AN ACT concerning taxation; relating to rates of taxation; cigarettes, tobacco products and alcoholic beverages; amending K.S.A. 79-3371 and 79-3378 and K.S.A. 2014 Supp. 79-3310, 79-3310c, 79-3311, 79-3312 and 79-4101 and repealing the existing sections.

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

New Section 1. (a) On or before July 31, 2015, each distributor having a place of business in this state shall file a report with the director in such form as the director may prescribe, showing the tobacco products on hand at 12:01 a.m. on July 1, 2015. A tax at a rate equal to 15% of the wholesale price of such tobacco products is hereby imposed upon such tobacco products and shall be due and payable on or before July 31, 2015. The tax upon such tobacco products shall be imposed only once under this act. The director shall remit all moneys collected pursuant to this section to the state treasurer who shall credit the entire amount thereof to the state general fund.

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

Sec. 2. K.S.A. 2014 Supp. 79-3310 is hereby amended to read as follows: 79-3310. There is imposed a tax upon all cigarettes sold, distributed or given away within the state of Kansas. On and after July 1, 2002, and before January 1, 2003, the rate of such tax shall be $.70 on each 20 cigarettes or fractional part thereof or $.875 on each 25 cigarettes, as the case requires. On and after January 1, 2003 July 1, 2015, the rate of such tax shall be $.79 $2.29 on each 20 cigarettes or fractional part thereof or $.99 $2.86 on each 25 cigarettes, as the case requires. Such tax shall be collected and paid to the director as provided in this act. Such tax shall be paid only once and shall be paid by the wholesale dealer first receiving the cigarettes as herein provided.

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

Sec. 3. K.S.A. 2014 Supp. 79-3310c is hereby amended to read as follows: 79-3310c. (1) On or before July 30, 2002 31, 2015, each wholesale dealer, retail dealer and vending machine operator shall file a
report with the director in such form as the director may prescribe showing cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on July 1, 2002 or 2015. A tax of $.46 or $1.50 on each 20 cigarettes or fractional part thereof or $.575 or $1.87 on each 25 cigarettes, as the case requires and $.46 or $.575 or $1.50 or $1.87, as the case requires upon all tax stamps and all meter imprints purchased from the director and not affixed to cigarettes prior to July 1, 2002 or 2015, is hereby imposed and shall be due and payable in equal installments on or before July 30, 2002, on or before September 30, 2002, and on or before December 30, 2002 or 31, 2015. The tax imposed upon such cigarettes, tax stamps and meter imprints shall be imposed only once under this act. The director shall remit all moneys collected pursuant to this section to the state treasurer who shall credit the entire amount thereof to the state general fund.

(2) On or before January 30, 2003, each wholesale dealer, retail dealer and vending machine operator shall file a report with the director in such form as the director may prescribe showing cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on January 1, 2003. A tax of $.09 on each 20 cigarettes or fractional part thereof or $.115 on each 25 cigarettes, as the case requires and $.09 or $.115, as the case requires upon all tax stamps and all meter imprints purchased from the director and not affixed to cigarettes prior to January 1, 2003, is hereby imposed and shall be due and payable in equal installments on or before January 30, 2003, on or before March 30, 2003, and on or before June 30, 2003. The tax imposed upon such cigarettes, tax stamps and meter imprints shall be imposed only once under this act. The director shall remit all moneys collected pursuant to this section to the state treasurer who shall credit the entire amount thereof to the state general fund.

Sec. 4. K.S.A. 2014 Supp. 79-3311 is hereby amended to read as follows: 79-3311. The director shall design and designate indicia of tax payment to be affixed to each package of cigarettes as provided by this act. The director shall sell water applied stamps only to licensed wholesale dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the heat process shall be sold only in amounts of 30,000 or multiples thereof, except that such stamps which are suitable for packages containing 25 cigarettes each shall be sold in amounts prescribed by the director. Meter imprints shall be sold only in amounts of 10,000 or multiples thereof. Water applied stamps in amounts of 10,000 or multiples thereof and stamps applied by the heat process and meter imprints shall be supplied to wholesale dealers at a discount of 90% on and after July 1, 2002, and before January 1, 2003, and 80% 0.27% on and after July 1, 2015, and thereafter from the face value thereof, and shall be deducted at the time of purchase or from the remittance therefor as hereinafter provided. Any wholesale cigarette dealer who shall file with the director a bond, of
acceptable form, payable to the state of Kansas with a corporate surety authorized to do business in Kansas, shall be permitted to purchase stamps, and remit therefor to the director within 30 days after each such purchase, up to a maximum outstanding at any one time of 85% of the amount of the bond. Failure on the part of any wholesale dealer to remit as herein specified shall be cause for forfeiture of such dealer's bond. All revenue received from the sale of such stamps or meter imprints shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. The state treasurer shall first credit such amount as the director shall order to the cigarette tax refund fund and shall credit the remaining balance to the state general fund. A refund fund designated the cigarette tax refund fund not to exceed $10,000 at any time shall be set apart and maintained by the director from taxes collected under this act and held by the state treasurer for prompt payment of all refunds authorized by this act. Such cigarette tax refund fund shall be in such amount as the director shall determine is necessary to meet current refunding requirements under this act.

