Session of 2017

SENATE BILL No. 175

By Committee on Assessment and Taxation

2-8


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

New Section 1. (a) On or before July 31, 2017, 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, 2017. A tax at a rate equal to 10% 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, 2017. 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. 2016 Supp. 17-2036 is hereby amended to read as follows: 17-2036. (a) Every business trust shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the business trust at the close of business on the last day of its tax period under the Kansas income tax act next preceding the date of filing, but if a business trust's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The reports shall be made on forms provided by the secretary of state and shall be filed at the time prescribed by law for filing the business trust's annual Kansas income tax return. The report shall be signed by a trustee or other authorized officer under penalty of perjury and contain the following:
(1) Executed copies of all amendments to the instrument by which the business trust was created, or to prior amendments thereto, which have been adopted and have not theretofore been filed under K.S.A. 17-2033, and amendments thereto, and accompanied by the fee prescribed therein for each such amendment; and

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

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

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

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

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

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

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

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:
(1) The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;
(2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;
(3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;
(4) the total number of stockholders of the corporation;
(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;
(6) the number of acres of agricultural land, held and reported in each category under paragraph (5), stated separately, being irrigated; and
(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

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

Sec. 4. K.S.A. 2016 Supp. 17-7505 is hereby amended to read as follows: 17-7505. (a) Every foreign corporation organized for profit, or organized under the cooperative type statutes of the state, territory or
foreign country of incorporation, now or hereafter doing business in this state, and owning or using a part or all of its capital in this state, and subject to compliance with the laws relating to the admission of foreign corporations to do business in Kansas, shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation operates on a fiscal year other than the calendar year it shall give written notice thereof to the secretary of state prior to December 31 of the year commencing such fiscal year. The report shall be made on a form prescribed by the secretary of state. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return. The report shall contain the following facts:

(1) The name of the corporation and under the laws of what state or country it is incorporated;

(2) the location of its principal office;

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

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

(5) the nature and kind of business in which the company is engaged;

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

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

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

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

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

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

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

(6) the number of acres of agricultural land, held and reported in each category under paragraph (5), stated separately, being irrigated; and
(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

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

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

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

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

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

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

(c) The annual report required by this section shall be executed by one or more authorized persons, and filed with the secretary of state. The execution of such annual report by a person who is authorized by this act to execute such annual report, upon filing such annual report with the
secretary of state, constitutes an oath or affirmation, under penalties of
perjury that, to the best of such person's knowledge and belief, the facts
stated therein are true. At the time of filing the report, the limited liability
company shall pay to the secretary of state an annual report fee in an
amount equal to $40.

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

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

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

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

(h) As part of the annual report fee, every limited liability company
and foreign limited liability company shall pay to the secretary of state,
when filing the annual report, an additional amount of $200 for each
member owning the percentage of capital of the limited liability company
or foreign limited liability company as specified in subsection (a)(2).

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

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

(1) The name of the limited partnership; and

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

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

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

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

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

(e) The provisions of K.S.A. 17-7509, and amendments thereto,
relating to penalties for failure of a corporation to file an annual report or
pay the required annual report fee, and the provisions of K.S.A. 17-
7510(a), and amendments thereto, relating to forfeiture of a domestic
corporation's articles of incorporation for failure to file an annual report or
pay the required annual report fee, shall be applicable to the certificate of
partnership of any limited partnership which fails to file its annual report
or pay the annual report fee within 90 days of the time prescribed in this
section for filing and paying the same or, in the case of an annual report
filing and fee received by mail, postmarked within 90 days of the time
prescribed in this section for filing and paying the same. Whenever the
certificate of partnership of a limited partnership is forfeited for failure to file an annual report or to pay the required annual report fee, the limited partnership may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a certificate of reinstatement of a corporation's articles of incorporation.

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

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

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

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

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

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

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

(e) The provisions of K.S.A. 17-7509, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required annual report fee, and the provisions of K.S.A. 17-
7510(b), and amendments thereto, relating to forfeiture of a foreign
corporation's authority to do business in this state for failure to file an
annual report or pay the required annual report fee, shall be applicable to
the authority of any foreign limited partnership which fails to file its
annual report or pay the annual report fee within 90 days of the time
prescribed in this section for filing and paying the same or, in the case of
an annual report filing and fee received by mail, postmarked within 90
days of the time prescribed in this section for filing and paying the same.
Whenever the authority of a foreign limited partnership to do business in
this state is forfeited for failure to file an annual report or to pay the
required annual report fee, the foreign limited partnership's authority to do
business in this state may be reinstated by filing a certificate of
reinstatement, in the manner and form to be prescribed by the secretary of
state and paying to the secretary of state all fees, including any penalties
thereon, due to the state. The fee for filing a certificate of reinstatement
shall be the same as that prescribed by K.S.A. 17-7506, and amendments
thereto, for filing a certificate of reinstatement of a corporation's articles of
incorporation.

