

HOUSE BILL No. 2059

By Committee on Taxation

1-23

1 AN ACT concerning taxation; relating to income tax *rates* deductions and
2 modifications; severance tax; sales tax *rates and distribution of*
3 *revenue*; amending K.S.A. 79-32,109 and K.S.A. 2012 Supp. ~~79-~~
4 ~~32,117, 79-32,118, 79-32,266, 79-3620 and 79-32,110, 79-32,117, 79-~~
5 ~~32,118, 79-32,120, 79-32,266, 79-3603, 79-3620, 79-3703, 79-3710~~
6 *and* 79-4217 and repealing the existing sections; also repealing K.S.A.
7 79-3632 and K.S.A. 2012 Supp. 79-32,117n and 79-3639a.
8

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

10 Section 1. K.S.A. 79-32,109 is hereby amended to read as follows:
11 79-32,109. As used in this act, unless the context otherwise requires:

12 (a) (1) Any term used in this act shall have the same meaning as when
13 used in a comparable context in the federal internal revenue code. Any
14 reference in this act to the "federal internal revenue code" shall mean the
15 provisions of the federal internal revenue code of 1986, and amendments
16 thereto, and other provisions of the laws of the United States relating to
17 federal income taxes, as the same may be or become effective at any time,
18 or from time to time, for the taxable year.

19 (2) *Any reference in this act to a federal form or schedule, or to a line*
20 *number on a federal form or schedule, shall be to such form, schedule and*
21 *line number as they existed for tax year 2011 and as revised thereafter by*
22 *the internal revenue service. Any such reference shall include comparable*
23 *federal forms, schedules, and line numbers used by non-United States*
24 *residents when filing their federal income tax return with the internal*
25 *revenue service.*

26 (b) "Resident individual" means a natural person who is domiciled in
27 this state. A natural person who spends in the aggregate more than six
28 months of the taxable year within this state shall be presumed to be a
29 resident for purposes of this act in absence of proof to the contrary. A
30 nonresident individual means an individual other than a resident
31 individual.

32 (c) "Resident estate" means the estate of a deceased person whose
33 domicile was in this state at the time of such person's death. "Nonresident
34 estate" means an estate other than a resident estate.

1 (d) "Resident trust" means a trust which is administered in this state.
2 A trust shall not be deemed to be administered in this state solely because
3 it is subject to the jurisdiction of a district court within this state.

4 "Nonresident trust" means a trust other than a resident trust.

5 (e) "Resident partner" means a partner who is a resident individual, a
6 resident estate, or a resident trust. "Nonresident partner" means a partner
7 other than a resident partner.

8 (f) "Resident beneficiary" means a beneficiary of an estate or trust
9 which beneficiary is a resident individual, a resident estate, or a resident
10 trust. "Nonresident beneficiary" means a beneficiary other than a resident
11 beneficiary.

12 (g) "Director" means the director of taxation.

13 (h) "Modified Kansas source income" means that part of a
14 nonresident individual's Kansas adjusted gross income as set forth in
15 K.S.A. 79-32,117, and amendments thereto, derived from sources in
16 Kansas. Items of income including unemployment compensation, gain,
17 loss or deduction reflected in Kansas adjusted gross income shall be
18 considered derived from sources in Kansas to the extent that they are
19 attributable to: (1) The ownership of any interest in real or tangible
20 personal property in this state; (2) a business, trade, profession or
21 occupation carried on in this state; (3) a business, trade, profession or
22 occupation carried on partly within and partly without this state as
23 determined by the uniform division of income for tax purposes act as set
24 forth in K.S.A. 79-3271 through K.S.A. 79-3293, and amendments thereto;
25 (4) the distributive share of partnership income, gain, loss and deduction
26 determined under this section as if the partnership were a nonresident
27 individual; (5) the share of estate or trust income, gain, loss and deduction
28 determined under K.S.A. 79-32,137, and amendments thereto; (6) prizes
29 won from lottery games conducted by the Kansas lottery; (7) any winnings
30 from parimutuel wagering derived from the conduct of parimutuel
31 activities within this state; or (8) income from intangible personal property,
32 including annuities, dividends, interest, and gains from the disposition of
33 intangible personal property to the extent that such income is from
34 property employed in a trade, business, profession or occupation carried
35 on in Kansas. A nonresident, other than a dealer holding property primarily
36 for sale to customers in the ordinary course of such dealer's trade or
37 business, shall not be deemed to carry on a business, trade, profession or
38 occupation in Kansas solely by reason of the purchase and sale of property
39 for such nonresident's own account.

40 "Modified Kansas source income" shall not include: (1) Compensation
41 paid by the United States for service in the armed forces of the United
42 States, performed during an induction period by an individual not
43 domiciled in this state; or (2) such individual's share of distributed or

1 undistributed taxable income or net operating loss of a corporation which
2 is an electing small business corporation unless an agreement is filed as
3 provided in K.S.A. 79-32,139, and amendments thereto, in which event,
4 the "modified Kansas source income" of such nonresident individual shall
5 include such individual's share of such corporation's distributed and
6 undistributed taxable income or net operating loss as such share is
7 determined under the internal revenue code only to the extent, however,
8 that such income, gain or loss is at the corporate level, derived from
9 sources within Kansas.

10 Sec. 2. K.S.A. 2012 Supp. 79-32,118 is hereby amended to read as
11 follows: 79-32,118. ~~Commencing in tax year 2013,~~The Kansas deduction
12 of an individual shall be such individual's Kansas standard deduction
13 *unless such individual elects to deduct such individual's Kansas itemized*
14 *deductions under the conditions set forth in K.S.A. 79-32,120, and*
15 *amendments thereto.*

16 Sec. 3. K.S.A. 2012 Supp. 79-32,266 is hereby amended to read as
17 follows: 79-32,266. (a) For taxable years commencing after December 31,
18 2010, there shall be allowed as a credit against the tax liability of a
19 resident individual taxpayer an amount equal to 95% of the resident
20 individual's income tax liability under the provisions of the Kansas income
21 tax act for Kansas source income received from a qualified company that
22 is business income attributable to business activities conducted at the
23 business facility, office, department or other operation relocated to Kansas
24 when the taxpayer owns such qualified company and materially
25 participates in such business activities conducted at such relocated
26 business facility, office, department or other operation of such qualified
27 company which qualified for benefits under the provisions of subsection
28 (a)(1) of K.S.A. 74-50,212, and amendments thereto. A taxpayer shall be
29 treated as materially participating in such qualified company's business
30 activities conducted at such business facility, office, department or other
31 operation relocated to Kansas only if the taxpayer is involved in such
32 business activities of such qualified company on a basis which is regular,
33 continuous and substantial. A taxpayer may claim the credit authorized by
34 this section during any tax year in which the qualified company owned by
35 the taxpayer qualifies for benefits under provisions of K.S.A. 74-50,212,
36 and amendments thereto.

37 (b) Business income attributable to the business activities conducted
38 at the business facility, office, department or other operation relocated to
39 Kansas of a qualified company which qualified for benefits under the
40 provisions of subsection (a)(1) of K.S.A. 74-50,212, and amendments
41 thereto, shall be determined by multiplying the business income of the
42 company apportioned to this state by a fraction, the numerator of which is
43 the property factor plus the payroll factor plus the sales factor, and the

1 denominator of which is three. For purposes of this subsection, the
2 property factor is a fraction, the numerator of which is the average value of
3 the company's real and tangible personal property owned or rented and
4 used during the tax period at such relocated facility, office, department or
5 other relocated operation in Kansas, and the denominator of which is the
6 average value of the company's real and tangible personal property owned
7 or rented and used within this state during the tax period. The payroll
8 factor is a fraction, the numerator of which is the total amount paid during
9 the tax period by the company for compensation at such relocated facility,
10 office, department or other relocated operation in Kansas, and the
11 denominator of which is the total compensation paid by the company in
12 this state during the tax period. The sales factor is a fraction, the numerator
13 of which is the total sales of the relocated facility, office, department or
14 other relocated operation in this state during the tax period, and the
15 denominator of which is the total sales of the company in this state during
16 the tax period.

17 (c) This credit shall not be available to any taxpayer making a
18 modification under (b)(xix) or ~~(e)(xxi)~~ (c)(xx) of K.S.A. 79-32,117, and
19 amendments thereto.

20 (d) The secretary of revenue shall adopt rules and regulations
21 regarding the filing of documents that support the qualifications of the
22 taxpayer for the credit claimed pursuant to this section.

