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House Taxation Committee

Briefing on Sales and Use Tax

Presented by Richard Cram

Chairman Richard Carlson and Members of the Committee:

The sales tax was first enacted in Kansas in 1937 at the rate of 2%. The current state sales tax rate is 6.3%. Under current law, the rate will decrease to 5.7% effective July 1, 2013. It became a popular revenue-raising vehicle for many states during the Depression. Its popularity has grown. Currently, 45 States plus the District of Columbia have enacted the sales tax. Nationwide, sales tax is estimated to provide approximately a third of total state tax collections. Hellerstein & Hellerstein, *State Taxation*, ¶ 12.01. In Kansas, state sales and use tax accounted for \$2.253 billion in revenues for the State General Fund in FY 2011.

Sales tax is imposed on the gross receipts received from the retail sale of tangible personal property or certain taxable services. K.S.A. 79-3603. Sales tax is paid by the consumer. The retailer is obligated to collect the tax from the consumer at the time of the sale, and report and remit the tax to the State. K.S.A. 79-3604; 79-3607. If the retailer does not collect the sales tax from the consumer on a taxable sale, then the state can collect the tax from the retailer or the consumer. Any retailer making taxable sales in the state must first register with the department. K.S.A. 79-3608.

Use tax is imposed on the use, storage or consumption of tangible personal property in the state. K.S.A. 79-3703. It applies to goods purchased outside the state. The use tax complements the sales tax. Use tax was developed to safeguard state sales tax revenues from erosion by purchases of goods outside the State, and to protect local merchants from loss of business to border and other states that either have no sales tax or whose sales tax rate is lower than that of the merchant's state. Hellerstein & Hellerstein, ¶ 16.01.

Local Sales and Use Tax

Counties and cities have had the option of imposing local sales taxes since the 1970's. Local use taxes have existed since 2003. The local sales tax and use tax rate is determined by the governing body for that taxing jurisdiction, subject to local voter approval and rate limitations established by statute. Recently, the legislature created an additional type of local taxing

jurisdiction, the transportation district. All local taxes are administered by the department of revenue. Local sales and use tax rates are found in the Sales Tax Jurisdiction Code Booklet, Publication KS-1700, downloadable from the department's website, www.ksrevenue.org. This booklet is updated quarterly. Local rates for a particular address are also available on the department's website, using the sales tax rate locator. Local sales and use taxes collected and distributed by the Department for FY 2011 were \$841.4 million.

Imposition of Sales Tax

Kansas sales tax generally applies to three types of transactions:

- 1) The retail sale, rental, or lease of tangible personal property, including the sale or furnishing of utilities;
- 2) Charges for various specifically enumerated types of services, such as utilities, telecommunications, hotel rental services, dry cleaning services, vehicle washing, and labor services to install, apply, repair, service, alter, or maintain tangible personal property; and
- 3) The sale of admissions to places providing amusement, entertainment or recreation services, including admissions to state, county, district and local fairs.

K.S.A. 79-3603 contains the sales tax imposition provisions. Retail sales of tangible personal property are taxable unless an express exemption applies. Retail sales of services are taxable only when tax has been expressly imposed upon them by the sales tax act. If the act does not list the service, it is not taxable.

Sales Tax Exemptions

K.S.A. 79-3606 contains 85 sales tax exemptions, starting at (a) and going to (gggg). Some of the more prominent exemptions are for sales to governmental entities, items "consumed in production," "ingredient-component parts," manufacturing machinery and equipment, farm machinery and equipment, and exemptions for religious and specifically listed charitable organizations. Several more exemptions are contained in K.S.A. 79-3603 (such as the "original construction" exemption for labor services). Exempt transactions must be documented with an exemption certificate provided by the purchaser to the retailer, and retained by the retailer in case of audit.

Valid reasons may prompt the Legislature to grant a particular sales tax exemption. However, each additional exemption narrows the sales tax base and raises pressure to increase the rate. Your materials contain a spreadsheet providing the department's estimate for the amount of foregone revenue attributable to each sales tax exemption, the total value of all sales tax exemptions for FY 2012 being approximately \$5.487 billion.

"Nexus" and Taxation of Remote Sales

"Nexus" refers to the degree of physical connection between an out-of-state retailer selling goods to customers located in another state and that state. It will determine whether that state can legally impose a duty on the out-of-state retailer to collect the sales or use taxes imposed by that state. Whether the retailer collects the tax or not, the purchaser is ultimately obligated to pay use tax to the State of residence on out-of-state purchases of items used, stored or consumed in that state. Except for businesses subject to regular audits, unless the out-of-state retailer collects use tax from the purchaser and remits it to the state, as a practical matter, it will

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not be paid. The viability of both the sales and use tax depends primarily upon the collection, reporting and remittance functions that retailers perform. In order for states to obtain an acceptable compliance rate on payment of use tax on remote sales to consumers, out-of-state retailers must be obligated to collect and remit use tax on those sales.

Under Kansas law, an out-of-state retailer "doing business" in Kansas is obligated to collect and remit use tax on its sales to consumers in Kansas. K.S.A. 79-3705c. However, United States Supreme Court decisions have restricted the constitutional power of the States to subject interstate sales to sales or use tax. In *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), the Supreme Court held that the Commerce Clause bars a State from imposing a use tax collection duty on an out-of-state seller with no physical presence (nexus) in the state. Thus, an out-of-state merchant has no legal obligation to collect use tax on its sales to customers located in another state, if the sale is conducted by telephone, mail order, or in recent times, the Internet, and if the out-of-state merchant has no physical presence in the other state.

Physical presence, or nexus, is established if the out-of-state retailer employees or a facility permanently located in the state or has salesmen who operate in the state. Temporary presence can be sufficient to establish nexus under certain circumstances (such as frequent sales calls or deliveries into the state), but this is currently a heavily litigated area of the law.

State governments and local merchants have long been concerned about the fact that mail-order consumer retail sales by out-of-state merchants essentially escape use tax. The rapid growth of remote retail sales over the Internet have heightened those concerns. The Streamlined Sales and Use Tax Agreement, of which Kansas is a Member State of the Governing Board, addresses those concerns in an effort to encourage Congress to authorize States adopting certain uniformity provisions in their tax administration laws and procedures to require remote retailers to collect and remit use tax on retail sales. It also encourages voluntary collection by retailers of applicable sales and use taxes on their remote sales.

Moratorium on Internet Taxation

The Internet Tax Freedom Act, passed by Congress in 1998 and extended several times, placed a moratorium on State and local government taxation of Internet access fees and imposition of multiple or discriminatory taxes on electronic commerce. Telecommunications services used to provide Internet access were included in the moratorium. The Internet Tax Freedom Act does not prohibit imposition of sales or use tax on retail sales conducted over the Internet. A consumer making purchases from an out-of-state e-commerce merchant over the Internet remains legally obligated to pay use tax. If an e-commerce merchant has a physical presence in the taxing state, then the e-commerce merchant is obligated to collect and remit the appropriate sales or use tax on sales to customers located in that state.

Sales Tax Policy and Research Staff Contact Information

The department's sales tax guidelines, forms, private letter rulings, annual and monthly sales tax distribution reports can be accessed at the department's website, www.ksrevenue.org. Listed below are the department staff in Policy and Research specializing in the sales tax area.

