

SENATE BILL No. 175

By Committee on Assessment and Taxation

2-8

1 AN ACT concerning state finances; relating to business entities, annual
2 filing fees; income tax, rates, certain modifications of Kansas adjusted
3 gross income, community services contributions credit; cigarettes and
4 tobacco products, rates; alcoholic beverages, liquor enforcement, rates;
5 amending K.S.A. 79-3371 and 79-3378 and K.S.A. 2016 Supp. 17-
6 2036, 17-7503, 17-7505, 17-76,139, 56-1a606, 56-1a607, 56a-1201,
7 56a-1202, 79-32,110, 79-32,117, 79-32,196, 79-32,197, 79-32,198, 79-
8 3310, 79-3310c, 79-3311, 79-3312 and 79-4101 and repealing the
9 existing sections; also repealing K.S.A. 2016 Supp. 79-32,199a and 79-
10 32,199b.
11

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

13 New Section 1. (a) On or before July 31, 2017, each distributor
14 having a place of business in this state shall file a report with the director
15 in such form as the director may prescribe, showing the tobacco products
16 on hand at 12:01 a.m. on July 1, 2017. A tax at a rate equal to 10% of the
17 wholesale price of such tobacco products is hereby imposed upon such
18 tobacco products and shall be due and payable on or before July 31, 2017.
19 The tax upon such tobacco products shall be imposed only once under this
20 act. The director shall remit all moneys collected pursuant to this section to
21 the state treasurer who shall credit the entire amount thereof to the state
22 general fund.

23 (b) This section shall be part of and supplemental to the Kansas
24 cigarette and tobacco products act.

25 Sec. 2. K.S.A. 2016 Supp. 17-2036 is hereby amended to read as
26 follows: 17-2036. (a) Every business trust shall make an annual report in
27 writing to the secretary of state, stating the prescribed information
28 concerning the business trust at the close of business on the last day of its
29 tax period under the Kansas income tax act next preceding the date of
30 filing, but if a business trust's tax period is other than the calendar year, it
31 shall give notice thereof to the secretary of state prior to December 31 of
32 the year it commences such tax period. The reports shall be made on forms
33 provided by the secretary of state and shall be filed at the time prescribed
34 by law for filing the business trust's annual Kansas income tax return. The

1 report shall be signed by a trustee or other authorized officer under penalty
2 of perjury and contain the following:

3 (1) Executed copies of all amendments to the instrument by which the
4 business trust was created, or to prior amendments thereto, which have
5 been adopted and have not theretofore been filed under K.S.A. 17-2033,
6 and amendments thereto, and accompanied by the fee prescribed therein
7 for each such amendment; and

8 (2) a verified list of the names and addresses of its trustees as of the
9 end of its tax period.

10 (b) (1) At the time of filing its annual report, the business trust shall
11 pay to the secretary of state an annual report fee in an amount equal to ~~\$40~~
12 *\$200*.

13 (2) The failure of any domestic or foreign business trust to file its
14 annual report and pay its annual report fee within 90 days from the date on
15 which they are due, as described in subsection (a), or, in the case of an
16 annual report filing and fee received by mail, postmarked within 90 days
17 from the date on which they are due, as described in subsection (a), shall
18 work a forfeiture of its authority to transact business in this state and all of
19 the remedies, procedures and penalties specified in K.S.A. 17-7509 and
20 17-7510, and amendments thereto, with respect to a corporation which
21 fails to file its annual report or pay its annual report fee within 90 days
22 after they are due, shall be applicable to such business trust.

23 (c) All copies of applications for extension of the time for filing
24 income tax returns submitted to the secretary of state pursuant to law shall
25 be maintained by the secretary of state in a confidential file and shall not
26 be disclosed to any person except as authorized pursuant to the provisions
27 of K.S.A. 79-3234, and amendments thereto, a proper judicial order and
28 subsection (d). All copies of such applications shall be preserved for one
29 year and until the secretary of state orders that the copies are to be
30 destroyed.

31 (d) A copy of such application shall be open to inspection by or
32 disclosure to any person designated by resolution of the trustees of the
33 business trust.

34 Sec. 3. K.S.A. 2016 Supp. 17-7503 is hereby amended to read as
35 follows: 17-7503. (a) Every domestic corporation organized for profit shall
36 make an annual report in writing to the secretary of state, stating the
37 prescribed information concerning the corporation at the close of business
38 on the last day of its tax period next preceding the date of filing, but if a
39 corporation's tax period is other than the calendar year, it shall give notice
40 thereof to the secretary of state prior to December 31 of the year it
41 commences such tax period. The reports shall be made on forms
42 prescribed by the secretary of state. The report shall be filed at the time
43 prescribed by law for filing the corporation's annual Kansas income tax

1 return. The report shall contain the following information:

2 (1) The name of the corporation;

3 (2) the location of the principal office;

4 (3) the names and addresses of the president, secretary, treasurer or
5 equivalent of such officers and members of the board of directors;

6 (4) the number of shares of capital stock issued;

7 (5) the nature and kind of business in which the corporation is
8 engaged; and

9 (6) if the corporation is a parent corporation holding more than 50%
10 equity ownership in any other business entity registered with the secretary
11 of state, the name and identification number of any such subsidiary
12 business entity.

13 (b) Every corporation subject to the provisions of this section which
14 holds agricultural land, as defined in K.S.A. 17-5903, and amendments
15 thereto, within this state shall show the following additional information
16 on the report:

17 (1) The acreage and location listed by section, range, township and
18 county of each lot, tract or parcel of agricultural land in this state owned or
19 leased by or to the corporation;

20 (2) the purposes for which such agricultural land is owned or leased
21 and, if leased, to whom such agricultural land is leased;

22 (3) the value of the nonagricultural assets and the agricultural assets,
23 stated separately, owned and controlled by the corporation both within and
24 without the state of Kansas and where situated;

25 (4) the total number of stockholders of the corporation;

26 (5) the number of acres owned or operated by the corporation, the
27 number of acres leased by the corporation and the number of acres leased
28 to the corporation;

29 (6) the number of acres of agricultural land, held and reported in each
30 category under paragraph (5), stated separately, being irrigated; and

31 (7) whether any of the agricultural land held and reported under this
32 subsection was acquired after July 1, 1981.

33 (c) The report shall be executed in accordance with the provisions of
34 K.S.A. 2016 Supp. 17-7908 through 17-7910, and amendments thereto.
35 The fact that an individual's name is signed on such report shall be prima
36 facie evidence that such individual is authorized to sign the report on
37 behalf of the corporation; however, the official title or position of the
38 individual signing the report shall be designated. This report shall be
39 subscribed by the person as true, under penalty of perjury. At the time of
40 filing such annual report it shall be the duty of each domestic corporation
41 organized for profit to pay to the secretary of state an annual report fee in
42 an amount equal to ~~\$40~~ \$200.

