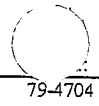


1 Kansas Tax Rates with Statutory Citation



| | | | | | | | |
|---|---|---|--|---|---|--|---------------|
| Bingo Tax | | | | | | | 79-4704 |
| Bingo faces | \$0.002 | | | | | | |
| Retail price - Instant | 1.00% | | | | | | |
| Car Line Tax/gross earnings | | | | | | | 79-907 |
| | | 2.5% | | | | | |
| Cigarette Tax | | | | | | | 79-3310 |
| | Package of 20 | \$0.79 | Package of 25 | \$0.99 | | | |
| Corporation Tax | | | | | | | 79-32,110 |
| | total taxable income @ | 4.00% | plus | 3.05% surtax on taxable income over \$50,000 | 7.050% (TY09/10) | | |
| | total taxable income @ | 4.00% | plus | 3.00% surtax on taxable income over \$50,000 | 7.000% (TY11) | | |
| Corporate Franchise Tax | | | | | | | 79-5401 |
| | TY07 .125%; TY08 .09375%; TY09 .0625%; TY10 .03125% for entities \$1,000,000 or more TY11 and after, no franchise tax. | | | | | | |
| 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 |
| Marijuana: | | | | | | | |
| Controlled Substance: | | | | | | | |
| 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 | | | | | | | 65-34,117 |
| | \$0.01 | | each of two funds has maximum and minimum limits | | | | 79-32,110 |
| 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) | | | | | | | 79-41a02 |
| | 10.00% | | Gross receipts | | | | |
| Liquor Enforcement (Liquor Stores) | | | | | | | 79-4101 |
| | 8.00% | | Gross receipts | | | | |
| 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) | | | | | | | 55-426 |
| | \$0.015/barrel | | | | | | |
| Prepaid Wireless 911 Fee | | | | | | | 75-5133 |
| | 1.06% | per retail transaction | | | | | |
| 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 |
| | | | 1.5 mills | | | | |
| State School District Finance Levy | | | | | | | 76-6b02 |
| | | | 20 mills | | | | |
| 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 | | | | | | | 70a-102 |
| | \$0.15/ton | | | | | | |
| Tire Tax/per tire (New Tires) | | | | | | | 65-3424 |
| | \$0.25 | | | | | | |
| Tobacco Tax (wholesale price) | | | | | | | 79-3371 |
| | 10.00% | | | | | | |
| Vehicle Rental Excise Tax/gross receipts | | | | | | | 79-5117 |
| | 3.5% | for rentals not exceeding 28 days | | | | | |
| Water Protection Fee/1,000 gallons | | | | | | | 82a-954 |
| | \$0.032 | | | | | | |
| (\$0.03 is collected for the Kansas Water Office and \$.002 is collected for H&E, K.A.R. 28-15-12.) | | | | | | | |
| Clean Drinking Water Fee/1,000 gallons | | | | | | | 82a-2101 |
| | \$0.030 | | | | | | |

