

House Substitute for SENATE BILL No. 1

By Committee on Taxation

3-15

1 AN ACT concerning taxation; relating to income tax rates, adjustment,
2 procedure and requirements; sales and compensating use tax rates and
3 distribution; amending K.S.A. 2010 Supp. 79-32,110, 79-3603, 79-
4 3620, 79-3703 and 79-3710 and repealing the existing sections.
5

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

7 New Section 1. (a) The provisions of this act shall be known and may
8 be cited as the march to economic growth act.

9 (b) As used in this section: (1) "Base fiscal year selected actual state
10 general fund receipts" means selected actual state general fund receipts
11 from fiscal year 2010; and

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

28 (c) (1) Except as provided in subsections (c)(2) and (c)(3), commencing
29 with fiscal year 2011, in any fiscal year in which the amount of selected
30 actual state general fund receipts from such fiscal year exceeds the base
31 fiscal year selected actual state general fund receipts, the director of
32 legislative research shall certify such amount to the secretary of revenue
33 and the director of the budget. Upon receipt of such certified amount, the
34 secretary shall compute the percentage increase in selected actual state
35 general receipts in such fiscal year. Based on such percentage of calculated
36 receipt growth, the secretary shall reduce individual and corporation

1 income tax rates prescribed by K.S.A. 79-32,110, and amendments thereto,
2 by a percentage equal to such percentage of calculated receipt growth,
3 reduced by the prior year's cost-of-living adjustment percentage
4 determined under section 1(f)(3) of the federal internal revenue code of
5 1986, for each income tax category and bracket for the income tax year in
6 which the increase in selected actual state general fund receipts occurred.
7 In any computation by the secretary pursuant to this section in which an
8 individual or corporation income tax rate for any income tax category or
9 bracket is below .4%, such rate shall be 0%.

10 (2) In any fiscal year in which the amount of selected actual state
11 general fund receipts are less than the selected actual state general fund
12 receipts from the immediately preceding fiscal year, the director of
13 legislative research shall certify such amount and fact to the secretary of
14 revenue and the director of the budget. Upon receipt of such amount and
15 fact, the secretary of revenue shall not make any adjustment to the
16 individual and corporation income tax rates for that tax year.

17 (3) Following any such fiscal year in which selected actual state
18 general fund receipts were less than the previous fiscal year as described in
19 subsection (c)(2), if the selected actual state general fund receipts in any
20 subsequent fiscal year exceed selected actual state general fund receipts
21 from the immediately preceding fiscal year, the director of legislative
22 research shall certify such amount to the secretary of revenue and the
23 director of the budget. Upon such occurrence, the director shall also
24 certify the amount of selected actual state general fund receipts for such
25 fiscal year which exceeds the base year selected actual state general fund
26 receipts to the secretary and the director. Upon receipt of such certified
27 amount, the secretary shall compute the percentage increase in such actual
28 receipts. Based on such percentage of calculated receipt growth, the
29 secretary shall reduce individual and corporation income tax rates in the
30 same manner as provided in subsection (c)(1).

31 (c) Any reduction in individual and corporation income tax rates
32 prescribed by this section shall be reported to the chairperson of the
33 assessment and taxation committee of the senate, the chairperson of the
34 taxation committee of the house of representatives and the governor, and
35 shall be published in the Kansas register prior to September 15 in any year
36 in which there is such a reduction.

37 Sec. 2. K.S.A. 2010 Supp. 79-32,110 is hereby amended to read as
38 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
39 by subsection (a) of K.S.A. 79-3220, and amendments thereto, *and*
40 *subsection (e)*, a tax is hereby imposed upon the Kansas taxable income of
41 every resident individual, which tax shall be computed in accordance with
42 the following tax schedules:

43 (1) *Married individuals filing joint returns*.

1	If the taxable income is:	The tax is:
2	Not over \$30,000	3.5% of Kansas taxable income
3	Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess over \$30,000
4	Over \$60,000	\$2,925 plus 6.45% of excess over \$60,000

5 (2) *All other individuals.*

6 (A) For tax year 1997:

7	If the taxable income is:	The tax is:
8	Not over \$20,000	4.1% of Kansas taxable income
9	Over \$20,000 but not over \$30,000.....	\$820 plus 7.5% of excess over \$20,000
10	Over \$30,000	\$1,570 plus 7.75% of excess over \$30,000

11 (B) For tax year 1998, and all tax years thereafter:

12	If the taxable income is:	The tax is:
13	Not over \$15,000.....	3.5% of Kansas taxable income
14	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess over \$15,000
15	Over \$30,000.....	\$1,462.50 plus 6.45% of excess over \$30,000

16

17 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
 18 taxable income of every nonresident individual, which tax shall be an
 19 amount equal to the tax computed under subsection (a) as if the
 20 nonresident were a resident multiplied by the ratio of modified Kansas
 21 source income to Kansas adjusted gross income.

