

3
4 **HOUSE BILL No. 2472**

5
6 By Committee on Taxation

7
8 4-30

9
10 AN ACT concerning taxation; amending [K.S.A. 72-6410 and] K.S.A.
11 2002 Supp. [12-187,] 79-32,110, [79-32,205,] 79-3603, 79-3620, [79-
12 3635,] 79-3703 and 79-3710 and repealing the existing sections.

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2002 Supp. 79-32,110 is hereby amended to read
16 as follows: 79-32,110. (a) *Resident Individuals.* Except as otherwise pro-
17 vided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a
18 tax is hereby imposed upon the Kansas taxable income of every resident
19 individual, which tax shall be computed in accordance with the following
20 tax schedules:

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

22 If the taxable income is:	The tax is:
23 Not over \$30,000	3.5% of Kansas taxable income
24 Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess over \$30,000
25 Over \$60,000	\$2,925 plus 6.45% of excess over \$60,000

26 (2) *All other individuals.*

27 (A) For tax year 1997:

28 If the taxable income is:	The tax is:
29 Not over \$20,000	4.1% of Kansas taxable income
30 Over \$20,000 but not over \$30,000	\$820 plus 7.5% of excess over \$20,000
31 Over \$30,000	\$1,570 plus 7.75% of excess over \$30,000

32 (B) For tax year 1998, and all tax years thereafter:

33 If the taxable income is:	The tax is:
34 Not over \$15,000	3.5% of Kansas taxable income
35 Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess over \$15,000
36 Over \$30,000	\$1,462.50 plus 6.45% of excess over \$30,000

37 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
38 taxable income of every nonresident individual, which tax shall be an
39 amount equal to the tax computed under subsection (a) as if the nonres-
40 ident were a resident multiplied by the ratio of modified Kansas source
41 income to Kansas adjusted gross income.

42 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
43 income of every corporation doing business within this state or deriving

1 income from sources within this state. Such tax shall consist of a normal
2 tax and a surtax and shall be computed as follows:

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

5 (2) the surtax shall be in an amount equal to 3.35% of the Kansas
6 taxable income of such corporation in excess of \$50,000.

7 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable
8 income of estates and trusts at the rates provided in paragraph (2) of
9 subsection (a) hereof.

10 (e) *In addition to the tax imposed pursuant to subsections (a) and (b),*
11 *for tax years commencing after December 31, 2002, a surtax shall be*
12 *imposed on resident individuals and nonresident individuals in the*
13 *amount of 3.5% of the tax due pursuant to subsections (a) and (b), com-*
14 *puted without regard to any applicable income tax credits. [The provi-*
15 **sions of this section shall expire upon the United States Congress**
16 **authorizing the states to require remote retailers to collect and**
17 **remit use tax on retail transactions subject to the states' sales tax**
18 **laws.]**

19 [Sec. 2. K.S.A. 2002 Supp. 79-32,205 is hereby amended to
20 read as follows: 79-32,205. (a) There shall be allowed as a credit
21 against the tax liability of a resident individual imposed under the
22 Kansas income tax act an amount equal to 15% for tax year 2002,
23 and 20% for tax year 2003 and all tax years thereafter, of the amount
24 of the earned income credit allowed against such taxpayer's fed-
25 eral income tax liability pursuant to section 32 of the federal in-
26 ternal revenue code for the taxable year in which such credit was
27 claimed against the taxpayer's federal income tax liability.

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

32 Sec. ~~2~~ [3.] K.S.A. 2002 Supp. 79-3603 is hereby amended to read
33 as follows: 79-3603. For the privilege of engaging in the business of selling
34 tangible personal property at retail in this state or rendering or furnishing
35 any of the services taxable under this act, there is hereby levied and there
36 shall be collected and paid a tax at the rate of 5.3% on and after July 1,
37 2002, and before July 1, 2004, 5.2% on and after July 1, 2004, and before
38 July 1, 2005, and 5% on and after July 1, 2005 June 1, 2003, and 5.8%
39 on and after June 1, 2003, and, within a redevelopment district established
40 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby
41 levied and there shall be collected and paid an additional tax at the rate
42 of 2% until the earlier of the date the bonds issued to finance or refinance
43 the redevelopment project have been paid in full or the final scheduled

