

Senate Substitute for HOUSE BILL No. 2109

By Committee on Assessment and Taxation

5-20

1 AN ACT concerning taxation; relating to income tax, rates, itemized
2 deductions and income modifications; creating the payroll income tax
3 credit; tax amnesty; sales and compensating use tax, rates, food and
4 distribution thereof; cigarettes and tobacco products, rates; motor
5 vehicle fuel taxes, rates and distribution thereof; ~~personal property~~
6 ~~taxation, motor vehicles, computation of amount of tax, state school~~
7 ~~district ad valorem tax levy; *creating the tobacco cessation fund;*~~
8 amending K.S.A. 79-3371 and 79-3378 and K.S.A. 2014 Supp. 79-
9 32,110, 79-32,117, 79-32,120, 79-3310, 79-3310c, 79-3311, 79-3312,
10 ~~*79-3387,*~~ 79-3492b, 79-34,118, 79-34,141, 79-34,142, 79-3602, 79-
11 3603, as amended by section 20 of 2015 Senate Substitute for House
12 Bill No. 2155, 79-3620, 79-3703; ~~*and*~~ 79-3710 ~~and 79-5105~~ and
13 repealing the existing sections.
14

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

16 New Section 1. (a) (1) Notwithstanding the provisions of any other
17 law to the contrary, with respect to the following taxes administered by the
18 department of revenue, an amnesty from the assessment or payment of all
19 penalties and interest with respect to unpaid taxes or taxes due and owing
20 shall apply upon compliance with the provisions of this section and if such
21 tax liability is paid in full within the amnesty period, from September 1,
22 2015, to October 15, 2015: (A) Privilege tax under K.S.A. 79-1106 et seq.,
23 and amendments thereto; (B) taxes under the Kansas estate tax act, K.S.A.
24 2006 Supp. 79-15,100 et seq., prior to their repeal; (C) taxes under the
25 Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto;
26 (D) taxes under the Kansas withholding and declaration of estimated tax
27 act, K.S.A. 79-3294 et seq., and amendments thereto; (E) taxes under the
28 Kansas cigarette and tobacco products act, K.S.A. 79-3301 et seq., and
29 amendments thereto; (F) taxes under the Kansas retailers' sales tax act,
30 K.S.A. 79-3601 et seq., and amendments thereto, and the Kansas
31 compensating tax act, K.S.A. 79-3701 et seq., and amendments thereto;
32 (G) local sales and use taxes under K.S.A. 12-187 et seq., and amendments
33 thereto; (H) liquor enforcement tax under K.S.A. 79-4101 et seq., and
34 amendments thereto; (I) liquor drink tax under K.S.A. 79-74a01 et seq.,
35 and amendments thereto; and (J) mineral severance tax under K.S.A. 79-
4216 et seq., and amendments thereto.

1 (2) Amnesty under this section shall apply only to tax liabilities due
2 and unpaid for tax periods ending on or before December 31, 2013. For the
3 eligible taxes and tax periods, amnesty shall apply to the under-reporting
4 of such tax liabilities, the nonpayment of such taxes and the nonreporting
5 of such tax liabilities.

6 (3) Amnesty shall not apply to any matter or matters for which, on or
7 after September 1, 2015, any one of the following circumstances exist: (A)
8 The taxpayer has received notice of the commencement of an audit; (B) an
9 audit is in progress; (C) the taxpayer has received notice of an assessment
10 pursuant to K.S.A. 79-2971 or 79-3643, and amendments thereto; (D) as a
11 result of an audit, the taxpayer has received notice of a proposed or
12 estimated assessment or notice of an assessment; (E) the time to
13 administratively appeal an issued assessment has not yet expired; or (F) an
14 assessment resulting from an audit, or any portion of such assessment, is
15 pending in the administrative appeals process before the secretary or the
16 secretary's designee pursuant to K.S.A. 79-3226 or 79-3610, and
17 amendments thereto, or the state board of tax appeals, or is pending in the
18 judicial review process before any state or federal district or appellate
19 court. Amnesty shall not apply to any matter that is the subject of an
20 assessment, or any portion of an assessment, which has been affirmed by a
21 reviewing state or federal district or appellate court. Amnesty shall not
22 apply to any party to any criminal investigation or to any civil or criminal
23 litigation that is pending in any court of the United States or this state for
24 nonpayment, delinquency or fraud in relation to any tax imposed by the
25 state of Kansas. Amnesty shall not apply to any matter involving
26 individual or corporate income tax liability resulting from an audit or
27 adjustment by the federal internal revenue service and reported to the
28 Kansas department of revenue pursuant to K.S.A. 79-3230(f), and
29 amendments thereto.

30 (b) Upon written application by the taxpayer, on forms prescribed by
31 the secretary of revenue, and upon compliance with the provisions of this
32 section, the department of revenue may waive the imposition and
33 collection of any penalty or interest which may be applicable with respect
34 to taxes eligible for amnesty. The department of revenue may require all
35 applications for amnesty pursuant to this section be submitted
36 electronically.

37 (c) Amnesty for penalties and interest shall be granted only to those
38 eligible taxpayers who, within the amnesty period of September 1, 2015,
39 to October 15, 2015, and in accordance with rules and regulations
40 established by the secretary of revenue, have properly filed a tax return for
41 each taxable period for which amnesty is requested, paid the entire balance
42 of tax due and obtained approval of such amnesty by the department of
43 revenue.

1 (d) If a taxpayer elects to participate in the amnesty program
2 established pursuant to this section as evidenced by full payment of the tax
3 due as established by the secretary of revenue, that election shall constitute
4 an express and absolute relinquishment of all administrative and judicial
5 rights of appeal with respect to such tax liability. No tax payment received
6 pursuant to this section shall be eligible for refund or credit. No payment
7 of penalties or interest made prior to September 1, 2015, shall be eligible
8 for amnesty.