22 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
 23 income of every corporation doing business within this state or deriving
 24 income from sources within this state. Such tax shall consist of a normal
 25 tax and a surtax and shall be computed as follows:

26 (1) The normal tax shall be in an amount equal to 4% of the Kansas
 27 taxable income of such corporation; and

28 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
 29 3.1% of the Kansas taxable income of such corporation in excess of
 30 \$50,000;

31 (B) for tax years 2009 and 2010, the surtax shall be in an amount
 32 equal to 3.05% of the Kansas taxable income of such corporation in excess
 33 of \$50,000; and

34 (C) for tax year 2011, and all tax years thereafter, the surtax shall be
 35 in an amount equal to 3% of the Kansas taxable income of such
 36 corporation in excess of \$50,000.

37 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
 38 income of estates and trusts at the rates provided in paragraph (2) of
 39 subsection (a) hereof.

40 (e) *Tax rates provided in this section shall be adjusted pursuant to the*
 41 *provisions of section 1, and amendments thereto.*

42 Sec. 3. K.S.A. 2010 Supp. 79-3603 is hereby amended to read as
 43 follows: 79-3603. For the privilege of engaging in the business of selling

1 tangible personal property at retail in this state or rendering or furnishing
2 any of the services taxable under this act, there is hereby levied and there
3 shall be collected and paid a tax at the rate of 5.3%, and commencing July
4 1, 2010, at the rate of 6.3%, ~~and commencing July 1, 2013, at the rate of~~
5 ~~5.7%~~. Within a redevelopment district established pursuant to K.S.A. 74-
6 8921, and amendments thereto, there is hereby levied and there shall be
7 collected and paid an additional tax at the rate of 2% until the earlier of the
8 date the bonds issued to finance or refinance the redevelopment project
9 have been paid in full or the final scheduled maturity of the first series of
10 bonds issued to finance any part of the project upon:

11 (a) The gross receipts received from the sale of tangible personal
12 property at retail within this state;

13 (b) the gross receipts from intrastate, interstate or international
14 telecommunications services and any ancillary services sourced to this
15 state in accordance with K.S.A. 2010 Supp. 79-3673, and amendments
16 thereto, except that telecommunications service does not include: (1) Any
17 interstate or international 800 or 900 service; (2) any interstate or
18 international private communications service as defined in K.S.A. 2010
19 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
20 data service; (4) any telecommunication service to a provider of
21 telecommunication services which will be used to render
22 telecommunications services, including carrier access services; or (5) any
23 service or transaction defined in this section among entities classified as
24 members of an affiliated group as provided by section 1504 of the federal
25 internal revenue code of 1986, as in effect on January 1, 2001;

26 (c) the gross receipts from the sale or furnishing of gas, water,
27 electricity and heat, which sale is not otherwise exempt from taxation
28 under the provisions of this act, and whether furnished by municipally or
29 privately owned utilities, except that, on and after January 1, 2006, for
30 sales of gas, electricity and heat delivered through mains, lines or pipes to
31 residential premises for noncommercial use by the occupant of such
32 premises, and for agricultural use and also, for such use, all sales of
33 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
34 gas, coal, wood and other fuel sources for the production of heat or
35 lighting for noncommercial use of an occupant of residential premises, the
36 state rate shall be 0%, but such tax shall not be levied and collected upon
37 the gross receipts from: (1) The sale of a rural water district benefit unit;
38 (2) a water system impact fee, system enhancement fee or similar fee
39 collected by a water supplier as a condition for establishing service; or (3)
40 connection or reconnection fees collected by a water supplier;

41 (d) the gross receipts from the sale of meals or drinks furnished at any
42 private club, drinking establishment, catered event, restaurant, eating
43 house, dining car, hotel, drugstore or other place where meals or drinks are

1 regularly sold to the public;

