

**SENATE BILL No. 10**

By Committee on Ways and Means

6-27

9 AN ACT concerning taxation; relating to increase in sales and use tax  
10 rates; income tax surtax; amending K.S.A. 2004 Supp. 79-32,110, 79-  
11 3603, as amended by section 2 of 2005 Senate Bill No. 23, 79-3620,  
12 79-3703 and 79-3710 and repealing the existing sections.  
13

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

15 Section 1. K.S.A. 2004 Supp. 79-32,110 is hereby amended to read  
16 as follows: 79-32,110. (a) *Resident Individuals.* Except as otherwise pro-  
17 vided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a  
18 tax is hereby imposed upon the Kansas taxable income of every resident  
19 individual, which tax shall be computed in accordance with the following  
20 tax schedules:

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

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

26 (2) *All other individuals.*

27 (A) For tax year 1997:

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

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

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

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

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

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

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

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

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

10 (e) *In addition to the tax imposed pursuant to subsections (a) and (b),*  
11 *for tax years commencing after December 31, 2004, a surtax shall be*  
12 *imposed on resident individuals and nonresident individuals in an amount*  
13 *of 2.81% of the tax due pursuant to subsections (a) and (b), computed*  
14 *without regard to any applicable income tax credits.*

15 Sec. 2. K.S.A. 2004 Supp. 79-3603, as amended by section 2 of 2005  
16 Senate Bill No. 23, is hereby amended to read as follows: 79-3603. For  
17 the privilege of engaging in the business of selling tangible personal prop-  
18 erty at retail in this state or rendering or furnishing any of the services  
19 taxable under this act, there is hereby levied and there shall be collected  
20 and paid a tax at the rate of 5.3% *before August 1, 2005, and 5.6% on*  
21 *and after August 1, 2005*. Within a redevelopment district established  
22 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby  
23 levied and there shall be collected and paid an additional tax at the rate  
24 of 2% until the earlier of the date the bonds issued to finance or refinance  
25 the redevelopment project have been paid in full or the final scheduled  
26 maturity of the first series of bonds issued to finance any part of the  
27 project upon:

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

30 (b) (1) the gross receipts from intrastate telephone or telegraph serv-  
31 ices; (2) the gross receipts received from the sale of interstate telephone  
32 or telegraph services, which (A) originate within this state and terminate  
33 outside the state and are billed to a customer's telephone number or  
34 account in this state; or (B) originate outside this state and terminate  
35 within this state and are billed to a customer's telephone number or ac-  
36 count in this state except that the sale of interstate telephone or telegraph  
37 service does not include: (A) Any interstate incoming or outgoing wide  
38 area telephone service or wide area transmission type service which en-  
39 titles the subscriber to make or receive an unlimited number of com-  
40 munications to or from persons having telephone service in a specified  
41 area which is outside the state in which the station provided this service  
42 is located; (B) any interstate private communications service to the per-  
43 sons contracting for the receipt of that service that entitles the purchaser

1 to exclusive or priority use of a communications channel or group of  
2 channels between exchanges; (C) any value-added nonvoice service in  
3 which computer processing applications are used to act on the form, con-  
4 tent, code or protocol of the information to be transmitted; (D) any tel-  
5 ecommunication service to a provider of telecommunication services  
6 which will be used to render telecommunications services, including car-  
7 rier access services; or (E) any service or transaction defined in this sec-  
8 tion among entities classified as members of an affiliated group as pro-  
9 vided by section 1504 of the federal internal revenue code of 1986, as in  
10 effect on January 1, 2001; and (3) the gross receipts from the provision  
11 of services taxable under this subsection which are billed on a combined  
12 basis with nontaxable services, shall be accounted for and the tax remitted  
13 as follows: The taxable portion of the selling price of those combined  
14 services shall include only those charges for taxable services if the selling  
15 price for the taxable services can be readily distinguishable in the retailer's  
16 books and records from the selling price for the nontaxable services. Oth-  
17 erwise, the gross receipts from the sale of both taxable and nontaxable  
18 services billed on a combined basis shall be deemed attributable to the  
19 taxable services included therein. Within 90 days of billing taxable services  
20 on a combined basis with nontaxable services, the retailer shall enter into  
21 a written agreement with the secretary identifying the methodology to be  
22 used in determining the taxable portion of the selling price of those com-  
23 bined services. The burden of proving that any receipt or charge is not  
24 taxable shall be upon the retailer. Upon request from the customer, the  
25 retailer shall disclose to the customer the selling price for the taxable  
26 services included in the selling price for the taxable and nontaxable serv-  
27 ices billed on a combined basis;