Sales Tax Policy/Interpretation Questions
Tom Browne—Tax Specialist 296-7776
Mark Ciardullo—Tax Specialist 296-5330
Tom Hatten—Tax Specialist 296-4008

Local Sales Tax Distribution Questions/Fiscal Analysis
Steve Brunkan—Financial Economist 291-3580

Director
Richard Cram 296-8042

Policy and Research Office—296-2381

Statute	Description of Exemption or Exclusion	FY2011 (\$ in Millions)
Tax Rate		6.3%
Annual Rate of Increase		3%
	Conceptual Exclusions	
3602 (e)	Definition of retail sales, exempting wholesale sales and sales for resale	\$ -
3606 (a)	Motor fuels and items taxed by sales or excise tax	\$ 294.65
3606 (k)	Vehicles, trailers or aircraft purchased and delivered out of state to a nonresident	\$ 19.56
3606 (l)	Isolated or occasional sales, except motor vehicles	\$ -
3606 (m)	Property which becomes an ingredient or component part of property or services produced or manufactured for ultimate sale at retail	\$ 2,848.78
3606 (n)	Property consumed in the production, manufacturing, processing, mining, drilling, refining or compounding of property; or irrigation of crops for ultimate sale at retail. In 2000, added provision to eliminate refunds from the Johnson County Water case	\$ 373.77
3606 (o)	Sales of animals, fowl, aquatic plants, and animals used in agriculture or aquaculture, for production of food for human consumption, the production of animal, dairy, poultry, or aquatic products, fiber or fur or the production of offspring.	\$ 210.37
	Subtotal	\$ 3,747.14
	Public Policy: Charitable, Religious, Benevolent Exemptions	
3603 (e)	Admission to any cultural and historical event which occurs triennially	Minimal
3606 (v)	Sales of food products purchased by contractor for use in preparing meals for delivery to homebound elderly persons. In 2004, expanded exemption to all personal property purchased by contractor and sales of food products by or on behalf of contractor or organization	\$ 1.05
3606 (ii)	Property purchased by nonprofit organization for nonsectarian comprehensive multidiscipline youth development programs and activities and sales of property by or on behalf of such organization	\$ 3.33
3606 (oo)	Property purchased by a community action group or agency to repair or weatherize housing occupied by low income individuals.	Minimal
3606 (qq)	Property and services purchased by a nonprofit museum or historical society which is organized under the federal income taxation code as a 501 (c)(3)	\$ 0.50
3606 (rr)	Property which will admit purchases to an annual event sponsored by a nonprofit organization organized under the federal income taxation code as a 501 (c)(3)	\$ 0.04
3606 (tt)	Property and services purchased by not-for-profit corporation for the sole purpose of constructing a Kansas Korean War memorial and is organized under the federal income taxation code as a 501 (c)(3)	\$ -
3606 (xx)	Property and services purchases by nonprofit zoo or on behalf of a zoo by an entity that is a 501(c)(3)	\$ 0.76
3606 (yy)	Property and services purchased by a parent-teach association or organizations and all sales of tangible personal property by or on behalf of such association	\$ 0.72
3606 (aaa)	Property and services purchased by religious organizations and used exclusively for religious purposes	\$ 21.99

3606 (bbb)	Sales of food for human consumption by organizations exempt by 501(c)(3) pursuant to food distribution programs which offers such food at a price below cost in exchange for the performance of community service by the purchaser.	Minimal
3606 (hhh)	Property and services purchased by or on behalf of Domestic Violence Shelters as members of the Kansas coalition against Sexual and Domestic Violence	\$ 0.07
3606 (iii)	Property and services purchased by organizations distributing food without charge to other nonprofit food distribution programs. Includes taxes paid on and after July 1, 2005 and prior to July 1, 2006.	\$ 0.30
3606 (ppp)	Property and services purchased by non-profit Homeless Shelters, and sales made by or on behalf of these organizations.	\$ 0.14
3606 (ttt)	Property and services purchased a contractor for a purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility owned by a nonprofit museum which is a qualified under the governor hometown heritage act (KSA 75-5071)	\$ 0.13
	Subtotal	\$ 29.04
	Public Policy: Exemptions to Charitable Organizations by Name	
3606 (vv)	Property purchased by the following organizations who are organized under the federal income taxation code as a 501 (c)(3): American Heart Association, Kansas Affiliate; Kansas Alliance for the Mentally Ill, Inc.; Kansas Mental Illness Awareness Council; in 2004 added: Heartstrings Community Foundation, Cystic Fibrosis , Spina Bifida Assn, CHWC, Inc., Cross-lines Cooperative Council, Dreams Work, Inc., KSDS, Inc., Lyme Association of Grater Kansas City, Inc Dream Factory, Ottawa Suzuki Strings, International Assn of Lions Clubs, Johnson County young Matrons, American Cancer Society, Community Services of Shawnee, Angel Babies Assn, Kansas Fairground Foundation	\$ 1.00
3606 (ww)	Property purchased by the Habitat for Humanity for use within a housing project	\$ 0.15
3606 (ggg)	Property and services purchased by or on behalf of the Kansas Academy of Science.	Minimal
3606 (kkk)	Not Used	\$ -
3606 (lll)	Property and services purchased by Special Olympics Kansas, Inc., and sales made by or on behalf of Special Olympics.	\$ 0.03
3606 (mmm)	Property and services purchased by Marillac Center, Inc. and sales made by or on behalf of the Marillac Center.	\$ 0.07
3606 (nnn)	Property and services purchased by West Sedgwick County - Sunrise Rotary Club for constructing boundless playground.	\$ 0.03
3606 (qqq)	Property and services purchased by TLC for Children and Families, Inc. and sales made by or on behalf of TLC	\$ 0.22
3606 (sss)	Property and services purchased by catholic charities or youthville and sales made by or on behalf of catholic charities or youthville	\$ 0.81
3606 (uuu)	Property and services purchased by Kansas Children's Service League and sales made by or on behalf of the KCSL	\$ 0.19
3606 (vvv)	Property and services purchased by Jazz in the Woods and sales made by or on behalf of such organization	\$ 0.01
3606 (www)	Property purchased by or behalf of Frontenac Education Foundation and sales made by or on behalf of such organization	\$ 0.00
3606 (xxx)	Property and services purchased by the Booth Theatre Foundation, Inc. Provides for refund of sales taxes paid from January to July 2007.	\$ 0.04

3606 (yyy)	Property and services purchased by the TLC Charities Foundation, Inc. and sales made by or on behalf of these organizations.	\$ 0.00
3606 (zzz)	Property purchased by Rotary Club of Shawnee Foundation	\$ -
3606 (aaaa)	Property and services purchased by or on behalf of Victory in the Valley and sales made by or on behalf of such organization	\$ 0.02
3606 (bbbb)	Guadalupe Health Foundation, sales of entry or participation fees, charges or tickets for annual fundraising event	\$ 0.14
3606 (cccc)	Property and services purchased by or on behalf of Wayside Waifs for the purpose of providing such organizations annual fundraising event and sales made by or on behalf of such organization	\$ 0.01
3606 (dddd)	Property or services purchased by or on behalf of Goodwill Industries or Easter Seals o Kansas, Inc for the purpose of providing education, training and employment opportunities for people with disabilities and other barriers to employment	\$ 0.05
3606 (eeee)	Property or services purchased by or on behalf of All Beef Battalion, Inc. for the purpose of educating, promoting and participating as a contract group through the beef cattle industry in order to carry out such projects that provide support and morale to members of the United States armed forces and military services.	\$ 0.00
3606 (ffff)	Property and services purchased by Sheltered Living, Inc for the purpose of providing residential and services for people with developmental disabilities or mental retardation, or both; and sales made on behalf of such organization	\$ 0.04
	Subtotal	\$ 2.82
	Public Policy: Consumer Exemptions	
3602 (ii)	Modified definition of sales or selling price to not include cash rebates granted by a manufacturer to a purchaser or lessee of a new motor vehicle if paid directly to the retailer as a result of the original sale. The exemption is granted from July 1, 2006 and ending June 30, 2009.	\$ -
3603 (b)	Taxes telephone and telegraph services except certain interstate and international services and value-added nonvoice data services	\$ 1.83
3603 (c)	Residential and agricultural use utilities. Effective Jan 1 2006, exemption moved here from 3606 (w) and (x).	\$ 157.06
3603 (o)	Motor vehicles exchanged for corporate stock, corporate transfer to itself and immediate family member sales.	\$ 0.26
3603 (p)	Labor services of installing or applying property in original construction of a building or facility or the construction reconstruction, restoration, replacement or repair of a residence, bridge or highway	\$ 230.39
3603 (v)	Sales of bingo cards, bingo faces and instant bingo tickets. Tax rate 2.5 on July 1, 2001 to June 30, 2002; exempt on July 1, 2002	\$ 3.46
3606 (u)	Leases or rentals of property used as a dwelling for more than 28 consecutive days.	\$ 0.92
3606 (w)	Residential and agricultural use of water and severing oil & gas and property exempt from property tax. Effective Jan 1 2006, exemption for residential and agricultural use of electricity and heat moved to 3603(c).	\$ 14.69
3606 (x)	Sales of propane, gas, LP-gas, coal, wood, and other fuel sources for the production of heat or lighting for noncommercial use in a residential premise. Effective Jan 1 2006, exemption for residential and agricultural moved hereto 3603(c).	\$ -
3606 (bb)	Used mobile and manufactured homes	\$ 5.62