2 (e) the gross receipts from the sale of admissions to any place
3 providing amusement, entertainment or recreation services including
4 admissions to state, county, district and local fairs, but such tax shall not
5 be levied and collected upon the gross receipts received from sales of
6 admissions to any cultural and historical event which occurs triennially;

7 (f) the gross receipts from the operation of any coin-operated device
8 dispensing or providing tangible personal property, amusement or other
9 services except laundry services, whether automatic or manually operated;

10 (g) the gross receipts from the service of renting of rooms by hotels,
11 as defined by K.S.A. 36-501, and amendments thereto, or by
12 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
13 thereto but such tax shall not be levied and collected upon the gross
14 receipts received from sales of such service to the federal government and
15 any agency, officer or employee thereof in association with the
16 performance of official government duties;

17 (h) the gross receipts from the service of renting or leasing of tangible
18 personal property except such tax shall not apply to the renting or leasing
19 of machinery, equipment or other personal property owned by a city and
20 purchased from the proceeds of industrial revenue bonds issued prior to
21 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
22 12-1749, and amendments thereto, and any city or lessee renting or leasing
23 such machinery, equipment or other personal property purchased with the
24 proceeds of such bonds who shall have paid a tax under the provisions of
25 this section upon sales made prior to July 1, 1973, shall be entitled to a
26 refund from the sales tax refund fund of all taxes paid thereon;

27 (i) the gross receipts from the rendering of dry cleaning, pressing,
28 dyeing and laundry services except laundry services rendered through a
29 coin-operated device whether automatic or manually operated;

30 (j) the gross receipts from the rendering of the services of washing
31 and washing and waxing of vehicles;

32 (k) the gross receipts from cable, community antennae and other
33 subscriber radio and television services;

34 (l) (1) except as otherwise provided by paragraph (2), the gross
35 receipts received from the sales of tangible personal property to all
36 contractors, subcontractors or repairmen for use by them in erecting
37 structures, or building on, or otherwise improving, altering, or repairing
38 real or personal property.

39 (2) Any such contractor, subcontractor or repairman who maintains
40 an inventory of such property both for sale at retail and for use by them for
41 the purposes described by paragraph (1) shall be deemed a retailer with
42 respect to purchases for and sales from such inventory, except that the
43 gross receipts received from any such sale, other than a sale at retail, shall

1 be equal to the total purchase price paid for such property and the tax
2 imposed thereon shall be paid by the deemed retailer;

3 (m) the gross receipts received from fees and charges by public and
4 private clubs, drinking establishments, organizations and businesses for
5 participation in sports, games and other recreational activities, but such tax
6 shall not be levied and collected upon the gross receipts received from: (1)
7 Fees and charges by any political subdivision, by any organization exempt
8 from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-201, and
9 amendments thereto, or by any youth recreation organization exclusively
10 providing services to persons 18 years of age or younger which is exempt
11 from federal income taxation pursuant to section 501(c)(3) of the federal
12 internal revenue code of 1986, for participation in sports, games and other
13 recreational activities; and (2) entry fees and charges for participation in a
14 special event or tournament sanctioned by a national sporting association
15 to which spectators are charged an admission which is taxable pursuant to
16 subsection (e);

17 (n) the gross receipts received from dues charged by public and
18 private clubs, drinking establishments, organizations and businesses,
19 payment of which entitles a member to the use of facilities for recreation
20 or entertainment, but such tax shall not be levied and collected upon the
21 gross receipts received from: (1) Dues charged by any organization exempt
22 from property taxation pursuant to paragraphs *Eighth* and *Ninth* of K.S.A.
23 79-201, and amendments thereto; and (2) sales of memberships in a
24 nonprofit organization which is exempt from federal income taxation
25 pursuant to section 501 (c)(3) of the federal internal revenue code of 1986,
26 and whose purpose is to support the operation of a nonprofit zoo;

27 (o) the gross receipts received from the isolated or occasional sale of
28 motor vehicles or trailers but not including: (1) The transfer of motor
29 vehicles or trailers by a person to a corporation or limited liability
30 company solely in exchange for stock securities or membership interest in
31 such corporation or limited liability company; or (2) the transfer of motor
32 vehicles or trailers by one corporation or limited liability company to
33 another when all of the assets of such corporation or limited liability
34 company are transferred to such other corporation or limited liability
35 company; or (3) the sale of motor vehicles or trailers which are subject to
36 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
37 amendments thereto, by an immediate family member to another
38 immediate family member. For the purposes of clause (3), immediate
39 family member means lineal ascendants or descendants, and their spouses.
40 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
41 on the isolated or occasional sale of motor vehicles or trailers on and after
42 July 1, 2004, which the base for computing the tax was the value pursuant
43 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments

1 thereto, when such amount was higher than the amount of sales tax which
2 would have been paid under the law as it existed on June 30, 2004, shall be
3 refunded to the taxpayer pursuant to the procedure prescribed by this
4 section. Such refund shall be in an amount equal to the difference between
5 the amount of sales tax paid by the taxpayer and the amount of sales tax
6 which would have been paid by the taxpayer under the law as it existed on
7 June 30, 2004. Each claim for a sales tax refund shall be verified and
8 submitted not later than six months from the effective date of this act to the
9 director of taxation upon forms furnished by the director and shall be
10 accompanied by any additional documentation required by the director.
11 The director shall review each claim and shall refund that amount of tax
12 paid as provided by this act. All such refunds shall be paid from the sales
13 tax refund fund, upon warrants of the director of accounts and reports
14 pursuant to vouchers approved by the director of taxation or the director's
15 designee. No refund for an amount less than \$10 shall be paid pursuant to
16 this act. In determining the base for computing the tax on such isolated or
17 occasional sale, the fair market value of any motor vehicle or trailer traded
18 in by the purchaser to the seller may be deducted from the selling price;

19 (p) the gross receipts received for the service of installing or applying
20 tangible personal property which when installed or applied is not being
21 held for sale in the regular course of business, and whether or not such
22 tangible personal property when installed or applied remains tangible
23 personal property or becomes a part of real estate, except that no tax shall
24 be imposed upon the service of installing or applying tangible personal
25 property in connection with the original construction of a building or
26 facility, the original construction, reconstruction, restoration, remodeling,
27 renovation, repair or replacement of a residence or the construction,
28 reconstruction, restoration, replacement or repair of a bridge or highway.

29 For the purposes of this subsection:

30 (1) "Original construction" shall mean the first or initial construction
31 of a new building or facility. The term "original construction" shall include
32 the addition of an entire room or floor to any existing building or facility,
33 the completion of any unfinished portion of any existing building or
34 facility and the restoration, reconstruction or replacement of a building,
35 facility or utility structure damaged or destroyed by fire, flood, tornado,
36 lightning, explosion, windstorm, ice loading and attendant winds,
37 terrorism or earthquake, but such term, except with regard to a residence,
38 shall not include replacement, remodeling, restoration, renovation or
39 reconstruction under any other circumstances;

40 (2) "building" shall mean only those enclosures within which
41 individuals customarily are employed, or which are customarily used to
42 house machinery, equipment or other property, and including the land
43 improvements immediately surrounding such building;

1 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
2 well, feedlot or any conveyance, transmission or distribution line of any
3 cooperative, nonprofit, membership corporation organized under or subject
4 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
5 municipal or quasi-municipal corporation, including the land
6 improvements immediately surrounding such facility;

7 (4) "residence" shall mean only those enclosures within which
8 individuals customarily live;

9 (5) "utility structure" shall mean transmission and distribution lines
10 owned by an independent transmission company or cooperative, the
11 Kansas electric transmission authority or natural gas or electric public
12 utility; and

13 (6) "windstorm" shall mean straight line winds of at least 80 miles per
14 hour as determined by a recognized meteorological reporting agency or
15 organization;

16 (q) the gross receipts received for the service of repairing, servicing,
17 altering or maintaining tangible personal property which when such
18 services are rendered is not being held for sale in the regular course of
19 business, and whether or not any tangible personal property is transferred
20 in connection therewith. The tax imposed by this subsection shall be
21 applicable to the services of repairing, servicing, altering or maintaining an
22 item of tangible personal property which has been and is fastened to,
23 connected with or built into real property;

24 (r) the gross receipts from fees or charges made under service or
25 maintenance agreement contracts for services, charges for the providing of
26 which are taxable under the provisions of subsection (p) or (q);

27 (s) on and after January 1, 2005, the gross receipts received from the
28 sale of prewritten computer software and the sale of the services of
29 modifying, altering, updating or maintaining prewritten computer
30 software, whether the prewritten computer software is installed or
31 delivered electronically by tangible storage media physically transferred to
32 the purchaser or by load and leave;

33 (t) the gross receipts received for telephone answering services;

34 (u) the gross receipts received from the sale of prepaid calling service
35 and prepaid wireless calling service as defined in K.S.A. 2010 Supp. 79-
36 3673, and amendments thereto; and

37 (v) the gross receipts received from the sales of bingo cards, bingo
38 faces and instant bingo tickets by licensees under K.S.A. 79-4701; et seq.,
39 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
40 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
41 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
42 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
43 and amendments thereto, shall be exempt from taxes imposed pursuant to

1 this section.

