

HOUSE BILL No. 2381

By Committee on Taxation

3-10

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

5
6 *Be it enacted by the Legislature of the State of Kansas:*

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

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

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

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

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

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

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

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

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

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

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

5 (2) *All other individuals.*

6 (A) For tax year 1997:

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

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

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

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

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

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

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

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

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

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

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

41 Sec. 3. K.S.A. 2010 Supp. 79-3603 is hereby amended to read as
42 follows: 79-3603. For the privilege of engaging in the business of selling
43 tangible personal property at retail in this state or rendering or furnishing

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 imposed thereon shall be paid by the deemed retailer;

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

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

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

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

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

28 For the purposes of this subsection:

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

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

43 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water

1 well, feedlot or any conveyance, transmission or distribution line of any
2 cooperative, nonprofit, membership corporation organized under or subject
3 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
4 municipal or quasi-municipal corporation, including the land
5 improvements immediately surrounding such facility;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
42 revenue collected and received from the tax imposed by K.S.A. 79-3703,
43 and amendments thereto, at the rate of 6.3%, and deposited as provided by

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

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

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

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

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

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

1 31, 2045. Thereafter, all revenues shall be collected and distributed in
2 accordance with applicable law. For all tax reporting periods during which
3 the provisions of this subsection are in effect, none of the exemptions
4 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply
5 to the sale or furnishing of any gas, water, electricity and heat for use or
6 consumption within the intermodal facility district. As used in this
7 subsection, "intermodal facility district" shall consist of an intermodal
8 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and
9 amendments thereto, located in Johnson county within the polygonal-
10 shaped area having Waverly Road as the eastern boundary, 191st Street as
11 the southern boundary, Four Corners Road as the western boundary, and
12 Highway 56 as the northern boundary, and the polygonal-shaped area
13 having Poplar Road as the eastern boundary, 183rd Street as the southern
14 boundary, Waverly Road as the western boundary, and the BNSF mainline
15 track as the northern boundary, that includes capital investment in an
16 amount exceeding \$150 million for the construction of an intermodal
17 facility to handle the transfer, storage and distribution of freight through
18 railway and trucking operations.

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

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

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