

HOUSE BILL No. 2515

By Committee on Taxation

3-8

9 AN ACT concerning schools and school districts; relating to school fi-
10 nance; funding thereof; income and sales taxation, rate increases; in-
11 come tax credits; school ad valorem tax levy and exemption therefrom;
12 resident trust; limitations on refunds; amending K.S.A. 40-2246, 72-
13 6410, 72-6433, 79-32,109, 79-32,176 and 79-32,190 and K.S.A. 2004
14 Supp. 72-6431, 79-201x, 79-3230, 79-32,110, 79-32,197, 79-32,206, 79-
15 3603, 79-3609, 79-3620, 79-3703 and 79-3710 and repealing the exist-
16 ing sections; also repealing K.S.A. 2004 Supp. 79-32,121.
17

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

19 Section 1. K.S.A. 40-2246 is hereby amended to read as follows: 40-
20 2246. (a) A credit against the taxes otherwise due under the Kansas in-
21 come tax act shall be allowed to an employer for amounts paid during the
22 taxable year for purposes of this act on behalf of an eligible employee as
23 defined in K.S.A. 40-2239 and amendments thereto to provide health
24 insurance or care.

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

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

1 ~~funded to the taxpayer~~ *may be carried over for deduction from the tax-*
2 *payer's income tax liability in the next succeeding taxable year or years*
3 *until the total amount of the tax credit has been deducted from tax liability.*

4 (d) Any amount of expenses paid by an employer under this act shall
5 not be included as income to the employee for purposes of the Kansas
6 income tax act. If such expenses have been included in federal taxable
7 income of the employee, the amount included shall be subtracted in ar-
8 riving at state taxable income under the Kansas income tax act.

9 (e) This section shall apply to all taxable years commencing after De-
10 cember 31, ~~1999~~ 2004.

11 Sec. 2. K.S.A. 72-6410 is hereby amended to read as follows: 72-
12 6410. (a) "State financial aid" means an amount equal to the product
13 obtained by multiplying base state aid per pupil by the adjusted enroll-
14 ment of a district.

15 (b) "Base state aid per pupil" means an amount of state financial aid
16 per pupil. Subject to the other provisions of this subsection, the amount
17 of base state aid per pupil is ~~\$3,899~~ \$4,796. The amount of base state aid
18 per pupil is subject to reduction commensurate with any reduction under
19 K.S.A. 75-6704, and amendments thereto, in the amount of the appro-
20 priation from the state general fund for general state aid. If the amount
21 of appropriations for general state aid is insufficient to pay in full the
22 amount each district is entitled to receive for any school year, the amount
23 of base state aid per pupil for such school year is subject to reduction
24 commensurate with the amount of the insufficiency.

25 (c) "Local effort" means the sum of an amount equal to the proceeds
26 from the tax levied under authority of K.S.A. 72-6431, and amendments
27 thereto, and an amount equal to any unexpended and unencumbered
28 balance remaining in the general fund of the district, except amounts
29 received by the district and authorized to be expended for the purposes
30 specified in K.S.A. 72-6430, and amendments thereto, and an amount
31 equal to any unexpended and unencumbered balances remaining in the
32 program weighted funds of the district, except any amount in the voca-
33 tional education fund of the district if the district is operating an area
34 vocational school, and an amount equal to any remaining proceeds from
35 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-
36 ments thereto, prior to the repeal of such statutory sections, and an
37 amount equal to the amount deposited in the general fund in the current
38 school year from amounts received in such year by the district under the
39 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,
40 and an amount equal to the amount deposited in the general fund in the
41 current school year from amounts received in such year by the district
42 pursuant to contracts made and entered into under authority of K.S.A.
43 72-6757, and amendments thereto, and an amount equal to the amount

1 credited to the general fund in the current school year from amounts
2 distributed in such year to the district under the provisions of articles 17
3 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-
4 visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,
5 and an amount equal to the amount of payments received by the district
6 under the provisions of K.S.A. 72-979, and amendments thereto, and an
7 amount equal to the amount of a grant, if any, received by the district
8 under the provisions of K.S.A. 72-983, and amendments thereto, and an
9 amount equal to 75% of the federal impact aid of the district.

10 (d) "Federal impact aid" means an amount equal to the federally
11 qualified percentage of the amount of moneys a district receives in the
12 current school year under the provisions of title I of public law 874 and
13 congressional appropriations therefor, excluding amounts received for as-
14 sistance in cases of major disaster and amounts received under the low-
15 rent housing program. The amount of federal impact aid defined herein
16 as an amount equal to the federally qualified percentage of the amount
17 of moneys provided for the district under title I of public law 874 shall
18 be determined by the state board in accordance with terms and conditions
19 imposed under the provisions of the public law and rules and regulations
20 thereunder.

21 Sec. 3. K.S.A. 2004 Supp. 72-6431 is hereby amended to read as
22 follows: 72-6431. (a) The board of each district shall levy an ad valorem
23 tax upon the taxable tangible property of the district in the school years
24 specified in subsection (b) for the purpose of:

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

27 (2) paying a portion of the costs of operating and maintaining public
28 schools in partial fulfillment of the constitutional obligation of the legis-
29 lature to finance the educational interests of the state; and

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

35 (b) The tax required under subsection (a) shall be levied at a rate of
36 ~~20~~ 25 mills in the school year ~~2003-2004~~ 2005-2006 and school year ~~2004-~~
37 ~~2005~~ 2006-2007.

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

1 (d) On June 6 of each year, the amount, if any, by which a district's
2 local effort exceeds the amount of the district's state financial aid, as
3 determined by the state board, shall be remitted to the state treasurer.
4 Upon receipt of any such remittance, the state treasurer shall deposit the
5 same in the state treasury to the credit of the state school district finance
6 fund.

7 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-
8 1964b, and amendments thereto.

9 Sec. 4. K.S.A. 72-6433 is hereby amended to read as follows: 72-
10 6433. (a) (1) The board of any district may adopt a local option budget
11 in each school year in an amount not to exceed an amount equal to the
12 district prescribed percentage of the amount of state financial aid deter-
13 mined for the district in the school year. As used in this section, "district
14 prescribed percentage" means:

15 (A) For any district that was authorized to adopt and that adopted a
16 local option budget in the 1996-97 school year and to which the provisions
17 of K.S.A. 72-6444, and amendments thereto, do not apply in the current
18 school year, in the 2001-02 school year and in each school year thereafter,
19 a percentage that is equal to 80% of the percentage specified in the res-
20 olution under which the district was authorized to adopt a local option
21 budget in the 1996-97 school year;

22 (B) for any district that was authorized to adopt and that adopted a
23 local option budget in the 1996-97 school year and to which the provisions
24 of K.S.A. 72-6444, and amendments thereto, apply in the current school
25 year, a percentage in the 2001-02 school year and each school year there-
26 after that is equal to the sum of the percentage of the amount of state
27 financial aid the district was authorized to budget in the preceding school
28 year and the percentage computed for the district by the state board
29 under the provisions of K.S.A. 72-6444, and amendments thereto;

30 (C) for any district that was not authorized to adopt a local option
31 budget in the 1996-97 school year and to which the provisions of K.S.A.
32 72-6444, and amendments thereto, apply in the current school year, a
33 percentage in the 2001-02 school year and each school year thereafter
34 that is equal to the sum of the percentage of the amount of state financial
35 aid the district was authorized to budget in the preceding school year and
36 the percentage computed for the district by the state board under the
37 provisions of K.S.A. 72-6444, and amendments thereto;

38 (D) for any district to which the provisions of K.S.A. 72-6444, and
39 amendments thereto, applied in the 1997-98 school year and to which
40 the provisions of K.S.A. 72-6444, and amendments thereto, do not apply
41 in the current school year because an increase in the amount budgeted
42 by the district in its local option budget as authorized by a resolution
43 adopted under the provisions of subsection (b) causes the actual amount

