land in this*
34 *state owned or leased by or to the corporation;*

35 *[(2) the purposes for which such agricultural land is owned or*
36 *leased and, if leased, to whom such agricultural land is leased;*

37 *[(3) the value of the nonagricultural assets and the agricultural*
38 *assets, stated separately, owned and controlled by the corporation*
39 *both within and without the state of Kansas and where situated;*

40 *[(4) the total number of stockholders of the corporation;*

41 *[(5) the number of acres owned or operated by the corporation,*
42 *the number of acres leased by the corporation and the number of*
43 *acres leased to the corporation;*

1 ***[(6) the number of acres of agricultural land, held and reported***
2 ***in each category under provision (5), state separately, being irri-***
3 ***gated; and***

4 ***[(7) whether any of the agricultural land held and reported un-***
5 ***der this subsection was acquired after July 1, 1981.***

6 ***[(c) The report shall be signed by its president, secretary, trea-***
7 ***surer or other officer duly authorized so to act, or by any two of its***
8 ***directors, or by an incorporator in the event its board of directors***
9 ***shall not have been elected. The fact that an individual's name is***
10 ***signed on such report shall be prima facie evidence that such indi-***
11 ***vidual is authorized to sign the report on behalf of the corporation;***
12 ***however, the official title or position of the individual signing the***
13 ***report shall be designated. This report will be dated and subscribed***
14 ***by the person as true, under penalty of perjury. At the time of filing***
15 ***such annual report it shall be the duty of each domestic corporation***
16 ***organized for profit to pay to the secretary of state an annual fran-***
17 ***chise tax in an amount equal to ~~2~~ \$1 for each \$1,000 of the cor-***
18 ***poration's shareholder's equity attributable to Kansas, except that***
19 ***no such tax shall be less than \$40 or more than \$5,000. The amount***
20 ***of any such franchise tax paid by the corporation to the secretary***
21 ***as provided by this subsection shall not be disclosed by the secre-***
22 ***tary.***

23 ***[Sec. 20. K.S.A. 2002 Supp. 17-7505 is hereby amended to read***
24 ***as follows: 17-7505. (a) Every foreign corporation organized for***
25 ***profit, or organized under the cooperative type statutes of the state,***
26 ***territory or foreign country of incorporation, now or hereafter do-***
27 ***ing business in this state, and owning or using a part or all of its***
28 ***capital in this state, and subject to compliance with the laws relat-***
29 ***ing to the admission of foreign corporations to do business in Kan-***
30 ***sas, shall make an annual report in writing to the secretary of state,***
31 ***stating the prescribed information concerning the corporation at***
32 ***the close of business on the last day of its tax period next preceding***
33 ***the date of filing, but if a corporation operates on a fiscal year other***
34 ***than the calendar year it shall give written notice thereof to the***
35 ***secretary of state prior to December 31 of the year commencing***
36 ***such fiscal year. The report shall be made on a form prescribed by***
37 ***the secretary of state. The report shall be filed at the time prescribed***
38 ***by law for filing the corporation's annual Kansas income tax return,***
39 ***except that if any such corporation shall apply for an extension of***
40 ***time for filing its annual income tax return under the internal rev-***
41 ***enue service or under subsection (c) of K.S.A. 79-3221, and amend-***
42 ***ments thereto, such corporation shall also apply, not more than 90***
43 ***days after the due date of its annual report, to the secretary of state***

1 *for an extension of the time for filing the report and an extension*
2 *shall be granted for a period of time corresponding to that granted*
3 *under the internal revenue code or K.S.A. 79-3221, and amendments*
4 *thereto. Such application shall include a copy of the application to*
5 *income tax authorities. The report shall contain the following facts:*

6 *[(1) The name of the corporation and under the laws of what*
7 *state or country organized;*

8 *[(2) the location of its principal office;*

9 *[(3) the names of the president, secretary, treasurer and mem-*
10 *bers of the board of directors, with the residence address of each;*

11 *[(4) the number of shares of capital stock issued and the amount*
12 *of capital stock paid up;*