The wholesale cigarette dealer shall affix to each package of cigarettes stamps or tax meter imprints required by this act prior to the sale of cigarettes to any person, by such dealer or such dealer's agent or agents, within the state of Kansas. The director is empowered to authorize wholesale dealers to affix revenue tax meter imprints upon original packages of cigarettes and is charged with the duty of regulating the use of tax meters to secure payment of the proper taxes. No wholesale dealer shall affix revenue tax meter imprints to original packages of cigarettes without first having obtained permission from the director to employ this method of affixation. If the director approves the wholesale dealer's application for permission to affix revenue tax meter imprints to original packages of cigarettes, the director shall require such dealer to file a suitable bond payable to the state of Kansas executed by a corporate surety authorized to do business in Kansas. The director may, to assure the proper collection of taxes imposed by the act, revoke or suspend the privilege of imprinting tax meter imprints upon original packages of cigarettes. All meters shall be under the direct control of the director, and all transfer assignments or anything pertaining thereto must first be authorized by the director. All inks used in the stamping of cigarettes must be of a special type devised for use in connection with the machine employed and approved by the director. All repairs to the meter are strictly prohibited except by a duly authorized representative of the director. Requests for service shall be directed to the director. Meter machine ink imprints on all packages shall be clear and legible. If a wholesale dealer continuously issues illegible cigarette tax meter imprints, it shall be considered
sufficient cause for revocation of such dealer's permit to use a cigarette tax
meter.

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

Sec. 5. K.S.A. 2014 Supp. 79-3312 is hereby amended to read as
follows: 79-3312. The director shall redeem any unused stamps or meter
imprints that any wholesale dealer presents for redemption within six
months after the purchase thereof, at the face value less .90% on and after
July 1, 2002, and before January 1, 2003, and .80% thereafter .27%
thereof if such stamps or meter imprints have been purchased from the
director. The director shall prepare a voucher showing the net amount of
such refund due, and the director of accounts and reports shall draw a
warrant on the state treasurer for the same. Wholesale dealers shall be
entitled to a refund of the tax paid on cigarettes which have become unfit
for sale upon proof thereof less .90% on and after July 1, 2002, and before
January 1, 2003, and .80% thereafter .27% of such tax.

Sec. 6. K.S.A. 79-3371 is hereby amended to read as follows: 79-
3371. A tax is hereby imposed upon the privilege of selling or dealing in
tobacco products in this state by any person engaged in business as a
distributor thereof, at the rate of ten percent (10%) 25% of the wholesale
sales price of such tobacco products. Such tax shall be imposed at the time
the distributor: (a) Brings or causes to be brought into this state from
without the state tobacco products for sale; (b) makes, manufactures, or
fabricates tobacco products in this state for sale in this state; or (c) ships or
transports tobacco products to retailers in this state to be sold by those
retailers.

Sec. 7. K.S.A. 79-3378 is hereby amended to read as follows: 79-
3378. On or before the twentieth 20th day of each calendar month every
distributor with a place of business in this state shall file a return with the
director showing the quantity and wholesale sales price of each tobacco
product: (1) Brought, or caused to be brought, into this state for sale; and
(2) made, manufactured, or fabricated in this state for sale in this state
during the preceding calendar month. Every licensed distributor outside
this state shall in like manner file a return showing the quantity and
wholesale sales price of each tobacco product shipped or transported to
retailers in this state to be sold by those retailers, during the preceding
calendar month. Returns shall be made upon forms furnished and
prescribed by the director. Each return shall be accompanied by a
remittance for the full tax liability shown therein, less four percent (4%)
1.6% of such liability as compensation to reimburse the distributor for his
or her the distributor's expenses incurred in the administration of this act.
As soon as practicable after any return is filed, the director shall examine the return. If the director finds that, in his or her judgment, the return is incorrect and any amount of tax is due from the distributor and unpaid, he or she shall notify the distributor of the deficiency. If a deficiency disclosed by the director's examination cannot be allocated by him to a particular month or months, he or she may nevertheless notify the distributor that a deficiency exists and state the amount of tax due. Such notice shall be given to the distributor by registered or certified mail.

Sec. 8. K.S.A. 2014 Supp. 79-4101 is hereby amended to read as follows: 79-4101. (a) For the purpose of providing revenue which may be used by the state, counties and cities in the enforcement of the provisions of this act, from and after the effective date of this act, for the privilege of engaging in the business of selling alcoholic liquor by retailers, microbreweries, microdistilleries or farm wineries to consumers in this state or selling alcoholic liquor or cereal malt beverage by distributors to clubs, drinking establishments, public venues or caterers in this state, there is hereby levied and there shall be collected and paid a tax at the rate of 8% upon the gross receipts received from: (1) The sale of alcoholic liquor by retailers, microbreweries, microdistilleries or farm wineries to consumers within this state; and (2) the sale of alcoholic liquor or cereal malt beverage by distributors to clubs, drinking establishments, public venues or caterers in this state.

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


Sec. 10. This act shall take effect and be in force from and after its publication in the statute book.