

## SENATE BILL No. 215

By Senator Steineger

2-12

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AN ACT authorizing certain cities to impose an earnings tax; distributing revenue to school districts therein; prescribing procedures therefor and duties and authorities for the state department of revenue; amending K.S.A. 12-140 and repealing the existing section.

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

New Section 1. (a) Any class A city is hereby empowered and authorized in accordance with the provisions of this act to levy a tax upon the earnings of: (1) All individuals employed within that city; and (2) all residents of that city who are employed outside that city.

(b) The rate of any earnings tax shall be up to 1% of earnings.

(c) Revenue derived from the earnings tax authorized by this act shall be pledged solely for the purpose of distribution to the school districts within such class A city on a per pupil basis.

New Sec. 2. (a) No class A city shall levy an earnings tax until the governing body of such city shall first submit such proposition to and receive the approval of a majority of the electors of the city voting thereon at the general election of November 2, 2004. Any class A city proposing to adopt an earnings tax shall adopt an ordinance giving notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 25-105, and amendments thereto. The notice shall state the time of the election, the rate of the tax and the purposes for which the proceeds will be expended in accordance with subsection (c) of section 1, and amendments thereto. Every election held under this act shall be conducted by the county election officer.

(b) If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of that class A city shall provide by ordinance for the levy of the tax. Any repeal of such tax, or any reduction or increase in the rate thereof, within the limits of this act, shall be accomplished in the manner provided for in this act for the adoption and approval of such tax, except that, the governing body of a class A city shall be required to submit such question upon submission of a petition signed by electors of such city equal in number to not less than 10% of the electors of such city. If a majority of the electors voting thereon at such election fail to approve the proposition, it may be resub-

1 mitted under the conditions and in the manner provided in this act for  
2 submission of the original proposition.

3 (c) Any ordinance which has been adopted to give notice of the in-  
4 tention of the governing body of the class A city to submit the proposition  
5 of levying an earnings tax to the electors of the city shall contain provisions  
6 pledging the use of the revenue to be received from such tax if the same  
7 is approved by the voters in accordance with the provisions of subsection  
8 (c) of section 1, and amendments thereto. Such description shall be con-  
9 sistent with that contained in the notice of election required by subsection  
10 (a).

11 New Sec. 3. As used in this act, “earnings” means any and all  
12 amounts paid to individuals in the form of wages, salaries, commissions,  
13 fees or other forms of compensation compensating such individual for  
14 labor or services rendered. A person shall be considered employed within  
15 such city if such person’s primary place of business is located within such  
16 city.

17 New Sec. 4. Any person exempt from the payment of the state in-  
18 come tax pursuant to K.S.A. 79-32,113, and amendments thereto, shall  
19 be exempt from the payment of an earnings tax levied pursuant to this  
20 act.

21 New Sec. 5. The amount of earnings tax paid to another city with an  
22 earnings tax by a resident individual shall be allowed as a credit against  
23 the earnings tax of the class A city of their residence.

24 New Sec. 6. (a) Any class A city levying an earnings tax as provided  
25 in this act shall utilize the services of the state department of revenue to  
26 administer, enforce and collect such tax. Any ordinance authorizing the  
27 levy of a city earnings tax shall incorporate by reference the provisions of  
28 article 32 of chapter 79 of the Kansas Statutes Annotated, and amend-  
29 ments thereto, providing the procedure for the collection and adminis-  
30 tration of income taxes, insofar as the provisions of such law may be made  
31 applicable to a city earnings tax. The department of revenue is hereby  
32 authorized to adopt such rules and regulations as may be necessary to  
33 provide for the withholding by employers of any local earnings tax and  
34 may require any employer in the state of Kansas to furnish any infor-  
35 mation necessary for the administration, enforcement and collection of  
36 such tax.

37 (b) Upon the receipt of a certified copy of an ordinance authorizing  
38 the levy of a city earnings tax, the secretary of revenue shall cause all  
39 necessary forms to be prepared and such taxes to be collected at the same  
40 time and in the manner provided for the collection of the state income  
41 tax and privilege tax. The secretary of revenue is hereby authorized to  
42 administer and collect the earnings tax of such city and to adopt such  
43 rules and regulations as may be necessary for the efficient and effective

1 administration and enforcement thereof. The secretary shall credit all  
2 moneys received therefrom to a city earnings tax fund, which fund is  
3 hereby established in the state treasury. The secretary of revenue shall  
4 transfer from the city earnings tax fund to the city earnings tax refund  
5 fund, which fund is hereby created, an amount deemed sufficient by the  
6 secretary to pay any refunds due from any tax levied under the provisions  
7 of this section. All local earnings tax revenue collected from such city  
8 pursuant to this act shall be remitted at least quarterly by the state trea-  
9 surer, on instruction from the secretary of revenue, to the treasurer of  
10 such city.

11 New Sec. 7. The following classes of cities are hereby established for  
12 the purpose of imposing limitations and prohibitions upon the levying of  
13 an earnings tax by cities as authorized and provided by article 12, section  
14 5, of the constitution of the state of Kansas;

15 Class A cities. Any consolidated city-county established pursuant to  
16 K.S.A. 12-340, and amendments thereto; and

17 Class B cities. All other cities.

18 Sec. 8. K.S.A. 12-140 is hereby amended to read as follows: 12-140.  
19 Except as otherwise specifically authorized by K.S.A. 12-1,101 to 12-  
20 1,109, *and amendments thereto, and sections 1 through 6, and amend-*  
21 *ments thereto*, no city shall have power to levy and collect taxes on in-  
22 comes from whatever source derived.

23 Sec. 9. K.S.A. 12-140 is hereby repealed.

24 Sec. 10. This act shall take effect and be in force from and after its  
25 publication in the statute book.

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