9 (e) For such tax returns for which amnesty has been requested,
10 nothing in this section shall be interpreted to prohibit the department from
11 adjusting such tax return as a result of a federal, department or other state
12 agency audit.

13 (f) Fraud or intentional misrepresentation of a material fact in
14 connection with an application for amnesty shall void such application and
15 any waiver of penalties and interest from amnesty.

16 (g) The department may promulgate such rules and regulations or
17 issue administrative guidelines as are necessary to administer the
18 provisions of this section.

19 New Sec. 2. (a) For taxable years 2015 and 2016, the owners of a
20 business entity, as defined in subsection (b), shall be allowed a credit
21 against the tax liability of a resident individual imposed by the Kansas
22 income tax act as follows: (1) For tax year 2015, an amount equal to 1% of
23 the annual payroll as defined in K.S.A. 44-703, and amendments thereto,
24 **for persons who are employed in Kansas**; and (2) for tax year 2016, an
25 amount equal to 2% of the annual payroll as defined in K.S.A. 44-703, and
26 amendments thereto, **for persons who are employed in Kansas**. The
27 credit allowed by this section shall not exceed the amount of tax imposed
28 under the Kansas income tax act reduced by the sum of any other credits
29 allowable pursuant to law. Such credit shall be deducted from the
30 taxpayer's income tax liability for the taxable year in which the
31 expenditures are made by the taxpayer. The taxpayer shall not be allowed
32 to carry over any amount of such credit exceeding the taxpayer's income
33 tax liability.

34 (b) For purposes of this section, "business entity" means an S
35 corporation, partnership, limited liability company, association, sole
36 proprietorship, joint venture or other similar form of business organization.
37 The term "business entity" shall not include any business organization
38 subject to the income tax on corporations under K.S.A. 79-32,110(c), and
39 amendments thereto, the privilege tax measured by net income of financial
40 institutions imposed pursuant to article 11 of chapter 79 of the Kansas
41 Statutes Annotated, and amendments thereto, or the premium tax on
42 privilege fees imposed pursuant to K.S.A. 40-252, and amendments
43 thereto. For any S corporation, partnership or limited liability company,

1 the credit provided by this section shall be claimed by individuals who are
 2 the shareholders of such S corporation, the partners of such partnership or
 3 the members of such limited liability company in the same manner as such
 4 shareholders, partners or members account for their proportionate shares
 5 of the income or loss of the corporation, partnership or limited liability
 6 company.

7 (c) The secretary of labor or such secretary's designee shall provide
 8 the secretary of revenue or such secretary's designee such information as
 9 may be necessary for the administration of the provisions of this section.
 10 Such information to be provided by the department of revenue shall
 11 include, but not be limited to, withholding tax and payroll information.

12 (d) The secretary of revenue may adopt such rules and regulations as
 13 are necessary to implement the provisions of this section.

14 New Sec. 3. (a) On or before July 31, 2015, each distributor having a
 15 place of business in this state shall file a report with the director in such
 16 form as the director may prescribe, showing the tobacco products on hand
 17 at 12:01 a.m. on July 1, 2015. A tax at a rate equal to 5% of the wholesale
 18 price of such tobacco products is hereby imposed upon such tobacco
 19 products and shall be due and payable on or before July 31, 2015. The tax
 20 upon such tobacco products shall be imposed only once under this act. The
 21 director shall remit all moneys collected pursuant to this section to the
 22 state treasurer who shall credit the entire amount thereof to the state
 23 general fund.

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

26 Sec. 4. K.S.A. 2014 Supp. 79-32,110 is hereby amended to read as
 27 follows: 79-32,110.(a) *Resident Individuals*. Except as otherwise provided
 28 by ~~subsection (a)~~ of K.S.A. 79-3220(a), and amendments thereto, a tax is
 29 hereby imposed upon the Kansas taxable income of every resident
 30 individual, which tax shall be computed in accordance with the following
 31 tax schedules:

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

33 (A) For tax year 2012:

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

39 (B) For tax year 2013:

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

1		\$30,000
2	(C) For tax year 2014:	
3	If the taxable income is:	The tax is:
4	Not over \$30,000.....	2.7% of Kansas taxable income
5	Over \$30,000.....	\$810 plus 4.8% of excess over
6		\$30,000
7	(D) For tax year 2015, <i>and all tax years thereafter</i> :	
8	If the taxable income is:	The tax is:
9	Not over \$30,000.....	2.7% of Kansas taxable income
10	Over \$30,000.....	\$810 plus 4.6% of excess over
11		\$30,000
12	(E) For tax year 2016:	
13	If the taxable income is:	The tax is:
14	Not over \$30,000.....	2.4% of Kansas taxable income
15	Over \$30,000.....	\$720 plus 4.6% of excess over
16		\$30,000
17	(F) For tax year 2017:	
18	If the taxable income is:	The tax is:
19	Not over \$30,000.....	2.3% of Kansas taxable income
20	Over \$30,000.....	\$690 plus 4.6% of excess over
21		\$30,000
22	(G) For tax year 2018, and all tax years thereafter:	
23	If the taxable income is:	The tax is:
24	Not over \$30,000.....	2.3% of Kansas taxable income
25	Over \$30,000.....	\$690 plus 3.9% of excess over
26		\$30,000
27	(2) <i>All other individuals.</i>	
28	(A) For tax year 2012:	
29	If the taxable income is:	The tax is:
30	Not over \$15,000.....	3.5% of Kansas taxable income
31	Over \$15,000 but not over.....	\$525 plus 6.25% of excess
32	\$30,000.....	over \$15,000
33	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
34		over \$30,000
35	(B) For tax year 2013:	
36	If the taxable income is:	The tax is:
37	Not over \$15,000.....	3.0% of Kansas taxable income
38	Over \$15,000.....	\$450 plus 4.9% of excess over
39		\$15,000
40	(C) For tax year 2014:	
41	If the taxable income is:	The tax is:
42	Not over \$15,000.....	2.7% of Kansas taxable income
43	Over \$15,000.....	\$405 plus 4.8% of excess over