3606 (ee)	Lottery tickets and shares made as part of a lottery operated by the State of Kansas	\$ 17.88
3606 (ff)	New mobile or manufactured homes to the extent of 40% of the gross receipts	\$ 4.12
3606 (ooo)	Sales made by or on behalf of a public library	\$ 0.01
	Subtotal	\$ 436.26
Public Policy: Governmental Exemptions		
3603 (g)	Service of renting of rooms by holds or accommodation brokers to federal government or any federal employee in performance of official government duties.	\$ 0.15
3603 (h)	Service of leasing or renting machinery and equipment owned by city purchased with industrial revenue bonds prior to July 1, 1973	\$ -
3606 (b)	Property or services purchases by State of Kansas, political subdivision, nonprofit hospital or blood /donor bank. In 2001, deleted sales of water to make purchases for water suppliers exempt.(Neutral FN due to Clean Water Fee)	\$ 419.30
3606 (d)	Property or services purchased by contractor for building or repair of buildings for nonprofit hospital, elementary or secondary schools or nonprofit educational institutions, and for state correctional institution	\$ 150.74
3606 (e)	Property or services purchases by federal government, its agencies or instrumentality's	\$ 7.02
3606 (s)	Sales of property or services purchased by a groundwater management district	\$ 0.05
3606 (z)	Property and services purchased directly by a port authority or a contractor therefore.	Minimal
3606 (ss)	Property and services purchased by a public broadcasting station licensed by FCC as a noncommercial educational television or radio station.	Minimal
3606 (uu)	Property and services purchased by rural fire fighting organization	Minimal
3606 (irr)	Property and services purchased by county law library,	\$ 0.14
	Subtotal	\$ 577.39
Public Policy: Educational Exemptions		
3606 (c)	Property or services purchased and leasing by elementary or secondary schools and educational institutions	\$ 74.10
3606 (h)	Rental of nonsectarian textbooks by elementary or secondary schools	\$ 1.21
	Subtotal	\$ 75.31
Public Policy: Health Care Exemptions		
3606 (p)	Sales for prescription drugs	\$ 89.16
3606 (q)	Sales of insulin dispensed by pharmacist for treatment of diabetes	\$ 0.69
3606 (r)	Sales of prosthetic or orthopedic appliances prescribed by a doctor. IN 2004, exempted all hearing aids, parts and batteries by licensed providers	\$ 10.48
3606 (hh)	Medical supplies and equipment purchased by nonprofit skilled nursing home or intermediate nursing care home for providing medical services to residents	\$ 1.32
3606 (jj)	Property and services, includes leasing of property, purchased for community-based mental retardation facility or mental health center.	\$ 3.06
3606 (ll)	Educational materials purchased for distribution to the public at no charge by a nonprofit public health corporation	\$ 0.10

3606 (ccc)	Property and services purchases by health care centers and clinics who are serving the medically underserved.	\$ 0.48
3606 (jjj)	Sales of dietary supplements dispensed by prescription order by a licensed practitioner or mid-level practitioner.	Minimal
	Subtotal	\$ 105.29
Public Policy: Agriculture Exemptions		
3606 (t)	Sales of farm or aquaculture machinery and equipment, parts and services for repair and replacement. In 2006, added work-site utility vehicle as exempt. To include precision farm equipment	\$ 62.91
3606 (mm)	Seeds, tree seedlings, fertilizers, insecticides, etc., and services purchased and used for producing plants to prevent soil erosion on land devoted to agricultural use.	\$ 1.21
	Subtotal	\$ 64.12
Legal Exemptions		
3606 (g)	Sales, repair or modification of aircraft sold for interstate commerce directly through an authorized agent. IN 2004, expanded aircraft exemption for repair, modification plus parts and labor	\$ 9.25
3606 (y)	Sales of materials and services used in repairing, maintaining, etc., of railroad rolling stock used in interstate commerce	\$ 1.19
3606 (aa)	Materials and services brought into Kansas for usage outside of Kansas for repair, services, alteration, maintenance, etc. used for the transmission of liquids or national gas by a pipeline in interstate commerce	Minimal
3606 (dd)	Property purchased with food stamps issued by US Department of Agriculture	\$ 9.61
3606 (gg)	Property purchased with vouchers issued pursuant to the federal special supplemental food program for women, infants and children	n/a
3606 (ddd)	Property and services purchases by any class II or III railroad (shortline) for track and facilities used directly in interstate commerce. Only for calendar year 1999.	n/a
	Subtotal	\$ 20.04
Public Policy: Exemption of Services		
3603 (f)	Coin operated Laundry Services	\$ 0.46
3603 (m)	Fees and charges by any political subdivision, youth recreation organization exclusively providing services to persons 18 or younger organized as a 501(c)(3) for sports, games and other recreational activities and entry fees and charges for participation.	\$ 1.15
3603 (n)	Dues charged by any organization pursuant to paragraph 8 and 9 of 79-201 (veteran & humanitarian organizations) and zoos	\$ 0.42
3606 (nn)	Services rendered by advertising agency or broadcast station	\$ 5.37
	Subtotal	\$ 7.40
Public Policy: Exemptions for Businesses		
3603 (q)	Exemption for Service of repairing, servicing, maintaining custom computer software as described in section 3603 (s)	\$ -
3603 (s)	Customized computer software and services for modifying software for single end use and billed as a separate invoiced item. In 2004, amended to tax only prewritten software. Custom software is exempt	\$ 6.54
3606 (f)	Property purchased by railroad or public utility for use in the movement of interstate commerce	\$ 19.68
3606 (i)	Lease or rental of films, records, tapes, etc. by motion picture	\$ 2.16

	exhibitors	
3606 (j)	Meals served without charge to employees if duties include furnishing or sale of such meals or drinks	\$ 4.80
3606 (cc)	Property or services purchased for constructing, reconstructing, enlarging or remodeling a business; sale and installation of machinery and equipment purchased for installation in such business. (Enterprise Zone Exemption)	\$ 83.10
3606 (kk)	Machinery and equipment used directly and primarily in the manufacture, assemblage, processing, finishing, storing, warehousing or distributing of property for resale by the plant or facility. In 2004, added exemption for building new facility in Riverton Ks (minimal impact)	\$ 146.75
3606 (pp)	Drill bits and explosives used in the exploration and production of oil or gas	\$ 0.51
3606 (zz)	Machinery and equipment purchased by over-the-air free access radio or television station used directly and primarily for producing signal or the electricity essential for producing the signal.	\$ 1.21
3606 (eee)	Property and services purchases for reconstruction, reconstruction, renovation, repair of grain storage facilities or railroad sidings. Only for calendar year 1999 and 2000.	n/a
3606 (fff)	Material handling equipment, racking systems & other related machinery & equipment used for the handling, movement or storage of tangible personal property in a warehouse or distribution facility; installation, repair, maintenance services, and replacement parts.	\$ 7.95
	Subtotal	\$ 272.70
	Total	\$ 5,337.49

Comparison of Kansas and Selected States, Sales Tax Comparison

Comparison of state sales tax rates, filing period, reproduction of returns, option of local sales taxes, localities assessing tax, tax laws effective July 1, 2010.

Item	Colorado	Iowa	Kansas	Missouri	Nebraska	Oklahoma
Tax Rate-General Sales and Use Tax	2.9%	6%	6.3%	4.225%	5.5%	4.5%
State has approved local sales tax	Yes	Yes	Yes	Yes	Yes	Yes
State has approved local use tax	Yes	No	Yes	Yes	Yes	Yes
Filing Period	<p>Monthly:Tax Liability>=\$300/mo Quarterly:Tax Liability<\$300/mo Annually:Tax Liability<\$15/mo</p>	<p>Monthly:Tax due>\$500/mo Quarterly:Tax due=\$120 and \$6,000/yr Annually:Tax Liability<\$120/yr</p>	<p>Monthly:Tax Liability>\$3,200/yr Quarterly:Tax Liability<\$3,200/yr Annually:Tax Liability<\$80/yr</p>	<p>Monthly:Tax Liability>=\$500 sales tax/mo Quarterly:Tax Liability>\$45 but <\$500 sales tax/mo Annually:Tax Liability<\$45 sales tax/qr</p>	<p>Monthly:Tax Liability>\$3,000/yr Quarterly:Tax Liability=\$900-\$3,000/yr Annually:<\$900 sales/yr</p>	<p>Monthly:Tax Liability \$25,000 avg sales tax for month remitted for prior fiscal year Semi-monthly:>\$25,000 in sales tax liability Twice a year: \$50/mo in tax liability</p>
Does state accept reproductions of the returns?	Yes	Yes	NR	Yes	Yes	Yes
Percent or range of rates for local sales tax	see www.revenue.state.co.us/pd/dr/1002.pdf	1% - 2% (sls only)	0.05% - 3.0%	There are over 60 different local tax authorizing statutes.	.5% - 1.5%	2% - 5%
Localities assessing tax	city, county, and special districts	city, county (sls only)	city, county, specific geographic areas	city, county, special districts	city, county	city, county, transportation and hospital authorities