1 maturity of the first series of bonds issued to finance any part of the
2 project upon:

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

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

1 taxable services included therein. Within 90 days of billing taxable services
2 on a combined basis with nontaxable services, the retailer shall enter into
3 a written agreement with the secretary identifying the methodology to be
4 used in determining the taxable portion of the selling price of those com-
5 bined services. The burden of proving that any receipt or charge is not
6 taxable shall be upon the retailer. Upon request from the customer, the
7 retailer shall disclose to the customer the selling price for the taxable
8 services included in the selling price for the taxable and nontaxable serv-
9 ices billed on a combined basis;

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

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

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

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

30 (g) the gross receipts from the service of renting of rooms by hotels,
31 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-
32 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto
33 but such tax shall not be levied and collected upon the gross receipts
34 received from sales of such service to the federal government and any
35 agency, officer or employee thereof in association with the performance
36 of official government duties;

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

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

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

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

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

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

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

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

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

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

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

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

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

31 For the purposes of this subsection:

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

41 (2) “building” shall mean only those enclosures within which individ-
42 uals customarily are employed, or which are customarily used to house
43 machinery, equipment or other property, and including the land improve-

1 ments immediately surrounding such building;

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

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

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

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

21 (s) the gross receipts received from the sale of computer software,
22 and the sale of the services of modifying, altering, updating or maintaining
23 computer software. As used in this subsection, “computer software”
24 means information and directions loaded into a computer which dictate
25 different functions to be performed by the computer. Computer software
26 includes any canned or prewritten program which is held or existing for
27 general or repeated sale, even if the program was originally developed
28 for a single end user as custom computer software;

29 (t) the gross receipts received for telephone answering services, mo-
30 bile telecommunication services, beeper services and other similar serv-
31 ices. On and after August 1, 2002, the provisions of the federal mobile
32 telecommunications sourcing act as in effect on January 1, 2002, shall be
33 applicable to all sales of mobile telecommunication services taxable pur-
34 suant to this subsection. The secretary of revenue is hereby authorized
35 and directed to perform any act deemed necessary to properly implement
36 such provisions;

37 (u) the gross receipts received from the sale of prepaid telephone
38 calling cards or prepaid authorization numbers and the recharge of such
39 cards or numbers. A prepaid telephone calling card or prepaid authori-
40 zation number means the right to exclusively make telephone calls, paid
41 for in advance, that enables the origination of calls using an access number
42 or authorization code or both, whether manually or electronically dialed.
43 If the sale or recharge of such card or number does not take place at the

1 vendor's place of business, it shall be conclusively determined to take
2 place at the customer's shipping address; if there is no item shipped then
3 it shall be the customer's billing address; and

4 (v) the gross receipts received from the sales of bingo cards, bingo
5 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,
6 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
7 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
8 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
9 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,
10 and amendments thereto, shall be exempt from taxes imposed pursuant
11 to this section.

12 Sec. ~~3~~ [4.] K.S.A. 2002 Supp. 79-3620 is hereby amended to read
13 as follows: 79-3620. (a) All revenue collected or received by the director
14 of taxation from the taxes imposed by this act shall be remitted to the
15 state treasurer in accordance with the provisions of K.S.A. 75-4215, and
16 amendments thereto. Upon receipt of each such remittance, the state
17 treasurer shall deposit the entire amount in the state treasury, less
18 amounts withheld as provided in subsection (b) and amounts credited as
19 provided in subsection (c) and (d), to the credit of the state general fund.

20 (b) A refund fund, designated as "sales tax refund fund" not to exceed
21 \$100,000 shall be set apart and maintained by the director from sales tax
22 collections and estimated tax collections and held by the state treasurer
23 for prompt payment of all sales tax refunds including refunds authorized
24 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
25 fund shall be in such amount, within the limit set by this section, as the
26 director shall determine is necessary to meet current refunding require-
27 ments under this act. In the event such fund as established by this section
28 is, at any time, insufficient to provide for the payment of refunds due
29 claimants thereof, the director shall certify the amount of additional funds
30 required to the director of accounts and reports who shall promptly trans-
31 fer the required amount from the state general fund to the sales tax refund
32 fund, and notify the state treasurer, who shall make proper entry in the
33 records.