1 \$15,000

2 (D) For tax year 2015, and all tax years thereafter:

3 If the taxable income is: The tax is:

4 Not over \$15,000.....2.7% of Kansas taxable income

5 Over \$15,000.....\$405 plus 4.6% of excess over

6 \$15,000

7 (E) For tax year 2016:

8 If the taxable income is: The tax is:

9 Not over \$15,000.....2.4% of Kansas taxable income

10 Over \$15,000.....\$360 plus 4.6% of excess over

11 \$15,000

12 (F) For tax year 2017:

13 If the taxable income is: The tax is:

14 Not over \$15,000.....2.3% of Kansas taxable income

15 Over \$15,000.....\$345 plus 4.6% of excess over

16 \$15,000

17 (G) For tax year 2018, and all tax years thereafter:

18 If the taxable income is: The tax is:

19 Not over \$15,000.....2.3% of Kansas taxable income

20 Over \$15,000.....\$345 plus 3.9% of excess over

21 \$15,000

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

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

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

33 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
 34 3.1% of the Kansas taxable income of such corporation in excess of
 35 \$50,000;

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

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

42 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
 43 income of estates and trusts at the rates provided in ~~paragraph (2) of~~

1 subsection (a)(2) hereof.

2 (e) Tax rates provided in this section shall be adjusted pursuant to the
3 provisions of K.S.A. 2014 Supp. 79-32,269, and amendments thereto.

4 Sec. 5. K.S.A. 2014 Supp. 79-32,117 is hereby amended to read as
5 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
6 means such individual's federal adjusted gross income for the taxable year,
7 with the modifications specified in this section.

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

9 (i) Interest income less any related expenses directly incurred in the
10 purchase of state or political subdivision obligations, to the extent that the
11 same is not included in federal adjusted gross income, on obligations of
12 any state or political subdivision thereof, but to the extent that interest
13 income on obligations of this state or a political subdivision thereof issued
14 prior to January 1, 1988, is specifically exempt from income tax under the
15 laws of this state authorizing the issuance of such obligations, it shall be
16 excluded from computation of Kansas adjusted gross income whether or
17 not included in federal adjusted gross income. Interest income on
18 obligations of this state or a political subdivision thereof issued after
19 December 31, 1987, shall be excluded from computation of Kansas
20 adjusted gross income whether or not included in federal adjusted gross
21 income.

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

29 (iii) The federal net operating loss deduction.

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

1 zero.

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

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

10 (vii) The amount of any charitable contribution made to the extent the
11 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
12 32,196, and amendments thereto.

13 (viii) The amount of any costs incurred for improvements to a swine
14 facility, claimed for deduction in determining federal adjusted gross
15 income, to the extent the same is claimed as the basis for any credit
16 allowed pursuant to K.S.A. 2014 Supp. 79-32,204, and amendments
17 thereto.

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

24 (x) Amounts received as nonqualified withdrawals, as defined by
25 K.S.A. 2014 Supp. 75-643, and amendments thereto, if, at the time of
26 contribution to a family postsecondary education savings account, such
27 amounts were subtracted from the federal adjusted gross income pursuant
28 to ~~paragraph (xv) of subsection (e) of~~ K.S.A. 79-32,117(c)(xv), and
29 amendments thereto, or if such amounts are not already included in the
30 federal adjusted gross income.

31 (xi) The amount of any contribution made to the same extent the
32 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2014
33 Supp. 74-50,154, and amendments thereto.

34 (xii) For taxable years commencing after December 31, 2004,
35 amounts received as withdrawals not in accordance with the provisions of
36 K.S.A. 2014 Supp. 74-50,204, and amendments thereto, if, at the time of
37 contribution to an individual development account, such amounts were
38 subtracted from the federal adjusted gross income pursuant to ~~paragraph~~
39 ~~(xii) of subsection (c)(xiii),~~ or if such amounts are not already included in
40 the federal adjusted gross income.

41 (xiii) The amount of any expenditures claimed for deduction in
42 determining federal adjusted gross income, to the extent the same is
43 claimed as the basis for any credit allowed pursuant to K.S.A. 2014 Supp.

1 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

2 (xiv) The amount of any amortization deduction claimed in
3 determining federal adjusted gross income to the extent the same is
4 claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,221, and
5 amendments thereto.

6 (xv) The amount of any expenditures claimed for deduction in
7 determining federal adjusted gross income, to the extent the same is
8 claimed as the basis for any credit allowed pursuant to K.S.A. 2014 Supp.
9 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
10 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
11 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

12 (xvi) The amount of any amortization deduction claimed in
13 determining federal adjusted gross income to the extent the same is
14 claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,227, 79-
15 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
16 thereto.

17 (xvii) The amount of any amortization deduction claimed in
18 determining federal adjusted gross income to the extent the same is
19 claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,256, and
20 amendments thereto.

21 (xviii) For taxable years commencing after December 31, 2006, the
22 amount of any ad valorem or property taxes and assessments paid to a state
23 other than Kansas or local government located in a state other than Kansas
24 by a taxpayer who resides in a state other than Kansas, when the law of
25 such state does not allow a resident of Kansas who earns income in such
26 other state to claim a deduction for ad valorem or property taxes or
27 assessments paid to a political subdivision of the state of Kansas in
28 determining taxable income for income tax purposes in such other state,
29 to the extent that such taxes and assessments are claimed as an itemized
30 deduction for federal income tax purposes.