43 Sec. 4. K.S.A. 2016 Supp. 17-7505 is hereby amended to read as

1 follows: 17-7505. (a) Every foreign corporation organized for profit, or
2 organized under the cooperative type statutes of the state, territory or
3 foreign country of incorporation, now or hereafter doing business in this
4 state, and owning or using a part or all of its capital in this state, and
5 subject to compliance with the laws relating to the admission of foreign
6 corporations to do business in Kansas, shall make an annual report in
7 writing to the secretary of state, stating the prescribed information
8 concerning the corporation at the close of business on the last day of its tax
9 period next preceding the date of filing, but if a corporation operates on a
10 fiscal year other than the calendar year it shall give written notice thereof
11 to the secretary of state prior to December 31 of the year commencing
12 such fiscal year. The report shall be made on a form prescribed by the
13 secretary of state. The report shall be filed at the time prescribed by law
14 for filing the corporation's annual Kansas income tax return. The report
15 shall contain the following facts:

- 16 (1) The name of the corporation and under the laws of what state or
17 country it is incorporated;
- 18 (2) the location of its principal office;
- 19 (3) the names and addresses of the president, secretary, treasurer, or
20 equivalent of such officers, and members of the board of directors;
- 21 (4) the number of shares of capital stock issued;
- 22 (5) the nature and kind of business in which the company is engaged;
23 and
- 24 (6) if the corporation is a parent corporation holding more than 50%
25 equity ownership in any other business entity registered with the secretary
26 of state, the name and identification number of any such subsidiary
27 business entity.

28 (b) Every corporation subject to the provisions of this section which
29 holds agricultural land, as defined in K.S.A. 17-5903, and amendments
30 thereto, within this state shall show the following additional information
31 on the report:

- 32 (1) The acreage and location listed by section, range, township and
33 county of each lot, tract or parcel of agricultural land in this state owned or
34 leased by or to the corporation;
- 35 (2) the purposes for which such agricultural land is owned or leased
36 and, if leased, to whom such agricultural land is leased;
- 37 (3) the value of the nonagricultural assets and the agricultural assets,
38 stated separately, owned and controlled by the corporation both within and
39 without the state of Kansas and where situated;
- 40 (4) the total number of stockholders of the corporation;
- 41 (5) the number of acres owned or operated by the corporation, the
42 number of acres leased by the corporation and the number of acres leased
43 to the corporation;

1 (6) the number of acres of agricultural land, held and reported in each
2 category under paragraph (5), stated separately, being irrigated; and

3 (7) whether any of the agricultural land held and reported under this
4 subsection was acquired after July 1, 1981.

5 (c) The report shall be executed in accordance with the provisions of
6 K.S.A. 2016 Supp. 17-7908 through 17-7910, and amendments thereto.
7 The fact that an individual's name is signed on such report shall be prima
8 facie evidence that such individual is authorized to sign the report on
9 behalf of the corporation; however, the official title or position of the
10 individual signing the report shall be designated. This report shall be
11 subscribed by the person as true, under penalty of perjury.

12 (d) At the time of filing its annual report, each such foreign
13 corporation shall pay to the secretary of state an annual report fee in an
14 amount equal to ~~\$40~~ \$200.

15 Sec. 5. K.S.A. 2016 Supp. 17-76,139 is hereby amended to read as
16 follows: 17-76,139. (a) Every limited liability company organized under
17 the laws of this state shall make an annual report in writing to the secretary
18 of state, stating the prescribed information concerning the limited liability
19 company at the close of business on the last day of its tax period next
20 preceding the date of filing. If the limited liability company's tax period is
21 other than the calendar year, it shall give notice of its different tax period
22 in writing to the secretary of state prior to December 31 of the year it
23 commences the different tax period. The annual report shall be filed at the
24 time prescribed by law for filing the limited liability company's annual
25 Kansas income tax return. The annual report shall be made on a form
26 prescribed by the secretary of state. The report shall contain the following
27 information:

28 (1) The name of the limited liability company; and

29 (2) a list of the members owning at least 5% of the capital of the
30 limited liability company, with the post office address of each.

31 (b) Every foreign limited liability company shall make an annual
32 report in writing to the secretary of state, stating the prescribed
33 information concerning the limited liability company at the close of
34 business on the last day of its tax period next preceding the date of filing.
35 If the limited liability company's tax period is other than the calendar year,
36 it shall give notice in writing of its different tax period to the secretary of
37 state prior to December 31 of the year it commences the different tax
38 period. The annual report shall be filed at the time prescribed by law for
39 filing the limited liability company's annual Kansas income tax return. The
40 annual report shall be made on a form prescribed by the secretary of state.
41 The report shall contain the name of the limited liability company.

42 (c) The annual report required by this section shall be executed by
43 one or more authorized persons, and filed with the secretary of state. The

1 execution of such annual report by a person who is authorized by this act
2 to execute such annual report, upon filing such annual report with the
3 secretary of state, constitutes an oath or affirmation, under penalties of
4 perjury that, to the best of such person's knowledge and belief, the facts
5 stated therein are true. At the time of filing the report, the limited liability
6 company shall pay to the secretary of state an annual report fee in an
7 amount equal to ~~\$40~~ \$200.

8 (d) The provisions of K.S.A. 17-7509, and amendments thereto,
9 relating to penalties for failure of a corporation to file an annual report or
10 pay the required annual report fee, and the provisions of K.S.A. 17-
11 7510(a), and amendments thereto, relating to penalties for failure of a
12 corporation to file an annual report or pay the required annual report fee,
13 shall be applicable to the articles of organization of any domestic limited
14 liability company or to the authority of any foreign limited liability
15 company which fails to file its annual report or pay the annual report fee
16 within 90 days of the time prescribed in this section for filing and paying
17 the same or, in the case of an annual report filing and fee received by mail,
18 postmarked within 90 days of the time for filing and paying the same.
19 Whenever the articles of organization of a domestic limited liability
20 company or the authority of any foreign limited liability company are
21 forfeited for failure to file an annual report or to pay the required annual
22 report fee, the domestic limited liability company or the authority of a
23 foreign limited liability company may be reinstated by filing a certificate
24 of reinstatement, pursuant to K.S.A. 2016 Supp. 17-76,146, and
25 amendments thereto, and paying to the secretary of state all fees, including
26 any penalties thereon, due to the state.

27 (e) No limited liability company shall be required to file its first
28 annual report under this act, or pay any annual report fee required to
29 accompany such report, unless such limited liability company has filed its
30 articles of organization or application for authority at least six months
31 prior to the last day of its tax period.

32 (f) All copies of applications for extension of the time for filing
33 income tax returns submitted to the secretary of state pursuant to law shall
34 be maintained by the secretary of state in a confidential file and shall not
35 be disclosed to any person except as authorized pursuant to the provisions
36 of K.S.A. 79-3234, and amendments thereto, a proper judicial order, or
37 subsection (g). All copies of such applications shall be preserved for one
38 year and thereafter until the secretary of state orders that they be
39 destroyed.

40 (g) A copy of such application shall be open to inspection by or
41 disclosure to any person who was a member of such limited liability
42 company during any part of the period covered by the extension.

43 (h) *As part of the annual report fee, every limited liability company*

1 *and foreign limited liability company shall pay to the secretary of state,*
2 *when filing the annual report, an additional amount of \$200 for each*
3 *member owning the percentage of capital of the limited liability company*
4 *or foreign limited liability company as specified in subsection (a)(2).*

5 Sec. 6. K.S.A. 2016 Supp. 56-1a606 is hereby amended to read as
6 follows: 56-1a606. (a) Every limited partnership organized under the laws
7 of this state shall make an annual report in writing to the secretary of state,
8 stating the prescribed information concerning the limited partnership at the
9 close of business on the last day of its tax period next preceding the date of
10 filing. If the limited partnership's tax period is other than the calendar year,
11 it shall give notice of its different tax period to the secretary of state prior
12 to December 31 of the year it commences the different tax period. The
13 annual report shall be filed at the time prescribed by law for filing the
14 limited partnership's annual Kansas income tax return.