34 (c) (1) The state treasurer shall credit $\frac{5}{8}$ s of the revenue collected
35 or received from the tax imposed by K.S.A. 79-3603, and amendments
36 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
37 exclusive of amounts credited pursuant to subsection (d), in the state
38 highway fund.

39 ~~(2) The state treasurer shall credit $\frac{5}{10}$ s of the revenue collected or~~
40 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
41 ~~thereto, at the rate of 5.2%, and deposited as provided in subsection (a),~~
42 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
43 ~~highway fund.~~

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

6 (4) (3) The state treasurer shall credit ~~$\frac{1}{20}$~~ $\frac{5}{116}$ of the revenue col-
7 lected and received from the tax imposed by K.S.A. 79-3603, and amend-
8 ments thereto, at the rate of ~~5%~~ 5.8%, and deposited as provided by
9 subsection (a), exclusive of amounts credited pursuant to subsection (d),
10 in the state highway fund.

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

24 **[Sec. 5. K.S.A. 2002 Supp. 79-3635 is hereby amended to read**
25 **as follows: 79-3635. (a) (1) A claimant shall be entitled to a refund**
26 **of retailers' sales taxes paid upon food during the calendar year**
27 **1998 and each year thereafter in the amount hereinafter provided.**
28 **There shall be allowed for each member of a household of a claim-**
29 **ant having income of \$12,500 or less, an amount equal to ~~\$72~~ \$84.**
30 **There shall be allowed for each member of a household of a claim-**
31 **ant having income of more than \$12,500 but not more than**
32 **\$25,000, an amount equal to ~~\$36~~ \$42. There shall be allowed for a**
33 **claimant who qualifies for an additional personal exemption**
34 **amount pursuant to K.S.A. 79-32,121, and amendments thereto,**
35 **an additional amount of ~~\$36 or \$72~~ \$42 or \$84, as the case requires.**
36 **All such claims shall be paid from the sales tax refund fund upon**
37 **warrants of the director of accounts and reports pursuant to vouch-**
38 **ers approved by the director of taxation or by a person or persons**
39 **designated by the director.**

40 **[(2) As an alternative to the procedure described by paragraph**
41 **~~± (1)~~, for all taxable years commencing after December 31, ~~2001~~**
42 **2002, there shall be allowed as a credit against the tax liability of**
43 **a resident individual imposed under the Kansas income tax act an**

1 amount equal to ~~36 or 72~~ \$42 or \$84, as the case requires, for each
2 member of a household. There shall be allowed for a claimant who
3 qualifies for an additional personal exemption amount pursuant to
4 K.S.A. 79-32,121, and amendments thereto, an additional amount
5 of ~~36 or 72~~ \$42 or \$84, as the case requires. If the amount of such
6 tax credit exceeds the claimant's income tax liability for such tax-
7 able year, such excess amount shall be refunded to the claimant.

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

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

23 [(d) In the case of all tax years commencing after December
24 31, ~~2001~~ 2002, the threshold income amounts prescribed in this
25 section and subsection (c) of K.S.A. 79-3633, and amendments
26 thereto, shall be increased by an amount equal to such threshold
27 amount multiplied by the cost-of-living adjustment determined un-
28 der section 1 (f)(3) of the federal internal revenue code for the
29 calendar year in which the taxable year commences.

30 [(e) *The provisions of this section shall be effective for all taxable years*
31 *commencing after December 31, 2002.*]

32 Sec. 4. ~~[6.]~~ K.S.A. 2002 Supp. 79-3703 is hereby amended to read
33 as follows: 79-3703. There is hereby levied and there shall be collected
34 from every person in this state a tax or excise for the privilege of using,
35 storing, or consuming within this state any article of tangible personal
36 property. Such tax shall be levied and collected in an amount equal to the
37 consideration paid by the taxpayer multiplied by the rate of 5.3% on and
38 after July 1, 2002, and before July 1, 2004, 5.2% on and after July 1, 2004,
39 and before July 1, 2005, and 5% on and after July 1, 2005 June 1, 2003,
40 and 5.8% on and after June 1, 2003. Within a redevelopment district
41 established pursuant to K.S.A. 74-8921, and amendments thereto, there
42 is hereby levied and there shall be collected and paid an additional tax of
43 2% until the earlier of: (1) The date the bonds issued to finance or refi-