2 Sec. 4. K.S.A. 2010 Supp. 79-3620 is hereby amended to read as
3 follows: 79-3620. (a) All revenue collected or received by the director of
4 taxation from the taxes imposed by this act shall be remitted to the state
5 treasurer in accordance with the provisions of K.S.A. 75-4215, and
6 amendments thereto. Upon receipt of each such remittance, the state
7 treasurer shall deposit the entire amount in the state treasury, less amounts
8 withheld as provided in subsection (b) and amounts credited as provided in
9 subsection (c), (d) and (e), to the credit of the state general fund.

10 (b) A refund fund, designated as "sales tax refund fund" not to exceed
11 \$100,000 shall be set apart and maintained by the director from sales tax
12 collections and estimated tax collections and held by the state treasurer for
13 prompt payment of all sales tax refunds including refunds authorized
14 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
15 fund shall be in such amount, within the limit set by this section, as the
16 director shall determine is necessary to meet current refunding
17 requirements under this act. In the event such fund as established by this
18 section is, at any time, insufficient to provide for the payment of refunds
19 due claimants thereof, the director shall certify the amount of additional
20 funds required to the director of accounts and reports who shall promptly
21 transfer the required amount from the state general fund to the sales tax
22 refund fund, and notify the state treasurer, who shall make proper entry in
23 the records.

24 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or
25 received from the tax imposed by K.S.A. 79-3603, and amendments
26 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
27 exclusive of amounts credited pursuant to subsection (d), in the state
28 highway fund.

29 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
30 received from the tax imposed by K.S.A. 79-3603, and amendments
31 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
32 exclusive of amounts credited pursuant to subsection (d), in the state
33 highway fund.

34 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue
35 collected and received from the tax imposed by K.S.A. 79-3603, and
36 amendments thereto, at the rate of 5.3%, and deposited as provided by
37 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
38 the state highway fund.

39 (4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue
40 collected and received from the tax imposed by K.S.A. 79-3603, and
41 amendments thereto, at the rate of 5.3%, and deposited as provided by
42 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
43 the state highway fund.

1 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
2 revenue collected and received from the tax imposed by K.S.A. 79-3603,
3 and amendments thereto, at the rate of 6.3%, and deposited as provided by
4 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
5 the state highway fund.

6 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
7 revenue collected and received from the tax imposed by K.S.A. 79-3603,
8 and amendments thereto, at the rate of 6.3%, and deposited as provided by
9 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
10 the state highway fund.

11 (7) On July 1, 2012, the state treasurer shall credit 11.233% of the
12 revenue collected and received from the tax imposed by K.S.A. 79-3603,
13 and amendments thereto, at the rate of 6.3%, and deposited as provided by
14 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
15 the state highway fund, as well as such revenue collected and received at
16 the rate of 6.3%, after June 30, 2013.

17 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
18 ~~18.421%~~ 16.213% of the revenue collected and received from the tax
19 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~
20 6.3%, and deposited as provided by subsection (a), exclusive of amounts
21 credited pursuant to subsection (d), in the state highway fund.

22 (d) The state treasurer shall credit all revenue collected or received
23 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
24 certified by the director, from taxpayers doing business within that portion
25 of a STAR bond project district occupied by a STAR bond project or
26 taxpayers doing business with such entity financed by a STAR bond
27 project as defined in K.S.A. 2010 Supp. 12-17,162, and amendments
28 thereto, that was determined by the secretary of commerce to be of
29 statewide as well as local importance or will create a major tourism area
30 for the state or the project was designated as a STAR bond project as
31 defined in K.S.A. 2010 Supp. 12-17,162, and amendments thereto, to the
32 city bond finance fund, which fund is hereby created. The provisions of
33 this subsection shall expire when the total of all amounts credited
34 hereunder and under subsection (d) of K.S.A. 79-3710, and amendments
35 thereto, is sufficient to retire the special obligation bonds issued for the
36 purpose of financing all or a portion of the costs of such STAR bond
37 project.