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

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

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

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

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

(c) The annual report shall be signed by a partner of the limited
liability partnership under penalty of perjury and forwarded to the
secretary of state. At the time of filing the report, the limited liability
partnership shall pay to the secretary of state an annual report fee in an
amount equal to $40 $200.
(d) The provisions of K.S.A. 17-7509, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required annual report fee, and the provisions of K.S.A. 17-7510(a), and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required annual report fee, shall be applicable to the statement of qualification of any limited liability partnership which fails to file its annual report or pay the annual report fee within 90 days of the time prescribed in this section for filing and paying the same or, in the case of an annual report filing and fee received by mail, postmarked within 90 days of the time prescribed in this section for filing and paying the same. Whenever the statement of qualification of a limited liability partnership is forfeited for failure to file an annual report or to pay the required annual report fee, the limited liability partnership may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a certificate of reinstatement of a corporation's articles of incorporation.

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

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

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

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

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

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

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

(1) Married individuals filing joint returns.

(A) For tax year 2012:

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

(B) For tax year 2013:

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

(C) For tax year 2014:

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

(D) For tax years 2015, 2016 and 2017 and all tax years thereafter:  
If the taxable income is: The tax is:
Not over $30,000......................................2.7% of Kansas taxable income
Over $30,000...........................................$810 plus 4.6% of excess over $30,000

(E) For tax year 2018, and all tax years thereafter:  
If the taxable income is: The tax is:
Not over $30,000......................................2.6% of Kansas taxable income
Over $30,000...........................................$780 plus 4.6% of excess over $30,000

(2) All other individuals.

(A) For tax year 2012:  
If the taxable income is: The tax is:
Not over $15,000......................................3.5% of Kansas taxable income
Over $15,000 but not over $30,000........$525 plus 6.25% of excess over $15,000
Over $30,000............................................$1,462.50 plus 6.45% of excess over $30,000

(B) For tax year 2013:  
If the taxable income is: The tax is:
Not over $15,000......................................3.0% of Kansas taxable income
Over $15,000............................................$450 plus 4.9% of excess over $15,000

(C) For tax year 2014:  
If the taxable income is: The tax is:
Not over $15,000......................................2.7% of Kansas taxable income
Over $15,000............................................$405 plus 4.8% of excess over $15,000

(D) For tax years 2015, 2016 and 2017 and all tax years thereafter:  
If the taxable income is: The tax is:
Not over $15,000......................................2.7% of Kansas taxable income
Over $15,000............................................$405 plus 4.6% of excess over $15,000

(E) For tax year 2018, and all tax years thereafter:  
If the taxable income is: The tax is:
Not over $15,000......................................2.6% of Kansas taxable income
Over $15,000............................................$390 plus 4.6% of excess over $15,000

(b) Nonresident Individuals. A tax is hereby imposed upon the Kansas taxable income of every nonresident individual, which tax shall be an
amount equal to the tax computed under subsection (a) as if the
nonresident were a resident multiplied by the ratio of modified Kansas
source income to Kansas adjusted gross income.
(c) Corporations. A tax is hereby imposed upon the Kansas taxable
income of every corporation doing business within this state or deriving
income from sources within this state. Such tax shall consist of a normal
tax and a surtax and shall be computed as follows:
(1) The normal tax shall be in an amount equal to 4% of the Kansas
taxable income of such corporation; and
(2) (A) for tax year 2008, the surtax shall be in an amount equal to
3.1% of the Kansas taxable income of such corporation in excess of
$50,000;
(B) for tax years 2009 and 2010, the surtax shall be in an amount
equal to 3.05% of the Kansas taxable income of such corporation in excess
of $50,000; and
(C) for tax year 2011, and all tax years thereafter, the surtax shall be
in an amount equal to 3% of the Kansas taxable income of such
corporation in excess of $50,000.
(d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable
income of estates and trusts at the rates provided in subsection (a)(2)
hereof.
(e) Tax rates provided in this section shall be adjusted pursuant to the
(f) Notwithstanding the provisions of subsections (a) and (b), for tax
year 2016, and all tax years thereafter, married individuals filing joint
returns with taxable income of $12,500 or less, and all other individuals
with taxable income of $5,000 or less, shall have a tax liability of zero.
Sec. 11. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as
follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
means such individual's federal adjusted gross income for the taxable year,
with the modifications specified in this section.
(b) There shall be added to federal adjusted gross income:
(i) Interest income less any related expenses directly incurred in the
purchase of state or political subdivision obligations, to the extent that the
same is not included in federal adjusted gross income, on obligations of
any state or political subdivision thereof, but to the extent that interest
income on obligations of this state or a political subdivision thereof issued
prior to January 1, 1988, is specifically exempt from income tax under the
laws of this state authorizing the issuance of such obligations, it shall be
excluded from computation of Kansas adjusted gross income whether or
not included in federal adjusted gross income. Interest income on
obligations of this state or a political subdivision thereof issued after
December 31, 1987, shall be excluded from computation of Kansas
adjusted gross income whether or not included in federal adjusted gross income.