*NA Information not available; NR Not reported

Source: 2011 Multistate Corporate Tax Guide, Volume II and various state revenue department websites.



ed Kansas Tax Rates with Statutory Citation

Bingo Tax							79-4704
Bingo faces	\$0.002						
Retail price - Instant	1.00%						
Car Line Tax/gross earnings							79-907
Cigarette Tax	Package of 20	\$0.79	Package of 25	\$0.99			79-3310
Corporation Tax	total taxable income @	4.00%	plus	3.05% surtax on taxable income over \$50,000	7.050% (TY09/10)		79-32,110
	total taxable income @	4.00%	plus	3.00% surtax on taxable income over \$50,000	7.000% (TY11)		79-32,110
Corporate Franchise Tax	TY07 .125%; TY08 .09375%; TY09 .0625%; TY10 .03125% for entities \$1,000,000 or more TY11 and after, no franchise tax.						79-5401
Drycleaning							
Environmental Surcharge/gross receipts		2.5%					65-34,141
Solvent Fee (chlorinated)/gallon		\$5.50					65-34,150
Solvent Fee (non-chlorinated)/gallon		\$0.55					65-34-151
Drug Stamp Tax							79-5202
<u>Marijuana:</u>			<u>Controlled Substance:</u>				
Processed -	\$3.50 per gram or portion of gram		Cont. Substance/gram or portion of gram-		\$200/gram or portion of gram		
Wet Plant -	\$0.40 per gram or portion of gram		Cont. Substance/50 dose unit or portion of unit-		\$2,000/50 dose unit or portion of unit		
Dry Plant -	\$0.90 per gram or portion of gram						
Environ. Fee/gallon petroleum product	\$0.01		each of two funds has maximum and minimum limits				65-34,117
Individual Income Tax							79-32,110
Tax Rates, Resident, married, joint							
taxable income not over	\$30,000	@	3.50%				
taxable income not over	\$60,000	@	\$1,050	plus	6.25%	over \$30,000	
taxable income over	\$60,000	@	\$2,925	plus	6.45%	over \$60,000	
Tax Rates, Resident, others							
taxable income not over	\$15,000	@	3.50%				
taxable income not over	\$30,000	@	\$525	plus	6.25%	of excess over \$15,000	
taxable income over	\$30,000	@	\$1,462.50	plus	6.45%	of excess over \$30,000	
Liquor Gallonage Tax							
Strong Beer and CMB/gallon		\$0.18					41-501
Alcohol & Sprints/gallon		\$2.50					41-501
Light Wine/gallon		\$0.30					41-501
Fortified Wine/gallon		\$0.75					41-501
Liquor Excise Tax (Drinking Establishments)	10.00%		Gross receipts				79-41a02
Liquor Enforcement (Liquor Stores)	8.00%		Gross receipts				79-4101
Mineral Tax							79-4217, 4219
Oil/gross taxable value	8.00%	with	3.67%	property tax credit			
Gas/gross taxable value	8.00%	with	3.67%	property tax credit			
Coal/ton	\$1.00						
Motor Fuel Tax/per Gallon							
Regular Motor Fuel/gallon	\$0.24						79-34,141
Gasohol/gallon	\$0.24						79-34,141
Diesel/gallon	\$0.26						79-34,141
LP-Gas/gallon	\$0.23						79-34,141
E-85/gallon	\$0.17						79-34,141
Compress Nat Gas/120 CF = gallon	\$0.23						KAR. 92-14-9
Trip Permits/each	\$13.00/24 hr, \$25.00/72 hr (eff 7/1/2006)						79-34,118
Oil Inspection Fee/barrel (50 gallons)	\$0.015/barrel						55-426
Prepaid Wireless 911 Fee	1.06% per retail transaction						75-5133
Privilege Tax							
Banks	total net income @	2.25%	plus	2.125% surtax on taxable income over \$25,000	4.375%		79-1107
Trusts and S&Ls	total net income @	2.25%	plus	2.25% surtax on taxable income over \$25,000	4.50%		79-1108
Property Tax (State levy) Assessed Valuation							76-6b01
State School District Finance Levy			1.5 mills				76-6b02
Sales and Use Tax							
State Retailers Sales Tax	6.3%	eff	July 1 2010				79-3603
State Compensating Use Taxes	6.3%	eff	July 1 2010				79-3703
Local Retailers Sales Tax	up to 1% general & 1% special for counties; up to 2% general & 1% special for cities						12-189
Local Use Sales Tax	up to 1% general & 1% special for counties; up to 2% general & 1% special for cities						12-191
Sand Royalty/per ton	\$0.15/ton						70a-102
Tire Tax/per tire (New Tires)	\$0.25						65-3424
Tobacco Tax (wholesale price)	10.00%						79-3371
Vehicle Rental Excise Tax/gross receipts	3.5%	for rentals not exceeding 28 days					79-5117
Water Protection Fee/1,000 gallons	\$0.032						82a-954
(\$0.03 is collected for the Kansas Water Office and \$0.002 is collected for H&E, K.A.R. 28-15-12.)							
Clean Drinking Water Fee/1,000 gallons	\$0.030						82a-2101

FY 2011 After-Refund Distribution of Selected State Taxes and Fees Collected by Kansas Department of Revenue

Amounts (if not 100%)	Fund	Transfer	Fund	Transfer Dates	K.S.A.: (a)
Bingo Enforcement Tax	2/3 State General Fund				79-4710
(Call and Instant Bingo)	1/3 State Bingo Regulation Fund				79-4710
Cigarette & Tobacco Taxes	State General Fund				79-3387
Corporate Income	State General Fund				79-32.105
Corporate Franchise Tax	State General Fund				79-5401
Drug Stamp Tax	State General Fund				79-5211
	then, of assessments and penalties	75% County and/or City Law Enforcement Fund		April, July, Oct, Jan	79-5211
Drycleaning Environmental Surcharge	Drycleaning Facility Release Trust Fund				65-34.114
Drycleaning Solvent Fees	Drycleaning Facility Release Trust Fund				79-15.100
Environmental Assurance Fee	Above and Below Ground Petroleum Storage Tank Release Trust Funds				79-32.105
Estate Tax	State General Fund				74-50.107
Individual Income	State General Fund				41-501
	then 2% (of withholding) to IMPACT Fund. (Eff July 1, 2012 this 2% goes to the Job Creation Program Fund)				41-501
Liquor Gallouage Tax (d)	10% of alcohol & spirits to Community Alcoholism and Intoxication Programs Fund (KSA 41-1126)				79-4108
Liquor Enforcement Tax	State General Fund				79-41a03
Liquor Excise Tax	25% State General Fund, then 70% Local Alcoholic Liquor Fund				79-41a03
	5% Community Alcoholism and Intoxication Programs Fund (KSA 41-1126)			15th of Mar, June, Sept, Dec	79-41a04
Minerals (Severance) Tax	93% State General Fund (less amount to the Oil and Gas Valuation Depletion Trust Fund, 9.93% in FY11, 12.41% in FY12 - distrib made in October)			15th of Mar, June, Sept, Dec	79-41a03
	7% County Mineral Production Tax Fund				79-4227
Oil Inspection Fee	2/3 State General Fund			1st of Dec, March, June, Sept	79-4227
	1/3 Petroleum Inspection Fee Fund until \$100,000 in SGF then all to Petroleum Inspection Fee Fund				55-427
Motor Fuel Taxes	\$875 thousand/qrtr \$50 thousand/qrtr \$625 thousand/qrtr	Kansas Qualified Alcohol Producers' Incentive Fund Kansas Qualified Biodiesel Fuel Producer Incentive Fund County Equalization & Adjustment Fund			55-427(0)(1)
	33.63% Special City/County Highway Fund			1st of Oct, Jan, April, July	79-34.161
	66.37% State Highway Fund			15th of Jan, April, July, Oct	79-34.156
Motor Vehicle Rental Excise Tax	Rental Motor Vehicle Excise Tax Fund				79-3425c
	then	100% treasurer of county where collected			79-34.142
Prepaid Wireless 911 Fee	Local Collection Point Administrator			30th of June, Nov	79-5117
Privilege Tax	State General Fund				79-5117
Property Tax (Statewide Assessed Value)	1 mill Educational Building Fund .5 mill Institutional Building Fund				75-5133
Property Tax - Motor Carrier	State General Fund				79-1112
Property Tax - Motor Vehicle	County Treasurers				76-6b01, 76-6b02
	then, of State's 1.5 mills	2/3 Educational Building Fund 1/3 Institutional Building Fund			76-6b04
Private Car Line Tax	Car Company Tax Fund			15th of Jan, July	79-6a04, 6a10
	then	100% Special City/County Highway Fund			79-3425e, 3425i
Sand Royalty	Sand Royalty Fund, then State Water Plan Fund				79-5109
	then	75% to State Water Plan Fund, after expenses 25% to counties and drainage districts, after expenses			79-5109
	then	2/3 of 50% is to drainage district on the river 1/3 of 50% to other drainage districts in county		Oct 31, Jan 20, Mar 5, May 20, July 20 and Sep 5	79-5109
	then	State General Fund			79-917
	then	75% to State Water Plan Fund, after expenses 25% to counties and drainage districts, after expenses		four months after deposit to CCTF	79-917
	then	2/3 of 50% is to drainage district on the river 1/3 of 50% to other drainage districts in county		15th of each month	70a-105
	then	yearly		yearly	82a-309
	then	yearly		yearly	82a-309

