

Approved January 30, 1985
Date

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m. ~~p.m.~~ on Tuesday, January 29, 1985 in room 526-S of the Capitol.

All members were present except:
Senator Leroy Hayden (Excused)

Committee staff present:
Tom Severn, Research Department
Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:
Melinda Hanson, Research Department

Senator Mulich moved that the minutes of the January 25, 1985 meeting be approved. Senator Frey seconded the motion, and the motion carried.

Melinda Hanson discussed Tax Facts (Attachment 1). She said the booklet is divided into three parts: an overview of the general tax structure in Kansas, each individual type of tax and a glossary. She used examples of the cigarette tax and the sales tax to illustrate the information given in the booklet. Staff explained the compensating (use) tax as a complimentary tax to make the sales tax more effective. There are two ways to collect the tax: when the purchaser files a return and when merchants in other states sometimes register with the Department of Revenue as they deliver goods to Kansas. Senator Burke commented that states that have agreements with Kansas are required to collect this tax just as though they are subject to Kansas law.

Staff provided a listing of Local Sales Taxes by City and County (Attachments 2 and 3). Mrs. Hanson mentioned that there are some items that are taxable at the local level that are not taxable at the state level. Summary of Sales Tax Exemptions (Attachment 4) was distributed to the Committee. Mrs. Hanson explained that there are no estimates for the fiscal impact on several of the newer taxes. Staff agreed to provide those figures to the Committee at a later date. Mrs. Hanson advised that the Department of Revenue has bulletins which give detailed information on some of the more complicated exemptions. Senator Frey asked for an update on collections of the liquor tax. Staff agreed to get this information.

Meeting adjourned.

KANSAS TAX FACTS

Fifth Edition

OCTOBER 1983

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

KANSAS LEGISLATIVE COORDINATING COUNCIL

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KANSAS TAX FACTS

A Reference Booklet on State and Local Taxes

Fifth Edition

October 1983

Kansas Legislative Research Department

FOREWORD

This is the fifth edition of Kansas Tax Facts, the first four editions being published in 1962, 1965, 1971, and 1976. The main purpose of Tax Facts is to provide basic information on state and local taxes in a convenient format which can be used as a reference source on the Kansas tax system as it has evolved since statehood. Special emphasis is placed on the period since 1930. Legislation enacted through 1983 which affects state and local taxes is reflected in this edition of Tax Facts.

Wayne Morris, Tom Severn, and Richard Ryan of the Legislative Research Department were primarily responsible for preparation of the fifth edition. Once again, the Department expresses its appreciation to the state tax administrative agencies and to the Division of Accounts and Reports for their assistance in providing basic data for Tax Facts.

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PART I — SUMMARY OF STATE AND LOCAL TAX STRUCTURE

Introduction

The first edition of Kansas Tax Facts was published in 1962, more than 20 years ago. Since then, a lot has happened to the state and local tax structure. New taxes have been imposed; rates of existing taxes have been increased, some more than once; the tax base has been expanded in some cases and contracted in others; most motor vehicles were made subject to a special tax in lieu of the general property tax and most Kansans no longer pay an intangibles tax because it was made a local option tax; tax collection procedures have been revised to enhance compliance or to improve cash flow to the state; real estate was reappraised for general property tax purposes in the 1960s and early 1970s; counties and cities have been authorized to impose certain nonproperty taxes; and sharing of state taxes with local units has increased. Although much of the thrust of tax changes over the past 20 years or so was to increase revenue to the state or its local units, some tax relief measures also have been enacted, such as the homestead property tax and food sales tax refund laws and exemption of residential utilities, drugs and prosthetic devices, and used farm machinery from the state sales tax.

Kansas has had a rather broad-based tax structure since the 1930s when income, sales, and certain other taxes were adopted. The base is even broader now with enactments over the years of various privilege (income), excise, and gross receipts taxes, most notably the severance tax which was enacted in 1983. One result of all of these changes is that the general property tax, while still the most important tax source for local governments, now is a far less significant component of the state and local tax mix than it once was.

Part I is devoted to: highlights of this report on taxes imposed in Kansas; discussion of state-imposed taxes, including disposition of state tax revenue (where the money goes) and formulas for distribution of state-shared taxes with local units; comments on locally-imposed taxes and on combined state and local taxes; and tables showing state and local tax revenue and some other relevant data for selected fiscal years from 1930 to 1983. Tables I-IX, referred to in the text, appear at the end of Part I.

Part II of this handbook presents the details on each of the state and local taxes. One can find, for instance, when a tax was enacted, current and historical tax rates, the base of the tax and major changes that have been made, and other pertinent information.

Part III is a glossary of terms generally associated with taxation and revenue matters.

Some Highlights of This Report

1. In FY 1983, state and local tax revenue in Kansas totaled \$2.925 billion, or \$1,215 per capita. State taxes accounted for 56 percent of the total. (The tax revenue figure would be higher if current data were available on city-imposed franchise and occupation taxes.)

2. Local governments, however, spend most of the state and local tax revenue. In FY 1983, local government tax revenue was \$1.276 billion and local units received another \$688.2 million from state taxes allocated to or shared with them. Thus, local units received \$1.964 billion, or 67 percent, of total state and local taxes in FY 1983. About 42 percent of the state's tax revenue was shared with or appropriated to local units, mostly for education.
3. While the general property tax is still the most important single revenue producer, its proportion of total state and local taxes has steadily declined — from 82 percent of the total in FY 1930, to 56 percent in FY 1960, and to 36 percent in FY 1983 (or slightly over 40 percent if the new motor vehicle tax, which is levied in lieu of the general property tax, is included).
4. Income and privilege taxes accounted for 23 percent of state and local tax revenue in FY 1983, compared with only 11 percent as recently as FY 1970 and only 2 percent in FY 1940. Less dramatic, but significant nevertheless, has been the growth of sales and use tax revenue in the state-local tax mix, i.e., rising from 10 percent of the total in FY 1940, to 16 percent in FY 1970, and to nearly 20 percent in FY 1983. The spread of local sales taxes has contributed to the growth of sales tax revenue since 1970. There were no local sales taxes in 1970; now, they are imposed by 52 counties and 88 cities at rates of 0.5 percent or 1.0 percent.
5. State and local tax revenue in FY 1983 was 10.3 percent of CY 1982 Kansas personal income. The corresponding ratios of total tax revenue to personal income were 10.4 percent in FY 1980, 11.7 percent in FY 1970, 10.7 percent in FY 1960, 9.6 percent in FY 1950, 14.5 percent in FY 1940, and 10.8 percent in FY 1930. Over the past half century or so, personal income of Kansans has grown more than has state and local tax revenue, so the ratio of such revenue to income was lower in FY 1983 compared to FY 1930.
6. Inflation has significantly affected the growth of state and local tax revenue. For instance, the annual rate of increase in the Consumer Price Index since FY 1970 exceeded 5 percent every year except three, and in three years that index rose by over 10 percent. Thus, while tax revenue, in nominal or actual dollars, increased by 217 percent from FY 1970 to FY 1983, the increase in real or inflation-adjusted dollars was 22 percent.

State-Imposed Taxes

As of FY 1984, the state imposed 38 different taxes for which the Legislature has established the tax base and rate and designated the method of collection and the disposition of the revenue. Most of the 38 taxes are collected by a state agency, but some are collected locally. Taxes authorized to be levied by local officials, at their discretion or with voter approval, are not counted as state-imposed taxes.

Two (grain and mortgage registration) of the 38 taxes are collected and retained entirely by counties and another two (on motor vehicles and motor vehicle dealers) also are locally collected with nearly all of the revenue being apportioned among local units. A relatively small part of the motor vehicle registration tax which is collected locally is retained by counties with the balance being remitted to the state. Revenue from 13 other state-imposed taxes is shared directly, in whole or in part, with local units after being collected by the state. In addition, local units receive a large amount of state aid from the State General Fund which cannot be ascribed to any particular tax sources because General Fund tax and nontax receipts are commingled (taxes accounted for 96 percent of State General Fund receipts in FY 1983).

As shown by Table I, new state taxes have been enacted during each decade since statehood, except the 1880s. The latest new tax is the severance tax on oil, gas, coal, and salt enacted in 1983 (a 1957 tax on oil and gas was held invalid because the enacting bill had a defective title). Four other taxes (inheritance, mortgage registration, intangibles, and tobacco products) were reenacted after the initial laws had been repealed or held invalid by the courts.

Contrary to the common impression, some taxes can disappear. The state property tax for general operation was last levied in 1955; the World War I soldier's bonus property tax, first imposed in 1923, was last levied in 1954 when the bonus bonds were retired; and the ton-mile tax, enacted in 1931, was replaced in 1955. The dog tax, a minor source of revenue, was repealed in 1965, and the oleomargarine tax, which apparently never yielded any revenue, was repealed in 1968. The state-imposed intangibles tax was repealed in 1982, but counties, cities, and townships were given the option of imposing a gross earnings tax on intangibles.

State Tax Revenue

In FY 1983, state tax revenue totaled \$1.65 billion, which was an increase of \$138.9 million, or 9.2 percent, over collections in FY 1982. A large part of that increase, however, was due to 1983 legislation which accelerated receipts from individual income tax withholding and from sales and use taxes.

Income and privilege taxes became the top ranking state tax revenue producers in FY 1978 (supplanting sales and use taxes) and they continued to rank first in FY 1983, accounting for 40 percent of total state tax receipts. Sales and use taxes ranked second (30 percent); third was the unemployment compensation tax (8 percent); and fourth were the motor fuels taxes (7 percent). Property taxes contributed only 1.5 percent of state tax revenue. See Table II for the details on state tax collections for selected fiscal years, 1930-1983.

For FY 1984 and thereafter, the percentage of total tax revenue represented by each state tax will be affected somewhat as a result of legislation enacted in 1983. Most importantly, a severance tax was imposed; motor fuels, cigarette, and liquor enforcement tax rates were increased; limits were placed on the amount of federal income tax which can be deducted in computing state individual income tax liability (for tax years 1983 and 1984 only); and some significant changes were made in the employment security law which will affect unemployment compensation tax revenue.

Table III shows the disposition of state tax revenue, i.e., where the money goes. Most such revenue is deposited in the State General Fund, some of which is earmarked for subsequent transfer to other funds, but receipts from certain taxes are dedicated to funds other than the General Fund, e.g., motor fuels and vehicle registration taxes, unemployment compensation tax, and property taxes for educational and institutional buildings.

As can be seen from Table III, some state-imposed taxes are required by law to be shared with local units of government. The distribution formulas pertaining to such taxes are summarized in Table IV.

Local Government Tax Authority

The general property tax remains the most important tax for local governments in Kansas. Over 3,000 local governmental units in Kansas are authorized to levy property taxes, including cities, counties, townships, unified school districts, community colleges, Washburn University, and numerous special districts. Although the general property tax as a percentage of total local tax revenue has been declining, the property tax remains the sole tax authority for unified school districts, community colleges, Washburn University, and special districts. These latter local government units, however, do share in the receipts from the special motor vehicle tax and the motor vehicle dealer's stamp tax both of which are imposed in lieu of the general property tax, and they also share in the receipts from various state imposed taxes.

Cities, counties, and, to a lesser extent, townships have also been granted authority to impose certain nonproperty taxes, and they, too, share in revenues from some state imposed taxes. Cities, by constitutional amendment (Article 12, Section 5), and counties, by statute (K.S.A. 19-101 *et seq.*), have home rule powers which enable them to impose taxes and other charges subject, however, to limitations imposed by legislative enactments. In practice, however, relatively few local nonproperty taxes have been imposed using home rule powers. The Legislature has prohibited cities and counties from imposing income taxes, and some limits have been imposed on the enactment of most of the other major sources of local nonproperty tax revenue. Townships have no home rule powers.

The major source of local nonproperty tax revenue is a local sales tax. Cities and counties may independently levy a sales tax at the rate of either 0.5 or 1.0 percent if approved by the voters of the city or county. The local sales tax rate in a city can be as high as 2% if both the city and county impose the maximum rate of 1%. If a local sales tax is imposed, a local use tax will be imposed on the use of motor vehicles purchased out of state in the jurisdiction or jurisdictions imposing a local sales tax. Revenue from a county sales and use tax is allocated between the county and the cities therein; cities receive all of the revenue from their sales and use taxes.

Another major source of nonproperty tax revenue is the local intangibles earnings tax. This tax was authorized for cities, townships, and counties in 1982 following repeal of the former statewide intangibles property tax. The tax may be imposed by the local governing body, but it may also be imposed or repealed by voter petition and referendum.

Two sources of tax revenue imposed under city home rule powers are city franchise taxes, imposed by most cities on utility receipts for the franchise granted to each utility, and city occupation taxes, imposed by relatively few cities on a tax base limited by legislative enactment. Cities also have the authority to levy a tax on motor vehicles kept or stored in the city, subject to voter approval, but no city has done so.

Two taxes, in the nature of gross receipts taxes, are authorized for cities and counties for certain limited purposes. These taxes are upon telephone tariff rates for emergency telephone service, and upon transient guest rentals in hotels or motels for the promotion of tourism and conventions.

Not included in a review of local tax revenue are user fees and charges for services and facilities provided by local governments.

Details on each of the above local taxes may be found in the "Local Taxes" section in Part II of this booklet.

Local Government Tax Revenue

Revenue from taxes imposed by local units and from taxes imposed by the state but collected and retained at the local level are shown in Table V for selected fiscal years 1930-1983. There is no central reporting or compilation of annual receipts from certain taxes imposed by cities, e.g., occupation and franchise, so they are not included in the table. To give the reader some idea of the significance of such taxes, the League of Kansas Municipalities reports that in 1980 there were about 19 cities which imposed occupation taxes for revenue purposes and they received approximately \$1.2 million, and a survey recently conducted by the Kansas Corporation Commission indicates that receipts in 1981 from franchise taxes imposed by most cities totaled \$30.4 million.

In FY 1983, local government tax revenue which can be explicitly documented totaled \$1.276 billion. The principal components were the general property tax, nearly \$1.033 billion or 80.9% of the total; motor vehicle tax (which now is levied in lieu of the general property tax), \$132.7 million or 10.4%; county and city sales and use taxes, \$76.4 million or 6.0%; and intangibles taxes, \$19.2 million or 1.5%. All other tax revenue amounted to \$15.1 million, or only 1.2% of the total.

For over one hundred years the general property tax was virtually the sole source of local government tax revenue. As recently as FY 1970 the property tax accounted for 98.1% of local tax revenue. With the advent of local sales and transient guest taxes in the 1970s, the relative importance of the general property tax has declined somewhat, e.g., to 80.9% of total local tax revenue in FY 1983 (91.3% if the motor vehicle tax is added to the general property tax). When this booklet went to press, 52 counties and 88 cities imposed a sales tax and 7 counties and 26 cities imposed a transient guest tax.

Throughout the 1970s and early 1980s the intangibles tax was a growing source of tax revenue for counties, cities, and townships, e.g., it grew from \$4.5 million in FY 1970 to \$23.2 million in FY 1982. For FY 1983, intangibles tax levies

declined by 17.3 percent to \$19.2 million. The decline was largely attributable to the fact that the tax has become strictly a local option tax and many units have chosen not to impose it. Records of the Department of Revenue indicate that a local intangibles tax will be imposed in 1984 on 1983 earnings by 45 of the 105 counties, 243 of the 627 cities, and 724 of the slightly more than 1,400 townships. Substantially more than half of the population of the state resides in areas where no intangibles earnings tax is imposed.

One can see from Table V the dollar amounts of the general property tax that have been levied by the various types of local units. Shown below is the percentage of the total local property tax levied by such units.

	Percent of Local General Property Tax						
	FY 1983	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
Counties	21.73%	21.72%	20.68%	22.77%	28.58%	30.81%	22.91%
Cities	16.66	18.56	16.66	15.29	15.16	18.38	18.15
Schools*	56.41	54.97	58.97	57.67	50.04	45.46	49.87
Townships	1.65	1.41	1.70	3.32	5.79	4.85	8.63
Special Dist.	3.55	3.34	1.99	0.95	0.43	0.50	0.44
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* Includes school districts, community colleges, municipal universities, and any county levies for schools.

Since FY 1960 there has not been a dramatic change in the percentage relationships except for townships and special districts. Township levies have declined relative to total local tax levies while special districts levies have risen significantly. School levies have constantly accounted for the largest component of local tax levies.

State and Local Taxes

Table VI shows the relative importance of the major components of combined state and local tax revenue in FY 1983, and the percentage increase over FY 1982. General property, income and privilege, and sales and use taxes accounted for 78 percent of the total tax revenue. Individual income and sales and use taxes collected in FY 1983 were affected by 1983 legislation which accelerated receipts. Also, the growth in sales and use taxes over FY 1982 was partly due to the fact that some local sales taxes were in effect in all or part of FY 1983 but not in all or part of FY 1982.

For a long range look at changes in the Kansas tax mix, Table VII shows the percentage of total state and local tax revenue produced by the major taxes for selected fiscal years 1930-1983. Especially significant are the substantial decline in the relative importance of the general property tax and the growth in reliance on income and privilege taxes and sales and use taxes.

Motor vehicles subject to the "tax and tags law" enacted in 1979 are no longer subject to the general property tax so the FY 1983 percentages for the motor vehicles tax and the general property tax should be added together in order to make the data for the latter comparable to the percentages shown for FY 1980 and prior years.

As previously noted in the discussion of state tax revenue, the combined state and local tax mix also will be affected in FY 1984 and thereafter as a consequence of legislation enacted in 1983, e.g., imposition of a severance tax; higher motor fuels, cigarette, and liquor enforcement tax rates; the temporary limitation on the federal income tax deduction in computing Kansas individual income tax liability; and changes in the employment security law.

State Tax Revenue Given to Local Units

Presented in Table VIII are the amounts of state collected taxes allocated to or shared with local units of government in selected fiscal years, 1930-1983. The growth in such state aid has been remarkable in absolute terms, rising from only \$3.5 million in FY 1930 and \$14.5 million in FY 1940 to \$688.2 million in FY 1983. The amount for FY 1983 would have been significantly higher if payments from two state aid funds had not been partly deferred and if some State General Fund appropriations for state aid had not been reduced by an overall total of approximately 4 percent. Even so, nearly 42 percent of all state tax revenue was distributed to local units in FY 1983.

As shown by the table, most state aid now goes for a wide variety of education programs (87 percent of the total in FY 1983), which was not always the case. The second largest category of aid is the sharing of state motor fuels taxes with counties and cities, a component of aid which will increase beginning in FY 1984 due to 1983 legislation which raised fuels taxes by 2 cents per gallon for the benefit of local units. In fact, total aid and shared taxes in FY 1984 will be significantly higher than in FY 1983 because, for example, state aid to school districts paid from the State General Fund is estimated to increase by approximately \$50 million, counties and school districts with mineral production will receive 7 percent of the revenue from the new severance tax, and full payments will be made from the Local Ad Valorem Tax Reduction Fund and the County and City Revenue Sharing Fund, part of which were deferred in FY 1983.

The reader should be aware that Table VIII does not include all state aid to local units; a relatively small amount is distributed from nontax sources. Nor, of course, are federal aids included.

State and Local Tax Revenue — Selected Relationships

Table IX shows how much state and local tax revenue has increased since FY 1930, in both nominal and real (inflation adjusted) terms; per capita taxes, both state and local; and total tax revenue in relation to Kansas personal income.

Just since FY 1970, for instance, total tax revenue rose from \$924 million to \$2.925 billion, an increase of 217 percent. But in real terms, i.e., discounting inflation, the increase was from \$817 million to \$994 million, or 22 percent.

Another way to provide some perspective on the growth of tax revenue is to measure it against the increase in Kansas personal income. Again using the period since FY 1970 for illustrative purposes, total tax revenue rose by 217 percent while personal income increased by 260 percent; thus, tax revenue as a percentage of personal income declined from 11.7 in FY 1970 to 10.3 in FY 1983.

Kansas used to be a state in which per capita personal income typically was below the national average. That situation changed in the early 1970s. Every year after CY 1971 Kansas per capita income was higher than the average for the nation — it was almost 6 percent higher in CY 1982 when Kansas ranked 13th among the 50 states and the District of Columbia in per capita income.

TABLE I — CHRONOLOGY OF STATE-IMPOSED TAXES

Tax	Year Enacted	Type of Tax by Major Categories*				
		Property	Income, Privilege and Inheritance	Sales, Use and Excise	Gross Receipts	Payroll
General Purpose Levy ^(a)	1861	X				
Corporation Franchise	1866			X		
Insurance Premiums						
Foreign Companies	1871				X	
Firemen's Relief	1895				X	
Express Companies	1907				X	
Inheritance	1909/1915		X			
Private Car Companies	1911				X	
Insurance Premiums						
Fire Marshal	1913				X	
Motor Vehicle Regis.	1913			X		
Dog ^(a)	1913	X				
Mortgage Regis.	1915/1925	X				
Soldier's Bonus ^(a)	1923	X				
Intangibles ^{(a) (b)}	1925/1931	X				
Gasoline	1925			X		
Cigarette	1927			X		
Motor Carrier	1929	X				
Ton - Mile ^(a)	1931			X		
Income - Individual	1933		X			
Income - Corporation	1933		X			
Oleomargarine ^(a)	1933			X		
Retail Sales	1937			X		
Use - Consumers	1937			X		
Cereal Malt Beverages	1937			X		
Unemployment Comp.	1937					X
Music - Dramatic Composition	1939				X	
Special Fuels and LP Gas	1941			X		
Grain	1941	X				
Educational Buildings	1941	X				
Use - Retailers	1945			X		
Liquor Gallonage	1949			X		
Liquor Enforcement (Sales)	1949			X		
State Institutions Buildings	1953	X				
Wheat	1957			X		
Severance	1957/1983			X		
Boat Regis.	1959			X		
Financial Institutions	1963		X			
Tobacco Products	1969/1972			X		
Insurance Companies - Domestic	1970		X			
Insurance Premiums - Domestic						
Companies	1970				X	
Bingo Enforcement	1975				X	
Correctional Institution Buildings ^(a)	1976	X				
Motor Vehicle Dealers	1978			X		
Motor Vehicles	1979	X				
Private Clubs	1979			X		

* Based on classifications adopted by the Division of Accounts and Reports of the Department of Administration for state accounting and budgetary purposes.

a) Tax no longer levied or imposed.

b) In 1982, the Legislature repealed the statewide intangibles tax statutes, exempted intangibles from the property tax, and authorized counties, cities, and townships to impose a gross earnings tax on intangibles on a local option basis.

Note: In 1976 and 1977, respectively, state property tax levies of 0.25 mill and 0.1 mill were made for the Correctional Institutions Building Fund and the tax levy for the State Institutions Building Fund was reduced correspondingly in those two years.

TABLE II — STATE TAX REVENUE, NET OF REFUNDS

	In Thousands						
	FY 1983	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
Property Taxes							
General ¹	\$ —	\$ —	\$ —	\$ —	\$ 2,333	\$ 3,355	\$ 5,308
Soldiers' Bonus ¹	—	—	—	—	1,221	1,886	2,123
Educational Building ¹	11,315	10,050	5,824	4,415	2,694	—	—
Institutional Building ¹	5,657	5,025	2,900	3,316	—	—	—
Intangibles ^{1, 2}	10	2	(b)	557	430	158	130
Motor Carrier ³	6,218	4,333	1,392	743	213	29	—
Motor Vehicles ³	1,739	—	—	—	—	—	—
Total	24,939	19,410	10,116	9,031	6,891	5,428	7,561
Income and Privilege Taxes							
Individual	531,395 ^a	327,581	78,423	23,849	8,312	1,313	—
Corporation	122,831	141,709	16,646	8,358	3,456	756	—
Financial Institutions	6,636	16,088	2,611	—	—	—	—
Domestic Insurance Cos.	343	682	—	—	—	—	—
Total	661,205	486,060	97,680	32,307	11,768	2,069	—
Inheritance Tax ⁴	27,435	26,246	7,177	3,719	1,081	375	684
Sales, Use, and Excise Taxes							
Retail Sales	441,141 ^a	360,718	127,203	64,503	32,780	9,635	—
Compensating Use	57,815 ^a	57,672	18,153	8,846	4,650	445	—
Subtotal, Sales, and Use	498,956 ^a	418,390	145,356	73,349	37,430	10,080	—
Motor Fuels	115,286	118,906	81,402	39,487	26,122	10,054	8,827
Vehicle Registration ⁵	65,156	66,388	31,463	20,533	10,036	3,840	6,071
Ton-Mileage	—	—	—	—	2,679	1,329	—
Cereal Malt Beverage	4,979	4,966	2,613	1,656	1,715	496	—
Liquor Gallonage	12,288	12,287	4,517	2,341	2,877	—	—
Liquor Enforcement	8,910	7,340	2,803	1,231	726	—	—
Private Clubs	8,422	4,932	—	—	—	—	—
Cigarette	32,408	31,845	20,306	8,753	4,929	1,288	682
Tobacco Products	1,073	826	—	—	—	—	—
Corporation Franchise	7,273	5,685	861	631	395	317	369
Wheat	1,588	1,052	546	396	—	—	—
Vehicle Dealers ⁶	34	26	—	—	—	—	—
Boat Registration	251	323	77	67	—	—	—
Severance	15	—	—	—	—	—	—
Total	756,639	672,966	289,944	148,444	86,910	27,404	15,949
Gross Receipts Taxes ⁷							
Insurance Premiums ⁷							
Foreign Cos.	36,653	28,028	10,313	5,733	2,598	890	956
Domestic Cos.	5,117	3,998	—	—	—	—	—
Firemen's Relief	2,133	1,890	645	382	215	76	120
Fire Marshal	1,027	973	282	164	93	35	54
Subtotal, Insurance	44,930	34,889	11,240	6,279	2,906	1,001	1,130
Express Companies	(b)	—	—	4	13	5	12
Private Car Companies	905	588	300	289	218	104	215
Music-Dramatic Composition	6	2	(b)	(b)	(b)	(b)	(b)
Bingo Enforcement	811	627	—	—	—	—	—
Transient Guest ⁶	57	18	—	—	—	—	—
Total	46,709	36,124	11,541	6,572	3,137	1,110	1,357
Unemployment Compensation Tax	131,615	87,598	16,381	10,586	5,963	4,915	—
TOTAL STATE TAXES	\$ 1,648,542	\$ 1,328,404	\$ 432,839	\$ 210,559	\$ 115,750	\$ 41,302	\$ 25,551

Sources: Annual financial reports of the Division of Accounts and Reports and records of tax-collecting agencies. Details may not add to totals due to rounding.