13 *[(5) the nature and kind of business in which the company is*
14 *engaged and its place or places of business both within and without*
15 *the state of Kansas;*

16 *[(6) the value of the property owned and used by the company*
17 *in Kansas, where situated, and the value of the property owned and*
18 *used outside of Kansas and where situated; and*

19 *[(7) the corporation's shareholder's equity attributable to Kan-*
20 *sas.*

21 *[(b) Every corporation subject to the provisions of this section*
22 *which holds agricultural land, as defined in K.S.A. 17-5903, and*
23 *amendments thereto, within this state shall show the following ad-*
24 *ditional information on the report:*

25 *[(1) The acreage and location listed by section, range, township*
26 *and county of each lot, tract or parcel of agricultural land in this*
27 *state owned or leased by or to the corporation;*

28 *[(2) the purposes for which such agricultural land is owned or*
29 *leased and, if leased, to whom such agricultural land is leased;*

30 *[(3) the value of the nonagricultural assets and the agricultural*
31 *assets, stated separately, owned and controlled by the corporation*
32 *both within and without the state of Kansas and where situated;*

33 *[(4) the total number of stockholders of the corporation;*

34 *[(5) the number of acres owned or operated by the corporation,*
35 *the number of acres leased by the corporation and the number of*
36 *acres leased to the corporation;*

37 *[(6) the number of acres of agricultural land, held and reported*
38 *in each category under paragraph (5) of this subsection (b), stated*
39 *separately, being irrigated; and*

40 *[(7) whether any of the agricultural land held and reported un-*
41 *der this subsection was acquired after July 1, 1981.*

42 *[The report shall be signed by its president, secretary, treasurer*
43 *or other officer duly authorized so to act, or by any two of its di-*

1 *rectors, or by an incorporator in the event its board of directors*
2 *shall not have been elected. The fact that an individual's name is*
3 *signed on such report shall be prima facie evidence that such indi-*
4 *vidual is authorized to sign the report on behalf of the corporation;*
5 *however, the official title or position of the individual signing the*
6 *report shall be designated. This report will be dated and subscribed*
7 *by the person as true, under penalty of perjury. At the time of filing*
8 *its annual report, each such foreign corporation shall pay to the*
9 *secretary of state an annual franchise tax in an amount equal to ~~2~~*
10 *\$1 for each \$1,000 of the corporation's shareholder's equity attrib-*
11 *utable to Kansas, except that no such tax shall be less than \$40 or*
12 *more than \$5,000. The amount of any such franchise tax paid by*
13 *the foreign corporation to the secretary as provided by this subsec-*
14 *tion shall not be disclosed by the secretary.*

15 *[Sec. 21. K.S.A. 2002 Supp. 17-76,139 is hereby amended to*
16 *read as follows: 17-76,139. (a) Every limited liability company or-*
17 *ganized under the laws of this state shall make an annual report in*
18 *writing to the secretary of state, stating the prescribed information*
19 *concerning the limited liability company at the close of business on*
20 *the last day of its tax period next preceding the date of filing. If the*
21 *limited liability company's tax period is other than the calendar*
22 *year, it shall give notice of its different tax period in writing to the*
23 *secretary of state prior to December 31 of the year it commences*
24 *the different tax period. The annual report shall be filed at the time*
25 *prescribed by law for filing the limited liability company's annual*
26 *Kansas income tax return. If the limited liability company applies*
27 *for an extension of time for filing its annual income tax return under*
28 *the internal revenue code, the limited liability company shall also*
29 *apply, not more than 90 days after the due date of its annual report,*
30 *to the secretary of state for an extension of the time for filing its*
31 *report and an extension shall be granted for a period of time cor-*
32 *responding to that granted under the internal revenue code. The*
33 *application shall include a copy of the application to income tax*
34 *authorities. The annual report shall be made on a form prescribed*
35 *by the secretary of state. The report shall contain the following*
36 *information:*

37 *[(1) The name of the limited liability company; and*

38 *[(2) a list of the members owning at least 5% of the capital of*
39 *the company, with the post office address of each.*