38 (e) All revenue certified by the director of taxation as having been
39 collected or received from the tax imposed by subsection (c) of K.S.A. 79-
40 3603, and amendments thereto, on the sale or furnishing of gas, water,
41 electricity and heat for use or consumption within the intermodal facility
42 district described in this subsection, shall be credited by the state treasurer
43 to the state highway fund. Such revenue may be transferred by the

1 secretary of transportation to the rail service improvement fund pursuant to
2 law. The provisions of this subsection shall take effect upon certification
3 by the secretary of transportation that a notice to proceed has been
4 received for the construction of the improvements within the intermodal
5 facility district, but not later than December 31, 2010, and shall expire
6 when the secretary of revenue determines that the total of all amounts
7 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3710, and
8 amendments thereto, is equal to \$53,300,000, but not later than December
9 31, 2045. Thereafter, all revenues shall be collected and distributed in
10 accordance with applicable law. For all tax reporting periods during which
11 the provisions of this subsection are in effect, none of the exemptions
12 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply
13 to the sale or furnishing of any gas, water, electricity and heat for use or
14 consumption within the intermodal facility district. As used in this
15 subsection, "intermodal facility district" shall consist of an intermodal
16 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and
17 amendments thereto, located in Johnson county within the polygonal-
18 shaped area having Waverly Road as the eastern boundary, 191st Street as
19 the southern boundary, Four Corners Road as the western boundary, and
20 Highway 56 as the northern boundary, and the polygonal-shaped area
21 having Poplar Road as the eastern boundary, 183rd Street as the southern
22 boundary, Waverly Road as the western boundary, and the BNSF mainline
23 track as the northern boundary, that includes capital investment in an
24 amount exceeding \$150 million for the construction of an intermodal
25 facility to handle the transfer, storage and distribution of freight through
26 railway and trucking operations.

27 Sec. 5. K.S.A. 2010 Supp. 79-3703 is hereby amended to read as
28 follows: 79-3703. There is hereby levied and there shall be collected from
29 every person in this state a tax or excise for the privilege of using, storing,
30 or consuming within this state any article of tangible personal property.
31 Such tax shall be levied and collected in an amount equal to the
32 consideration paid by the taxpayer multiplied by the rate of 5.3%, and
33 commencing July 1, 2010, at the rate of 6.3%, ~~and commencing July 1,~~
34 ~~2013, at the rate of 5.7%.~~ Within a redevelopment district established
35 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby
36 levied and there shall be collected and paid an additional tax of 2% until
37 the earlier of: (1) The date the bonds issued to finance or refinance the
38 redevelopment project undertaken in the district have been paid in full; or
39 (2) the final scheduled maturity of the first series of bonds issued to
40 finance the redevelopment project. All property purchased or leased within
41 or without this state and subsequently used, stored or consumed in this
42 state shall be subject to the compensating tax if the same property or
43 transaction would have been subject to the Kansas retailers' sales tax had

1 the transaction been wholly within this state.

2 Sec. 6. K.S.A. 2010 Supp. 79-3710 is hereby amended to read as
3 follows: 79-3710. (a) All revenue collected or received by the director
4 under the provisions of this act shall be remitted to the state treasurer in
5 accordance with the provisions of K.S.A. 75-4215, and amendments
6 thereto. Upon receipt of each such remittance, the state treasurer shall
7 deposit the entire amount in the state treasury, less amounts set apart as
8 provided in subsection (b) and amounts credited as provided in subsection
9 (c), (d) and (e), to the credit of the state general fund.

10 (b) A revolving fund, designated as "compensating tax refund fund"
11 not to exceed \$10,000 shall be set apart and maintained by the director
12 from compensating tax collections and estimated tax collections and held
13 by the state treasurer for prompt payment of all compensating tax refunds.
14 Such fund shall be in such amount, within the limit set by this section, as
15 the director shall determine is necessary to meet current refunding
16 requirements under this act.

17 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or
18 received from the tax imposed by K.S.A. 79-3703, and amendments
19 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
20 exclusive of amounts credited pursuant to subsection (d), in the state
21 highway fund.

22 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
23 received from the tax imposed by K.S.A. 79-3703, and amendments
24 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
25 exclusive of amounts credited pursuant to subsection (d), in the state
26 highway fund.