1. Taxes levied for collection in the fiscal year as reported by the Department of Revenue.
 2. The state gave up its one-sixth share of the intangibles tax when the privilege tax on financial institutions was enacted in 1963. Collections in FYs 1970, 1980, and 1983 were delinquent taxes.
 3. Amount received by the state from the motor vehicle tax which took effect on January 1, 1981 ("tax and tags" law imposed in lieu of the general property tax).
 4. Counties retained 5 percent of receipts from estates of decedents who died prior to January 1, 1979.
 5. State receipts only, excluding amounts retained by counties.
 6. State's 2 percent share of the tax.
 7. The detailed amounts from each of the premium taxes were reported on a calendar year basis in 1940 and 1930.
- a) Receipts in FY 1983 include acceleration of payments of income tax withholding and sales and use taxes required by legislation enacted in 1983.
- b) Less than \$1,000.

TABLE III

DISPOSITION OF STATE TAX REVENUE
(After Refunds)

Tax	Distribution
State Property Taxes Educational Buildings (1 mill)	All to Educational Building Fund. ⁽¹⁾
State Institutions Buildings (0.5 mill)	All to State Institutions Building Fund. ⁽¹⁾
Motor Carrier	All to State General Fund (amount equal to the tax revenue transferred to Special City and County Highway Fund).
Motor Vehicles (state's share)	Two-thirds to Educational Building Fund and one-third to State Institutions Building Fund.
Income and Privilege Taxes	All to State General Fund (20% of resident individual income tax earmarked for transfer to School District Income Tax Fund).
Inheritance Tax	All to State General Fund (5% earmarked for transfer to County Inheritance Tax Fund).
Sales and Use Taxes	All to State General Fund (4.5% earmarked for transfer to Local Ad Valorem Tax Reduction Fund, 3.5% to County and City Revenue Sharing Fund, and prescribed amounts to the State Highway Fund). ⁽²⁾
Motor and Special Fuels and LP-Gas Taxes	Effective January 1984, 59.5% to State Freeway Fund and 40.5% to Special City and County Highway Fund from which \$2.5 million is transferred annually to the County Equalization and Adjustment Fund. 81.6% of moneys deposited in the Freeway Fund must be transferred to the Highway Fund after provision has been made for the payment of the pro rata share of either principal or interest on bonds issued under K.S.A. 68-2304. The end result is that of the total fuels taxes, after refunds, 48.6% goes to the Highway Fund, 40.5% to the City and County Highway Fund, and 10.9% goes to the Freeway Fund. ⁽³⁾
Vehicle Registration Tax	All to State Highway Fund, less part of collections retained by counties. ⁽⁴⁾
Boat Registration Tax	All to Fish and Game Commission fee fund.

<u>Tax</u>	<u>Distribution</u>
Cereal Malt Beverages Tax	All to State General Fund.
Liquor Gallonage Tax	90% to State General Fund; 10% to the Community Alcoholism and Intoxication Programs Fund.
Liquor Enforcement Tax	All to State General Fund.
Private Club Liquor Tax	25% to State General Fund ⁽⁵⁾ 75% to Local Alcoholic Liquor Fund.
Cigarette Tax	All to State General Fund.
Tobacco Products Tax	All to State General Fund.
Corporation Franchise Tax	All to State General Fund.
Motor Vehicle Dealers Tax	All to State General Fund (state's 2% share).
Wheat Tax	20% to State General Fund, subject to limitation; ⁽⁶⁾ remainder to Wheat Commission.
Severance Tax	93% to State General Fund. 7% to County Mineral Production Tax Fund.
Insurance Premium Taxes — Domestic and Foreign Companies	All to State General Fund. ⁽⁷⁾
Firemen's Relief	97% to local firemen's relief associations; 3% to State Firemen's Association.
Fire Marshal	All to State General Fund.
Express Companies Tax	All to State General Fund.
Private Car Companies Tax	All to State General Fund.
Music-Dramatic Composition Tax	All to State General Fund.
Bingo Enforcement Tax	One-third to State General Fund and 2/3 to counties or cities in which licensed premises are located.
Unemployment Compensation Tax	All to Unemployment Trust Fund.

Footnotes - Table III

- 1) For 1983 only, the tax levy for the State Educational Building Fund is 1.1 mill and for the Institutions Building Fund is 0.4 mill. The levy for the State Institutions Building Fund was reduced from 0.5 mill to 0.25 mill in 1976 and to 0.4 mill in 1977 and levies of 0.25 mill and 0.1 mill were made in 1976 and 1977, respectively, for the Correctional Institutions Building Fund.
- 2) The transfer to the State Highway Fund is based on sales taxes attributable to sales of new and used motor vehicles: 5/42 of such amount in FY 1984, 10/42 in FY 1985, 15/42 in FY 1986, 20/42 in FY 1987, 25/42 in FY 1988, and 30/42 in FY 1989 and thereafter.
- 3) Beginning in FY 1986, if the fuels tax rates are increased or decreased as a result of indexing, any revenue in excess of the revenue produced by the pre-existing tax rates shall be allocated 65 percent to the Freeway Fund and 35 percent to the City and County Highway Fund and the amount required to be transferred from the Freeway Fund to the State Highway Fund shall be adjusted so that the state's share of the excess revenue shall be allocated to the latter fund.
- 4) County treasurers retain all of the \$5 annual fee on antique vehicles (K.S.A. 8-167), and 75 cents of each other license and tag transfer application fee and \$2 of each certificate of title fee (K.S.A. 8-145). After December 31, 1982, a 50-cent service fee must be paid to the county treasurer at the time of making an application for registration or renewal thereof (K.S.A. 8-145d).
- 5) If total amount distributed to counties and cities in any calendar year is less than the amount distributed in CY 1981, an amount equal to the difference must be transferred from the General Fund for distribution to counties and cities on the next March 15.
- 6) Total amount credited to General Fund from wheat tax and assessments (marketing fees) on corn, sorghum, and soybeans cannot exceed \$200,000.
- 7) Except not to exceed \$68,000 may be credited to the Insurance Company Annual Statement Examination Fund established under K.S.A. 40-223a and the Insurance Company Examiner Training Fund created by K.S.A. 40-223e.

Note: The State General Fund receives 2 percent of transient guest taxes which may be imposed by counties and cities but are collected by the state for them.

TABLE IV

FORMULAS FOR DISTRIBUTION TO LOCAL GOVERNMENTS OF STATE-SHARED TAXES REFERRED TO IN TABLE III*

Tax Source	Fund	Distribution Formula
Individual Income	School District Income Tax Fund (K.S.A. 72-7067, 72-7068)	Each unified school district receives 20% of district resident income tax liability after all credits except for income taxes paid to another state and withholding and declaration of estimated tax. Distributions are made in February, May, and September.
Inheritance	County Inheritance Tax Fund (K.S.A. 79-1578)	Distributed February 1, May 1 and September 1, to counties from which returns were filed, for credit to county general fund.
Sales and Use	Local Ad Valorem Tax Reduction Fund (K.S.A. 79-2959, 79-2961)	Distributed on January 15 and July 15 proportionately among all counties, 65% on the basis of population ⁽¹⁾ and 35% on the basis of assessed tangible valuation. Within each county, to each property tax levying subdivision (including the county but excluding unified school districts) proportionately based on tax levies in the preceding year. Each subdivision's share must be credited to one or more tax levy funds of general application, except bond and interest funds. ⁽²⁾
	County and City Revenue Sharing Fund (K.S.A. 79-2964 through 79-2966)	Allocated among counties 65% on the basis of population and 35% on the basis of assessed tangible valuation, with distributions on July 15 and December 10. Counties retain 50% and cities receive 50% in proportion to their populations. ⁽²⁾

* This table pertains only to specific state imposed and collected taxes part or all of the revenue from which is earmarked by law for distribution to local units. In addition to such distributions, various state aid or grant programs are financed by appropriations from the State General Fund and other funds.

Tax Source	Fund	Distribution Formula
Motor and Special Fuels and LP-Gas	Special City and County Highway Fund (K.S.A. 79-3425c)	<p>Quarterly distributions in January, April, July, and October, net of the \$2.5 million annual transfer to the County Equalization and Adjustment Fund. Cities receive directly 43% on the basis of city population. Counties receive 57%, as follows: \$5,000 to each county; the balance is distributed 50% on the basis of motor vehicle registration fees collected in each county and 50% on the basis of average daily vehicle miles traveled in each county, excluding travel on interstate highways. Amount received by county is allocated 50% to county and 50% to cities on basis of city population in Sedgwick and Shawnee counties; 10% to the county and 90% to cities in Wyandotte County; 90% to county and 10% to cities in Butler, Cowley, Crawford, Douglas, Leavenworth, Lyon, Montgomery, Reno, Riley, and Saline counties; and 100% to county in all other counties. Townships share in the amount retained by counties which have not adopted the county-unit road system.⁽²⁾</p>
Motor and Special Fuels and LP-Gas	County Equalization and Adjustment Fund (K.S.A. 79-3425c)	<p>A total of \$2.5 million is transferred annually from the Special City and County Highway Fund to provide that no county will receive less than it and the cities therein received from the Special City and County Highway Fund and three state aid funds abolished in 1970 when compared with the amount the county and cities therein currently receive from the Special City and County Highway Fund. The balance of the appropriation remaining after such "equalization" payments is distributed to all counties, 50% on the basis of motor vehicle registration fee collections and 50% on the basis of average daily vehicle miles traveled in the county. Cities and townships share in the Equalization Fund to the same extent they do in the amount distributed to counties from the Special City and County Highway Fund.</p>

<u>Tax Source</u>	<u>Fund</u>	<u>Distribution Formula</u>
Private Club Liquor Tax	Local Alcoholic Liquor Fund (K.S.A. 79-41a04)	Distributed March 15, June 15, September 15, and December 15 to the city or county in the amount collected from each city or county from clubs located therein. The city or county is required to credit the moneys received as follows: (1) 1/3 to the general fund; (2) 1/3 to a special parks and recreation fund; and (3) 1/3 to a special alcohol and drugs programs fund (this share goes to the county in the case of cities with 10,000 population or less).
Severance Tax	County Mineral Production Tax Fund (K.S.A. 79-4227)	Distributed March 1, June 1, September, 1, and December 1 to counties in proportion to severance taxes imposed on production in each county. Within each county, 50% to county general fund and 50% to school districts on the basis of the assessed valuation of oil, gas, salt and coal properties in such districts.
Firemen's Relief (Premium Tax)	Firemen's Relief Fund (K.S.A. 40-1707)	Annually, 3% to State Firemen's Association and 97% to the firemen's relief association of the local unit of government in which the insured property is located.
Bingo Enforcement	County and City Bingo Tax Fund (K.S.A. 79-4710)	Revenue remitted not less than annually to city in which licensed premises located, or to county if such premises located in unincorporated area.

- 1) K.S.A. 19-2694 establishes a formula designed to prevent counties from receiving less money distributed on the basis of population from the LAVTRF due to changing from state census data to federal census data, effective July 1, 1979.
- 2) Legislation enacted in 1982 provides that persons residing within Ft. Riley shall not be included in determining the population of any city located in Geary or Riley Counties and that the population of any military reservation which was annexed to a city after December 31, 1981, shall not be included in the population of such city for the purpose of allocating the cities' 43 percent share of the Special City and County Highway Fund.

TABLE V — LOCAL GOVERNMENT TAX REVENUE

In Thousands

	<u>FY</u> <u>1983</u>	<u>FY</u> <u>1980</u>	<u>FY</u> <u>1970</u>	<u>FY</u> <u>1960</u>	<u>FY</u> <u>1950</u>	<u>FY</u> <u>1940</u>	<u>FY</u> <u>1930</u>
Counties							
Tangible Property Tax ¹	\$ 224,449	\$189,908	\$ 99,565	\$ 59,684	\$ 33,638	\$18,047	\$18,584
Intangibles Tax ¹	4,986	5,732	1,485	557	430	158	130
Mortgage Registration Tax ²	6,660	8,638	1,830	1,334	928	302	327
Grain Tax ¹	769	681	478	452	389	—	—
Inheritance Tax (5%)	21	733	381	196	57	20	36
Motor Vehicle Registration Tax ²	3,138	2,502	830	463	285	201	73
Transient Guest Tax (98%)	200	136	—	—	—	—	—
Motor Vehicle Tax ³	24,417	—	—	—	—	—	—
Cities							
Tangible Property Tax ¹	172,059	162,306	80,194	40,090	17,844	10,767	14,717
Intangibles Tax ¹	9,907	13,406	2,644	1,016	637	262	155
Transient Guest Tax (98%)	2,608	740	—	—	—	—	—
Motor Vehicle Tax ³	30,246	—	—	—	—	—	—
Schools ⁴							
Tangible Property Tax ¹	582,641	480,674	283,857	151,186	58,889	26,622	40,446
Intangibles Tax ¹	—	—	1,485	1,114	860	316	259
Dog Tax ¹	—	—	—	260	218	182	201
Motor Vehicle Tax ³	72,021	—	—	—	—	—	—
Townships							
Tangible Property Tax ¹	17,104	12,347	8,199	8,707	6,816	2,838	6,996
Intangibles Tax ¹	4,300	3,026	325	97	223	55	104
Motor Vehicle Tax ³	1,628	—	—	—	—	—	—
Special Districts							
Tangible Property Tax ¹	36,641	29,245	9,579	2,475	509	294	361
Motor Vehicle Tax ³	4,345	—	—	—	—	—	—
Unallocable Taxes							
County and City Sales and Use ⁵	76,444	30,015	—	—	—	—	—
Vehicle Dealers' Tax (98%) ⁶	1,679 ^a	1,269 ^a	—	—	—	—	—
TOTAL LOCAL TAXES	<u>\$1,276,263</u>	<u>\$941,358</u>	<u>\$490,852</u>	<u>\$267,631</u>	<u>\$121,723</u>	<u>\$60,064</u>	<u>\$82,389</u>
Exhibit: Tangible Property Tax	\$1,032,894	\$874,481	\$481,394	\$262,141	\$117,697	\$58,569	\$81,103
Motor Vehicle Tax	132,656	—	—	—	—	—	—
Total	<u>\$1,165,550</u>	<u>\$874,481</u>	<u>\$481,394</u>	<u>\$262,141</u>	<u>\$117,697</u>	<u>\$58,569</u>	<u>\$81,103</u>

Sources: Reports and records of the Department of Revenue. Details may not add to totals due to rounding.

1. Taxes levied for collection in the fiscal year.
 2. Calendar year revenue, e.g., the figures in the FY 1983 column are for CY 1982.
 3. Tax collected in CY 1982, excluding state's share, under K.S.A. 79-5101 et seq., the "tax and tags" law. This tax took effect on January 1, 1981, replacing the tangible property tax which was levied on vehicles covered by the new law.
 4. Includes school districts, community colleges, and municipal universities.
 5. Collections by the Department of Revenue for counties and cities which impose a sales tax. Revenue from a countywide sales is allocated between the county and cities therein by the county treasurer; there is no central compilation of how much each type of local unit received.
 6. This tax is allocated by county treasurers among the county and all other property tax levying subdivisions in the county. There is no central record of how much each type of local unit received.
- a) Estimated, based on state's 2 percent share of the tax.

Special Note

This table does not include revenue from certain city taxes for which annual data are not compiled, e.g., occupation and franchise taxes.

TABLE VI — COMBINED STATE AND LOCAL TAX REVENUE (NET)

Fiscal Year 1983

<u>Taxes</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Percent Increase Over FY 1982</u>
General Property	\$ 1,049,866	35.90%	4.4%
Income and Privilege	661,205	22.61	13.8
Sales and Use	575,400 ^a	19.67	10.9
Motor Vehicles	134,395 ^b	4.60	23.2
Unemployment Comp.	131,615	4.50	27.2
Motor Fuels	115,286	3.94	(1.0)
Vehicle Registration	68,294	2.33	(2.0)
Insurance Premiums	44,930	1.54	12.9
Liquor and Beer	34,599	1.18	0.6
Cigarette and Tobacco	33,481	1.14	(1.1)
Inheritance	27,456	0.94	(13.1)
Intangibles	19,203	0.66	(17.3)
Corporation Franchise	7,273	0.25	4.5
Mortgage Registration	6,660	0.23	(0.4)
Motor Carrier Property	6,218	0.21	24.7
Transient Guest	2,865	0.10	33.3
Motor Vehicle Dealers	1,713	0.06	38.6
Wheat	1,588	0.05	55.1
All Other	2,757 ^c	0.09	7.4
TOTAL	\$ 2,924,805	100.00%	8.6%

a) Includes state, county, and city sales and use taxes.

b) Total tax levied in CY 1982 less the state's share plus actual state receipts in FY 1983.

c) Total revenue from six taxes.

TABLE VII — PERCENTAGE OF COMBINED STATE AND LOCAL TAX REVENUE

Ranked on Basis of FY 1983

<u>Taxes</u>	<u>FY 1983</u>	<u>FY 1980</u>	<u>FY 1970</u>	<u>FY 1960</u>	<u>FY 1950</u>	<u>FY 1940</u>	<u>FY 1930</u>
General Property*	35.90%	39.19%	53.06%	56.44%	52.19%	62.95%	82.02%
Income and Privilege	22.61	21.42	10.57	6.73	4.95	2.04	—
Sales and Use	19.67 ^a	19.75 ^a	15.74	15.34	15.76	9.94	—
Motor Vehicles	4.60 ^b	—	—	—	—	—	—
Unemployment Compensation	4.50	3.86	1.77	2.21	2.51	4.85	—
Motor Fuels	3.94	5.24	8.81	8.26	11.00	9.92	8.18
Vehicle Registration	2.33	3.03	3.50	4.39	4.35	3.99	5.69
Insurance Premiums	1.54	1.54	1.22	1.31	1.22	0.99	1.05
Liquor and Beer	1.18	1.30	1.08	1.09	2.24	0.49	—
Cigarette and Tobacco	1.14	1.44	2.20	1.83	2.08	1.27	0.63
Inheritance	0.94	1.19	0.82	0.82	0.48	0.39	0.67
Intangibles*	0.66	0.98	0.64	0.70	1.09	0.93	0.72
Corporation Franchise	0.25	0.25	0.09	0.13	0.17	0.31	0.34
Mortgage Registration	0.23	0.38	0.20	0.28	0.39	0.30	0.30
Motor Carrier Property	0.21	0.19	0.15	0.16	0.09	0.03	(c)
All Other	0.30	0.24	0.15	0.31	1.48	1.60	0.40
TOTAL	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

* Taxes levied for collection in the fiscal year.

a) Includes state, city, and county sales and use taxes.

b) Based on total tax levied in CY 1982 less the state's share plus actual state receipts in FY 1983.

c) Included in general property tax until the law was changed in 1935.

Note: For FY 1983 add the percentages for general property and motor vehicles taxes in order to make the data comparable to that for the prior fiscal years.

TABLE VIII -- STATE COLLECTED TAXES ALLOCATED TO OR SHARED WITH LOCAL UNITS OF GOVERNMENT FROM TAXES LISTED IN TABLE II

	<u>In Thousands</u>						
	<u>FY 1983</u>	<u>FY 1980</u>	<u>FY 1970</u>	<u>FY 1960</u>	<u>FY 1950</u>	<u>FY 1940</u>	<u>FY 1930</u>
Highway-User Taxes To Counties, Cities, Townships ¹	\$ 42,801	\$ 40,675	\$ 23,990	\$ 11,424	\$ 7,227	\$ 3,670	\$ 3,366
Cigarette Tax To Counties and Cities	—	—	4,706	3,259	2,465	386	—
Liquor Enforcement Tax To Counties and Cities	—	—	1,542	991	673	—	—
Motor Carrier Tax ¹ To School Districts	—	—	1,392	743	213	29	—
Firemen's Relief Tax ² To Local Firemen's Relief Assn's.	2,069	1,833	550	329	212	75	102 ^b
Bingo Enforcement Tax To County or City Based on Location of Licensed Premises	512	393	—	—	—	—	—
Private Club Liquor Tax To County or City Based on Collections From Clubs Therein	6,609	3,876	—	—	—	—	—
From State General Fund ³							
For Education ⁴	601,501	466,614	125,024	28,687	12,775	1,980	107
For Property Tax Reduction ⁵	11,326 ^a	18,361	12,500	12,500	12,500	4,426	—
To Counties for Welfare ⁶	—	—	40,175	13,189	13,127	4,017	—
To Counties and Cities (Revenue Sharing) ⁷	8,056 ^a	13,753	—	—	—	—	—
Other ⁸	15,289	8,781	355	74	71	4	5
Total, General Fund	<u>636,172</u>	<u>507,508</u>	<u>178,054</u>	<u>54,450</u>	<u>38,473</u>	<u>10,427</u>	<u>112</u>
GRAND TOTAL	\$ 688,163	\$ 554,285	\$ 209,684	\$ 70,867	\$ 49,051	\$ 14,512	\$ 3,478

Sources: Records of the Division of Accounts and Reports of the Department of Administration for FYs 1960, 1970, 1980, and 1983; State-Collected, Locally-Shared Revenues in Kansas, Legislative Research Department Publication No. 170, 1950; and reports of state agencies. Details may not add to totals due to rounding.

1. Includes city maintenance payments for all years; County and Township Road Fund for 1930-1970; County Road and City Street Fund for 1950-1970; Special City and County Highway Fund for 1970 and thereafter; and County Equalization and Adjustment Fund for 1980 and 1983. An amount equal to annual receipts from the motor carrier tax is now earmarked for the Special City and County Highway Fund.
 2. 97 percent of the revenue from this tax.
 3. State aid from the State General Fund in 1930, 1970, 1980, and 1983, and from both the General Fund and the former Retail Sales Tax Fund (which was merged with the General Fund in FY 1966) in 1940, 1950, and 1960. Taxes accounted for 96 percent of General Fund receipts in FY 1983.
 4. Currently includes state aid to unified school districts, community colleges, Washburn University, area vocational schools, and libraries, except their shares (if any) of the Local Ad Valorem Tax Reduction Fund are included under "For Property Tax Reduction." Also includes state payments as the employer contribution to KPERS - School (retirement).
 5. Currently, 4.5 percent of state sales and use taxes is transferred from the General Fund to the Local Ad Valorem Tax Reduction Fund. School districts have not shared in the latter since FY 1974.
 6. The state assumed the local cost of public assistance (welfare) programs in January, 1974, thus eliminating the need for state aid.
 7. Currently, 3.5 percent of state sales and use taxes is transferred from the General Fund to the County and City Revenue Sharing Fund which was created in 1978 (effective 1-1-79), and the state now retains the portions of cigarette, liquor enforcement, and insurance company privilege taxes formerly distributed to local units.
 8. Currently includes: aid to local health units, soil conservation districts, watershed districts, groundwater management districts, mental health and retardation centers (including special purpose community assistance), and grants for community corrections, arts programs, and emergency medical services. Also includes the counties' 5 percent share of inheritance taxes collected by the state.
- a) Distribution dates were changed by the 1983 Legislature, thus deferring part of the payments to local units that otherwise would have been made in FY 1983.
- b) Calendar year 1930.

TABLE IX — STATE AND LOCAL GOVERNMENT TAXES
IN RELATION TO POPULATION, PERSONAL INCOME, AND PURCHASING POWER

	FY 1983	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
State Taxes (\$000)	\$1,648,542	\$1,328,404	\$432,839	\$210,559	\$115,750	\$ 41,302	\$ 25,551
Local Taxes (\$000)	1,276,263	941,358	490,852	267,631	121,723	60,064	82,389
Total (\$000)	<u>2,924,805</u>	<u>2,269,762</u>	<u>923,691</u>	<u>478,190</u>	<u>237,473</u>	<u>101,366</u>	<u>107,940</u>
State Population (000) ¹	2,408	2,364	2,249	2,179	1,905	1,801	1,881
Personal Income - Kansas ²							
Total (millions)	28,325	21,782	7,878	4,455	2,483	697	996
Per Capita (dollars)	11,765	9,279	3,523	2,062	1,290	382	534
Per Capita Taxes							
State	685	562	193	96	61	23	13
Local	530	398	218	123	64	33	44
Total	<u>1,215</u>	<u>960</u>	<u>411</u>	<u>219</u>	<u>125</u>	<u>56</u>	<u>57</u>
Ratio of Taxes to Personal Income							
State	5.82%	6.10%	5.49%	4.72%	4.66%	5.92%	2.57%
Local	4.51	4.32	6.23	6.01	4.90	8.62	8.27
Total	<u>10.33%</u>	<u>10.42%</u>	<u>11.72%</u>	<u>10.73%</u>	<u>9.56%</u>	<u>14.54%</u>	<u>10.84%</u>
Purchasing Power Index ³	\$ 0.340	\$ 0.430	\$ 0.884	\$ 1.136	\$ 1.410	\$ 2.389	\$ 1.950
State and Local Taxes in Constant (1967) Dollars ⁴	\$ 994,434	\$ 975,998	\$816,543	\$543,224	\$334,837	\$242,163	\$210,483

1. 1930-1980, U.S. census; 1983, estimated by the U.S. Census Bureau as of July 1, 1982.
2. Estimates of the U.S. Department of Commerce. The income figure in each column is for the calendar year in which the fiscal year began.
3. 1967 equals \$1.00. This index is based on the Consumer Price Index, All Urban Consumers, compiled by the U.S. Bureau of Labor Statistics. The index numbers are the 12-month average for the fiscal year (July 1 - June 30).
4. Based on purchasing power index.