15 (b) The annual report shall be made on a form prescribed by the
16 secretary of state. The report shall contain the following information:

17 (1) The name of the limited partnership; and

18 (2) a list of the partners owning at least 5% of the capital of the
19 partnership, with the address of each.

20 (c) Every limited partnership subject to the provisions of this section
21 which is a limited agricultural partnership, as defined in K.S.A. 17-5903,
22 and amendments thereto, and which holds agricultural land, as defined in
23 K.S.A. 17-5903, and amendments thereto, within this state shall show the
24 following additional information on the report:

25 (1) The number of acres and location, listed by section, range,
26 township and county of each lot, tract or parcel of agricultural land in this
27 state owned or leased by the limited partnership; and

28 (2) whether any of the agricultural land held and reported under
29 subsection (c)(1) was acquired after July 1, 1981.

30 (d) The annual report shall be signed by the general partner or
31 partners of the limited partnership under penalty of perjury and forwarded
32 to the secretary of state. At the time of filing the report, the limited
33 partnership shall pay to the secretary of state an annual report fee in an
34 amount equal to ~~\$40~~ \$200.

35 (e) The provisions of K.S.A. 17-7509, and amendments thereto,
36 relating to penalties for failure of a corporation to file an annual report or
37 pay the required annual report fee, and the provisions of K.S.A. 17-
38 7510(a), and amendments thereto, relating to forfeiture of a domestic
39 corporation's articles of incorporation for failure to file an annual report or
40 pay the required annual report fee, shall be applicable to the certificate of
41 partnership of any limited partnership which fails to file its annual report
42 or pay the annual report fee within 90 days of the time prescribed in this
43 section for filing and paying the same or, in the case of an annual report

1 filing and fee received by mail, postmarked within 90 days of the time
2 prescribed in this section for filing and paying the same. Whenever the
3 certificate of partnership of a limited partnership is forfeited for failure to
4 file an annual report or to pay the required annual report fee, the limited
5 partnership may be reinstated by filing a certificate of reinstatement, in the
6 manner and form to be prescribed by the secretary of state and paying to
7 the secretary of state all fees, including any penalties thereon, due to the
8 state. The fee for filing a certificate of reinstatement shall be the same as
9 that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a
10 certificate of reinstatement of a corporation's articles of incorporation.

11 *(f) As part of the annual report fee, every limited partnership shall*
12 *pay to the secretary of state, when filing the annual report, an additional*
13 *amount of \$200 for each general partner and partner who is required to*
14 *be listed in subsection (b)(2).*

15 Sec. 7. K.S.A. 2016 Supp. 56-1a607 is hereby amended to read as
16 follows: 56-1a607. (a) Every foreign limited partnership shall make an
17 annual report in writing to the secretary of state, stating the prescribed
18 information concerning the limited partnership at the close of business on
19 the last day of its tax period next preceding the date of filing. If the limited
20 partnership's tax period is other than the calendar year, it shall give notice
21 of its different tax period to the secretary of state prior to December 31 of
22 the year it commences the different tax period. The annual report shall be
23 filed at the time prescribed by law for filing the limited partnership's
24 annual Kansas income tax return.

25 (b) The annual report shall be made on a form prescribed by the
26 secretary of state. The report shall contain the name of the limited
27 partnership.

28 (c) Every foreign limited partnership subject to the provisions of this
29 section which is a limited agricultural partnership, as defined in K.S.A. 17-
30 5903, and amendments thereto, and which holds agricultural land, as
31 defined in K.S.A. 17-5903, and amendments thereto, within this state shall
32 show the following additional information on the report:

33 (1) The number of acres and location, listed by section, range,
34 township and county of agricultural land in this state owned or leased by
35 the limited partnership; and

36 (2) whether any of the agricultural land held and reported under
37 subsection (c)(1) was acquired after July 1, 1981.

38 (d) The annual report shall be signed by the general partner or
39 partners of the limited partnership under penalty of perjury and forwarded
40 to the secretary of state. At the time of filing the report, the foreign limited
41 partnership shall pay to the secretary of state an annual report fee in an
42 amount equal to ~~\$40~~ \$200.

43 (e) The provisions of K.S.A. 17-7509, and amendments thereto,

1 relating to penalties for failure of a corporation to file an annual report or
2 pay the required annual report fee, and the provisions of K.S.A. 17-
3 7510(b), and amendments thereto, relating to forfeiture of a foreign
4 corporation's authority to do business in this state for failure to file an
5 annual report or pay the required annual report fee, shall be applicable to
6 the authority of any foreign limited partnership which fails to file its
7 annual report or pay the annual report fee within 90 days of the time
8 prescribed in this section for filing and paying the same or, in the case of
9 an annual report filing and fee received by mail, postmarked within 90
10 days of the time prescribed in this section for filing and paying the same.
11 Whenever the authority of a foreign limited partnership to do business in
12 this state is forfeited for failure to file an annual report or to pay the
13 required annual report fee, the foreign limited partnership's authority to do
14 business in this state may be reinstated by filing a certificate of
15 reinstatement, in the manner and form to be prescribed by the secretary of
16 state and paying to the secretary of state all fees, including any penalties
17 thereon, due to the state. The fee for filing a certificate of reinstatement
18 shall be the same as that prescribed by K.S.A. 17-7506, and amendments
19 thereto, for filing a certificate of reinstatement of a corporation's articles of
20 incorporation.

21 *(f) As part of the annual report fee, every foreign limited partnership*
22 *shall pay to the secretary of state, when filing the annual report, an*
23 *additional amount of \$200 for each general partner and partner who owns*
24 *at least 5% of the capital of the foreign limited partnership.*

25 Sec. 8. K.S.A. 2016 Supp. 56a-1201 is hereby amended to read as
26 follows: 56a-1201. (a) Every limited liability partnership organized under
27 the laws of this state shall make an annual report in writing to the secretary
28 of state, stating the prescribed information concerning the limited liability
29 partnership at the close of business on the last day of its tax period next
30 preceding the date of filing. If the limited liability partnership's tax period
31 is other than the calendar year, it shall give notice of its different tax period
32 in writing to the secretary of state prior to December 31 of the year it
33 commences the different tax period. The annual report shall be filed at the
34 time prescribed by law for filing the limited liability partnership's annual
35 Kansas income tax return.

36 (b) The annual report shall be made on a form prescribed by the
37 secretary of state. The report shall contain the following information:

38 (1) The name of the limited liability partnership; and
39 (2) a list of the partners owning at least 5% of the capital of the
40 partnership, with the address of each.

41 (c) The annual report shall be signed by a partner of the limited
42 liability partnership under penalty of perjury and forwarded to the
43 secretary of state. At the time of filing the report, the limited liability

1 partnership shall pay to the secretary of state an annual report fee in an
2 amount equal to ~~\$40~~ \$200.