40 *[(b) Every foreign limited liability company shall make an an-*
41 *ual report in writing to the secretary of state, stating the pre-*
42 *scribed information concerning the limited liability company at the*
43 *close of business on the last day of its tax period next preceding the*

1 *date of filing. If the limited liability company's tax period is other*
2 *than the calendar year, it shall give notice in writing of its different*
3 *tax period to the secretary of state prior to December 31 of the year*
4 *it commences the different tax period. The annual report shall be*
5 *filed at the time prescribed by law for filing the limited liability*
6 *company's annual Kansas income tax return. If the limited liability*
7 *company applies for an extension of time for filing its annual income*
8 *tax return under the internal revenue code, the limited liability*
9 *company also shall apply, not more than 90 days after the due date*
10 *of its annual report, to the secretary of state for an extension of the*
11 *time for filing its report and an extension shall be granted for a*
12 *period of time corresponding to that granted under the internal rev-*
13 *enue code. The application shall include a copy of the application*
14 *to income tax authorities. The annual report shall be made on a*
15 *form prescribed by the secretary of state. The report shall contain*
16 *the name of the limited liability company.*

17 *[(c) The annual report required by this section shall be signed*
18 *by a member of the limited liability company and forwarded to the*
19 *secretary of state. At the time of filing the report, the limited li-*
20 *ability company shall pay to the secretary of state an annual fran-*
21 *chise tax in an amount equal to ~~2~~ \$1 for each \$1,000 of the net*
22 *capital accounts located in or used in this state at the end of the*
23 *preceding taxable year as required to be reported on the federal*
24 *partnership return of income, or for a one-member LLC taxed as a*
25 *sole proprietorship, ~~2~~ \$1 for each \$1,000 of net book value of the*
26 *LLC as calculated on an income tax basis located in or used in this*
27 *state at the end of the preceding taxable year, except that no annual*
28 *tax shall be less than \$40 or more than \$5,000. The amount of any*
29 *such franchise tax paid by the limited liability company to the sec-*
30 *retary as provided by this subsection shall not be disclosed by the*
31 *secretary.*

32 *[(d) The provisions of K.S.A. 17-7509, and amendments thereto,*
33 *relating to penalties for failure of a corporation to file an annual*
34 *report or pay the required franchise tax, and the provisions of sub-*
35 *section (a) of K.S.A. 17-7510 and amendments thereto, relating to*
36 *penalties for failure of a corporation to file an annual report or pay*
37 *the required franchise tax, shall be applicable to the articles of or-*
38 *ganization of any domestic limited liability company or to the au-*
39 *thority of any foreign limited liability company which fails to file*
40 *its annual report or pay the franchise tax within 90 days of the time*
41 *prescribed in this section for filing and paying the same. Whenever*
42 *the articles of organization of a domestic limited liability company*
43 *or the authority of any foreign limited liability company are for-*

1 *feited for failure to file an annual report or to pay the required*
2 *franchise tax, the domestic limited liability company or the author-*
3 *ity of a foreign limited liability company may be reinstated by filing*
4 *a certificate of reinstatement, in the manner and form to be pre-*
5 *scribed by the secretary of state and paying to the secretary of state*
6 *all fees and taxes, including any penalties thereon, due to the state.*
7 *The fee for filing a certificate of reinstatement shall be the same as*
8 *that prescribed by K.S.A. 17-7506, and amendments thereto, for*
9 *filing a certificate of extension, restoration, renewal or revival of a*
10 *corporation's articles of incorporation.*

11 *[(e) When reinstatement is effective, it relates back to and takes*
12 *effect as of the effective date of the forfeiture and the company may*
13 *resume its business as if the forfeiture had never occurred.*

