

## HOUSE BILL No. 2315

By Committee on 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  
35 report shall be signed by a trustee or other authorized officer under penalty  
36 of perjury and contain the following:

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

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

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

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

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

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

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

43 (1) The name of the corporation;

- 1 (2) the location of the principal office;
- 2 (3) the names and addresses of the president, secretary, treasurer or
- 3 equivalent of such officers and members of the board of directors;
- 4 (4) the number of shares of capital stock issued;
- 5 (5) the nature and kind of business in which the corporation is
- 6 engaged; and
- 7 (6) if the corporation is a parent corporation holding more than 50%
- 8 equity ownership in any other business entity registered with the secretary
- 9 of state, the name and identification number of any such subsidiary
- 10 business entity.

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

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

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

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

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

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

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

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

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

41 Sec. 4. K.S.A. 2016 Supp. 17-7505 is hereby amended to read as  
42 follows: 17-7505. (a) Every foreign corporation organized for profit, or  
43 organized under the cooperative type statutes of the state, territory or

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

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

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

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

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

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

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

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

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

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

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

40 (c) The annual report required by this section shall be executed by  
41 one or more authorized persons, and filed with the secretary of state. The  
42 execution of such annual report by a person who is authorized by this act  
43 to execute such annual report, upon filing such annual report with the

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

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

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

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

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

41 (h) *As part of the annual report fee, every limited liability company*  
42 *and foreign limited liability company shall pay to the secretary of state,*  
43 *when filing the annual report, an additional amount of \$200 for each*

1 *member owning the percentage of capital of the limited liability company*  
2 *or foreign limited liability company as specified in subsection (a)(2).*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 (e) The provisions of K.S.A. 17-7509, and amendments thereto,  
42 relating to penalties for failure of a corporation to file an annual report or  
43 pay the required annual report fee, and the provisions of K.S.A. 17-



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (A) For tax year 2012:

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

37 (B) For tax year 2013:

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

42 (C) For tax year 2014:

43 If the taxable income is: The tax is:

1 Not over \$30,000.....2.7% of Kansas taxable income  
 2 Over \$30,000.....\$810 plus 4.8% of excess over  
 3 \$30,000

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

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

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

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

14 (2) *All other individuals.*

15 (A) For tax year 2012:

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

22 (B) For tax year 2013:

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

27 (C) For tax year 2014:

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

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

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

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

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

42 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas  
 43 taxable income of every nonresident individual, which tax shall be an

1 amount equal to the tax computed under subsection (a) as if the  
2 nonresident were a resident multiplied by the ratio of modified Kansas  
3 source income to Kansas adjusted gross income.

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

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

10 (2) (A) for tax year 2008, the surtax shall be in an amount equal to  
11 3.1% of the Kansas taxable income of such corporation in excess of  
12 \$50,000;

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

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

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

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

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

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

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

33 (i) Interest income less any related expenses directly incurred in the  
34 purchase of state or political subdivision obligations, to the extent that the  
35 same is not included in federal adjusted gross income, on obligations of  
36 any state or political subdivision thereof, but to the extent that interest  
37 income on obligations of this state or a political subdivision thereof issued  
38 prior to January 1, 1988, is specifically exempt from income tax under the  
39 laws of this state authorizing the issuance of such obligations, it shall be  
40 excluded from computation of Kansas adjusted gross income whether or  
41 not included in federal adjusted gross income. Interest income on  
42 obligations of this state or a political subdivision thereof issued after  
43 December 31, 1987, shall be excluded from computation of Kansas

1 adjusted gross income whether or not included in federal adjusted gross  
2 income.

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

10 (iii) The federal net operating loss deduction.

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

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

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

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

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

42 (ix) The amount of any ad valorem taxes and assessments paid and  
43 the amount of any costs incurred for habitat management or construction

1 and maintenance of improvements on real property, claimed for deduction  
2 in determining federal adjusted gross income, to the extent the same is  
3 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,  
4 and amendments thereto.

