

SENATE BILL No. 595

By Committee on Ways and Means

3-21

9 AN ACT concerning taxation; relating to school ad valorem tax levy; in-
10 come tax surtax; sales and use tax rates; amending K.S.A. 2005 Supp.
11 72-6431, 79-32,110, 79-3603, 79-3620, 79-3703 and 79-3710 and re-
12 pealing the existing sections.
13

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

15 Section 1. K.S.A. 2005 Supp. 72-6431 is hereby amended to read as
16 follows: 72-6431. (a) The board of each district shall levy an ad valorem
17 tax upon the taxable tangible property of the district in the school years
18 specified in subsection (b) for the purpose of:

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

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

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

29 (b) The tax required under subsection (a) shall be levied at a rate of
30 20 mills in the school year ~~2005-2006 and school year 2006-2007~~ and 21
31 mills in the school year 2007-2008.

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

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

1 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-
2 1964b, and amendments thereto.

3 Sec. 2. K.S.A. 2005 Supp. 79-32,110 is hereby amended to read as
4 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
5 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is
6 hereby imposed upon the Kansas taxable income of every resident indi-
7 vidual, which tax shall be computed in accordance with the following tax
8 schedules:

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

10 If the taxable income is:	The tax is:
11 Not over \$30,000	3.5% of Kansas taxable income
12 Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess over \$30,000
13 Over \$60,000	\$2,925 plus 6.45% of excess over \$60,000

14 (2) *All other individuals*.

15 (A) For tax year 1997:

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

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

21 If the taxable income is:	The tax is:
22 Not over \$15,000	3.5% of Kansas taxable income
23 Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess over \$15,000
24 Over \$30,000	\$1,462.50 plus 6.45% of excess over \$30,000

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

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

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

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

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

41 (e) *In addition to the tax imposed pursuant to subsections (a) and (b),*
42 *for tax years commencing after December 31, 2007, a surtax shall be*
43 *imposed on resident individuals and nonresident individuals in the*

1 *amount of 7.0% of the tax due pursuant to subsections (a) and (b), com-*
2 *puted without regard to any applicable income tax credits.*

3 Sec. 3. K.S.A. 2005 Supp. 79-3603 is hereby amended to read as
4 follows: 79-3603. For the privilege of engaging in the business of selling
5 tangible personal property at retail in this state or rendering or furnishing
6 any of the services taxable under this act, there is hereby levied and there
7 shall be collected and paid a tax at the rate of 5.3% *before July 1, 2008,*
8 *and 6.0% on and after July 1, 2008.* Within a redevelopment district
9 established pursuant to K.S.A. 74-8921, and amendments thereto, there
10 is hereby levied and there shall be collected and paid an additional tax at
11 the rate of 2% until the earlier of the date the bonds issued to finance or
12 refinance the redevelopment project have been paid in full or the final
13 scheduled maturity of the first series of bonds issued to finance any part
14 of the project upon:

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

17 (b) (1) the gross receipts from intrastate telephone or telegraph serv-
18 ices; (2) the gross receipts received from the sale of interstate telephone
19 or telegraph services, which (A) originate within this state and terminate
20 outside the state and are billed to a customer's telephone number or
21 account in this state; or (B) originate outside this state and terminate
22 within this state and are billed to a customer's telephone number or ac-
23 count in this state except that the sale of interstate telephone or telegraph
24 service does not include: (A) Any interstate incoming or outgoing wide
25 area telephone service or wide area transmission type service which en-
26 titles the subscriber to make or receive an unlimited number of com-
27 munications to or from persons having telephone service in a specified
28 area which is outside the state in which the station provided this service
29 is located; (B) any interstate private communications service to the per-
30 sons contracting for the receipt of that service that entitles the purchaser
31 to exclusive or priority use of a communications channel or group of
32 channels between exchanges; (C) any value-added nonvoice service in
33 which computer processing applications are used to act on the form, con-
34 tent, code or protocol of the information to be transmitted; (D) any tel-
35 ecommunication service to a provider of telecommunication services
36 which will be used to render telecommunications services, including car-
37 rier access services; or (E) any service or transaction defined in this sec-
38 tion among entities classified as members of an affiliated group as pro-
39 vided by section 1504 of the federal internal revenue code of 1986, as in
40 effect on January 1, 2001; and (3) the gross receipts from the provision
41 of services taxable under this subsection which are billed on a combined
42 basis with nontaxable services, shall be accounted for and the tax remitted
43 as follows: The taxable portion of the selling price of those combined