14 *[(f) No limited liability company shall be required to file its first*
15 *annual report under this act, or pay any annual franchise tax re-*
16 *quired to accompany such report, unless such limited liability com-*
17 *pany has filed its articles of organization or application for author-*
18 *ity at least six months prior to the last day of its tax period. If any*
19 *limited liability company files with the secretary of state a notice*
20 *of change in its tax period and the next annual report filed by such*
21 *limited liability company subsequent to such notice is based on a*
22 *tax period of less than 12 months, the annual tax liability shall be*
23 *determined by multiplying the annual franchise tax liability for*
24 *such year by a fraction, the numerator of which is the number of*
25 *months or any portion thereof covered by the annual report and the*
26 *denominator of which is 12, except that the tax shall not be less than*
27 *\$40.*

28 *[Sec. 22. K.S.A. 2002 Supp. 56-1a606 is hereby amended to*
29 *read as follows: 56-1a606. (a) Every limited partnership organized*
30 *under the laws of this state shall make an annual report in writing*
31 *to the secretary of state, stating the prescribed information con-*
32 *cerning the limited partnership at the close of business on the last*
33 *day of its tax period next preceding the date of filing. If the limited*
34 *partnership's tax period is other than the calendar year, it shall give*
35 *notice of its different tax period to the secretary of state prior to*
36 *December 31 of the year it commences the different tax period. The*
37 *annual report shall be filed at the time prescribed by law for filing*
38 *the limited partnership's annual Kansas income tax return. If the*
39 *limited partnership applies for an extension of time for filing its*
40 *annual income tax return under the internal revenue code or under*
41 *K.S.A. 79-3221 and amendments thereto, the limited partnership*
42 *shall also apply, not more than 90 days after the due date of its*
43 *annual report, to the secretary of state for an extension of the time*

1 *for filing its report and an extension shall be granted for a period*
2 *of time corresponding to that granted under the internal revenue*
3 *code or K.S.A. 79-3221 and amendments thereto. The application*
4 *shall include a copy of the application to income tax authorities.*

5 *[(b) The annual report shall be made on a form prescribed by*
6 *the secretary of state. The report shall contain the following infor-*
7 *mation:*

8 *[(1) The name of the limited partnership; and*

9 *[(2) a list of the partners owning at least 5% of the capital of*
10 *the partnership, with the post office address of each.*

11 *[(c) Every limited partnership subject to the provisions of this*
12 *section which is a limited corporate partnership, as defined in*
13 *K.S.A. 17-5903 and amendments thereto, and which holds agricul-*
14 *tural land, as defined in K.S.A. 17-5903 and amendments thereto,*
15 *within this state shall show the following additional information on*
16 *the report:*

17 *[(1) The number of acres and location, listed by section, range,*
18 *township and county of each lot, tract or parcel of agricultural land*
19 *in this state owned or leased by the limited partnership; and*

20 *[(2) whether any of the agricultural land held and reported un-*
21 *der subsection (c)(1) was acquired after July 1, 1981.*

22 *[(d) The annual report shall be signed by the general partner*
23 *or partners of the limited partnership, sworn to before an officer*
24 *duly authorized to administer oaths and forwarded to the secretary*
25 *of state. At the time of filing the report, the limited partnership shall*
26 *pay to the secretary of state an annual franchise tax in an amount*
27 *equal to ~~2~~ \$1 for each \$1,000 of the partners' net capital accounts*
28 *located in or used in this state at the end of the preceding taxable*
29 *year as required to be reported on the federal partnership return*
30 *of income, except that no annual tax shall be less than \$40 or more*
31 *than \$5,000. The amount of any such franchise tax paid by the lim-*
32 *ited partnership to the secretary as provided by this subsection shall*
33 *not be disclosed by the secretary.*

34 *[(e) The provisions of K.S.A. 17-7509 and amendments thereto,*
35 *relating to penalties for failure of a corporation to file an annual*
36 *report or pay the required franchise tax, and the provisions of sub-*
37 *section (a) of K.S.A. 17-7510 and amendments thereto, relating to*
38 *forfeiture of a domestic corporation's articles of incorporation for*
39 *failure to file an annual report or pay the required franchise tax,*
40 *shall be applicable to the certificate of partnership of any limited*
41 *partnership which fails to file its annual report or pay the franchise*
42 *tax within 90 days of the time prescribed in this section for filing*
43 *and paying the same. Whenever the certificate of partnership of a*