Sn. Assmnt & Tax
1-17-12

Attachment # 5

FY 2011 After-Retund 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 |
| Dyeing/Leaning Environmental Surcharge | then, of assessments and penalties | | 75% County and/or City Law Enforcement Fund | | April, July, Oct, Jan | 79-5211 |
| Dyeing/Leaning Solvent Fees | Dyeing/Leaning Facility Release Trust Fund | | | | | 65-34,141 |
| Environmental Assurance Fee | Dyeing/Leaning Facility Release Trust Fund | | | | | |
| Estate Tax | Above and Below Ground Petroleum Storage Tank Release Trust Funds | | | | | |
| Individual Income | State General Fund | | | | | 65-34,114 |
| Liquor Gallouage Tax (d) | then 2% (of withholding) to IMPACT Fund, (Eff July 1, 2012 this 2% goes to the Job Creation Program Fund) | | | | | 79-15,100 |
| | 10% of alcohol & spirits to Community Alcoholism and Intoxication Programs Fund (KSA 41-1126) | | | | | 79-32,105 |
| | balance State General Fund | | | | | 74-50,107 |
| Liquor Enforcement Tax | State General Fund | | | | | 41-501 |
| Liquor Excise Tax | 2.5% State General Fund, then | | | | | 79-4108 |
| | 70% Local Alcoholic Liquor Fund | | | | | 79-41a03 |
| | 5% Community Alcoholism and Intoxication Programs Fund (KSA 41-1126) | | to city/county where collected | | 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 - disbrs 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/dqtr | | | | 1st of Oct, Jan, April, July | 79-34,161 |
| | \$50 thousand/dqtr | | | | | 79-34,156 |
| | \$625 thousand/dqtr | | | | 15th of Jan, April, July, Oct | 79-3425c |
| | Kansas Qualified Alcohol Producers Incentive Fund | | | | | 79-34,142 |
| | Kansas Qualified Biodiesel Fuel Producers Incentive Fund | | | | | |
| | County Equalization & Adjustment Fund | | | | | |
| | 33.63% Special City/County Highway Fund | | | | | |
| | 66.37% State Highway Fund | | | | | |
| Motor Vehicle Rental Excise Tax | Rental Motor Vehicle Excise Tax Fund | | | | | 79-5117 |
| Prepaid Wireless 911 Fee | then | | 100% treasurer of county where collected | | 30th of June, Nov | 79-5117 |
| Privilege Tax | Local Collection Point Administrator | | | | | 75-5133 |
| Property Tax (Statewide Assessed Value) | 1 mill Educational Building Fund | | | | | 79-1112 |
| Property Tax - Motor Carrier | .5 mill Institutional Building Fund | | | | | 76-6001, 76-6002 |
| | State General Fund | | | | | 76-6004 |
| Property Tax - Motor Vehicle | County Treasurers | | 100% Special City/County Highway Fund | | 15th of Jan, July | 79-6804, 6a10 |
| | then, of States 1.5 mills | | | | | 79-3422a, 3425i |
| Private Car Line Tax | Car Company Tax Fund | | | | Oct 31, Jan 20, Mar 5, May 20, July 20 and Sep 5 | 79-5109 |
| | then | | 2/3 Educational Building Fund | | | 79-5109 |
| | then | | 1/3 Institutional Building Fund | | | 79-5109 |
| Sand Royalty | Sand Royalty Fund, then | | State General Fund | | four months after deposit to CCTF | 79-917 |
| | State Water Plan Fund | | | | 15th of each month | 79a-105 |
| | | | 75% to State Water Plan Fund, after expenses | | yearly | 82a-309 |
| | | | 25% to counties and drainage districts, after expenses | | yearly | 82a-309 |
| | | | 2/3 of 50% is to drainage district on the river | | yearly | 82a-309 |
| | | | 1/3 of 50% to other drainage districts in county | | yearly | 82a-309 |

