

1 [As Amended by House Committee of the Whole]

2
3 As Further Amended by House Committee

4
5 As Amended by House Committee

6 *Session of 2001*

7
8 **HOUSE BILL No. 2560**

9
10 By Committee on Taxation

11
12 3-7

13
14 AN ACT relating to the taxation of cigarettes, increasing the rate imposed
15 thereon; amending K.S.A. 79-3310, 79-3311 and 79-3312 and repeal-
16 ing the existing sections **section**.

17
18 *Be it enacted by the Legislature of the State of Kansas:*

19 Section 1. On and after June 1, 2001, K.S.A. 79-3310 is hereby
20 amended to read as follows: 79-3310. There is **hereby** imposed a tax
21 upon all cigarettes sold, distributed or given away within the state of
22 Kansas. The rate of such tax shall be ~~\$.24~~ ~~\$.30~~ **\$.25** [~~\$.24~~] on each 20
23 cigarettes or fractional part thereof or ~~\$.30~~ ~~\$.40~~ **\$.30** on each 25 ciga-
24 rettes, as the case requires *on and after June 1, 2001, but before June 1,*
25 *2002. On and after June 1 of each year thereafter, but before June 1 of*
26 *the next succeeding year, such rates shall be equal to the product of that*
27 *of the next preceding year multiplied by a fraction the numerator of which*
28 *is the average consumer price index for all urban consumers published by*
29 *the federal department of labor as of the close of the 12-month period*
30 *ending on August 31 of the first calendar year preceding the appropriate*
31 *year and the denominator of which is such index as of such period ending*
32 *on August 31 of the second calendar year preceding the appropriate year.*
33 Such tax shall be collected and paid to the director as provided in this
34 act. Such tax shall be paid only once and shall be paid by the wholesale
35 dealer first receiving the cigarettes as herein provided.

36 —The taxes imposed by this act are hereby levied upon all sales of ciga-
37 rettes made to any department, institution or agency of the state of Kan-
38 sas, and to the political subdivisions thereof and their departments, insti-
39 tutions and agencies.

40 —New Sec. 2. (a) On or before June 30, 2001, each wholesale dealer,
41 retail dealer and vending machine operator shall file a report with the
42 director in such form as the director may prescribe showing cigarettes,
43 cigarette stamps and meter imprints on hand at 12:01 a.m. on June 1,

1 ~~2001. A tax of \$.15 on each 20 cigarettes or fractional part thereof or \$.19~~
2 ~~on each 25 cigarettes, as the case requires and \$.15 or \$.19, as the case~~
3 ~~requires upon all tax stamps and all meter imprints purchased from the~~
4 ~~director and not affixed to cigarettes prior to June 1, 2001, is hereby~~
5 ~~imposed and shall be due and payable on or before June 30, 2001. The~~
6 ~~tax imposed upon such cigarettes, tax stamps and meter imprints shall be~~
7 ~~imposed only once under this act. The director shall remit all moneys~~
8 ~~collected pursuant to this section to the state treasurer who shall credit~~
9 ~~the entire amount thereof to the state general fund.~~

10 ~~—(b) On and before June 30, 2002, and each year thereafter, each~~
11 ~~wholesale dealer, retail dealer and vending machine operator shall file a~~
12 ~~report with the director in such form as the director may prescribe show-~~
13 ~~ing cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m.~~
14 ~~on June 1 of the appropriate year. A tax equal to the difference between~~
15 ~~the tax rate of the preceding year and that of the current year on each 20~~
16 ~~cigarettes or fractional part thereof, or on each 25 cigarettes, as the case~~
17 ~~requires and, as the case requires, upon all tax stamps and all meter~~
18 ~~imprints purchased from the director and not affixed to cigarettes prior~~
19 ~~to June 1 of the appropriate year is hereby imposed and shall be due and~~
20 ~~payable on or before June 30 of the appropriate year. The tax imposed~~
21 ~~upon such cigarettes, tax stamps and meter imprints shall be imposed~~
22 ~~only once under this act. The director shall remit all moneys collected~~
23 ~~pursuant to this section to the state treasurer who shall credit the entire~~
24 ~~amount thereof to the state general fund.~~

25 ~~—Sec. 3.—On and after June 1, 2001, K.S.A. 79-3311 is hereby amended~~
26 ~~to read as follows: 79-3311. The director shall design and designate indicia~~
27 ~~of tax payment to be affixed to each package of cigarettes as provided by~~
28 ~~this act. The director shall sell water applied stamps only to licensed~~
29 ~~wholesale dealers in the amounts of 1,000 or multiples thereof. Stamps~~
30 ~~applied by the heat process shall be sold only in amounts of 30,000 or~~
31 ~~multiples thereof, except that such stamps which are suitable for packages~~
32 ~~containing 25 cigarettes each shall be sold in amounts prescribed by the~~
33 ~~director. Meter imprints shall be sold only in amounts of 10,000 or mul-~~
34 ~~tiples thereof. Water applied stamps in amounts of 10,000 or multiples~~
35 ~~thereof and stamps applied by the heat process and meter imprints shall~~
36 ~~be supplied to wholesale dealers at a discount of 2.65% 1.63% from the~~
37 ~~face value thereof, and shall be deducted at the time of purchase or from~~
38 ~~the remittance therefor as hereinafter provided. Any wholesale cigarette~~
39 ~~dealer who shall file with the director a bond, of acceptable form, payable~~
40 ~~to the state of Kansas with a corporate surety authorized to do business~~
41 ~~in Kansas, shall be permitted to purchase stamps, and remit therefor to~~
42 ~~the director within 30 days after each such purchase, up to a maximum~~
43 ~~outstanding at any one time of 85% of the amount of the bond. Failure~~

1 on the part of any wholesale dealer to remit as herein specified shall be
2 cause for forfeiture of such dealer's bond. All revenue received from the
3 sale of such stamps or meter imprints shall be remitted to the state trea-
4 surer daily. Upon receipt thereof, the state treasurer shall deposit the
5 entire amount thereof in the state treasury. The state treasurer shall first
6 credit such amount thereof as the director shall order to the cigarette tax
7 refund fund and shall credit the remaining balance to the state general
8 fund. A refund fund designated the cigarette tax refund fund not to ex-
9 ceed \$10,000 at any time shall be set apart and maintained by the director
10 from taxes collected under this act and held by the state treasurer for
11 prompt payment of all refunds authorized by this act. Such cigarette tax
12 refund fund shall be in such amount as the director shall determine is
13 necessary to meet current refunding requirements under this act.

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

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

1 — Sec. 4. — On and after June 1, 2001, K.S.A. 79-3312 is hereby amended
2 to read as follows: 79-3312. The director shall redeem any unused stamps
3 or meter imprints that any wholesale dealer presents for redemption
4 within six months after the purchase thereof, at the face value less 2.65%
5 1.63% thereof if such stamps or meter imprints have been purchased
6 from the director. The director shall prepare a voucher showing the net
7 amount of such refund due, and the director of accounts and reports shall
8 draw a warrant on the state treasurer for the same. Wholesale dealers
9 shall be entitled to a refund of the tax paid on cigarettes which have
10 become unfit for sale upon proof thereof less 2.65% 1.63% of such tax.

11 — Sec. 5. — On and after June 1, 2001, K.S.A. 79-3310, 79-3311 and 79-
12 3312 are hereby repealed.

13 — **Sec 2. K.S.A. 79-3310 is hereby repealed.**

14 — **Sec. 6 3.** — This act shall take effect and be in force from and after its
15 publication in the Kansas register **statute book.**

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