1 *limited partnership is forfeited for failure to file an annual report*
2 *or to pay the required franchise tax, the limited partnership may*
3 *be reinstated by filing a certificate of reinstatement, in the manner*
4 *and form to be prescribed by the secretary of state and paying to*
5 *the secretary of state all fees and taxes, including any penalties*
6 *thereon, due to the state. The fee for filing a certificate of reinstatement*
7 *shall be the same as that prescribed by K.S.A. 17-7506 and*
8 *amendments thereto for filing a certificate of extension, restoration,*
9 *renewal or revival of a corporation's articles of incorporation.*

10 *[Sec. 23. K.S.A. 2002 Supp. 56-1a607 is hereby amended to*
11 *read as follows: 56-1a607. (a) Every foreign limited partnership*
12 *shall make an annual report in writing to the secretary of state,*
13 *stating the prescribed information concerning the limited partner-*
14 *ship at the close of business on the last day of its tax period next*
15 *preceding the date of filing. If the limited partnership's tax period*
16 *is other than the calendar year, it shall give notice of its different*
17 *tax period to the secretary of state prior to December 31 of the year*
18 *it commences the different tax period. The annual report shall be*
19 *filed at the time prescribed by law for filing the limited partner-*
20 *ship's annual Kansas income tax return. If the limited partnership*
21 *applies for an extension of time for filing its annual income tax re-*
22 *turn under the internal revenue code or under K.S.A. 79-3221 and*
23 *amendments thereto, the limited partnership shall also apply, not*
24 *more than 90 days after the due date of its annual report, to the*
25 *secretary of state for an extension of the time for filing its report*
26 *and an extension shall be granted for a period of time corresponding*
27 *to that granted under the internal revenue code or K.S.A. 79-3221*
28 *and amendments thereto. The application shall include a copy of*
29 *the application to income tax authorities.*

30 *[(b) The annual report shall be made on a form prescribed by*
31 *the secretary of state. The report shall contain the name of the lim-*
32 *ited partnership.*

33 *[(c) Every foreign limited partnership subject to the provisions*
34 *of this section which is a limited corporate partnership, as defined*
35 *in K.S.A. 17-5903 and amendments thereto, and which holds agri-*
36 *cultural land, as defined in K.S.A. 17-5903 and amendments thereto,*
37 *within this state shall show the following additional information on*
38 *the report:*

39 *[(1) The number of acres and location, listed by section, range,*
40 *township and county of agricultural land in this state owned or*
41 *leased by the limited partnership; and*

42 *[(2) whether any of the agricultural land held and reported un-*
43 *der subsection (c)(1) was acquired after July 1, 1981.*

1 [(d) The annual report shall be signed by the general partner
2 or partners of the limited partnership, sworn to before an officer
3 duly authorized to administer oaths and forwarded to the secretary
4 of state. At the time of filing the report, the foreign limited partner-
5 ship shall pay to the secretary of state an annual franchise tax in
6 an amount equal to ~~2~~ \$1 for each \$1,000 of the partners' net capital
7 accounts located in or used in this state at the end of the preceding
8 taxable year as required to be reported on the federal partnership
9 return of income, except that no annual tax shall be less than \$40
10 or more than \$5,000. The amount of any such franchise tax paid by
11 the limited partnership to the secretary as provided by this subsec-
12 tion shall not be disclosed by the secretary.

13 [(e) The provisions of K.S.A. 17-7509 and amendments thereto,
14 relating to penalties for failure of a corporation to file an annual
15 report or pay the required franchise tax, and the provisions of sub-
16 section (b) of K.S.A. 17-7510 and amendments thereto, relating to
17 forfeiture of a foreign corporation's authority to do business in this
18 state for failure to file an annual report or pay the required fran-
19 chise tax, shall be applicable to the authority of any foreign limited
20 partnership which fails to file its annual report or pay the franchise
21 tax within 90 days of the time prescribed in this section for filing
22 and paying the same. Whenever the authority of a foreign limited
23 partnership to do business in this state is forfeited for failure to file
24 an annual report or to pay the required franchise tax, the foreign
25 limited partnership's authority to do business in this state may be
26 reinstated by filing a certificate of reinstatement, in the manner and
27 form to be prescribed by the secretary of state and paying to the
28 secretary of state all fees and taxes, including any penalties thereon,
29 due to the state. The fee for filing a certificate of reinstatement shall
30 be the same as that prescribed by K.S.A. 17-7506 and amendments
31 thereto for filing a certificate of extension, restoration, renewal or
32 revival of a corporation's articles of incorporation.