1 per pupil budgeted by the district in the preceding school year as deter-
2 mined for the district under provision (1) of subsection (a) of K.S.A. 72-
3 6444, and amendments thereto, to equal or exceed the average amount
4 per pupil of general fund budgets and local option budgets computed by
5 the state board under whichever of the provisions (7) through (10) of
6 subsection (a) of K.S.A. 72-6444, and amendments thereto, is applicable
7 to the district's enrollment group, a percentage that is equal to the per-
8 centage of the amount of state financial aid the district was authorized to
9 budget in the preceding school year if the resolution authorized the dis-
10 trict to increase its local option budget on a continuous and permanent
11 basis. If the resolution that authorized the district to increase its local
12 option budget specified a definite period of time for which the district
13 would retain its authority to increase the local option budget and such
14 authority lapses at the conclusion of such period and is not renewed, the
15 term district prescribed percentage means a percentage that is equal to
16 the percentage of the amount of state financial aid the district was au-
17 thorized to budget in the preceding school year less the percentage of
18 increase that was authorized by the resolution unless the loss of the per-
19 centage of increase that was authorized by the resolution would cause the
20 actual amount per pupil budgeted by the district to be less than the av-
21 erage amount per pupil of general fund budgets and local option budgets
22 computed by the state board under whichever of the provisions (7)
23 through (10) of subsection (a) of K.S.A. 72-6444, and amendments
24 thereto, is applicable to the district's enrollment group, in which case, the
25 term district prescribed percentage means a percentage that is equal to
26 the percentage of the amount of state financial aid the district was au-
27 thorized to budget in the preceding school year less the percentage of
28 increase that was authorized by the resolution plus a percentage which
29 shall be computed for the district by the state board in accordance with
30 the provisions of K.S.A. 72-6444, and amendments thereto, except that,
31 in making the determination of the actual amount per pupil budgeted by
32 the district in the preceding school year, the state board shall exclude the
33 percentage of increase that was authorized by the resolution.

34 (2) (A) Subject to the provisions of subpart (B), the adoption of a
35 local option budget under authority of this subsection shall require a
36 majority vote of the members of the board and shall require no other
37 procedure, authorization or approval.

38 (B) In lieu of utilizing the authority granted by subpart (A) for adop-
39 tion of a local option budget, the board of a district may pass a resolution
40 authorizing adoption of such a budget and publish such resolution once
41 in a newspaper having general circulation in the district. The resolution
42 shall be published in substantial compliance with the following form:

1 Unified School District No. _____,
2 _____ County, Kansas.

3 RESOLUTION

4 Be It Resolved that:

5 The board of education of the above-named school district shall be authorized to adopt
6 a local option budget in each school year for a period of time not to exceed _____ years
7 in an amount not to exceed _____% of the amount of state financial aid determined for
8 the current school year. The local option budget authorized by this resolution may be
9 adopted, unless a petition in opposition to the same, signed by not less than 5% of the
10 qualified electors of the school district, is filed with the county election officer of the home
11 county of the school district within 30 days after publication of this resolution. In the event
12 a petition is filed, the county election officer shall submit the question of whether adoption
13 of the local option budget shall be authorized to the electors of the school district at an
14 election called for the purpose or at the next general election, as is specified by the board
15 of education of the school district.

16 CERTIFICATE

17 This is to certify that the above resolution was duly adopted by the board of education of
18 Unified School District No. _____, _____ County, Kansas, on the _____
19 day of _____, _____.

20 _____
21 Clerk of the board of education.

22 All of the blanks in the resolution shall be appropriately filled. The
23 blank preceding the word "years" shall be filled with a specific number,
24 and the blank preceding the percentage symbol shall be filled with a
25 specific number. No word shall be inserted in either of the blanks. The
26 percentage specified in the resolution shall not exceed the district pre-
27 scribed percentage. The resolution shall be published once in a news-
28 paper having general circulation in the school district. If no petition as
29 specified above is filed in accordance with the provisions of the resolution,
30 the board may adopt a local option budget. If a petition is filed as provided
31 in the resolution, the board may notify the county election officer of the
32 date of an election to be held to submit the question of whether adoption
33 of a local option budget shall be authorized. If the board fails to notify
34 the county election officer within 30 days after a petition is filed, the
35 resolution shall be deemed abandoned and no like resolution shall be
36 adopted by the board within the nine months following publication of the
37 resolution. If any district is authorized to adopt a local option budget
38 under this subpart, but the board of such district chooses, in any school
39 year, not to adopt such a budget or chooses, in any school year, to adopt
40 such budget in an amount less than the amount of the district prescribed
41 percentage of the amount of state financial aid in any school year, such
42 board of education may so choose. If the board of any district refrains
43 from adopting a local option budget in any one or more school years or

1 refrains from budgeting the total amount authorized for any one or more
2 school years, the authority of such district to adopt a local option budget
3 shall not be extended by such refrainment beyond the period specified
4 in the resolution authorizing adoption of such budget, nor shall the
5 amount authorized to be budgeted in any succeeding school year be in-
6 creased by such refrainment. Whenever an initial resolution has been
7 adopted under this subpart, and such resolution specified a lesser per-
8 centage than the district prescribed percentage, the board of the district
9 may adopt one or more subsequent resolutions under the same procedure
10 as provided for the initial resolution and subject to the same conditions,
11 and shall be authorized to increase the percentage as specified in any
12 such subsequent resolution for the remainder of the period of time spec-
13 ified in the initial resolution. Any percentage specified in a subsequent
14 resolution or in subsequent resolutions shall be limited so that the sum
15 of the percentage authorized in the initial resolution and the percentage
16 authorized in the subsequent resolution or in subsequent resolutions is
17 not in excess of the district prescribed percentage in any school year. The
18 board of any district that has been authorized to adopt a local option
19 budget under this subpart and levied a tax under authority of K.S.A. 72-
20 6435, and amendments thereto, may initiate, at any time after the final
21 levy is certified to the county clerk under any current authorization, pro-
22 cedures to renew its authority to adopt a local option budget in the man-
23 ner specified in this subpart or may utilize the authority granted by sub-
24 part (A). As used in this subpart, the term “authorized to adopt a local
25 option budget” means that a district has adopted a resolution under this
26 subpart, has published the same, and either that the resolution was not
27 protested or that it was protested and an election was held by which the
28 adoption of a local option budget was approved.

29 (3) The provisions of this subsection are subject to the provisions of
30 subsections (b) and (c).

31 (b) The provisions of this subsection (b) shall be subject to the pro-
32 visions of K.S.A. 72-6433a, and amendments thereto.

33 (1) The board of any district that adopts a local option budget under
34 subsection (a) may increase the amount of such budget in each school
35 year in an amount which together with the percentage of the amount of
36 state financial aid budgeted under subsection (a) does not exceed the state
37 prescribed percentage of the amount of state financial aid determined for
38 the district in the school year if the board of the district determines that
39 an increase in such budget would be in the best interests of the district.

40 (2) No district may increase a local option budget under authority of
41 this subsection until: (A) A resolution authorizing such an increase is
42 passed by the board and published once in a newspaper having general
43 circulation in the district; or (B) the question of whether the board shall

1 be authorized to increase the local option budget has been submitted to
2 and approved by the qualified electors of the district at a special election
3 called for the purpose. Any such election shall be noticed, called and held
4 in the manner provided by K.S.A. 10-120, and amendments thereto, for
5 the noticing, calling and holding of elections upon the question of issuing
6 bonds under the general bond law. The notice of such election shall state
7 the purpose for and time of the election, and the ballot shall be designed
8 with the question of whether the board of education of the district shall
9 be continuously and permanently authorized to increase the local option
10 budget of the district in each school year by a percentage which together
11 with the percentage of the amount of state financial aid budgeted under
12 subsection (a) does not exceed the state prescribed percentage in any
13 school year. If a majority of the qualified electors voting at the election
14 approve authorization of the board to increase the local option budget,
15 the board shall have such authority. If a majority of the qualified electors
16 voting at the election are opposed to authorization of the board to increase
17 the local option budget, the board shall not have such authority and no
18 like question shall be submitted to the qualified electors of the district
19 within the nine months following the election.

20 (3) (A) Subject to the provisions of subpart (B), a resolution author-
21 izing an increase in the local option budget of a district shall state that
22 the board of education of the district shall be authorized to increase the
23 local option budget of the district in each school year in an amount not
24 to exceed ____% of the amount of state financial aid determined for the
25 current school year and that the percentage of increase may be reduced
26 so that the sum of the percentage of the amount of state financial aid
27 budgeted under subsection (a) and the percentage of increase specified
28 in the resolution does not exceed the state prescribed percentage in any
29 school year. The blank preceding the percentage symbol shall be filled
30 with a specific number. No word shall be inserted in the blank. The
31 resolution shall specify a definite period of time for which the board shall
32 be authorized to increase the local option budget and such period of time
33 shall be expressed by the specific number of school years for which the
34 board shall retain its authority to increase the local option budget. No
35 word shall be used to express the number of years for which the board
36 shall be authorized to increase the local option budget.