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

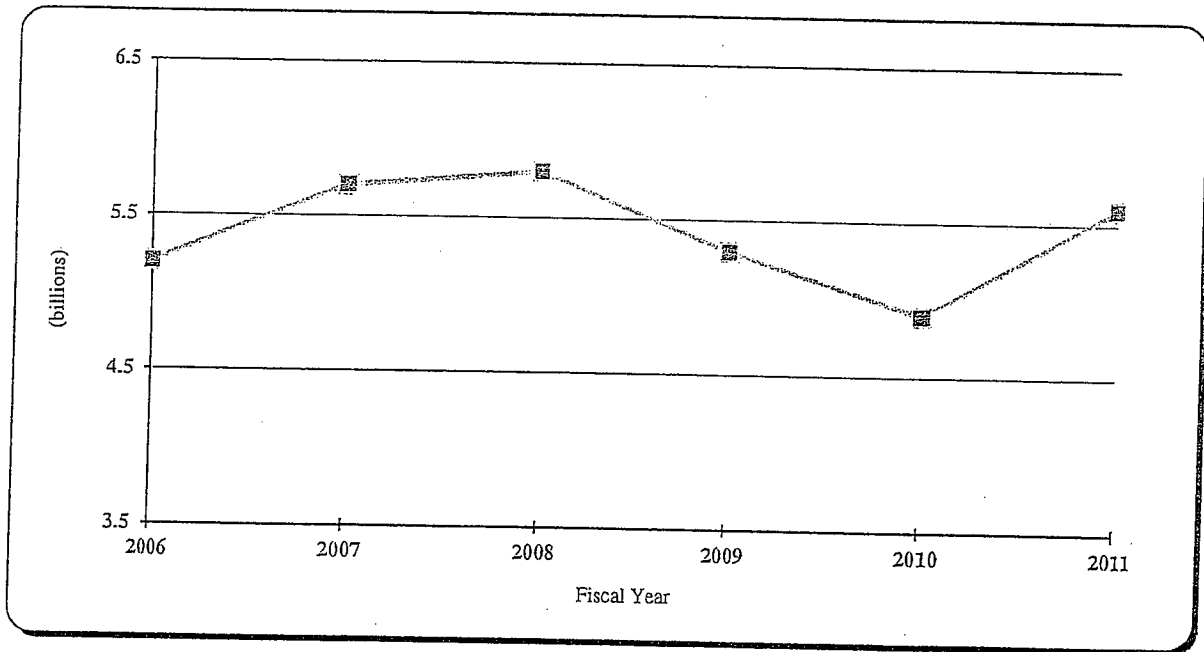
| Amounts (if not 100%) | Fund | Transfer | Fund | Transfer Dates | K.S.A.: (a) |
|---|--|----------|---|--------------------|-----------------|
| Taxes and Use (State) | | 88.6% | State General Fund | | 79-3620, 3710 |
| Tires Excise Tax (New Tires) | Waste Tire Management Fund | 11.4% | State Highway Fund | | |
| Transient Guest | 98% County/City Transient Guest Tax Fund 2% State General Fund | | Counties/Cities Imposing Tax | at least quarterly | 65-3424 |
| Water Protection Fee | State Water Plan Fund | | | | 12-1694 |
| Clean Water Drinking Fee | 95.3% State Water Plan Fund 4.7% State Highway Fund | | | | 12-1694 |
| Vehicle Title and Registration Fees (b) | County Treasurers | | | | 82a-2101 |
| Vehicle Dealers | then remainder to State Highway Fund & \$3.50 per title to Kansas Highway Patrol Mtr Veh Fund/\$4.00 to Veh Mod Fund until Jan 1, 2013 | | | | 8-145, 8-145d |
| Full-Privilege Plates | 50% Dealers and Mfr Fee Fund 50% County Treasurer Veh Lic Fee Fund | | | | 8-145 |
| Veh Dealers Regular Plates | State Highway Fund | | | | 8-2425 |
| 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 | | | | 8-2418 8-267 |
| 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 |
| Failure to Comply | | | | | |
| Reinstatement Fee (collected by court) | 37.5% Alcohol Intoxication Program 12.5% Juvenile Detention Facility | | | | 8-2110 |
| DUI License Modification Fee | \$100,000 Vehicle Operating Fund 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 *** | <u>\$1,965,454</u> | <u>\$1,985,825</u> | 1.0% |
| Total | \$4,863,319,786 | \$5,549,205,598 | 14.1% |

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

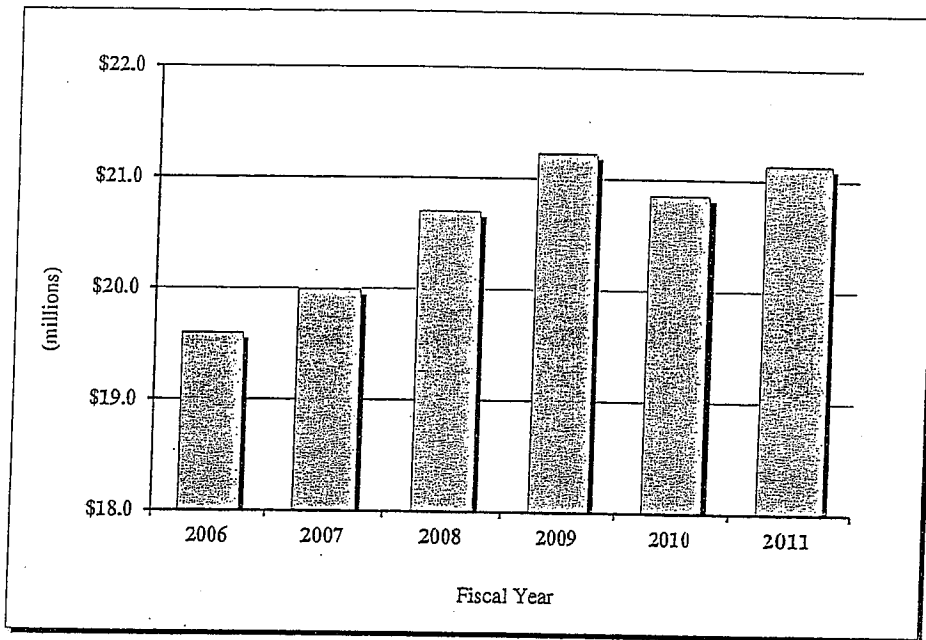
**Department of Revenue took administration of Corporate Franchise Tax January 1, 2005.