1 nance the redevelopment project undertaken in the district have been
2 paid in full; or (2) the final scheduled maturity of the first series of bonds
3 issued to finance the redevelopment project. All property purchased or
4 leased within or without this state and subsequently used, stored or con-
5 sumed in this state shall be subject to the compensating tax if the same
6 property or transaction would have been subject to the Kansas retailers'
7 sales tax had the transaction been wholly within this state.

8 Sec. ~~5~~ [7.] K.S.A. 2002 Supp. 79-3710 is hereby amended to read
9 as follows: 79-3710. (a) All revenue collected or received by the director
10 under the provisions of this act shall be remitted to the state treasurer in
11 accordance with the provisions of K.S.A. 75-4215, and amendments
12 thereto. Upon receipt of each such remittance, the state treasurer shall
13 deposit the entire amount in the state treasury, less amounts set apart as
14 provided in subsection (b) and amounts credited as provided in subsection
15 (c) and (d), to the credit of the state general fund.

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

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

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

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

38 ~~(4) (3) The state treasurer shall credit $\frac{1}{20}$ $\frac{5}{116}$ of the revenue col-~~
39 ~~lected or received from the tax imposed by K.S.A. 79-3703, and amend-~~
40 ~~ments thereto, at the rate of ~~5%~~ 5.8%, and deposited as provided by~~
41 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d),~~
42 ~~in the state highway fund.~~

43 (d) The state treasurer shall credit all revenue collected or received

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

13 **[Sec. 8. K.S.A. 72-6410 is hereby amended to read as follows:**
14 **72-6410. (a) “State financial aid” means an amount equal to the**
15 **product obtained by multiplying base state aid per pupil by the**
16 **adjusted enrollment of a district.**

17 **[(b) “Base state aid per pupil” means an amount of state finan-**
18 **cial aid per pupil. Subject to the other provisions of this subsection,**
19 **the amount of base state aid per pupil is ~~\$3,890~~ for the 2003-2004**
20 **school year is \$3,939, for the 2004-2005 school year is \$3,990, and for**
21 **the 2005-2006 school year is \$4,040. The amount of base state aid per**
22 **pupil is subject to reduction commensurate with any reduction un-**
23 **der K.S.A. 75-6704, and amendments thereto, in the amount of the**
24 **appropriation from the state general fund for general state aid. If**
25 **the amount of appropriations for general state aid is insufficient**
26 **to pay in full the amount each district is entitled to receive for any**
27 **school year, the amount of base state aid per pupil for such school**
28 **year is subject to reduction commensurate with the amount of the**
29 **insufficiency.**

30 **[(c) “Local effort” means the sum of an amount equal to the**
31 **proceeds from the tax levied under authority of K.S.A. 72-6431,**
32 **and amendments thereto, and an amount equal to any unexpended**
33 **and unencumbered balance remaining in the general fund of the**
34 **district, except amounts received by the district and authorized to**
35 **be expended for the purposes specified in K.S.A. 72-6430, and**
36 **amendments thereto, and an amount equal to any unexpended and**
37 **unencumbered balances remaining in the program weighted funds**
38 **of the district, except any amount in the vocational education fund**
39 **of the district if the district is operating an area vocational school,**
40 **and an amount equal to any remaining proceeds from taxes levied**
41 **under authority of K.S.A. 72-7056 and 72-7072, and amendments**
42 **thereto, prior to the repeal of such statutory sections, and an**
43 **amount equal to the amount deposited in the general fund in the**