PART II — INFORMATION ON INDIVIDUAL TAXES

Introduction

In general, the following information is presented on each tax: date of enactment; statutory citation; agency or agencies responsible for administration and collection; collection date or period; tax base; present rate or rates; history of tax rates; major changes in the tax base, if any; disposition of revenue; and net collections, after refunds, from Fiscal Year 1978 through 1983 and for the first year the tax was in effect. Some additional information is presented for certain taxes to aid in understanding their particular background and application. As used in this publication, the letters K.S.A. in the statutory citation stand for both Kansas Statutes Annotated and Supplements thereto.

The tax summaries are grouped according to major categories, which appear in the following order: state property taxes; income and inheritance taxes; sales, use, severance, and all other excise taxes; gross receipts taxes; payroll taxes; major state taxes no longer in effect; local taxes, including local property taxes, state-imposed locally retained taxes, and nonproperty taxes authorized for local use; and local taxes no longer authorized.

Because of the summary nature of the information in this section some technical details have been omitted except where the omission would materially detract from the description. Individuals desiring a complete description of all elements of the individual taxes should refer to the appropriate statutory citation. It has also become necessary to restrict some of the historical material that was presented in earlier editions. Generally, the detailed description of specific taxes does not present historical material except as it relates to tax rates and collections unless it is necessary to illustrate current relationships between various taxes levied by the state and local governments.

STATE PROPERTY TAXES

State Property Tax Levies

Enacted: (1) Educational Building Fund levy was authorized by a constitutional amendment (Art. 6, Sec. 10) in 1918 (reorganized by a 1966 amendment as Art. 6, Sec. 6); first levy was made in 1942. (2) State Institutions (formerly Charitable-Hospital) Building Fund levy was authorized by a constitutional amendment (Art. 7, Section 6) in 1952; first levy was made in 1953.

Statutory Citation: K.S.A. Ch. 76, Art. 6b.

Administration and Collection: Department of Revenue, Division of Property Valuation; County Clerks or Appraisers; County Treasurers (collection).

Collection Period: Same as local property tax payments, i.e., due November 1, one-half payable no later than December 20 and the other half by the following June 20.

Tax Base: Assessed valuation of all taxable tangible property as of January 1 of each year. (For major exemptions, see Local Property Taxes.)

- Present Permanent Rates:
- (1) 1.0 mill -- Educational Building Fund; effective 1955.
 - (2) 0.5 mill -- State Institutions Building Fund; effective 1965.

History of Permanent Tax Rates:

<u>Year</u>	<u>EBF</u>	<u>SIBF</u>
1942	0.25 mill	
1949	0.75 mill	
1953		0.50 mill
1955	1.00 mill	0.75 mill
1965		0.50 mill*

* Companion bills enacted by the 1965 Legislature lowered the SIBF levy by one-fourth mill and authorized counties with approved community mental health centers to levy a like amount for construction of such centers.

Temporary Rates: (Imposed for one year only.)

<u>Year</u>	<u>EBF</u>	<u>SIBF</u>	<u>CIBF**</u>
1976	1.00 mill	0.25 mill	0.25 mill
1977	1.00 mill	0.40 mill	0.10 mill
1983	1.10 mill	0.40 mill	—

** Correctional Institutions Building Fund.

Disposition of Revenue: (1) All of EBF levy is earmarked for the erection, equipment and repair of buildings at the educational institutions under the State Board of Regents.* (2) All of the SIBF levy is earmarked for the erection, equipment, and repair of buildings at the various state institutions for the mentally ill and retarded and for the rehabilitation, youth and physically handicapped. (3) All of the Correctional Institutions Building Fund was earmarked for the use and benefit of state correctional institutions.

Taxes Levied for Collection:

<u>Fiscal Year</u>	<u>EBF</u>	<u>SIBF</u>	<u>CIBF</u>	<u>Total</u>
1983	\$11,315,000	\$5,657,000	\$ —	\$16,972,000
1982	10,625,000	5,313,000	—	15,938,000
1981	10,153,000	5,076,000	—	15,229,000
1980	10,050,000	5,025,000	—	15,075,000
1979	9,363,000	4,681,000	—	14,044,000
1978	9,083,000	3,633,000	908,000	13,624,000

(The first year's levy for the EBF in 1942 was \$681,000; the first year's levy for the SIBF in 1953 was \$2,016,480.)

State Tangible Assessed Valuations for Selected Calendar Years:

1982	\$11,314,371,805	1960	\$4,427,286,441
1980	10,152,597,798	1950	3,709,214,103
1970	6,098,067,965	1940	2,592,754,570

1982 Total Tangible Assessed Valuation by Major Categories:

	<u>Amount</u>	<u>Percent of Total</u>
Urban Real Estate	\$ 3,069,458,628	27.13%
Rural Real Estate	2,086,643,151	18.43
Personal Property	4,224,611,308	37.34
Public Service Companies	1,934,658,718	17.10
Total	\$11,314,371,805	100.00%

Prior Statewide Levies for Other Purposes: From 1861 through 1942, a state property tax was levied for general operating purposes. No such levy was made in the years 1943-1946. A general levy was made again each year from 1947 through 1952, but not in 1953 and 1954. The last state general purpose levy was made in 1955 for collection in fiscal year 1956 (the rate was 1.99 mills and the amount of the levy was \$8,192,454).

In dollar amounts, the 1955 levy was the second highest ever made for general state purposes. The largest general levy was \$8,504,359 in 1921 and the 2.23 mill rate that year is the highest on record after 1907. In that year, on order of the

* From 1955, when rate was increased from three-fourths mill to one mill, through 1968, 25 percent of EBF was earmarked for state school dormitory fund.

first state tax commission, which was created in 1907, the state total assessed valuation was increased from \$425.3 million in 1907 to nearly \$2.5 billion in 1908.

From 1923 through 1954, a statewide property tax was levied to retire bonds issued to pay the World War I soldier's bonus.

Motor Carrier Property Tax

Enacted: 1929.

Statutory Citation: K.S.A., Ch. 79, Art. 6a.

Administration and Collection: Department of Revenue, Division of Property Valuation.

Collection Period: Same as other property taxes; due November 1, one-half payable by December 20 and the other half by the following June 20; if tax is less than \$50, the entire amount is due by December 20.

Tax Base: Assessed valuation of over-the-road motor vehicles and rolling equipment owned, used, or operated by persons who, in effect, operate such property in nonlocal intrastate or in interstate business, *i.e.*, motor carriers who are required to secure certain certificates, licenses, or permits from the Kansas Corporation Commission. For interstate operators, valuation is prorated on the basis of mileage traveled in Kansas.

Present Rate: The average rate of property tax levies for all purposes in the taxing districts of the state for the preceding year.

History of Tax Rates: The 1929 law required the assessed values to be certified back to the counties for application of the local tax levies. The present "average state rate" procedure was enacted in 1935, with the revenue earmarked for the Annual School Fund.

Major Changes in Tax Base: The 1955 Legislature extended the coverage of the tax and expanded the basis for evaluation of motor carrier property as part of a tax package enacted when the ton-mile tax was repealed.

Disposition of Revenue: Beginning July 1, 1976, motor carrier tax receipts are deposited to the State General Fund. An amount equal to the tax revenue is transferred to the Special City and County Highway Fund. Previously, proceeds from this tax were deposited into the former State School Equalization Fund or a predecessor fund and were used to help pay state aid to school districts.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$6,218,000	1980	\$4,333,000
1982	4,985,000	1979	3,692,000
1981	5,491,000	1978	3,442,000

(Application of local levies produced \$25,150 in FY 1930; the tax under the "average state rate" was \$25,076 for FY 1936.)

INCOME AND INHERITANCE TAXES

Income Taxes — Individual and Corporation

Enacted: 1933; constitutional amendment authorizing the tax (Art. 11, Sec. 2) adopted in 1932.

Statutory Citation: K.S.A., Ch. 79, Art. 32.

Administration and Collection: Department of Revenue, Division of Taxation. The 1965 Legislature established a withholding and declaration system for collection of the income tax, including a requirement for advance payments by corporations. The withholding rate was established in 1965 at 15 percent of the federal tax withheld, was reduced to 10 percent in 1967, and was increased to 13 percent in 1976. In 1977 the Secretary of Revenue was authorized to adopt variable rates, based upon adjusted gross income class, by administrative rule and regulation. Legislation enacted in 1983 accelerated remittances of taxes withheld by employers to require that most employers remit monthly or twice monthly.

Collection Period: Tax is due by April 15 of each year, or the 15th of the fourth month following the end of the tax year.

Tax Base: Individual: Federal adjusted gross income, adjusted, less deductions and exemptions; Corporation: Federal taxable income, adjusted, and then allocated to Kansas.

Present Rates: Applicable to tax years after December 31, 1976:

Taxable Income:

<u>Individuals</u>		<u>Rate</u>
<u>Single Return</u>	<u>Joint Return</u>	
First \$2,000	First \$4,000	2.0%
2,000-3,000	4,000-6,000	3.5%
3,000-5,000	6,000-10,000	4.0%
5,000-7,000	10,000-14,000	5.0%
7,000-10,000	14,000-20,000	6.5%
10,000-20,000	20,000-40,000	7.5%
20,000-25,000	40,000-50,000	8.5%
Over 25,000	Over 50,000	9.0%

Corporations

All	4.5%
Surtax on taxable income over \$25,000	2.25%

History of Tax Rates:

Taxable Income	Rates Prescribed in Laws Enacted in Years Shown Below						
	1933	1957	1958	1965	1967	1970	1977
<u>Individuals*</u>							
First \$2,000	1.0%	1.0%	1.5%	2.5%	2.0%	2.0%	2.0%
2,000-3,000	2.0	2.0	2.5	3.5	3.5	3.5	3.5
3,000-5,000	2.5	2.5	3.0	4.0	4.0	4.0	4.0
5,000-7,000	3.0	3.5	4.0	5.0	5.0	5.0	5.0
7,000-10,000	4.0	5.0	5.5	6.5	6.5	6.5	6.5
10,000-20,000	4.0	5.0	5.5	6.5	6.5	6.5	7.5
20,000-25,000	4.0	5.0	5.5	6.5	6.5	6.5	8.5
Over 25,000	4.0	5.0	5.5	6.5	6.5	6.5	9.0
<u>Corporations</u>							
All	2.0%	3.0%	3.5%	4.5%	4.5%	4.5%	4.5%
Surtax, over \$25,000						2.25%	2.25%

* Brackets shown are for single or separate returns; on joint returns, the range of each bracket is doubled.

Conformity With Federal Law: A state-federal conformity statute was enacted in 1967, following adoption in 1966 of a constitutional amendment (Art. 11, Sec. 11) which authorized prospective adoption of federal provisions by reference, that is, continuing conformity to federal law in the absence of further legislative action. Generally, until 1977, Kansas conformed in the areas of federal adjusted gross income, the standard deduction, and itemized deductions, except for a more liberal state medical deduction and deduction of the Social Security tax for persons who itemize deductions. Legislation enacted in 1977, however, froze the Kansas standard and itemized deductions at the 1976 levels, for one year. The 1978 Legislature established permanent deductions, limiting the standard deduction to the 1976 federal level (plus federal income tax) and limiting the itemized deductions (other than special modifications) to those in federal law in effect on December 31, 1977.

Personal Exemptions. An exemption for a specified amount of income per qualified person in a household has been allowed since enactment of the tax in 1933. The original law authorized one exemption amount for spouses and lower amounts for juveniles or those incapable of self-support. In 1949, the amount of exemption was made uniform for all persons who could be claimed. The 1953 law added an extra exemption for the elderly or blind, and amendments in 1959 extended the dependent exemption to students. The 1967 conformity statute granted one Kansas exemption for each federal exemption. The exemption amount was increased in 1977 and an extra exemption was added for persons qualifying as heads of households. The 1979 Legislature increased the amount of exemption.

The following lists the exemption amounts authorized under the above amendments:

Exemption Amounts Per Authorized Claim

<u>1933</u>	<u>1949</u>	<u>1953</u>	<u>1959</u>	<u>1967</u>	<u>1977</u>	<u>1979</u>
\$750/spouse \$200/dependent	\$600	\$600	\$600	\$600	\$750	\$1,000

Disallowance of Federal Income Tax as a State Deduction: Effective in 1972, the federal income tax was disallowed for one year as a deduction on state corporation income tax returns. The disallowance of this deduction was extended indefinitely in 1973. The 1983 Legislature limited the federal income tax deduction on individual income taxes to a maximum of \$5,000 (\$10,000 on a joint return), or one-half of the federal income tax liability, whichever is greater, for 1983 and 1984.

Special Credits: Since 1976, five special credits have been enacted. They are for:

Job Expansion and Investment: The 1976 Legislature enacted a \$50 credit for each new business employee or each \$100,000 of investment in a new or expanded business facility between March 31, 1976 and January 1, 1979. A 1978 amendment extended the credit to January 1, 1983. In 1982 the credit was made permanent and the amount of credit was doubled to \$100. Increased credits were also authorized in 1982 for new businesses in enterprise zones.

Solar Energy: In 1976 a credit equal to 25 percent of the cost of an active solar energy system was allowed, up to \$1,000 for residences and \$3,000 for businesses, for systems installed prior to July 1, 1983. The 1980 Legislature increased the credits to 30 percent, up to new limits of \$1,500 and \$4,500, and included passive systems. The installation period was extended through 1985 by the 1983 Legislature.

Child and Dependent Care Expenses: A Kansas credit for child and dependent care expenses was enacted in 1978, in an amount equal to a percentage of the federal credit for such expenses, for persons with income under \$14,000.

Handicapped Accessibility: A 25 percent credit for the expenses involved in making a home or business more accessible to the handicapped, up to limits of \$1,250 and \$10,000, respectively, was enacted in 1978. The percentages and types of allowable expenses were increased in 1981.

Military Retirement: In 1982 a credit of \$120 to persons age 62 or older who receive retirement benefits for service in the U.S. armed forces was enacted in lieu of the former \$2,000 exemption of such benefits for persons age 65 or older.

Disposition of Revenues: To State General Fund, with 20 percent of district resident individual income tax liabilities after all credits, except those for income taxes paid to another state and withholding and declaration of estimated tax, earmarked for distribution to unified school districts.

Net Collections:

<u>Fiscal Year</u>	<u>Individual</u>	<u>Corporation</u>	<u>Total</u>
1983	\$531,395,000	\$122,831,000	\$654,226,000
1982	417,934,000	146,823,000	564,757,000
1981	387,057,000	161,968,000	549,025,000
1980	327,581,000	141,709,000	469,290,000
1979	295,939,000	128,880,000	424,819,000
1978	241,152,000	116,372,000	357,524,000

(Collections from individuals and corporations totaled \$643,033 for FY 1934, and \$1,231,158 for FY 1935.)

Privilege (Income) Tax -- Domestic Insurance Companies

Enacted: 1970, effective January 1, 1971, in lieu of intangibles tax and certain local taxes.

Statutory Citation: K.S.A. Ch. 40, Art. 28.

Administration and Collection: Commissioner of Insurance.

Collection period: Tax is due on same date as company's federal income tax return is filed (subject to interest if paid after April 15).

Tax Base: Net income, as defined by the law, for the preceding calendar year. The tax does not apply to nonprofit hospital and medical service corporations or to fraternal benefit societies and other companies exempt from state regulation.

Present Rate: 5 percent (established by the 1970 law).

Disposition of Revenues: To State General Fund. Local sharing in the receipts from this tax was eliminated in 1978 with the creation of the County and City Revenue Sharing Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$ 343,000	1980	\$ 682,000
1982	634,000	1979	521,000
1981	621,000	1978	515,000

(Collections in FY 1971 were \$99,400.)

Privilege (Income) Tax -- Financial Institutions

Enacted: 1963, effective January 1, 1964, in lieu of the former 5 mill intangibles tax on banks, savings and loan associations, and trust companies.

Statutory Citation: K.S.A. Ch. 79, Art. 11.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Tax is due by the 15th day of the fourth month following the close of institution's federal tax year.

Tax Base: Net income, as defined by the law, for the preceding calendar year.

Changes in Tax Base: In 1972, the federal income tax deduction on privilege tax returns of financial institutions was disallowed for one tax year. Disallowance of this deduction was extended indefinitely in 1973. Beginning with 1973 returns, a credit against the privilege tax for personal property taxes was eliminated and instead of the direct credit such taxes are now deductible in computing net income. In 1979, the tax base was expanded to include income earned on state and local bonds.

Present Rates: Banks -- 4.25 percent plus 2.125 percent surtax on taxable income over \$25,000; Savings and Loan Associations and Trust Companies -- 4.5 percent plus 2.25 percent surtax on taxable income over \$25,000.

<u>History of Tax Rates</u>	<u>1963 Law</u>	<u>1970 Law</u>	<u>1972 Law</u>	<u>1979 Law</u>
Banks	5%	5.5%,* plus 2.25% surtax (over \$25,000)	5.0%,* plus 2.25% surtax (over \$25,000)	4.25%,** plus 2.125% surtax (over \$25,000)
Savings and Loan Associations and Trust Companies	5%	5.0%, plus 2.25% surtax (over \$25,000)	4.5%, plus 2.25% surtax (over \$25,000)	4.5%, plus 2.25% surtax (over \$25,000)

* Dividends from bank stock remained exempt from the intangibles tax, while interest on savings and loan accounts was made subject to the intangibles tax.

** Rate was lowered to keep the estimated aggregate liability for banks at virtually the same level as the estimated aggregate liability without the expansion of the tax base, discussed above.

Special Credits: The 1978 Legislature extended the solar energy tax credit to financial institutions and also allowed such institutions to claim the newly enacted credit for handicapped accessibility.

Disposition of Revenue: To State General Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$ 6,636,000	1980	\$16,088,000
1982	15,543,000	1979	12,583,000
1981	14,989,000	1978	11,460,000

Note: In 1963, the last year under the 5-mill intangibles tax, the tax levies were \$1,280,292 on banks and trust companies and \$49,683 on savings and loan associations. For the first income year (1963) under the privilege tax, the annual liability was \$1,302,000 for banks and \$345,000 for savings and loan associations.

Inheritance Tax

Enacted: 1909; repealed 1913; re-enacted 1915; revised in 1919; 1978 recodification is the basis of the present law.

Statutory Citation: K.S.A. Ch. 79, Art. 15.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection: Since 1972, inheritance taxes have been required to be paid at the expiration of nine months (formerly 18 months) after the death of the decedent.

Tax Base. The tax is imposed on the interests received by beneficiaries from a decedent's estate, less exemptions, and is based primarily on the relationship of the beneficiary to the decedent. In this, it differs from the federal estate tax which is based on the total value of the estate regardless of the relationship of beneficiaries to the decedent. Kansas also imposes a "pick-up" tax designed to absorb the maximum state death tax credit allowed on the federal estate tax return.

Present Rates, Exemptions and Exclusions. The rates and exemptions for the three classes of distributees, applicable to estates of decedents dying on or after April 22, 1982, are summarized in the following table:

Value of Share Above Exemption*		Class A-Children, Lineal Relations		Class B-Brothers and Sisters		Class C-All Others	
		Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess
(1)	(2)						
\$ 0	\$ 25,000	\$ 0	1%	\$ 0	3%	\$ 0	10%
25,000	50,000	250	2	750	5	2,500	10
50,000	100,000	750	3	2,000	7.5	5,000	10
100,000	200,000	2,250	4	5,750	10	10,000	12
200,000	500,000	6,250	4	15,750	10	22,000	15
500,000	—	18,250	5	45,750	12.5	67,000	15

*Exemptions

Class A - lineal ancestors and descendants, adopted children, etc., \$30,000 exemption.

Class B - brothers and sisters, \$5,000 exemption.

Class C - all others, no exemption.

Property left to a surviving spouse or to a charity is exempt from the inheritance tax.

Note: Exemptions are prorated when there are assets located outside Kansas. No tax is due on any class if the share is less than \$200, after deduction of the exemptions.

Exclusion

Amendments in 1980 allowed a graduated exclusion from the tax for qualified farm and closely-held business property, if the person filing the return elects the exclusion. Qualified real property valued at less than \$250,000 is completely excluded and that with a value of between \$250,000 and \$835,000 is partially excluded, according to a schedule. Qualifications to obtain the exclusion are the same as those for use valuation, but the exclusion, if taken, is in lieu of use valuation. The exclusion had been available to the estates of all decedents dying before January 1, 1986, but it was made permanent in 1983.

History of Tax Rates: Prior to recodification of the law in 1978, two major changes had been made since the law was rewritten in 1919. In 1958, the special session increased class C rates, effective June 30, 1958. The old rates were 5 percent on the first \$25,000, 7.5 percent on the next \$25,000, 10 percent on the next \$50,000, 12.5 percent on the next \$400,000, and 15 percent on all over \$500,000.

In 1941, the \$75,000 class A exemption formerly allowed only to a surviving wife, and the tax rates applicable thereto, were extended to a surviving husband as well.

The 1978 recodification made substantive changes in procedures for computing the tax, determining responsibility for filing a return and paying the tax, and conformed the Kansas tax to many of the federal definitions concerning what is to be included in the estate for tax purposes. Other changes included increasing both the spouse's exemption from \$75,000 to \$250,000 and the exemption for other class A heirs from \$15,000 to \$30,000; conforming to the federal provision for use value appraisal of farmlands and closely held business property for inheritance tax purposes, but without any recapture provision; providing for payment of the tax in installments under certain circumstances; and imposing a Kansas pick-up estate tax equal to the federal credit on the new federal generation skipping estate tax. No changes were made in the tax rates.

The 1982 Legislature exempted all property left to a surviving spouse; provided that for spousal joint property, the estate of the first spouse to die will include one-half of the value of the property regardless of which spouse furnished the consideration for the property; and clarified that the "pick-up" tax will apply only in cases where a federal estate tax return (as that tax was amended by the federal Economic Recovery Tax Act of 1981) is due and payable, and will apply even if there is an exemption from the Kansas inheritance tax.

In 1983 the Kansas use valuation provisions were more closely conformed to the comparable federal estate tax provisions.

Disposition of Revenue: To State General Fund, with 5 percent earmarked for transfer to the County Inheritance Tax Fund.

Net Collections (state and county shares):

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$27,456,000	1980	\$26,979,000
1982	31,607,000	1979	19,276,000
1981	29,131,000	1978	16,081,000

(Collections during the first 19 months the original law was in effect, 1909-10, totaled \$121,168; in FY 1917, \$327,567; FY 1921, \$556,118.)

SALES, USE, SEVERANCE, AND OTHER EXCISE TAXES

Retail Sales Tax

Enacted: 1937

Statutory Citation: K.S.A., Ch. 79, Art. 36.

Administration and Collection: Department of Revenue, Division of Taxation; County Treasurer (certain motor vehicles).

Collection Period: Monthly, with minor exceptions; as amended in 1983, tax must be remitted by retailers on or before the 25th of the following month; if annual tax liability is \$24,000 or more, retailers must remit estimated taxes for the first 15 days of the current month plus the balance of the preceding month's taxes.

Tax Base: Gross receipts from retail sales of tangible personal property and certain services.

Present Rate: 3 percent, effective May 1, 1965.

History of Tax Rates: 2 percent from date of enactment until increased to 2.5 percent by 1958 Special Session; increased to 3 percent in 1965.

Major Changes in Tax Base: (1) the 1957 Legislature extended tax to hotel and motel rentals and to isolated sales of motor vehicles and trailers. (2) In 1961 the tax was extended to cigarettes and cereal malt beverages. (3) 1970 and 1971 legislation included intrastate delivery charges as a part of selling price (interstate charges had been included); taxed admissions to fairs and to sports participation and recreational activities (including country club and similar dues); taxed receipts from all coin-operated devices (except laundromats); made laundry (except coin-operated), dry cleaning and car washing and waxing services subject to the tax; taxed cable TV and radio services and newspaper sales; applied the tax to charges for installation, maintenance, servicing and repairing of tangible personal property (except in the original construction of buildings); made purchases by religious, benevolent or charitable organizations (other than hospitals) subject to the tax; and exempted tangible personal property directly and immediately consumed in production of goods or services as a class rather than by listing of specifically exempt "consumables." (4) 1971 legislation provided a procedure for exempt purchases by contractors on federal projects. (5) The 1977 Legislature clarified and reenacted the sections taxing certain labor services and exempted prescription drugs, insulin, and prosthetic and orthopedic appliances from the tax. (6) A three-year exemption for sales of used farm machinery and equipment, parts, and repair services thereon was enacted in 1978, and was made permanent in 1980. (7) Sales of electric, gas, and water utilities and heating fuel for residential and agricultural use, along with local intrastate telephone and telegraph charges for noncommercial use were exempted from the state (but not local) sales tax in 1979. (8) Legislation in 1980 exempted sales of materials and services used in repairing or manufacturing railroad rolling stock used in interstate commerce. (9) The 1981 Legislature specified that the sales tax shall apply to the gross receipts from the sale of

computer software and redefined the exemption for projects of political subdivisions to allow either an exemption for projects fully funded by the subdivision or a partial refund of sales tax paid on projects only partially funded by a political subdivision, e.g., a project partly financed with industrial revenue bonds. (10) A refund for the amount of tax paid on property or services purchased for the construction, equipping or reconstructing of a new business facility in an enterprise zone was enacted in 1982 and modified in 1983.

Food Sales Tax Refund: In 1978 a program was enacted to refund \$20 per person to resident individuals who are disabled or age 60 or above (decreasing to age 55 or above in 1982 and thereafter) and who are members of a household having an income of not over \$10,000 in the calendar year for which the claim is filed, for the purpose of refunding the sales tax upon food to such persons. Refunds totaled \$1,279,000 in FY 1983.

Disposition of Revenue: To State General Fund, with 4.5 percent of sales and use tax collections earmarked for the Local Ad Valorem Tax Reduction Fund (amended in 1973 with first such transfer in 1974), 3.5 percent earmarked for the County and City Revenue Sharing Fund (enacted in 1978 with first transfers in 1979), and a transfer to the State Highway Fund of an increasing portion of the sales tax attributable to sales of new and used motor vehicles, with 5/42 of such amount transferred in FY 1984, and up to 30/42 of such amount transferred in FY 1989 and thereafter.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$441,141,000	1980	\$360,718,000
1982	407,617,000	1979	345,611,000
1981	388,973,000	1978	304,819,000

(In the first year of operation, FY 1938, collections from the retail sales tax totaled \$9,954,343.)