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

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

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

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

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

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

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

40 (xvii) The amount of any amortization deduction claimed in  
41 determining federal adjusted gross income to the extent the same is  
42 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and  
43 amendments thereto.

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

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

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

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

40 (xxii) For all taxable years beginning after December 31, 2012, the  
41 amount of any deduction for health insurance under section 162(l) of the  
42 federal internal revenue code as in effect on January 1, 2012, and  
43 amendments thereto, in determining the federal adjusted gross income of



1 an individual taxpayer.

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

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

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

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

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

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

38 (iii) The portion of any gain or loss from the sale or other disposition  
39 of property having a higher adjusted basis for Kansas income tax purposes  
40 than for federal income tax purposes on the date such property was sold or  
41 disposed of in a transaction in which gain or loss was recognized for  
42 purposes of federal income tax that does not exceed such difference in  
43 basis, but if a gain is considered a long-term capital gain for federal

1 income tax purposes, the modification shall be limited to that portion of  
2 such gain which is included in federal adjusted gross income.

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

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

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

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

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

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

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

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

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

41 (xiii) For taxable years beginning after December 31, 2004, amounts  
42 contributed to and the amount of income earned on contributions deposited  
43 to an individual development account under K.S.A. 2016 Supp. 74-50,201

1 et seq., and amendments thereto.

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

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

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

38 (xvii) For all taxable years beginning after December 31, 2004,  
39 amounts received by taxpayers who are eligible members of the Kansas  
40 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
41 281, and amendments thereto, and amounts received for death benefits  
42 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
43 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and

1 amendments thereto, to the extent that such death benefits are included in  
2 federal adjusted gross income of the taxpayer.

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

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

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

36 (xxi) For all taxable years beginning after December 31, 2013,  
37 amounts equal to the unreimbursed travel, lodging and medical  
38 expenditures directly incurred by a taxpayer while living, or a dependent  
39 of the taxpayer while living, for the donation of one or more human organs  
40 of the taxpayer, or a dependent of the taxpayer, to another person for  
41 human organ transplantation. The expenses may be claimed as a  
42 subtraction modification provided for in this section to the extent the  
43 expenses are not already subtracted from the taxpayer's federal adjusted

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

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

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

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

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

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

37 (f) *Notwithstanding any other provision in this section, for all tax*  
38 *years beginning after December 31, 2017, there shall be added to federal*  
39 *adjusted gross income passive income received from rents and royalties as*  
40 *reported on the taxpayer's form 1040 federal individual income tax return*  
41 *schedule C, E or F.*

42 Sec. 12. K.S.A. 2016 Supp. 79-32,196 is hereby amended to read as  
43 follows: 79-32,196. For taxable years commencing after December 31,

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

18 Sec. 13. K.S.A. 2016 Supp. 79-32,197 is hereby amended to read as  
19 follows: 79-32,197. The amount of credit allowed pursuant to K.S.A. 79-  
20 32,196, and amendments thereto, shall not exceed 50% of the total amount  
21 contributed during the taxable year by the business firm to a community  
22 service organization or governmental entity for programs approved  
23 pursuant to K.S.A. 79-32,198, and amendments thereto. The amount of  
24 credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto,  
25 shall not exceed 70% of the total amount contributed during the taxable  
26 year by the business firm in a rural community to a community service  
27 organization or governmental entity located therein for programs approved  
28 pursuant to K.S.A. 79-32,198, and amendments thereto. If the amount of  
29 the credit allowed by K.S.A. 79-32,196, and amendments thereto, exceeds  
30 the taxpayer's income tax liability imposed under the Kansas income tax  
31 act, such excess amount shall be refunded to the taxpayer. In no event shall  
32 the total amount of credits allowed under this section exceed \$4,130,000  
33 for any one fiscal year, *unless otherwise provided in this section. In no*  
34 *event shall any credit allowed under this section be allocated in any fiscal*  
35 *year commencing after June 30, 2017.*