1 current school year from amounts received in such year by the
2 district under the provisions of subsection (a) of K.S.A. 72-1046a,
3 and amendments thereto, and an amount equal to the amount de-
4 posited in the general fund in the current school year from
5 amounts received in such year by the district pursuant to contracts
6 made and entered into under authority of K.S.A. 72-6757, and
7 amendments thereto, and an amount equal to the amount credited
8 to the general fund in the current school year from amounts dis-
9 tributed in such year to the district under the provisions of articles
10 17 and 34 of chapter 12 of Kansas Statutes Annotated and under
11 the provisions of articles 42 and 51 of chapter 79 of Kansas Statutes
12 Annotated, and an amount equal to the amount of payments re-
13 ceived by the district under the provisions of K.S.A. 72-979, and
14 amendments thereto, and an amount equal to the amount of a
15 grant, if any, received by the district under the provisions of K.S.A.
16 72-983, and amendments thereto, and an amount equal to 75% of
17 the federal impact aid of the district.

18 [(d) “Federal impact aid” means an amount equal to the fed-
19 erally qualified percentage of the amount of moneys a district re-
20 ceives in the current school year under the provisions of title I of
21 public law 874 and congressional appropriations therefor, exclud-
22 ing amounts received for assistance in cases of major disaster and
23 amounts received under the low-rent housing program. The
24 amount of federal impact aid defined herein as an amount equal
25 to the federally qualified percentage of the amount of moneys pro-
26 vided for the district under title I of public law 874 shall be deter-
27 mined by the state board in accordance with terms and conditions
28 imposed under the provisions of the public law and rules and reg-
29 ulations thereunder.]

30 [Sec. 9. K.S.A. 2002 Supp. 12-187 is hereby amended to read
31 as follows: 12-187. (a) (1) No city shall impose a retailers’ sales tax
32 under the provisions of this act without the governing body of such
33 city having first submitted such proposition to and having received
34 the approval of a majority of the electors of the city voting thereon
35 at an election called and held therefor. The governing body of any
36 city may submit the question of imposing a retailers’ sales tax and
37 the governing body shall be required to submit the question upon
38 submission of a petition signed by electors of such city equal in
39 number to not less than 10% of the electors of such city. *No city*
40 *shall impose a retailers’ sales tax under the provisions of this act and*
41 *pledge or use the revenue received therefrom to or for a school or school*
42 *district for general use, education budget, capital improvement spending*
43 *or any other educational funding purpose.*

1 [(2) The governing body of any class B city located in any
2 county which does not impose a countywide retailers' sales tax pur-
3 suant to paragraph (5) of subsection (b) may submit the question
4 of imposing a retailers' sales tax at the rate of .25%, .5%, .75% or
5 1% and pledging the revenue received therefrom for the purpose
6 of financing the provision of health care services, as enumerated
7 in the question, to the electors at an election called and held
8 thereon. The tax imposed pursuant to this paragraph shall be
9 deemed to be in addition to the rate limitations prescribed in
10 K.S.A. 12-189, and amendments thereto. As used in this paragraph,
11 health care services shall include but not be limited to the follow-
12 ing: Local health departments, city, county or district hospitals,
13 city or county nursing homes, preventive health care services in-
14 cluding immunizations, prenatal care and the postponement of en-
15 try into nursing homes by home health care services, mental health
16 services, indigent health care, physician or health care worker re-
17 cruitment, health education, emergency medical services, rural
18 health clinics, integration of health care services, home health
19 services and rural health networks.

20 [(b) (1) The board of county commissioners of any county may
21 submit the question of imposing a countywide retailers' sales tax
22 to the electors at an election called and held thereon, and any such
23 board shall be required to submit the question upon submission
24 of a petition signed by electors of such county equal in number to
25 not less than 10% of the electors of such county who voted at the
26 last preceding general election for the office of secretary of state,
27 or upon receiving resolutions requesting such an election passed
28 by not less than $\frac{2}{3}$ of the membership of the governing body of
29 each of one or more cities within such county which contains a
30 population of not less than 25% of the entire population of the
31 county, or upon receiving resolutions requesting such an election
32 passed by $\frac{2}{3}$ of the membership of the governing body of each of
33 one or more taxing subdivisions within such county which levy not
34 less than 25% of the property taxes levied by all taxing subdivisions
35 within the county. *No county shall impose a retailers' sales tax under*
36 *the provisions of this act and pledge or use the revenue therefrom to or*
37 *for a school district for general use, education budget, capital improve-*
38 *ment spending or any other educational funding purpose.*