31 (xix) For ~~all~~ taxable years beginning after December 31, 2012, *and*
32 *before January 1, 2015, and all taxable years beginning after December*
33 *31, 2016*, the amount of any: (1) Loss from business as determined under
34 the federal internal revenue code and reported from schedule C and on line
35 12 of the taxpayer's form 1040 federal individual income tax return; (2)
36 loss from rental real estate, royalties, partnerships, S corporations, except
37 those with wholly owned subsidiaries subject to the Kansas privilege tax,
38 estates, trusts, residual interest in real estate mortgage investment conduits
39 and net farm rental as determined under the federal internal revenue code
40 and reported from schedule E and on line 17 of the taxpayer's form 1040
41 federal individual income tax return; and (3) farm loss as determined under
42 the federal internal revenue code and reported from schedule F and on line
43 18 of the taxpayer's form 1040 federal income tax return; all to the extent

1 deducted or subtracted in determining the taxpayer's federal adjusted gross
2 income. For purposes of this subsection, references to the federal form
3 1040 and federal schedule C, schedule E, and schedule F, shall be to such
4 form and schedules as they existed for tax year 2011, and as revised
5 thereafter by the internal revenue service.

6 (xx) For ~~all~~ taxable years beginning after December 31, 2012, *and*
7 *before January 1, 2015, and all taxable years beginning after December*
8 *31, 2016*, the amount of any deduction for self-employment taxes under
9 section 164(f) of the federal internal revenue code as in effect on January
10 1, 2012, and amendments thereto, in determining the federal adjusted gross
11 income of an individual taxpayer, to the extent the deduction is attributable
12 to income reported on schedule C, E or F and on line 12, 17 or 18 of the
13 taxpayer's form 1040 federal income tax return.

14 (xxi) For ~~all~~ taxable years beginning after December 31, 2012, *and*
15 *before January 1, 2015, and all taxable years beginning after December*
16 *31, 2016*, the amount of any deduction for pension, profit sharing, and
17 annuity plans of self-employed individuals under section 62(a)(6) of the
18 federal internal revenue code as in effect on January 1, 2012, and
19 amendments thereto, in determining the federal adjusted gross income of
20 an individual taxpayer.

21 (xxii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
22 *before January 1, 2015, and all taxable years beginning after December*
23 *31, 2016*, the amount of any deduction for health insurance under section
24 162(l) of the federal internal revenue code as in effect on January 1, 2012,
25 and amendments thereto, in determining the federal adjusted gross income
26 of an individual taxpayer.

27 (xxiii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
28 *before January 1, 2015, and all taxable years beginning after December*
29 *31, 2016*, the amount of any deduction for domestic production activities
30 under section 199 of the federal internal revenue code as in effect on
31 January 1, 2012, and amendments thereto, in determining the federal
32 adjusted gross income of an individual taxpayer.

33 (xxiv) For taxable years commencing after December 31, 2013, that
34 portion of the amount of any expenditure deduction claimed in
35 determining federal adjusted gross income for expenses paid for medical
36 care of the taxpayer or the taxpayer's spouse or dependents when such
37 expenses were paid or incurred for an abortion, or for a health benefit plan,
38 as defined in K.S.A. 2014 Supp. 65-6731, and amendments thereto, for the
39 purchase of an optional rider for coverage of abortion in accordance with
40 K.S.A. 2014 Supp. 40-2,190, and amendments thereto, to the extent that
41 such taxes and assessments are claimed as an itemized deduction for
42 federal income tax purposes.

43 (xxv) For taxable years commencing after December 31, 2013, that

1 portion of the amount of any expenditure deduction claimed in
2 determining federal adjusted gross income for expenses paid by a taxpayer
3 for health care when such expenses were paid or incurred for abortion
4 coverage, a health benefit plan, as defined in K.S.A. 2014 Supp. 65-6731,
5 and amendments thereto, when such expenses were paid or incurred for
6 abortion coverage or amounts contributed to health savings accounts for
7 such taxpayer's employees for the purchase of an optional rider for
8 coverage of abortion in accordance with K.S.A. 2014 Supp. 40-2,190, and
9 amendments thereto, to the extent that such taxes and assessments are
10 claimed as a deduction for federal income tax purposes.

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

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

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

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

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

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

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

43 (vii) Amounts received as annuities under the federal civil service

1 retirement system from the civil service retirement and disability fund and
2 other amounts received as retirement benefits in whatever form which
3 were earned for being employed by the federal government or for service
4 in the armed forces of the United States.

5 (viii) Amounts received by retired railroad employees as a
6 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
7 228c (a)(1) et seq.

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

13 (x) For taxable years beginning after December 31, 1976, the amount
14 of the federal tentative jobs tax credit disallowance under the provisions of
15 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
16 amount of the targeted jobs tax credit and work incentive credit
17 disallowances under 26 U.S.C. § 280 C.

18 (xi) For taxable years beginning after December 31, 1986, dividend
19 income on stock issued by Kansas Venture Capital, Inc.

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

24 (xiii) For taxable years beginning after December 31, 2004, amounts
25 contributed to and the amount of income earned on contributions deposited
26 to an individual development account under K.S.A. 2014 Supp. 74-50,201
27 et seq., and amendments thereto.