3 (d) The provisions of K.S.A. 17-7509, and amendments thereto,
4 relating to penalties for failure of a corporation to file an annual report or
5 pay the required annual report fee, and the provisions of K.S.A. 17-
6 7510(a), and amendments thereto, relating to penalties for failure of a
7 corporation to file an annual report or pay the required annual report fee,
8 shall be applicable to the statement of qualification of any limited liability
9 partnership which fails to file its annual report or pay the annual report fee
10 within 90 days of the time prescribed in this section for filing and paying
11 the same or, in the case of an annual report filing and fee received by mail,
12 postmarked within 90 days of the time prescribed in this section for filing
13 and paying the same. Whenever the statement of qualification of a limited
14 liability partnership is forfeited for failure to file an annual report or to pay
15 the required annual report fee, the limited liability partnership may be
16 reinstated by filing a certificate of reinstatement, in the manner and form
17 to be prescribed by the secretary of state and paying to the secretary of
18 state all fees, including any penalties thereon, due to the state. The fee for
19 filing a certificate of reinstatement shall be the same as that prescribed by
20 K.S.A. 17-7506, and amendments thereto, for filing a certificate of
21 reinstatement of a corporation's articles of incorporation.

22 (e) *As part of the annual report fee, every limited liability partnership*
23 *shall pay to the secretary of state, when filing the annual report, an*
24 *additional amount of \$200 for each partner who is required to be listed in*
25 *subsection (b)(2).*

26 Sec. 9. K.S.A. 2016 Supp. 56a-1202 is hereby amended to read as
27 follows: 56a-1202. (a) Every foreign limited liability partnership shall
28 make an annual report in writing to the secretary of state, stating the
29 prescribed information concerning the foreign limited liability partnership
30 at the close of business on the last day of its tax period next preceding the
31 date of filing. If the foreign limited liability partnership's tax period is
32 other than the calendar year, it shall give notice in writing of its different
33 tax period to the secretary of state prior to December 31 of the year it
34 commences the different tax period. The annual report shall be filed at the
35 time prescribed by law for filing the foreign limited liability partnership's
36 annual Kansas income tax return.

37 (b) The annual report shall be made on a form prescribed by the
38 secretary of state. The report shall contain the name of the foreign limited
39 liability partnership.

40 (c) The annual report shall be signed by a partner of the foreign
41 limited liability partnership under penalty of perjury and forwarded to the
42 secretary of state. At the time of filing the report, the foreign limited
43 liability partnership shall pay to the secretary of state an annual report fee

1 in an amount equal to ~~\$40~~ \$200.

2 (d) The provisions of K.S.A. 17-7509, and amendments thereto,
 3 relating to penalties for failure of a corporation to file an annual report or
 4 pay the required annual report fee, and the provisions of K.S.A. 17-
 5 7510(a), and amendments thereto, relating to penalties for failure of a
 6 corporation to file an annual report or pay the required annual report fee,
 7 shall be applicable to the statement of foreign qualification of any foreign
 8 limited liability partnership which fails to file its annual report or pay the
 9 annual report fee within 90 days of the time prescribed in this section for
 10 filing and paying the same or, in the case of an annual report filing and fee
 11 received by mail, postmarked within 90 days of the time prescribed in this
 12 section for filing and paying the same. Whenever the statement of foreign
 13 qualification of a foreign limited liability partnership is forfeited for failure
 14 to file an annual report or to pay the required annual report fee, the
 15 statement of foreign qualification of the foreign limited liability
 16 partnership may be reinstated by filing a certificate of reinstatement, in the
 17 manner and form to be prescribed by the secretary of state and paying to
 18 the secretary of state all fees, including any penalties thereon, due to the
 19 state. The fee for filing a certificate of reinstatement shall be the same as
 20 that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a
 21 certificate of reinstatement of a corporation's articles of incorporation.

22 (e) *As part of the annual report fee, every foreign limited liability*
 23 *partnership shall pay to the secretary of state, when filing the annual*
 24 *report, an additional amount of \$200 for each partner who owns at least*
 25 *5% of the capital of the foreign limited liability partnership.*

26 Sec. 10. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as
 27 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
 28 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
 29 upon the Kansas taxable income of every resident individual, which tax
 30 shall be computed in accordance with the following tax schedules:

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

32 (A) For tax year 2012:

33 If the taxable income is:	The tax is:
34 Not over \$30,000.....	3.5% of Kansas taxable income
35 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess 36 over \$30,000
37 Over \$60,000.....	\$2,925 plus 6.45% of excess 38 over \$60,000

39 (B) For tax year 2013:

40 If the taxable income is:	The tax is:
41 Not over \$30,000.....	3.0% of Kansas taxable income
42 Over \$30,000.....	\$900 plus 4.9% of excess over 43 \$30,000

1 (C) For tax year 2014:

2 If the taxable income is:	The tax is:
3 Not over \$30,000.....	2.7% of Kansas taxable income
4 Over \$30,000.....	\$810 plus 4.8% of excess over
5	\$30,000

6 (D) For tax years 2015, ~~2016 and 2017~~ and all tax years thereafter:

7 If the taxable income is:	The tax is:
8 Not over \$30,000.....	2.7% of Kansas taxable income
9 Over \$30,000.....	\$810 plus 4.6% of excess over
10	\$30,000

11 ~~(E) For tax year 2018, and all tax years thereafter:~~

12 If the taxable income is:	The tax is:
13 Not over \$30,000.....	2.6% of Kansas taxable income
14 Over \$30,000.....	\$780 plus 4.6% of excess over
15	\$30,000

16 (2) *All other individuals.*

17 (A) For tax year 2012:

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

24 (B) For tax year 2013:

25 If the taxable income is:	The tax is:
26 Not over \$15,000.....	3.0% of Kansas taxable income
27 Over \$15,000.....	\$450 plus 4.9% of excess over
28	\$15,000

29 (C) For tax year 2014:

30 If the taxable income is:	The tax is:
31 Not over \$15,000.....	2.7% of Kansas taxable income
32 Over \$15,000.....	\$405 plus 4.8% of excess over
33	\$15,000

34 (D) For tax years 2015, ~~2016 and 2017~~ and all tax years thereafter:

35 If the taxable income is:	The tax is:
36 Not over \$15,000.....	2.7% of Kansas taxable income
37 Over \$15,000.....	\$405 plus 4.6% of excess over
38	\$15,000

39 ~~(E) For tax year 2018, and all tax years thereafter:~~

40 If the taxable income is:	The tax is:
41 Not over \$15,000.....	2.6% of Kansas taxable income
42 Over \$15,000.....	\$390 plus 4.6% of excess over
43	\$15,000

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

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

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

12 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
13 3.1% of the Kansas taxable income of such corporation in excess of
14 \$50,000;

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

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

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

24 (e) Tax rates provided in this section shall be adjusted pursuant to the
25 provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.

26 (f) Notwithstanding the provisions of subsections (a) and (b), for tax
27 year 2016, and all tax years thereafter, married individuals filing joint
28 returns with taxable income of \$12,500 or less, and all other individuals
29 with taxable income of \$5,000 or less, shall have a tax liability of zero.

30 Sec. 11. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as
31 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
32 means such individual's federal adjusted gross income for the taxable year,
33 with the modifications specified in this section.

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

35 (i) Interest income less any related expenses directly incurred in the
36 purchase of state or political subdivision obligations, to the extent that the
37 same is not included in federal adjusted gross income, on obligations of
38 any state or political subdivision thereof, but to the extent that interest
39 income on obligations of this state or a political subdivision thereof issued
40 prior to January 1, 1988, is specifically exempt from income tax under the
41 laws of this state authorizing the issuance of such obligations, it shall be
42 excluded from computation of Kansas adjusted gross income whether or
43 not included in federal adjusted gross income. Interest income on

1 obligations of this state or a political subdivision thereof issued after
2 December 31, 1987, shall be excluded from computation of Kansas
3 adjusted gross income whether or not included in federal adjusted gross
4 income.

