

[As Amended by House Committee of the Whole]

Session of 2011

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 **[section].**  
6

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

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

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

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

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

1 receipt growth, the secretary shall reduce individual and corporation  
2 income tax rates prescribed by K.S.A. 79-32,110, and amendments thereto,  
3 by a percentage equal to such percentage of calculated receipt growth=  
4 ~~reduced by the prior year's cost-of-living adjustment percentage~~  
5 ~~determined under section 1(f)(3) of the federal internal revenue code of~~  
6 ~~1986~~, for each income tax category and bracket for the income tax year in  
7 which the increase in selected actual state general fund receipts occurred,  
8 **except that in no event shall be corporation** normal income tax rate be  
9 less than 3.5% of the taxable income of such corporation. In any  
10 computation by the secretary pursuant to this section in which an  
11 individual or corporation income tax rate for any income tax category or  
12 bracket is below .4%, such rate shall be 0%.

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

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

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

40 Sec. 2. K.S.A. 2010 Supp. 79-32,110 is hereby amended to read as  
41 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
42 by subsection (a) of K.S.A. 79-3220, and amendments thereto, *and*  
43 *subsection (e)*, a tax is hereby imposed upon the Kansas taxable income of

1 every resident individual, which tax shall be computed in accordance with  
2 the following tax schedules:

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

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

8 (2) *All other individuals.*

9 (A) For tax year 1997:

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

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

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

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

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

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

30 (2) (A) for tax year 2008, the surtax shall be in an amount equal to  
31 3.1% of the Kansas taxable income of such corporation in excess of  
32 \$50,000;

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

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

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

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

1       ~~Sec. 3.—K.S.A. 2010 Supp. 79-3603 is hereby amended to read as~~  
2 ~~follows: 79-3603. For the privilege of engaging in the business of selling~~  
3 ~~tangible personal property at retail in this state or rendering or furnishing~~  
4 ~~any of the services taxable under this act, there is hereby levied and there~~  
5 ~~shall be collected and paid a tax at the rate of 5.3%, and commencing July~~  
6 ~~1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of~~  
7 ~~5.7%. Within a redevelopment district established pursuant to K.S.A. 74-~~  
8 ~~8921, and amendments thereto, there is hereby levied and there shall be~~  
9 ~~collected and paid an additional tax at the rate of 2% until the earlier of the~~  
10 ~~date the bonds issued to finance or refinance the redevelopment project~~  
11 ~~have been paid in full or the final scheduled maturity of the first series of~~  
12 ~~bonds issued to finance any part of the project upon:~~

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

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

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

43       ~~(d) the gross receipts from the sale of meals or drinks furnished at any~~

1 ~~private club, drinking establishment, catered event, restaurant, eating~~  
2 ~~house, dining car, hotel, drugstore or other place where meals or drinks are~~  
3 ~~regularly sold to the public;~~

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

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

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

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

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

32 ~~(j) the gross receipts from the rendering of the services of washing~~  
33 ~~and washing and waxing of vehicles;~~

34 ~~(k) the gross receipts from cable, community antennae and other~~  
35 ~~subscriber radio and television services;~~

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

41 ~~(2) Any such contractor, subcontractor or repairman who maintains~~  
42 ~~an inventory of such property both for sale at retail and for use by them for~~  
43 ~~the purposes described by paragraph (1) shall be deemed a retailer with~~

1 respect to purchases for and sales from such inventory, except that the  
2 gross receipts received from any such sale, other than a sale at retail, shall  
3 be equal to the total purchase price paid for such property and the tax  
4 imposed thereon shall be paid by the deemed retailer;

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

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

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

1 July 1, 2004, which the base for computing the tax was the value pursuant  
2 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments  
3 thereto, when such amount was higher than the amount of sales tax which  
4 would have been paid under the law as it existed on June 30, 2004, shall be  
5 refunded to the taxpayer pursuant to the procedure prescribed by this  
6 section. Such refund shall be in an amount equal to the difference between  
7 the amount of sales tax paid by the taxpayer and the amount of sales tax  
8 which would have been paid by the taxpayer under the law as it existed on  
9 June 30, 2004. Each claim for a sales tax refund shall be verified and  
10 submitted not later than six months from the effective date of this act to the  
11 director of taxation upon forms furnished by the director and shall be  
12 accompanied by any additional documentation required by the director.  
13 The director shall review each claim and shall refund that amount of tax  
14 paid as provided by this act. All such refunds shall be paid from the sales  
15 tax refund fund, upon warrants of the director of accounts and reports  
16 pursuant to vouchers approved by the director of taxation or the director's  
17 designee. No refund for an amount less than \$10 shall be paid pursuant to  
18 this act. In determining the base for computing the tax on such isolated or  
19 occasional sale, the fair market value of any motor vehicle or trailer traded  
20 in by the purchaser to the seller may be deducted from the selling price;

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

31 For the purposes of this subsection:

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

42 (2) ~~"building" shall mean only those enclosures within which~~  
43 ~~individuals customarily are employed, or which are customarily used to~~

1 house machinery, equipment or other property, and including the land  
2 improvements immediately surrounding such building;

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

9 (4) ~~"residence" shall mean only those enclosures within which~~  
10 ~~individuals customarily live;~~

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

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

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

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

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

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

36 (u) ~~the gross receipts received from the sale of prepaid calling service~~  
37 ~~and prepaid wireless calling service as defined in K.S.A. 2010 Supp. 79-~~  
38 ~~3673, and amendments thereto; and~~