33 [Sec. 24. K.S.A. 2002 Supp. 56a-1201 is hereby amended to
34 read as follows: 56a-1201. (a) Every limited liability partnership
35 organized under the laws of this state shall make an annual report
36 in writing to the secretary of state, stating the prescribed informa-
37 tion concerning the limited liability partnership at the close of busi-
38 ness on the last day of its tax period next preceding the date of filing.
39 If the limited liability partnership's tax period is other than the
40 calendar year, it shall give notice of its different tax period in writ-
41 ing to the secretary of state prior to December 31 of the year it
42 commences the different tax period. The annual report shall be filed
43 at the time prescribed by law for filing the limited liability part-

1 *nership's annual Kansas income tax return. If the limited liability*
2 *partnership applies for an extension of time for filing its annual*
3 *income tax return under the internal revenue code, the limited li-*
4 *ability partnership shall also apply, not more than 90 days after the*
5 *due date of its annual report, to the secretary of state for an exten-*
6 *sion of the time for filing its report and an extension shall be granted*
7 *for a period of time corresponding to that granted under the internal*
8 *revenue code. The application shall include a copy of the applica-*
9 *tion to income tax authorities.*

10 *[(b) The annual report shall be made on a form prescribed by*
11 *the secretary of state. The report shall contain the following infor-*
12 *mation:*

13 *[(1) The name of the limited liability partnership; and*

14 *[(2) a list of the partners owning at least 5% of the capital of*
15 *the partnership, with the post office address of each.*

16 *[(c) The annual report shall be signed by a partner of the lim-*
17 *ited liability partnership and forwarded to the secretary of state.*
18 *At the time of filing the report, the limited liability partnership shall*
19 *pay to the secretary of state an annual franchise tax in an amount*
20 *equal to \$2 \$1 for each \$1,000 of the net capital accounts located*
21 *in or used in this state at the end of the preceding taxable year as*
22 *required to be reported on the federal partnership return of income,*
23 *except that no annual tax shall be less than \$40 or more than \$5,000.*
24 *The amount of any such franchise tax paid by the limited liability*
25 *partnership to the secretary as provided by this subsection shall not*
26 *be disclosed by the secretary.*

27 *[(d) The provisions of K.S.A. 17-7509, and amendments thereto,*
28 *relating to penalties for failure of a corporation to file an annual*
29 *report or pay the required franchise tax, and the provisions of sub-*
30 *section (a) of K.S.A. 17-7510 and amendments thereto, relating to*
31 *penalties for failure of a corporation to file an annual report or pay*
32 *the required franchise tax, shall be applicable to the statement of*
33 *qualification of any limited liability partnership which fails to file*
34 *its annual report or pay the franchise tax within 90 days of the time*
35 *prescribed in this section for filing and paying the same. Whenever*
36 *the statement of qualification of a limited liability partnership is*
37 *forfeited for failure to file an annual report or to pay the required*
38 *franchise tax, the limited liability partnership may be reinstated by*
39 *filing a certificate of reinstatement, in the manner and form to be*
40 *prescribed by the secretary of state and paying to the secretary of*
41 *state all fees and taxes, including any penalties thereon, due to the*
42 *state. The fee for filing a certificate of reinstatement shall be the*
43 *same as that prescribed by K.S.A. 17-7506, and amendments*

1 *thereto, for filing a certificate of extension, restoration, renewal or*
2 *revival of a corporation's articles of incorporation.*