Compensating (Use) Tax -- Consumer's and Retailer's

Enacted: 1937 (Consumer's); and 1945 (Retailer's).

Statutory Citation: K.S.A., Ch. 79, Art. 37.

Administration and Collection: Department of Revenue, Division of Taxation; County Treasurer (certain motor vehicles).

Collection Period: Monthly, with minor exceptions; same as retail sales tax.

Tax Base: Tangible personal property used, stored, or consumed in Kansas. The law provides that all property purchased or leased within or without Kansas and subsequently used, stored, or consumed in Kansas shall be subject to the compensating tax if the same property or transaction would have been subject to the state retail sales tax had the transaction been made wholly in Kansas. In effect, the consumer's use tax is imposed on Kansas consumers who make retail purchases from nonregistered, out-of-state retailers, while the retailer's use tax is collected by registered out-of-state retailers.

If the property has already been subjected to a sales tax in another state, use tax is due only for the difference between the other state's sales tax and the Kansas use tax. Exemption of property purchased during any month, with a total price of less than \$20, unless purchased from a registered retailer, was repealed in 1967.

Present Rate: 3 percent, effective May 1, 1965.

History of Tax Rates: 2 percent from date of enactment until increased to 2.5 percent by 1958 Special Session; increased to 3 percent in 1965.

Disposition of Revenue: To State General Fund with same special earmarking provisions as retail sales tax for the Local Ad Valorem Tax Reduction Fund and the County and City Revenue Sharing Fund (but no transfers to State Highway Fund).

Net Collections:

<u>Fiscal Year</u>	<u>Consumer's Use</u>	<u>Retailer's Use</u>	<u>Total</u>
1983	\$26,869,000	\$30,946,000	\$57,815,000
1982	30,796,000	32,349,000	63,145,000
1981	29,735,000	30,505,000	60,240,000
1980	28,025,000	29,647,000	57,672,000
1979	24,380,000	29,112,000	53,492,000
1978	20,314,000	23,645,000	43,959,000

(The first year's consumer's use tax collections, in FY 1938, were \$332,366; first year's retailer's use tax collections, in FY 1946, were \$809,772.)

Severance Tax (Oil, Gas, Coal, and Salt)

Enacted: 1957 tax on oil and gas held invalid by Kansas Supreme Court in January, 1958, on the grounds that the title of the enacted bill was defective (182 Kan. 437). Tax on oil, gas, coal, and salt enacted in 1983, effective May 1, 1983.

Statutory Citation: 1957 Session Laws, Ch. 516; 1983 Session Laws, Ch. 313, K.S.A., Ch. 79, Art. 42.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Monthly; payment due by 20th day of second following month in which tax liability was incurred.

Tax Base: Gross value of oil and gas (sale price at time of removal from production unit); volume of production of coal and salt.

Present Tax Rates: 8% on oil and gas, less property tax credits of 3.67% on oil properties and 1 percent on gas properties; \$1 per ton on coal; 4 cents per ton on salt, effective May 1, 1983.

History of Tax Rates: 1957 Law: 1 percent on oil and gas.

Exemptions: 1957 Law: No exemptions. 1983 Law: Oil — wells on a lease producing an average of two barrels or less per day or 3 barrels or less per day if at least 2,000 feet deep; wells on a lease producing 3 barrels or less per day from a water flood process or four barrels or less per day if at least 2,000 feet deep and from a water flood process; all production from a tertiary recovery process; oil from any pool from which oil was first produced on or after April 1, 1983, for a period of two years.

Gas — wells having an average daily production valued at \$81 or less; gas used for domestic or agricultural purposes on the production unit from which it is severed; gas from any pool from which gas was first produced on or after April 1, 1983, for a period of two years.

Coal — coal from a mine producing 350,000 tons or less in the preceding year.

Disposition of Revenue: 1957 Law: To State General Fund; 1983 Law: 93% to State General Fund, 7% to Special County Mineral Production Fund for distribution to counties and unified school districts in producing areas.

Net Collections: 1957 Law: \$2,020,219 was collected during the six-month period of FY 1958 that the tax was operative. At that time, the annual revenue estimate was \$4,125,000.

1983 Law: No revenue was legally due until FY 1984, but about \$15,000 (net) was collected in FY 1983.

Motor Fuels Taxes

Enacted: 1925 (gasoline tax); 1941 (special fuels and LP gas tax).

Statutory Citation: K.S.A., Ch. 79, Art. 34.

Administration and Collection: Department of Revenue, Division of Taxation and Division of Vehicles.

Collection Period: Gasoline: Tax is due by the 25th day of each month on fuels received by distributors or importers during the preceding month. Special Fuel: Same, except tax is paid by supplier, dealer, or user. Liquefied Petroleum (LP) Gas: Same, except paid by user-dealer. Importer-for-Use Tax: Same, tax paid by motor carrier or user.

Tax Base: Gallons of fuel received, delivered or used. Effective July 1, 1976 gasoline distributors are allowed to deduct 2.5% of the first one million gallons and 2% of the total gallonage in excess of one million gallons (on an annual basis) to cover losses in handling and for "shrinkage." (Exceptions: importers; distributors making direct sale from terminal to customer; distributors not making more than 50% sales at retail; and export sales.) Previously, this handling allowance had been 3%.

Present Rates (Effective January 1, 1984): 11 cents per gallon on gasoline; 6 cents per gallon on motor-vehicle fuels containing 10 percent or more of agricultural ethyl alcohol by weight (gasohol); 13 cents per gallon on special fuels (diesel fuel; kerosene, distillate, benzol, benzene, naphtha, or similar products used when operating motor vehicles on the public highways and streets); and 10 cents per gallon on LP gas.

Under the importer-for-use tax, enacted in 1955 and amended in 1971 (effective January 1, 1972), operators of commercial motor vehicles within and without Kansas (except farm trucks and school buses) pay the equivalent of the current tax on gasoline or special fuels used in operating motor vehicles in the state, the amount of fuel so used to be determined proportionally on the basis of miles traveled inside and outside Kansas.

Operators of nonresident vehicles may purchase a special \$6.50 trip permit in lieu of payment of the tax.

Note: Under 1983 law, on July 1, 1985 and on July 1 of each year thereafter, motor fuels taxes are to be computed (indexed) annually as follows: the gasoline tax rate would be computed to the nearest cent by multiplying 10 percent times an average national price per gallon (exclusive of taxes) on November 1 of the preceding year; other motor fuels tax rates would change in the same absolute amounts as the change in the gasoline rate; no annual change could exceed one cent per gallon; and rates could not fall below those effective on January 1, 1984. Effective at such time as the gross revenue loss from the differential rate established for gasohol on July 1, 1979 reaches \$5 million, gasohol is to be taxed under the 1983 law at 5 cents less than the rate on gasoline. Special trip permits will change 50 cents for each 1 cent change in the gasoline tax rate.

History of Tax Rates:

- 1925 law — 2 cents on gasoline
- 1929 law — 3 cents on gasoline
- 1941 law — 3 cents on special fuels and LP gas
- 1945 law — 4 cents on gasoline, special fuels, and LP gas, effective 3-1-46 to 6-30-49
- 1949 law — 5 cents on gasoline, special fuel, and LP gas, effective 7-1-49
- 1955 law — 7 cents on special fuels and LP gas, effective 1-1-56
- 1956 law — 5 cents on LP gas
- 1957 law — 7 cents on LP gas (this was an inadvertent increase of 2 cents)
- 1958 law — 5 cents on LP gas
- 1969 law — 7 cents on gasoline and 8 cents on special fuels, effective 7-1-69
- 1976 law — 8 cents on gasoline, 10 cents on special fuels and 7 cents on LP gas, effective 7-1-76.
- 1979 law — on gasohol: 3 cents, effective July 1, 1979; 4 cents, effective July 1, 1980; 5 cents, effective July 1, 1981; 6 cents, effective July 1, 1982.
- 1983 law — 10 cents on gasoline, 12 cents on special fuels and 9 cents LP gas, effective July 1, 1983 for 6 months only.

Disposition of Revenue: After refunds, all collections of taxes on motor fuels are distributed 59.5 percent to the State Freeway Fund and 40.5 percent to the Special City and County Highway Fund, effective January 1, 1984. After provision has been made for payment of principal and interest on "freeway" bonds issued under K.S.A. 68-2304, 81.6 percent of the fuels taxes credited to the State Freeway Fund are transferred to the State Highway Fund. As the end result, 48.6 percent of all net motor fuel taxes collected go to the State Highway Fund, 40.5 percent to the Special City and County Highway Fund and 10.9 percent to the State Freeway Fund. If fuel taxes change under the indexing provision, the preceding percentages are to be recalculated by the Secretary of Transportation in such a manner that the amount in excess of the amount of revenue produced by the rates of tax on January 1, 1984 is allocated 65 percent to the State Highway Fund and 35 percent to the Special City and County Highway Fund.

Note: Revenue from the tax enacted in 1925 was returned to the county of origin for the general road fund. In 1928, the Kansas Constitution was amended to authorize the state to construct and maintain a state highway system and to levy special taxes on motor vehicles and motor fuels for road and highway purposes (Art. 11, Secs. 9 and 10). Consequently, the 1929 law, which increased the tax rate to 3 cents, credited the net revenue to the state gasoline tax fund to be used for the construction and maintenance of roads and highways.

Net Collections:

<u>Fiscal Year</u>	<u>Gasoline*</u>	<u>Special Fuel and LP Gas</u>	<u>Total</u>
1983	\$ 95,668,000	\$ 19,618,000	\$115,286,000
1982	97,444,000	18,971,000	116,415,000
1981	96,723,000	17,910,000	114,633,000
1980	100,897,000	18,009,000	118,906,000
1979	110,783,000	17,411,000	128,194,000
1978	108,616,000	15,366,000	123,982,000

* Gasohol, special trip permit and interstate motor carrier tax (special fuel) collections are included with gasoline tax collections.

(Collections in FY 1926, the first year the gasoline tax was in effect, totaled \$3,883,432.)

Refunds for Nonhighway Use:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$ 6,113,000	1980	\$ 8,596,000
1982	6,781,000	1979	8,838,000
1981	7,767,000	1978	9,548,000

Motor Vehicle Registration Tax

Enacted: 1913.

Statutory Citation: K.S.A., Ch. 8, Art. 1.

Administration and Collection: Department of Revenue, Division of Vehicles; County Treasurers (collection).

Collection Period: The following motor vehicles are registered under a monthly staggered registration schedule based on the first letter of the vehicle owner's last name: all passenger vehicles; all trucks with a gross weight of 12,000 pounds and under; and all motorcycles and motorized bicycles. Trucks over 12,000 pounds are registered annually in January (payable by February 15); truck or truck tractor fees in excess of \$100 may be paid in quarterly installments.

Tax Base: Gross weight of vehicle.

Present Rates (illustrative, not all inclusive):

Passenger vehicles: 3,000 pounds or less	\$13.00
3,001 to 3,999 pounds	16.25
4,000 to 4,500 pounds	19.50
Over 4,500 pounds	26.00
Motoreycles	\$10.00
Motorized bicycles	\$ 5.00

Trucks and truck tractors: Range is from \$25 for 12,000 pounds or less to \$1,475 for 80,001 to 85,500 pounds.

Local trucks: Range is from \$25 for 12,000 pounds or less to \$775 for 80,001 to 85,500 pounds.

Farm Trucks: Range is from \$25 for 12,000 pounds or less to \$62 for more than 24,000 pounds.

6,000 mile trucks: Range is from \$25 for 12,000 pounds or less to \$755 for 80,001 to 85,500 pounds, plus additional fee if operated more than 6,000 miles.

Trailers, semitrailers, mobile homes, travel trailers, or pole trailers: Range is from \$10 for over 2,000 pounds to \$25 for over 12,000 pounds (such vehicles 2,000 pounds or under may also be registered for \$10, at the owner's option).

Motor vehicles, trailers, or semitrailers owned by any political or taxing subdivision of the state and used exclusively for governmental purposes: \$2.

History of Tax Rates (illustrative, not all inclusive):

1913 law \$5 for passenger cars.

1929 law \$8 plus 50 cents per 100 pounds over 2,000.

1933 law \$4 plus 25 cents per 100 pounds over 2,000.

1949 law \$6.50 plus 35 cents per 100 pounds over 2,000.

1961 law fee ranged from \$10.00 to \$20.00 on automobiles; from \$15.00 to \$1,350 on regular trucks; from \$15.00 to \$650.00 on local trucks; from \$8.50 to \$50 on farm trucks; from \$5.00 to \$20.00 on trailers; and \$5.00 on motoreycles; based on gross weight of vehicle.

- 1976 law fee ranged from \$13.00 to \$26.00 on automobiles; from \$27.50 to \$1,475.00 on regular trucks; from \$25.00 to \$775.00 on local trucks; from \$15.00 to \$62.00 for farm trucks; from \$10.00 to \$25.00 on trailers; and \$10.00 on motorcycles.
- 1983 law fee for regular trucks 12,000 pounds and under lowered from \$27.50 to \$25.00; fee for farm trucks 12,000 pounds and under raised from \$15.00 to \$25.00; for farm trucks 12,001 to 16,000 fee is raised from \$21.00 to \$25.00.

A general revision of the truck registration schedules was enacted by the 1955 Legislature. Fees were increased as part of an overall tax package designed to replace the ton-mile tax, a special trip fee of \$10 was enacted, and proration of registration fees was authorized for fleets of interstate vehicles which qualify under the law or under agreements approved by the former state motor vehicle reciprocity commission. These agreements are now approved and executed by the Director of Vehicles and ratified by the Governor.

The 1961 Legislature increased the maximum truck weight limits and raised the registration fee for the top bracket, applicable to gross weights of over 66,000 pounds. The fees applicable to the upper bracket also were raised in 1965.

Registration fees for all vehicle categories were raised in 1976, effective January 1, 1977.

Disposition of Revenue: County treasurers retain all of the \$5 annual fee on antique vehicles, 75 cents of each other license and tag transfer application fee, and \$2.00 of each certificate of title fee; balance is remitted to the Department of Revenue to be deposited in the State Highway Fund.

Net Collections (state receipts):

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$65,156,000	1980	\$66,388,000
1982	66,271,000	1979	63,499,000
1981	65,880,000	1978	60,819,000

(According to the Secretary of State's report at the time, the registration tax produced \$168,316 for county road funds and \$33,632 for state administration in FY 1974, for a total of \$201,948 the first year the tax was in effect.)

Boat Registration Tax

Enacted: 1959.

Statutory Citation: K.S.A., Ch. 82a, Art. 8.

Administration and Collection: Fish and Game Commission

Collection Period: At the time of filing application for a certificate of number, which is valid for three years. The Commission may provide for a 30-day temporary permit.

Tax Base: Vessels required to be numbered under the law (mechanically propelled or sailing vessels). Certain exemptions are prescribed by K.S.A. 82a-807.

Present Rates: \$9 for three years; \$2 for a 30-day permit plus a 50 cent service charge if such permit is sold by someone other than Commission employees.

History of Tax Rates:

- 1959 law - \$5 for three years
- 1970 law - \$3 for three years; \$2 for 10-day temporary permit
- 1975 law - \$9 for three years; no change in temporary permit
- 1982 law - current provision for temporary permit enacted

Major Changes in Tax Base: The 1959 law applied to motorboats, excluding those propelled by machinery of less than 10 horsepower. The law was amended in 1970 to require numbering of all mechanically propelled or sailing vessels unless exempted by K.S.A. 82a-807.

Disposition of Revenue: To a separate account within the fee fund of the Fish and Game Commission to be used to administer and enforce article 8, chapter 82a of K.S.A. (regulation of watercraft and other activities). When sufficient moneys are available from taxes collected, they may be used to construct or repair boating facilities, ramps and docks at public lakes in Kansas.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$251,000	1980	\$323,000
1982	273,000	1979	218,000
1981	278,000	1978	268,000

(Collections in FY 1960, the first year the tax was in effect, were \$66,839.)

Franchise (Corporation) Tax

Enacted: 1866.

Statutory Citation: K.S.A. Ch. 17, Art. 75.

Administration and Collection: Secretary of State.

Collection Period: Annual; due at time of filing annual report (when income tax return is due).

Tax Base: Shareholder's equity attributable to Kansas by three-factor formula using property, payroll and sales.

Present Rates: The current tax rate, adopted in 1972, is \$1 per \$1,000 of corporation's shareholder's equity attributable to Kansas, with a minimum tax of \$20 and a maximum of \$2,500.

History of Tax Rates: From 1866 to 1913, charter and miscellaneous fees were required; from 1913 to 1972 the tax ranged from \$10 for not over \$10,000 paid up capital stock to \$2,500 for over \$5,000,000 paid up capital stock with a minimum charge of \$10.

Disposition of Revenue: To State General Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$ 7,273,000	1980	\$ 5,685,000
1982	6,962,000	1979	5,110,000
1981	6,393,000	1978	4,651,000

(Collections in FY 1914, the first year after the 1913 revision, totaled \$161,639; receipts increased from \$1,072,000 in FY 1972 to \$2,406,000 in FY 1973 following the 1972 amendments.)

Cereal Malt Beverage and Products Taxes

Enacted: 1937.

Statutory Citation: K.S.A., Ch. 79, Art. 38.

Administration and Collection: Department of Revenue, Division of Alcoholic Beverage Control.

Collection Period: Prior to 1962, the tax was paid upon purchase of tax stamps or crowns by the wholesaler, retailer, or distributor. Section 79-3824 was amended in 1962 to authorize a report system for paying and collecting the tax, such system to provide that the tax shall be paid by the 15th day of the month following the month in which the distributor acquired possession of the taxable beverages; effective in June and July of 1962.

Tax Base: Quantity sold or distributed (in gallons or pounds).

Present Rates: Effective since July 1, 1977, the rates are:

Beer of not more than 3.2% alcohol	\$.18 per gal., or \$5.58 per bbl.
Wort or liquid malt	.20 per gal.
Malt syrup or extract	.10 per lb.

History of Tax Rates:

	<u>1937 Law</u>	<u>1941 Law</u>	<u>1947 Law</u>	<u>1970 Law</u>
3.2% Beer	\$.05 gal. (\$1.55 bbl.)	Same	\$.10 gal. (\$3.10 bbl.)	\$.15 gal. (\$4.65 bbl.)
Wort or liquid malt	\$.10 gal.	Same	\$.20 gal.	\$.20 gal.
Malt syrup or extract	\$.02 lb.	\$.05 lb.	\$.10 lb.	\$.10 lb.

Disposition of Revenue: To State General Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$4,979,000	1980	\$4,966,000
1982	5,077,000	1979	5,112,000
1981	5,124,000	1978	4,989,000

(The first year's collections, in FY 1938, totaled \$547,127.)

Note: The 1961 Legislature extended the sales tax to retail sales of cereal malt beverages and products, effective June 1, 1961.

Liquor Gallonage Taxes

Enacted: 1949; constitutional amendment authorizing Legislature to regulate sale of liquor adopted in 1948 (Art. 15, Sec. 10).

Statutory Citation: K.S.A., Ch. 41, Art. 5.

Administration and Collection: Department of Revenue, Division of Alcoholic Beverage Control.

Collection Period: Director has prescribed a system of reporting, paying, and collecting the tax under which the tax is due on or before the 15th day of the month (10th day for beer) following which the distributor acquired possession of taxable liquor; except tax stamp procedure is used for certain military orders.

Tax Base: Quantity (gallons) of alcoholic beverages manufactured, used, sold, stored, or purchased in Kansas.

Present Rates: Effective July 1, 1977, the rates are:

Beer, over 3.2% Domestic (Kansas)	18 cents per gal.	(\$5.58 per bbl.)
Wine, 14% or less	15 cents per gal.*	
Wine, 14% or less	30 cents per gal.	
Wine over 14%	75 cents per gal.	
Alcohol and Spirits	\$2.50 per gal.	

* This category added effective July 1, 1983.

History of Tax Rates:

	<u>1949 Law</u>	<u>1961 Law</u>	<u>1964 Law</u>	<u>1971 Law</u>
Beer, over 3.2%	10 cents gal. (\$3.10 bbl.)	12 cents gal. (\$3.72 bbl.)	Same	15 cents gal. (\$4.65 bbl.)
Light Wine	15 cents gal.	20 cents gal.	Same	Same
Fortified Wine	40 cents gal.	50 cents gal.	Same	Same
Alcohol and Spirits, 100 proof or less	\$1.00 gal.	\$1.20 gal.	\$1.50 gal.	Same
Alcohol and Spirits, 100 proof	\$2.00 gal.	\$2.40 gal.	\$1.50 gal.	Same

Disposition of Revenue: 90% to State General Fund, and 10% to the Community Alcoholism and Intoxication Programs Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$12,288,000	1980	\$12,287,000
1982	12,837,000	1979	11,960,000
1981	12,339,000	1978	12,095,000

(Collections in Fiscal Years 1950 and 1951, the first two full years of operation, were \$2,876,747 and \$2,282,220, respectively.)

Tax Collections by Product, Fiscal Year 1983:*

	<u>Amount</u>	<u>Percent of Total</u>
Beer, over 3.2%	\$ 4,082,000	33.22%
Light Wine	522,000	4.25
Fortified Wine	128,000	1.04
Alcohol and Spirits	<u>7,556,000</u>	<u>61.49</u>
Total	\$12,288,000	100.00%

Liquor Enforcement (Sales) Tax

Enacted: 1949 (see Liquor Gallonage Taxes).

Statutory Citation: K.S.A., Ch. 79, Art. 41.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Monthly; tax must be remitted by liquor retailers on or before the last day for prior month's collections.

Tax Base: Gross receipts from the sale of liquor at retail. In effect, the liquor enforcement tax is the equivalent of the retail sales tax, except for the tax rate.

Present Rate: 8%, effective July 1, 1983.

History of Tax Rates: 1949 law -- 2%
1958 Special Session -- 2.5%
1965 Law -- 4%
1983 law -- 8%.

* Estimates based on monthly liability, not actual cash flow.

Disposition of Revenue: To State General Fund. The 2% tax was allocated 3% to the Administration Fee Fund and 97% to counties and cities until FY 1958 when all revenue was distributed to counties and cities. The 2.5% tax was allocated 20% to the State General Fund and 80% to counties and cities. The 4% tax was distributed 40% to the State General Fund and 60% to counties and cities until January 1, 1979, when county and city sharing in this tax was eliminated with the creation of the County and City Revenue Sharing Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$ 8,910,000	1980	\$ 7,340,000
1982	8,772,000	1979	6,696,000
1981	8,150,000	1978	5,921,000

(Collections in FY 1950, the first year the tax was in effect, were \$726,427.)

Private Club Liquor Tax

Enacted: 1979.

Statutory Citation: K.S.A., Ch. 79, Art. 41a.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Monthly; tax must be remitted by clubs on or before the last day of the month following collection.

Tax Base: Gross receipts from the sale of alcoholic liquor as defined by K.S.A. 41-102.

Present Rate: 10%.

History of Tax Rates: Unchanged since enactment.

Disposition of Revenue: 25% to State General Fund and 75% Local Alcoholic Liquor Fund, for return to cities and counties where collected. Cities and counties will receive in the aggregate at least as much as they received in CY 1981 (nearly \$7.0 million). Funds are allocated locally as follows: 1/3 to the general fund; 1/3 to the Special Parks and Recreation Fund; and 1/3 to a Special Alcohol and Drugs Programs Fund (except that for cities with less than 10,000 population the county receives this amount).

Prior Law: From imposition in 1979 until July 1, 1982, all revenues were returned to the city or county of origin.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$8,422,000	1981	\$6,866,000
1982	7,713,000	1980	4,932,000

Cigarette Tax

Enacted: 1927.

Statutory Citations: K.S.A., Ch. 79, Art. 33.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Tax paid upon purchase of tax stamps, or within 30 days after purchase in case of bonded wholesale dealers. Dealers receive a 2.65% discount (effective July 1, 1983) on the face value of the stamps for expenses involved in affixing the stamps.

Tax Base: Amount of cigarettes sold or distributed.

Present Rate: 16 cents on each 20 cigarettes or fractional part thereof, effective July 1, 1983.

History of Tax Rates: 2-cent rate imposed in 1927; increased to 3 cents in 1947, to 4 cents in 1957, to 6 cents in 1964, to 8 cents in 1965, to 11 cents in 1970, and to 16 cents in 1983 (effective July 1).

Disposition of Revenue: To State General Fund (effective January 1, 1979).

Prior Laws:

- 1927 100% to State General Fund.
- 1931 85% to State General Fund; 15% to counties and cities.
- 1933 72% to State General Fund; 25% to counties and cities; 3% to Administration Fee Fund.
- 1935 70% to State General Fund; 25% to counties and cities; 5% to Administration Fee Fund.
- 1939 65% to State General Fund; 30% to counties and cities; 5% to Administration Fee Fund.
- 1943 20% to State General Fund; 75% to counties and cities; 5% to Administration Fee Fund.
- 1947 15% to State General Fund; 50% to counties and cities; 32% to Retail Sales Tax Fund; 3% to Administration Fee Fund.
- 1957 38.5% to State General Fund; 37.5% to counties and cities; 24% to Retail Sales Tax Fund.

- 1964 60% to State General Fund; 25% to counties and cities; 15% to Retail Sales Tax Fund.
- 1965 75% to State General Fund and 25% to counties and cities.
- 1978 Effective January 1, 1979, county and city sharing in the receipts from this tax was eliminated with the creation of the County and City Revenue Sharing Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$32,408,000	1980	\$31,845,000
1982	32,838,000	1979	31,346,000
1981	33,012,000	1978	31,263,000

(The first year's tax collections, in FY 1928, were \$688,900.)

Note: The 1961 Legislature extended the sales tax to retail sales of cigarettes, effective June 1, 1961.

Tobacco Products Tax

Enacted: First enactment 1969, effective June 1, 1969; held invalid by Shawnee County District Court because of defective title. Reenacted in 1972, effective July 1, 1972; second law held valid by courts.