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

1 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,~~  
2 ~~and amendments thereto, shall be exempt from taxes imposed pursuant to~~  
3 ~~this section.~~

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

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

26 ~~(c) (1) The state treasurer shall credit  $\frac{5}{100}$  of the revenue collected or~~  
27 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~  
28 ~~thereto, at the rate of 4.9%, and deposited as provided in subsection (a),~~  
29 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~  
30 ~~highway fund.~~

31 ~~(2) The state treasurer shall credit  $\frac{5}{100}$  of the revenue collected or~~  
32 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~  
33 ~~thereto, at the rate of 5.3%, and deposited as provided in subsection (a),~~  
34 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~  
35 ~~highway fund.~~

36 ~~(3) On July 1, 2006, the state treasurer shall credit  $\frac{19}{100}$  of the revenue~~  
37 ~~collected and received from the tax imposed by K.S.A. 79-3603, and~~  
38 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~  
39 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~  
40 ~~the state highway fund.~~

41 ~~(4) On July 1, 2007, the state treasurer shall credit  $\frac{13}{100}$  of the revenue~~  
42 ~~collected and received from the tax imposed by K.S.A. 79-3603, and~~  
43 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~

1 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~  
2 ~~the state highway fund.~~

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

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

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

19 ~~(8) On July 1, 2013, and thereafter, the state treasurer shall credit~~  
20 ~~18.421% 16.213% of the revenue collected and received from the tax~~  
21 ~~imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.7%~~  
22 ~~6.3%, and deposited as provided by subsection (a), exclusive of amounts~~  
23 ~~credited pursuant to subsection (d), in the state highway fund.~~

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

40 ~~(e) All revenue certified by the director of taxation as having been~~  
41 ~~collected or received from the tax imposed by subsection (c) of K.S.A. 79-~~  
42 ~~3603, and amendments thereto, on the sale or furnishing of gas, water,~~  
43 ~~electricity and heat for use or consumption within the intermodal facility~~

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

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

1 state shall be subject to the compensating tax if the same property or  
2 transaction would have been subject to the Kansas retailers' sales tax had  
3 the transaction been wholly within this state.

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

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

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

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

29 ~~(3) On July 1, 2006, the state treasurer shall credit  $\frac{19}{7268}$  of the revenue~~  
30 ~~collected or received from the tax imposed by K.S.A. 79-3703, and~~  
31 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~  
32 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~  
33 ~~the state highway fund.~~

34 ~~(4) On July 1, 2007, the state treasurer shall credit  $\frac{13}{106}$  of the revenue~~  
35 ~~collected or received from the tax imposed by K.S.A. 79-3703, 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 ~~(5) On July 1, 2010, the state treasurer shall credit 11.427% of the~~  
40 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~  
41 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~  
42 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~  
43 ~~the state highway fund.~~

1       ~~(6) On July 1, 2011, the state treasurer shall credit 11.26% of the~~  
2 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~  
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       ~~(7) On July 1, 2012, the state treasurer shall credit 11.233% of the~~  
7 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~  
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, as well as such revenue collected and received at~~  
11 ~~the rate of 6.3%, after June 30, 2013.~~

12       ~~(8) On July 1, 2013, and thereafter, the state treasurer shall credit~~  
13 ~~18.421% 16.213% of the revenue collected and received from the tax~~  
14 ~~imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.7%~~  
15 ~~6.3%, and deposited as provided by subsection (a), exclusive of amounts~~  
16 ~~credited pursuant to subsection (d), in the state highway fund.~~

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

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

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

1 ~~when the secretary of revenue determines that the total of all amounts~~  
2 ~~credited hereunder and pursuant to subsection (c) of K.S.A. 79-3620, and~~  
3 ~~amendments thereto, is equal to \$53,300,000, but not later than December~~  
4 ~~31, 2045. Thereafter, all revenues shall be collected and distributed in~~  
5 ~~accordance with applicable law. For all tax reporting periods during which~~  
6 ~~the provisions of this subsection are in effect, none of the exemptions~~  
7 ~~contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply~~  
8 ~~to the sale or furnishing of any gas, water, electricity and heat for use or~~  
9 ~~consumption within the intermodal facility district. As used in this~~  
10 ~~subsection, "intermodal facility district" shall consist of an intermodal~~  
11 ~~transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and~~  
12 ~~amendments thereto, located in Johnson county within the polygonal-~~  
13 ~~shaped area having Waverly Road as the eastern boundary, 191<sup>st</sup> Street as~~  
14 ~~the southern boundary, Four Corners Road as the western boundary, and~~  
15 ~~Highway 56 as the northern boundary, and the polygonal-shaped area~~  
16 ~~having Poplar Road as the eastern boundary, 183<sup>rd</sup> Street as the southern~~  
17 ~~boundary, Waverly Road as the western boundary, and the BNSF mainline~~  
18 ~~track as the northern boundary, that includes capital investment in an~~  
19 ~~amount exceeding \$150 million for the construction of an intermodal~~  
20 ~~facility to handle the transfer, storage and distribution of freight through~~  
21 ~~railway and trucking operations.~~

22 ~~Sec. 7. K.S.A. 2010 Supp. 79-32,110, 79-3603, 79-3620, 79-3703 and~~  
23 ~~79-3710 are hereby repealed.~~

24 **[Sec. 3. K.S.A. 2010 Supp. 79-32,110 is hereby repealed.]**

25 ~~Sec. 4.]~~ This act shall take effect and be in force from and after its  
26 publication in the statute book.

27