37 (B) In lieu of the requirements of subpart (A) and at the discretion
38 of the board, a resolution authorizing an increase in the local option
39 budget of a district may state that the board of education of the district
40 shall be continuously and permanently authorized to increase the local
41 option budget of the district in each school year by a percentage which
42 together with the percentage of the amount of state financial aid budgeted
43 under subsection (a) does not exceed the state prescribed percentage in

1 any school year.

2 (4) A resolution authorizing an increase in the local option budget of
3 a district shall state that the amount of the local option budget may be
4 increased as authorized by the resolution unless a petition in opposition
5 to such increase, signed by not less than 5% of the qualified electors of
6 the school district, is filed with the county election officer of the home
7 county of the school district within 30 days after publication. If no petition
8 is filed in accordance with the provisions of the resolution, the board is
9 authorized to increase the local option budget of the district. If a petition
10 is filed as provided in the resolution, the board may notify the county
11 election officer of the date of an election to be held to submit the question
12 of whether the board shall be authorized to increase the local option
13 budget of the district. If the board fails to notify the county election officer
14 within 30 days after a petition is filed, the resolution shall be deemed
15 abandoned and no like resolution shall be adopted by the board within
16 the nine months following publication of the resolution.

17 (5) The requirements of provision (2) do not apply to any district that
18 is continuously and permanently authorized to increase the local option
19 budget of the district. An increase in the amount of a local option budget
20 by such a district shall require a majority vote of the members of the
21 board and shall require no other procedure, authorization or approval.

22 (6) If any district is authorized to increase a local option budget, but
23 the board of such district chooses, in any school year, not to adopt or
24 increase such budget or chooses, in any school year, to adopt or increase
25 such budget in an amount less than the amount authorized, such board
26 of education may so choose. If the board of any district refrains from
27 adopting or increasing a local option budget in any one or more school
28 years or refrains from budgeting the total amount authorized for any one
29 or more school years, the amount authorized to be budgeted in any suc-
30 ceeding school year shall not be increased by such refrainment, nor shall
31 the authority of the district to increase its local option budget be extended
32 by such refrainment beyond the period of time specified in the resolution
33 authorizing an increase in the local option budget if the resolution spec-
34 ified such a period of time.

35 (7) Whenever an initial resolution has been adopted under this sub-
36 section, and such resolution specified a percentage which together with
37 the percentage of the amount of state financial aid budgeted under sub-
38 section (a) is less than the state prescribed percentage, the board of the
39 district may adopt one or more subsequent resolutions under the same
40 procedure as provided for the initial resolution and shall be authorized
41 to increase the percentage as specified in any such subsequent resolution.
42 If the initial resolution specified a definite period of time for which the
43 district is authorized to increase its local option budget, the authority to

1 increase such budget by the percentage specified in any subsequent res-
2 olution shall be limited to the remainder of the period of time specified
3 in the initial resolution. Any percentage specified in a subsequent reso-
4 lution or in subsequent resolutions shall be limited so that the sum of the
5 percentage authorized in the initial resolution and the percentage au-
6 thorized in the subsequent resolution or in subsequent resolutions to-
7 gether with the percentage of the amount of state financial aid budgeted
8 under subsection (a) is not in excess of the state prescribed percentage
9 in any school year.

10 (8) (A) Subject to the provisions of subpart (B), the board of any
11 district that has adopted a local option budget under subsection (a), has
12 been authorized to increase such budget under a resolution which spec-
13 ified a definite period of time for retention of such authorization, and has
14 levied a tax under authority of K.S.A. 72-6435, and amendments thereto,
15 may initiate, at any time after the final levy is certified to the county clerk
16 under any current authorization, procedures to renew the authority to
17 increase the local option budget subject to the conditions and in the
18 manner specified in provisions (2) and (3) of this subsection.

19 (B) The provisions of subpart (A) do not apply to the board of any
20 district that is continuously and permanently authorized to increase the
21 local option budget of the district.

22 (9) As used in this subsection:

23 (A) "Authorized to increase a local option budget" means either that
24 a district has held a special election under provision (2)(B) by which au-
25 thority of the board to increase a local option budget was approved, or
26 that a district has adopted a resolution under provision (2) (A), has pub-
27 lished the same, and either that the resolution was not protested or that
28 it was protested and an election was held by which the authority of the
29 board to increase a local option budget was approved.

30 (B) "State prescribed percentage" means ~~25%~~ 15%.

31 (c) To the extent the provisions of the foregoing subsections conflict
32 with this subsection, this subsection shall control. Any district that is au-
33 thorized to adopt a local option budget in the 1997-98 school year under
34 a resolution which authorized the adoption of such budget in accordance
35 with the provisions of this section prior to its amendment by this act may
36 continue to operate under such resolution for the period of time specified
37 in the resolution or may abandon the resolution and operate under the
38 provisions of this section as amended by this act. Any such district shall
39 operate under the provisions of this section as amended by this act after
40 the period of time specified in the resolution has expired.

41 (d) (1) There is hereby established in every district that adopts a local
42 option budget a fund which shall be called the supplemental general fund.
43 The fund shall consist of all amounts deposited therein or credited thereto

1 according to law.

2 (2) Subject to the limitation imposed under provision (3), amounts in
3 the supplemental general fund may be expended for any purpose for
4 which expenditures from the general fund are authorized or may be trans-
5 ferred to the general fund of the district or to any program weighted fund
6 or categorical fund of the district.

7 (3) Amounts in the supplemental general fund may not be expended
8 nor transferred to the general fund of the district for the purpose of
9 making payments under any lease-purchase agreement involving the ac-
10 quisition of land or buildings which is entered into pursuant to the pro-
11 visions of K.S.A. 72-8225, and amendments thereto.

12 (4) Any unexpended and unencumbered cash balance remaining in
13 the supplemental general fund of a district at the conclusion of any school
14 year in which a local option budget is adopted shall be disposed of as
15 provided in this subsection. If the district did not receive supplemental
16 general state aid in the school year and the board of the district deter-
17 mines that it will be necessary to adopt a local option budget in the en-
18 suing school year, the total amount of the cash balance remaining in the
19 supplemental general fund shall be maintained in such fund or trans-
20 ferred to the general fund of the district. If the board of such a district
21 determines that it will not be necessary to adopt a local option budget in
22 the ensuing school year, the total amount of the cash balance remaining
23 in the supplemental general fund shall be transferred to the general fund
24 of the district. If the district received supplemental general state aid in
25 the school year, transferred or expended the entire amount budgeted in
26 the local option budget for the school year, and determines that it will be
27 necessary to adopt a local option budget in the ensuing school year, the
28 total amount of the cash balance remaining in the supplemental general
29 fund shall be maintained in such fund or transferred to the general fund
30 of the district. If such a district determines that it will not be necessary
31 to adopt a local option budget in the ensuing school year, the total amount
32 of the cash balance remaining in the supplemental general fund shall be
33 transferred to the general fund of the district. If the district received
34 supplemental general state aid in the school year, did not transfer or
35 expend the entire amount budgeted in the local option budget for the
36 school year, and determines that it will not be necessary to adopt a local
37 option budget in the ensuing school year, the total amount of the cash
38 balance remaining in the supplemental general fund shall be transferred
39 to the general fund of the district. If the district received supplemental
40 general state aid in the school year, did not transfer or expend the entire
41 amount budgeted in the local option budget for the school year, and
42 determines that it will be necessary to adopt a local option budget in the
43 ensuing school year, the state board shall determine the ratio of the

1 amount of supplemental general state aid received to the amount of the
2 local option budget of the district for the school year and multiply the
3 total amount of the cash balance remaining in the supplemental general
4 fund by such ratio. An amount equal to the amount of the product shall
5 be transferred to the general fund of the district. The amount remaining
6 in the supplemental general fund may be maintained in such fund or
7 transferred to the general fund of the district.

8 Sec. 5. K.S.A. 2004 Supp. 79-201x is hereby amended to read as fol-
9 lows: 79-201x. For taxable years ~~2003 and 2004~~ *2005 and 2006*, the fol-
10 lowing described property, to the extent herein specified, shall be and is
11 hereby exempt from the property tax levied pursuant to the provisions of
12 K.S.A. 72-6431, and amendments thereto: Property used for residential
13 purposes to the extent of \$20,000 of its appraised valuation.