Statutory Citation: K.S.A., Ch. 79, Art. 33.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Monthly, payment due on or before the 20th day for tobacco products brought into or produced in state for sale during preceding calendar month, less 4% retained by distributors as reimbursement for expenses.

Tax Base: Wholesale sales price.

Tax Rate: 10%

Disposition of Revenue: To State General Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$1,073,000	1980	\$826,000
1982	1,029,000	1979	719,000
1981	939,000	1978	706,000

(Collections in FY 1973 were \$541,000.)

Note: Tobacco products are also subject to the retail sales tax.

Wheat Tax

Enacted: 1957.

Statutory Citation: K.S.A., Ch. 2, Art. 26.

Administration and Collection: Kansas Wheat Commission.

Collection Period: Tax must be paid to the Commission on or before the 20th day of the month following the date of settlement between the purchaser and grower. (Tax is deducted by first purchaser from the price paid to the grower.)

Tax Base: Wheat marketed through commercial channels in Kansas.

Present Rate: 4 mills per bushel, effective June 1, 1982.

History of Tax Rates: June 1, 1957 - 2 mills per bushel
June 1, 1979 - 3 mills per bushel

Disposition of Revenue: June 1, 1957 - June 30, 1978 - 20% to the State General Fund; 80% to Wheat Commission. July 1, 1978 - June 30, 1982 - 20% or a maximum of \$200,000 to the State General Fund; remainder to Wheat Commission. Effective July 1, 1982 - That portion of \$200,000 which equals the Wheat Commission's proportion of the total amounts credited to the wheat, corn, grain sorghum, and soybean commissions in the preceding fiscal year, to the State General Fund; remainder to Wheat Commission.

Net Collections (After Refunds):

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$1,588,000	1980	\$1,052,000
1982	1,024,000	1979	639,000
1981	1,163,000	1978	788,000

(Collections in FY 1959, the first full year, were \$541,460.)

Note: Growers may secure a refund of the entire amount of the tax upon submission of a request therefor to the Wheat Commission within one year after sale of the wheat. In FY 1983, such refunds were \$77,839.

GROSS RECEIPTS TAXES

Insurance Premiums Tax -- Foreign Companies

Enacted: 1871.

Statutory Citation: K.S.A., Ch. 40, Art. 2.

Administration and Collection: Insurance Commissioner

Collection Period: Annual; tax computation is based on companies' annual statement, which is due within 60 days of January 1.

Tax Base: Gross premiums collected from business done in Kansas during preceding calendar year.

Present Rate: 2%, or retaliatory tax if company is organized under the laws of a state which imposes a higher rate on Kansas companies.

History of Tax Rates: 1871 law imposed 2% tax on companies organized under a foreign government; 1898 law imposed the 2% rate on companies not organized under Kansas law.

Major Changes in Tax Base: 1970 Legislature extended application of the 2% tax to include foreign nonprofit hospital and medical service corporations, and excluded from the tax premiums received in connection with the funding of qualified pension, annuity or profit-sharing plans.

Excess Lines Insurance: A premiums tax is also imposed on excess lines insurance coverage, that is, fire or casualty insurance written by a company not authorized to do business in Kansas. The tax rate is 4 percent (increased from 2% in 1982) of the premiums from such coverage for the preceding calendar year, and is due by March 1 from each insurance agent who writes such coverage.

Disposition of Revenue: To State General Fund, after an amount not to exceed \$28,000 is credited to Annual Statement Examination Fund (K.S.A. 40-223a) and \$40,000 is credited to Examiner Training Fund (K.S.A. 40-223e) from foreign or domestic premiums taxes.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$36,653,000	1980	\$28,028,000
1982	31,808,000	1979	26,090,000
1981	30,210,000	1978	23,344,000

(Collections in 1872 were \$1,395; in 1899, the year after the tax law was expanded, collections totaled \$68,194.)

Insurance Premiums Tax -- Domestic Companies

Enacted: 1970, effective July 1, 1970.

Statutory Citation: K.S.A., Ch. 40, Art. 2.

Administration and Collection: Insurance Commissioner.

Collection Period: Annual; tax computation is based on companies' annual statement, which is due within 60 days of January 1.

Tax Base: Gross premiums collected from business done in Kansas in preceding calendar year, excluding premiums received in connection with the funding of a qualified pension, annuity or profit-sharing plan. The tax applies to nonprofit hospital and medical service corporations, but not to fraternal benefit societies or other companies not subject to the state regulation.

Present Rate: 1%, less any Firemen's Relief and Fire Marshal taxes paid. A credit of 25% of the tax due is allowed if at least 30% of the company's admitted assets are invested in Kansas securities.

Disposition of Revenue: To State General Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$5,117,000	1980	\$3,998,000
1982	4,904,000	1979	3,732,000
1981	4,557,000	1978	3,507,000

(Collections in FY 1971 totaled \$1,485,000.)

Insurance Premiums Tax -- Firemen's Relief

Enacted: 1895.

Statutory Citation: K.S.A., Ch. 40, Art. 17.

Administration and Collection: Insurance Commissioner.

Collection Period: Annual; tax is due on or before April 1.

Tax Base: Amount of fire or lightning insurance written during preceding calendar year in cities, counties, townships, and fire districts having an organized fire department which has fire fighting equipment valued at a minimum of \$1,000 and which has organized a firemen's relief association.

Present Rate: 2% (\$2 per \$100 of such insurance premiums).

History of Tax Rates: 1895 law established the 2% rate.

Major Changes in Tax Base: 1957 Legislature repealed former exemption of Kansas companies from the tax, but the tax was later made deductible from the domestic insurance companies' premiums tax.

Disposition of Revenue: 97% to the firemen's relief association of the cities, counties, townships, or fire districts where the insured property is located; 3% to the Kansas State Firemen's Association.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$2,133,000	1980	\$1,890,000
1982	2,079,000	1979	1,737,000
1981	2,001,000	1978	1,519,000

(Collections in 1896, the first full year the tax was in effect, were \$15,666.)

Insurance Premiums Tax — Fire Marshal

Enacted: 1913.

Statutory Citation: K.S.A., Ch. 75, Art. 15.

Administration and Collection: Insurance Commissioner.

Collection Period: Tax is due on or before March 15 of each year.

Tax Base: Gross premiums collected by fire insurance companies from all fire insurance business transacted in Kansas during preceding year.

Present Rate: Levy is determined by Fire Marshal, but may not exceed 1.25%, effective July 1, 1983. Present rate levied is 1.0% (and is deductible from the domestic insurance companies' premiums tax).

History of Maximum Tax Rates:

1913 law	—	.375%
1917 law	—	.500%
1957 law	—	.750%

Disposition of Revenue: To State General Fund, effective July 1, 1983. Under prior law, 20% was deposited in State General Fund (up to \$200,000 maximum) and 80% was deposited in the Fire Marshal Fee Fund which was abolished in 1983.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$1,027,000	1980	\$ 973,000
1982	993,000	1979	876,000
1981	999,000	1978	784,000

(Collections in FY 1914, the first year the tax was in effect, were \$20,262.)

Express Companies Tax

Enacted: 1907.

Statutory Citation: K.S.A. Ch. 79, Art. 8.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: December of each year.

Tax Base: Gross receipts from business in Kansas.

Present Rate: 4%.

History of Tax Rates: 1907 law -- 1.5%; 1909 - 4% rate enacted.

Disposition of Revenue: To State General Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$ *	1980	\$ --
1982	--	1979	--
1981	--	1978	--

* Less than \$100.

(The first year's levy, for FY 1908, was \$4,131.)

Private Car Companies Tax

Enacted: 1911.

Statutory Citation: K.S.A. Ch. 79, Art. 9.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Annual; railroad companies using or leasing private cars withhold the tax from payments they make therefor to the private car companies and remit the tax on or before March 1.

Tax Base: Gross earnings from operation of private cars (passenger, sleeping, refrigerator, tank, etc.) in Kansas during the preceding calendar year; tax in lieu of property taxes.

Present Rate: 2.5 %.

History of Tax Rates: The rate was established as the average of all local property tax levies in 1911; present 2.5 % rate was enacted in 1937.

Disposition of Revenue: To State General Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$905,000	1980	\$588,000
1982	756,000	1979	473,000
1981	701,000	1978	412,000

(Collections for FY 1912 were estimated to be \$20,000 on the basis of a settlement of a lawsuit which contested the tax liability in 1911, 1912, and 1913.)

Musical and Dramatic Composition Tax

Enacted: 1939.

Statutory Citation: K.S.A. Ch. 57, Art. 2.

Administration and Collection: State Treasurer.

Collection Period: Annual, on or before March 15.

Tax Base: Privilege of selling, licensing, or otherwise disposing of performing rights (public performances for profit) in musical and dramatico-musical compositions, gross receipts therefrom during preceding year.

Present Rate: 3%.

History of Tax Rates: No change since tax enacted.

Disposition of Revenue: To State General Fund.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$6,255	1980	\$2,045
1982	3,621	1979	2,441
1981	2,670	1978	—

(Collections for FY 1942 were \$1,008. None was reported in either 1940 or 1941, but the 1942 collections may include amounts due for these two years.)

Note: In recent years, all of this tax has been paid by the American Society of Composers, Authors, and Publishers.

Bingo Enforcement Tax

Enacted: 1975.

Statutory Citation: K.S.A., Ch. 79, Art. 47.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Monthly, tax must be remitted by bingo operator on or before the last day of the month for the prior month's collections.

Tax Base: Gross receipts from charges for admission to and participation in bingo games.

Present Rate: 3% (Gross receipts from operations of bingo games are also subject to the sales tax.)

History of Tax Rates: Under 1975 law, rate was 2% returned entirely to cities and counties in which licensed bingo premises were located. In 1977, the rate was increased to 3% with the added revenue deposited in the State General Fund.

Disposition of Revenue: One-third to State General Fund; two-thirds remitted to cities and counties in which licensed bingo premises are located. Payments to cities and counties are to be made at least once annually. Present practice is to distribute these funds on February 1 of each year.

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$811,000	1980	\$627,000
1982	752,000	1979	563,000
1981	693,000	1978	493,000

(Collections in FY 1976, the first full year of collections, were \$279,000.)

PAYROLL TAXES

Unemployment Compensation Tax

Enacted: 1937.

Statutory Citation: K.S.A., Ch. 44, Art. 7.

Administration and Collection: Department of Human Resources,
Division of Employment.

Collection Period: Quarterly -- reports are due by the 25th day of
January, April, July, and October.

Tax Base: Taxable wages paid by employers subject to the act; tax applicable to the first \$7,000 of annual earnings paid each employee. The law covers both public and private employment. Exemptions exclude a limited number of types of employers from coverage: (a) employing units which did not in either the current or preceding calendar year pay for service in employment wages of \$1,500 or more or did not in each of 20 different calendar weeks in either the current or preceding calendar year employ at least one individual; (b) agricultural labor employers who did not during any calendar quarter in the current or preceding year pay wages of \$20,000 or more to workers or who did not employ ten or more workers for some portion of a day in 20 calendar weeks in either the current or preceding calendar year; (c) employers for domestic services which did not pay cash remuneration of \$1,000 or more in any calendar quarter in the current or preceding calendar year; and (d) employers exempt from income tax under section 501(a) of Federal Internal Revenue Code who did not have four or more persons in employment for some portion of a day in each of 20 different weeks in the current or preceding calendar year. In addition, several specific types of services are excluded from the definition of the term "employment" under this law.

Present Rate: Basic contribution rates range from less than 1.0 percent to 5.4 percent. Rates for individual employers are determined by an experience-rating formula under which eligible employers with sufficiently favorable experience qualify for rates below the maximum. In addition, the law requires negative account balance employers to pay a surcharge ranging from 0.1 percent to 1.0 percent, depending upon the size of the employer's negative reserve ratio. For 1983, the rates of contributing employers and rated governmental employers as otherwise determined are increased by 20 percent. A similar 20 percent surcharge will apply in 1984 if the balance in the Employment Security Fund on April 30, 1984, is less than \$80 million. During 1983 and 1984, additional surcharges, as necessary, must be assessed against such employers to ensure that there will be a \$35 million balance in the Fund at the beginning of each month during the ensuing calendar quarter.

History of Tax Rates: A uniform contribution rate of 1.80 percent of total wages prevailed in 1937; the rate was raised to 2.70 percent in 1938. In 1940, contributions were limited or made applicable to the first \$3,000 paid individual employees. This taxable wage base was increased to \$4,200 in 1972, to \$6,000 in 1978, and to \$7,000 in 1983.

An experience rating system was adopted in 1941, thus permitting the assignment of contribution rates less than the maximum to qualifying employers. Experience rating, with some modifications, continues to be an essential feature of this program. The contribution rate schedule effective in 1941 was 2.70 percent, 1.80 percent, and 0.90 percent. In 1945, the schedule was changed to 2.70 percent, 2.20 percent, 1.70 percent, 1.20 percent, and 0.70 percent. In 1949, the schedule was changed to 2.70 percent, 1.10 percent, 0.85 percent, 0.60 percent, and 0.35 percent. In 1956, a standard contribution rate schedule became effective containing 15 rates ranging from 2.70 percent to zero percent. The standard rate schedule was made subject to annual adjustments as determined through a formula involving the relationship of the reserves for the payment of benefits to taxable wages.

In 1972 a law was enacted providing for a temporary emergency tax increase in 1972 and 1973 in an amount equal to one-third of each employers' contributions otherwise due. The temporary increase to a 3.6 percent maximum rate was made permanent in 1974. Experience rating, with procedural revisions, was retained. These revisions included establishment of an experience rating schedule consisting of 21 rate groups, each representing approximately 4.76 percent of total taxable wages.

In 1979, the zero percent contribution interval was eliminated. All employers are now required to make at least a nominal annual contribution. The maximum tax rate increased to 3.8 percent in 1981 and 1982 and to 5.4 percent in 1983. Also, beginning in 1983, the law requires negative account balance employers to pay a surcharge which ranges from 0.1 percent to 1.0 percent, depending upon the magnitude of the employer's negative reserve ratio. For 1980, 1981, and 1982, the Secretary of Human Resources was authorized to adjust the maximum rate in increments of 0.1 percent up to a maximum of 4.3 percent if any rate group other than 19-21 would have been required to pay contributions at the maximum rate prescribed by law (3.6 percent in 1980 and 3.8 percent in 1981 and 1982). An emergency measure enacted in 1983 imposed a surcharge equal to a 20 percent increase in the rates of contributing employers and rated governmental employers for calendar year 1983. A similar surcharge is to be effective in 1984 if the balance in the Employment Security Fund on April 30, 1984, is less than \$80 million. During 1983 and 1984, additional surcharges are to be assessed against such employers, as necessary, to ensure that there will be a \$35 million balance in the Fund at the beginning of each month during each ensuing calendar quarter.

Employers not eligible for an experience rating, for which two years experience under the act is necessary, pay 1 percent plus the greater of the average rate for the industry division for the preceding calendar year or the average rate for all covered employers for the preceding year but not less than 2 percent.

Disposition of Revenue: Collections, other than penalties and interest, are deposited in the Unemployment Trust Fund account of the Employment Security Fund, which is maintained by the Secretary of the United States Treasury under Section 903 of the Social Security Act. Except for Reed Act funds, withdrawals from the Unemployment Trust Fund account are permitted only for the payment of unemployment compensation benefits; withdrawals are not permitted for administrative purposes. Penalties and interest collected are deposited in the Special Employment Security Fund.

Net Collections:

<u>Fiscal</u> <u>Year</u>		<u>Fiscal</u> <u>Year</u>	
1983	\$131,615,000	1980	\$87,598,000
1982	103,445,000	1979	85,847,000
1981	88,562,000	1978	70,536,000

(Collections in FY 1938, the first year the tax was in effect, totaled \$5,432,827. Taxes reported for FY 1938 included collections from railroad employers, which collections were later transferred to the Railroad Retirement Board.)

MAJOR STATE TAXES NO LONGER IN EFFECT

Ton-Mile Tax (Motor Carriers)

Enacted: 1931; (1925 law had required certificated carriers to pay additional annual fees to county treasurer, based on carrying capacity).

Statutory Citation: G.S. 1949 and 1953 Supp., Ch. 66, Art. 1; repealed in 1955, effective January 1, 1956.

Administration and Collection: Kansas Corporation Commission (regular carriers); Ports of Entry (irregular carriers).

Collection Period: Annual deposits were required to be made with the KCC as a credit against the tax. When the tax charged had equaled such credit, the motor carriers were required to make monthly payments, on or before the 15th day, of the amount due for preceding month.

Tax Base: Gross ton-miles operated by public or contract carriers of property or passengers and by private carriers of property.

Tax Rate at Time Law Repealed: 0.5 mill per gross ton-mile.

History of Tax Rates: No changes made.

Disposition of Revenue: 10% to KCC for administration; fixed amount as determined by the Legislature from time-to-time to State Highway Patrol; balance to State Highway Fund.

Net Collections: \$3,493,753 in FY year 1955, the last full year the tax was in effect.

Note: The 1955 Legislature replaced the ton-mile tax with a "tax package" which increased truck registration fees and the special fuels tax, extended the coverage and expanded the basis for determining the valuation of motor carrier property under the motor carrier tax, enacted the importer-for-use fuel tax, and established trip and short-term operating fees and a special regulatory fee.

LOCAL TAXES

Local Property Taxes

Enacted: Local property taxes predate statehood; basic statewide requirements enacted in 1868.

Statutory Citation: K.S.A., Ch. 79, Articles 1-6a, 10, 14, 16-21, 23, 24, 26-29, 40, 45, 50; other chapters of K.S.A., particularly those applicable to the various political subdivisions, also deal with local tax levies.

Administration and Collection: County Appraisers, County Clerks, County Boards of Equalization, and County Treasurers (collection); Department of Revenue, Division of Property Valuation; State Board of Tax Appeals.

Collection Period: Due November 1, one-half payable no later than December 20 and the other half by the following June 20.

Tax Base: Assessed valuation of taxable real and tangible personal property in each county (and taxing districts therein). All real estate and tangible personal property is required to be assessed at 30% of fair market value in money. (Under a constitutional amendment adopted in 1976 the Legislature may provide for use-value assessment of agricultural land.) The Kansas Constitution requires a uniform and equal rate of assessment and taxation, except that motor vehicles (1974 amendment), and mineral products and intangibles (1924 amendment) may be separately classified and taxed; only motor vehicles are currently separately classified and taxed. In spite of constitutional and statutory requirements of uniform and equal assessment at 30% of fair market value, the statewide median assessment/sales ratio for urban real estate was 8.23% and for rural property it was 5.65% in 1982. The ratio for all real property combined was 6.47%. The coefficient of deviation (the percentage by which the assessment/sales ratio of each property deviates, on the average, from the median assessment ratio) satisfied the statutory requirement of 20% or less in only 1 county of 105 for urban real property and 4 out of 105 for rural real property.

Exemptions: Article 11, Section 1 of the Kansas Constitution exempts all property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, and household goods and personal effects not used for the production of income. The Kansas Supreme Court has ruled that the Legislature may grant other exemptions if they have a public purpose and are designed to promote the public welfare. Statutory exemptions include (but are not limited to) nonprofit college and university union buildings and dormitories, hospitals, nursing homes, housing for the elderly, licensed children's care homes, farm machinery, and business aircraft.

Present Rates: Rates vary markedly among the numerous local taxing units (counties, cities, townships, school districts, special purpose districts), in accordance with the ad valorem requirements of their locally-adopted budgets.

The statewide average property tax rate for all purposes in 1982 was 92.8 mills. This average rate is calculated by dividing the total of all tangible tax levies by the tangible valuation of the state. In some communities, the actual total tax

rate applicable to property therein was much higher than the state average; in others the actual rate was considerably lower. For example, in 1982 the countywide average tax rate varied from 31.4 mills to 149.3 mills.

History of Levy Limitations: Tax levy limits were adopted as early as 1868 and a graduated scale of levy limits was enacted in 1909. In 1933 the legislature established an overall aggregate levy limitation system for all local units of the state. The limitation laws were rewritten in 1941, and subsequently amended on numerous occasions. Limitations on levies of counties, cities, and townships were recodified in the 1970 session and further amended in 1973 and 1975.

Legislation enacted in 1970 imposed a temporary "lid" on property tax levies and operating budgets of counties, cities, unified school districts and community colleges in tax years 1970, 1971, and 1972. As reenacted in 1973 with no expiration date, the tax lid law applied to counties, cities, and community colleges; there were no budget controls in the 1973 law, but school districts and community colleges were made subject to budget controls in other laws. Community colleges were exempted from the tax lid in 1977, and their budget controls were eliminated in 1981.

In 1977 the Attorney General issued two opinions which held that, because of nonuniformity of application of the tax lid law, both cities and counties may, by charter ordinance or resolution procedure, exempt themselves from all or part of the tax lid law.

An exemption from the lid sufficient to replace intangibles taxes repealed or reduced by an election had been enacted in 1979. The tax lid was further amended in 1983 to prevent a loss of tax authority following the exemption of farm machinery and business aircraft.

The tax lid is a limitation on the aggregate amount (in dollars) which may be levied for funds or purposes that are not expressly exempted from the lid. With certain exceptions, the aggregate tax levy may not exceed the amount levied for the base year (1981 or 1982, as selected by the taxing subdivision). The rate (mills) of property tax computed under the aggregate limitation may be applied to increased valuations from new improvements on real estate and added personal property over the amount of such valuations in 1980 or 1981. If approved by the voters of the taxing subdivision, the aggregate limitation may be exceeded for one year or a specified number of years. In certain "emergency" situations, the State Board of Tax Appeals may approve an appeal to exceed the maximum levy limitation.

Disposition of Revenue: To the local unit which made the levy, e.g., taxes from a school district's levy are collected by the county treasurer along with other local taxes and the revenue from that levy is remitted to the school district for expenditure.

Total Local Tangible Property Tax Levied For Collection In:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$1,032,894,000	1980	\$874,481,000
1982	989,559,000	1979	835,206,000
1981	888,153,000	1978	801,570,000

(See Table V in Part I for local property tax levies for selected years prior to 1978.)

Tangible Taxes levied, by Type of Local Unit, for Fiscal Year 1983:

	<u>Amount</u>	<u>Percent of Total</u>
Schools*	\$ 582,641,000	56.4%
Counties	224,449,000	21.7
Cities	172,059,000	16.7
Special Districts	36,641,000	3.5
Townships	17,104,000	1.7
Total	<u>\$1,032,894,000</u>	<u>100.0%</u>

* Includes county levies for schools.

Homestead Property Tax Refund: In 1970, a system of income tax credits or refunds was established for low-income homeowners who were age 65 or older (K.S.A. Ch. 79, Art. 45). The current program authorizes direct refunds of property tax to low-income homeowners or renters who are age 55 or older or who have dependent children under age 18. Renters may claim 15 percent of rent paid for occupancy only as property tax paid. The maximum property tax that may be counted in determining the refund is \$400, and the maximum income that can qualify for some benefit is \$12,800. Homestead property tax refunds are now paid from the State General Fund.

Homestead Property Tax Relief Claims Paid:

<u>Calendar Year*</u>	<u>Number of Claims Paid</u>	<u>Amount of Claims Paid</u>	<u>Average Claim Paid</u>
1982	\$ 60,478	\$ 9,019,000	\$ 149
1981	67,429	9,808,000	145
1980	70,944	10,332,000	146
1979	61,781	9,269,000	150
1978	56,587	8,112,000	143

* Designates year in which claim was paid. 1981 claims were paid in 1982, etc.

Motor Vehicle Tax

Enacted: 1979

Statutory Citation: K.S.A., Ch. 79, Art. 51.

Administration and Collection: Department of Revenue, Division of Vehicles, County Treasurers, County Appraisers.

Collection Period: Tax paid prior to registration of vehicles.

Tax Base: For 1981 and later model years, 30% of trade-in value when new. (For 1980 and prior model years, trade-in value in 1980.) Vehicles are placed in value classes specified in K.S.A. 1982 Supp. 79-5104. Tax is calculated based on the midpoint of the value class, depreciated 16% per year from the model year (or 1980, for vehicles valued in 1980). The minimum tax on any vehicle is \$12. Antique vehicles at least 30 years old also pay a tax of \$12. Tax is in lieu of the annual general property tax.

Tax Rate: The countywide average mill levy for the preceding tax year is applied to 30% of the depreciated value of the midpoint of the vehicle's value class.

Disposition of Revenue: To property tax levying entities and subdivisions in proportion to the number of mills levied in the taxpayer's tax levy unit.

Net Collections:

<u>Fiscal Year</u>	<u>State*</u>	<u>Local**</u>
1983	\$1,739,000	\$132,656,000
1982	1,495,000	107,581,000

* Amount actually received in the fiscal year.

** Amount levied in the preceding calendar year, excluding the state's share.

Motor Vehicle Dealers' Stamp Tax

Enacted: 1978, effective January 1, 1979.

Statutory Citation: K.S.A., Ch. 79, Art. 10.

Administration and Collection: Department of Revenue, Division of Vehicles; County Treasurers; State Treasurer.

Collection Period: Dealers purchase the stamps from county treasurers, as needed, for attachment to the statement of origin (for new vehicles) or assigned title (for used vehicles). Treasurers apportion the revenues quarterly, in March, June, September, and December.

Tax Base: Gross vehicle weight of motor vehicles sold by dealers, except flat rate for motorcycles and motorized bicycles, in lieu of the annual general property tax on dealers' vehicle inventories.

Present Rates: Effective January 1, 1982,* rates are as follows:

<u>Gross Vehicle Weight</u>	<u>New</u>	<u>Used</u>
Motorcycles, motorized bicycles	\$ 1.00	\$ 1.00
3,000 lb. or less	6.00	5.00
Over 3,000 but less than 4,000 lb.	8.00	6.00
Over 4,000 but less than 4,500 lb.	10.00	8.00
Over 4,500 but less than 8,000 lb.	12.00	10.00
More than 8,000 lb.	33.00	18.00

* The 1981 Legislature increased all rates (except those for motorcycles and motorized bicycles) by \$3, effective January 1, 1982.