28 (xiv) For all taxable years commencing after December 31, 1996, that
29 portion of any income of a bank organized under the laws of this state or
30 any other state, a national banking association organized under the laws of
31 the United States, an association organized under the savings and loan
32 code of this state or any other state, or a federal savings association
33 organized under the laws of the United States, for which an election as an
34 S corporation under subchapter S of the federal internal revenue code is in
35 effect, which accrues to the taxpayer who is a stockholder of such
36 corporation and which is not distributed to the stockholders as dividends of
37 the corporation. For ~~all~~ taxable years beginning after December 31, 2012,
38 *and before January 1, 2015, and all taxable years beginning after*
39 *December 31, 2016*, the amount of modification under this subsection
40 shall exclude the portion of income or loss reported on schedule E and
41 included on line 17 of the taxpayer's form 1040 federal individual income
42 tax return.

43 (xv) For all taxable years beginning after December 31, 2006,

1 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
2 joint return, for each designated beneficiary which are contributed to a
3 family postsecondary education savings account established under the
4 Kansas postsecondary education savings program or a qualified tuition
5 program established and maintained by another state or agency or
6 instrumentality thereof pursuant to section 529 of the internal revenue
7 code of 1986, as amended, for the purpose of paying the qualified higher
8 education expenses of a designated beneficiary at an institution of
9 postsecondary education. The terms and phrases used in this paragraph
10 shall have the meaning respectively ascribed thereto by the provisions of
11 K.S.A. 2014 Supp. 75-643, and amendments thereto, and the provisions of
12 such section are hereby incorporated by reference for all purposes thereof.

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

23 (xvii) For all taxable years beginning after December 31, 2004,
24 amounts received by taxpayers who are eligible members of the Kansas
25 army and air national guard as a reimbursement pursuant to K.S.A. 48-
26 281, and amendments thereto, and amounts received for death benefits
27 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
28 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
29 amendments thereto, to the extent that such death benefits are included in
30 federal adjusted gross income of the taxpayer.

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

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

1 (xx) For ~~all~~ taxable years beginning after December 31, 2012, *and*
2 *before January 1, 2015, and all taxable years beginning after December*
3 *31, 2016*, the amount of any: (1) Net profit from business as determined
4 under the federal internal revenue code and reported from schedule C and
5 on line 12 of the taxpayer's form 1040 federal individual income tax
6 return; (2) net income from rental real estate, royalties, partnerships, S
7 corporations, estates, trusts, residual interest in real estate mortgage
8 investment conduits and net farm rental as determined under the federal
9 internal revenue code and reported from schedule E and on line 17 of the
10 taxpayer's form 1040 federal individual income tax return; and (3) net farm
11 profit as determined under the federal internal revenue code and reported
12 from schedule F and on line 18 of the taxpayer's form 1040 federal income
13 tax return; all to the extent included in the taxpayer's federal adjusted gross
14 income. For purposes of this subsection, references to the federal form
15 1040 and federal schedule C, schedule E, and schedule F, shall be to such
16 form and schedules as they existed for tax year 2011 and as revised
17 thereafter by the internal revenue service.

18 (xxi) For all taxable years beginning after December 31, 2013,
19 amounts equal to the unreimbursed travel, lodging and medical
20 expenditures directly incurred by a taxpayer while living, or a dependent
21 of the taxpayer while living, for the donation of one or more human organs
22 of the taxpayer, or a dependent of the taxpayer, to another person for
23 human organ transplantation. The expenses may be claimed as a
24 subtraction modification provided for in this section to the extent the
25 expenses are not already subtracted from the taxpayer's federal adjusted
26 gross income. In no circumstances shall the subtraction modification
27 provided for in this section for any individual, or a dependent, exceed
28 \$5,000. As used in this section, "human organ" means all or part of a liver,
29 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
30 paragraph shall take effect on the day the secretary of revenue certifies to
31 the director of the budget that the cost for the department of revenue of
32 modifications to the automated tax system for the purpose of
33 implementing this paragraph will not exceed \$20,000.

34 (xxii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
35 *before January 1, 2015, and all taxable years beginning after December*
36 *31, 2016*, the amount of net gain from the sale of: (1) Cattle and horses,
37 regardless of age, held by the taxpayer for draft, breeding, dairy or
38 sporting purposes, and held by such taxpayer for 24 months or more from
39 the date of acquisition; and (2) other livestock, regardless of age, held by
40 the taxpayer for draft, breeding, dairy or sporting purposes, and held by
41 such taxpayer for 12 months or more from the date of acquisition. The
42 subtraction from federal adjusted gross income shall be limited to the
43 amount of the additions recognized under the provisions of ~~paragraph (xix)~~

1 ~~of subsection (b)(xix)~~ attributable to the business in which the livestock
2 sold had been used. As used in this paragraph, the term "livestock" shall
3 not include poultry.

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

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

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

18 Sec. 6. K.S.A. 2014 Supp. 79-32,120 is hereby amended to read as
19 follows: 79-32,120. (a) (1) If federal taxable income of an individual is
20 determined by itemizing deductions from such individual's federal
21 adjusted gross income, such individual may elect to deduct the Kansas
22 itemized deduction in lieu of the Kansas standard deduction.

23 (2) For the tax year commencing on January 1, 2013, the Kansas
24 itemized deduction of an individual means 70% of the total amount of
25 deductions from federal adjusted gross income, other than federal
26 deductions for personal exemptions, as provided in the federal internal
27 revenue code with the modifications specified in this section.

28 (3) For the tax year commencing on January 1, 2014, the Kansas
29 itemized deduction of an individual means 65% of the total amount of
30 deductions from federal adjusted gross income, other than federal
31 deductions for personal exemptions, as provided in the federal internal
32 revenue code with the modifications specified in this section.