14 Sec. 6. K.S.A. 2004 Supp. 79-3230 is hereby amended to read as
15 follows: 79-3230. (a) The amount of income taxes imposed by this act
16 shall be assessed within three years after the original return was filed, the
17 tax as shown to be due on the return was paid or within one year after
18 an amended return is filed, whichever is the later date, and no proceed-
19 ings in court for the collection of such taxes shall be begun after the
20 expiration of such period. For purposes of this act any return filed before
21 the 15th day of the fourth month following the close of the taxable year
22 shall be considered as being filed on the 15th day of the fourth month
23 following the close of the taxable year, and any tax shown to be due on
24 the return and paid before the 15th day of the fourth month following
25 the close of the taxable year shall be deemed to have been paid on the
26 15th day of the fourth month following the close of the taxable year.

27 (b) In the case of a false or fraudulent return with intent to evade
28 tax, the tax may be assessed, or a proceeding in court for collection of
29 such tax may be begun at any time.

30 (c) No claim shall be allowed for credit or refund of overpayment of
31 any tax imposed by this act unless filed by the taxpayer within ~~three years~~
32 *one year* from the date the original return was filed or ~~two years~~ *one year*
33 from the date the tax claimed to be refunded or against which the credit
34 is claimed was paid, whichever of such periods expires later, or if no return
35 was filed by the taxpayer, within ~~two years~~ *one year* from the date the tax
36 claimed to be refunded or against which the credit is claimed was paid.
37 Where the assessment of any income tax imposed by this act has been
38 made within the period of limitation properly applicable thereto, such tax
39 may be collected by distraint or by a proceeding in court, but only if
40 begun within one year after the period of limitation as defined in this act.

41 (d) In case a taxpayer has made claim for a refund, the taxpayer shall
42 have the right to commence a suit for the recovery of the refund at the
43 expiration of six months after the filing of the claim for refund, if no action

1 has been taken by the director of taxation.

2 (e) Before the expiration of time prescribed in this section for the
3 assessment of additional tax ~~or the filing of a claim for a refund~~, the
4 director of taxation is authorized to enter into an agreement in writing
5 with the taxpayer consenting to the extension of the periods of limitations
6 as defined in this act for the assessment of tax or for the filing of a claim
7 for refund, ~~at any time prior to the expiration of the period of limitations~~.
8 The period so agreed upon may be extended by subsequent agreements
9 in writing made before the expiration of the period previously agreed
10 upon. A copy of all such agreements and extensions thereof shall be filed
11 with the director of taxation within 30 days after their execution.

12 (f) Any taxpayer whose income has been adjusted by the federal in-
13 ternal revenue service or by the income tax collection agency of another
14 state is required to report such adjustments to the Kansas department of
15 revenue by mail within 180 days of the date the federal or other state
16 adjustments are paid, agreed to or become final, whichever is earlier.
17 Such adjustments shall be reported by filing an amended return for the
18 applicable taxable year and a copy of the federal or state revenue agent's
19 report detailing such adjustments. In the event such taxpayer is a cor-
20 poration, such report shall be by certified or registered mail.

21 Notwithstanding the provisions of subsection (a) or (c) of this section,
22 additional income taxes may be assessed and proceedings in court for
23 collection of such taxes may be commenced and any refund or credit may
24 be allowed by the director of taxation within 180 days following receipt
25 of any such report of adjustments by the Kansas department of revenue,
26 or within ~~two years~~ *one year* from the date the tax claimed to be refunded
27 or, against which the credit is claimed was paid, whichever period expires
28 later. No assessment shall be made nor any refund or credit shall be
29 allowable under the provisions of this paragraph except to the extent the
30 same is attributable to changes in the taxpayer's income due to adjust-
31 ments indicated by such report.

32 (g) In the event of failure to comply with the provisions of this section,
33 the statute of limitations shall be tolled.

34 Sec. 7. K.S.A. 79-32,109 is hereby amended to read as follows: 79-
35 32,109. As used in this act, unless the context otherwise requires:

36 (a) Any term used in this act shall have the same meaning as when
37 used in a comparable context in the federal internal revenue code. Any
38 reference in this act to the "federal internal revenue code" shall mean
39 the provisions of the federal internal revenue code of 1986, and amend-
40 ments thereto, and other provisions of the laws of the United States re-
41 lating to federal income taxes, as the same may be or become effective
42 at any time, or from time to time, for the taxable year.

43 (b) "Resident individual" means a natural person who is domiciled in

1 this state. A natural person who spends in the aggregate more than six
2 months of the taxable year within this state shall be presumed to be a
3 resident for purposes of this act in absence of proof to the contrary. A
4 nonresident individual means an individual other than a resident individ-
5 ual.

6 (c) “Resident estate” means the estate of a deceased person whose
7 domicile was in this state at the time of such person’s death. “Nonresident
8 estate” means an estate other than a resident estate.

9 (d) “Resident trust” means ~~a trust which is administered in this state.~~
10 ~~A trust shall not be deemed to be administered in this state solely because~~
11 ~~it is subject to the jurisdiction of a district court within this state.~~ (1) A
12 *trust created by will of a decedent who at the time of death was domiciled*
13 *in Kansas, and such trust has at least one income beneficiary who, on the*
14 *last day of the taxable year, was a resident of Kansas; (2) a trust created*
15 *by, or consisting of property of, a person domiciled in Kansas on the date*
16 *the trust or portion of the trust became irrevocable, and such trust has at*
17 *least one income beneficiary who, on the last day of the taxable year, was*
18 *a resident of Kansas; or (3) a trust administered in this state. “Nonresident*
19 *trust” means a trust other than a resident trust.*

20 (e) “Resident partner” means a partner who is a resident individual,
21 a resident estate, or a resident trust. “Nonresident partner” means a part-
22 ner other than a resident partner.

23 (f) “Resident beneficiary” means a beneficiary of an estate or trust
24 which beneficiary is a resident individual, a resident estate, or a resident
25 trust. “Nonresident beneficiary” means a beneficiary other than a resident
26 beneficiary.

27 (g) “Director” means the director of taxation.

28 (h) “Modified Kansas source income” means that part of a nonresi-
29 dent individual’s Kansas adjusted gross income as set forth in K.S.A. 79-
30 32,117, and amendments thereto, derived from sources in Kansas. Items
31 of income including unemployment compensation, gain, loss or deduction
32 reflected in Kansas adjusted gross income shall be considered derived
33 from sources in Kansas to the extent that they are attributable to: (1) The
34 ownership of any interest in real or tangible personal property in this
35 state; (2) a business, trade, profession or occupation carried on in this
36 state; (3) a business, trade, profession or occupation carried on partly
37 within and partly without this state as determined by the uniform division
38 of income for tax purposes act as set forth in K.S.A. 79-3271 through
39 K.S.A. 79-3293, and amendments thereto; (4) the distributive share of
40 partnership income, gain, loss and deduction determined under this sec-
41 tion as if the partnership were a nonresident individual; (5) the share of
42 estate or trust income, gain, loss and deduction determined under K.S.A.
43 79-32,137, and amendments thereto; (6) prizes won from lottery games

1 conducted by the Kansas lottery; (7) any winnings from parimutuel wa-
 2 gering derived from the conduct of parimutuel activities within this state;
 3 or (8) income from intangible personal property, including annuities, div-
 4 idends, interest, and gains from the disposition of intangible personal
 5 property to the extent that such income is from property employed in a
 6 trade, business, profession or occupation carried on in Kansas. A nonres-
 7 ident, other than a dealer holding property primarily for sale to customers
 8 in the ordinary course of such dealer's trade or business, shall not be
 9 deemed to carry on a business, trade, profession or occupation in Kansas
 10 solely by reason of the purchase and sale of property for such nonresi-
 11 dent's own account.

12 "Modified Kansas source income" shall not include: (1) Compensation
 13 paid by the United States for service in the armed forces of the United
 14 States, performed during an induction period by an individual not dom-
 15 iced in this state; or (2) such individual's share of distributed or undi-
 16 stributed taxable income or net operating loss of a corporation which is an
 17 electing small business corporation unless an agreement is filed as pro-
 18 vided in K.S.A. 79-32,139, and amendments thereto, in which event, the
 19 "modified Kansas source income" of such nonresident individual shall
 20 include such individual's share of such corporation's distributed and un-
 21 distributed taxable income or net operating loss as such share is deter-
 22 mined under the internal revenue code only to the extent, however, that
 23 such income, gain or loss is at the corporate level, derived from sources
 24 within Kansas.