1 services shall include only those charges for taxable services if the selling
2 price for the taxable services can be readily distinguishable in the retailer's
3 books and records from the selling price for the nontaxable services. Oth-
4 erwise, the gross receipts from the sale of both taxable and nontaxable
5 services billed on a combined basis shall be deemed attributable to the
6 taxable services included therein. Within 90 days of billing taxable services
7 on a combined basis with nontaxable services, the retailer shall enter into
8 a written agreement with the secretary identifying the methodology to be
9 used in determining the taxable portion of the selling price of those com-
10 bined services. The burden of proving that any receipt or charge is not
11 taxable shall be upon the retailer. Upon request from the customer, the
12 retailer shall disclose to the customer the selling price for the taxable
13 services included in the selling price for the taxable and nontaxable serv-
14 ices billed on a combined basis;

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

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

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

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

42 (g) the gross receipts from the service of renting of rooms by hotels,
43 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-

1 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto
2 but such tax shall not be levied and collected upon the gross receipts
3 received from sales of such service to the federal government and any
4 agency, officer or employee thereof in association with the performance
5 of official government duties;

6 (h) the gross receipts from the service of renting or leasing of tangible
7 personal property except such tax shall not apply to the renting or leasing
8 of machinery, equipment or other personal property owned by a city and
9 purchased from the proceeds of industrial revenue bonds issued prior to
10 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
11 12-1749, and amendments thereto, and any city or lessee renting or leas-
12 ing such machinery, equipment or other personal property purchased
13 with the proceeds of such bonds who shall have paid a tax under the
14 provisions of this section upon sales made prior to July 1, 1973, shall be
15 entitled to a refund from the sales tax refund fund of all taxes paid
16 thereon;

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

20 (j) the gross receipts from the rendering of the services of washing
21 and washing and waxing of vehicles;

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

24 (1) (1) except as otherwise provided by paragraph (2), the gross re-
25 cepts received from the sales of tangible personal property to all con-
26 tractors, subcontractors or repairmen for use by them in erecting struc-
27 tures, or building on, or otherwise improving, altering, or repairing real
28 or personal property.

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

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

40 (1) Fees and charges by any political subdivision, by any organization
41 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
42 201, and amendments thereto, or by any youth recreation organization
43 exclusively providing services to persons 18 years of age or younger which

1 is exempt from federal income taxation pursuant to section 501(c)(3) of
2 the federal internal revenue code of 1986, for participation in sports,
3 games and other recreational activities; and (2) entry fees and charges for
4 participation in a special event or tournament sanctioned by a national
5 sporting association to which spectators are charged an admission which
6 is taxable pursuant to subsection (e);

7 (n) the gross receipts received from dues charged by public and pri-
8 vate clubs, drinking establishments, organizations and businesses, pay-
9 ment of which entitles a member to the use of facilities for recreation or
10 entertainment, but such tax shall not be levied and collected upon the
11 gross receipts received from: (1) Dues charged by any organization ex-
12 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
13 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
14 in a nonprofit organization which is exempt from federal income taxation
15 pursuant to section 501 (c)(3) of the federal internal revenue code of
16 1986, and whose purpose is to support the operation of a nonprofit zoo;

17 (o) the gross receipts received from the isolated or occasional sale of
18 motor vehicles or trailers but not including: (1) The transfer of motor
19 vehicles or trailers by a person to a corporation or limited liability com-
20 pany solely in exchange for stock securities or membership interest in
21 such corporation or limited liability company; or (2) the transfer of motor
22 vehicles or trailers by one corporation or limited liability company to
23 another when all of the assets of such corporation or limited liability
24 company are transferred to such other corporation or limited liability
25 company; or (3) the sale of motor vehicles or trailers which are subject
26 to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
27 amendments thereto, by an immediate family member to another im-
28 mediate family member. For the purposes of clause (3), immediate family
29 member means lineal ascendants or descendants, and their spouses. Any
30 amount of sales tax paid pursuant to the Kansas retailers sales tax act on
31 the isolated or occasional sale of motor vehicles or trailers on and after
32 July 1, 2004, which the base for computing the tax was the value pursuant
33 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments
34 thereto, when such amount was higher than the amount of sales tax which
35 would have been paid under the law as it existed on June 30, 2004, shall
36 be refunded to the taxpayer pursuant to the procedure prescribed by this
37 section. Such refund shall be in an amount equal to the difference be-
38 tween the amount of sales tax paid by the taxpayer and the amount of
39 sales tax which would have been paid by the taxpayer under the law as it
40 existed on June 30, 2004. Each claim for a sales tax refund shall be verified
41 and submitted not later than six months from the effective date of this
42 act to the director of taxation upon forms furnished by the director and
43 shall be accompanied by any additional documentation required by the