33 (4) For the tax ~~year~~ years commencing on *and after* January 1, 2015,
34 the Kansas itemized deduction of an individual means ~~60% of the total~~
35 ~~amount of following~~ deductions from federal adjusted gross income, other
36 than federal deductions for personal exemptions, as provided in the federal
37 internal revenue code *and* with the modifications specified in this section:
38 *(A) 100% of contributions that qualify as charitable contributions*
39 *allowable as deductions in section 170 of the federal internal revenue*
40 *code; (B) 50% of the amount of qualified residence interest as provided in*
41 *section 163(h) of the federal internal revenue code; and (C) 50% of the*
42 *amount of taxes on real and personal property as provided in section*
43 *164(a) of the federal internal revenue code.*

1 ~~(5) For the tax year commencing on January 1, 2016, the Kansas~~
2 ~~itemized deduction of an individual means 55% of the total amount of~~
3 ~~deductions from federal adjusted gross income, other than federal~~
4 ~~deductions for personal exemptions, as provided in the federal internal~~
5 ~~revenue code with the modifications specified in this section.~~

6 ~~(6) For tax years commencing on and after January 1, 2017, the~~
7 ~~Kansas itemized deduction of an individual means 50% of the total amount~~
8 ~~of deductions from federal adjusted gross income, other than federal~~
9 ~~deductions for personal exemptions, as provided in the federal internal~~
10 ~~revenue code with the modifications specified in this section.~~

11 (b) The total amount of deductions from federal adjusted gross
12 income shall be reduced by the total amount of income taxes imposed by
13 or paid to this state or any other taxing jurisdiction to the extent that the
14 same are deducted in determining the federal itemized deductions and by
15 the amount of all depreciation deductions claimed for any real or tangible
16 personal property upon which the deduction allowed by K.S.A. 2014
17 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,
18 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

19 ~~(e) The provisions of this section that provide for a reduction in the~~
20 ~~total amount of deductions from federal adjusted gross income shall not~~
21 ~~apply to contributions that qualify as charitable contributions allowable as~~
22 ~~deductions in section 170 of the federal internal revenue code, and~~
23 ~~amendments thereto.~~

24 ~~(d) Notwithstanding any provision of this section to the contrary, for~~
25 ~~taxable years commencing after January 1, 2013, the total amount of~~
26 ~~deductions from federal adjusted gross income shall be reduced by the~~
27 ~~total amount of wagering losses claimed as an itemized deduction in~~
28 ~~section 165(d) of the federal internal revenue code, and amendments~~
29 ~~thereto.~~

30 Sec. 7. K.S.A. 2014 Supp. 79-3310 is hereby amended to read as
31 follows: 79-3310. There is imposed a tax upon all cigarettes sold,
32 distributed or given away within the state of Kansas. ~~On and after July 1,~~
33 ~~2002, and before January 1, 2003, the rate of such tax shall be \$.70 on~~
34 ~~each 20 cigarettes or fractional part thereof or \$.875 on each 25 cigarettes,~~
35 ~~as the case requires. On and after January 1, 2003~~ *July 1, 2015*, the rate of
36 such tax shall be ~~\$.79~~ ~~*\$.29*~~ *\$.97* on each 20 cigarettes or fractional part
37 thereof or ~~\$.99~~ ~~*\$.61*~~ *\$.21* on each 25 cigarettes, as the case requires.
38 Such tax shall be collected and paid to the director as provided in this act.
39 Such tax shall be paid only once and shall be paid by the wholesale dealer
40 first receiving the cigarettes as herein provided.

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

1 institutions and agencies.

2 Sec. 8. K.S.A. 2014 Supp. 79-3310c is hereby amended to read as
3 follows: 79-3310c. ~~(1) On or before July 30, 2002~~ 31, 2015, each
4 wholesale dealer, retail dealer and vending machine operator shall file a
5 report with the director in such form as the director may prescribe showing
6 cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on
7 July 1, ~~2002~~ 2015. A tax of ~~\$.46~~ ~~\$.50~~ ~~{\$.18}~~ on each 20 cigarettes or
8 fractional part thereof or ~~\$.575~~ ~~\$.62~~ ~~{\$.22}~~ on each 25 cigarettes, as the
9 case requires and ~~\$.46 or \$.575~~ ~~\$.50 or \$.62~~ ~~{\$.18 or \$.22}~~, as the case
10 requires upon all tax stamps and all meter imprints purchased from the
11 director and not affixed to cigarettes prior to July 1, ~~2002~~ 2015, is hereby
12 imposed and shall be due and payable ~~in equal installments on or before~~
13 ~~July 30, 2002, on or before September 30, 2002, and on or before~~
14 ~~December 30, 2002~~ 31, 2015. The tax imposed upon such cigarettes, tax
15 stamps and meter imprints shall be imposed only once under this act. The
16 director shall remit all moneys collected pursuant to this section to the
17 state treasurer who shall credit the entire amount thereof to the state
18 general fund.

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

33 Sec. 9. K.S.A. 2014 Supp. 79-3311 is hereby amended to read as
34 follows: 79-3311. The director shall design and designate indicia of tax
35 payment to be affixed to each package of cigarettes as provided by this act.
36 The director shall sell water applied stamps only to licensed wholesale
37 dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the
38 heat process shall be sold only in amounts of 30,000 or multiples thereof,
39 except that such stamps which are suitable for packages containing 25
40 cigarettes each shall be sold in amounts prescribed by the director. Meter
41 imprints shall be sold only in amounts of 10,000 or multiples thereof.
42 Water applied stamps in amounts of 10,000 or multiples thereof and
43 stamps applied by the heat process and meter imprints shall be supplied to