3 *[Sec. 25. K.S.A. 2002 Supp. 56a-1202 is hereby amended to*
4 *read as follows: 56a-1202. (a) Every foreign limited liability part-*
5 *nership shall make an annual report in writing to the secretary of*
6 *state, stating the prescribed information concerning the foreign lim-*
7 *ited liability partnership at the close of business on the last day of*
8 *its tax period next preceding the date of filing. If the foreign limited*
9 *liability partnership's tax period is other than the calendar year, it*
10 *shall give notice in writing of its different tax period to the secretary*
11 *of state prior to December 31 of the year it commences the different*
12 *tax period. The annual report shall be filed at the time prescribed*
13 *by law for filing the foreign limited liability partnership's annual*
14 *Kansas income tax return. If the foreign limited liability partnership*
15 *applies for an extension of time for filing its annual income tax re-*
16 *turn under the internal revenue code, the foreign limited liability*
17 *partnership shall also apply, not more than 90 days after the due*
18 *date of its annual report, to the secretary of state for an extension*
19 *of the time for filing its report and an extension shall be granted for*
20 *a period of time corresponding to that granted under the internal*
21 *revenue code. The application shall include a copy of the applica-*
22 *tion to income tax authorities.*

23 *[(b) The annual report shall be made on a form prescribed by*
24 *the secretary of state. The report shall contain the name of the for-*
25 *foreign limited liability partnership.*

26 *[(c) The annual report shall be signed by a partner of the for-*
27 *foreign limited liability partnership and forwarded to the secretary of*
28 *state. At the time of filing the report, the foreign limited liability*
29 *partnership shall pay to the secretary of state an annual franchise*
30 *tax in an amount equal to ~~2~~ \$1 for each \$1,000 of the net capital*
31 *accounts located in or used in this state at the end of the preceding*
32 *taxable year as required to be reported on the federal partnership*
33 *return of income, except that no annual tax shall be less than \$40*
34 *or more than \$5,000. The amount of any such franchise tax paid by*
35 *the foreign limited liability partnership to the secretary as provided*
36 *by this subsection shall not be disclosed by the secretary.*

37 *[(d) The provisions of K.S.A. 17-7509, and amendments thereto,*
38 *relating to penalties for failure of a corporation to file an annual*
39 *report or pay the required franchise tax, and the provisions of sub-*
40 *section (a) of K.S.A. 17-7510, and amendments thereto, relating to*
41 *penalties for failure of a corporation to file an annual report or pay*
42 *the required franchise tax, shall be applicable to the statement of*
43 *foreign qualification of any foreign limited liability partnership*

1 *which fails to file its annual report or pay the franchise tax within*
2 *90 days of the time prescribed in this section for filing and paying*
3 *the same. Whenever the statement of foreign qualification of a for-*
4 *foreign limited liability partnership is forfeited for failure to file an*
5 *annual report or to pay the required franchise tax, the statement of*
6 *foreign qualification of the foreign limited liability partnership may*
7 *be reinstated by filing a certificate of reinstatement, in the manner*
8 *and form to be prescribed by the secretary of state and paying to*
9 *the secretary of state all fees and taxes, including any penalties*
10 *thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and*
11 *amendments thereto, for filing a certificate of extension, restoration,*
12 *renewal or revival of a corporation's articles of incorporation.]*

14 Sec. ~~3-6~~ [26]. K.S.A. [40-2246,] 75-3740a ~~and~~ [,] 79-1439[, 79-
15 32,176 and 79-32,190] and K.S.A. 2002 Supp. [17-2036, 17-7503, 17-
16 7505, 17-76,139, 56-1a606, 56-1a607, 56a-1201, 56a-1202,] 75-
17 3739, 79-201c[, 79-32,117][, 79-32,143, 79-32,197, 79-32,206,
18 79-32,210] ~~and~~ [,] 79-3603 [and 79-3609][, 79-3620, 79-3703 and
19 79-3710] are hereby repealed.

20 Sec. ~~4-7~~ [27]. This act shall take effect and be in force from and
21 after its publication in the statute book.

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