23 Sec. 4. K.S.A. 2012 Supp. 79-3620 is hereby amended to read as
24 follows: 79-3620. (a) All revenue collected or received by the director of
25 taxation from the taxes imposed by this act shall be remitted to the state
26 treasurer in accordance with the provisions of K.S.A. 75-4215, and
27 amendments thereto. Upon receipt of each such remittance, the state
28 treasurer shall deposit the entire amount in the state treasury, less amounts
29 withheld as provided in subsection (b) and amounts credited as provided in
30 subsection (c), (d) and (e), to the credit of the state general fund.

31 (b) A refund fund, designated as "sales tax refund fund" not to exceed
32 \$100,000 shall be set apart and maintained by the director from sales tax
33 collections and estimated tax collections and held by the state treasurer for
34 prompt payment of all sales tax refunds ~~including refunds authorized~~
35 ~~under the provisions of K.S.A. 79-3635, and amendments thereto.~~ Such
36 fund shall be in such amount, within the limit set by this section, as the
37 director shall determine is necessary to meet current refunding
38 requirements under this act. In the event such fund as established by this
39 section is, at any time, insufficient to provide for the payment of refunds
40 due claimants thereof, the director shall certify the amount of additional
41 funds required to the director of accounts and reports who shall promptly
42 transfer the required amount from the state general fund to the sales tax
43 refund fund, and notify the state treasurer, who shall make proper entry in

1 the records.

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

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

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

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

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

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

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

38 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
39 ~~18.421%~~ **16.67%** of the revenue collected and received from the tax
40 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~
41 **6.3%**, and deposited as provided by subsection (a), exclusive of amounts
42 credited pursuant to subsection (d), in the state highway fund.

43 (d) The state treasurer shall credit all revenue collected or received

1 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
2 certified by the director, from taxpayers doing business within that portion
3 of a STAR bond project district occupied by a STAR bond project or
4 taxpayers doing business with such entity financed by a STAR bond
5 project as defined in K.S.A. 2012 Supp. 12-17,162, and amendments
6 thereto, that was determined by the secretary of commerce to be of
7 statewide as well as local importance or will create a major tourism area
8 for the state or the project was designated as a STAR bond project as
9 defined in K.S.A. 2012 Supp. 12-17,162, and amendments thereto, to the
10 city bond finance fund, which fund is hereby created. The provisions of
11 this subsection shall expire when the total of all amounts credited
12 hereunder and under subsection (d) of K.S.A. 79-3710, and amendments
13 thereto, is sufficient to retire the special obligation bonds issued for the
14 purpose of financing all or a portion of the costs of such STAR bond
15 project.

16 (e) All revenue certified by the director of taxation as having been
17 collected or received from the tax imposed by subsection (c) of K.S.A. 79-
18 3603, and amendments thereto, on the sale or furnishing of gas, water,
19 electricity and heat for use or consumption within the intermodal facility
20 district described in this subsection, shall be credited by the state treasurer
21 to the state highway fund. Such revenue may be transferred by the
22 secretary of transportation to the rail service improvement fund pursuant to
23 law. The provisions of this subsection shall take effect upon certification
24 by the secretary of transportation that a notice to proceed has been
25 received for the construction of the improvements within the intermodal
26 facility district, but not later than December 31, 2010, and shall expire
27 when the secretary of revenue determines that the total of all amounts
28 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3710, and
29 amendments thereto, is equal to \$53,300,000, but not later than December
30 31, 2045. Thereafter, all revenues shall be collected and distributed in
31 accordance with applicable law. For all tax reporting periods during which
32 the provisions of this subsection are in effect, none of the exemptions
33 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply
34 to the sale or furnishing of any gas, water, electricity and heat for use or
35 consumption within the intermodal facility district. As used in this
36 subsection, "intermodal facility district" shall consist of an intermodal
37 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and
38 amendments thereto, located in Johnson county within the polygonal-
39 shaped area having Waverly Road as the eastern boundary, 191st Street as
40 the southern boundary, Four Corners Road as the western boundary, and
41 Highway 56 as the northern boundary, and the polygonal-shaped area
42 having Poplar Road as the eastern boundary, 183rd Street as the southern
43 boundary, Waverly Road as the western boundary, and the BNSF mainline

1 track as the northern boundary, that includes capital investment in an
2 amount exceeding \$150 million for the construction of an intermodal
3 facility to handle the transfer, storage and distribution of freight through
4 railway and trucking operations.

5 Sec. 5. K.S.A. 2012 Supp. 79-4217 is hereby amended to read as
6 follows: 79-4217. (a) There is hereby imposed an excise tax upon the
7 severance and production of coal, oil or gas from the earth or water in this
8 state for sale, transport, storage, profit or commercial use, subject to the
9 following provisions of this section. Such tax shall be borne ratably by all
10 persons within the term "producer" as such term is defined in K.S.A. 79-
11 4216, and amendments thereto, in proportion to their respective beneficial
12 interest in the coal, oil or gas severed. Such tax shall be applied equally to
13 all portions of the gross value of each barrel of oil severed and subject to
14 such tax and to the gross value of the gas severed and subject to such tax.
15 The rate of such tax shall be 8% of the gross value of all oil or gas severed
16 from the earth or water in this state and subject to the tax imposed under
17 this act. The rate of such tax with respect to coal shall be \$1 per ton. For
18 the purposes of the tax imposed hereunder the amount of oil or gas
19 produced shall be measured or determined: (1) In the case of oil, by tank
20 tables compiled to show 100% of the full capacity of tanks without
21 deduction for overage or losses in handling; allowance for any reasonable
22 and bona fide deduction for basic sediment and water, and for correction of
23 temperature to 60 degrees Fahrenheit will be allowed; and if the amount of
24 oil severed has been measured or determined by tank tables compiled to
25 show less than 100% of the full capacity of tanks, such amount shall be
26 raised to a basis of 100% for the purpose of the tax imposed by this act;
27 and (2) in the case of gas, by meter readings showing 100% of the full
28 volume expressed in cubic feet at a standard base and flowing temperature
29 of 60 degrees Fahrenheit, and at the absolute pressure at which the gas is
30 sold and purchased; correction to be made for pressure according to
31 Boyle's law, and used for specific gravity according to the gravity at which
32 the gas is sold and purchased, or if not so specified, according to the test
33 made by the balance method.

34 (b) The following shall be exempt from the tax imposed under this
35 section:

36 (1) The severance and production of gas which is: (A) Injected into
37 the earth for the purpose of lifting oil, recycling or repressuring; (B) used
38 for fuel in connection with the operation and development for, or
39 production of, oil or gas in the lease or production unit where severed; (C)
40 lawfully vented or flared; (D) severed from a well having an average daily
41 production during a calendar month having a gross value of not more than
42 \$87 per day, which well has not been significantly curtailed by reason of
43 mechanical failure or other disruption of production; in the event that the

1 production of gas from more than one well is gauged by a common meter,
2 eligibility for exemption hereunder shall be determined by computing the
3 gross value of the average daily combined production from all such wells
4 and dividing the same by the number of wells gauged by such meter; (E)
5 inadvertently lost on the lease or production unit by reason of leaks,
6 blowouts or other accidental losses; (F) used or consumed for domestic or
7 agricultural purposes on the lease or production unit from which it is
8 severed; or (G) placed in underground storage for recovery at a later date
9 and which was either originally severed outside of the state of Kansas, or
10 as to which the tax levied pursuant to this act has been paid;

11 (2) the severance and production of oil which is: (A) From a lease or
12 production unit whose average daily production is five barrels or less per
13 producing well, which well or wells have not been significantly curtailed
14 by reason of mechanical failure or other disruption of production; (B) from
15 a lease or production unit, the producing well or wells upon which have a
16 completion depth of 2,000 feet or more, and whose average daily
17 production is six barrels or less per producing well or, if the price of oil as
18 determined pursuant to subsection (d) is \$16 or less, whose average daily
19 production is seven barrels or less per producing well, or, if the price of oil
20 as determined pursuant to subsection (d) is \$15 or less, whose average
21 daily production is eight barrels or less per producing well, or, if the price
22 of oil as determined pursuant to subsection (d) is \$14 or less, whose
23 average daily production is nine barrels or less per producing well, or, if
24 the price of oil as determined pursuant to subsection (d) is \$13 or less,
25 whose average daily production is 10 barrels or less per producing well,
26 which well or wells have not been significantly curtailed by reason of
27 mechanical failure or other disruption of production; (C) from a lease or
28 production unit, whose production results from a tertiary recovery process.
29 "Tertiary recovery process" means the process or processes described in
30 subparagraphs (1) through (9) of 10 C.F.R. § 212.78(c) as in effect on June
31 1, 1979; (D) from a lease or production unit, the producing well or wells
32 upon which have a completion depth of less than 2,000 feet and whose
33 average daily production resulting from a water flood process, is six
34 barrels or less per producing well, which well or wells have not been
35 significantly curtailed by reason of mechanical failure or other disruption
36 of production; (E) from a lease or production unit, the producing well or
37 wells upon which have a completion depth of 2,000 feet or more, and
38 whose average daily production resulting from a water flood process, is
39 seven barrels or less per producing well or, if the price of oil as determined
40 pursuant to subsection (d) is \$16 or less, whose average daily production is
41 eight barrels or less per producing well, or, if the price of oil as determined
42 pursuant to subsection (d) is \$15 or less, whose average daily production is
43 nine barrels or less per producing well, or, if the price of oil as determined