1 wholesale dealers at a discount of ~~.90% on and after July 1, 2002, and~~
2 ~~before January 1, 2003, and .80%~~ ~~0.55%~~ {0.65%} *on and after July 1,*
3 *2015, and* thereafter from the face value thereof, and shall be deducted at
4 the time of purchase or from the remittance therefor as hereinafter
5 provided. Any wholesale cigarette dealer who shall file with the director a
6 bond, of acceptable form, payable to the state of Kansas with a corporate
7 surety authorized to do business in Kansas, shall be permitted to purchase
8 stamps, and remit therefor to the director within 30 days after each such
9 purchase, up to a maximum outstanding at any one time of 85% of the
10 amount of the bond. Failure on the part of any wholesale dealer to remit as
11 herein specified shall be cause for forfeiture of such dealer's bond. All
12 revenue received from the sale of such stamps or meter imprints shall be
13 remitted to the state treasurer in accordance with the provisions of K.S.A.
14 75-4215, and amendments thereto. Upon receipt of each such remittance,
15 the state treasurer shall deposit the entire amount in the state treasury. The
16 state treasurer shall first credit such amount as the director shall order to
17 the cigarette tax refund fund and shall credit the remaining balance to the
18 state general fund. A refund fund designated the cigarette tax refund fund
19 not to exceed \$10,000 at any time shall be set apart and maintained by the
20 director from taxes collected under this act and held by the state treasurer
21 for prompt payment of all refunds authorized by this act. Such cigarette tax
22 refund fund shall be in such amount as the director shall determine is
23 necessary to meet current refunding requirements under this act.

24 The wholesale cigarette dealer shall affix to each package of cigarettes
25 stamps or tax meter imprints required by this act prior to the sale of
26 cigarettes to any person, by such dealer or such dealer's agent or agents,
27 within the state of Kansas. The director is empowered to authorize
28 wholesale dealers to affix revenue tax meter imprints upon original
29 packages of cigarettes and is charged with the duty of regulating the use of
30 tax meters to secure payment of the proper taxes. No wholesale dealer
31 shall affix revenue tax meter imprints to original packages of cigarettes
32 without first having obtained permission from the director to employ this
33 method of affixation. If the director approves the wholesale dealer's
34 application for permission to affix revenue tax meter imprints to original
35 packages of cigarettes, the director shall require such dealer to file a
36 suitable bond payable to the state of Kansas executed by a corporate surety
37 authorized to do business in Kansas. The director may, to assure the proper
38 collection of taxes imposed by the act, revoke or suspend the privilege of
39 imprinting tax meter imprints upon original packages of cigarettes. All
40 meters shall be under the direct control of the director, and all transfer
41 assignments or anything pertaining thereto must first be authorized by the
42 director. All inks used in the stamping of cigarettes must be of a special
43 type devised for use in connection with the machine employed and

1 approved by the director. All repairs to the meter are strictly prohibited
2 except by a duly authorized representative of the director. Requests for
3 service shall be directed to the director. Meter machine ink imprints on all
4 packages shall be clear and legible. If a wholesale dealer continuously
5 issues illegible cigarette tax meter imprints, it shall be considered
6 sufficient cause for revocation of such dealer's permit to use a cigarette tax
7 meter.

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

12 Sec. 10. K.S.A. 2014 Supp. 79-3312 is hereby amended to read as
13 follows: 79-3312. The director shall redeem any unused stamps or meter
14 imprints that any wholesale dealer presents for redemption within six
15 months after the purchase thereof, at the face value less ~~90% on and after~~
16 ~~July 1, 2002, and before January 1, 2003, and .80% thereafter~~ ~~0.55%~~
17 ~~{0.65%}~~ thereof if such stamps or meter imprints have been purchased
18 from the director. The director shall prepare a voucher showing the net
19 amount of such refund due, and the director of accounts and reports shall
20 draw a warrant on the state treasurer for the same. Wholesale dealers shall
21 be entitled to a refund of the tax paid on cigarettes which have become
22 unfit for sale upon proof thereof less ~~90% on and after July 1, 2002, and~~
23 ~~before January 1, 2003, and .80% thereafter~~ ~~0.55%~~ ~~{0.65%}~~ of such tax.

24 Sec. 11. K.S.A. 79-3371 is hereby amended to read as follows: 79-
25 3371. A tax is hereby imposed upon the privilege of selling or dealing in
26 tobacco products in this state by any person engaged in business as a
27 distributor thereof, at the rate of ~~ten percent (10%)~~ 15% of the wholesale
28 sales price of such tobacco products. Such tax shall be imposed at the time
29 the distributor: (a) Brings or causes to be brought into this state from
30 without the state tobacco products for sale; (b) makes, manufactures, or
31 fabricates tobacco products in this state for sale in this state; or (c) ships or
32 transports tobacco products to retailers in this state to be sold by those
33 retailers.

34 Sec. 12. K.S.A. 79-3378 is hereby amended to read as follows: 79-
35 3378. On or before the ~~twentieth~~ 20th day of each calendar month every
36 distributor with a place of business in this state shall file a return with the
37 director showing the quantity and wholesale sales price of each tobacco
38 product: (1) Brought, or caused to be brought, into this state for sale; and
39 (2) made, manufactured, or fabricated in this state for sale in this state
40 during the preceding calendar month. Every licensed distributor outside
41 this state shall in like manner file a return showing the quantity and
42 wholesale sales price of each tobacco product shipped or transported to
43 retailers in this state to be sold by those retailers, during the preceding

1 calendar month. Returns shall be made upon forms furnished and
2 prescribed by the director. Each return shall be accompanied by a
3 remittance for the full tax liability shown therein, less ~~four percent (4%)~~
4 ~~2.66%~~ of such liability as compensation to reimburse the distributor for ~~his~~
5 ~~or her~~ *the distributor's* expenses incurred in the administration of this act.
6 As soon as practicable after any return is filed, the director shall examine
7 the return. If the director finds that, in ~~his or her~~ *the director's* judgment,
8 the return is incorrect and any amount of tax is due from the distributor
9 and unpaid, ~~he or she~~ *the director* shall notify the distributor of the
10 deficiency. If a deficiency disclosed by the director's examination cannot
11 be allocated by ~~him~~ *the director* to a particular month or months, ~~he or she~~
12 *the director* may nevertheless notify the distributor that a deficiency exists
13 and state the amount of tax due. Such notice shall be given to the
14 distributor by registered or certified mail.