39 [(2) The board of county commissioners of Anderson, Atchison,
40 Barton, Butler, Cowley, Cherokee, Crawford, Ford, Jefferson,
41 Lyon, Montgomery, Neosho, Osage, Ottawa, Riley, Saline, Seward,
42 Wabaunsee, Wilson and Wyandotte counties may submit the ques-
43 tion of imposing a countywide retailers' sales tax and pledging the

1 revenue received therefrom for the purpose of financing the con-
2 struction or remodeling of a courthouse, jail, law enforcement cen-
3 ter facility or other county administrative facility, to the electors
4 at an election called and held thereon. The tax imposed pursuant
5 to this paragraph shall expire when sales tax sufficient to pay all
6 of the costs incurred in the financing of such facility has been col-
7 lected by retailers as determined by the secretary of revenue.
8 Nothing in this paragraph shall be construed to allow the rate of
9 tax imposed by Butler, Cowley, Lyon, Montgomery, Neosho, Riley
10 or Wilson county pursuant to this paragraph to exceed or be im-
11 posed at any rate other than the rates prescribed in K.S.A. 12-189,
12 and amendments thereto.

13 [(3) (A) Except as otherwise provided in this paragraph, the
14 result of the election held on November 8, 1988, on the question
15 submitted by the board of county commissioners of Jackson county
16 for the purpose of increasing its countywide retailers' sales tax by
17 1% is hereby declared valid, and the revenue received therefrom
18 by the county shall be expended solely for the purpose of financing
19 the Banner Creek reservoir project. The tax imposed pursuant to
20 this paragraph shall take effect on the effective date of this act and
21 shall expire not later than five years after such date.

22 [(B) The result of the election held on November 8, 1994, on
23 the question submitted by the board of county commissioners of
24 Ottawa county for the purpose of increasing its countywide retail-
25 ers' sales tax by 1% is hereby declared valid, and the revenue re-
26 ceived therefrom by the county shall be expended solely for the
27 purpose of financing the erection, construction and furnishing of
28 a law enforcement center and jail facility.

29 [(4) The board of county commissioners of Finney and Ford
30 counties may submit the question of imposing a countywide re-
31 tailers' sales tax at the rate of .25% and pledging the revenue re-
32 ceived therefrom for the purpose of financing all or any portion
33 of the cost to be paid by Finney or Ford county for construction
34 of highway projects identified as system enhancements under the
35 provisions of paragraph (5) of subsection (b) of K.S.A. 68-2314, and
36 amendments thereto, to the electors at an election called and held
37 thereon. Such election shall be called and held in the manner pro-
38 vided by the general bond law. The tax imposed pursuant to this
39 paragraph shall expire upon the payment of all costs authorized
40 pursuant to this paragraph in the financing of such highway pro-
41 jects. Nothing in this paragraph shall be construed to allow the
42 rate of tax imposed by Finney or Ford county pursuant to this
43 paragraph to exceed the maximum rate prescribed in K.S.A. 12-

1 189, and amendments thereto. If any funds remain upon the pay-
2 ment of all costs authorized pursuant to this paragraph in the fi-
3 nancing of such highway projects in Finney county, the state
4 treasurer shall remit such funds to the treasurer of Finney county
5 and upon receipt of such moneys shall be deposited to the credit
6 of the county road and bridge fund. If any funds remain upon the
7 payment of all costs authorized pursuant to this paragraph in the
8 financing of such highway projects in Ford county, the state trea-
9 surer shall remit such funds to the treasurer of Ford county and
10 upon receipt of such moneys shall be deposited to the credit of the
11 county road and bridge fund.