1 director. The director shall review each claim and shall refund that
2 amount of tax paid as provided by this act. All such refunds shall be paid
3 from the sales tax refund fund, upon warrants of the director of accounts
4 and reports pursuant to vouchers approved by the director of taxation or
5 the director's designee. No refund for an amount less than \$10 shall be
6 paid pursuant to this act. In determining the base for computing the tax
7 on such isolated or occasional sale, the fair market value of any motor
8 vehicle or trailer traded in by the purchaser to the seller may be deducted
9 from the selling price;

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

20 For the purposes of this subsection:

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

30 (2) "building" shall mean only those enclosures within which individ-
31 uals customarily are employed, or which are customarily used to house
32 machinery, equipment or other property, and including the land improve-
33 ments immediately surrounding such building;

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

40 (4) "residence" shall mean only those enclosures within which indi-
41 viduals customarily live;

42 (q) the gross receipts received for the service of repairing, servicing,
43 altering or maintaining tangible personal property which when such serv-

1 ices are rendered is not being held for sale in the regular course of busi-
2 ness, and whether or not any tangible personal property is transferred in
3 connection therewith. The tax imposed by this subsection shall be appli-
4 cable to the services of repairing, servicing, altering or maintaining an
5 item of tangible personal property which has been and is fastened to,
6 connected with or built into real property;

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

10 (s) on and after January 1, 2005, the gross receipts received from the
11 sale of prewritten computer software and the sale of the services of mod-
12 ifying, altering, updating or maintaining prewritten computer software,
13 whether the prewritten computer software is installed or delivered elec-
14 tronically by tangible storage media physically transferred to the pur-
15 chaser or by load and leave;

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

24 (u) the gross receipts received from the sale of prepaid calling service
25 as defined in K.S.A. 2005 Supp. 79-3673, and amendments thereto; and

26 (v) the gross receipts received from the sales of bingo cards, bingo
27 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,
28 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
29 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
30 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
31 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
32 and amendments thereto, shall be exempt from taxes imposed pursuant
33 to this section.

34 Sec. 4. K.S.A. 2005 Supp. 79-3620 is hereby amended to read as
35 follows: 79-3620. (a) All revenue collected or received by the director of
36 taxation from the taxes imposed by this act shall be remitted to the state
37 treasurer in accordance with the provisions of K.S.A. 75-4215, and
38 amendments thereto. Upon receipt of each such remittance, the state
39 treasurer shall deposit the entire amount in the state treasury, less
40 amounts withheld as provided in subsection (b) and amounts credited as
41 provided in subsection (c) and (d), to the credit of the state general fund.

42 (b) A refund fund, designated as "sales tax refund fund" not to exceed
43 \$100,000 shall be set apart and maintained by the director from sales tax

1 collections and estimated tax collections and held by the state treasurer
2 for prompt payment of all sales tax refunds including refunds authorized
3 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
4 fund shall be in such amount, within the limit set by this section, as the
5 director shall determine is necessary to meet current refunding require-
6 ments under this act. In the event such fund as established by this section
7 is, at any time, insufficient to provide for the payment of refunds due
8 claimants thereof, the director shall certify the amount of additional funds
9 required to the director of accounts and reports who shall promptly trans-
10 fer the required amount from the state general fund to the sales tax refund
11 fund, and notify the state treasurer, who shall make proper entry in the
12 records.

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. 79-3603, 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. 79-3603, 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) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the rev-
24 enue collected and received from the tax imposed by K.S.A. 79-3603, and
25 amendments thereto, at the rate of 5.3%, and deposited as provided by
26 subsection (a), exclusive of amounts credited pursuant to subsection (d),
27 in the state highway fund.

28 (4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the rev-
29 enue collected and received from the tax imposed by K.S.A. 79-3603, and
30 amendments thereto, at the rate of 5.3%, and deposited as provided by
31 subsection (a), exclusive of amounts credited pursuant to subsection (d),
32 in the state highway fund.