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

(iii) The federal net operating loss deduction.

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

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

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

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

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

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

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

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

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

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

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


(xvii) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and amendments thereto.
(xviii) For taxable years commencing after December 31, 2006, the amount of any ad valorem or property taxes and assessments paid to a state other than Kansas or local government located in a state other than Kansas by a taxpayer who resides in a state other than Kansas, when the law of such state does not allow a resident of Kansas who earns income in such other state to claim a deduction for ad valorem or property taxes or assessments paid to a political subdivision of the state of Kansas in determining taxable income for income tax purposes in such other state, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxi) For all taxable years beginning after December 31, 2013, amounts equal to the unreimbursed travel, lodging and medical expenditures directly incurred by a taxpayer while living, or a dependent of the taxpayer while living, for the donation of one or more human organs of the taxpayer, or a dependent of the taxpayer, to another person for human organ transplantation. The expenses may be claimed as a subtraction modification provided for in this section to the extent the expenses are not already subtracted from the taxpayer's federal adjusted
gross income. In no circumstances shall the subtraction modification provided for in this section for any individual, or a dependent, exceed $5,000. As used in this section, "human organ" means all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The provisions of this paragraph shall take effect on the day the secretary of revenue certifies to the director of the budget that the cost for the department of revenue of modifications to the automated tax system for the purpose of implementing this paragraph will not exceed $20,000.

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

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

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

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

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

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

Sec. 12. K.S.A. 2016 Supp. 79-32,196 is hereby amended to read as follows: 79-32,196. For taxable years commencing after December 31,
1997, and before January 1, 2018, any business firm which contributes to
a community service organization or governmental entity which engages
in the activities of providing community services, shall be allowed a credit,
as provided in K.S.A. 79-32,197, and amendments thereto, against the tax
imposed by the Kansas income tax act, the tax on net income of national
banking associations, state banks, trust companies or savings and loan
associations imposed under article 11 of chapter 79 of the Kansas Statutes
Annotated, and amendments thereto, or the premium tax or privilege fees
imposed pursuant to K.S.A. 40-252, and amendments thereto, if the
proposal of the provider of community services is approved pursuant to
K.S.A. 79-32,198, and amendments thereto. Any business firm which
makes such a contribution after the effective date of this act and prior to
July 1, 1998, shall be allowed a credit in accordance with this act, as if the
contribution had been made in calendar year 1997, for the firm's tax
liability for taxable years commencing after December 31, 1996.

Notwithstanding any other provisions of this section, no business firm
shall claim more than one credit for the same contribution.

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

Sec. 14. K.S.A. 2016 Supp. 79-32,198 is hereby amended to read as
follows: 79-32,198. The director of community development of the
department of commerce shall annually review and approve or disapprove
the proposal of the provider of community services, except that, no
proposal for crime prevention shall be approved without the endorsement
of the agency of local government within the area in which crime
prevention is to be provided. The proposal shall set forth the program to be
conducted, why the program is needed, the estimated amount to be
invested in the program and the plans for implementing the program. The
director is hereby authorized to promulgate rules and regulations for
establishing criteria for evaluating such proposals by the provider of
community services for approval or disapproval and for establishing
priorities for approval or disapproval of such proposals by the provider of
community services with the assistance and approval of the secretary of
the department of revenue. No proposals pursuant to this section shall be
approved after December 31, 2016.

Sec. 15. K.S.A. 2016 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,
2015, and before July 1, 2017, the rate of such tax shall be $1.29 on each
20 cigarettes or fractional part thereof or $1.61 on each 25 cigarettes, as
the case requires. On and after July 1, 2017, the rate of such tax shall be
$2.29 on each 20 cigarettes or fractional part thereof or $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. 16. K.S.A. 2016 Supp. 79-3310c is hereby amended to read as
follows: 79-3310c. On or before July 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, 2015,
A tax of $.50 $1 on each 20 cigarettes or fractional part thereof or
$.62 $1.25 on each 25 cigarettes, as the case requires and $.50 or $.62 $1
or $1.25, 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,
2015 2017, is hereby imposed and shall be due and payable on or before
October 31, 2015 2017. 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. 17. K.S.A. 2016 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 0.55% 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. 18. K.S.A. 2016 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 0.55% 0.3%
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 0.55% 0.3% of such tax.

Sec. 19. 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%) 20% 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. 20. 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%) 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 the director's judgment, the return is incorrect and any amount of tax is due from the distributor and unpaid, he or she the director shall notify the distributor of the deficiency. If a deficiency disclosed by the director's examination cannot be allocated by him the director to a particular month or months, he or she the director 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. 21. K.S.A. 2016 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% 16% 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. 23. This act shall take effect and be in force from and after its publication in the statute book.