FY 2011 After-Refund Distribution of Selected State Taxes and Fees Collected by Kansas Department of Revenue

Amounts (if not 100%)	Fund	Transfer	Fund	Transfer Dates	K.S.A.: (a)
Sales and Use (State)	State General Fund	88.6%	State General Fund		79-3620, 3710
Tires Excise Tax (New Tires)	Waste Tire Management Fund	11.4%	State Highway Fund		65-3424
Transient Guest	98% County/City Transient Guest Tax Fund 2% State General Fund		Counties/Cities Imposing Tax	at least quarterly	12-1694 12-1694 12-1694
Water Protection Fee	State Water Plan Fund				82a-951, KAR 28-15-12
Clean Water Drinking Fee	95.3% State Water Plan Fund 4.7% State Highway Fund				82a-2101 8-145, 8-145d 8-145
Vehicle Title and Registration Fees (b)	County Treasurers then remainder to State Highway Fund & \$3.50 per title to Kansas Highway Patrol Mtr Veh Fund until Jan 1, 2013				8-2425
Vehicle Dealers Full-Privilege Plates	50% Dealers and Mfg Fee Fund 50% County Treasurer Veh Lic Fee Fund				8-2418 8-267
Veh Dealers Regular Plates	State Highway Fund				
Driver License Fees (c)	37.5% class C & 20% classes A, B, M & 20% CDL State Safety Fund 20% class M Motorcycle Safety Fund \$2 each CDL Truck Driver Training Fund balance State Highway Fund				
DUI Reinstatement Fee	50% Alcohol Intoxication Program 20% Juvenile Detention Facility 50% Vehicle Operating Fund	20% Forensic Lab/Mat Fee Fund 10% Driving Under the Influence Equip Fund			8-241 8-2110
Failure to Comply Reinstatement Fee (collected by court)	37.5% Alcohol Intoxication Program 12.5% Juvenile Detention Facility \$100,000 Vehicle Operating Fund				
DUI License Modification Fee	then remainder to Community Corrections Supervision Fund				8-1015

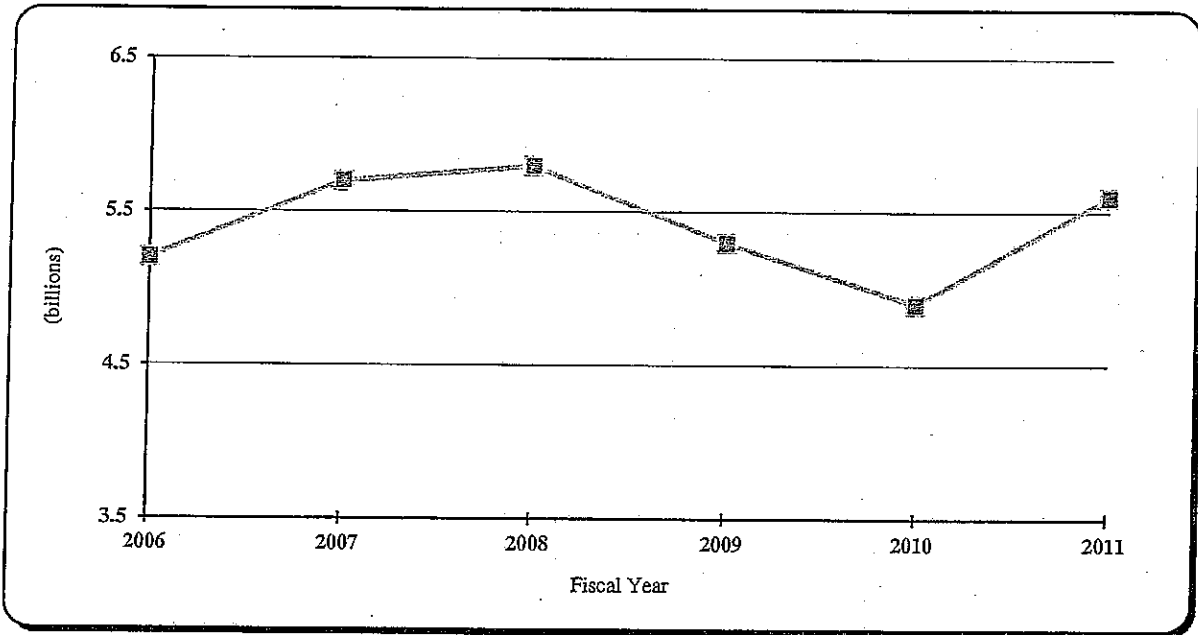
Notes:

- (a) Kansas Statutes Annotated. Abbreviations: Sess = Session Laws of Kansas; Ch = Chapter; § = Section; ¶ = Paragraph.
- (b) County retains: 75¢ for each registration; \$2 for each title; \$5.00 registration service fee; and up to \$15,000/year for extra compensation. \$5 fee for registration of antique vehicles is retained (K.S.A. 8-167(b)). \$3.00 of each title application goes to the VIPS/CAMA Technology Hardware Fund. Financial institutions seeking certificates of title on motor vehicles based upon repossession pay an additional \$3.00 fee. All of this fee is deposited into the Repossessed Certificates of Title Fee Fund.
- (c) 20% of CDL Classes A, B and C (after a \$2 credit to Truck Driver Training Fund) goes to the State Safety Fund.
- (d) the 10% is from alcohol and spirits collections only.

State General Fund Total Collections and by Source (Net of Refunds)

Collections by Department of Revenue

Fiscal Year 2011 State General Fund Collections increased by 14.1% compared to the prior fiscal year.



General Fund Collections by Source

<u>Source</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>Percent</u> <u>Change</u>
Motor Carrier Property Tax *	\$24,992,582	\$23,166,532	-7.3%
Individual Income Tax	\$2,418,208,421	\$2,709,716,820	12.1%
Corporate Income	\$224,940,015	\$224,865,499	0.0%
Corporate Franchise Tax**	\$36,028,400	\$24,547,595	-31.9%
Privilege	\$16,514,735	\$21,651,339	31.1%
Estate Tax	\$8,396,051	\$229,122	-97.3%
Sales Tax	\$1,652,037,442	\$1,965,388,089	19.0%
Use Tax	\$205,539,545	\$287,730,261	40.0%
Alcoholic Beverage Taxes, Fees, Fines	\$86,646,216	\$88,763,181	2.4%
Cigarette/Tobacco Tax	\$106,181,013	\$102,495,730	-3.5%
Mineral Tax	\$81,869,912	\$98,665,605	20.5%
Other ***	\$1,965,454	\$1,985,825	1.0%
Total	\$4,863,319,786	\$5,549,205,598	14.1%

* Like amount is transferred to Special County/City Highway Fund.