12 [(5) The board of county commissioners of any county may sub-
13 mit the question of imposing a retailers' sales tax at the rate of
14 .25%, .5%, .75% or 1% and pledging the revenue received there-
15 from for the purpose of financing the provision of health care serv-
16 ices, as enumerated in the question, to the electors at an election
17 called and held thereon. Whenever any county imposes a tax pur-
18 suant to this paragraph, any tax imposed pursuant to paragraph
19 (2) of subsection (a) by any city located in such county shall expire
20 upon the effective date of the imposition of the countywide tax,
21 and thereafter the state treasurer shall remit to each such city that
22 portion of the countywide tax revenue collected by retailers within
23 such city as certified by the director of taxation. The tax imposed
24 pursuant to this paragraph shall be deemed to be in addition to
25 the rate limitations prescribed in K.S.A. 12-189, and amendments
26 thereto. As used in this paragraph, health care services shall in-
27 clude but not be limited to the following: Local health depart-
28 ments, city or county hospitals, city or county nursing homes, pre-
29 ventive health care services including immunizations, prenatal
30 care and the postponement of entry into nursing homes by home
31 care services, mental health services, indigent health care, physi-
32 cian or health care worker recruitment, health education, emer-
33 gency medical services, rural health clinics, integration of health
34 care services, home health services and rural health networks.

35 [(6) The board of county commissioners of Allen county may
36 submit the question of imposing a countywide retailers' sales tax
37 at the rate of .5% and pledging the revenue received therefrom
38 for the purpose of financing the costs of operation and construc-
39 tion of a solid waste disposal area or the modification of an existing
40 landfill to comply with federal regulations to the electors at an
41 election called and held thereon. The tax imposed pursuant to this
42 paragraph shall expire upon the payment of all costs incurred in
43 the financing of the project undertaken. Nothing in this paragraph

1 shall be construed to allow the rate of tax imposed by Allen county
2 pursuant to this paragraph to exceed or be imposed at any rate
3 other than the rates prescribed in K.S.A. 12-189 and amendments
4 thereto.

5 [(7) The board of county commissioners of Clay, Dickinson and
6 Miami county may submit the question of imposing a countywide
7 retailers' sales tax at the rate of .50% in the case of Clay and Dick-
8 inson county and at a rate of up to 1% in the case of Miami county,
9 and pledging the revenue received therefrom for the purpose of
10 financing the costs of roadway construction and improvement to
11 the electors at an election called and held thereon. The tax im-
12 posed pursuant to this paragraph shall expire after five years from
13 the date such tax is first collected.

14 [(8) The board of county commissioners of Sherman county
15 may submit the question of imposing a countywide retailers' sales
16 tax at the rate of .25%, .5% or .75% and pledging the revenue
17 therefrom for the purpose of financing the costs of the county
18 roads 64 and 65 construction and improvement project. The tax
19 imposed pursuant to this paragraph shall expire upon payment of
20 all costs authorized pursuant to this paragraph in the financing of
21 such project.

22 [(9) The board of county commissioners of Cowley, Russell and
23 Woodson county may submit the question of imposing a county-
24 wide retailers' sales tax at the rate of .5% in the case of Russell and
25 Woodson county and at a rate of up to .25%, in the case of Cowley
26 county and pledging the revenue received therefrom for the pur-
27 pose of financing economic development initiatives or public in-
28 frastructure projects. The tax imposed pursuant to this paragraph
29 shall expire after five years from the date such tax is first collected.

30 [(10) The board of county commissioners of Franklin county
31 may submit the question of imposing a countywide retailers' sales
32 tax at the rate of .25% and pledging the revenue received there-
33 from for the purpose of financing recreational facilities. The tax
34 imposed pursuant to this paragraph shall expire upon payment of
35 all costs authorized in financing such facilities.

36 [(11) The board of county commissioners of Douglas county
37 may submit to the question of imposing a countywide retailers'
38 sales tax at the rate of .25% and pledging the revenue received
39 therefrom for the purposes of preservation, access and manage-
40 ment of open space, and for industrial and business park related
41 economic development.