36 Sec. 14. K.S.A. 2016 Supp. 79-32,198 is hereby amended to read as  
37 follows: 79-32,198. The director of community development of the  
38 department of commerce shall annually review and approve or disapprove  
39 the proposal of the provider of community services, except that, no  
40 proposal for crime prevention shall be approved without the endorsement  
41 of the agency of local government within the area in which crime  
42 prevention is to be provided. The proposal shall set forth the program to be  
43 conducted, why the program is needed, the estimated amount to be

1 invested in the program and the plans for implementing the program. The  
2 director is hereby authorized to promulgate rules and regulations for  
3 establishing criteria for evaluating such proposals by the provider of  
4 community services for approval or disapproval and for establishing  
5 priorities for approval or disapproval of such proposals by the provider of  
6 community services with the assistance and approval of the secretary of  
7 the department of revenue. *No proposals pursuant to this section shall be*  
8 *approved after December 31, 2016.*

9 Sec. 15. K.S.A. 2016 Supp. 79-3310 is hereby amended to read as  
10 follows: 79-3310. There is imposed a tax upon all cigarettes sold,  
11 distributed or given away within the state of Kansas. On and after July 1,  
12 2015, *and before July 1, 2017*, the rate of such tax shall be \$1.29 on each  
13 20 cigarettes or fractional part thereof or \$1.61 on each 25 cigarettes, as  
14 the case requires. *On and after July 1, 2017, the rate of such tax shall be*  
15 *\$2.29 on each 20 cigarettes or fractional part thereof or \$2.86 on each 25*  
16 *cigarettes, as the case requires.* Such tax shall be collected and paid to the  
17 director as provided in this act. Such tax shall be paid only once and shall  
18 be paid by the wholesale dealer first receiving the cigarettes as herein  
19 provided.

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

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

39 Sec. 17. K.S.A. 2016 Supp. 79-3311 is hereby amended to read as  
40 follows: 79-3311. The director shall design and designate indicia of tax  
41 payment to be affixed to each package of cigarettes as provided by this act.  
42 The director shall sell water applied stamps only to licensed wholesale  
43 dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the

1 heat process shall be sold only in amounts of 30,000 or multiples thereof,  
2 except that such stamps which are suitable for packages containing 25  
3 cigarettes each shall be sold in amounts prescribed by the director. Meter  
4 imprints shall be sold only in amounts of 10,000 or multiples thereof.  
5 Water applied stamps in amounts of 10,000 or multiples thereof and  
6 stamps applied by the heat process and meter imprints shall be supplied to  
7 wholesale dealers at a discount of ~~0.55%~~ 0.3% on and after July 1, ~~2015~~  
8 2017, and thereafter, from the face value thereof, and shall be deducted at  
9 the time of purchase or from the remittance therefor as hereinafter  
10 provided. Any wholesale cigarette dealer who shall file with the director a  
11 bond, of acceptable form, payable to the state of Kansas with a corporate  
12 surety authorized to do business in Kansas, shall be permitted to purchase  
13 stamps, and remit therefor to the director within 30 days after each such  
14 purchase, up to a maximum outstanding at any one time of 85% of the  
15 amount of the bond. Failure on the part of any wholesale dealer to remit as  
16 herein specified shall be cause for forfeiture of such dealer's bond. All  
17 revenue received from the sale of such stamps or meter imprints shall be  
18 remitted to the state treasurer in accordance with the provisions of K.S.A.  
19 75-4215, and amendments thereto. Upon receipt of each such remittance,  
20 the state treasurer shall deposit the entire amount in the state treasury. The  
21 state treasurer shall first credit such amount as the director shall order to  
22 the cigarette tax refund fund and shall credit the remaining balance to the  
23 state general fund. A refund fund designated the cigarette tax refund fund  
24 not to exceed \$10,000 at any time shall be set apart and maintained by the  
25 director from taxes collected under this act and held by the state treasurer  
26 for prompt payment of all refunds authorized by this act. Such cigarette tax  
27 refund fund shall be in such amount as the director shall determine is  
28 necessary to meet current refunding requirements under this act.