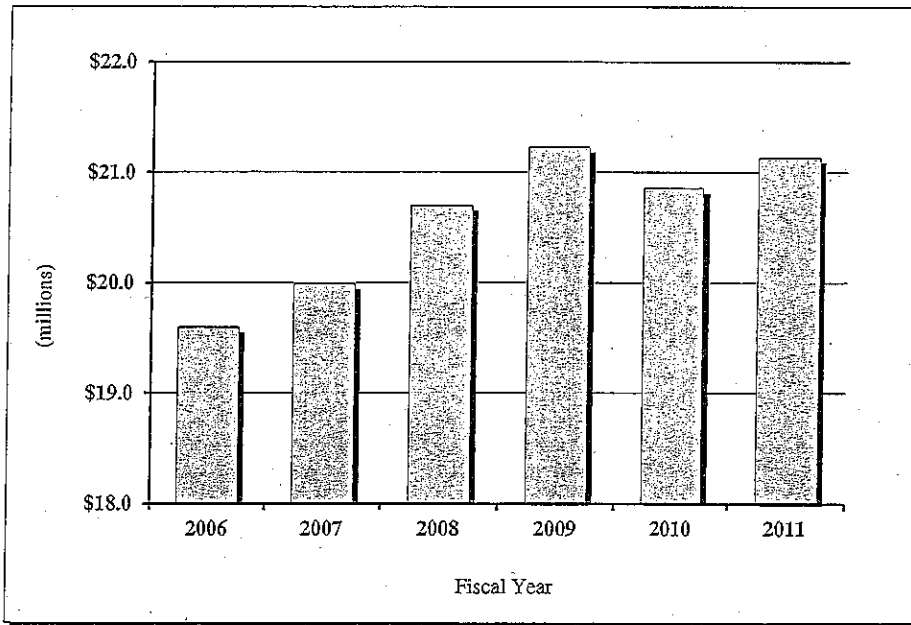
**Department of Revenue took administration of Corporate Franchise Tax January 1, 2005.

*** Other includes: bingo; controlled substances; gas, oil and mineral royalties; car line; bonds; licenses; and fees.

Gallonaage Tax Receipts by Components and Fiscal Year

Gross Gallonaage Tax by Components

	Fiscal Year <u>2010</u>	Fiscal Year <u>2011</u>	Percent <u>Change</u>
Alcohol and Spirits	\$9,156,711	\$9,542,047	4.2%
Fortified and Light Wine	\$1,172,678	\$1,363,314	16.3%
Strong Beer	\$8,539,187	\$8,325,291	-2.5%
Cereal Malt Beverage	<u>\$1,989,044</u>	<u>\$1,905,212</u>	-4.2%
Total	\$20,857,620	\$21,135,864	1.3%

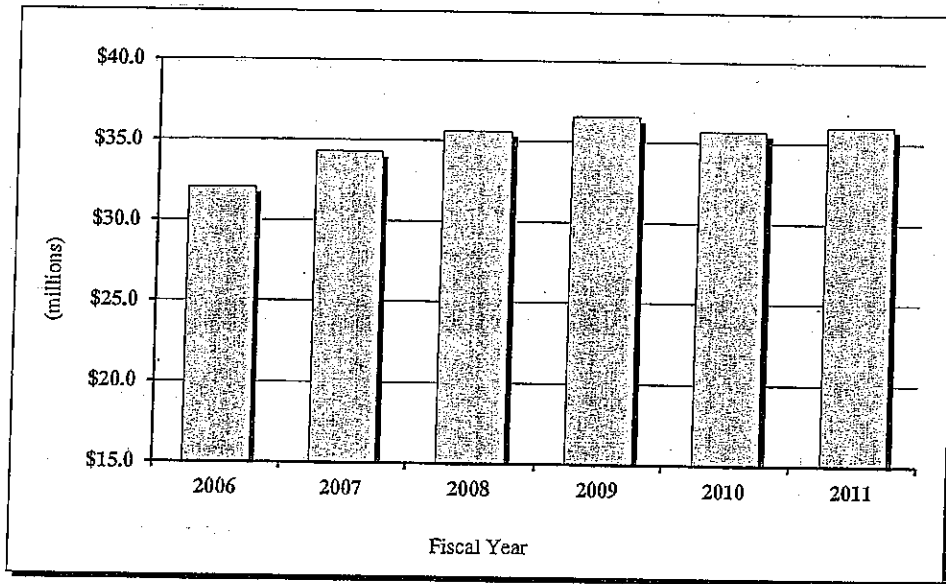


Total Gallonaage Tax by Fiscal Year

Fiscal <u>Year</u>	Amount <u>Collected</u>	Percent <u>Change</u>
2006	\$19,598,134	5.5%
2007	\$19,991,789	2.0%
2008	\$20,702,823	3.6%
2009	\$21,228,889	2.5%
2010	\$20,857,620	-1.7%
2011	\$21,135,864	1.3%

Liquor Excise Tax Gross Receipts

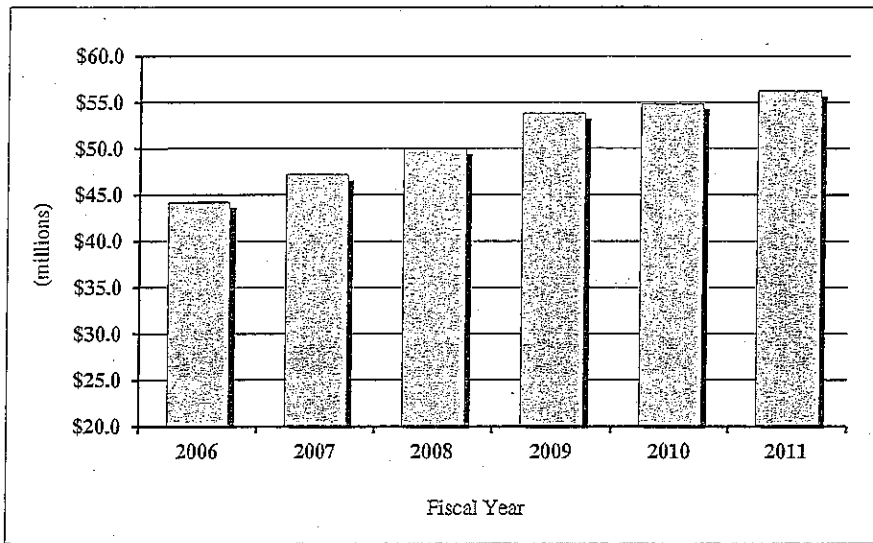
The liquor excise tax is a 10% retail tax on gross receipts from the sale of liquor on-premises at private clubs, drinking establishments open to the public and caterers. It is imposed on all alcoholic beverages, including cereal malt. Seventy percent of the collection is returned to the locality from which collected, 25% is credited to the State General Fund and 5% to the Community Alcoholism and Intoxication Programs Fund. This tax is collected by the Division of Tax Operations rather than the Division of Alcoholic Beverage Control.



<u>Fiscal Year</u>	<u>Amount Collected</u>	<u>Percent Change</u>
2006	\$32,051,923	7.5%
2007	\$34,307,823	7.0%
2008	\$35,639,204	3.9%
2009	\$36,578,860	2.6%
2010	\$35,764,829	-2.2%
2011	\$36,050,400	0.8%

Liquor Enforcement Tax Gross Receipts

The liquor enforcement tax is imposed upon the gross receipts from the sale of liquor to consumers by retailers, microbreweries, and farm wineries. Also on the gross receipts from the sale of liquor and cereal malt beverage to clubs, drinking establishments, and caterers by distributors. This tax is collected by the Division of Tax Operations, rather than the Division of Alcoholic Beverage Control.