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

12 (iii) The federal net operating loss deduction.

13 (iv) Federal income tax refunds received by the taxpayer if the
14 deduction of the taxes being refunded resulted in a tax benefit for Kansas
15 income tax purposes during a prior taxable year. Such refunds shall be
16 included in income in the year actually received regardless of the method
17 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
18 be deemed to have resulted if the amount of the tax had been deducted in
19 determining income subject to a Kansas income tax for a prior year
20 regardless of the rate of taxation applied in such prior year to the Kansas
21 taxable income, but only that portion of the refund shall be included as
22 bears the same proportion to the total refund received as the federal taxes
23 deducted in the year to which such refund is attributable bears to the total
24 federal income taxes paid for such year. For purposes of the foregoing
25 sentence, federal taxes shall be considered to have been deducted only to
26 the extent such deduction does not reduce Kansas taxable income below
27 zero.

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

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

36 (vii) The amount of any charitable contribution made to the extent the
37 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
38 32,196, and amendments thereto.

39 (viii) The amount of any costs incurred for improvements to a swine
40 facility, claimed for deduction in determining federal adjusted gross
41 income, to the extent the same is claimed as the basis for any credit
42 allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments
43 thereto.

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

7 (x) Amounts received as nonqualified withdrawals, as defined by
8 K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of
9 contribution to a family postsecondary education savings account, such
10 amounts were subtracted from the federal adjusted gross income pursuant
11 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
12 are not already included in the federal adjusted gross income.

13 (xi) The amount of any contribution made to the same extent the
14 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016
15 Supp. 74-50,154, and amendments thereto.

16 (xii) For taxable years commencing after December 31, 2004,
17 amounts received as withdrawals not in accordance with the provisions of
18 K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of
19 contribution to an individual development account, such amounts were
20 subtracted from the federal adjusted gross income pursuant to subsection
21 (c)(xiii), or if such amounts are not already included in the federal adjusted
22 gross income.

23 (xiii) The amount of any expenditures claimed for deduction in
24 determining federal adjusted gross income, to the extent the same is
25 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
26 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

27 (xiv) The amount of any amortization deduction claimed in
28 determining federal adjusted gross income to the extent the same is
29 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and
30 amendments thereto.

31 (xv) The amount of any expenditures claimed for deduction in
32 determining federal adjusted gross income, to the extent the same is
33 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
34 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
35 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
36 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

37 (xvi) The amount of any amortization deduction claimed in
38 determining federal adjusted gross income to the extent the same is
39 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-
40 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
41 thereto.

42 (xvii) The amount of any amortization deduction claimed in
43 determining federal adjusted gross income to the extent the same is

1 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and
2 amendments thereto.

3 (xviii) For taxable years commencing after December 31, 2006, the
4 amount of any ad valorem or property taxes and assessments paid to a state
5 other than Kansas or local government located in a state other than Kansas
6 by a taxpayer who resides in a state other than Kansas, when the law of
7 such state does not allow a resident of Kansas who earns income in such
8 other state to claim a deduction for ad valorem or property taxes or
9 assessments paid to a political subdivision of the state of Kansas in
10 determining taxable income for income tax purposes in such other state, to
11 the extent that such taxes and assessments are claimed as an itemized
12 deduction for federal income tax purposes.

13 (xix) For all taxable years beginning after December 31, 2012, the
14 amount of any: (1) Loss from business as determined under the federal
15 internal revenue code and reported from schedule C and on line 12 of the
16 taxpayer's form 1040 federal individual income tax return; (2) loss from
17 rental real estate, royalties, partnerships, S corporations, except those with
18 wholly owned subsidiaries subject to the Kansas privilege tax, estates,
19 trusts, residual interest in real estate mortgage investment conduits and net
20 farm rental as determined under the federal internal revenue code and
21 reported from schedule E and on line 17 of the taxpayer's form 1040
22 federal individual income tax return; and (3) farm loss as determined under
23 the federal internal revenue code and reported from schedule F and on line
24 18 of the taxpayer's form 1040 federal income tax return; all to the extent
25 deducted or subtracted in determining the taxpayer's federal adjusted gross
26 income. For purposes of this subsection, references to the federal form
27 1040 and federal schedule C, schedule E, and schedule F, shall be to such
28 form and schedules as they existed for tax year 2011, and as revised
29 thereafter by the internal revenue service.

30 (xx) For all taxable years beginning after December 31, 2012, the
31 amount of any deduction for self-employment taxes under section 164(f)
32 of the federal internal revenue code as in effect on January 1, 2012, and
33 amendments thereto, in determining the federal adjusted gross income of
34 an individual taxpayer, to the extent the deduction is attributable to income
35 reported on schedule C, E or F and on line 12, 17 or 18 of the taxpayer's
36 form 1040 federal income tax return.

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

42 (xxii) For all taxable years beginning after December 31, 2012, the
43 amount of any deduction for health insurance under section 162(l) of the

1 federal internal revenue code as in effect on January 1, 2012, and
2 amendments thereto, in determining the federal adjusted gross income of
3 an individual taxpayer.

4 (xxiii) For all taxable years beginning after December 31, 2012, the
5 amount of any deduction for domestic production activities under section
6 199 of the federal internal revenue code as in effect on January 1, 2012,
7 and amendments thereto, in determining the federal adjusted gross income
8 of an individual taxpayer.

9 (xxiv) For taxable years commencing after December 31, 2013, that
10 portion of the amount of any expenditure deduction claimed in
11 determining federal adjusted gross income for expenses paid for medical
12 care of the taxpayer or the taxpayer's spouse or dependents when such
13 expenses were paid or incurred for an abortion, or for a health benefit plan,
14 as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the
15 purchase of an optional rider for coverage of abortion in accordance with
16 K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that
17 such taxes and assessments are claimed as an itemized deduction for
18 federal income tax purposes.

19 (xxv) For taxable years commencing after December 31, 2013, that
20 portion of the amount of any expenditure deduction claimed in
21 determining federal adjusted gross income for expenses paid by a taxpayer
22 for health care when such expenses were paid or incurred for abortion
23 coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731,
24 and amendments thereto, when such expenses were paid or incurred for
25 abortion coverage or amounts contributed to health savings accounts for
26 such taxpayer's employees for the purchase of an optional rider for
27 coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and
28 amendments thereto, to the extent that such taxes and assessments are
29 claimed as a deduction for federal income tax purposes.

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

31 (i) Interest or dividend income on obligations or securities of any
32 authority, commission or instrumentality of the United States and its
33 possessions less any related expenses directly incurred in the purchase of
34 such obligations or securities, to the extent included in federal adjusted
35 gross income but exempt from state income taxes under the laws of the
36 United States.

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

40 (iii) The portion of any gain or loss from the sale or other disposition
41 of property having a higher adjusted basis for Kansas income tax purposes
42 than for federal income tax purposes on the date such property was sold or
43 disposed of in a transaction in which gain or loss was recognized for

1 purposes of federal income tax that does not exceed such difference in
2 basis, but if a gain is considered a long-term capital gain for federal
3 income tax purposes, the modification shall be limited to that portion of
4 such gain which is included in federal adjusted gross income.

5 (iv) The amount necessary to prevent the taxation under this act of
6 any annuity or other amount of income or gain which was properly
7 included in income or gain and was taxed under the laws of this state for a
8 taxable year prior to the effective date of this act, as amended, to the
9 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
10 the right to receive the income or gain, or to a trust or estate from which
11 the taxpayer received the income or gain.