1 pursuant to subsection (d) is \$14 or less, whose average daily production is
2 10 barrels or less per producing well, which well or wells have not been
3 significantly curtailed by reason of mechanical failure or other disruption
4 of production; (F) test, frac or swab oil which is sold or exchanged for
5 value; or (G) inadvertently lost on the lease or production unit by reason of
6 leaks or other accidental means;

7 (3) (A) any taxpayer applying for an exemption pursuant to
8 subsection (b)(2)(A) and (B) shall make application biennially to the
9 director of taxation therefor. Exemptions granted pursuant to subsection
10 (b)(2)(A) and (B) shall be valid for a period of two years following the
11 date of certification thereof by the director of taxation; (B) any taxpayer
12 applying for an exemption pursuant to subsection (b)(2)(D) or (E) shall
13 make application biennially to the director of taxation therefor. Such
14 application shall be accompanied by proof of the approval of an
15 application for the utilization of a water flood process therefor by the
16 corporation commission pursuant to rules and regulations adopted under
17 the authority of K.S.A. 55-152, and amendments thereto, and proof that
18 the oil produced therefrom is kept in a separate tank battery and that
19 separate books and records are maintained therefor. Such exemption shall
20 be valid for a period of two years following the date of certification thereof
21 by the director of taxation; (C) any exemption granted pursuant to
22 subsections (b)(2)(A), (B), (D) or (E) with an odd lease number and an
23 exemption termination date between June 1, 2004, and May 31, 2005,
24 inclusive, shall be valid for a period of one year following the date of
25 certification; and (D) notwithstanding the provisions of paragraph (A) or
26 (B), any exemption in effect on the effective date of this act affected by the
27 amendments to subsection (b)(2) by this act shall be redetermined in
28 accordance with such amendments. Any such exemption, and any new
29 exemption established by such amendments and applied for after the
30 effective date of this *act* shall be valid for a period commencing with May
31 1, 1998, and ending on April 30, 1999;

32 (4) the severance and production of gas or oil from any pool from
33 which oil or gas was first produced on or after April 1, 1983, and prior to
34 July 1, 2012, as determined by the state corporation commission and
35 certified to the director of taxation, and continuing for a period of 24
36 months from the month in which oil or gas was first produced from such
37 pool as evidenced by an affidavit of completion of a well, filed with the
38 state corporation commission and certified to the director of taxation.
39 Exemptions granted for production from any well pursuant to this
40 paragraph shall be valid for a period of 24 months following the month in
41 which oil or gas was first produced from such pool. The term "pool"
42 means an underground accumulation of oil or gas in a single and separate
43 natural reservoir characterized by a single pressure system so that

1 production from one part of the pool affects the reservoir pressure
2 throughout its extent;

3 (5) the severance and production of oil from any *well within a pool*
4 from which oil was first produced on or after July 1, 2012, *as certified by*
5 *the state corporation commission to the director of taxation*, and from
6 which the *average daily* severance and production of oil *during the initial*
7 *six months of production from the date of first production* from such ~~pool~~
8 *producing well, which well has not been significantly curtailed by reason*
9 *of mechanical failure or other disruption of production*, does not exceed
10 50 barrels per day ~~as certified by the state corporation commission and~~
11 ~~certified to the director of taxation~~, and continuing for a period of 24
12 months from the month in which oil was first produced from such pool as
13 evidenced by an affidavit of completion of a well, filed with the state
14 corporation commission and certified to the director of taxation.
15 Exemptions granted for production from any well pursuant to this
16 subsection shall be valid for a period of 24 months following the month in
17 which oil was first produced from such pool. The term "pool" means an
18 underground accumulation of oil in a single and separate natural reservoir
19 characterized by a single pressure system so that production from one part
20 of the pool affects the reservoir pressure throughout its extent. *For any*
21 *such well that has qualified for exemption, if the average daily severance*
22 *and production of oil from such well exceeds 50 barrels per day within any*
23 *qualifying one-month production period after the initial qualifying*
24 *production period, the exemption for such well shall be terminated as of*
25 *the commencement of such one-month production period;*

26 (6) the severance and production of oil or gas from a three-year
27 inactive well, as determined by the state corporation commission and
28 certified to the director of taxation, for a period of 10 years after the date
29 of receipt of such certification. As used in this paragraph, "three-year
30 inactive well" means any well that has not produced oil or gas in more
31 than one month in the three years prior to the date of application to the
32 state corporation commission for certification as a three-year inactive well.
33 An application for certification as a three-year inactive well shall be in
34 such form and contain such information as required by the state
35 corporation commission, and shall be made prior to July 1, 1996. The
36 commission may revoke a certification if information indicates that a
37 certified well was not a three-year inactive well or if other lease
38 production is credited to the certified well. Upon notice to the operator that
39 the certification for a well has been revoked, the exemption shall not be
40 applied to the production from that well from the date of revocation;

41 (7) (A) The incremental severance and production of oil or gas which
42 results from a production enhancement project begun on or after July 1,
43 1998, shall be exempt for a period of seven years from the start-up date of

1 such project. As used in this paragraph:

2 (1) "Incremental severance and production" means the amount of oil
3 or natural gas which is produced as the result of a production enhancement
4 project which is in excess of the base production of oil or natural gas, and
5 is determined by subtracting the base production from the total monthly
6 production after the production enhancement project is completed.

7 (2) "Base production" means the average monthly amount of
8 production for the twelve-month period immediately prior to the
9 production enhancement project beginning date, minus the monthly rate of
10 production decline for the well or project for each month beginning 180
11 days prior to the project beginning date. The monthly rate of production
12 decline shall be equal to the average extrapolated monthly decline rate for
13 the well or project for the twelve-month period immediately prior to the
14 production enhancement project beginning date, except that the monthly
15 rate of production decline shall be equal to zero in the case where the well
16 or project has experienced no monthly decline during the twelve-month
17 period immediately prior to the production enhancement project beginning
18 date. Such monthly rate of production decline shall be continued as the
19 decline that would have occurred except for the enhancement project. Any
20 well or project which may have produced during the twelve-month period
21 immediately prior to the production enhancement project beginning date
22 but is not capable of production on the project beginning date shall have a
23 base production equal to zero. The calculation of the base production
24 amount shall be evidenced by an affidavit and supporting documentation
25 filed by the applying taxpayer with the state corporation commission.

26 (3) "Workover" means any downhole operation in an existing oil or
27 gas well that is designed to sustain, restore or increase the production rate
28 or ultimate recovery of oil or gas, including, but not limited to, acidizing,
29 reperforation, fracture treatment, sand/paraffin/scale removal or other
30 wellbore cleanouts, casing repair, squeeze cementing, initial installation, or
31 enhancement of artificial lifts including plunger lifts, rods, pumps,
32 submersible pumps and coiled tubing velocity strings, downsizing existing
33 tubing to reduce well loading, downhole commingling, bacteria treatments,
34 polymer treatments, upgrading the size of pumping unit equipment, setting
35 bridge plugs to isolate water production zones, or any combination of the
36 aforementioned operations; "workover" shall not mean the routine
37 maintenance, routine repair, or like for-like replacement of downhole
38 equipment such as rods, pumps, tubing packers or other mechanical
39 device.

40 (4) "Production enhancement project" means performing or causing
41 to be performed the following:

42 (i) Workover;

43 (ii) recompletion to a different producing zone in the same well bore,

1 except recompletions in formations and zones subject to a state
2 corporation commission proration order;

3 (iii) secondary recovery projects;

4 (iv) addition of mechanical devices to dewater a gas or oil well;

5 (v) replacement or enhancement of surface equipment;

6 (vi) installation or enhancement of compression equipment, line
7 looping or other techniques or equipment which increases production from
8 a well or a group of wells in a project; *or*

9 (vii) new discoveries of oil or gas which are discovered as a result of
10 the use of new technology, including, but not limited to, three dimensional
11 seismic studies.