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

Gallonage Tax Receipts by Components and Fiscal Year

Gross Gallonage 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% |

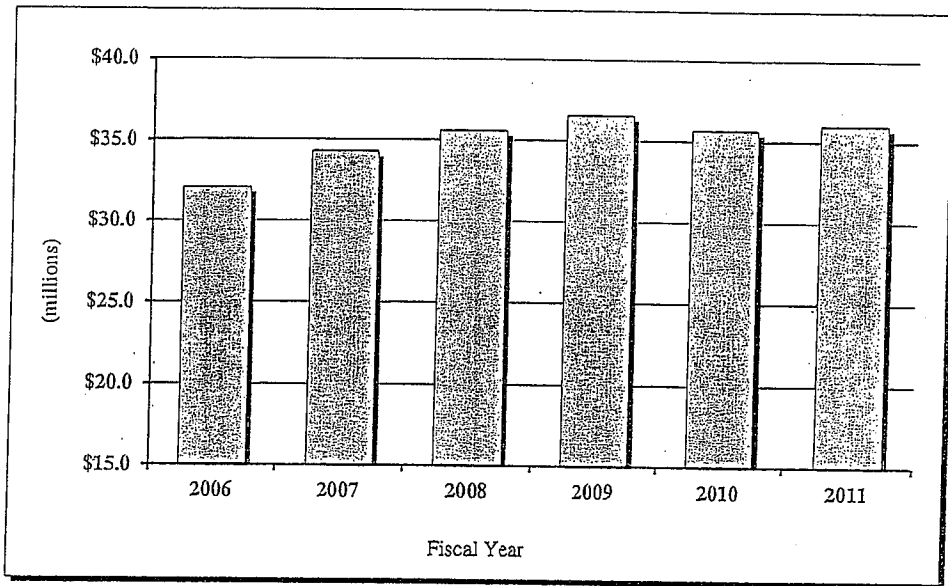


Total Gallonage Tax by Fiscal Year

| 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

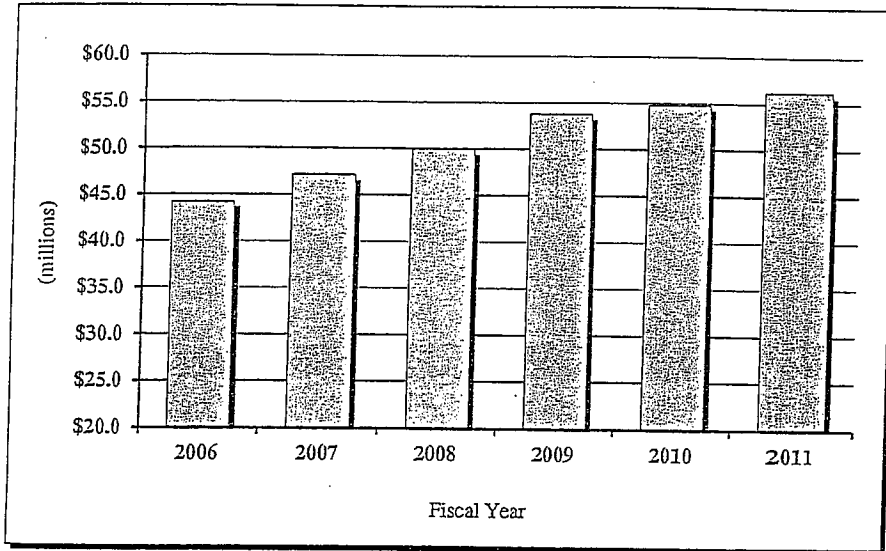
The liquor excise tax is a 10% retail tax on gross receipts from the sale of liquor on-premises at private clubs, drinking establishments open to the public and caterers. It is imposed on all alcoholic beverages, including cereal malt. Seventy percent of the collection is returned to the locality from 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> |
|------------------------|----------------------------|-------------------------|
| Gallage 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% |