42 [(c) The boards of county commissioners of any two or more
43 contiguous counties, upon adoption of a joint resolution by such

1 boards, may submit the question of imposing a retailers' sales tax
2 within such counties to the electors of such counties at an election
3 called and held thereon and such boards of any two or more con-
4 tiguous counties shall be required to submit such question upon
5 submission of a petition in each of such counties, signed by a num-
6 ber of electors of each of such counties where submitted equal in
7 number to not less than 10% of the electors of each of such coun-
8 ties who voted at the last preceding general election for the office
9 of secretary of state, or upon receiving resolutions requesting such
10 an election passed by not less than $\frac{2}{3}$ of the membership of the
11 governing body of each of one or more cities within each of such
12 counties which contains a population of not less than 25% of the
13 entire population of each of such counties, or upon receiving res-
14 olutions requesting such an election passed by $\frac{2}{3}$ of the member-
15 ship of the governing body of each of one or more taxing subdivi-
16 sions within each of such counties which levy not less than 25%
17 of the property taxes levied by all taxing subdivisions within each
18 of such counties.

19 [(d) Any city retailers' sales tax in the amount of .5% being
20 levied by a city on July 1, 1990, shall continue in effect until re-
21 pealed in the manner provided herein for the adoption and ap-
22 proval of such tax or until repealed by the adoption of an ordinance
23 so providing. In addition to any city retailers' sales tax being levied
24 by a city on July 1, 1990, any such city may adopt an additional city
25 retailers' sales tax in the amount of .25% or .5%, provided that
26 such additional tax is adopted and approved in the manner pro-
27 vided for the adoption and approval of a city retailers' sales tax.
28 Any countywide retailers' sales tax in the amount of .5% or 1% in
29 effect on July 1, 1990, shall continue in effect until repealed in the
30 manner provided herein for the adoption and approval of such tax.

31 [(e) A class D city shall have the same power to levy and collect
32 a city retailers' sales tax that a class A city is authorized to levy and
33 collect and in addition, the governing body of any class D city may
34 submit the question of imposing an additional city retailers' sales
35 tax in the amount of .125%, .25%, .5% or .75% and pledging the
36 revenue received therefrom for economic development initiatives,
37 strategic planning initiatives or for public infrastructure projects
38 including buildings to the electors at an election called and held
39 thereon. Any additional sales tax imposed pursuant to this para-
40 graph shall expire no later than five years from the date of im-
41 position thereof, except that any such tax imposed by any class D city
42 after the effective date of this act shall expire no later than 10 years
43 from the date of imposition thereof.

1 **[(f) Any city or county proposing to adopt a retailers' sales tax**
2 **shall give notice of its intention to submit such proposition for**
3 **approval by the electors in the manner required by K.S.A. 10-120,**
4 **and amendments thereto. The notices shall state the time of the**
5 **election and the rate and effective date of the proposed tax. If a**
6 **majority of the electors voting thereon at such election fail to ap-**
7 **prove the proposition, such proposition may be resubmitted under**
8 **the conditions and in the manner provided in this act for submis-**
9 **sion of the proposition. If a majority of the electors voting thereon**
10 **at such election shall approve the levying of such tax, the governing**
11 **body of any such city or county shall provide by ordinance or res-**
12 **olution, as the case may be, for the levy of the tax. Any repeal of**
13 **such tax or any reduction or increase in the rate thereof, within**
14 **the limits prescribed by K.S.A. 12-189, and amendments thereto,**
15 **shall be accomplished in the manner provided herein for the adop-**
16 **tion and approval of such tax except that the repeal of any such**
17 **city retailers' sales tax may be accomplished by the adoption of an**
18 **ordinance so providing.**

19 **[(g) The sufficiency of the number of signers of any petition**
20 **filed under this section shall be determined by the county election**
21 **officer. Every election held under this act shall be conducted by**
22 **the county election officer.**

23 **[(h) The governing body of the city or county proposing to levy**
24 **any retailers' sales tax shall specify the purpose or purposes for**
25 **which the revenue would be used, and a statement generally de-**
26 **scribing such purpose or purposes shall be included as a part of**
27 **the ballot proposition.]**

28 Sec. ~~6~~ **[10.]** K.S.A. **[72-6410 and K.S.A.]** 2002 Supp. **[12-187,]** 79-
29 32,110, **[79-32,205,]** 79-3603, 79-3620, **[79-3635,]** 79-3703 and 79-3710
30 are hereby repealed.

31 Sec. ~~7~~ **[11.]** This act shall take effect and be in force from and after
32 its publication in the Kansas register.

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