<u>Fiscal Year</u>	<u>Amount Collected</u>	<u>Percent Change</u>
2006	\$44,264,770	5.6%
2007	\$47,183,769	6.6%
2008	\$50,020,773	6.0%
2009	\$53,836,004	7.6%
2010	\$54,854,273	1.9%
2011	\$56,224,767	2.5%

Total Liquor Taxes and Fees and Number of Licenses

Fiscal Year 2011 Total Liquor Taxes and Fees

	Fiscal Year <u>2011</u>	Percent <u>Total</u>
Gallonage Tax	\$21,135,864	17.9%
Liquor Excise Tax	\$36,050,400	30.5%
Liquor Enforcement Tax	\$56,224,767	47.6%
Fees and Fines	<u>\$4,798,662</u>	<u>4.1%</u>
Total	\$118,209,693	100.0%

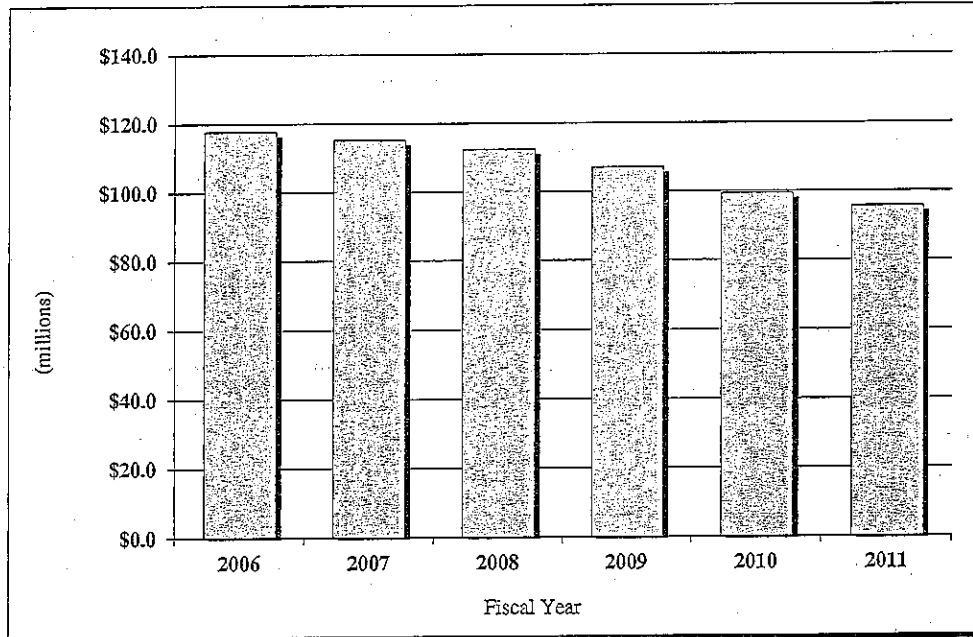
Alcoholic Beverage Licenses Issued

Retail Liquor Stores	764
Spirits Distributors	23
Wine Distributors	26
Beer Distributors	36
Class A Vets, Frat'l Club	216
Class A Social Club 500+	17
Class A Social Club <500	54
Class B Private Clubs	116
Drinking Establishments	1,695
Caterers	36
Hotels	39
Drinking Establishments/Caterers	125
Hotel/Caterers	21
Farm Wineries	28
Farm Winery Outlet	10
Microbreweries	19
Supplier Permit	802
Special Order Shipping	373
Temporary Permit	1,461
Other	24
Total	5,885

Other includes: nonbeverage licenses and permits, mfg warehouse, mfg spirits, farmer market sls permits

Cigarette Tax Collections to State General Fund after Refunds

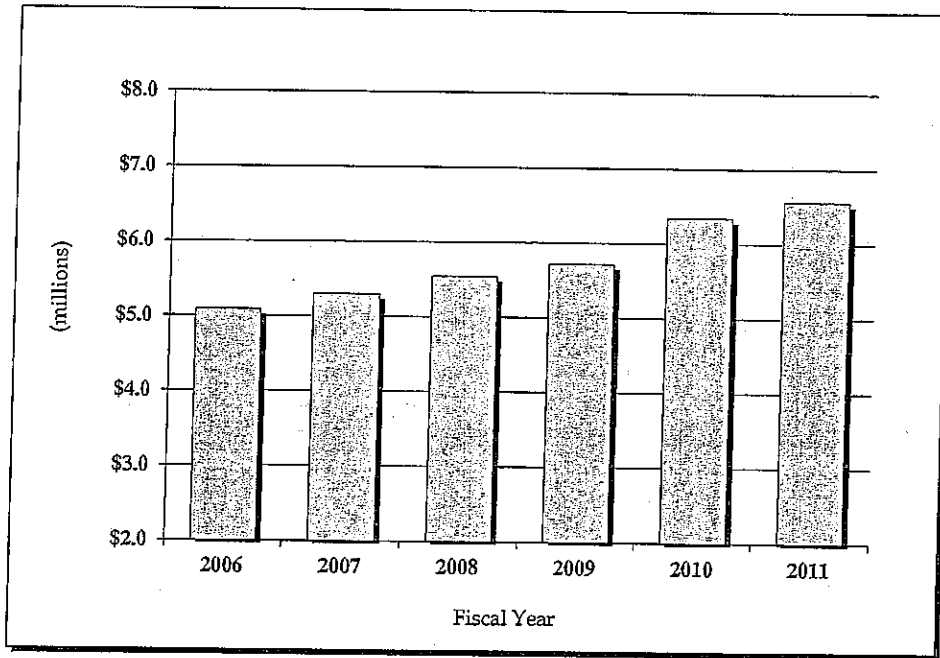
The cigarette tax is paid upon the purchase of tax stamps. In Fiscal Year 2003, the tax rate increased from 24 cents per pack to 79 cents per pack.



<u>Fiscal Year</u>	<u>Amount Collected</u>	<u>Percent Change</u>
2006	\$117,898,816	-0.9%
2007	\$115,281,809	-2.2%
2008	\$112,704,560	-2.2%
2009	\$107,215,614	-4.9%
2010	\$99,828,625	-6.9%
2011	\$95,922,881	-3.9%

Tobacco Products Tax to State General Fund after Refunds

The tobacco products tax was reenacted in 1972. The tax rate is 10% on the wholesale price of tobacco products.



<u>Fiscal Year</u>	<u>Amount Collected</u>	<u>Percent Change</u>
2006	\$5,092,583	1.1%
2007	\$5,305,299	4.2%
2008	\$5,547,754	4.6%
2009	\$5,727,860	3.2%
2010	\$6,352,388	10.9%
2011	\$6,572,849	3.5%

Comparison of Kansas and Selected States, Various Tax Rates - January 1, 2011

	Beer Per Gallon	Wine Per Gallon	Cigarette Per Pack	Motor Fuel Per Gallon ^a
Colorado	\$0.08	\$0.32	\$0.84	\$0.22
Iowa	\$0.19	\$1.75	\$1.36	\$0.22
Kansas	\$0.18	\$0.30	\$0.79	\$0.25
Missouri	\$0.06	\$0.42	\$0.17	\$0.173
Nebraska	\$0.31	\$0.95	\$0.64	\$0.273
Oklahoma	\$0.40	\$0.72	\$1.03	\$0.17

a) The American Petroleum Institute (API) has developed a methodology for determining the average tax rate on a gallon of fuel. Rates may include any of the following: excise taxes, environmental fees, storage tank taxes, other fees or taxes, and general sales tax. In states where gasoline is subject to the general sales tax, or where the fuel tax is based on the avg sale price, the avg rate determined by API is sensitive to changes in the price of gasoline. States that fully or partially apply general sales taxes to gasoline: CA, CO, GA, IL, IN, MI, NY

Source: 2011 Facts and Figures How Does Your State Compare? www.taxfoundation.org

KANSAS MINERAL TAX

Year Enacted: 1983

Statutory Citation: K.S.A. Chapter 79, Article 42

Gas and oil are taxed on the gross value at the time of removal from the earth or water. The tax rate is 8% less property tax credits equal to 3.67%, making the tax rate 4.33% after the credit.

Tax exemptions for oil are based on the average price per barrel, average daily productions, depth of the well, new pools and inactive wells.

Tax exemptions for gas wells are for wells with an average daily production valued at \$87 or less, as used for domestic or agricultural purposes on the production unit, and gas from any new pool.

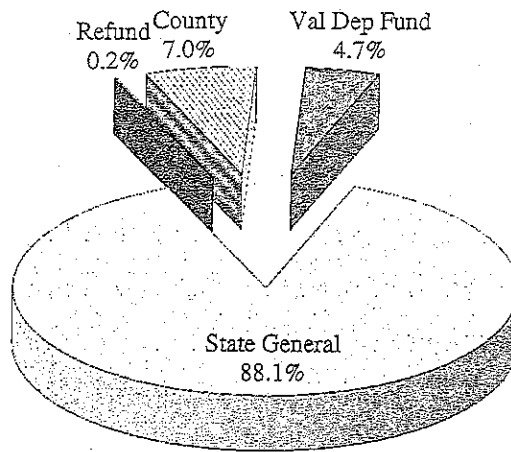
The state general fund receives 93% of the total collection and counties receive the remaining 7%.