12 (B) The state corporation commission shall adopt rules and
13 regulations necessary to efficiently and properly administer the provisions
14 of this paragraph including rules and regulations for the qualification of
15 production enhancement projects, the procedures for determining the
16 monthly rate of production decline, criteria for determining the share of
17 incremental production attributable to each well when a production
18 enhancement project includes a group of wells, criteria for determining the
19 start-up date for any project for which an exemption is claimed, and
20 determining new qualifying technologies for the purposes of subsection (b)
21 (7)(A)(4)(vii).

22 (C) Any taxpayer applying for an exemption pursuant to this
23 paragraph shall make application to the director of taxation. Such
24 application shall be accompanied by a state corporation commission
25 certification that the production for which an exemption is sought results
26 from a qualified production enhancement project and certification of the
27 base production for the enhanced wells or group of wells, and the rate of
28 decline to be applied to that base production. The secretary of revenue
29 shall provide credit for any taxes paid between the project start-up date
30 and the certification of qualifications by the commission.

31 (D) The exemptions provided for in this paragraph shall not apply for
32 12 months beginning July 1 of the year subsequent to any calendar year
33 during which: (1) In the case of oil, the secretary of revenue determines
34 that the weighted average price of Kansas oil at the wellhead has exceeded
35 \$20.00 per barrel; or (2) in the case of natural gas the secretary of revenue
36 determines that the weighted average price of Kansas gas at the wellhead
37 has exceeded \$2.50 per Mcf.

38 (E) The provisions of this paragraph shall not affect any other
39 exemption allowable pursuant to this section; and

40 (7) for the calendar year 1988, and any year thereafter, the severance
41 or production of the first 350,000 tons of coal from any mine as certified
42 by the state geological survey.

43 (c) No exemption shall be granted pursuant to subsection (b)(3) or (4)

1 to any person who does not have a valid operator's license issued by the
2 state corporation commission, and no refund of tax shall be made to any
3 taxpayer attributable to any production in a period when such taxpayer did
4 not hold a valid operator's license issued by the state corporation
5 commission.

6 (d) On April 15, 1988, and on April 15 of each year thereafter, the
7 secretary of revenue shall determine from statistics compiled and provided
8 by the United States department of energy, the average price per barrel
9 paid by the first purchaser of crude oil in this state for the six-month
10 period ending on December 31 of the preceding year. Such price shall be
11 used for the purpose of determining exemptions allowed by subsection (b)
12 (2)(B) or (E) for the twelve-month period commencing on May 1 of such
13 year and ending on April 30 of the next succeeding year.

14 **Sec. 6. K.S.A. 2012 Supp. 79-32,117 is hereby amended to read as**
15 **follows: 79-32,117. (a) The Kansas adjusted gross income of an**
16 **individual means such individual's federal adjusted gross income for**
17 **the taxable year, with the modifications specified in this section.**

18 (b) There shall be added to federal adjusted gross income:

19 (i) Interest income less any related expenses directly incurred in
20 the purchase of state or political subdivision obligations, to the extent
21 that the same is not included in federal adjusted gross income, on
22 obligations of any state or political subdivision thereof, but to the
23 extent that interest income on obligations of this state or a political
24 subdivision thereof issued prior to January 1, 1988, is specifically
25 exempt from income tax under the laws of this state authorizing the
26 issuance of such obligations, it shall be excluded from computation of
27 Kansas adjusted gross income whether or not included in federal
28 adjusted gross income. Interest income on obligations of this state or a
29 political subdivision thereof issued after December 31, 1987, shall be
30 excluded from computation of Kansas adjusted gross income whether
31 or not included in federal adjusted gross income.

32 (ii) Taxes on or measured by income or fees or payments in lieu of
33 income taxes imposed by this state or any other taxing jurisdiction to
34 the extent deductible in determining federal adjusted gross income
35 and not credited against federal income tax. This paragraph shall not
36 apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-
37 1108, and amendments thereto, for privilege tax year 1995, and all
38 such years thereafter.

39 (iii) The federal net operating loss deduction.

40 (iv) Federal income tax refunds received by the taxpayer if the
41 deduction of the taxes being refunded resulted in a tax benefit for
42 Kansas income tax purposes during a prior taxable year. Such refunds
43 shall be included in income in the year actually received regardless of

1 the method of accounting used by the taxpayer. For purposes hereof, a
2 tax benefit shall be deemed to have resulted if the amount of the tax
3 had been deducted in determining income subject to a Kansas income
4 tax for a prior year regardless of the rate of taxation applied in such
5 prior year to the Kansas taxable income, but only that portion of the
6 refund shall be included as bears the same proportion to the total
7 refund received as the federal taxes deducted in the year to which such
8 refund is attributable bears to the total federal income taxes paid for
9 such year. For purposes of the foregoing sentence, federal taxes shall
10 be considered to have been deducted only to the extent such deduction
11 does not reduce Kansas taxable income below zero.

12 (v) The amount of any depreciation deduction or business
13 expense deduction claimed on the taxpayer's federal income tax
14 return for any capital expenditure in making any building or facility
15 accessible to the handicapped, for which expenditure the taxpayer
16 claimed the credit allowed by K.S.A. 79-32,177, and amendments
17 thereto.

18 (vi) Any amount of designated employee contributions picked up
19 by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-
20 4965, and amendments thereto.

21 (vii) The amount of any charitable contribution made to the
22 extent the same is claimed as the basis for the credit allowed pursuant
23 to K.S.A. 79-32,196, and amendments thereto.

24 (viii) The amount of any costs incurred for improvements to a
25 swine facility, claimed for deduction in determining federal adjusted
26 gross income, to the extent the same is claimed as the basis for any
27 credit allowed pursuant to K.S.A. 2012 Supp. 79-32,204, and
28 amendments thereto.

29 (ix) The amount of any ad valorem taxes and assessments paid
30 and the amount of any costs incurred for habitat management or
31 construction and maintenance of improvements on real property,
32 claimed for deduction in determining federal adjusted gross income,
33 to the extent the same is claimed as the basis for any credit allowed
34 pursuant to K.S.A. 79-32,203, and amendments thereto.

35 (x) Amounts received as nonqualified withdrawals, as defined by
36 K.S.A. 2012 Supp. 75-643, and amendments thereto, if, at the time of
37 contribution to a family postsecondary education savings account,
38 such amounts were subtracted from the federal adjusted gross income
39 pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and
40 amendments thereto, or if such amounts are not already included in
41 the federal adjusted gross income.

42 (xi) The amount of any contribution made to the same extent the
43 same is claimed as the basis for the credit allowed pursuant to K.S.A.

1 2012 Supp. 74-50,154, and amendments thereto.

2 (xii) For taxable years commencing after December 31, 2004,
3 amounts received as withdrawals not in accordance with the
4 provisions of K.S.A. 2012 Supp. 74-50,204, and amendments thereto,
5 if, at the time of contribution to an individual development account,
6 such amounts were subtracted from the federal adjusted gross income
7 pursuant to paragraph (xiii) of subsection (c), or if such amounts are
8 not already included in the federal adjusted gross income.

9 (xiii) The amount of any expenditures claimed for deduction in
10 determining federal adjusted gross income, to the extent the same is
11 claimed as the basis for any credit allowed pursuant to K.S.A. 2012
12 Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments
13 thereto.

14 (xiv) The amount of any amortization deduction claimed in
15 determining federal adjusted gross income to the extent the same is
16 claimed for deduction pursuant to K.S.A. 2012 Supp. 79-32,221, and
17 amendments thereto.

18 (xv) The amount of any expenditures claimed for deduction in
19 determining federal adjusted gross income, to the extent the same is
20 claimed as the basis for any credit allowed pursuant to K.S.A. 2012
21 Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-
22 32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245
23 through 79-32,248 or 79-32,251 through 79-32,254, and amendments
24 thereto.

25 (xvi) The amount of any amortization deduction claimed in
26 determining federal adjusted gross income to the extent the same is
27 claimed for deduction pursuant to K.S.A. 2012 Supp. 79-32,227, 79-
28 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
29 thereto.

30 (xvii) The amount of any amortization deduction claimed in
31 determining federal adjusted gross income to the extent the same is
32 claimed for deduction pursuant to K.S.A. 2012 Supp. 79-32,256, and
33 amendments thereto.

34 (xviii) For taxable years commencing after December 31, 2006,
35 the amount of any ad valorem or property taxes and assessments paid
36 to a state other than Kansas or local government located in a state
37 other than Kansas by a taxpayer who resides in a state other than
38 Kansas, when the law of such state does not allow a resident of Kansas
39 who earns income in such other state to claim a deduction for ad
40 valorem or property taxes or assessments paid to a political
41 subdivision of the state of Kansas in determining taxable income for
42 income tax purposes in such other state, to the extent that such taxes
43 and assessments are claimed as an itemized deduction for federal

1 income tax purposes.

