

**HOUSE BILL No. 2405**

By Committee on Appropriations

5-1

9 AN ACT concerning taxation; relating to corporate income tax rates; dis-  
10 tribution of mineral severance tax to oil and gas valuation depletion  
11 trust fund; amending K.S.A. 2008 Supp. 79-32,110 and 79-4227 and  
12 repealing the existing sections.  
13

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

15 Section 1. K.S.A. 2008 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
37		\$30,000

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

43 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable

1 income of every corporation doing business within this state or deriving  
2 income from sources within this state. Such tax shall consist of a normal  
3 tax and a surtax and shall be computed as follows:

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

6 (2) ~~(A)~~ for tax year 2008, *and all tax years thereafter*, the surtax shall  
7 be in an amount equal to 3.1% of the Kansas taxable income of such  
8 corporation in excess of \$50,000;

9 ~~(B) for tax years 2009 and 2010, the surtax shall be in an amount  
10 equal to 3.05% of the Kansas taxable income of such corporation in excess  
11 of \$50,000, and~~

12 ~~(C) for tax year 2011, and all tax years thereafter, the surtax shall be  
13 in an amount equal to 3% of the Kansas taxable income of such  
14 corporation in excess of \$50,000.~~

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

18 Sec. 2. K.S.A. 2008 Supp. 79-4227 is hereby amended to read as  
19 follows: 79-4227. (a) All revenue collected or received by the director  
20 from the tax imposed by this act shall be remitted to the state treasurer  
21 in accordance with the provisions of K.S.A. 75-4215, and amendments  
22 thereto. Upon receipt of each such remittance, the state treasurer shall  
23 deposit the entire amount in the state treasury. The state treasurer shall  
24 first credit such amount as the director shall order to the mineral  
25 production tax refund fund created under subsection (b) of this section.  
26 Except as otherwise provided by this section, the state treasurer shall  
27 credit the remainder of such amounts as follows: (1) Seven percent to the  
28 special county mineral production tax fund created under subsection (c)  
29 of this section; and (2) the remainder shall be credited to the state general  
30 fund. On and after July 1, 2008, and thereafter, the state treasurer shall  
31 credit the remainder of such amounts for oil and gas for any county which  
32 in fiscal year 2005 or any fiscal year thereafter had \$100,000 or more in  
33 receipts of the excise tax upon the severance and production of oil and  
34 gas as follows: (1) Seven percent to the special county mineral production  
35 tax fund created under subsection (c); (2) 4.96% from July 1, 2008,  
36 ~~through June 30, 2009 and thereafter~~, to the oil and gas valuation  
37 ~~depletion trust fund; 7.44% from July 1, 2009, through June 30, 2010, to~~  
38 ~~the oil and gas valuation depletion trust fund; 9.93% from July 1, 2010,~~  
39 ~~to June 30, 2011, to the oil and gas valuation depletion trust fund; and~~  
40 ~~12.41% from July 1, 2011, and thereafter, to the oil and gas valuation~~  
41 ~~depletion trust fund; and (3) the remainder shall be credited to the state~~  
42 ~~general fund.~~

43 (b) A refund fund designated as “mineral production tax refund fund”

1 not to exceed \$50,000 is hereby created for the prompt payment of all  
2 tax refunds. The mineral production tax refund fund shall be in such  
3 amount, within the limit set by this section, as the director shall determine  
4 is necessary to meet current refunding requirements under this act.

5 (c) There is hereby created a special county mineral production tax  
6 fund. On December 1, 1983, and quarterly thereafter, the director of  
7 taxation shall distribute all moneys credited to such fund to the county  
8 treasurers of all counties in which taxes were levied under K.S.A. 79-  
9 4217, and amendments thereto, for the severing and producing of coal,  
10 oil or gas from property within the county, in the proportion that the taxes  
11 levied upon production in each county bears to the total of all of such  
12 taxes levied in all of such counties. Such distribution shall be based on  
13 returns filed, with any adjustments or corrections thereto made by the  
14 director of taxation.

15 (d) The secretary of revenue shall make provision for the  
16 determination of the counties within which taxes are levied under K.S.A.  
17 79-4217, and amendments thereto, for the severance of coal, oil or gas  
18 and shall certify the same to the director of accounts and reports.

19 (e) The director of accounts and reports shall draw warrants on the  
20 state treasurer payable to the county treasurer of each county entitled to  
21 payment from the special county mineral production tax fund upon  
22 vouchers approved by the director of taxation. Upon receipt of such  
23 warrant, each county treasurer shall credit 50% of the amount thereof to  
24 the county general fund and shall distribute the remaining 50% thereof  
25 to the treasurer of each school district all or any portion of which is located  
26 within the county in the proportion that the assessed value of coal, oil  
27 and gas properties within each district bears to the total of the assessed  
28 value of all coal, oil and gas properties within the county. Such assessed  
29 valuation shall be determined upon the basis of the most recent  
30 November 1 tax roll. The treasurer of each school district shall credit the  
31 entire amount of the moneys so received to the general fund of the school  
32 district.

33 Sec. 3. K.S.A. 2008 Supp. 79-32,110 and 79-4227 are hereby  
34 repealed.

35 Sec. 4. This act shall take effect and be in force from and after its  
36 publication in the statute book.