

HOUSE BILL No. 2747

By Committee on Taxation

2-14

Proposed Committee Amendments to  
 HB No, 2747  
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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

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

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

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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 14 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 *Neosho, Ness, Norton, Osage, Osborne, Ottawa, Pawnee, Phillips, Pratt,*  
 43 *Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman,*

Linn,

1 Smith, Stafford, Stanton, Trego, Thomas, Wallace, Washington, Wichita,  
2 Wilson or Woodson counties; Wabaunsee,

3 (c) "secretary" means the secretary of commerce; and  
4 (d) "student loan" means a federal student loan program supported by  
5 the federal government and a nonfederal loan issued by a lender such as a  
6 bank, savings and loan or credit union to help students and parents pay  
7 school expenses for attendance at an institution of higher education.

8 Sec. 3. K.S.A. 2011 Supp. 79-1107 is hereby amended to read as  
9 follows: 79-1107. (a) Every national banking association and state bank  
10 located or doing business within the state shall pay to the state for the  
11 privilege of doing business within the state a tax according to or measured  
12 by its net income for the next preceding taxable year to be computed as  
13 provided in this act. Such tax shall consist of a normal tax and a surtax and  
14 shall be computed as follows:

15 (A)(1) The normal tax shall be an amount equal to 2 1/4% of such net  
16 income; and  
17 (B)(2) the surtax shall be an amount equal to 2 1/8% of such net income  
18 in excess of \$25,000.

19 (b) The tax levied shall be in lieu of ad valorem taxes which might  
20 otherwise be imposed by the state or political subdivisions thereof upon  
21 shares of capital stock or the intangible assets of national banking  
22 associations and state banks.

23 (c) *Tax rates provided in this section shall be adjusted pursuant to the*  
24 *provisions of section 1, and amendments thereto.*

25 Sec. 4. K.S.A. 2011 Supp. 79-1108 is hereby amended to read as  
26 follows: 79-1108. (a) Every trust company and savings and loan  
27 association located or doing business within the state shall pay to the state  
28 for the privilege of doing business within the state a tax according to or  
29 measured by its net income for the next preceding taxable year to be  
30 computed as provided in this act. Such tax shall consist of a normal tax  
31 and a surtax and shall be computed as follows:

32 (A)(1) The normal tax on every trust company and savings and loan  
33 association shall be an amount equal to 2 1/4% of such net income; and  
34 (B)(2) the surtax on every trust company and savings and loan  
35 association shall be an amount equal to 2 1/4% of such net income in excess  
36 of \$25,000.

37 (b) The tax levied shall be in lieu of ad valorem taxes which might  
38 otherwise be imposed by the state or political subdivision thereof upon  
39 shares of capital stock or other intangible assets of trust companies and  
40 savings and loan associations.

41 (c) *Tax rates provided in this section shall be adjusted pursuant to the*  
42 *provisions of section 1, and amendments thereto.*  
43 Sec. 5. K.S.A. 2011 Supp. 79-32,110 is hereby amended to read as