2 (xix) For all taxable years beginning after December 31, 2012, the
3 amount of any: (1) Loss from business as determined under the
4 federal internal revenue code and reported from schedule C and on
5 line 12 of the taxpayer's form 1040 federal individual income tax
6 return; (2) loss from rental real estate, royalties, partnerships, S
7 corporations, *except those with wholly owned subsidiaries subject to the*
8 *Kansas privilege tax*, estates, trusts, residual interest in real estate
9 mortgage investment conduits and net farm rental as determined
10 under the federal internal revenue code and reported from schedule E
11 and on line 17 of the taxpayer's form 1040 federal individual income
12 tax return; and (3) farm loss as determined under the federal internal
13 revenue code and reported from schedule F and on line 18 of the
14 taxpayer's form 1040 federal income tax return; all to the extent
15 deducted or subtracted in determining the taxpayer's federal adjusted
16 gross income. For purposes of this subsection, references to the federal
17 form 1040 and federal schedule C, schedule E, and schedule F, shall be
18 to such form and schedules as they existed for tax year 2011, and as
19 revised thereafter by the internal revenue service.

20 (xx) For all taxable years beginning after December 31, 2012, the
21 amount of any deduction for self-employment taxes under section
22 164(f) of the federal internal revenue code as in effect on January 1,
23 2012, and amendments thereto, in determining the federal adjusted
24 gross income of an individual taxpayer.

25 (xxi) For all taxable years beginning after December 31, 2012, the
26 amount of any deduction for pension, profit sharing, and annuity
27 plans of self-employed individuals under section 62(a)(6) of the federal
28 internal revenue code as in effect on January 1, 2012, and
29 amendments thereto, in determining the federal adjusted gross income
30 of an individual taxpayer.

31 (xxii) For all taxable years beginning after December 31, 2012,
32 the amount of any deduction for health insurance under section 162(l)
33 of the federal internal revenue code as in effect on January 1, 2012,
34 and amendments thereto, in determining the federal adjusted gross
35 income of an individual taxpayer.

36 (xxiii) For all taxable years beginning after December 31, 2012,
37 the amount of any deduction for domestic production activities under
38 section 199 of the federal internal revenue code as in effect on January
39 1, 2012, and amendments thereto, in determining the federal adjusted
40 gross income of an individual taxpayer.

41 (c) There shall be subtracted from federal adjusted gross income:

42 (i) Interest or dividend income on obligations or securities of any
43 authority, commission or instrumentality of the United States and its

1 possessions less any related expenses directly incurred in the purchase
2 of such obligations or securities, to the extent included in federal
3 adjusted gross income but exempt from state income taxes under the
4 laws of the United States.

5 (ii) Any amounts received which are included in federal adjusted
6 gross income but which are specifically exempt from Kansas income
7 taxation under the laws of the state of Kansas.

8 (iii) The portion of any gain or loss from the sale or other
9 disposition of property having a higher adjusted basis for Kansas
10 income tax purposes than for federal income tax purposes on the date
11 such property was sold or disposed of in a transaction in which gain or
12 loss was recognized for purposes of federal income tax that does not
13 exceed such difference in basis, but if a gain is considered a long-term
14 capital gain for federal income tax purposes, the modification shall be
15 limited to that portion of such gain which is included in federal
16 adjusted gross income.

17 (iv) The amount necessary to prevent the taxation under this act
18 of any annuity or other amount of income or gain which was properly
19 included in income or gain and was taxed under the laws of this state
20 for a taxable year prior to the effective date of this act, as amended, to
21 the taxpayer, or to a decedent by reason of whose death the taxpayer
22 acquired the right to receive the income or gain, or to a trust or estate
23 from which the taxpayer received the income or gain.

24 (v) The amount of any refund or credit for overpayment of taxes
25 on or measured by income or fees or payments in lieu of income taxes
26 imposed by this state, or any taxing jurisdiction, to the extent included
27 in gross income for federal income tax purposes.

28 (vi) Accumulation distributions received by a taxpayer as a
29 beneficiary of a trust to the extent that the same are included in
30 federal adjusted gross income.

31 (vii) Amounts received as annuities under the federal civil service
32 retirement system from the civil service retirement and disability fund
33 and other amounts received as retirement benefits in whatever form
34 which were earned for being employed by the federal government or
35 for service in the armed forces of the United States.

36 (viii) Amounts received by retired railroad employees as a
37 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a)
38 and 228c (a)(1) et seq.

39 (ix) Amounts received by retired employees of a city and by
40 retired employees of any board of such city as retirement allowances
41 pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant
42 to any charter ordinance exempting a city from the provisions of
43 K.S.A. 13-14,106, and amendments thereto.

1 (x) For taxable years beginning after December 31, 1976, the
2 amount of the federal tentative jobs tax credit disallowance under the
3 provisions of 26 U.S.C. § 280 C. For taxable years ending after
4 December 31, 1978, the amount of the targeted jobs tax credit and
5 work incentive credit disallowances under 26 U.S.C. § 280 C.

6 (xi) For taxable years beginning after December 31, 1986,
7 dividend income on stock issued by Kansas Venture Capital, Inc.

8 (xii) For taxable years beginning after December 31, 1989,
9 amounts received by retired employees of a board of public utilities as
10 pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a
11 and 13-1249, and amendments thereto.

12 (xiii) For taxable years beginning after December 31, 2004,
13 amounts contributed to and the amount of income earned on
14 contributions deposited to an individual development account under
15 K.S.A. 2012 Supp. 74-50,201 et seq., and amendments thereto.

16 (xiv) For all taxable years commencing after December 31, 1996,
17 that portion of any income of a bank organized under the laws of this
18 state or any other state, a national banking association organized
19 under the laws of the United States, an association organized under
20 the savings and loan code of this state or any other state, or a federal
21 savings association organized under the laws of the United States, for
22 which an election as an S corporation under subchapter S of the
23 federal internal revenue code is in effect, which accrues to the
24 taxpayer who is a stockholder of such corporation and which is not
25 distributed to the stockholders as dividends of the corporation. For all
26 taxable years beginning after December 31, 2012, the amount of
27 modification under this subsection shall exclude the portion of income
28 or loss reported on schedule E and included on line 17 of the
29 taxpayer's form 1040 federal individual income tax return.

30 (xv) For all taxable years beginning after December 31, 2006,
31 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
32 joint return, for each designated beneficiary which are contributed to
33 a family postsecondary education savings account established under
34 the Kansas postsecondary education savings program or a qualified
35 tuition program established and maintained by another state or
36 agency or instrumentality thereof pursuant to section 529 of the
37 internal revenue code of 1986, as amended, for the purpose of paying
38 the qualified higher education expenses of a designated beneficiary at
39 an institution of postsecondary education. The terms and phrases used
40 in this paragraph shall have the meaning respectively ascribed thereto
41 by the provisions of K.S.A. 2012 Supp. 75-643, and amendments
42 thereto, and the provisions of such section are hereby incorporated by
43 reference for all purposes thereof.

1 (xvi) For all taxable years beginning after December 31, 2004,
2 amounts received by taxpayers who are or were members of the
3 armed forces of the United States, including service in the Kansas
4 army and air national guard, as a recruitment, sign up or retention
5 bonus received by such taxpayer as an incentive to join, enlist or
6 remain in the armed services of the United States, including service in
7 the Kansas army and air national guard, and amounts received for
8 repayment of educational or student loans incurred by or obligated to
9 such taxpayer and received by such taxpayer as a result of such
10 taxpayer's service in the armed forces of the United States, including
11 service in the Kansas army and air national guard.

12 (xvii) For all taxable years beginning after December 31, 2004,
13 amounts received by taxpayers who are eligible members of the
14 Kansas army and air national guard as a reimbursement pursuant to
15 K.S.A. 48-281, and amendments thereto, and amounts received for
16 death benefits pursuant to K.S.A. 48-282, and amendments thereto, or
17 pursuant to section 1 or section 2 of chapter 207 of the 2005 session
18 laws of Kansas, and amendments thereto, to the extent that such death
19 benefits are included in federal adjusted gross income of the taxpayer.

20 (xviii) For the taxable year beginning after December 31, 2006,
21 amounts received as benefits under the federal social security act
22 which are included in federal adjusted gross income of a taxpayer with
23 federal adjusted gross income of \$50,000 or less, whether such
24 taxpayer's filing status is single, head of household, married filing
25 separate or married filing jointly; and for all taxable years beginning
26 after December 31, 2007, amounts received as benefits under the
27 federal social security act which are included in federal adjusted gross
28 income of a taxpayer with federal adjusted gross income of \$75,000 or
29 less, whether such taxpayer's filing status is single, head of household,
30 married filing separate or married filing jointly.