25 Sec. 8. K.S.A. 2004 Supp. 79-32,110 is hereby amended to read as
 26 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
 27 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is
 28 hereby imposed upon the Kansas taxable income of every resident indi-
 29 vidual, which tax shall be computed in accordance with the following tax
 30 schedules:

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

32 (A) *For the tax year 2004:*

33 If the taxable income is:	The tax is:
34 Not over \$30,000	3.5% of Kansas taxable income
35 Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess over \$30,000
36 Over \$60,000	\$2,925 plus 6.45% of excess over \$60,000

37 (B) *For the tax year 2005, and all tax years thereafter:*

38 If the taxable income is:	The tax is:
39 Not over \$30,000	3.5% of Kansas taxable income
40 Over \$30,000 but not over \$60,000	\$1,050 plus 5.75% of excess over \$30,000
41 Over \$60,000	\$2,775 plus 7.25% of excess over \$60,000

42 (2) *All other individuals.*

43 (A) ~~For tax year 1997:~~

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

5 ~~(B) For the tax year 1998, and all tax years thereafter 2004:~~

6	If the taxable income is:	The tax is:
7	Not over \$15,000	3.5% of Kansas taxable income
8	Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess over \$15,000
9	Over \$30,000	\$1,462.50 plus 6.45% of excess over
10		\$30,000

11 (B) For the tax year 2005, and all tax years thereafter:

12	If the taxable income is:	The tax is:
13	Not over \$15,000	3.5% of Kansas taxable income
14	Over \$15,000 but not over \$30,000	\$525 plus 5.75% of excess over \$15,000
15	Over \$30,000	\$1,387.50 plus 7.25% of excess over
16		\$30,000

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

22 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
23 income of every corporation doing business within this state or deriving
24 income from sources within this state. Such tax shall consist of a normal
25 tax and a surtax and shall be computed as follows:

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

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

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

33 Sec. 9. K.S.A. 79-32,176 is hereby amended to read as follows: 79-
34 32,176. (a) Any resident individual taxpayer who makes expenditures for
35 the purpose of making all or any portion of an existing facility accessible
36 to individuals with a disability, which facility is used as, or in connection
37 with, such taxpayer's principal dwelling or the principal dwelling of a
38 lineal ascendant or descendant, including construction of a small barrier
39 free living unit attached to such principal dwelling, shall be entitled to
40 claim a tax credit in an amount equal to the applicable percentage of such
41 expenditures or \$9,000, whichever is less, against the income tax liability
42 imposed against such taxpayer pursuant to article 32 of chapter 79 of the
43 Kansas Statutes Annotated. Nothing in this subsection shall be deemed

1 to prevent any such taxpayer from claiming such credit: (1) For each
 2 principal dwelling in which the taxpayer or lineal ascendant or descendant
 3 may reside, or facility used in connection therewith; or (2) more than
 4 once, but not more often than once every four-year period of time. The
 5 applicable percentage of such expenditures eligible for credit shall be as
 6 set forth in the following schedule:

7		% of
8	Taxpayers	expenditures
9	Kansas Adjusted	eligible for
10	Gross Income	credit
11	\$0 to \$25,000	100%
12	Over \$25,000 but not over \$30,000	90%
13	Over \$30,000 but not over \$35,000	80%
14	Over \$35,000 but not over \$40,000	70%
15	Over \$40,000 but not over \$45,000	60%
16	Over \$45,000 but not over \$55,000	50%
17	Over \$55,000	0

18 Such tax credit shall be deducted from the taxpayer's income tax liability
 19 for the taxable year in which the expenditures are made by the taxpayer.
 20 If the amount of such tax credit exceeds the taxpayer's income tax liability
 21 for such taxable year, the amount thereof which exceeds such tax liability
 22 may be carried over for deduction from the taxpayer's income tax liability
 23 in the next succeeding taxable year or years until the total amount of the
 24 tax credit has been deducted from tax liability, except that no such tax
 25 credit shall be carried over for deduction after the fourth taxable year
 26 succeeding the taxable year in which the expenditures are made.

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

1 exceeds such tax liability shall be refunded to the taxpayer and the amount
2 by which the amount of the credit carried over from the second taxable
3 year exceeds such tax liability less the amount of such refund may be
4 carried over to the next succeeding taxable year. If the amount of the
5 credit carried over from the third taxable year exceeds the taxpayer's
6 income tax liability for such year, the amount thereof which exceeds such
7 tax liability shall be refunded to the taxpayer. *The provisions of this section*
8 *shall apply to all taxable years commencing after December 31, 2004.*

9 Sec. 10. K.S.A. 79-32,190 is hereby amended to read as follows: 79-
10 32,190. (a) Any taxpayer that pays for or provides child day care services,
11 including the provision of the service of locating such services, to its em-
12 ployees or that provides facilities and necessary equipment for child day
13 care services shall be allowed a credit against the privilege or income tax
14 imposed by articles 11 and 32 of chapter 79 of the Kansas Statutes An-
15 notated as follows:

16 (1) Thirty percent of the total amount expended in the state during
17 the taxable year by a taxpayer for child day care services purchased to
18 provide care for the dependent children of the taxpayer's employees or
19 for the provision of the service of locating such services for such children;

20 (2) (A) in the taxable year in which a facility providing child day care
21 services in the state for use primarily by the dependent children of the
22 taxpayer's employees is established, 50% of the total amount expended
23 during such year by a taxpayer in the establishment and operation of such
24 facility;

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

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

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

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

42 (c) The credit allowed by paragraphs (1), (2)(B) and (3)(B) of sub-
43 section (a) shall not exceed \$30,000 for any taxpayer during any taxable

1 year. The credit allowed by paragraphs (2)(A) and (3)(A) of subsection
2 (a) shall not exceed \$45,000 for any taxpayer during any taxable year. *For*
3 *all taxable years commencing after December 31, 2004*, the amount of the
4 credit which exceeds the tax liability for a taxable year ~~shall be refunded~~
5 ~~to the taxpayer~~ *may be carried over for deduction from the taxpayer's*
6 *income tax liability in the next succeeding taxable year or years until the*
7 *total amount of the tax credit has been deducted from the tax liability.* If
8 the taxpayer is a corporation having an election in effect under subchapter
9 S of the federal internal revenue code or a partnership, the credit pro-
10 vided by this section shall be claimed by the shareholders of such cor-
11 poration or the partners of such partnership in the same manner as such
12 shareholders or partners account for their proportionate shares of the
13 income or loss of the corporation or partnership.

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

16 Sec. 11. K.S.A. 2004 Supp. 79-32,197 is hereby amended to read as
17 follows: 79-32,197. The amount of credit allowed pursuant to K.S.A. 79-
18 32,196, and amendments thereto, shall not exceed 50% of the total
19 amount contributed during the taxable year by the business firm to a
20 community service organization or governmental entity for programs ap-
21 proved pursuant to K.S.A. 79-32,198, and amendments thereto. The
22 amount of credit allowed pursuant to K.S.A. 79-32,196, and amendments
23 thereto, shall not exceed 70% of the total amount contributed during the
24 taxable year by the business firm in a rural community to a community
25 service organization or governmental entity located therein for programs
26 approved pursuant to K.S.A. 79-32,198, and amendments thereto. *For all*
27 *taxable years commencing after December 31, 2004*, if the amount of the
28 credit allowed by K.S.A. 79-32,196, and amendments thereto, exceeds
29 the taxpayer's income tax liability imposed under the Kansas income tax
30 act, such excess amount ~~shall be refunded to the taxpayer~~ *may be carried*
31 *over for deduction from the taxpayer's income tax liability in the next*
32 *succeeding taxable year or years until the total amount of the tax credit*
33 *has been deducted from tax liability.* In no event shall the total amount
34 of credits allowed under this section exceed \$4,130,000 for any one fiscal
35 year.