Disposition of Revenues: 2% to State General Fund; balance among all property tax-levying entities and political subdivisions in the county, in proportion to the amount levied within the county by each.

Net Collections (state and local shares):

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$1,713,000	1980	\$1,295,000
1982	1,236,000	1979	933,000
1981	969,000		

Mortgage Registration Tax

Enacted: 1915; tax held unconstitutional in 1915; re-enacted in 1925 following 1924 constitutional amendment authorizing classification of certain property, including mortgages (Art. 11, Sec. 1).

Statutory Citation: K.S.A., Ch. 79, Art. 31.

Administration and Collection: County Register of Deeds.

Collection Period: Tax due when mortgage filed for recording.

Tax Base: Principal debt or obligation secured by a mortgage on real property, or renewal or extension thereof.

Present Rate: 25 cents per \$100 or major fraction thereof; tax is in lieu of other taxes.

History of Tax Rates: Original 1915 law -- 15 cents per \$100, with a limit of \$5,000 on the tax obligation; 1925 law -- 25 cents per \$100, no limitation on tax.

Disposition of Revenue: To County General Fund.

Net Collections (calendar years):

<u>Calendar Year</u>		<u>Calendar Year</u>	
1982	\$6,660,000	1979	\$8,638,000
1981	6,685,000	1978	8,787,000
1980	6,911,000	1977	8,075,000

(Collections in 1926 were \$478,617.)

Grain Tax

Enacted: 1941.

Statutory Citation: K.S.A., Ch. 79, Art. 39.

Administration and Collection: County Appraisers, County Clerks, County Treasurers (collection).

Collection Period: Same as other personal property taxes, i.e., due November 1, one-half payable by December 20 and other half by June 20.

Tax Base: For privilege of engaging in business as a grain dealer — amount of grain received by dealer during preceding year. For privilege of harvesting grain — amount of grain harvested. Tax is in lieu of general property tax on grain.

Present Rate: Dealers — 0.5 mill per bushel.

Producers — 50 cents, plus 0.5 mills per bushel on all grain in excess of 1,000 bushels.

History of Tax Rates: Dealers — no change since tax enacted.

Producers — 1941 law provided for 0.5 mill levy on total bushels; 1945 law added 50-cent minimum tax.

Disposition of Revenue: To county general fund. (Original law provided for proportionate allocation of the revenue among the taxing units which made general tax levies applicable to grain producing lands and grain-dealer establishments. The 1943 Legislature changed the allocation to the present system.)

Net Collections:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$769,000	1980	\$681,000
1982	781,000	1979	782,000
1981	810,000	1978	771,000

(The 1942 levy for collection in 1943 was \$265,491.)

Local Sales Tax

Enacted: 1970 (temporary, for cities or counties), 1972 (city rate limited), 1973 (permanent, for counties only except for three cities which imposed tax in 1971), 1976 (authority for cities reenacted for cities where countywide tax failed*), 1978 (reenacted authority for city and county taxes to be imposed independently, subject to voter approval), and 1982 (city rate authority increased).

* The Attorney General held that, because of its nonuniformity of application, the 1976 law did not prevent cities from levying sales taxes under their constitutional home rule authority. Such taxes could have been imposed at any rate and with any base desired. However, unless imposed at a rate of .5% and with a base identical to the state tax, the Department of Revenue would not have been required to collect the tax for the cities. (Op. 76-287, September 16, 1976.) The law was amended in 1978 to prevent cities or counties from imposing a tax with their home rule powers.

Statutory Citation: K.S.A., Ch. 12, Art. 1.

Administration and Collection: Department of Revenue collects and State Treasurer remits to levying units monthly.

Collection Period: Same as state sales tax.

Tax Base: Same application and exemptions as state sales tax, with the following exceptions: (1) sales of new farm machinery and manufacturing machinery and equipment are exempt from local sales taxes enacted after April 26, 1976, but such sales are subject to the state sales tax; and (2) sales of utility and fuel services exempt from the state sales tax are subject to all local sales taxes. Cities and counties may not alter the application of a local sales tax.

The situs of a transaction for purposes of a local sales tax is the location of the place of business of the retailer providing the services, with two exceptions: (1) sales of utility services are considered to be consummated at the situs of the user; and (2) the situs of retail sales involving the furnishing of certain labor services made pursuant to a contract under which the sale of such services and materials exceeds \$10,000 are considered to be consummated at the situs where such services are performed.

Present Authorized Tax Rates: Cities and counties may each levy a tax of either 0.5% or 1.0%. Voter approval is required for any imposition of or increase in a local sales tax.

History of Authorized Tax Rates:

	<u>1970 Law</u>	<u>1972 Law</u>	<u>1973 Law</u>	<u>1976 Law</u>	<u>1978 Law</u>	<u>1982 Law</u>
City	0.5% or 1.0%	0.5%	none*	0.5%**	0.5%	0.5% or 1.0%
County	0.5% or 1.0%	0.5% or 1.0%	0.5%	0.5% or 1.0%	0.5% or 1.0%	0.5% or 1.0%

* Cities which imposed tax in 1971 could continue imposing rate of 0.5%.

** Limited to cities where countywide tax had failed.

Disposition of Revenue: Revenue from countywide tax is apportioned among the county and cities, 50% in proportion to their total, unit-wide tangible tax levies and 50% to the county and cities in proportion to their urban and nonurban population. Revenue from a city sales tax is remitted to the city levying the tax.

Extent of Use: As of August 5, 1983, 88 cities and 52 counties had adopted a sales tax.

Net Collections:*

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$75,169,000	1980	\$30,015,000
1982	47,953,000	1979	25,464,000
1981	38,257,000	1978	18,339,000

Local Compensating (Use) Tax

Enacted: 1982.

Statutory Citation: K.S.A. 12-198.

Administration and Collection: Department of Revenue collects and State Treasurer remits to levying units monthly.

Collection Period: Same as state compensating use tax.

Tax Base: Same application and exemptions as state compensating use tax, but local use tax applies only to motor vehicles purchased outside Kansas but used within the taxing subdivision.

Present Authorized Rates: Rates are the same as the city or county local sales tax.

Extent of Use: Same as local sales tax.

Net Collections*:

Fiscal Year

1983	\$1,275,000
(first year)	

* Collections by the Department of Revenue for jurisdictions which imposed a tax.

Local Intangibles Earnings Tax

Enacted: 1925; 1924 constitutional amendment authorized classification of certain property, including intangibles (Art. 11, Sec. 1); 1925 law held invalid late in 1929 and was repealed in 1930; law reenacted in 1931; banks and savings and loan associations were made subject to a privilege (income) tax in lieu of the intangibles tax effective January 1, 1964; domestic insurance companies were made subject to a privilege (income) tax in lieu of the intangibles tax effective January 1, 1971.

Following a Kansas Supreme Court opinion (231 Kan. 1) that the authority of local units to eliminate or reduce the tax was invalid, the tax was repealed statewide in 1982 and intangibles were exempted from ad valorem and other property taxes. Cities, counties, and townships, however, were authorized to impose and administer a local tax on earnings from intangibles.

Statutory Citation: K.S.A. 12-1,101 through 12-1,110, 79-1103, 79-1105a, and 79-1113.

Administration and Collection: Tax years 1982 and 1983, returns filed with county treasurer; 1984 and thereafter, returns filed with Department of Revenue, earnings certified to county clerk who computes tax and certifies amount due to county treasurer; Division of Property Valuation (public utilities); county appraiser (finance companies).

Collection Period: Tax due at the same time required of the tangible property tax payment, *i.e.*, November 1, one-half payable no later than December 20 and the other half by the following June 20.

Individuals and certain corporations must file intangibles returns along with the state income tax return by April 15 in 1984 and thereafter.

The Department of Revenue assesses the intangibles of public service companies whose tangible properties are assessed by the Division of Property Valuation. The county assesses finance companies.

Tax Base: Income from money, notes, and other evidence of debt owned during preceding year, except property exempt by federal or state law, such as federal obligations and state and local bonds. Finance companies are taxed at the rate of 5 mills on the value of their shares of stock or average capital employed in business, less certain deductions.

Present Rates: Cities and townships may impose the tax at any rate up to 2.25%, and counties may impose the tax at any rate up to 0.75%, in increments of 1/8 of 1 percentage point.

History of Tax Rates: 1925 law set the rate at 2.5 mills on dollar value; 1927 Legislature increased rate to 5 mills; 1931 law reenacted 5-mill rate; 1958 special session authorized optional gross earnings method at 3% rate for individuals

and certain businesses, first applicable in 1959 or fiscal year 1960; 1970 Legislature eliminated 5-mill option and made 3% tax on earnings applicable to intangibles owned at any time during preceding calendar year. A 1976 law authorized county commissioners to reduce or eliminate the county's one-fourth share of the 3% intangibles tax and city or township governing bodies to reduce or eliminate their three-fourths share of the tax for the year 1977 and thereafter. Legislation in 1979 allowed 5% of the electors of a county, city, or township to petition for an election to eliminate that unit's share of the tax and to authorize replacement of the revenue loss by imposition of any lawful tax, including property tax increases in excess of the tax lid. The tax was repealed statewide in 1982 and cities, townships, and counties were authorized to impose the tax locally at up to the former maximum rates. Electors may petition for a referendum, which is to be held at a general election of that governing body or at a state general election, on eliminating or imposing the tax.

Major Changes in Tax Base: As noted above, privilege taxes imposed on financial institutions and insurance companies are in lieu of the intangibles tax previously assessed locally. The 1970 Legislature made interest on savings and loan shares subject to the intangibles tax, and eliminated an exemption of shares of stock in corporations with principal office in Kansas. Exemption of bank stock dividends was continued. The 1971 Legislature assigned a tax situs in Kansas for "accounts receivable" arising out of business conducted within the state.

A 1975 law exempted from the tax (effective with returns filed in 1976) the first \$50 of tax on intangibles owned by a taxpayer who is 60 or older or disabled and whose household income does not exceed \$8,100. This exemption was revised in 1978 with an increase from \$8,100 to \$10,000 in the maximum household income qualifying and replacement of the \$50 exemption with an exclusion of \$3,000 of gross earnings from intangibles (the equivalent of a \$90 exemption at the full 3% rate). The amount of household income qualifying for the exemption was raised from \$10,000 to \$12,500 in 1979, and an exemption in declining amounts was also made available to households with income of up to \$15,500. The 1982 Legislature continued the exemptions from the former statewide tax, and enacted, for tax year 1982 and thereafter, a new exemption for stock dividends from savings and loan association stock. Also enacted in 1982, but for tax year 1983 and thereafter, was an increase in the exemption for elderly or disabled of up to \$5,000 of earnings from intangibles, with exemption reduced by the amount of household income in excess of \$15,000, and an exemption for earnings from notes to the extent such earnings are reimbursement of interest paid on another note, the proceeds of which were a source of funds for the first note. The tax is cancelled and no return need be filed if the tax otherwise due is less than \$5.

Disposition of Revenue: To city, township, or county imposing the tax. Under a proviso enacted in 1970, amended in 1971, and reenacted and revised in 1983, townships in a county with the county unit road systems are allowed to receive intangibles tax collections sufficient to fund their budgets and excess collections are credited one-half to the county general fund and one-half to the county road and bridge fund.

Extent of Use: In calendar year 1984 (for earnings in 1983), 243 cities, 724 townships, and 45 counties will impose the tax, but over 50% of the state's population will have a zero tax rate.

Amount of Taxes Levied for Collection:

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1983	\$ 19,193,000*	1980	\$ 22,165,000*
1982	23,219,000*	1979	20,816,000*
1981	22,495,000*	1978	19,498,000*

* Includes 5-mill tax on finance companies which totalled \$764,000 in FY 1983; \$832,000 in FY 1982; \$727,000 in FY 1981; \$647,000 in FY 1980; \$2,568,000 in FY 1979; and \$532,000 in FY 1978.

(Intangibles taxes levied for collection in FY 1926 totaled \$373,316; in FY 1928, after the rate was increased to 5 mills, \$767,827; in FY 1932, after the law was reenacted, \$1,107,282. The 1929 Tax Code Commission estimated that total intangibles tax revenue, excluding mortgages, was \$1,647,000 in FY 1925, the last year such property was subject to general property tax rates, and had been as high as \$2,241,000 in FY 1922.)

City Franchise Tax

Enacted: 1972 (temporary), reenacted in 1973 and 1978 (franchise taxes predate city constitutional home rule powers and the current statutory limitations on such taxes).

Statutory Citation: K.S.A. 12-194 and 12-2001 et seq.

Administration and Collection: Local, as provided by home rule ordinance.

Tax Base: Locally determined, by home rule ordinance. K.S.A. 12-194 allows utility franchise taxes to be based upon "a percentage of gross receipts derived from the service permitted by grant, right, privilege or franchise to such utility," but utilities subject to a city franchise tax may not be made subject to a city occupation tax or license fee.

Rate of Tax: Locally determined, by home rule ordinance.

Disposition of Revenue: Locally determined, by home rule ordinance.

Extent of Use: Almost all cities in Kansas served by private utilities. There is no central collection or reporting of franchise tax collections, so no official collection data exists. According to information reported to the Kansas Corporation Commission by utilities regulated by the Commission, such utilities paid \$30,391,000 in city franchise taxes in 1981.

City Occupation Tax

Enacted: 1972 (temporary), reenacted in 1973 and 1978 (occupation taxes predate city constitutional home rule powers and the current statutory limitations on such taxes).

Statutory Citation: K.S.A. 12-194 allows occupation taxes, within specified limits, enacted under constitutional city home rule authority (Art. 12, Sec. 5).

Administration and Collection: Local, as provided by home rule ordinance.

Tax Base: Locally determined, by home rule ordinance, but K.S.A. 12-194 prohibits any occupation tax or license fee from being based "upon any amount the licensee has received from the sale or transfer of personal or real property, or for the rendering or furnishing of a service, or on the income of the licensee," and such a tax may not be imposed on a utility subject to a city franchise tax.

Rate of Tax: Locally determined, by home rule ordinance.

Disposition of Revenue: Locally determined, by home rule ordinance.

Extent of Use: 19 cities, as reported by the League of Kansas Municipalities, received an estimated \$1,236,000 from such taxes in 1980.

Transient Guest Tax

Enacted: 1975, only for Sedgwick County and cities therein; 1977, for all cities and counties.

Statutory Citation: K.S.A. Ch. 12, Art. 16.

Administration and Collection: Department of Revenue, Division of Taxation. State retains 2% of gross receipts as administration fee. State Treasurer remits net proceeds at least quarterly.

Collection Period: Monthly by last day of month following collection.

Tax Base: Gross receipts derived from or paid by transient guests for sleeping accommodations in any hotel, motel, or tourist court.

Tax Rate: Not to exceed 2%; however, one city imposes a 5% tax and another imposes a 4% tax under home rule authority.

Disposition of Revenue: To the "tourism and convention promotion fund" of the jurisdiction levying tax, less 2% retained by the state for administration. Expenditures for tourism promotion from taxes levied under the 1975 law are limited to 20% of net proceeds.

Extent of Use: As of July 1, 1983, 26 cities and 7 counties had imposed the tax.

Collections:

<u>FY</u>	<u>State Share</u>	<u>Local Share</u>	<u>Total Collections</u>
1983	\$ 57,000	\$2,808,000	\$ 2,865,000
1982	43,000	2,107,000	2,150,000
1981	30,000	1,473,000	1,503,000
1980	18,000	876,000	893,000
1979	15,000	747,000	762,000
1978	9,000	462,000	471,000

(In FY 1976 only Wichita levied the tax. Collections totaled \$246,000 of which \$241,000 was Wichita's share and \$5,000 was the state's share.)

Emergency Telephone Service (911) Tax

Enacted: 1980.

Statutory Citation: K.S.A., Ch. 12, Art. 53.

Administration: Tax collected by telephone service supplier and remitted to city or county imposing the tax.

Collection Period: Tax due quarterly; telephone service supplier is required to remit tax to city or county no later than 60 days after the close of a calendar quarter, and is entitled to retain a 2% administrative fee.

Tax Base: Telephone tariff rate of all telephone users in area served by the emergency telephone service.

Present Rate: Locally determined, by city or county, once each calendar year; rate may not exceed 2%.

Disposition of Revenue: To city or county imposing the tax; must be used only for funding emergency telephone service.

Extent of Use: As of August 22, 1983, 5 counties and 1 city had instituted a "911" emergency telephone service system and were imposing the tax; 21 other systems had been instituted without the tax.

City Vehicle Tax

Enacted: 1967 law authorized cities to impose, subject to voter approval.

Statutory Citation: K.S.A. Ch. 12, Art. 1.

Administration and Collection: Local, as provided by ordinance.

Tax Base: Motor vehicles usually kept, garaged or stored within the city during night, weekends and holidays, irrespective of legal residence of owner.

Rate of Tax: \$5 or \$10 per vehicle.

Disposition of Revenue: Earmarked for improvement of highways and regulation of vehicular traffic thereon.

Extent of Use: None as of August, 1983.

MAJOR LOCAL TAXES NO LONGER AUTHORIZED

Local Earnings Tax

Enacted: 1970 Legislature authorized imposition by counties or cities, subject to voter approval. City could not impose if countywide tax was in effect. Subsequent countywide tax would have suspended city-imposed tax.

Statutory Citation: K.S.A., Ch. 79, Art. 44.

Administration and Collection: Department of Revenue was to collect and State Treasurer was to remit to levying units at least quarterly.

Collection Period: Same as state income and privilege taxes. State withholding and declaration requirements would have applied.

Tax Base: Kansas taxable income of resident and nonresident individuals, corporations, and financial institutions (privilege tax measured by net income) as defined in state income and financial institution privilege tax laws. Law included provision for apportionment if business income could be subject to more than one local earnings tax, and for credit where individual earnings were subject to more than one local earnings tax, e.g., where tax was imposed at both place of residence and place of work.

Rate of Tax: 2%.

Disposition of Revenue: Revenue from countywide tax was to be apportioned among the county, cities, school districts, and community junior colleges in proportion to their tangible property tax levies (excluding bond and interest) for previous year. Revenue from city tax was to be remitted to the city levying the tax.

Extent of Use: None.

Repealed effective April 11, 1972.

Home Rule Tax Powers Limited: Cities, by constitutional amendment (Art. 12, Sec. 5), and counties, by statute (K.S.A. 19-101 et seq.), have home rule powers which enable them to impose taxes and other charges, subject, however, to limitations imposed by legislative enactments applicable uniformly to all cities (or classes of cities) or counties. Cities are prohibited from levying and collecting taxes on income by the terms of K.S.A. 12-140 (enacted in 1961) and counties are similarly prohibited from imposing income taxes under the terms of K.S.A. 19-101a, subsection (a) thirteenth (enacted in 1980).

PART III — GLOSSARY

The following terms are commonly used in discussing either taxation in general or a specific tax.

Ad valorem tax: a tax levied on property in proportion to value.

Adjusted valuation: the assessed valuation after adjustments made by the County Board of Equalization; also the valuation determined when the assessed valuations are equalized for distribution of state aid to schools or other local units.

Appraisal: the process of estimating the value of property (either market value or another value such as income potential or use value).

Appraisal date: the date as of which the value estimate is applicable (typically in Kansas, January 1).

Assessed value: value assigned to property for taxing purposes; taxable value.

Assessment rate: percentage applied to appraised value to determine assessed valuation — in Kansas, 30 percent.

Assessment/sales ratio study: An investigation of the relationship of assessed value to the sales price of property. In Kansas this provides the information to determine county ratios and to equalize assessed valuations for allocation of state aid to school districts.

Capitalization rate (Cap. Rate): percentage rate used to convert income received from the use of property into a value indicator. Example:

$$\text{Market Value} \times \text{Cap. Rate} = \text{Income}$$

$$\text{Therefore, Market Value} = \frac{\text{Income}}{\text{Cap. Rate}}$$

Circuit breaker: a system giving property tax relief (as, for instance, by refunding part of the tax paid) in inverse proportion to income; the Kansas homestead tax refund program is considered a "circuit breaker."

Classification: dividing property into classes for purposes of taxing at different effective tax rates, either by applying different assessment ratios, or by applying different rates of tax.

Coefficient of deviation (dispersion): the percentage by which the assessment/sales ratio of each property deviates, on the average, from the median assessment ratio in a taxing jurisdiction.

Conformity: incorporating federal law into state law by reference, either to federal law existing at a certain time or without such limitation (see also: prospective conformity).

Department of Revenue (Kansas): the agency responsible for the administration and collection of most of the major state taxes; divisions within the Department are: Taxation; Property Valuation; Alcoholic Beverage Control; and Vehicles.

Depreciation: loss in value from any cause, for instance, physical deterioration, functional obsolescence and economic obsolescence.

Discount rate: the rate an investor uses to convert (discount) future income to its present worth.

Economic life: the period of time over which a building or other improvement is expected to contribute to the value of the property.

Effective tax rate: Income tax — the ratio of the tax to total money income, *i.e.*, total tax to either taxable income or adjusted gross income (compare marginal tax rate); property tax — property taxes expressed as a percentage of market value.

Elasticity: response of the income tax yield to changes in Kansas personal Income (KPI). If a 1 percent increase in KPI leads to a 1.6 percent increase in income tax, the elasticity of the tax is said to be 1.6.

Elasticity of demand: the degree to which the quantity of a product or service purchased is affected by increases in price (including taxes). Zero elasticity of demand assumes that price will have no impact on the quantity purchased; high elasticity of demand assumes that price will have a great impact on the quantity purchased.

Estate tax: a death tax based on the total value of the decedent's estate regardless of the relationship of beneficiaries to the decedent.

Excise tax: a tax on the manufacture, extraction, sale, or consumption of commodities, or upon certain businesses or occupations.

Fiscal year: any yearly accounting period. The fiscal year is designated by the calendar year in which it ends. The fiscal year for the state of Kansas, unified school districts, Washburn University, and community colleges begins on July 1 and ends on June 30. The fiscal year for Kansas cities, counties, townships, and special districts is the regular calendar year. The fiscal year for the federal government begins on October 1 and ends on September 30.

Gross receipts tax: a tax on the gross income from a particular activity, distinguishable from sales taxes in that they usually apply to more than the retail sale of goods and they are not separately added to the price, and are distinguishable from income taxes in that they are based on total, rather than net, income.

Highest and best use: a concept that requires each property to be appraised as though it were being put to its most profitable use, given probable legal, physical and financial constraints.

Historical cost: the cost of a property at the time it was purchased or originally constructed.

Homestead exemption (or credit): the exemption of a specified amount of a home's assessed value from the tax base (a credit differs in that it is subtracted from the gross property tax rather than from assessed value).

Incidence: determination of who actually bears the burden of a tax, *i.e.*, the legal burden of remitting a tax may fall on one person, but often the tax is shifted forward to a consumer or backward to an employee.

Income averaging: paying income tax on the basis of average income over a number of years.

Income splitting: allowing married couples to compute their joint liability by applying the statutory rates to one-half of their combined incomes and multiplying the result by two.

Income stream: the income expected from an investment over the life of the investment (for example, a rental property might be expected to yield \$300/month for 25 years).

Income tax: a tax measured by income, typically net income.

Indexing: adjusting a tax to account for the effects of inflation, *e.g.*, adjusting income tax brackets, personal exemptions, or the standard deduction for income taxes or the rate of tax for motor fuels taxes.

Intangible personal property: nonmaterial assets such as stocks, mortgages, deposits, money; representative property.

Levy, levies: verb — to assess a tax against property; noun — the amount of revenue to be collected from such a tax.

Levy rate: tax rate — computed by dividing the total property tax required by the assessed valuation.

Marginal tax rate: the percentage of an additional or marginal dollar of income received which is paid in taxes (compare effective tax rate).

Market value: what a well informed buyer is justified in paying and a well informed seller is justified in accepting for a property.

Marriage penalty: exists if the combined income tax liability of single persons with relatively equal incomes increases when they marry.

Median assessment ratio: the middle ratio of the ratios in a group considered when arranged by size.

Mill: one thousandth of a dollar; \$1 of tax per \$1,000 assessed valuation; .001 x valuation.

Multiple regression analysis: mass appraisal technique used to compare characteristics of property (such as square footage, number of bedrooms, and number of baths) with the selling price of property.

Nexus: connection of a person or corporation to a state sufficient to constitutionally subject the person or corporation to a tax (especially use tax) imposed by the state.

Payments in lieu of taxes (PILOTS): an amount paid instead of the general property tax.

Personal property (personalty): any tangible property that is not part of real estate (usually distinguished by being moveable).

Present worth: the value of something after discounting future payments and receipts.

Progressive tax: a tax is said to be progressive when the tax as a percentage of income increases as income increases (see also: proportional tax; regressive tax).

Property tax: a tax conditioned upon the ownership of property and based on the property's value; may be either ad valorem or specific (see those terms).

Proportional tax: a tax is said to be proportional when the tax as a percent of income remains the same as income increases (see also: progressive tax; regressive tax).

Prospective conformity: a state law is in prospective conformity to federal law when state law incorporates federal law by reference so that federal changes automatically become state law.

Real property (realty): land, improvements to land, and the improvements (fixtures) attached to the land.

Reappraisal: the appraisal of all property within a jurisdiction.

Regressive tax: a tax is said to be regressive when the tax as a percent of income falls as income increases (see also: progressive tax; proportional tax).

Rendition: an annual statement of a taxpayer stating the personalty he owns and, sometimes, what he believes its value to be.

Replacement cost: the cost of replacing an asset with one of the same functional utility.

Reproduction cost: the cost of exactly reproducing an asset.

Sales tax: a type of excise tax based on the sale at retail of certain specified goods or services, usually added to the price of goods and borne by the consumer.

Severance tax: a type of excise tax imposed on the privilege of severing or removing a mineral or natural resource from the ground or water.

Shifting (of tax burden): passing the tax burden in whole or in part from the initial payer to others through changes in prices, rent, etc.

Situs: the location of a transaction, especially for purposes of determining the application of certain taxes, such as a local sales tax.

Specific property tax: a tax levied on property in a fixed amount by the head or number, or by some standard of weight or measurement and requiring no assessment other than a listing or classification of the subjects to be taxed.