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

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

19 (vii) Amounts received as annuities under the federal civil service
20 retirement system from the civil service retirement and disability fund and
21 other amounts received as retirement benefits in whatever form which
22 were earned for being employed by the federal government or for service
23 in the armed forces of the United States.

24 (viii) Amounts received by retired railroad employees as a
25 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
26 228c (a)(1) et seq.

27 (ix) Amounts received by retired employees of a city and by retired
28 employees of any board of such city as retirement allowances pursuant to
29 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
30 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
31 amendments thereto.

32 (x) For taxable years beginning after December 31, 1976, the amount
33 of the federal tentative jobs tax credit disallowance under the provisions of
34 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
35 amount of the targeted jobs tax credit and work incentive credit
36 disallowances under 26 U.S.C. § 280 C.

37 (xi) For taxable years beginning after December 31, 1986, dividend
38 income on stock issued by Kansas venture capital, inc.

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

43 (xiii) For taxable years beginning after December 31, 2004, amounts

1 contributed to and the amount of income earned on contributions deposited
2 to an individual development account under K.S.A. 2016 Supp. 74-50,201
3 et seq., and amendments thereto.

4 (xiv) For all taxable years commencing after December 31, 1996, that
5 portion of any income of a bank organized under the laws of this state or
6 any other state, a national banking association organized under the laws of
7 the United States, an association organized under the savings and loan
8 code of this state or any other state, or a federal savings association
9 organized under the laws of the United States, for which an election as an
10 S corporation under subchapter S of the federal internal revenue code is in
11 effect, which accrues to the taxpayer who is a stockholder of such
12 corporation and which is not distributed to the stockholders as dividends of
13 the corporation. For all taxable years beginning after December 31, 2012,
14 the amount of modification under this subsection shall exclude the portion
15 of income or loss reported on schedule E and included on line 17 of the
16 taxpayer's form 1040 federal individual income tax return.

17 (xv) For all taxable years beginning after December 31, 2006,
18 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
19 joint return, for each designated beneficiary which are contributed to a
20 family postsecondary education savings account established under the
21 Kansas postsecondary education savings program or a qualified tuition
22 program established and maintained by another state or agency or
23 instrumentality thereof pursuant to section 529 of the internal revenue
24 code of 1986, as amended, for the purpose of paying the qualified higher
25 education expenses of a designated beneficiary at an institution of
26 postsecondary education. The terms and phrases used in this paragraph
27 shall have the meaning respectively ascribed thereto by the provisions of
28 K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of
29 such section are hereby incorporated by reference for all purposes thereof.

30 (xvi) For all taxable years beginning after December 31, 2004,
31 amounts received by taxpayers who are or were members of the armed
32 forces of the United States, including service in the Kansas army and air
33 national guard, as a recruitment, sign up or retention bonus received by
34 such taxpayer as an incentive to join, enlist or remain in the armed services
35 of the United States, including service in the Kansas army and air national
36 guard, and amounts received for repayment of educational or student loans
37 incurred by or obligated to such taxpayer and received by such taxpayer as
38 a result of such taxpayer's service in the armed forces of the United States,
39 including service in the Kansas army and air national guard.

40 (xvii) For all taxable years beginning after December 31, 2004,
41 amounts received by taxpayers who are eligible members of the Kansas
42 army and air national guard as a reimbursement pursuant to K.S.A. 48-
43 281, and amendments thereto, and amounts received for death benefits

1 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
2 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
3 amendments thereto, to the extent that such death benefits are included in
4 federal adjusted gross income of the taxpayer.

5 (xviii) For the taxable year beginning after December 31, 2006,
6 amounts received as benefits under the federal social security act which
7 are included in federal adjusted gross income of a taxpayer with federal
8 adjusted gross income of \$50,000 or less, whether such taxpayer's filing
9 status is single, head of household, married filing separate or married filing
10 jointly; and for all taxable years beginning after December 31, 2007,
11 amounts received as benefits under the federal social security act which
12 are included in federal adjusted gross income of a taxpayer with federal
13 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
14 status is single, head of household, married filing separate or married filing
15 jointly.

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

18 (xx) For all taxable years beginning after December 31, 2012, the
19 amount of any: (1) Net profit from business as determined under the
20 federal internal revenue code and reported from schedule C and on line 12
21 of the taxpayer's form 1040 federal individual income tax return; (2) net
22 income, not including guaranteed payments as defined in section 707(c) of
23 the federal internal revenue code and as reported to the taxpayer from
24 federal schedule K-1, (form 1065-B), in box 9, code F or as reported to the
25 taxpayer from federal schedule K-1, (form 1065) in box 4, from rental real
26 estate, royalties, partnerships, S corporations, estates, trusts, residual
27 interest in real estate mortgage investment conduits and net farm rental as
28 determined under the federal internal revenue code and reported from
29 schedule E and on line 17 of the taxpayer's form 1040 federal individual
30 income tax return; and (3) net farm profit as determined under the federal
31 internal revenue code and reported from schedule F and on line 18 of the
32 taxpayer's form 1040 federal income tax return; all to the extent included
33 in the taxpayer's federal adjusted gross income. For purposes of this
34 subsection, references to the federal form 1040 and federal schedule C,
35 schedule E, and schedule F, shall be to such form and schedules as they
36 existed for tax year 2011 and as revised thereafter by the internal revenue
37 service.

38 (xxi) For all taxable years beginning after December 31, 2013,
39 amounts equal to the unreimbursed travel, lodging and medical
40 expenditures directly incurred by a taxpayer while living, or a dependent
41 of the taxpayer while living, for the donation of one or more human organs
42 of the taxpayer, or a dependent of the taxpayer, to another person for
43 human organ transplantation. The expenses may be claimed as a

1 subtraction modification provided for in this section to the extent the
2 expenses are not already subtracted from the taxpayer's federal adjusted
3 gross income. In no circumstances shall the subtraction modification
4 provided for in this section for any individual, or a dependent, exceed
5 \$5,000. As used in this section, "human organ" means all or part of a liver,
6 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
7 paragraph shall take effect on the day the secretary of revenue certifies to
8 the director of the budget that the cost for the department of revenue of
9 modifications to the automated tax system for the purpose of
10 implementing this paragraph will not exceed \$20,000.

11 (xxii) For all taxable years beginning after December 31, 2012, the
12 amount of net gain from the sale of: (1) Cattle and horses, regardless of
13 age, held by the taxpayer for draft, breeding, dairy or sporting purposes,
14 and held by such taxpayer for 24 months or more from the date of
15 acquisition; and (2) other livestock, regardless of age, held by the taxpayer
16 for draft, breeding, dairy or sporting purposes, and held by such taxpayer
17 for 12 months or more from the date of acquisition. The subtraction from
18 federal adjusted gross income shall be limited to the amount of the
19 additions recognized under the provisions of subsection (b)(xix)
20 attributable to the business in which the livestock sold had been used. As
21 used in this paragraph, the term "livestock" shall not include poultry.

22 (xxiii) For all taxable years beginning after December 31, 2012,
23 amounts received under either the Overland Park, Kansas police
24 department retirement plan or the Overland Park, Kansas fire department
25 retirement plan, both as established by the city of Overland Park, pursuant
26 to the city's home rule authority.

27 (xxiv) For all taxable years beginning after December 31, 2013, the
28 net gain from the sale from Christmas trees grown in Kansas and held by
29 the taxpayer for six years or more.