28 (c) the gross receipts from the sale or furnishing of gas, water, elec-  
29 tricity and heat, which sale is not otherwise exempt from taxation under  
30 the provisions of this act, and whether furnished by municipally or pri-  
31 vately owned utilities, except that, on and after January 1, 2006, for sales  
32 of gas, electricity and heat delivered through mains, lines or pipes to  
33 residential premises for noncommercial use by the occupant of such  
34 premises, and for agricultural use and also, for such use, all sales of pro-  
35 pane gas, the state rate shall be 0%; and for all sales of propane gas, LP  
36 gas, coal, wood and other fuel sources for the production of heat or light-  
37 ing for noncommercial use of an occupant of residential premises, the  
38 state rate shall be 0%, but such tax shall not be levied and collected upon  
39 the gross receipts from: (1) The sale of a rural water district benefit unit;  
40 (2) a water system impact fee, system enhancement fee or similar fee  
41 collected by a water supplier as a condition for establishing service; or (3)  
42 connection or reconnection fees collected by a water supplier;

43 (d) the gross receipts from the sale of meals or drinks furnished at

- 1 any private club, drinking establishment, catered event, restaurant, eating  
2 house, dining car, hotel, drugstore or other place where meals or drinks  
3 are regularly sold to the public;
- 4 (e) the gross receipts from the sale of admissions to any place pro-  
5 viding amusement, entertainment or recreation services including admis-  
6 sions to state, county, district and local fairs, but such tax shall not be  
7 levied and collected upon the gross receipts received from sales of ad-  
8 missions to any cultural and historical event which occurs triennially;
- 9 (f) the gross receipts from the operation of any coin-operated device  
10 dispensing or providing tangible personal property, amusement or other  
11 services except laundry services, whether automatic or manually operated;
- 12 (g) the gross receipts from the service of renting of rooms by hotels,  
13 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-  
14 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto  
15 but such tax shall not be levied and collected upon the gross receipts  
16 received from sales of such service to the federal government and any  
17 agency, officer or employee thereof in association with the performance  
18 of official government duties;
- 19 (h) the gross receipts from the service of renting or leasing of tangible  
20 personal property except such tax shall not apply to the renting or leasing  
21 of machinery, equipment or other personal property owned by a city and  
22 purchased from the proceeds of industrial revenue bonds issued prior to  
23 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
24 12-1749, and amendments thereto, and any city or lessee renting or leas-  
25 ing such machinery, equipment or other personal property purchased  
26 with the proceeds of such bonds who shall have paid a tax under the  
27 provisions of this section upon sales made prior to July 1, 1973, shall be  
28 entitled to a refund from the sales tax refund fund of all taxes paid  
29 thereon;
- 30 (i) the gross receipts from the rendering of dry cleaning, pressing,  
31 dyeing and laundry services except laundry services rendered through a  
32 coin-operated device whether automatic or manually operated;
- 33 (j) the gross receipts from the rendering of the services of washing  
34 and washing and waxing of vehicles;
- 35 (k) the gross receipts from cable, community antennae and other sub-  
36 scriber radio and television services;
- 37 (l) (1) except as otherwise provided by paragraph (2), the gross re-  
38 cepts received from the sales of tangible personal property to all con-  
39 tractors, subcontractors or repairmen for use by them in erecting struc-  
40 tures, or building on, or otherwise improving, altering, or repairing real  
41 or personal property.
- 42 (2) Any such contractor, subcontractor or repairman who maintains  
43 an inventory of such property both for sale at retail and for use by them