31 (xix) Amounts received by retired employees of Washburn
32 university as retirement and pension benefits under the university's
33 retirement plan.

34 (xx) For all taxable years beginning after December 31, 2012, the
35 amount of any: (1) Net profit from business as determined under the
36 federal internal revenue code and reported from schedule C and on
37 line 12 of the taxpayer's form 1040 federal individual income tax
38 return; (2) net income from rental real estate, royalties, partnerships,
39 S corporations, estates, trusts, residual interest in real estate mortgage
40 investment conduits and net farm rental as determined under the
41 federal internal revenue code and reported from schedule E and on
42 line 17 of the taxpayer's form 1040 federal individual income tax
43 return; and (3) net farm profit as determined under the federal

1 internal revenue code and reported from schedule F and on line 18 of
 2 the taxpayer's form 1040 federal income tax return; all to the extent
 3 included in the taxpayer's federal adjusted gross income. For purposes
 4 of this subsection, references to the federal form 1040 and federal
 5 schedule C, schedule E, and schedule F, shall be to such form and
 6 schedules as they existed for tax year 2011 and as revised thereafter by
 7 the internal revenue service.

8 (d) There shall be added to or subtracted from federal adjusted
 9 gross income the taxpayer's share, as beneficiary of an estate or trust,
 10 of the Kansas fiduciary adjustment determined under K.S.A. 79-
 11 32,135, and amendments thereto.

12 (e) The amount of modifications required to be made under this
 13 section by a partner which relates to items of income, gain, loss,
 14 deduction or credit of a partnership shall be determined under K.S.A.
 15 79-32,131, and amendments thereto, to the extent that such items
 16 affect federal adjusted gross income of the partner.

17 *Sec. 7. On July 1, 2013, K.S.A. 2012 Supp. 79-32,110 is hereby*
 18 *amended to read as follows: 79-32,110. (a) Resident Individuals. Except*
 19 *as otherwise provided by subsection (a) of K.S.A. 79-3220, and*
 20 *amendments thereto, a tax is hereby imposed upon the Kansas taxable*
 21 *income of every resident individual, which tax shall be computed in*
 22 *accordance with the following tax schedules:*

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

24 (A) *For tax year 2012:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
25 <i>Not over \$30,000.....</i>	<i>3.5% of Kansas taxable income</i>
26 <i>Over \$30,000 but not over.....</i>	<i>\$1,050 plus 6.25% of excess</i>
27 <i>\$60,000</i>	<i>over \$30,000</i>
28 <i>Over \$60,000.....</i>	<i>\$2,925 plus 6.45% of excess</i>
29 <i>over \$60,000</i>	

30 (B) *For tax year 2013, and all tax years thereafter:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
31 <i>Not over \$30,000.....</i>	<i>3.0% of Kansas taxable income</i>
32 <i>Over \$30,000.....</i>	<i>\$900 plus 4.9% of excess over</i>
33 <i>\$30,000</i>	

34 (C) *For tax years 2014 and 2015:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
35 <i>Not over \$30,000.....</i>	<i>2.5% of Kansas taxable income</i>
36 <i>Over \$30,000.....</i>	<i>\$750 plus 4.9% of excess over</i>
37 <i>\$30,000</i>	

38 (D) *For tax year 2016:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
39 <i>Not over \$30,000.....</i>	<i>1.9% of Kansas taxable income</i>

1 Over \$30,000.....\$570 plus 4.9% of excess over
 2 \$30,000

3 (E) For tax year 2017, and all tax years thereafter:

4 If the taxable income is: The tax is:
 5 Not over \$30,000.....1.9% of Kansas taxable income
 6 Over \$30,000.....\$570 plus 3.5% of excess over
 7 \$30,000

8 (2) All other individuals.

9
 10 (A) For tax year 2012:

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

17 (B) For tax year 2013, and all tax years thereafter:

18 If the taxable income is: The tax is:
 19 Not over \$15,000.....3.0 % of Kansas taxable income
 20 Over \$15,000.....\$450 plus 4.9% of excess over
 21 \$15,000

22 (C) For tax years 2014 and 2015:

23 If the taxable income is: The tax is:
 24 Not over \$15,000.....2.5% of Kansas taxable income
 25 Over \$15,000.....\$375 plus 4.9% of excess over
 26 \$15,000

27 (D) For tax year 2016:

28 If the taxable income is:.....The tax is:
 29 Not over \$15,000.....1.9% of Kansas taxable income
 30 Over \$15,000.....\$285 plus 4.9% of excess over
 31 \$15,000

32 (E) For tax year 2017, and all tax years thereafter:

33 If the taxable income is: The tax is:
 34 Not over \$15,000.....1.9% of Kansas taxable income
 35 Over \$15,000.....\$285 plus 3.5% of excess over
 36 \$15,000

37 (b) Nonresident Individuals. A tax is hereby imposed upon the
 38 Kansas taxable income of every nonresident individual, which tax shall
 39 be an amount equal to the tax computed under subsection (a) as if the
 40 nonresident were a resident multiplied by the ratio of modified Kansas
 41 source income to Kansas adjusted gross income.

42 (c) Corporations. A tax is hereby imposed upon the Kansas taxable
 43 income of every corporation doing business within this state or deriving

1 *income from sources within this state. Such tax shall consist of a normal*
2 *tax and a surtax and shall be computed as follows:*

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

5 *(2) (A) for tax year 2008, the surtax shall be in an amount equal to*
6 *3.1% of the Kansas taxable income of such corporation in excess of*
7 *\$50,000;*

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

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

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

17 *Sec. 8. July 1, 2013, K.S.A. 2012 Supp. 79-32,120 is hereby*
18 *amended to read as follows: 79-32,120. (a) If federal taxable income of*
19 *an individual is determined by itemizing deductions from such*
20 *individual's federal adjusted gross income, such individual may elect to*
21 *deduct the Kansas itemized deduction in lieu of the Kansas standard*
22 *deduction. The Kansas itemized deduction of an individual means the*
23 *total amount of deductions from federal adjusted gross income, other*
24 *than federal deductions for personal exemptions, as provided in the*
25 *federal internal revenue code with the modifications specified in this*
26 *section.*

27 *(b) For taxable years commencing prior to January 1, 2013, the total*
28 *amount of deductions from federal adjusted gross income shall be*
29 *reduced by the total amount of income taxes imposed by or paid to this*
30 *state or any other taxing jurisdiction to the extent that the same are*
31 *deducted in determining the federal itemized deductions and by the*
32 *amount of all depreciation deductions claimed for any real or tangible*
33 *personal property upon which the deduction allowed by K.S.A. 2012*
34 *Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,*
35 *79-32,255 or 79-32,256, and amendments thereto, is or has been*
36 *claimed.*

37 *(c) For taxable years commencing on or after January 1, 2013, the*
38 *total amount of deductions from federal adjusted gross income shall be*
39 *reduced by the total amount of income taxes imposed by or paid to this*
40 *state or any other taxing jurisdiction and allowed as itemized deductions*
41 *in section 164 of the federal internal revenue code, and amendments*
42 *thereto, and the amount of qualified residential interest paid and allowed*
43 *as an itemized deduction in section 163 of the federal internal revenue*

1 *code, and amendments thereto, to the extent that any of the same are*
2 *deducted in determining the federal itemized deductions and by the*
3 *amount of all depreciation deductions claimed for any real or tangible*
4 *personal property upon which the deduction allowed by K.S.A. 2012 Supp.*
5 *79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-*
6 *32,255 or 79-32,256, and amendments thereto, is or has been claimed.*

7 ***Sec. 9. On July 1, 2013, K.S.A. 2012 Supp. 79-3603 is hereby***
8 ***amended to read as follows: 79-3603. For the privilege of engaging in***
9 ***the business of selling tangible personal property at retail in this state or***
10 ***rendering or furnishing any of the services taxable under this act, there***
11 ***is hereby levied and there shall be collected and paid a tax at the rate of***
12 ***5.3%, and commencing July 1, 2010, at the rate of 6.3%, and commencing***
13 ***July 1, 2013, at the rate of 5.7%. Within a redevelopment district***
14 ***established pursuant to K.S.A. 74-8921, and amendments thereto, there***
15 ***is hereby levied and there shall be collected and paid an additional tax at***
16 ***the rate of 2% until the earlier of the date the bonds issued to finance or***
17 ***refinance the redevelopment project have been paid in full or the final***
18 ***scheduled maturity of the first series of bonds issued to finance any part***
19 ***of the project upon:***