27 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue
28 collected or received from the tax imposed by K.S.A. 79-3703, and
29 amendments thereto, at the rate of 5.3%, and deposited as provided by
30 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
31 the state highway fund.

32 (4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue
33 collected or received from the tax imposed by K.S.A. 79-3703, and
34 amendments thereto, at the rate of 5.3%, and deposited as provided by
35 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
36 the state highway fund.

37 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
38 revenue collected and received from the tax imposed by K.S.A. 79-3703,
39 and amendments thereto, at the rate of 6.3%, and deposited as provided by
40 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
41 the state highway fund.

42 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
43 revenue collected and received from the tax imposed by K.S.A. 79-3703,

1 and amendments thereto, at the rate of 6.3%, and deposited as provided by
2 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
3 the state highway fund.

4 (7) On July 1, 2012, the state treasurer shall credit 11.233% of the
5 revenue collected and received from the tax imposed by K.S.A. 79-3703,
6 and amendments thereto, at the rate of 6.3%, and deposited as provided by
7 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
8 the state highway fund, as well as such revenue collected and received at
9 the rate of 6.3%, after June 30, 2013.

10 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
11 ~~18.421%~~ 16.213% of the revenue collected and received from the tax
12 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of ~~5.7%~~
13 6.3%, and deposited as provided by subsection (a), exclusive of amounts
14 credited pursuant to subsection (d), in the state highway fund.

15 (d) The state treasurer shall credit all revenue collected or received
16 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
17 certified by the director, from taxpayers doing business within that portion
18 of a redevelopment district occupied by a redevelopment project that was
19 determined by the secretary of commerce to be of statewide as well as
20 local importance or will create a major tourism area for the state as defined
21 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
22 fund created by subsection (d) of K.S.A. 79-3620, and amendments
23 thereto. The provisions of this subsection shall expire when the total of all
24 amounts credited hereunder and under subsection (d) of K.S.A. 79-3620,
25 and amendments thereto, is sufficient to retire the special obligation bonds
26 issued for the purpose of financing all or a portion of the costs of such
27 redevelopment project.

28 This subsection shall not apply to a project designated as a special bond
29 project as defined in subsection (z) of K.S.A. 12-1770a, and amendments
30 thereto.

31 (e) All revenue certified by the director of taxation as having been
32 collected or received from the tax imposed by subsection (c) of K.S.A. 79-
33 3603, and amendments thereto, on the sale or furnishing of gas, water,
34 electricity and heat for use or consumption within the intermodal facility
35 district described in this subsection, shall be credited by the state treasurer
36 to the state highway fund. Such revenue may be transferred by the
37 secretary of transportation to the rail service improvement fund pursuant to
38 law. The provisions of this subsection shall take effect upon certification
39 by the secretary of transportation that a notice to proceed has been
40 received for the construction of the improvements within the intermodal
41 facility district, but not later than December 31, 2010, and shall expire
42 when the secretary of revenue determines that the total of all amounts
43 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3620, and

1 amendments thereto, is equal to \$53,300,000, but not later than December
2 31, 2045. Thereafter, all revenues shall be collected and distributed in
3 accordance with applicable law. For all tax reporting periods during which
4 the provisions of this subsection are in effect, none of the exemptions
5 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply
6 to the sale or furnishing of any gas, water, electricity and heat for use or
7 consumption within the intermodal facility district. As used in this
8 subsection, "intermodal facility district" shall consist of an intermodal
9 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and
10 amendments thereto, located in Johnson county within the polygonal-
11 shaped area having Waverly Road as the eastern boundary, 191st Street as
12 the southern boundary, Four Corners Road as the western boundary, and
13 Highway 56 as the northern boundary, and the polygonal-shaped area
14 having Poplar Road as the eastern boundary, 183rd Street as the southern
15 boundary, Waverly Road as the western boundary, and the BNSF mainline
16 track as the northern boundary, that includes capital investment in an
17 amount exceeding \$150 million for the construction of an intermodal
18 facility to handle the transfer, storage and distribution of freight through
19 railway and trucking operations.

20 Sec. 7. K.S.A. 2010 Supp. 79-32,110, 79-3603, 79-3620, 79-3703 and
21 79-3710 are hereby repealed.

22 Sec. 8. This act shall take effect and be in force from and after its
23 publication in the statute book.
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