State Board of Tax Appeals (Kansas): the state quasi-judicial board to which appeals are made concerning appraisals, assessments, taxes, budgets, school finance, etc. Members are appointed by the Governor.

Tax unit: a geographical area, all of the properties in which are subject to the same property tax levies.

Tax base: the value or unit of measure against which a tax is levied.

Three factor formula: equation using property, payroll and sales within and without a state for the purpose of allocating income or business activity to a state for tax purposes.

Uniform and equal: the taxing principle that requires that all property not otherwise classified be taxed on the same basis, as in Sec. 1, Art. 11 of the Kansas Constitution (applies only to ad valorem property taxes).

Use tax: an excise tax levied on the use, storage, or consumption of property within a state regardless of whether the property was purchased in the state, as an accompaniment to a sales tax.

Use value appraisal: valuation of property on its ability to produce income in a specified use; in Kansas, use value appraisal of agricultural property — valuing ag land on the basis of its ag income potential — is authorized by the Kansas Constitution, but has not been implemented.

Value-added tax: an excise tax applied to each stage of the production of an item or service, rather than just to the retail sale of an item.

Zero rate bracket: an amount equivalent to the standard deduction which has been built into the federal tax tables and tax rate schedules to simplify tax computation.

MEMORANDUM

Kansas Legislative Research Department

November 16, 1984

KANSAS TAX FACTS

1984 Supplement to the Fifth Edition

Kansas state and local government net tax revenue totaled \$3.3 billion in FY 1984, or \$1,363 per capita. Following are the tax levies or collections, combining state and local revenue, in descending order of importance.

COMBINED STATE AND LOCAL TAX REVENUE (NET)

Fiscal Year 1984

<u>Taxes</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>
General Property	\$1,116,830	33.80%
Income and Privilege	700,675	21.20
Sales and Use	630,597 ^a	19.08
Unemployment Comp.	174,341	5.28
Motor Fuels	143,246 ^b	4.33
Motor Vehicles	140,431 ^b	4.25
Severance	114,099	3.45
Vehicle Registration	71,890	2.18
Insurance Premiums	46,577	1.41
Cigarette and Tobacco	45,835	1.39
Liquor and Beer	42,023	1.27
Inheritance	30,094	0.91
Intangibles	13,330	0.40
Mortgage Registration	11,195	0.34
Corporation Franchise	7,572	0.23
Motor Carrier Property	5,832	0.18
Transient Guest	3,433	0.10
Motor Vehicle Dealers	1,968	0.06
Wheat	1,682	0.05
All Other	<u>2,923^c</u>	<u>0.09</u>
TOTAL	\$3,304,572	100.00%

a) Includes state, county, and city sales and use taxes.

b) Total tax levied in CY 1983 less state's share plus actual state receipts in FY 1984.

c) Total revenue from five taxes.

General property tax levies, taxes levied in lieu of the property tax (e.g., on motor vehicles and motor vehicle dealers), income and privilege taxes, and sales and compensating use taxes accounted for 78 percent of FY 1984 state and local tax revenue which can be readily identified. As explained in the Fifth Edition of Kansas Tax Facts, there is no central reporting or compilation of annual receipts from certain taxes imposed by cities, such as occupation and franchise taxes.

About 38 percent of state and local tax revenue in FY 1984 was from the general property tax and taxes recently imposed in lieu thereof. That compares with 39 percent in FY 1980 and 53 percent in FY 1970.

Income and privilege taxes constituted approximately 21 percent of the total revenue in both FY 1984 and FY 1980 in contrast to about 11 percent in FY 1970. Sales and use taxes made up 19 percent of the total in FY 1984, down from almost 20 percent in FY 1980 but up from close to 16 percent in FY 1970.

Total tax revenue in FY 1984 and the percent of total shown on the first page were affected by the significant tax package enacted in 1983. For instance, the severance tax was imposed; rates of the motor fuels, cigarette, liquor enforcement, and Fire Marshal premiums taxes were increased; and, for 1983 and 1984 tax years, limitations were placed on the deductibility of federal income taxes on state individual income tax returns.

Other Comments About This Supplement

1. In FY 1984, state tax revenue totaled \$1.92 billion (Table II) while local government tax revenue was almost \$1.39 billion (Table V). The state received 58 percent of the total.

2. Of the \$1.92 billion in state taxes, \$787.8 million, or 41 percent, was subsequently allocated to or shared with local units of government (Table VIII). Most (over 83 percent) of such state aid was for education.

3. Local units received two-thirds of the total state and local tax revenue in FY 1984, i.e., \$1.39 billion from local tax revenue and \$787.8 million from taxes first received by the state but then distributed to local units.

4. There has been a dramatic increase in revenue from local sales and use taxes, rising from \$30 million in FY 1980 to \$111.7 million in FY 1984, as more counties and cities have elected to impose a sales tax or to raise the tax rate to the maximum of one percent each for cities and counties as permitted by state law. (As of November 1984, voters in 57 counties and 99 cities had elected to impose a sales tax.) Nevertheless, in FY 1984 almost 90 percent of local tax revenue was from the general property tax and taxes levied in lieu thereof, e.g., on motor vehicles and motor vehicle dealers.

5. Since FY 1980, state and local tax revenue has increased by \$1.035 billion, or 46 percent, in nominal terms. Discounted for inflation, as measured by the Consumer Price Index, the increase from FY 1980 to FY 1984 was about 11 percent.

6. Comparing tax revenue to Kansas personal income, over time, is another way to provide some perspective on the growth of state and local tax revenue. The figures for FY 1970 and the last five years are:

Fiscal Years	In Thousands		Taxes as a Percent of Income
	State and Local Taxes	Kansas Personal Income*	
1970	\$ 923,691	\$ 7,878,000	11.72%
1980	2,269,762	21,613,000	10.50
1981	2,408,110	23,392,000	10.29
1982	2,692,245	26,638,000	10.11
1983	2,924,805	28,531,000	10.25
1984	3,304,572	29,703,000	11.13

* For the calendar year in which the state fiscal year began.

The ratio of state and local taxes to personal income rose from 10.25 percent in FY 1983 to 11.13 percent in FY 1984, which is not surprising in light of the tax package enacted in 1983 and of the relatively modest (4.1 percent) increase in personal income. It should be noted, however, that the ratio of taxes to income in FY 1984 was less than it was in FY 1970.

Tax Legislation — 1984

The fifth edition of Kansas Tax Facts was published in October, 1983. All tax legislation enacted in 1984 is summarized in Kansas Legislature, Summary of Legislation, 1984, published by the Legislative Research Department in June, 1984. While a number of bills were enacted, 1984 legislation in the tax area was relatively insignificant, especially compared with bills passed in 1983 and some other recent years.

Numerous changes in the income and excise tax laws were made by H.B. 2827. They relate to penalties, corporation liquidations, minimum amounts of taxes and refunds which must be paid, informational filings (conforming the Kansas income tax law to the federal law), military retirement credit, and tax administration.

A three-month (July-September 1984) tax amnesty program was enacted (H.B. 3076), applicable to any state excise tax including the income tax.

S.B. 876, among other things, provides for a sales tax refund through June 30, 1986 on manufacturing machinery and equipment if at least \$50,000 has been expended and at least two new full-time production workers were added for each \$50,000 of expenditure.

An error made in 1983 which diverted 10 percent of the liquor gallonage tax on wine and strong beer from the State General Fund to the Community Alcoholism and Intoxication Programs Fund was corrected by passage of H.B. 2630.

A major revision of the firefighters relief law was made by H.B. 3090. It expanded the base of the 2 percent fire insurance premiums tax to include all policies written on properties located in Kansas and made changes in the allocation of revenue from the tax, a small part of which now will be used by the Insurance Commissioner to pay costs of administering the Firefighters Relief Fund. The bill also "freezes" at the 1983 tax year level the offset of the firefighters relief tax against domestic company premium tax liability.

Under H.B. 2601, counties may levy, subject to a 5 percent protest petition, up to one-half mill (not to exceed \$50,000) for special county alcohol and drug programs. This levy is exempt from the property tax lid.

S.B. 293 dealt with exemptions from property taxes of school district property leased to political subdivisions or organizations that use the property for exempt purposes and with making filing requirements to obtain a property tax exemption less onerous, e.g., owners of farm machinery need not file an initial request for exemption.

S.B. 166 amended the motor vehicle tax law to make the tax on motor vehicles which are 15 years old or older \$12.

The taxable wage base for the unemployment compensation tax paid by employers was raised from \$7,000 to \$8,000 by H.B. 2629.

A revised motor vehicle registration fee schedule ranging from 12,001 pounds to over 66,000 pounds applicable to farm trucks was enacted in House Sub. for S.B. 176, and such trucks weighing 12,000 pounds or less were made subject to the regular fee schedule for pickup trucks but with no change in the amount of the fee (\$25).

Supplementary Tables

The following tables supplement the same ones that appeared in Kansas Tax Facts, Fifth Edition, October 1983.

TABLE II — STATE TAX REVENUE, NET OF REFUNDS

In Thousands

	<u>FY 1984</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1981</u>
Property Taxes:				
Educational Building ¹	\$ 12,130 ^a	\$ 11,315	\$ 10,625	\$ 10,153
Institutional Building ¹	4,411 ^a	5,657	5,313	5,076
Intangibles ^{1,2}	(f) 10	10	—	4
Motor Carrier ³	5,832	6,218	4,985	5,491
Motor Vehicles ³	1,869	1,739	1,495	349
Total	<u>24,242</u>	<u>24,939</u>	<u>22,418</u>	<u>21,073</u>
Income and Privilege Taxes:				
Individual	567,903 ^b	531,395 ^d	417,934	387,057
Corporation	120,993	122,831	146,823	161,968
Financial Institutions	11,193	6,636	15,543	14,989
Domestic Insurance Companies	586	343	634	621
Total	<u>700,675</u>	<u>661,205</u>	<u>580,934</u>	<u>564,635</u>
Inheritance Tax ⁴	30,071	27,435	31,555	28,903
Sales, Use, and Excise Taxes:				
Retail Sales	458,547	441,141 ^d	407,617	388,973
Compensating Use	60,360	57,815 ^d	63,145	60,240
Subtotal, Sales and Use	<u>518,907</u>	<u>498,956^d</u>	<u>470,762</u>	<u>449,213</u>
Motor Fuels	143,246 ^c	115,286	116,415	114,633
Vehicle Registration ⁵	67,539	65,156	66,271	65,880
Cereal Malt Beverage	5,125	4,979	5,077	5,124
Liquor Gallonage	12,173	12,288	12,837	12,339
Liquor Enforcement	15,938 ^c	8,910	8,772	8,150
Private Clubs	8,787	8,422	7,713	6,866
Cigarette	44,669 ^c	32,408	32,838	33,012
Tobacco Products	1,166	1,073	1,029	939
Corporation Franchise	7,572	7,273	6,962	6,393
Wheat	1,682	1,588	1,024	1,163
Vehicle Dealers ⁶	39	34	25	19
Boat Registration	351	251	273	278
Severance	114,099	15	—	—
Total	<u>941,293</u>	<u>756,639</u>	<u>729,998</u>	<u>704,009</u>
Gross Receipts Taxes:				
Insurance Premiums				
Foreign Companies	37,866	36,653 ^e	31,808	30,210
Domestic Companies	5,059	5,117	4,904	4,557
Firefighters Relief	2,243	2,133	2,079	2,001
Fire Marshal	1,409 ^c	1,027	993	999
Subtotal, Insurance	<u>46,577</u>	<u>44,930</u>	<u>39,784</u>	<u>37,767</u>
Express Companies	—	(f)	—	—
Private Car Companies	996	905	756	701
Music-Dramatic Composition	7	6	4	3
Bingo Enforcement	817	811	752	693
Transient Guest ⁶	67	57	43	30
Total	<u>48,464</u>	<u>46,709</u>	<u>41,339</u>	<u>39,194</u>
Unemployment Compensation Tax	<u>174,341</u>	<u>131,615</u>	<u>103,445</u>	<u>88,562</u>
TOTAL STATE TAXES	<u>\$1,919,086</u>	<u>\$1,648,542</u>	<u>\$1,509,689</u>	<u>\$1,446,376</u>

Table II Footnotes

Sources: Annual financial reports of the Division of Accounts and Reports and records of tax-collecting agencies. Details may not add to totals due to rounding.

1. Taxes levied for collection in the fiscal year as reported by the Department of Revenue.
2. The state gave up its one-sixth share of the intangibles tax when the privilege tax on financial institutions was enacted in 1963. Collections in FYs 1981, 1983, and 1984 were delinquent taxes.
3. Amount received by the state from the motor vehicle tax which took effect on January 1, 1981 ("tax and tags" law imposed in lieu of the general property tax).
4. Counties retained 5 percent of receipts from estates of decedents who died prior to January 1, 1979.
5. State receipts only, excluding amounts retained by counties.
6. State's 2 percent share of the tax.
 - a) For FY 1984 only (the 1983 tax year levy), the tax rate for the Educational Building Fund was raised from 1.0 mill to 1.1 mill and the Institutions Building Fund rate was reduced from 0.5 mill to 0.4 mill. The \$431,000 reduction in the total amount levied for the two funds from FY 1983 to FY 1984 was due to exemption of farm machinery and business aircraft from the property tax.
 - b) Includes revenue from 1983 legislation which, for tax years 1983 and 1984, limited the deduction of federal income taxes in computing state tax liability.
 - c) Tax rate was increased by 1983 legislation.
 - d) Includes receipts from acceleration of remittances of income tax withholding and sales and use taxes required by 1983 legislation.
 - e) Includes approximately \$2.1 million in assessments resulting from a court decision favorable to Kansas.
 - f) Less than \$100.

TABLE III
DISPOSITION OF STATE TAX REVENUE
(After Refunds)

Tax	Distribution
State Property Taxes Educational Buildings (1 mill)	All to Educational Building Fund. ⁽¹⁾
State Institutions Buildings (0.5 mill)	All to State Institutions Building Fund. ⁽¹⁾
Motor Carrier	All to State General Fund (amount equal to the tax revenue transferred to Special City and County Highway Fund).
Motor Vehicles (state's share)	Two-thirds to Educational Building Fund and one-third to State Institutions Building Fund.
Income and Privilege Taxes	All to State General Fund (20% of resident individual income tax earmarked for transfer to School District Income Tax Fund).
Inheritance Tax	All to State General Fund (5% earmarked for transfer to County Inheritance Tax Fund).
Sales and Use Taxes	All to State General Fund (4.5% earmarked for transfer to Local Ad Valorem Tax Reduction Fund, 3.5% to County and City Revenue Sharing Fund, and prescribed amounts to the State Highway Fund). ⁽²⁾
Motor and Special Fuels and LP-Gas Taxes	Effective January 1984, 59.5% to State Freeway Fund and 40.5% to Special City and County Highway Fund from which \$2.5 million is transferred annually to the County Equalization and Adjustment Fund. 81.6% of moneys deposited in the Freeway Fund must be transferred to the Highway Fund after provision has been made for the payment of the pro rata share of either principal or interest on bonds issued under K.S.A. 68-2304. The end result is that of the total fuels taxes, after refunds, 48.6% goes to the Highway Fund, 40.5% to the City and County Highway Fund, and 10.9% goes to the Freeway Fund. ⁽³⁾
Vehicle Registration Tax	All to State Highway Fund, less part of collections retained by counties. ⁽⁴⁾

<u>Tax</u>	<u>Distribution</u>
Boat Registration Tax	All to Fish and Game Commission fee fund.
Cereal Malt Beverages Tax	All to State General Fund.
Liquor Gallonage Tax	All to State General Fund, except 10% of the tax on alcohol and spirits which is credited to the Community Alcoholism and Intoxication Programs Fund.
Liquor Enforcement Tax	All to State General Fund.
Private Club Liquor Tax	25% to State General Fund; ⁽⁵⁾ 75% to Local Alcoholic Liquor Fund.
Cigarette Tax	All to State General Fund.
Tobacco Products Tax	All to State General Fund.
Corporation Franchise Tax	All to State General Fund.
Motor Vehicle Dealers' Stamp Tax	All to State General Fund (state's 2% share).
Wheat Tax	20% to State General Fund, subject to limitation; ⁽⁶⁾ remainder to Wheat Commission.
Severance Tax	93% to State General Fund; 7% to County Mineral Production Tax Fund.
Insurance Premium Taxes — Domestic and Foreign Companies	All to State General Fund. ⁽⁷⁾
Firefighters Relief	All to State Firefighters Relief Fund, from which: a) amount determined by legislative appropriations for administrative costs; b) 3% to State Firefighters Ass'n. for fire prevention education and study; c) 5% to State Firefighters Ass'n. for a death benefit fund (not more than the lesser of \$100,000 or the difference between the balance in such fund and \$100,000); and d) balance to local firefighters relief associations (see Table IV).

<u>Tax</u>	<u>Distribution</u>
Fire Marshal	All to State General Fund.
Express Companies Tax	All to State General Fund.
Private Car Companies Tax	All to State General Fund.
Music-Dramatic Composition Tax	All to State General Fund.
Bingo Enforcement Tax	One-third to State General Fund, 1/3 to County and City Bingo Tax Fund, and 1/3 to the Bingo Regulation Fund.
Unemployment Compensation Tax	All to Unemployment Trust Fund.
1)	For 1983 only, the tax levy for the State Educational Building Fund was 1.1 mill and for the Institutions Building Fund was 0.4 mill. The levy for the State Institutions Building Fund was reduced from 0.5 mill to 0.25 mill in 1976 and to 0.4 mill in 1977 and levies of 0.25 mill and 0.1 mill were made in 1976 and 1977, respectively, for the Correctional Institutions Building Fund.
2)	The transfer to the State Highway Fund is based on sales taxes attributable to sales of new and used motor vehicles: 5/42 of such amount in FY 1984, 10/42 in FY 1985, 15/42 in FY 1986, 20/42 in FY 1987, 25/42 in FY 1988, and 30/42 in FY 1989 and thereafter.
3)	Beginning in FY 1986, if the fuels tax rates are increased or decreased as a result of indexing, any revenue in excess of the revenue produced by the pre-existing tax rates shall be allocated 65 percent to the Freeway Fund and 35 percent to the City and County Highway Fund and the amount required to be transferred from the Freeway Fund to the State Highway Fund shall be adjusted so that the state's share of the excess revenue shall be allocated to the latter fund.
4)	County treasurers retain all of the \$5 annual fee on antique vehicles (K.S.A. 8-167), and 75 cents of each other license and tag transfer application fee and \$2 of each certificate of title fee (K.S.A. 8-145). After December 31, 1982, a 50-cent service fee must be paid to the county treasurer at the time of making an application for registration or renewal thereof (K.S.A. 8-145d).
5)	If total amount distributed to counties and cities in any calendar year is less than the amount distributed in CY 1981, an amount equal to the difference must be transferred from the General Fund for distribution to counties and cities on the next March 15.
6)	Total amount credited to General Fund from wheat tax and assessments (marketing fees) on corn, sorghum, and soybeans cannot exceed \$200,000.
7)	Except not to exceed \$68,000 may be credited to the Insurance Company Annual Statement Examination Fund established under K.S.A. 40-223a and the Insurance Company Examiner Training Fund created by K.S.A. 40-223e.

Note: The State General Fund receives 2 percent of transient guest taxes which may be imposed by counties and cities but are collected by the state for them.

TABLE IV

FORMULAS FOR DISTRIBUTION TO LOCAL GOVERNMENTS OF STATE-SHARED TAXES REFERRED TO IN TABLE III*

Tax Source	Fund	Distribution Formula
Individual Income	School District Income Tax Fund (K.S.A. 72-7067, 72-7068)	Each unified school district receives 20% of district resident income tax liability after all credits except for income taxes paid to another state and withholding and declaration of estimated tax. Distributions are made on the first of September - December, February, and May, and on June 15.
Inheritance	County Inheritance Tax Fund (K.S.A. 79-1578)	Distributed February 1, May 1 and September 1, to counties from which returns were filed, for credit to county general fund.
Sales and Use	Local Ad Valorem Tax Reduction Fund (K.S.A. 79-2959, 79-2961)	Distributed on January 15 and July 15 proportionately among all counties, 65% on the basis of population ⁽¹⁾ and 35% on the basis of assessed tangible valuation. Within each county, to each property tax levying subdivision (including the county but excluding unified school districts) proportionately based on tax levies in the preceding year. Each subdivision's share must be credited to one or more tax levy funds of general application, except bond and interest funds. ⁽²⁾
	County and City Revenue Sharing Fund (K.S.A. 79-2964 through 79-2966)	Allocated among counties 65% on the basis of population and 35% on the basis of assessed tangible valuation, with distributions on July 15 and December 10. Counties retain 50% and cities receive 50% ⁽²⁾ in proportion to their populations.

* This table pertains only to specific state imposed and collected taxes part or all of the revenue from which is earmarked by law for distribution to local units. In addition to such distributions, various state aid or grant programs are financed by appropriations from the State General Fund and other funds.

Tax Source	Fund	Distribution Formula
Motor and Special Fuels and LP-Gas	Special City and County Highway Fund (K.S.A. 79-3425c)	Quarterly distributions in January, April, July, and October, net of the \$2.5 million annual transfer to the County Equalization and Adjustment Fund. Cities receive directly 43% on the basis of city population. Counties receive 57%, as follows: \$5,000 to each county; the balance is distributed 50% on the basis of motor vehicle registration fees collected in each county and 50% on the basis of average daily vehicle miles traveled in each county, excluding travel on interstate highways. Amount received by county is allocated 50% to county and 50% to cities on basis of city population in Sedgwick and Shawnee counties; 10% to the county and 90% to cities in Wyandotte County; 90% to county and 10% to cities in Butler, Cowley, Crawford, Douglas, Leavenworth, Lyon, Montgomery, Reno, Riley, and Saline counties; and 100% to county in all other counties. Townships share in the amount retained by counties which have not adopted the county-unit road system. ⁽²⁾
Motor and Special Fuels and LP-Gas	County Equalization and Adjustment Fund (K.S.A. 79-3425c)	A total of \$2.5 million is transferred annually from the Special City and County Highway Fund to provide that no county will receive less than it and the cities therein received from the Special City and County Highway Fund and three state aid funds abolished in 1970 when compared with the amount the county and cities therein currently receive from the Special City and County Highway Fund. The balance of the appropriation remaining after such "equalization" payments is distributed to all counties, 50% on the basis of motor vehicle registration fee collections and 50% on the basis of average daily vehicle miles traveled in the county. Cities and townships share in the Equalization Fund to the same extent they do in the amount distributed to counties from the Special City and County Highway Fund.

Tax Source	Fund	Distribution Formula
Private Club Liquor Tax	Local Alcoholic Liquor Fund (K.S.A. 79-41a04)	Distributed March 15, June 15, September 15, and December 15 to the city or county in the amount collected from each city or county from clubs located therein. The city or county is required to credit the moneys received as follows: (1) 1/3 to the general fund; (2) 1/3 to a special parks and recreation fund; and (3) 1/3 to a special alcohol and drugs programs fund (this share goes to the county in the case of cities with 10,000 population or less).
Severance Tax	County Mineral Production Tax Fund (K.S.A. 79-4227)	Distributed March 1, June 1, September 1, and December 1 to counties in proportion to severance taxes imposed on production in each county. Within each county, 50% to county general fund and 50% to school districts on the basis of the assessed valuation of oil, gas, salt and coal properties in such districts.
Firefighters Relief (Premium Tax)	Firefighters Relief Fund (K.S.A. 40-1706 and 1707)	Annually, \$500 to each firefighters relief association and balance due such associations distributed to each one in proportion to the amount it received in FY 1984 from taxes collected for CY 1983. (See Table III)
Bingo Enforcement	County and City Bingo Tax Fund (K.S.A. 79-4710)	Revenue remitted not less than annually to city in which registered premises located, or to county if such premises located in unincorporated area, to be used to assist in bingo enforcement.

- 1) K.S.A. 19-2694 establishes a formula designed to prevent counties from receiving less money distributed on the basis of population from the LAVTRF due to changing from state census data to federal census data, effective July 1, 1979.
- 2) Legislation enacted in 1982 provides that persons residing within Ft. Riley shall not be included in determining the population of any city located in Geary or Riley Counties and that the population of any military reservation which was annexed to a city after December 31, 1981, shall not be included in the population of such city for the purpose of allocating the cities' 43 percent share of the Special City and County Highway Fund.

TABLE V — LOCAL GOVERNMENT TAX REVENUE

		<u>In Thousands</u>			
		<u>FY 1984</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1981</u>
Counties					
	Tangible Property Tax ¹	\$ 238,263	\$ 224,449	\$ 212,683	\$193,338
	Intangibles Tax ²	3,214	4,986	5,612	5,564
	Mortgage Registration Tax ³	11,195	6,660	6,685	6,911
	Grain Tax ¹	752	769	781	810
	Inheritance Tax (5%)	23	21	52	228
	Motor Vehicle Registration Tax ³	4,351	3,138	3,423	2,467
	Transient Guest Tax (98%)	245	200	191	163
	Motor Vehicle Tax ⁴	24,913	24,417	—	—
Cities					
	Tangible Property Tax ¹	178,508	172,059	168,093	152,893
	Intangibles Tax ²	6,213	9,907	13,014	13,388
	Transient Guest Tax (98%)	3,121	2,608	1,900	1,302
	Motor Vehicle Tax ⁴	32,310	30,246	—	—
Schools⁵					
	Tangible Property Tax ¹	622,468	582,641	559,055	496,500
	Motor Vehicle Tax ⁴	75,616	72,021	—	—
	Finance Cos. Intang. Tax ⁶	143	—	—	—
Townships					
	Tangible Property Tax ¹	18,115	17,104	15,535	14,077
	Intangibles Tax ²	3,744	4,300	4,593	3,543
	Motor Vehicle Tax ⁴	1,500	1,628	—	—
Special Districts					
	Tangible Property Tax ¹	42,934	36,641	34,194	31,344
	Motor Vehicle Tax ⁴	4,223	4,345	—	—
	Finance Cos. Intang. Tax ⁶	16	—	—	—
Unallocable Taxes					
	County and City Sales and Use ⁷	111,690	76,444	47,953	38,257
	Vehicle Dealers' Tax (98%) ⁸	1,929 ^a	1,679 ^a	1,211 ^a	949 ^a
	Motor Vehicle Tax ⁴	—	—	107,581	—
TOTAL LOCAL TAXES		<u>\$1,385,486</u>	<u>\$1,276,263</u>	<u>\$1,182,556</u>	<u>\$961,734</u>
Exhibit:	Tangible Property Tax	\$1,100,289	\$1,032,894	\$ 989,559	\$888,153
	Motor Vehicle Tax	138,562	132,656	107,581	—
	Vehicle Dealers' Tax	\$ 1,929	1,679	1,211	949
	Total	<u>\$1,240,780</u>	<u>\$1,167,229</u>	<u>\$1,098,351</u>	<u>\$889,102</u>

Sources: Reports and records of the Department of Revenue. Details may not add to totals due to rounding.