33 (5) *On and after July 1, 2008, the state treasurer shall credit $\frac{13}{120}$ of*
34 *the revenue collected and received from the tax imposed by K.S.A. 79-*
35 *3603, and amendments thereto, at the rate of 6.0%, and deposited as*
36 *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. 79-3603, 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 or
42 taxpayers doing business with such entity financed by a special bond pro-
43 ject as defined in K.S.A. 12-1770a, and amendments thereto, that was

1 determined by the secretary of commerce to be of statewide as well as
2 local importance or will create a major tourism area for the state or the
3 project was designated as a special bond project as defined in K.S.A. 12-
4 1770a, and amendments thereto, to the city bond finance fund, which
5 fund is hereby created. The provisions of this subsection shall expire when
6 the total of all amounts credited hereunder and under subsection (d) of
7 K.S.A. 79-3710, and amendments thereto, is sufficient to retire the special
8 obligation bonds issued for the purpose of financing all or a portion of
9 the costs of such redevelopment or special bond project.

10 Sec. 5. K.S.A. 2005 Supp. 79-3703 is hereby amended to read as
11 follows: 79-3703. There is hereby levied and there shall be collected from
12 every person in this state a tax or excise for the privilege of using, storing,
13 or consuming within this state any article of tangible personal property.
14 Such tax shall be levied and collected in an amount equal to the consid-
15 eration paid by the taxpayer multiplied by the rate of 5.3% *before July 1,*
16 *2008, and 6.0% on and after July 1, 2008.* Within a redevelopment district
17 established pursuant to K.S.A. 74-8921, and amendments thereto, there
18 is hereby levied and there shall be collected and paid an additional tax of
19 2% until the earlier of: (1) The date the bonds issued to finance or refi-
20 nance the redevelopment project undertaken in the district have been
21 paid in full; or (2) the final scheduled maturity of the first series of bonds
22 issued to finance the redevelopment project. All property purchased or
23 leased within or without this state and subsequently used, stored or con-
24 sumed in this state shall be subject to the compensating tax if the same
25 property or transaction would have been subject to the Kansas retailers'
26 sales tax had the transaction been wholly within this state.

27 Sec. 6. K.S.A. 2005 Supp. 79-3710 is hereby amended to read as
28 follows: 79-3710. (a) All revenue collected or received by the director
29 under the provisions of this act shall be remitted to the state treasurer in
30 accordance with the provisions of K.S.A. 75-4215, and amendments
31 thereto. Upon receipt of each such remittance, the state treasurer shall
32 deposit the entire amount in the state treasury, less amounts set apart as
33 provided in subsection (b) and amounts credited as provided in subsection
34 (c) and (d), to the credit of the state general fund.

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

42 (c) (1) The state treasurer shall credit $\frac{5}{6}$ s of the revenue collected
43 or received from the tax imposed by K.S.A. 79-3703, and amendments

1 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
2 exclusive of amounts credited pursuant to subsection (d), in the state
3 highway fund.

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

9 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the rev-
10 enue collected or received from the tax imposed by K.S.A. 79-3703, and
11 amendments thereto, at the rate of 5.3%, and deposited as provided by
12 subsection (a), exclusive of amounts credited pursuant to subsection (d),
13 in the state highway fund.

14 (4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the rev-
15 enue collected or received from the tax imposed by K.S.A. 79-3703, and
16 amendments thereto, at the rate of 5.3%, and deposited as provided by
17 subsection (a), exclusive of amounts credited pursuant to subsection (d),
18 in the state highway fund.

19 (5) *On and after July 1, 2008, the state treasurer shall credit $\frac{13}{120}$ of*
20 *the revenue collected and received from the tax imposed by K.S.A. 79-*
21 *3703, and amendments thereto, at the rate of 6.0%, and deposited as*
22 *provided by subsection (a), exclusive of amounts credited pursuant to*
23 *subsection (d), in the state highway fund.*

24 (d) The state treasurer shall credit all revenue collected or received
25 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
26 certified by the director, from taxpayers doing business within that por-
27 tion of a redevelopment district occupied by a redevelopment project that
28 was determined by the secretary of commerce to be of statewide as well
29 as local importance or will create a major tourism area for the state as
30 defined in K.S.A. 12-1770a, and amendments thereto, to the city bond
31 finance fund created by subsection (d) of K.S.A. 79-3620, and amend-
32 ments thereto. The provisions of this subsection shall expire when the
33 total of all amounts credited hereunder and under subsection (d) of K.S.A.
34 79-3620, and amendments thereto, is sufficient to retire the special ob-
35 ligation bonds issued for the purpose of financing all or a portion of the
36 costs of such redevelopment project.

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

40 Sec. 7. K.S.A. 2005 Supp. 72-6431, 79-32,110, 79-3603, 79-3620, 79-
41 3703 and 79-3720 are hereby repealed.

42 Sec. 8. This act shall take effect and be in force from and after its
43 publication in the statute book.