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

22 ***(b) the gross receipts from intrastate, interstate or international***
23 ***telecommunications services and any ancillary services sourced to this***
24 ***state in accordance with K.S.A. 2012 Supp. 79-3673, and amendments***
25 ***thereto, except that telecommunications service does not include: (1)***
26 ***Any interstate or international 800 or 900 service; (2) any interstate or***
27 ***international private communications service as defined in K.S.A. 2012***
28 ***Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice***
29 ***data service; (4) any telecommunication service to a provider of***
30 ***telecommunication services which will be used to render***
31 ***telecommunications services, including carrier access services; or (5)***
32 ***any service or transaction defined in this section among entities***
33 ***classified as members of an affiliated group as provided by section 1504***
34 ***of the federal internal revenue code of 1986, as in effect on January 1,***
35 ***2001;***

36 ***(c) the gross receipts from the sale or furnishing of gas, water,***
37 ***electricity and heat, which sale is not otherwise exempt from taxation***
38 ***under the provisions of this act, and whether furnished by municipally***
39 ***or privately owned utilities, except that, on and after January 1, 2006,***
40 ***for sales of gas, electricity and heat delivered through mains, lines or***
41 ***pipes to residential premises for noncommercial use by the occupant of***
42 ***such premises, and for agricultural use and also, for such use, all sales***
43 ***of propane gas, the state rate shall be 0%; and for all sales of propane***

1 gas, LP gas, coal, wood and other fuel sources for the production of heat
2 or lighting for noncommercial use of an occupant of residential
3 premises, the state rate shall be 0%, but such tax shall not be levied and
4 collected upon the gross receipts from: (1) The sale of a rural water
5 district benefit unit; (2) a water system impact fee, system enhancement
6 fee or similar fee collected by a water supplier as a condition for
7 establishing service; or (3) connection or reconnection fees collected by
8 a water supplier;

9 (d) the gross receipts from the sale of meals or drinks furnished at
10 any private club, drinking establishment, catered event, restaurant,
11 eating house, dining car, hotel, drugstore or other place where meals or
12 drinks are regularly sold to the public;

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

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

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

29 (h) the gross receipts from the service of renting or leasing of
30 tangible personal property except such tax shall not apply to the renting
31 or leasing of machinery, equipment or other personal property owned by
32 a city and purchased from the proceeds of industrial revenue bonds
33 issued prior to July 1, 1973, in accordance with the provisions of K.S.A.
34 12-1740 through 12-1749, and amendments thereto, and any city or
35 lessee renting or leasing such machinery, equipment or other personal
36 property purchased with the proceeds of such bonds who shall have paid
37 a tax under the provisions of this section upon sales made prior to July
38 1, 1973, shall be entitled to a refund from the sales tax refund fund of all
39 taxes paid thereon;

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

43 (j) the gross receipts from the rendering of the services of washing

1 *and washing and waxing of vehicles;*

2 *(k) the gross receipts from cable, community antennae and other*
3 *subscriber radio and television services;*

4 *(l) (1) except as otherwise provided by paragraph (2), the gross*
5 *receipts received from the sales of tangible personal property to all*
6 *contractors, subcontractors or repairmen for use by them in erecting*
7 *structures, or building on, or otherwise improving, altering, or repairing*
8 *real or personal property.*

9 *(2) Any such contractor, subcontractor or repairman who*
10 *maintains an inventory of such property both for sale at retail and for*
11 *use by them for the purposes described by paragraph (1) shall be deemed*
12 *a retailer with respect to purchases for and sales from such inventory,*
13 *except that the gross receipts received from any such sale, other than a*
14 *sale at retail, shall be equal to the total purchase price paid for such*
15 *property and the tax imposed thereon shall be paid by the deemed*
16 *retailer;*

17 *(m) the gross receipts received from fees and charges by public and*
18 *private clubs, drinking establishments, organizations and businesses for*
19 *participation in sports, games and other recreational activities, but such*
20 *tax shall not be levied and collected upon the gross receipts received*
21 *from: (1) Fees and charges by any political subdivision, by any*
22 *organization exempt from property taxation pursuant to paragraph*
23 *Ninth of K.S.A. 79-201, and amendments thereto, or by any youth*
24 *recreation organization exclusively providing services to persons 18*
25 *years of age or younger which is exempt from federal income taxation*
26 *pursuant to section 501(c)(3) of the federal internal revenue code of*
27 *1986, for participation in sports, games and other recreational activities;*
28 *and (2) entry fees and charges for participation in a special event or*
29 *tournament sanctioned by a national sporting association to which*
30 *spectators are charged an admission which is taxable pursuant to*
31 *subsection (e);*

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

43 *(o) the gross receipts received from the isolated or occasional sale*

1 *of motor vehicles or trailers but not including: (1) The transfer of motor*
2 *vehicles or trailers by a person to a corporation or limited liability*
3 *company solely in exchange for stock securities or membership interest*
4 *in such corporation or limited liability company; or (2) the transfer of*
5 *motor vehicles or trailers by one corporation or limited liability company*
6 *to another when all of the assets of such corporation or limited liability*
7 *company are transferred to such other corporation or limited liability*
8 *company; or (3) the sale of motor vehicles or trailers which are subject*
9 *to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and*
10 *amendments thereto, by an immediate family member to another*
11 *immediate family member. For the purposes of clause (3), immediate*
12 *family member means lineal ascendants or descendants, and their*
13 *spouses. Any amount of sales tax paid pursuant to the Kansas retailers*
14 *sales tax act on the isolated or occasional sale of motor vehicles or*
15 *trailers on and after July 1, 2004, which the base for computing the tax*
16 *was the value pursuant to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-*
17 *5105, and amendments thereto, when such amount was higher than the*
18 *amount of sales tax which would have been paid under the law as it*
19 *existed on June 30, 2004, shall be refunded to the taxpayer pursuant to*
20 *the procedure prescribed by this section. Such refund shall be in an*
21 *amount equal to the difference between the amount of sales tax paid by*
22 *the taxpayer and the amount of sales tax which would have been paid by*
23 *the taxpayer under the law as it existed on June 30, 2004. Each claim*
24 *for a sales tax refund shall be verified and submitted not later than six*
25 *months from the effective date of this act to the director of taxation upon*
26 *forms furnished by the director and shall be accompanied by any*
27 *additional documentation required by the director. The director shall*
28 *review each claim and shall refund that amount of tax paid as provided*
29 *by this act. All such refunds shall be paid from the sales tax refund fund,*
30 *upon warrants of the director of accounts and reports pursuant to*
31 *vouchers approved by the director of taxation or the director's designee.*
32 *No refund for an amount less than \$10 shall be paid pursuant to this*
33 *act. In determining the base for computing the tax on such isolated or*
34 *occasional sale, the fair market value of any motor vehicle or trailer*
35 *traded in by the purchaser to the seller may be deducted from the selling*
36 *price;*

37 *(p) the gross receipts received for the service of installing or*
38 *applying tangible personal property which when installed or applied is*
39 *not being held for sale in the regular course of business, and whether or*
40 *not such tangible personal property when installed or applied remains*
41 *tangible personal property or becomes a part of real estate, except that*
42 *no tax shall be imposed upon the service of installing or applying*
43 *tangible personal property in connection with the original construction*

1 *of a building or facility, the original construction, reconstruction,*
2 *restoration, remodeling, renovation, repair or replacement of a*
3 *residence or the construction, reconstruction, restoration, replacement*
4 *or repair of a bridge or highway.*

5 *For the purposes of this subsection:*

6 *(1) "Original construction" shall mean the first or initial*
7 *construction of a new building or facility. The term "original*
8 *construction" shall include the addition of an entire room or floor to*
9 *any existing building or facility, the completion of any unfinished*
10 *portion of any existing building or facility and the restoration,*
11 *reconstruction or replacement of a building, facility or utility structure*
12 *damaged or destroyed by fire, flood, tornado, lightning, explosion,*
13 *windstorm, ice loading and attendant winds, terrorism or earthquake,*
14 *but such term, except with regard to a residence, shall not include*
15 *replacement, remodeling, restoration, renovation or reconstruction*
16 *under any other circumstances;*

17 *(2) "building" shall mean only those enclosures within which*
18 *individuals customarily are employed, or which are customarily used to*
19 *house machinery, equipment or other property, and including the land*
20 *improvements immediately surrounding such building;*

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

27 *(4) "residence" shall mean only those enclosures within which*
28 *individuals customarily live;*

29 *(5) "utility structure" shall mean transmission and distribution*
30 *lines owned by an independent transmission company or cooperative,*
31 *the Kansas electric transmission authority or natural gas or electric*
32 *public utility; and*