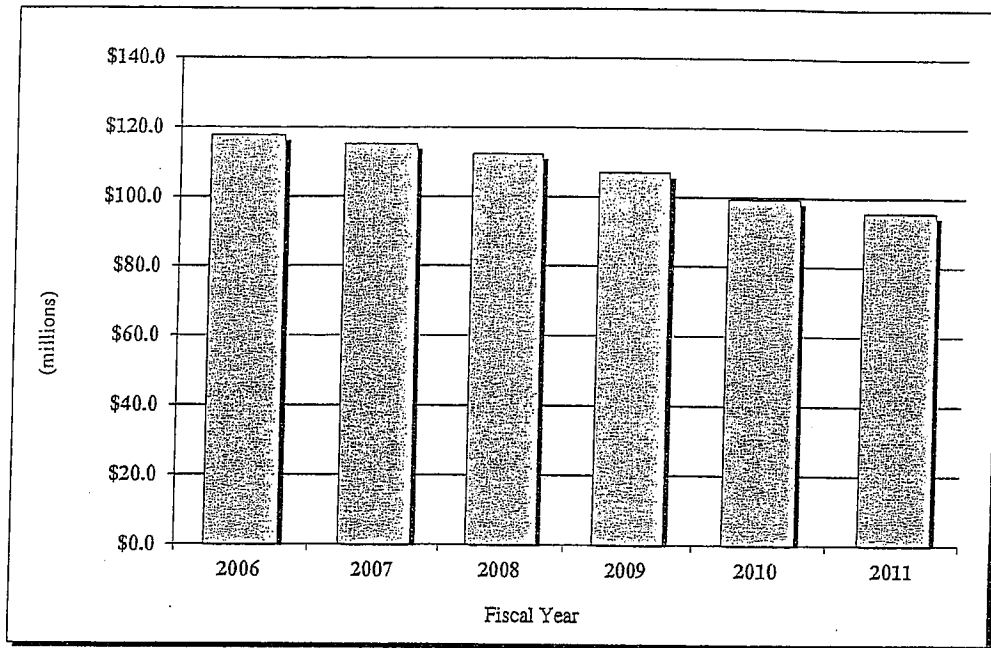
Alcoholic Beverage Licenses Issued

| | |
|----------------------------------|-------|
| 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

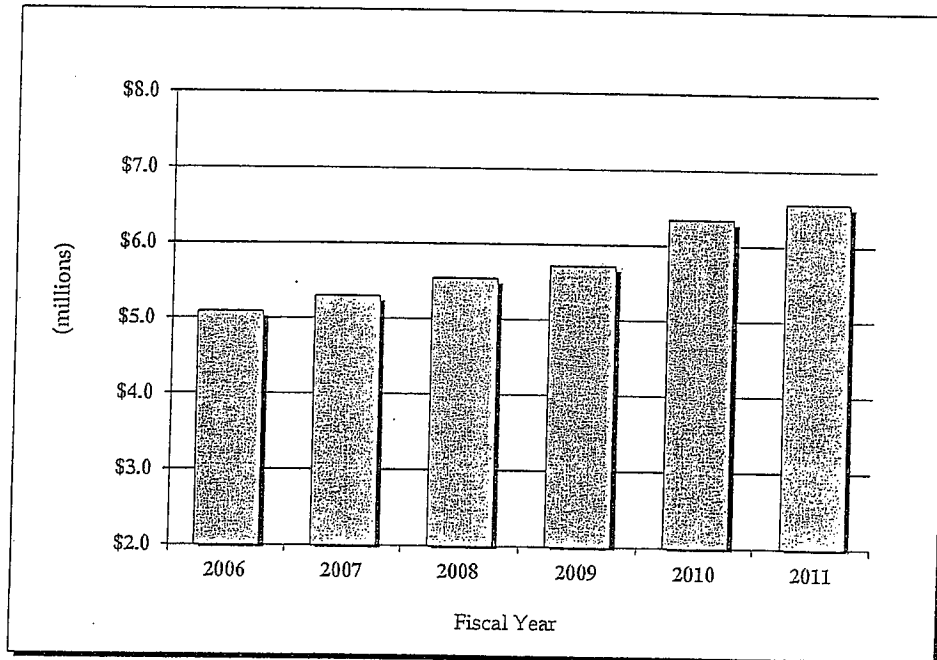
The cigarette tax is paid upon the purchase of tax stamps. In Fiscal Year 2003, the tax rate increased from 24 cents per pack to 79 cents per pack.