36 Sec. 12. K.S.A. 2004 Supp. 79-32,206 is hereby amended to read as
37 follows: 79-32,206. For all taxable years commencing after December 31,
38 ~~2001~~ *2004*, there shall be allowed as a credit against the tax liability of a
39 taxpayer imposed under the Kansas income tax act, the premiums tax
40 upon insurance companies imposed pursuant to K.S.A. 40-252, and
41 amendments thereto, and the privilege tax as measured by net income of
42 financial institutions imposed pursuant to article 11 of chapter 79 of the
43 Kansas Statutes Annotated, an amount equal to 15% of the property tax

1 levied for property tax years 2002, 2003 and 2004, 20% of the property
2 tax levied for property tax years 2005 and 2006, and 25% of the property
3 tax levied for property tax year 2007, and all such years thereafter, actually
4 and timely paid during an income or privilege taxable year upon com-
5 mercial and industrial machinery and equipment classified for property
6 taxation purposes pursuant to section 1 of article 11 of the Kansas con-
7 stitution in subclass (5) or (6) of class 2, machinery and equipment clas-
8 sified for such purposes in subclass (2) of class 2. For all taxable years
9 commencing after December 31, 2004, there shall be allowed as a credit
10 against the tax liability of a taxpayer imposed under the Kansas income
11 tax act an amount equal to ~~20%~~ 15% of the property tax levied for prop-
12 erty tax years 2005 and 2006, and 25% of the property tax levied for
13 property tax year 2007 and all such years thereafter, actually and timely
14 paid during an income taxable year upon railroad machinery and equip-
15 ment classified for property tax purposes pursuant to section 1 of article
16 11 of the Kansas constitution in subclass (3) of class 2. *For all tax years*
17 *commencing after December 31, 2004*, if the amount of such tax credit
18 exceeds the taxpayer's income tax liability for the taxable year, the amount
19 thereof which exceeds such tax liability ~~shall be refunded to the taxpayer~~
20 *may be carried over for deduction from the taxpayer's income tax liability*
21 *in the next succeeding taxable year or years until the total amount of the*
22 *tax credit has been deducted from tax liability*. If the taxpayer is a cor-
23 poration having an election in effect under subchapter S of the federal
24 internal revenue code, a partnership or a limited liability company, the
25 credit provided by this section shall be claimed by the shareholders of
26 such corporation, the partners of such partnership or the members of
27 such limited liability company in the same manner as such shareholders,
28 partners or members account for their proportionate shares of the income
29 or loss of the corporation, partnership or limited liability company. The
30 secretary of revenue shall adopt rules and regulations regarding the filing
31 of documents that support the amount of credit claimed pursuant to this
32 section.

33 Sec. 13. K.S.A. 2004 Supp. 79-3603 is hereby amended to read as
34 follows: 79-3603. For the privilege of engaging in the business of selling
35 tangible personal property at retail in this state or rendering or furnishing
36 any of the services taxable under this act, there is hereby levied and there
37 shall be collected and paid a tax at the rate of ~~5.3%~~ 5.6%. Within a re-
38 development district established pursuant to K.S.A. 74-8921, and amend-
39 ments thereto, there is hereby levied and there shall be collected and
40 paid an additional tax at the rate of 2% until the earlier of the date the
41 bonds issued to finance or refinance the redevelopment project have been
42 paid in full or the final scheduled maturity of the first series of bonds
43 issued to finance any part of the project upon:

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

3 (b) (1) the gross receipts from intrastate telephone or telegraph serv-
4 ices; (2) the gross receipts received from the sale of interstate telephone
5 or telegraph services, which (A) originate within this state and terminate
6 outside the state and are billed to a customer's telephone number or
7 account in this state; or (B) originate outside this state and terminate
8 within this state and are billed to a customer's telephone number or ac-
9 count in this state except that the sale of interstate telephone or telegraph
10 service does not include: (A) Any interstate incoming or outgoing wide
11 area telephone service or wide area transmission type service which en-
12 titles the subscriber to make or receive an unlimited number of com-
13 munications to or from persons having telephone service in a specified
14 area which is outside the state in which the station provided this service
15 is located; (B) any interstate private communications service to the per-
16 sons contracting for the receipt of that service that entitles the purchaser
17 to exclusive or priority use of a communications channel or group of
18 channels between exchanges; (C) any value-added nonvoice service in
19 which computer processing applications are used to act on the form, con-
20 tent, code or protocol of the information to be transmitted; (D) any tel-
21 ecommunication service to a provider of telecommunication services
22 which will be used to render telecommunications services, including car-
23 rier access services; or (E) any service or transaction defined in this sec-
24 tion among entities classified as members of an affiliated group as pro-
25 vided by section 1504 of the federal internal revenue code of 1986, as in
26 effect on January 1, 2001; and (3) the gross receipts from the provision
27 of services taxable under this subsection which are billed on a combined
28 basis with nontaxable services, shall be accounted for and the tax remitted
29 as follows: The taxable portion of the selling price of those combined
30 services shall include only those charges for taxable services if the selling
31 price for the taxable services can be readily distinguishable in the retailer's
32 books and records from the selling price for the nontaxable services. Oth-
33 erwise, the gross receipts from the sale of both taxable and nontaxable
34 services billed on a combined basis shall be deemed attributable to the
35 taxable services included therein. Within 90 days of billing taxable services
36 on a combined basis with nontaxable services, the retailer shall enter into
37 a written agreement with the secretary identifying the methodology to be
38 used in determining the taxable portion of the selling price of those com-
39 bined services. The burden of proving that any receipt or charge is not
40 taxable shall be upon the retailer. Upon request from the customer, the
41 retailer shall disclose to the customer the selling price for the taxable
42 services included in the selling price for the taxable and nontaxable serv-
43 ices billed on a combined basis;

- 1 (c) the gross receipts from the sale or furnishing of gas, water, elec-
2 tricity and heat, which sale is not otherwise exempt from taxation under
3 the provisions of this act, and whether furnished by municipally or pri-
4 vately owned utilities, except that, on and after January 1, 2006, for sales
5 of gas, electricity and heat delivered through mains, lines or pipes to
6 residential premises for noncommercial use by the occupant of such
7 premises, and for agricultural use and also, for such use, all sales of pro-
8 pane gas, the state rate shall be 0%; and for all sales of propane gas, LP
9 gas, coal, wood and other fuel sources for the production of heat or light-
10 ing for noncommercial use of an occupant of residential premises, the
11 state rate shall be 0%, but such tax shall not be levied and collected upon
12 the gross receipts from: (1) The sale of a rural water district benefit unit;
13 (2) a water system impact fee, system enhancement fee or similar fee
14 collected by a water supplier as a condition for establishing service; or (3)
15 connection or reconnection fees collected by a water supplier;
- 16 (d) the gross receipts from the sale of meals or drinks furnished at
17 any private club, drinking establishment, catered event, restaurant, eating
18 house, dining car, hotel, drugstore or other place where meals or drinks
19 are regularly sold to the public;
- 20 (e) the gross receipts from the sale of admissions to any place pro-
21 viding amusement, entertainment or recreation services including admis-
22 sions to state, county, district and local fairs, but such tax shall not be
23 levied and collected upon the gross receipts received from sales of ad-
24 missions to any cultural and historical event which occurs triennially;
- 25 (f) the gross receipts from the operation of any coin-operated device
26 dispensing or providing tangible personal property, amusement or other
27 services except laundry services, whether automatic or manually operated;
- 28 (g) the gross receipts from the service of renting of rooms by hotels,
29 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-
30 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto
31 but such tax shall not be levied and collected upon the gross receipts
32 received from sales of such service to the federal government and any
33 agency, officer or employee thereof in association with the performance
34 of official government duties;
- 35 (h) the gross receipts from the service of renting or leasing of tangible
36 personal property except such tax shall not apply to the renting or leasing
37 of machinery, equipment or other personal property owned by a city and
38 purchased from the proceeds of industrial revenue bonds issued prior to
39 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
40 12-1749, and amendments thereto, and any city or lessee renting or leas-
41 ing such machinery, equipment or other personal property purchased
42 with the proceeds of such bonds who shall have paid a tax under the
43 provisions of this section upon sales made prior to July 1, 1973, shall be

1 entitled to a refund from the sales tax refund fund of all taxes paid
2 thereon;

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

6 (j) the gross receipts from the rendering of the services of washing
7 and washing and waxing of vehicles;

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

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

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

22 (m) the gross receipts received from fees and charges by public and
23 private clubs, drinking establishments, organizations and businesses for
24 participation in sports, games and other recreational activities, but such
25 tax shall not be levied and collected upon the gross receipts received from:
26 (1) Fees and charges by any political subdivision, by any organization
27 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
28 201, and amendments thereto, or by any youth recreation organization
29 exclusively providing services to persons 18 years of age or younger which
30 is exempt from federal income taxation pursuant to section 501(c)(3) of
31 the federal internal revenue code of 1986, for participation in sports,
32 games and other recreational activities; and (2) entry fees and charges for
33 participation in a special event or tournament sanctioned by a national
34 sporting association to which spectators are charged an admission which
35 is taxable pursuant to subsection (e);

36 (n) the gross receipts received from dues charged by public and pri-
37 vate clubs, drinking establishments, organizations and businesses, pay-
38 ment of which entitles a member to the use of facilities for recreation or
39 entertainment, but such tax shall not be levied and collected upon the
40 gross receipts received from: (1) Dues charged by any organization ex-
41 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
42 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
43 in a nonprofit organization which is exempt from federal income taxation