29 The wholesale cigarette dealer shall affix to each package of cigarettes  
30 stamps or tax meter imprints required by this act prior to the sale of  
31 cigarettes to any person, by such dealer or such dealer's agent or agents,  
32 within the state of Kansas. The director is empowered to authorize  
33 wholesale dealers to affix revenue tax meter imprints upon original  
34 packages of cigarettes and is charged with the duty of regulating the use of  
35 tax meters to secure payment of the proper taxes. No wholesale dealer  
36 shall affix revenue tax meter imprints to original packages of cigarettes  
37 without first having obtained permission from the director to employ this  
38 method of affixation. If the director approves the wholesale dealer's  
39 application for permission to affix revenue tax meter imprints to original  
40 packages of cigarettes, the director shall require such dealer to file a  
41 suitable bond payable to the state of Kansas executed by a corporate surety  
42 authorized to do business in Kansas. The director may, to assure the proper  
43 collection of taxes imposed by the act, revoke or suspend the privilege of



1 imprinting tax meter imprints upon original packages of cigarettes. All  
2 meters shall be under the direct control of the director, and all transfer  
3 assignments or anything pertaining thereto must first be authorized by the  
4 director. All inks used in the stamping of cigarettes must be of a special  
5 type devised for use in connection with the machine employed and  
6 approved by the director. All repairs to the meter are strictly prohibited  
7 except by a duly authorized representative of the director. Requests for  
8 service shall be directed to the director. Meter machine ink imprints on all  
9 packages shall be clear and legible. If a wholesale dealer continuously  
10 issues illegible cigarette tax meter imprints, it shall be considered  
11 sufficient cause for revocation of such dealer's permit to use a cigarette tax  
12 meter.

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

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

27 Sec. 19. K.S.A. 79-3371 is hereby amended to read as follows: 79-  
28 3371. A tax is hereby imposed upon the privilege of selling or dealing in  
29 tobacco products in this state by any person engaged in business as a  
30 distributor thereof, at the rate of ~~ten percent (10%)~~ 20% of the wholesale  
31 sales price of such tobacco products. Such tax shall be imposed at the time  
32 the distributor: (a) Brings or causes to be brought into this state from  
33 without the state tobacco products for sale; (b) makes, manufactures, or  
34 fabricates tobacco products in this state for sale in this state; or (c) ships or  
35 transports tobacco products to retailers in this state to be sold by those  
36 retailers.

37 Sec. 20. K.S.A. 79-3378 is hereby amended to read as follows: 79-  
38 3378. On or before the ~~twentieth~~ 20<sup>th</sup> day of each calendar month every  
39 distributor with a place of business in this state shall file a return with the  
40 director showing the quantity and wholesale sales price of each tobacco  
41 product: (1) Brought, or caused to be brought, into this state for sale; and  
42 (2) made, manufactured, or fabricated in this state for sale in this state  
43 during the preceding calendar month. Every licensed distributor outside

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

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

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

35 Sec. 22. K.S.A. 79-3371 and 79-3378 and K.S.A. 2016 Supp. 17-  
36 2036, 17-7503, 17-7505, 17-76,139, 56-1a606, 56-1a607, 56a-1201, 56a-  
37 1202, 79-32,110, 79-32,117, 79-32,196, 79-32,197, 79-32,198, 79-  
38 32,199a, 79-32,199b, 79-3310, 79-3310c, 79-3311, 79-3312 and 79-4101  
39 are hereby repealed.

40 Sec. 23. This act shall take effect and be in force from and after its  
41 publication in the statute book.