| <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.

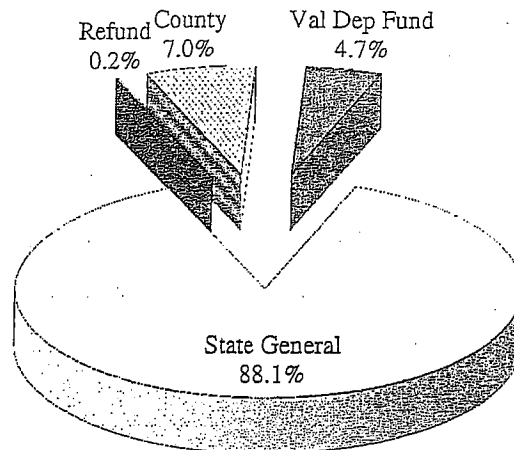
The state general fund receives 93% of the total collection and counties receive the remaining 7%.

| 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

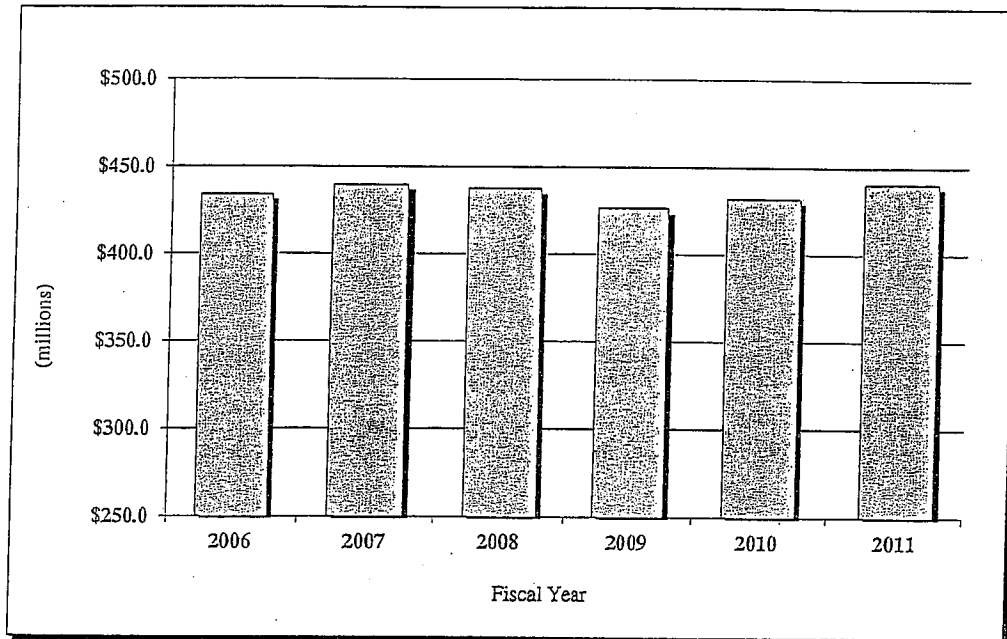
| | Gallons | Tax Rate | Tax Expenditure |
|------------------|-------------|----------|-----------------|
| CY10 Dyed Diesel | 316,624,826 | \$0.26 | (\$82,322,455) |

- 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 |