1 pursuant to section 501 (c)(3) of the federal internal revenue code of
2 1986, and whose purpose is to support the operation of a nonprofit zoo;
3 (o) the gross receipts received from the isolated or occasional sale of
4 motor vehicles or trailers but not including: (1) The transfer of motor
5 vehicles or trailers by a person to a corporation or limited liability com-
6 pany solely in exchange for stock securities or membership interest in
7 such corporation or limited liability company; or (2) the transfer of motor
8 vehicles or trailers by one corporation or limited liability company to
9 another when all of the assets of such corporation or limited liability
10 company are transferred to such other corporation or limited liability
11 company; or (3) the sale of motor vehicles or trailers which are subject
12 to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and
13 amendments thereto, by an immediate family member to another im-
14 mediate family member. For the purposes of clause (3), immediate family
15 member means lineal ascendants or descendants, and their spouses. The
16 base for computing the tax shall be the stated selling price of the motor
17 vehicle or trailer or the value pursuant to subsections (a), (b)(1) and (b)(2)
18 of K.S.A. 79-5105, and amendments thereto, whichever amount is higher.
19 The actual selling price shall be the base for computing the tax on the
20 isolated or occasional sale of wrecked or damaged vehicles. In determin-
21 ing the base for computing the tax on such isolated or occasional sale, the
22 fair market value of any motor vehicle or trailer traded in by the purchaser
23 to the seller may be deducted from the selling price;

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

34 For the purposes of this subsection:

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

- 1 (2) “building” shall mean only those enclosures within which individ-
2 uals customarily are employed, or which are customarily used to house
3 machinery, equipment or other property, and including the land improve-
4 ments immediately surrounding such building;
- 5 (3) “facility” shall mean a mill, plant, refinery, oil or gas well, water
6 well, feedlot or any conveyance, transmission or distribution line of any
7 cooperative, nonprofit, membership corporation organized under or sub-
8 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,
9 or of any municipal or quasi-municipal corporation, including the land
10 improvements immediately surrounding such facility; and
- 11 (4) “residence” shall mean only those enclosures within which indi-
12 viduals customarily live;
- 13 (q) the gross receipts received for the service of repairing, servicing,
14 altering or maintaining tangible personal property which when such serv-
15 ices are rendered is not being held for sale in the regular course of busi-
16 ness, and whether or not any tangible personal property is transferred in
17 connection therewith. The tax imposed by this subsection shall be appli-
18 cable to the services of repairing, servicing, altering or maintaining an
19 item of tangible personal property which has been and is fastened to,
20 connected with or built into real property;
- 21 (r) the gross receipts from fees or charges made under service or
22 maintenance agreement contracts for services, charges for the providing
23 of which are taxable under the provisions of subsection (p) or (q);
- 24 (s) on and after January 1, 2005, the gross receipts received from the
25 sale of prewritten computer software and the sale of the services of mod-
26 ifying, altering, updating or maintaining prewritten computer software,
27 whether the prewritten computer software is installed or delivered elec-
28 tronically by tangible storage media physically transferred to the pur-
29 chaser or by load and leave;
- 30 (t) the gross receipts received for telephone answering services, mo-
31 bile telecommunication services, beeper services and other similar serv-
32 ices. On and after August 1, 2002, the provisions of the federal mobile
33 telecommunications sourcing act as in effect on January 1, 2002, shall be
34 applicable to all sales of mobile telecommunication services taxable pur-
35 suant to this subsection. The secretary of revenue is hereby authorized
36 and directed to perform any act deemed necessary to properly implement
37 such provisions;
- 38 (u) the gross receipts received from the sale of prepaid calling service
39 as defined in K.S.A. 2004 Supp. 79-3673, and amendments thereto; and
- 40 (v) the gross receipts received from the sales of bingo cards, bingo
41 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,
42 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
43 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before

1 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
2 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,
3 and amendments thereto, shall be exempt from taxes imposed pursuant
4 to this section.

5 Sec. 14. K.S.A. 2004 Supp. 79-3609 is hereby amended to read as
6 follows: 79-3609. (a) Every person engaged in the business of selling tan-
7 gible personal property at retail or furnishing services taxable in this state,
8 shall keep records and books of all such sales, together with invoices, bills
9 of lading, sales records, copies of bills of sale and other pertinent papers
10 and documents. Such books and records and other papers and documents
11 shall, at all times during business hours of the day, be available for and
12 subject to inspection by the director, or the director's duly authorized
13 agents and employees, for a period of three years from the last day of the
14 calendar year or of the fiscal year of the retailer, whichever comes later,
15 to which the records pertain. Such records shall be preserved during the
16 entire period during which they are subject to inspection by the director,
17 unless the director in writing previously authorizes their disposal. Any
18 person selling tangible personal property or furnishing taxable services
19 shall be prohibited from asserting that any sales are exempt from taxation
20 unless the retailer has in the retailer's possession a properly executed
21 exemption certificate provided by the consumer claiming the exemption.
22 Any retailer asserting a claim that certain sales are exempt who does not
23 have the required exemption certificates in possession shall acquire such
24 certificates within 60 days after receiving notice from the director that
25 such certificates are required. If such certificates are not obtained within
26 the period set forth herein, the sales shall be deemed to be taxable sales
27 under this act.

28 (b) The amount of tax imposed by this act is to be assessed within
29 three years after the return is filed, and no proceedings in court for the
30 collection of such taxes shall be begun after the expiration of such period.
31 In the case of a false or fraudulent return with intent to evade tax, the
32 tax may be assessed or a proceeding in court for collection of such tax
33 may be begun at any time, within two years from the discovery of such
34 fraud. No assessment shall be made for any period preceding the date of
35 registration of the retailer by more than three years except in cases of
36 fraud. No refund or credit shall be allowed by the director after ~~three~~
37 ~~years~~ *one year* from the date of payment of the tax as provided in this act
38 unless before the expiration of such period a claim therefor is filed by the
39 taxpayer, and no suit or action to recover on any claim for refund shall
40 be commenced until after the expiration of six months from the date of
41 filing a claim therefor with the director.

42 (c) Before the expiration of time prescribed in this section for the
43 assessment of additional tax ~~or the filing of a claim for refund~~, the director

1 is hereby authorized to enter into an agreement in writing with the tax-
2 payer consenting to the extension of the periods of limitations for the
3 assessment of tax or for the filing of a claim for refund, ~~at any time prior~~
4 ~~to the expiration of the period of limitations.~~ The period so agreed upon
5 may be extended by subsequent agreements in writing made before the
6 expiration of the period previously agreed upon. In consideration of such
7 agreement or agreements, interest due in excess of 48 months on any
8 additional tax shall be waived.

9 (d) For all taxable periods subject to assessment on January 1, 1998,
10 including periods subject to an agreement to extend the statute of limi-
11 tations, and for all taxable periods commencing after December 31, 1997,
12 interest at the rate prescribed by K.S.A. 79-2968, and amendments
13 thereto, shall be allowed on any overpayment of tax computed from the
14 due date of the return if it was timely filed and accompanied by the tax
15 due or, if the return was not timely filed, from the date of payment, except
16 that no interest shall be allowed on any such refund if the same is paid
17 within 60 days after the date of the return or the date of payment, as the
18 case requires.

19 (e) Notwithstanding any other provision of this section or the provi-
20 sions of the Kansas compensating tax act:

21 (1) (A) Any claim for refund of tax imposed by the Kansas retailers'
22 sales tax act or the Kansas compensating tax act based upon the provisions
23 of subsection (kk) of K.S.A. 79-3606 in existence prior to its amendment
24 by this act which is without dispute shall be allowed, but, with respect to
25 any claim exceeding \$10,000, the refund associated therewith shall not
26 be paid until after 510 days from the date such claim was filed and shall
27 not include interest from such date. As used in this subparagraph, a claim
28 for refund without dispute shall not include any claim the basis for which
29 is a judicial or quasi-judicial interpretation of such subsection occurring
30 after the effective date of this act.

31 (B) Any refund of tax resulting from a final determination or adju-
32 dication with regard to any claim submitted or to be submitted for refund
33 of tax imposed by the Kansas retailers' sales tax act or the Kansas com-
34 pensating tax act based upon the provisions of subsection (kk) of K.S.A.
35 79-3606 in existence prior to its amendment by this act not described by
36 subparagraph (A) shall, with respect to any refund exceeding \$50,000, be
37 paid in equal annual installments over 10 years commencing with the year
38 of such final determination or adjudication. Interest shall not accrue dur-
39 ing the time period of such payment.