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

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

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

30 (o) the gross receipts received from the isolated or occasional sale of  
31 motor vehicles or trailers but not including: (1) The transfer of motor  
32 vehicles or trailers by a person to a corporation or limited liability com-  
33 pany solely in exchange for stock securities or membership interest in  
34 such corporation or limited liability company; or (2) the transfer of motor  
35 vehicles or trailers by one corporation or limited liability company to  
36 another when all of the assets of such corporation or limited liability  
37 company are transferred to such other corporation or limited liability  
38 company; or (3) the sale of motor vehicles or trailers which are subject  
39 to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and  
40 amendments thereto, by an immediate family member to another im-  
41 mediate family member. For the purposes of clause (3), immediate family  
42 member means lineal ascendants or descendants, and their spouses. Any  
43 amount of sales tax paid pursuant to the Kansas retailers sales tax act on

1 the isolated or occasional sale of motor vehicles or trailers on and after  
2 July 1, 2004, which the base for computing the tax was the value pursuant  
3 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments  
4 thereto, when such amount was higher than the amount of sales tax which  
5 would have been paid under the law as it existed on June 30, 2004, shall  
6 be refunded to the taxpayer pursuant to the procedure prescribed by this  
7 section. Such refund shall be in an amount equal to the difference be-  
8 tween the amount of sales tax paid by the taxpayer and the amount of  
9 sales tax which would have been paid by the taxpayer under the law as it  
10 existed on June 30, 2004. Each claim for a sales tax refund shall be verified  
11 and submitted not later than six months from the effective date of this  
12 act to the director of taxation upon forms furnished by the director and  
13 shall be accompanied by any additional documentation required by the  
14 director. The director shall review each claim and shall refund that  
15 amount of tax paid as provided by this act. All such refunds shall be paid  
16 from the sales tax refund fund, upon warrants of the director of accounts  
17 and reports pursuant to vouchers approved by the director of taxation or  
18 the director's designee. No refund for an amount less than \$10 shall be  
19 paid pursuant to this act. In determining the base for computing the tax  
20 on such isolated or occasional sale, the fair market value of any motor  
21 vehicle or trailer traded in by the purchaser to the seller may be deducted  
22 from the selling price;

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

33 For the purposes of this subsection:

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

43 (2) "building" shall mean only those enclosures within which individ-

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

1 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,  
2 and amendments thereto, shall be exempt from taxes imposed pursuant  
3 to this section.

4 Sec. 3. K.S.A. 2004 Supp. 79-3620 is hereby amended to read as  
5 follows: 79-3620. (a) All revenue collected or received by the director of  
6 taxation from the taxes imposed by this act shall be remitted to the state  
7 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
8 amendments thereto. Upon receipt of each such remittance, the state  
9 treasurer shall deposit the entire amount in the state treasury, less  
10 amounts withheld as provided in subsection (b) and amounts credited as  
11 provided in subsection (c) and (d), to the credit of the state general fund.

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

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

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

36 (3) *Commencing August 1, 2005, and ending June 30, 2006, the state*  
37 *treasurer shall credit  $\frac{5}{112}$  of the revenue collected or received from the*  
38 *tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of*  
39 *5.6%, and deposited as provided by subsection (a), exclusive of amounts*  
40 *credited pursuant to subsection (d), in the state highway fund.*

41 (4) *Commencing on July 1, 2006, and ending June 30, 2007, the state*  
42 *treasurer shall credit  ~~$\frac{19}{265}$~~   $\frac{19}{280}$  of the revenue collected and received*  
43 *from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the*

1 rate of ~~5.3%~~ 5.6%, and deposited as provided by subsection (a), exclusive  
2 of amounts credited pursuant to subsection (d), in the state highway fund.  
3 ~~(4)~~ (5) On *and after* July 1, 2007, the state treasurer shall credit ~~13/100~~  
4 <sup>13/112</sup> of the revenue collected and received from the tax imposed by  
5 K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.3%~~ 5.6%, and  
6 deposited as provided by subsection (a), exclusive of amounts credited  
7 pursuant to subsection (d), in the state highway fund.

