

HOUSE BILL No. 2747

By Committee on Taxation

2-14

Proposed Committee Amendments to HB No, 2747 Prepared by Gordon Self First Assistant Revisor Office of Revisor of Statutes February 20, 2012

1 AN ACT concerning taxation; relating to income and privilege tax rates;
 2 income tax deductions and credits and income determination;
 3 distribution of sales and use tax revenue; severance tax, exemptions;
 4 rural opportunity zones; amending K.S.A. 79-32,128 and K.S.A. 2011
 5 Supp. 74-50,222, 79-1107, 79-1108, 79-32,110, 79-32,111, 79-32,117,
 6 79-32,119, 79-32,205, 79-3620, 79-3710 and 79-4217 and repealing the
 7 existing sections.
 8

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

9 New Section 1. (a) (1) Except as provided in subsection (a)(2),
 10 commencing with fiscal year 2012, in any fiscal year in which the amount
 11 of selected actual state general fund receipts from such fiscal year exceeds
 12 the selected actual state general fund receipts for the immediately
 13 preceding fiscal year by more than 2%, the director of legislative research
 14 shall certify such excess amount to the secretary of revenue and the
 15 director of the budget. Upon receipt of such certified amount, the secretary
 16 shall compute the excess percentage increase in selected actual state
 17 general fund receipts above 2%. Based on such excess percentage of
 18 calculated receipt growth, the secretary shall compute the income tax rate
 19 reductions to go into effect for the next tax year that would reduce by such
 20 certified amount the tax rates during the fiscal year after the next fiscal
 21 year according to the provisions of this section, as follows: (A) Rate
 22 reductions for individual income tax rates shall be applied to reduce the
 23 middle marginal income tax rate applicable to the current tax year by such
 24 excess percentage, the highest marginal income tax rate applicable to the
 25 current tax year, by such excess percentage minus 0.5%, and the lowest
 26 marginal income tax rate applicable to the current tax year by such excess
 27 percentage plus 0.5%. In any such computation by the secretary pursuant
 28 to this subsection in which the income tax rate for any individual marginal
 29 income tax rate is below 0.4%, such rate shall be 0%. Based on all such
 30 determinations, the secretary shall reduce individual income tax rates
 31 prescribed by K.S.A. 79-32,110, and amendments thereto, as required by
 32 this section;
 33 (B) upon all individual marginal income tax rates being reduced to
 34 0% pursuant to the provisions of subsection (a)(1)(A), rate reduction next
 35 shall be applied for the surtax on corporations applicable to the current tax
 36

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1 year by such excess percentage. In any such computation by the secretary
2 pursuant to this subsection in which the surtax is below 0.4%, such surtax
3 rate shall be 0%. Based on such determination, the secretary shall reduce
4 the surtax on corporations prescribed by K.S.A. 79-32,110, and
5 amendments thereto, as required by this section;

6 (C) upon the surtax on corporations being reduced to 0% pursuant to
7 the provisions of subsection (a)(1)(B), rate reductions next shall be applied
8 for the normal tax on corporations applicable to the current tax year by
9 such excess percentage. In any such computation by the secretary pursuant
10 to this subsection in which the normal tax is below 0.4%, such normal tax
11 rate shall be 0%. Based on such determination, the secretary shall reduce
12 the normal tax on corporations prescribed by K.S.A. 79-32,110, and
13 amendments thereto, as required by this section;

14 (D) upon the normal tax on corporations being reduced to 0%
15 pursuant to the provisions of (a)(1)(C), rate reductions next shall be
16 applied for the surtax imposed upon any national banking association, state
17 bank, trust company or savings and loan association pursuant to article 11
18 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto,
19 applicable to the current tax year by such excess percentage. In any such
20 computation by the secretary pursuant to this subsection in which the
21 surtax is below 0.4%, such surtax rate shall be 0%. Based on such
22 determination, the secretary shall reduce the surtax on national banking
23 associations and state banks prescribed by K.S.A. 79-1107, and
24 amendments thereto, and the surtax on trust companies and savings and
25 loan associations prescribed by K.S.A. 79-1108, and amendments thereto,
26 as required by this section; and