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

36 *(g) the gross receipts received for the service of repairing, servicing,*
37 *altering or maintaining tangible personal property which when such*
38 *services are rendered is not being held for sale in the regular course of*
39 *business, and whether or not any tangible personal property is*
40 *transferred in connection therewith. The tax imposed by this subsection*
41 *shall be applicable to the services of repairing, servicing, altering or*
42 *maintaining an item of tangible personal property which has been and is*
43 *fastened to, connected with or built into real property;*

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

4 *(s) on and after January 1, 2005, the gross receipts received from*
5 *the sale of prewritten computer software and the sale of the services of*
6 *modifying, altering, updating or maintaining prewritten computer*
7 *software, whether the prewritten computer software is installed or*
8 *delivered electronically by tangible storage media physically transferred*
9 *to the purchaser or by load and leave;*

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

11 *(u) the gross receipts received from the sale of prepaid calling*
12 *service and prepaid wireless calling service as defined in K.S.A. 2012*
13 *Supp. 79-3673, and amendments thereto; and*

14 *(v) the gross receipts received from the sales of bingo cards, bingo*
15 *faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,*
16 *and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,*
17 *2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before*
18 *July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo*
19 *faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,*
20 *and amendments thereto, shall be exempt from taxes imposed pursuant*
21 *to this section.*

22 *Sec. 10. On July 1, 2013, K.S.A. 2012 Supp. 79-3703 is hereby*
23 *amended to read as follows: 79-3703. There is hereby levied and there*
24 *shall be collected from every person in this state a tax or excise for the*
25 *privilege of using, storing, or consuming within this state any article of*
26 *tangible personal property. Such tax shall be levied and collected in an*
27 *amount equal to the consideration paid by the taxpayer multiplied by the*
28 *rate of ~~5.3%~~, and commencing July 1, 2010, at the rate of 6.3%, and*
29 *commencing July 1, 2013, at the rate of 5.7%. Within a redevelopment*
30 *district established pursuant to K.S.A. 74-8921, and amendments*
31 *thereto, there is hereby levied and there shall be collected and paid an*
32 *additional tax of 2% until the earlier of: (1) The date the bonds issued to*
33 *finance or refinance the redevelopment project undertaken in the district*
34 *have been paid in full; or (2) the final scheduled maturity of the first*
35 *series of bonds issued to finance the redevelopment project. All property*
36 *purchased or leased within or without this state and subsequently used,*
37 *stored or consumed in this state shall be subject to the compensating tax*
38 *if the same property or transaction would have been subject to the*
39 *Kansas retailers' sales tax had the transaction been wholly within this*
40 *state.*

41 *Sec. 11. On July 1, 2013, K.S.A. 2012 Supp. 79-3710 is hereby*
42 *amended to read as follows: 79-3710. (a) All revenue collected or*
43 *received by the director under the provisions of this act shall be remitted*

1 *to the state treasurer in accordance with the provisions of K.S.A. 75-*
2 *4215, and amendments thereto. Upon receipt of each such remittance,*
3 *the state treasurer shall deposit the entire amount in the state treasury,*
4 *less amounts set apart as provided in subsection (b) and amounts*
5 *credited as provided in subsection (c), (d) and (e), to the credit of the*
6 *state general fund.*

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

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

19 *(2) The state treasurer shall credit $\frac{5}{106}$ 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 5.3%, and deposited as provided in subsection (a),*
22 *exclusive of amounts credited pursuant to subsection (d), in the state*
23 *highway fund.*

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

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

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

39 *(6) On July 1, 2011, the state treasurer shall credit 11.26% 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*
42 *by subsection (a), exclusive of amounts credited pursuant to subsection*
43 *(d), in the state highway fund.*

1 (7) *On July 1, 2012, the state treasurer shall credit 11.233% 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*
4 *by subsection (a), exclusive of amounts credited pursuant to subsection*
5 *(d), in the state highway fund,* ~~as well as such revenue collected and~~
6 ~~received at the rate of 6.3%, after June 30, 2013.~~

7 (8) *On July 1, 2013, and thereafter, the state treasurer shall credit*
8 ~~18.421%~~ *16.67% of the revenue collected and received from the tax*
9 *imposed by K.S.A. 79-3703, and amendments thereto, at the rate of* ~~5.7%~~
10 *6.3%, and deposited as provided by subsection (a), exclusive of amounts*
11 *credited pursuant to subsection (d), in the state highway fund.*

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

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

28 (e) *All revenue certified by the director of taxation as having been*
29 *collected or received from the tax imposed by subsection (c) of K.S.A.*
30 *79-3603, and amendments thereto, on the sale or furnishing of gas,*
31 *water, electricity and heat for use or consumption within the intermodal*
32 *facility district described in this subsection, shall be credited by the state*
33 *treasurer to the state highway fund. Such revenue may be transferred by*
34 *the secretary of transportation to the rail service improvement fund*
35 *pursuant to law. The provisions of this subsection shall take effect upon*
36 *certification by the secretary of transportation that a notice to proceed*
37 *has been received for the construction of the improvements within the*
38 *intermodal facility district, but not later than December 31, 2010, and*
39 *shall expire when the secretary of revenue determines that the total of all*
40 *amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-*
41 *3620, and amendments thereto, is equal to \$53,300,000, but not later*
42 *than December 31, 2045. Thereafter, all revenues shall be collected and*
43 *distributed in accordance with applicable law. For all tax reporting*

1 *periods during which the provisions of this subsection are in effect, none*
2 *of the exemptions contained in K.S.A. 79-3601 et seq., and amendments*
3 *thereto, shall apply to the sale or furnishing of any gas, water, electricity*
4 *and heat for use or consumption within the intermodal facility district.*
5 *As used in this subsection, "intermodal facility district" shall consist of*
6 *an intermodal transportation area as defined by subsection (oo) of*
7 *K.S.A. 12-1770a, and amendments thereto, located in Johnson county*
8 *within the polygonal-shaped area having Waverly Road as the eastern*
9 *boundary, 191st Street as the southern boundary, Four Corners Road as*
10 *the western boundary, and Highway 56 as the northern boundary, and*
11 *the polygonal-shaped area having Poplar Road as the eastern boundary,*
12 *183rd Street as the southern boundary, Waverly Road as the western*
13 *boundary, and the BNSF mainline track as the northern boundary, that*
14 *includes capital investment in an amount exceeding \$150 million for the*
15 *construction of an intermodal facility to handle the transfer, storage and*
16 *distribution of freight through railway and trucking operations.*

17 *New Sec. 12. (a) (1) Except as provided in subsection (a)(2),*
18 *commencing with fiscal year 2015, in any fiscal year in which the*
19 *amount of actual state general fund receipts from taxes for such fiscal*
20 *year exceeds the actual state general fund receipts from taxes for the*
21 *immediately preceding fiscal year by more than 4%, the director of*
22 *budget and the director of legislative research shall jointly certify such*
23 *excess amount to the secretary of revenue. Upon receipt of such certified*
24 *amount, the secretary shall estimate the individual income tax rate*
25 *reductions to go into effect for the next tax year that would decrease by*
26 *such certified amount the estimated individual income tax receipts*
27 *during the fiscal year after the next fiscal year.*

28 *Rate reductions for individual income tax shall be applied to reduce*
29 *the highest marginal rate applicable. Based on such determination, the*
30 *secretary shall reduce individual income tax rates prescribed by K.S.A.*
31 *79-32,110, and amendments thereto.*

32 *(2) In any fiscal year in which the amount of actual state general*
33 *fund receipts from taxes for such fiscal year are less than 104% of the*
34 *actual state general fund receipts from taxes from any prior fiscal year,*
35 *the director of budget and the director of legislative research shall*
36 *jointly certify such amount and fact to the secretary of revenue. Upon*
37 *receipt of such amount and fact, the secretary shall not make any*
38 *adjustment to the individual income tax rates.*

39 *(b) Any reduction in individual income tax rates prescribed by this*
40 *section shall be published in the Kansas register prior to October 15 of*
41 *the calendar year immediately preceding the tax year in which such*
42 *reduction takes effect.*

43 *(c) The provisions of this section shall take effect on July 1, 2013.*

1 Sec. ~~6. 7.~~ **13.** K.S.A. 79-32,109 and 79-3632 and and K.S.A. 2012
2 Supp. **79-32,117**, 79-32,117n, 79-32,118, 79-32,266 79-3620, 79-3639a
3 and 79-4217 are hereby repealed

4 ***Sec. 14. On July 1, 2013, K.S.A. 2012 Supp. 79-32,110, 79-32,120,***
5 ***79-3603, 79-3703 and 79-3710 are hereby repealed.***

6 Sec. ~~7. 8.~~ **15.** This act shall take effect and be in force from and after
7 its publication in the Kansas register.