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

23 Sec. 4. K.S.A. 2004 Supp. 79-3703 is hereby amended to read as  
24 follows: 79-3703. There is hereby levied and there shall be collected from  
25 every person in this state a tax or excise for the privilege of using, storing,  
26 or consuming within this state any article of tangible personal property.  
27 Such tax shall be levied and collected in an amount equal to the consid-  
28 eration paid by the taxpayer multiplied by the rate of 5.3% *before August*  
29 *1, 2005, and 5.6% on and after August 1, 2005.* Within a redevelopment  
30 district established pursuant to K.S.A. 74-8921, and amendments thereto,  
31 there is hereby levied and there shall be collected and paid an additional  
32 tax of 2% until the earlier of: (1) The date the bonds issued to finance or  
33 refinance the redevelopment project undertaken in the district have been  
34 paid in full; or (2) the final scheduled maturity of the first series of bonds  
35 issued to finance the redevelopment project. All property purchased or  
36 leased within or without this state and subsequently used, stored or con-  
37 sumed in this state shall be subject to the compensating tax if the same  
38 property or transaction would have been subject to the Kansas retailers'  
39 sales tax had the transaction been wholly within this state.

40 Sec. 5. K.S.A. 2004 Supp. 79-3710 is hereby amended to read as  
41 follows: 79-3710. (a) All revenue collected or received by the director  
42 under the provisions of this act shall be remitted to the state treasurer in  
43 accordance with the provisions of K.S.A. 75-4215, and amendments

1 thereto. Upon receipt of each such remittance, the state treasurer shall  
2 deposit the entire amount in the state treasury, less amounts set apart as  
3 provided in subsection (b) and amounts credited as provided in subsection  
4 (c) and (d), to the credit of the state general fund.

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

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

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

22 (3) *Commencing August 1, 2005, and ending June 30, 2006, the state*  
23 *treasurer shall credit  $\frac{5}{112}$  of the revenue collected or received from the*  
24 *tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of*  
25 *5.6%, and deposited as provided by subsection (a), exclusive of amounts*  
26 *credited pursuant to subsection (d), in the state highway fund.*

27 (4) *Commencing on July 1, 2006, and ending June 30, 2007, the state*  
28 *treasurer shall credit  ~~$\frac{19}{205}$~~   $\frac{19}{280}$  of the revenue collected or received from*  
29 *the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate*  
30 *of ~~5.3%~~ 5.6%, and deposited as provided by subsection (a), exclusive of*  
31 *amounts credited pursuant to subsection (d), in the state highway fund.*

32 ~~(4)~~ (5) *On and after July 1, 2007, the state treasurer shall credit  ~~$\frac{13}{400}$~~*   
33  *$\frac{13}{112}$  of the revenue collected or received from the tax imposed by K.S.A.*  
34 *79-3703, and amendments thereto, at the rate of ~~5.3%~~ 5.6%, and depos-*  
35 *ited as provided by subsection (a), exclusive of amounts credited pursuant*  
36 *to subsection (d), in the state highway fund.*

37 (d) The state treasurer shall credit all revenue collected or received  
38 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
39 certified by the director, from taxpayers doing business within that por-  
40 tion of a redevelopment district occupied by a redevelopment project that  
41 was determined by the secretary of commerce to be of statewide as well  
42 as local importance or will create a major tourism area for the state as  
43 defined in K.S.A. 12-1770a, and amendments thereto, to the city bond

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

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

10 Sec. 6. K.S.A. 2004 Supp. 79-32,110, 79-3603, as amended by section  
11 2 of 2005 Senate Bill No. 23, 79-3620, 79-3703 and 79-3710 are hereby  
12 repealed.

13 Sec. 7. This act shall take effect and be in force from and after its  
14 publication in the Kansas register.