27 (E) upon the surtax imposed upon any national banking association,
28 state bank, trust company and savings and loan association being reduced
29 to 0% pursuant to the provisions of subsection (a)(1)(D), rate reductions
30 next shall be applied for the normal tax imposed upon any national
31 banking association, state bank, trust company and savings and loan
32 association pursuant to article 11 of chapter 79 of the Kansas Statutes
33 Annotated, and amendments thereto, applicable to the current tax year by
34 such excess percentage. In any such computation by the secretary pursuant
35 to this subsection in which the normal tax is below 0.4%, such normal tax
36 shall be 0%. Based on such determination, the secretary shall reduce the
37 normal tax on national banking associations and state banks prescribed by
38 K.S.A. 79-1107, and amendments thereto, and the normal tax on trust
39 companies and savings and loan associations prescribed by K.S.A. 79-
40 1108, and amendments thereto, as required by this section;

41 (2) In any fiscal year in which the amount of selected actual state
42 general fund receipts for such fiscal year are 102% or less than the selected
43 actual state general fund receipts from the immediately preceding fiscal

and

and the surtax and then the normal tax on national banking associations, state
banks, trust companies and savings and loan associations proportionately

surtax or

the surtax and normal tax on national banking associations and state banks
prescribed by K.S.A. 79-1107, and amendments thereto, and the surtax and
normal tax on trust companies and savings and loan associations prescribed
by K.S.A. 79-1108, and amendments thereto,

strike

1 year, the ~~Director of legislative research~~ shall certify such amount and fact
2 to the secretary of revenue and the director of the budget. Upon receipt of
3 such amount and fact, the secretary of revenue shall not make any
4 adjustment to the income tax rates for that tax year.

5 (b) The director of legislative research shall report any reduction in
6 income tax rates prescribed by this section to the chairperson of the
7 assessment and taxation committee of the senate, the chairperson of the
8 taxation committee of the house of representatives and the governor, and
9 shall cause notice of any such reduction to be published in the Kansas
10 register prior to September 15 of the calendar year immediately preceding
11 the tax year in which such reduction takes effect.

12 (c) As used in this section, "selected actual state general fund
13 receipts" means receipts from the following taxes and fees: Individual and
14 corporation income taxes imposed under K.S.A. 79-32,110, and
15 amendments thereto, financial institutions privilege taxes imposed under
16 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
17 thereto, retail sales taxes imposed under K.S.A. 79-3601 *et seq.*, and
18 amendments thereto, compensating use taxes imposed under K.S.A. 79-
19 3701 *et seq.*, and amendments thereto, cigarette and tobacco product taxes
20 imposed under K.S.A. 79-3301 *et seq.*, and amendments thereto, cereal
21 malt beverage and liquor gallonage taxes imposed under K.S.A. 41-501 *et*
22 *seq.*, and amendments thereto, liquor enforcement taxes imposed under
23 K.S.A. 79-4101 *et seq.*, and amendments thereto, liquor drink taxes
24 imposed under K.S.A. 79-41a01 *et seq.*, and amendments thereto,
25 corporation franchise taxes imposed under K.S.A. 79-5401, and
26 amendments thereto, annual franchise fees charged pursuant to law and
27 mineral severance taxes imposed under K.S.A. 79-4216 *et seq.*, and
28 amendments thereto.

29 Sec. 2. K.S.A. 2011 Supp. 74-50,222 is hereby amended to read as
30 follows: 74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-
31 32,267, and amendments thereto:

32 (a) "Institution of higher education" means a public or private
33 nonprofit educational institution that meets the requirements of
34 participation in programs under the higher education act of 1965, as
35 amended, 34 C.F.R. § 600;

36 (b) "rural opportunity zone" means *Allen, Anderson, Barber,*
37 *Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,*
38 *Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth,*
39 *Gove, Graham, Grant, Greeley, Greenwood, Hamilton, Haskell, Harper,*
40 *Hodgeman, Jewell, Kearny, Kingman, Kiowa, Labette, Lane, Lincoln,*
41 *Logan, Marion, Marshall, Meade, Mitchell, Morris, Morton, Nemaha,*
42 *Nesha, Ness, Norton, Osage, Osborne, Ottawa, Pawnee, Phillips, Pratt,*
43 *Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman,*