Table V Footnotes

1. Taxes levied for collection in the fiscal year. The FY 1984 column for the tangible property tax includes in-lieu taxes on industrial revenue bonds properties (such taxes were not compiled for prior years).
 2. Taxes levied for collection in the fiscal year. Includes both local option earnings tax and 5-mill intangibles tax on finance companies.
 3. Calendar year revenue, e.g., the figures in the FY 1984 column are for CY 1983.
 4. Taxes collected in CYs 1983, 1982, and 1981, excluding the state's share, under K.S.A. 79-5101 et seq., the "tax and tags law." This tax took effect on January 1, 1981, replacing the tangible property tax which was levied on vehicles covered by the new law. Data were not compiled on the allocation of the 1981 taxes among local units (see "Unallocable Taxes").
 5. Includes school districts, community colleges, and municipal universities.
 6. Tax levied for collection in the fiscal year from the 5-mill levy on finance companies. No such allocation was reported for prior years.
 7. Collections by the Department of Revenue for counties and cities which impose a sales tax. Revenue from a countywide sales is allocated between the county and cities therein by the county treasurer; there is no central compilation of how much each type of local unit received.
 8. This tax is allocated by county treasurers among the county and all other property tax levying subdivisions in the county. There is no central record of how much each type of local unit received.
- a) Estimated, based on state's 2 percent share of the tax.

Special Note

This table does not include revenue from certain city taxes for which annual data are not compiled, e.g., occupation and franchise taxes. See pages 5, 72, and 73 of Kansas Tax Facts, Fifth Edition.

TABLE VII — PERCENTAGE OF COMBINED STATE
AND LOCAL TAX REVENUE

Ranked on Basis of FY 1984

<u>Taxes</u>	<u>FY 1984</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1981</u>
General Property ¹	33.80%	35.90%	37.35%	37.51%
Income and Privilege	21.20	22.61	21.58	23.45
Sales and Use ²	19.08	19.67	19.27	20.24
Unemployment Comp.	5.28	4.50	3.84	3.68
Motor Fuels	4.33	3.94	4.32	4.76
Motor Vehicles ³	4.25	4.60	4.05	0.01 ^b
Severance	3.45	(a)	—	—
Vehicle Registration	2.18	2.33	2.59	2.84
Insurance Premiums	1.41	1.54	1.48	1.57
Cigarette and Tobacco	1.39	1.14	1.26	1.41
Liquor and Beer	1.27	1.18	1.28	1.35
Inheritance	0.91	0.94	1.17	1.21
Intangibles ¹	0.40	0.66	0.86	0.93
Mortgage Registration	0.34	0.23	0.25	0.29
Corporation Franchise	0.23	0.25	0.26	0.27
Motor Carrier Property	0.18	0.21	0.18	0.23
All Other	0.30	0.30	0.26	0.25
TOTAL	100.00%	100.00%	100.00%	100.00%

1. Taxes levied for collection in the fiscal year.
2. Includes state, city, and county sales and use taxes.
3. Based on total tax levied in the calendar year less the state's share plus actual state receipts in the fiscal year.
 - a) A small amount received in FY 1983 is reflected in "All Other" taxes.
 - b) Based only on state's share of the tax during the first six months it was in effect.

TABLE VIII — STATE COLLECTED TAXES ALLOCATED TO OR SHARED WITH LOCAL UNITS OF GOVERNMENT FROM TAXES LISTED IN TABLE II

	<u>In Thousands</u>			
	<u>FY 1984</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1981</u>
Highway-User Taxes To Counties, Cities, Townships ¹	\$ 64,493	\$ 42,801	\$ 42,471	\$ 42,188
Firefighters Relief Tax To Local Firefighters Relief Assn's ²	2,134	2,069	2,016	1,941
Bingo Enforcement Tax To County or City Based on Location of Registered Premises	550	512	487	441
Private Club Liquor Tax To County or City Based on Collections From Clubs Therein	7,243	6,609 ^a	7,436	6,151
Severance Tax To Counties and School Districts ³	6,051	—	—	—
From State General Fund: ⁴				
For Education ⁵	652,163	601,501	561,921	520,132
For Property Tax Reduction ⁶	22,367	11,326 ^b	20,716	19,469
To Counties and Cities (Revenue Sharing) ⁷	16,468	8,056 ^b	15,627	14,711
Other ⁸	16,305	15,289	13,471	12,348
Total, General Fund	<u>707,303</u>	<u>636,172</u>	<u>611,735</u>	<u>566,660</u>
GRAND TOTAL	<u>\$787,774</u>	<u>\$688,163</u>	<u>\$664,145</u>	<u>\$617,386^c</u>

Sources: Records of the Division of Accounts and Reports of the Department of Administration and reports of state agencies. Details may not add to totals due to rounding.

1. Includes city maintenance payments, Special City and County Highway Fund, and County Equalization and Adjustment Fund. An amount equal to annual receipts from the motor carrier tax is earmarked for the Special City and County Highway Fund.
2. Excludes payments to State Firefighters Association and any amount used for administration.
3. 7 percent of net tax receipts returned to producing areas.
4. Taxes accounted for 97 percent of General Fund receipts in FY 1984.
5. Includes state aid to unified school districts, community colleges, Washburn University, area vocational schools, and libraries, except their shares (if any) of the Local Ad Valorem Tax Reduction Fund are included under "For Property Tax Reduction." Also includes state payments as the employer contribution to KPERS - School (retirement).
6. 4.5 percent of state sales and use taxes is transferred from the General Fund to the Local Ad Valorem Tax Reduction Fund. School districts have not shared in the latter since FY 1974.
7. 3.5 percent of state sales and use taxes is transferred from the General Fund to the County and City Revenue Sharing Fund which was created in 1978 (effective 1-1-79), and the state now retains the portions of cigarette, liquor enforcement, and insurance company privilege taxes formerly distributed to local units.
8. FY 1984 number includes: aid to local health units, soil conservation districts, watershed districts, groundwater management districts, mental health and retardation centers (including special purpose community assistance), and grants for community corrections, arts programs, emergency medical services, and public property emergency assistance. Also includes the counties' 5 percent share of inheritance taxes collected by the state.
 - a) First year that 25 percent of the tax was credited to the State General Fund.
 - b) Distribution dates were changed by the 1983 Legislature, thus deferring part of the payments to local units that otherwise would have been made in FY 1983.
 - c) Includes \$5,000 from liquor gallonage tax for local alcoholism programs.

TABLE IX — STATE AND LOCAL GOVERNMENT TAXES IN
RELATION TO POPULATION, PERSONAL INCOME, AND PURCHASING POWER

	FY 1984	FY 1983	FY 1982	FY 1981
State Taxes (\$000)	\$1,919,086	\$1,648,542	\$1,509,689	\$1,446,376
Local Taxes (\$000)	1,385,486	1,276,263	1,182,556	961,734
Total (\$000)	<u>3,304,572</u>	<u>2,924,805</u>	<u>2,692,245</u>	<u>2,408,110</u>
State Population (000) ¹	2,425	2,414	2,389	2,364
Personal Income - Kansas ²				
Total (millions)	\$ 29,703	\$ 28,531	\$ 26,638	\$ 23,392
Per Capita (dollars)	12,247	11,850	11,158	9,880
Per Capita Taxes				
State	\$ 792	\$ 683	\$ 632	\$ 612
Local	571	529	495	407
Total	<u>1,363</u>	<u>1,212</u>	<u>1,127</u>	<u>1,019</u>
Ratio of Taxes to Personal Income				
State	6.46%	5.78%	5.67%	6.18%
Local	4.66	4.47	4.44	4.11
Total	<u>11.13</u>	<u>10.25</u>	<u>10.11</u>	<u>10.29</u>
Purchasing Power Index ³	\$ 0.328	\$ 0.340	\$ 0.355	\$ 0.386
State and Local Taxes in Constant (1967) Dollars ⁴	\$1,083,900	\$ 994,434	\$ 955,747	\$ 929,530

- 1) 1980 federal census in the FY 1981 column, estimates certified by the Division of the Budget as of July 1, 1981 and 1982 in the FYs 1982 and 1983 columns, and provisional estimate of the U.S. Bureau of the Census as of July 1, 1983 in the FY 1984 column.
- 2) Estimates of the U.S. Department of Commerce. The income figure in each column is for the calendar year in which the state fiscal year began.
- 3) 1967 equals \$1.00. This index is based on the Consumer Price Index, All Urban Consumers, compiled by the U.S. Bureau of Labor Statistics. The index numbers are the 12-month average for the fiscal year (July 1-June 30).
- 4) Based on purchasing power index.

Kansas Legislative Research Department

February 4, 1985

LOCAL SALES TAXES - CITY

<u>City (99) (County Where Located)</u>	<u>Rate</u>	<u>Effective Date</u>
Abilene ¹ (Dickinson)	0.5%	May 1, 1983
Anthony (Harper)	0.5	November 1, 1984
Arkansas City (Cowley)	0.5	October 1, 1978
Arma ¹ (Crawford)	0.5	November 1, 1982
Atchison (Atchison)	1.0	August 1, 1983
Auburn (Shawnee)	1.0	July 1, 1984
Baldwin (Douglas)	0.5	January 1, 1982
Basehor (Leavenworth)	0.5	July 1, 1982
Baxter Springs ¹ (Cherokee)	0.5	July 1, 1982
Bonner Springs ¹ (Wyandotte)	0.5	October 1, 1981
Caldwell ² (Sumner)	1.0	November 1, 1982
Caney ² (Montgomery)	1.0	November 1, 1982
Chanute ¹ (Neosho)	0.5	October 1, 1979
Cherryvale ³ (Montgomery)	1.0	November 1, 1982
Clay Center ^{1,2} (Clay)	1.0	November 1, 1984
Coffeyville ² (Montgomery)	1.0	May 1, 1984
Columbus ¹ (Cherokee)	0.5	July 1, 1982
Concordia ³ (Cloud)	1.0	February 1, 1983
Delphos ¹ (Ottawa)	1.0	November 1, 1984
DeSoto ¹ (Johnson)	0.5	July 1, 1982
Dighton (Lape)	1.0	July 1, 1983
Dodge City ¹ (Ford)	0.5	December 1, 1981
Edgerton ¹ (Johnson)	0.5	July 1, 1982
Effingham (Atchison)	1.0	November 1, 1983
Elkhart (Morton)	0.5	November 1, 1981
Ellis (Ellis)	1.0	November 1, 1983
Ellsworth (Ellsworth)	1.0	July 1, 1983
Elwood (Doniphan)	1.0	November 1, 1984
Emporia (Lyon)	0.5	September 1, 1984
Erie ¹ (Neosho)	0.5	November 1, 1982
Eudora (Douglas)	0.5	November 1, 1982
Fairway ¹ (Johnson)	0.5	September 1, 1983
Fort Scott (Bourbon)	1.0	January 1, 1984
Frontenac ¹ (Crawford)	0.5	November 1, 1982
Galena ^{1,17} (Cherokee)	1.0	July 1, 1984
Garden City ¹ (Finney)	0.5	February 1, 1983
Gardner ¹ (Johnson)	0.5	November 1, 1982
Girard ¹ (Crawford)	0.5	November 1, 1982
Glasco (Cloud)	1.0	July 1, 1983

<u>City (99) (County Where Located)</u>	<u>Rate</u>	<u>Effective Date</u>
Hays (Ellis)	0.5	November 1, 1982
Herington ¹ (Dickinson)	0.5	July 1, 1980
Hiawatha ¹ (Brown)	0.5	November 1, 1980
Horton ¹ (Brown)	0.5	November 1, 1980
Hugoton (Stevens)	0.5	November 1, 1980
Humboldt ¹ (Allen)	0.5	January 1, 1982
Independence (Montgomery)	0.5	February 1, 1981
Iola ¹ (Allen)	0.5	November 1, 1981
Junction City ¹ (Geary)	1.0	November 1, 1982
Kansas City ^{1,2} (Wyandotte)	1.0	January 1, 1984
Lakin (Kearny)	1.0	July 1, 1983
Lansing (Leavenworth)	0.5	July 1, 1982
Lawrence (Douglas)	0.5	July 1, 1971
Leavenworth ^{1,9} (Leavenworth)	1.0	March 1, 1985
Leawood ^{1,6} (Johnson)	1.0	January 1, 1984
Lenexa ^{1,10} (Johnson)	1.0	February 1, 1984
Louisburg ¹ (Miami)	0.5	July 1, 1982
Manhattan ^{1,4} (Riley & Pottawatomie)	1.0	November 1, 1982
Mayfield (Sumner)	0.5	November 1, 1982
Merriam ^{1,11} (Johnson)	1.0	February 1, 1984
Mission ¹ (Johnson)	0.5	February 1, 1979
Moran ¹ (Allen)	0.5	July 1, 1984
Neodesha ² (Wilson)	1.0	February 1, 1983
Ogden ^{1,2} (Riley)	1.0	November 1, 1982
Olathe ^{1,12} (Johnson)	1.0	February 1, 1984
Onaga (Pottawatomie)	1.0	November 1, 1982
Osawatōmie ¹ (Miami)	0.5	July 1, 1981
Ottawa ¹ (Franklin)	0.5	February 1, 1979
Overland Park ^{1,13} (Johnson)	1.0	February 1, 1984
Oxford (Sumner)	1.0	November 1, 1984
Paola ¹ (Miami)	0.5	July 1, 1981
Perry ¹ (Jefferson)	0.5	July 1, 1981
Pittsburg ¹ (Crawford)	0.5	February 1, 1981
Plainville (Rooks)	0.5	February 1, 1985
Pomona ¹ (Franklin)	0.5	July 1, 1981
Prairie Village ^{1,9} (Johnson)	1.0	February 1, 1984
Roeland Park ^{1,14} (Johnson)	1.0	March 1, 1984
St. Marys ⁷ (Pottawatomie)	1.0	November 1, 1984
Sedan ¹ (Chautauqua)	0.5	November 1, 1981
Shawnee ¹ (Johnson)	0.5	November 1, 1980
Spivey (Kingman)	0.5	January 1, 1979
Spring Hill ^{1,14} (Miami & Johnson)	1.0	February 1, 1984
Sublette ¹ (Haskell)	0.5	January 1, 1983
Syracuse (Hamilton)	1.0	June 1, 1984

<u>City (99) (County Where Located)</u>	<u>Rate</u>	<u>Effective Date</u>
Tonganoxie (Leavenworth)	0.5	November 1, 1984
Topeka ⁴ (Shawnee)	1.0	November 1, 1982
Toronto (Woodson)	0.5	November 1, 1982
Ulysses (Grant)	1.0	November 1, 1983
WaKeeney (Trego)	1.0	February 1, 1983
Wakefield ^{1,2} (Clay)	1.0	November 1, 1982
Wamego ⁷ (Pottawatomie)	1.0	September 1, 1983
Weir ¹ (Cherokee)	1.0	November 1, 1984
Wellington ⁸ (Sumner)	1.0	July 1, 1983
Westmoreland (Pottawatomie)	0.5	February 1, 1983
Westwood ^{1,15} (Johnson)	1.0	February 1, 1984
Westwood Hills ^{1,16} (Johnson)	1.0	February 1, 1984
Williamsburg ¹ (Franklin)	0.5	July 1, 1982
Wilson (Ellsworth)	1.0	September 1, 1983
Winfield ¹⁸ (Cowley)	1.0	November 1, 1984
Yates Center (Woodson)	0.5	November 1, 1982

1 City sales tax is in addition to the county sales tax; see "Local Sales Taxes — County."

- 2 Rate of 0.5% had been effective November 1, 1980.
- 3 Rate of 0.5% had been effective February 1, 1981.
- 4 Rate of 0.5% had been effective July 1, 1971.
- 5 Rate of 0.5% had been effective September 1, 1981.
- 6 Rate of 0.5% had been effective January 1, 1979.
- 7 Rate of 0.5% had been effective November 1, 1982.
- 8 Rate of 0.5% had been effective February 1, 1979.
- 9 Rate of 0.5% had been effective October 1, 1978.
- 10 Rate of 0.5% had been effective February 1, 1980
- 11 Rate of 0.5% had been effective July 1, 1979.
- 12 Rate of 0.5% had been effective June 1, 1980.
- 13 Rate of 0.5% had been effective January 1, 1978.
- 14 Rate of 0.5% had been effective July 1, 1982.
- 15 Rate of 0.5% had been effective July 1, 1981.
- 16 Rate of 0.5% had been effective July 1, 1980.
- 17 Rate of 0.5% had been effective February 1, 1977.
- 18 Rate of 0.5% had been effective October 1, 1981.
- 19 Rate of 0.5% had been effective July 1, 1977.

Exhibit: Fifty-three cities impose the tax at the rate of 0.5%, and 46 cities impose the tax at the rate of 1.0%. Combined city and county sales tax rates exceed 1 percent in the following cities.

1 1/2% Rate (33 cities)

- Hiawatha (.5) and Horton (.5) in Brown County (1.0)
- Sedan (.5) in Chatauqua County (1.0)
- Baxter Springs (.5) and Columbus (.5) in Cherokee County (1.0)
- Clay Center (1.0) and Wakefield (1.0) in Clay County (0.5)
- Arma (.5), Frontenac (.5), Girard (.5), and Pittsburg (.5) in Crawford County (1.0)
- Abilene (.5) and Herington (.5) in Dickinson County (1.0)
- Ottawa (.5), Pomona (.5), and Williamsburg (.5) in Franklin County (1.0)
- Perry (.5) in Jefferson County (1.0)
- Leawood (1.0), Lenexa (1.0), Merriam (1.0), Olathe (1.0), Overland Park (1.0), Prairie Village (1.0), Roeland Park (1.0), Spring Hill (1.0), Westwood (1.0), and Westwood Hills (1.0) in Johnson County (.5)
- Louisburg (.5), Osawatomie (.5), and Paola (.5) in Miami County (1.0)
- Manhattan (1.0) and Ogden (1.0) in Riley County (.5)
- Bonner Springs (.5) in Wyandotte County (1.0)

2% Rate (5 cities)

- Galena (1.0) and Weir (1.0) in Cherokee County (1.0)
- Junction City (1.0) in Geary County (1.0)
- Delphos (1.0) in Ottawa County (1.0)
- Kansas City (1.0) in Wyandotte County (1.0)

Kansas Legislative Research Department

August 20, 1984

LOCAL SALES TAXES - COUNTY

<u>County (57)</u>	<u>Rate</u>	<u>Effective Date</u>
Allen	0.5%	November 1, 1982
Anderson	1.0	January 1, 1983
Barber	1.0	February 1, 1983
Barton	1.0	November 1, 1982
Brown	1.0	November 1, 1982
Chautauqua	1.0	February 1, 1983
Cherokee	1.0	November 1, 1982
Clay	0.5	November 1, 1982
Crawford	1.0	November 1, 1983
Decatur	1.0	November 1, 1984
Dickinson	1.0	July 1, 1983
Edwards	1.0	November 1, 1983
Elk	1.0	November 1, 1982
Finney	0.5	November 1, 1981
Ford	0.5	January 1, 1983
Franklin	1.0	July 1, 1983
Geary	1.0	October 1, 1978*
Gove	1.0	November 1, 1984
Gray	1.0	February 1, 1983
Greeley	1.0	November 1, 1982
Haskell	0.5	January 1, 1983
Jackson	1.0	November 1, 1982
Jefferson	1.0	May 1, 1983
Jewell	1.0	February 1, 1983
Johnson	0.5	October 1, 1975
Kiowa	1.0	November 1, 1982
Labette	1.0	September 1, 1981
Lincoln	1.0	February 1, 1983
Logan	1.0	November 1, 1982
McPherson	1.0	July 1, 1982
Meade	1.0	November 1, 1984
Miami	1.0	July 1, 1983
Mitchell	1.0	November 1, 1982
Morris	1.0	November 1, 1982

<u>County (57)</u>	<u>Rate</u>	<u>Effective Date</u>
Nemaha	1.0	November 1, 1982
Neosho	0.5	November 1, 1982
Osage	1.0	November 1, 1982
Osborne	0.5	January 1, 1983
Ottawa	1.0	February 1, 1983
Pawnee	1.0	July 1, 1983
Pratt	1.0	July 1, 1982
Rawlins	1.0	February 1, 1983
Reno	0.5	November 1, 1977
Republic	1.0	November 1, 1982
Rice	1.0	November 1, 1982
Riley	0.5	February 1, 1983
Saline	1.0	November 1, 1982
Scott	1.0	May 1, 1982
Seward	1.0	November 1, 1980**
Stafford	1.0	November 1, 1984
Stanton	1.0	November 1, 1984
Sherman	1.0	February 1, 1983
Thomas	1.0	November 1, 1982
Wabaunsee	1.0	February 1, 1983
Washington	1.0	February 1, 1983
Wichita	1.0	November 1, 1982
Wyandotte	1.0	January 1, 1984**

* Rate of 0.5 percent was effective November 1, 1974.

** Rate of 0.5 percent was effective October 1, 1975.

Exhibit: Ten counties impose the tax at the rate of 0.5 percent and 47 counties impose the tax at the rate of 1.0 percent. County tax may be in addition to a city sales tax. For information on city sales tax rates see "Local Sales Taxes — City."

Kansas Legislative Research Department

January 17, 1985

TABLE I
SUMMARY OF SALES TAX EXEMPTIONS

Exemption	Definition	Type*	FY 1986 Fiscal Impact (Thousands)
1. K.S.A. 79-3606(m)	Ingredient or Component Part	D	\$ 542,000
2. K.S.A. 79-3606(n)	Property Consumed in Production	D	426,000
3. K.S.A. 79-3602(e)	Sales of Goods & Services for Resale	D	1,652,000
4. K.S.A. 79-3606(i)	Film Rental for Exhibitors	D	508
5. K.S.A. 79-3606(o)	Livestock	D	176,300
6. K.S.A. 79-3606(e)	Federal Projects	L	2,900
7. K.S.A. 79-3606(f)	Railroads and Utilities — I.C.	L	47,400
8. K.S.A. 79-3606(g)	Aircraft, Parts, and Service — I.C.	L	1,400
9. K.S.A. 79-3603(b)	Interstate Telephone and Telegraph	L/P	50,900
10. K.S.A. 79-3606(i)	Isolated or Occasional Sales	A	6,700
11. K.S.A. 79-3606(p)	Used Fixtures	A	1,900
12. K.S.A. 79-3603(o)	Transfers of Vehicles for Stock	A	600
13. K.S.A. 79-3606(b)	State, Local, and Hospital Purchases	P	34,300
14. K.S.A. 79-3606(c)	School Purchases	P	16,000
15. K.S.A. 79-3606(h)	School Textbook Rentals	P	250
16. K.S.A. 79-3606(d)	Projects for Subdivisions	P	17,500
17. K.S.A. 79-3641	Enterprise Zone Project	P	NA
18. K.S.A. 79-3603(e)	Local Recreational Fees	P	250
19. K.S.A. 79-3606(a)	Gas, Liquor, and Drinks	P	103,800
20. K.S.A. 79-3603(f)	Coin-Op Laundries	P	380
21. K.S.A. 79-3603(h)	Lease of IRB Equipment	P	190
22. K.S.A. 79-3603(p)	Services in Original Construction	P	53,400
23. K.S.A. 79-3606(j)	Meals for Restaurant Employees	P	130
24. K.S.A. 79-3606(k)	Vehicles, Aircraft for Nonresidents	P	44,000
25. K.S.A. 79-3606(q)	Prescription Drugs	P	4,500
26. K.S.A. 79-3606(r)	Insulin	P	130
27. K.S.A. 79-3606(s)	Prosthetic and Orthopedic Appliances	P	1,000
28. K.S.A. 79-3606(t)	Groundwater Management Purchases	P	Insignificant
29. K.S.A. 79-3606(u)	Used Farm Machinery, Parts and Serv.	P	16,800
30. K.S.A. 79-3603(g)	Room Rentals - 28+ days	P	76
31. K.S.A. 79-3606(v)	Mobile Home Rentals — 28+ days	P	600
32. K.S.A. 79-3606(w)	Food for Homebound Persons	P	153
33. K.S.A. 79-3606(x)	Electricity, Gas, Heat and Water	P	25,000
34. K.S.A. 79-3606(y)	Propane, LP, Coal, and Wood	P	4,000
35. K.S.A. 79-3606(z)	Local Intrastate Telephone	P	3,400
36. K.S.A. 79-3606(aa)	Repair, Manufacture of Railroad Cars	P	6,700
37. K.S.A. 79-3606(bb)	Port Authority Property	P	NA
38. K.S.A. 79-3606(cc)	Repair of Interstate Pipeline Equip.	P	NA
39. K.S.A. 79-3642	Certain Mfg. Machinery and Equipment	P	NA
	TOTAL		\$ 3,241,167
			Subtotals (Rounded)
*Types:	D Definitional Exemption	D	\$ 2,797,000
	L Legal Exemption	L	102,600
	A Administrative Exemption	A	9,200
	P Policy Exemption	P	332,600

Source: Fiscal impact estimates originally prepared by the Department of Revenue, September 22, 1980, updated by the Legislative Research Department.