40 (2) No claim for refund of tax imposed by the Kansas retailers' sales
41 tax act or the Kansas compensating tax act based upon the application of
42 the provisions of subsection (n) of K.S.A. 79-3606 pursuant to its inter-
43 pretation by the court of appeals of the state of Kansas in its opinion filed

1 on August 13, 1999, in the case entitled In re appeal of Water District
2 No. 1 of Johnson County shall be allowed for tax paid prior to the effective
3 date of this act. The provisions of this subsection shall not be applicable
4 to Water District No. 1 of Johnson county.

5 Sec. 15. K.S.A. 2004 Supp. 79-3620 is hereby amended to read as
6 follows: 79-3620. (a) All revenue collected or received by the director of
7 taxation from the taxes imposed by this act shall be remitted to the state
8 treasurer in accordance with the provisions of K.S.A. 75-4215, and
9 amendments thereto. Upon receipt of each such remittance, the state
10 treasurer shall deposit the entire amount in the state treasury, less
11 amounts withheld as provided in subsection (b) and amounts credited as
12 provided in subsection (c) and (d), to the credit of the state general fund.

13 (b) A refund fund, designated as "sales tax refund fund" not to exceed
14 \$100,000 shall be set apart and maintained by the director from sales tax
15 collections and estimated tax collections and held by the state treasurer
16 for prompt payment of all sales tax refunds including refunds authorized
17 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
18 fund shall be in such amount, within the limit set by this section, as the
19 director shall determine is necessary to meet current refunding require-
20 ments under this act. In the event such fund as established by this section
21 is, at any time, insufficient to provide for the payment of refunds due
22 claimants thereof, the director shall certify the amount of additional funds
23 required to the director of accounts and reports who shall promptly trans-
24 fer the required amount from the state general fund to the sales tax refund
25 fund, and notify the state treasurer, who shall make proper entry in the
26 records.

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

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

37 (3) *The state treasurer shall credit $\frac{5}{112}$ of the revenue collected or*
38 *received from the tax imposed by K.S.A. 79-3603, and amendments*
39 *thereto, at the rate of 5.6%, and deposited as provided in subsection (a),*
40 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
41 *way fund.*

42 (4) On July 1, 2006, the state treasurer shall credit ~~$\frac{19}{265}$~~ $\frac{19}{280}$ of the
43 revenue collected and received from the tax imposed by K.S.A. 79-3603,

1 and amendments thereto, at the rate of ~~5.3%~~ 5.6%, and deposited as
2 provided by subsection (a), exclusive of amounts credited pursuant to
3 subsection (d), in the state highway fund.

4 ~~(4)~~ (5) On July 1, 2007, the state treasurer shall credit ~~13/100~~ ^{13/112} of
5 the revenue collected and received from the tax imposed by K.S.A. 79-
6 3603, and amendments thereto, at the rate of ~~5.3%~~ 5.6%, and deposited
7 as provided by subsection (a), exclusive of amounts credited pursuant to
8 subsection (d), in the state highway fund.

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

24 Sec. 16. K.S.A. 2004 Supp. 79-3703 is hereby amended to read as
25 follows: 79-3703. There is hereby levied and there shall be collected from
26 every person in this state a tax or excise for the privilege of using, storing,
27 or consuming within this state any article of tangible personal property.
28 Such tax shall be levied and collected in an amount equal to the consid-
29 eration paid by the taxpayer multiplied by the rate of ~~5.3%~~ 5.6%. Within
30 a redevelopment district established pursuant to K.S.A. 74-8921, and
31 amendments thereto, there is hereby levied and there shall be collected
32 and paid an additional tax of 2% until the earlier of: (1) The date the
33 bonds issued to finance or refinance the redevelopment project under-
34 taken in the district have been paid in full; or (2) the final scheduled
35 maturity of the first series of bonds issued to finance the redevelopment
36 project. All property purchased or leased within or without this state and
37 subsequently used, stored or consumed in this state shall be subject to
38 the compensating tax if the same property or transaction would have been
39 subject to the Kansas retailers' sales tax had the transaction been wholly
40 within this state.

41 Sec. 17. K.S.A. 2004 Supp. 79-3710 is hereby amended to read as
42 follows: 79-3710. (a) All revenue collected or received by the director
43 under the provisions of this act shall be remitted to the state treasurer in

1 accordance with the provisions of K.S.A. 75-4215, and amendments
2 thereto. Upon receipt of each such remittance, the state treasurer shall
3 deposit the entire amount in the state treasury, less amounts set apart as
4 provided in subsection (b) and amounts credited as provided in subsection
5 (c) and (d), to the credit of the state general fund.

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

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

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

23 (3) *The state treasurer shall credit $\frac{5}{112}$ of the revenue collected or*
24 *received from the tax imposed by K.S.A. 79-3703, and amendments*
25 *thereto, at the rate of 5.6%, and deposited as provided by subsection (a),*
26 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
27 *way fund.*

28 (4) On July 1, 2006, the state treasurer shall credit ~~$\frac{19}{205}$~~ $\frac{19}{280}$ of the
29 revenue collected or received from the tax imposed by K.S.A. 79-3703,
30 and amendments thereto, at the rate of ~~5.3%~~ 5.6%, and deposited as
31 provided by subsection (a), exclusive of amounts credited pursuant to
32 subsection (d), in the state highway fund.

33 ~~(4)~~ (5) On July 1, 2007, the state treasurer shall credit ~~$\frac{13}{400}$~~ $\frac{13}{126}$ of
34 the revenue collected or received from the tax imposed by K.S.A. 79-
35 3703, and amendments thereto, at the rate of ~~5.3%~~ 5.6%, and deposited
36 as provided by subsection (a), exclusive of amounts credited pursuant to
37 subsection (d), in the state highway fund.

38 (d) The state treasurer shall credit all revenue collected or received
39 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
40 certified by the director, from taxpayers doing business within that por-
41 tion of a redevelopment district occupied by a redevelopment project that
42 was determined by the secretary of commerce to be of statewide as well
43 as local importance or will create a major tourism area for the state as

1 defined in K.S.A. 12-1770a, and amendments thereto, to the city bond
2 finance fund created by subsection (d) of K.S.A. 79-3620, and amend-
3 ments thereto. The provisions of this subsection shall expire when the
4 total of all amounts credited hereunder and under subsection (d) of K.S.A.
5 79-3620, and amendments thereto, is sufficient to retire the special ob-
6 ligation bonds issued for the purpose of financing all or a portion of the
7 costs of such redevelopment project.

8 This subsection shall not apply to a project designated as a special bond
9 project as defined in subsection (z) of K.S.A. 12-1770a, and amendments
10 thereto.

11 New Sec. 18. There shall be allowed as a credit against the tax com-
12 puted under the provisions of the Kansas income tax act for each individ-
13 ual an amount equal to \$115 for tax year 2005 and all tax years thereafter
14 as a personal exemption credit for each exemption for which such indi-
15 vidual is entitled to a deduction for the tax year for federal income tax
16 purposes. In addition to the credit authorized in this section, an individual
17 filing a federal income tax return under the status of head of household,
18 as the same is defined by 26 U.S.C. 2(b), shall be allowed an additional
19 credit in the amount of \$115.

20 New Sec. 19. Whenever a person seeks a partial exemption or refund
21 of sales taxes paid on purchases of gas, water or electricity whose sales is
22 metered through one meter, the person shall submit a usage study to the
23 utility provider along with the exemption certificate or claim for refund.
24 The usage study shall be on a form prescribed by the department of
25 revenue and shall be certified by a registered engineer or a person with
26 an engineering degree from an accredited college and by the owner or
27 manager of the business. The usage study shall be updated every five
28 years or as operational changes occur, such as adding equipment, chang-
29 ing hours of operation, quitting business or similar change in the usage
30 of the equipment being metered. No exemption shall be allowed for util-
31 ities furnished through one meter unless the percentage of exempt use
32 is more than 50% of the metered sales. No refund shall be paid for a
33 refund amount less than \$5 during any one reporting period.

34 Sec. 20. K.S.A. 40-2246, 72-6410, 72-6433, 79-32,109, 79-32,176 and
35 79-32,190 and K.S.A. 2004 Supp. 72-6431, 79-201x, 79-3230, 79-32,110,
36 79-32,121, 79-32,197, 79-32,206, 79-3603, 79-3609, 79-3620, 79-3703 and
37 79-3710 are hereby repealed.

38 Sec. 21. This act shall take effect and be in force from and after its
39 publication in the statute book.