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

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

39 (f) *Notwithstanding any other provision in this section, for all tax*
40 *years beginning after December 31, ~~2017~~ 2016, there shall be: (1)*
41 *Added to federal adjusted gross income passive income received from*
42 *rents and royalties as reported on the taxpayer's form 1040 federal*
43 *individual income tax return schedule C, E or F; or (2) subtracted from*

1 *federal adjusted gross income passive losses incurred from activities*
2 *deriving rents and royalties as reported on the taxpayer's form 1040*
3 *federal individual income tax return schedule C, E or F}.*

4 Sec. 12. K.S.A. 2016 Supp. 79-32,196 is hereby amended to read as
5 follows: 79-32,196. For taxable years commencing after December 31,
6 1997, *and before January 1, 2018*, any business firm which contributes to
7 a community service organization or governmental entity which engages
8 in the activities of providing community services, shall be allowed a credit,
9 as provided in K.S.A. 79-32,197, *and amendments thereto*, against the tax
10 imposed by the Kansas income tax act, the tax on net income of national
11 banking associations, state banks, trust companies or savings and loan
12 associations imposed under article 11 of chapter 79 of the Kansas Statutes
13 Annotated, *and amendments thereto*, or the premium tax or privilege fees
14 imposed pursuant to K.S.A. 40-252, and amendments thereto, if the
15 proposal of the provider of community services is approved pursuant to
16 K.S.A. 79-32,198, *and amendments thereto*. ~~Any business firm which~~
17 ~~makes such a contribution after the effective date of this act and prior to~~
18 ~~July 1, 1998, shall be allowed a credit in accordance with this act, as if the~~
19 ~~contribution had been made in calendar year 1997, for the firm's tax~~
20 ~~liability for taxable years commencing after December 31, 1996.~~
21 Notwithstanding any other provisions of this section, no business firm
22 shall claim more than one credit for the same contribution.

23 Sec. 13. K.S.A. 2016 Supp. 79-32,197 is hereby amended to read as
24 follows: 79-32,197. The amount of credit allowed pursuant to K.S.A. 79-
25 32,196, and amendments thereto, shall not exceed 50% of the total amount
26 contributed during the taxable year by the business firm to a community
27 service organization or governmental entity for programs approved
28 pursuant to K.S.A. 79-32,198, and amendments thereto. The amount of
29 credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto,
30 shall not exceed 70% of the total amount contributed during the taxable
31 year by the business firm in a rural community to a community service
32 organization or governmental entity located therein for programs approved
33 pursuant to K.S.A. 79-32,198, and amendments thereto. If the amount of
34 the credit allowed by K.S.A. 79-32,196, and amendments thereto, exceeds
35 the taxpayer's income tax liability imposed under the Kansas income tax
36 act, such excess amount shall be refunded to the taxpayer. In no event shall
37 the total amount of credits allowed under this section exceed \$4,130,000
38 for any one fiscal year, *unless otherwise provided in this section. In no*
39 *event shall any credit allowed under this section be allocated in any fiscal*
40 *year commencing after June 30, 2017.*

41 Sec. 14. K.S.A. 2016 Supp. 79-32,198 is hereby amended to read as
42 follows: 79-32,198. The director of community development of the
43 department of commerce shall annually review and approve or disapprove

1 the proposal of the provider of community services, except that, no
2 proposal for crime prevention shall be approved without the endorsement
3 of the agency of local government within the area in which crime
4 prevention is to be provided. The proposal shall set forth the program to be
5 conducted, why the program is needed, the estimated amount to be
6 invested in the program and the plans for implementing the program. The
7 director is hereby authorized to promulgate rules and regulations for
8 establishing criteria for evaluating such proposals by the provider of
9 community services for approval or disapproval and for establishing
10 priorities for approval or disapproval of such proposals by the provider of
11 community services with the assistance and approval of the secretary of
12 the department of revenue. *No proposals pursuant to this section shall be*
13 *approved after December 31, 2016.*

14 Sec. 15. K.S.A. 2016 Supp. 79-3310 is hereby amended to read as
15 follows: 79-3310. There is imposed a tax upon all cigarettes sold,
16 distributed or given away within the state of Kansas. On and after July 1,
17 2015, *and before July 1, 2017*, the rate of such tax shall be \$1.29 on each
18 20 cigarettes or fractional part thereof or \$1.61 on each 25 cigarettes, as
19 the case requires. *On and after July 1, 2017, the rate of such tax shall be*
20 *\$2.29 on each 20 cigarettes or fractional part thereof or \$2.86 on each 25*
21 *cigarettes, as the case requires.* Such tax shall be collected and paid to the
22 director as provided in this act. Such tax shall be paid only once and shall
23 be paid by the wholesale dealer first receiving the cigarettes as herein
24 provided.

25 The taxes imposed by this act are hereby levied upon all sales of
26 cigarettes made to any department, institution or agency of the state of
27 Kansas, and to the political subdivisions thereof and their departments,
28 institutions and agencies.

29 Sec. 16. K.S.A. 2016 Supp. 79-3310c is hereby amended to read as
30 follows: 79-3310c. On or before July 31, ~~2015~~ 2017, each wholesale
31 dealer, retail dealer and vending machine operator shall file a report with
32 the director in such form as the director may prescribe showing cigarettes,
33 cigarette stamps and meter imprints on hand at 12:01 a.m. on July 1, ~~2015~~
34 2017. A tax of ~~\$.50~~ \$1 on each 20 cigarettes or fractional part thereof or
35 ~~\$.62~~ \$1.25 on each 25 cigarettes, as the case requires and ~~\$.50 or \$.62~~ \$1
36 or \$1.25, as the case requires upon all tax stamps and all meter imprints
37 purchased from the director and not affixed to cigarettes prior to July 1,
38 ~~2015~~ 2017, is hereby imposed and shall be due and payable on or before
39 October 31, ~~2015~~ 2017. The tax imposed upon such cigarettes, tax stamps
40 and meter imprints shall be imposed only once under this act. The director
41 shall remit all moneys collected pursuant to this section to the state
42 treasurer who shall credit the entire amount thereof to the state general
43 fund.

1 Sec. 17. K.S.A. 2016 Supp. 79-3311 is hereby amended to read as
2 follows: 79-3311. The director shall design and designate indicia of tax
3 payment to be affixed to each package of cigarettes as provided by this act.
4 The director shall sell water applied stamps only to licensed wholesale
5 dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the
6 heat process shall be sold only in amounts of 30,000 or multiples thereof,
7 except that such stamps which are suitable for packages containing 25
8 cigarettes each shall be sold in amounts prescribed by the director. Meter
9 imprints shall be sold only in amounts of 10,000 or multiples thereof.
10 Water applied stamps in amounts of 10,000 or multiples thereof and
11 stamps applied by the heat process and meter imprints shall be supplied to
12 wholesale dealers at a discount of ~~0-55%~~ 0.3% on and after July 1, ~~2015~~
13 ~~2017~~, and thereafter, from the face value thereof, and shall be deducted at
14 the time of purchase or from the remittance therefor as hereinafter
15 provided. Any wholesale cigarette dealer who shall file with the director a
16 bond, of acceptable form, payable to the state of Kansas with a corporate
17 surety authorized to do business in Kansas, shall be permitted to purchase
18 stamps, and remit therefor to the director within 30 days after each such
19 purchase, up to a maximum outstanding at any one time of 85% of the
20 amount of the bond. Failure on the part of any wholesale dealer to remit as
21 herein specified shall be cause for forfeiture of such dealer's bond. All
22 revenue received from the sale of such stamps or meter imprints shall be
23 remitted to the state treasurer in accordance with the provisions of K.S.A.
24 75-4215, and amendments thereto. Upon receipt of each such remittance,
25 the state treasurer shall deposit the entire amount in the state treasury. The
26 state treasurer shall first credit such amount as the director shall order to
27 the cigarette tax refund fund and shall credit the remaining balance to the
28 state general fund. A refund fund designated the cigarette tax refund fund
29 not to exceed \$10,000 at any time shall be set apart and maintained by the
30 director from taxes collected under this act and held by the state treasurer
31 for prompt payment of all refunds authorized by this act. Such cigarette tax
32 refund fund shall be in such amount as the director shall determine is
33 necessary to meet current refunding requirements under this act.