Description	Number of Filers	*Tax Expenditure
Oil	46	(\$67,296,860)
Gas	204	(\$5,900,967)
Special Co. Mineral Production Fund		(\$7,895,395)
Depletion Trust Fund		(\$6,230,354)
Property Tax Credit		(\$102,943,500)

*Tax expenditure computed using a rate of 4.33%

Mineral Tax Distributions by Product and Fund

Taxes on minerals are distributed first into a Refund Fund, then into the State General Fund and the Special County Mineral Tax Production Fund. Beginning in FY 2009, a portion of the SGF Severance Tax Receipts is earmarked for the Oil and Gas Valuation Depletion Trust Fund. The first transfer to this fund was in October 2009.



Mineral Tax Distribution to Funds, Fiscal Year 2011

Product Type	State General Fund	Refund Fund	Special County Mineral Tax Production Fund	Oil and Gas Valuation Depletion Trust Fund*
Oil	\$57,437,362	\$158,636	\$4,562,467	
Natural Gas	\$41,228,243	\$36,448	\$3,332,928	
Total	\$98,665,605	\$195,084	\$7,895,395	\$6,230,354
Gross Total All Funds			\$112,986,438	

PRIVILEGE TAX

Year Enacted: 1963
Statutory Citation: K.S.A. Chapter 79, Article 11

Every national banking association, bank, trust company, federally chartered savings bank, and savings and loan association located or doing business within the state shall be required to file a privilege tax return and pay a tax according to or measured by its net income for the next preceding taxable year.

Kansas begins its privilege tax calculation with federal taxable income. This connection to the federal tax code adopts many of the tax expenditures that exist at the federal level. Any special provisions allowed by the federal government that reduce taxable income will flow through to the Kansas tax return, thereby resulting in lower Kansas tax collections. The majority of these special provisions at the federal level are not specifically enumerated in this report. This report will provide the cost of several addition/subtraction modifications to federal taxable income. Kansas law allows certain deductions in arriving at Kansas taxable income.

For process year 2010, tax year 2009, a tax consisting of a normal tax and a surtax shall be imposed for privilege tax filers. The normal tax shall be an amount equal to 2.25% of Kansas taxable income and a surtax in an amount equal to 2.125% of Kansas taxable income that is in excess of \$25,000 for banks and 2.25% of Kansas taxable income that is in excess of \$25,000 for savings & loans and trust companies.

MOTOR FUEL TAXES

Year Enacted: 1925 – gasoline tax
 1941 – special fuels tax
 1959 – LP gas tax
 1979 – gasohol tax

Statutory Citation: K.S.A. Chapter 79, Article 34

A tax is imposed on the use, sale or delivery of all motor vehicle fuels or special fuels that are used, sold or delivered in this state. Distributors are allowed to deduct a 2.5 percent handling allowance on gasoline and special fuels received. No allowances are made on gasoline and special fuels exported from the state or sold to the federal government or its agencies; nor are allowances made on gasoline or special fuels sold or disposed of to consumers in tank cars, transport, or pipeline lots.

Kansas law provides that, unless specifically exempt from sales tax, sale of motor fuels will be subject to the Kansas sales tax if no Kansas excise tax has been imposed. No motor fuel tax is imposed on gasoline or special fuel for the following transactions:

- export from the state to any other state or territory;

	Gallons	Tax Rate	Tax Expenditure
CY10 Gasoline/Gasohol	1,253,875,007	\$0.24	(\$300,930,002)
CY10 Diesel	389,171,740	\$0.26	(\$101,184,652)

- sale to the federal government or its agencies; (combined below)
- sale to a contractor who performs work for the federal government or its agencies;

	Gallons	Tax Rate	Tax Expenditure
CY10 Gasoline/Gasohol	2,331,109	\$0.24	(\$559,466)
CY10 Diesel	936,478	\$0.26	(\$243,484)

- sale which is aviation fuel;

	Gallons	Tax Rate	Tax Expenditure
CY10 Gasoline/Gasohol	7,772,679	\$0.24	(\$1,865,443)
CY10 Diesel	45,651,383	\$0.26	(\$11,869,360)

- first sale or delivery to a duly licensed distributor who resells to another duly licensed distributor, (No numbers available. This exemption merely insures that double taxation does not occur.);

- sale of indelibly dyed special fuel to be used for nonhighway purposes, and

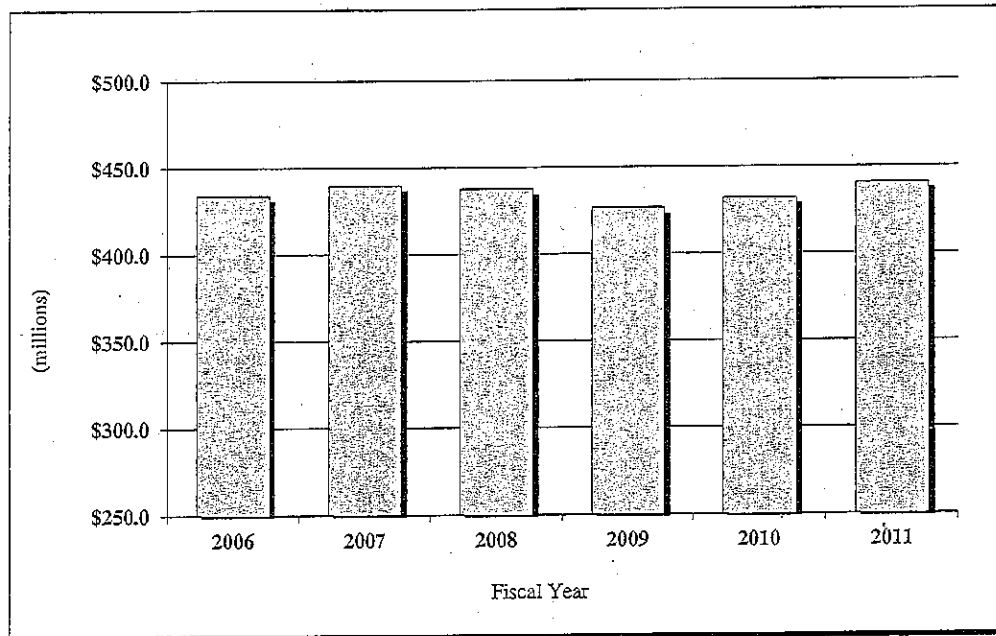
	Gallons	Tax Rate	Tax Expenditure
CY10 Dyed Diesel	316,624,826	\$0.26	(\$82,322,455)

- shrinkage allowance @ 2.5%.

	Gallons	Tax Rate	Tax Expenditure
CY10 Gasoline/Gasohol	31,978,563	\$0.24	(\$7,674,855)
CY10 Diesel	9,074,586	\$0.26	(\$2,359,392)

Motor Fuel Tax Gross Collections

The point of taxation on special fuels is at the wholesale distributor level. The 2002 Legislature enacted House Bill 3011, which increased all motor fuel tax rates by \$.02 per gallon effective July 1, 2002 and increases all motor fuel tax rates by \$.01 per gallon effective July 1, 2003.



<u>Fiscal Year</u>	<u>Gross Collections</u>	<u>Percent Change</u>
2006	\$434,105,057	0.2%
2007	\$439,898,005	1.3%
2008	\$437,737,717	-0.5%
2009	\$426,508,499	-2.6%
2010	\$432,112,354	1.3%
2011	\$440,672,861	2.0%

Gross Motor Fuel Tax Collections by Fuel Type and by Distribution Fund

Motor Fuel by Fuel Type

	Fiscal Year <u>2010</u>	Fiscal Year <u>2011</u>	Percent <u>Change</u>
Regular and E-85	\$310,240,462	\$313,865,697	1.2%
Special (Diesel) Fuel	\$109,397,060	\$115,503,561	5.6%
LP Gas Fuel	\$182,133	\$156,888	(13.9%)
Interstate Motor Fuel	\$11,997,756	\$10,828,863	(9.7%)
Motor Carrier Trip Permits	<u>\$294,943</u>	<u>\$317,852</u>	7.8%
Total (Gross)	\$432,112,354	\$440,672,861	2.0%

Motor Carrier Trip Permit amount includes Permits issued by Kansas Highway Patrol.

State Highway Fund	\$287,203,076
Special City/County Highway Fund	\$145,527,188
Alcohol Producers' Incentive Fund	\$3,500,000
Refund Fund	<u>\$4,442,597</u>
Total	\$440,672,861