34 The wholesale cigarette dealer shall affix to each package of cigarettes
35 stamps or tax meter imprints required by this act prior to the sale of
36 cigarettes to any person, by such dealer or such dealer's agent or agents,
37 within the state of Kansas. The director is empowered to authorize
38 wholesale dealers to affix revenue tax meter imprints upon original
39 packages of cigarettes and is charged with the duty of regulating the use of
40 tax meters to secure payment of the proper taxes. No wholesale dealer
41 shall affix revenue tax meter imprints to original packages of cigarettes
42 without first having obtained permission from the director to employ this
43 method of affixation. If the director approves the wholesale dealer's

1 application for permission to affix revenue tax meter imprints to original
2 packages of cigarettes, the director shall require such dealer to file a
3 suitable bond payable to the state of Kansas executed by a corporate surety
4 authorized to do business in Kansas. The director may, to assure the proper
5 collection of taxes imposed by the act, revoke or suspend the privilege of
6 imprinting tax meter imprints upon original packages of cigarettes. All
7 meters shall be under the direct control of the director, and all transfer
8 assignments or anything pertaining thereto must first be authorized by the
9 director. All inks used in the stamping of cigarettes must be of a special
10 type devised for use in connection with the machine employed and
11 approved by the director. All repairs to the meter are strictly prohibited
12 except by a duly authorized representative of the director. Requests for
13 service shall be directed to the director. Meter machine ink imprints on all
14 packages shall be clear and legible. If a wholesale dealer continuously
15 issues illegible cigarette tax meter imprints, it shall be considered
16 sufficient cause for revocation of such dealer's permit to use a cigarette tax
17 meter.

18 A licensed wholesale dealer may, for the purpose of sale in another
19 state, transport cigarettes not bearing Kansas indicia of tax payment
20 through the state of Kansas provided such cigarettes are contained in
21 sealed and original cartons.

22 Sec. 18. K.S.A. 2016 Supp. 79-3312 is hereby amended to read as
23 follows: 79-3312. The director shall redeem any unused stamps or meter
24 imprints that any wholesale dealer presents for redemption within six
25 months after the purchase thereof, at the face value less ~~0.55%~~ 0.3%
26 thereof if such stamps or meter imprints have been purchased from the
27 director. The director shall prepare a voucher showing the net amount of
28 such refund due, and the director of accounts and reports shall draw a
29 warrant on the state treasurer for the same. Wholesale dealers shall be
30 entitled to a refund of the tax paid on cigarettes which have become unfit
31 for sale upon proof thereof less ~~0.55%~~ 0.3% of such tax.

32 Sec. 19. K.S.A. 79-3371 is hereby amended to read as follows: 79-
33 3371. A tax is hereby imposed upon the privilege of selling or dealing in
34 tobacco products in this state by any person engaged in business as a
35 distributor thereof, at the rate of ~~ten percent (10%)~~ 20% of the wholesale
36 sales price of such tobacco products. Such tax shall be imposed at the time
37 the distributor: (a) Brings or causes to be brought into this state from
38 without the state tobacco products for sale; (b) makes, manufactures, or
39 fabricates tobacco products in this state for sale in this state; or (c) ships or
40 transports tobacco products to retailers in this state to be sold by those
41 retailers.

42 Sec. 20. K.S.A. 79-3378 is hereby amended to read as follows: 79-
43 3378. On or before the ~~twentieth~~ 20th day of each calendar month every

1 distributor with a place of business in this state shall file a return with the
2 director showing the quantity and wholesale sales price of each tobacco
3 product: (1) Brought, or caused to be brought, into this state for sale; and
4 (2) made, manufactured, or fabricated in this state for sale in this state
5 during the preceding calendar month. Every licensed distributor outside
6 this state shall in like manner file a return showing the quantity and
7 wholesale sales price of each tobacco product shipped or transported to
8 retailers in this state to be sold by those retailers, during the preceding
9 calendar month. Returns shall be made upon forms furnished and
10 prescribed by the director. Each return shall be accompanied by a
11 remittance for the full tax liability shown therein, less ~~four percent (4%)~~
12 ~~2%~~ of such liability as compensation to reimburse the distributor for ~~his or~~
13 ~~her~~ *the distributor's* expenses incurred in the administration of this act. As
14 soon as practicable after any return is filed, the director shall examine the
15 return. If the director finds that, in ~~his or her~~ *the director's* judgment, the
16 return is incorrect and any amount of tax is due from the distributor and
17 unpaid, ~~he or she~~ *the director* shall notify the distributor of the deficiency.
18 If a deficiency disclosed by the director's examination cannot be allocated
19 by ~~him~~ *the director* to a particular month or months, ~~he or she~~ *the director*
20 may nevertheless notify the distributor that a deficiency exists and state the
21 amount of tax due. Such notice shall be given to the distributor by
22 registered or certified mail.

23 Sec. 21. K.S.A. 2016 Supp. 79-4101 is hereby amended to read as
24 follows: 79-4101. (a) For the purpose of providing revenue which may be
25 used by the state, counties and cities in the enforcement of the provisions
26 of this act, from and after the effective date of this act, for the privilege of
27 engaging in the business of selling alcoholic liquor by retailers,
28 microbreweries, microdistilleries or farm wineries to consumers in this
29 state or selling alcoholic liquor or cereal malt beverage by distributors to
30 clubs, drinking establishments, public venues or caterers in this state, there
31 is hereby levied and there shall be collected and paid a tax at the rate of
32 ~~8%~~ *16%* upon the gross receipts received from: (1) The sale of alcoholic
33 liquor by retailers, microbreweries, microdistilleries or farm wineries to
34 consumers within this state; and (2) the sale of alcoholic liquor or cereal
35 malt beverage by distributors to clubs, drinking establishments, public
36 venues or caterers in this state.

37 (b) The tax imposed by this section shall be in addition to the license
38 fee imposed on distributors, retailers, microbreweries, microdistilleries and
39 farm wineries by K.S.A. 41-310, and amendments thereto.

40 Sec. 22. K.S.A. 79-3371 and 79-3378 and K.S.A. 2016 Supp. 17-
41 2036, 17-7503, 17-7505, 17-76,139, 56-1a606, 56-1a607, 56a-1201, 56a-
42 1202, 79-32,110, 79-32,117, 79-32,196, 79-32,197, 79-32,198, 79-
43 32,199a, 79-32,199b, 79-3310, 79-3310c, 79-3311, 79-3312 and 79-4101

1 are hereby repealed.

2 Sec. 23. This act shall take effect and be in force from and after its

3 publication in the statute book.