15 Sec. 13. K.S.A. 2014 Supp. 79-3492b is hereby amended to read as
16 follows: 79-3492b. Alternatively to the methods otherwise set forth in this
17 act, special LP-gas permit users operating motor vehicles on the public
18 highways of this state may upon application to the director on forms
19 prescribed by the director elect to pay taxes in advance on LP-gas for each
20 and every motor vehicle owned or operated by them and propelled in
21 whole or in part with LP-gas during the calendar year and thereafter to
22 purchase LP-gas tax free in lieu of securing a bonded user's permit and
23 filing monthly reports and tax payments and keeping the records otherwise
24 provided for in this act. The amount of such tax for each motor vehicle
25 shall, except as otherwise provided, be based upon the gross weight of the
26 motor vehicle and the number of miles it was operated on the public
27 highways of this state during the previous year pursuant to the following
28 schedules:

	less than 5,000 miles	5,000 to 10,000 miles	10,001 to 15,000 miles	15,001 to 19,999 miles	20,000 to 29,999 miles	30,000 to 39,999 miles	40,000 to 49,999 miles	50,000 to 59,999 miles	60,000 and over
Class A: 3,000 pounds or less	\$46.00 <i>\$56.00</i>	\$92.00 <i>\$112.00</i>	\$138.00 <i>\$168.00</i>	\$184.00 <i>\$224.00</i>	\$276.00 <i>\$336.00</i>	\$368.00 <i>\$448.00</i>	\$460.00 <i>\$560.00</i>	\$552.00 <i>\$672.00</i>	\$644.00 <i>\$784.00</i>
Class B: more than 3,000 pounds and not more than 4,500 pounds	\$78.00 <i>\$95.00</i>	\$156.00 <i>\$190.00</i>	\$234.00 <i>\$285.00</i>	\$312.00 <i>\$380.00</i>	\$468.00 <i>\$570.00</i>	\$624.00 <i>\$760.00</i>	\$780.00 <i>\$950.00</i>	\$936.00 <i>\$1,139.00</i>	\$1,092.00 <i>\$1,329.00</i>
Class C: more than 4,500 pounds and not more than 12,000 pounds	\$95.00 <i>\$116.00</i>	\$189.00 <i>\$230.00</i>	\$285.00 <i>\$347.00</i>	\$380.00 <i>\$463.00</i>	\$570.00 <i>\$694.00</i>	\$760.00 <i>\$925.00</i>	\$950.00 <i>\$1,157.00</i>	\$1,140.00 <i>\$1,388.00</i>	\$1,330.00 <i>\$1,619.00</i>
Class D: more than 12,000 pounds and not more than 16,000 pounds	\$129.00 <i>\$157.00</i>	\$258.00 <i>\$314.00</i>	\$387.00 <i>\$421.00</i>	\$516.00 <i>\$628.00</i>	\$774.00 <i>\$942.00</i>	\$1,032.00 <i>\$1,256.00</i>	\$1,290.00 <i>\$1,570.00</i>	\$1,548.00 <i>\$1,885.00</i>	\$1,806.00 <i>\$2,199.00</i>
Class E: more than 16,000 pounds and not more than 24,000 pounds	\$165.00 <i>\$201.00</i>	\$330.00 <i>\$402.00</i>	\$495.00 <i>\$603.00</i>	\$660.00 <i>\$803.00</i>	\$990.00 <i>\$1,205.00</i>	\$1,320.00 <i>\$1,607.00</i>	\$1,650.00 <i>\$2,009.00</i>	\$1,980.00 <i>\$2,410.00</i>	\$2,310.00 <i>\$2,812.00</i>
Class F: more than 24,000 pounds and not more than 36,000 pounds	\$230.00 <i>\$280.00</i>	\$460.00 <i>\$560.00</i>	\$690.00 <i>\$840.00</i>	\$920.00 <i>\$1,120.00</i>	\$1,380.00 <i>\$1,680.00</i>	\$1,840.00 <i>\$2,240.00</i>	\$2,300.00 <i>\$2,800.00</i>	\$2,760.00 <i>\$3,360.00</i>	\$3,220.00 <i>\$3,920.00</i>
Class G: more than 36,000 pounds and not more than 48,000 pounds	\$285.00 <i>\$347.00</i>	\$570.00 <i>\$694.00</i>	\$855.00 <i>\$1,041.00</i>	\$1,140.00 <i>\$1,388.00</i>	\$1,710.00 <i>\$2,082.00</i>	\$2,280.00 <i>\$2,776.00</i>	\$2,850.00 <i>\$3,470.00</i>	\$3,420.00 <i>\$4,163.00</i>	\$3,990.00 <i>\$4,857.00</i>
Class H: more than 48,000 pounds	\$384.00 <i>\$467.00</i>	\$768.00 <i>\$935.00</i>	\$1,152.00 <i>\$1,402.00</i>	\$1,536.00 <i>\$1,870.00</i>	\$2,304.00 <i>\$2,805.00</i>	\$3,072.00 <i>\$3,740.00</i>	\$3,840.00 <i>\$4,675.00</i>	\$4,608.00 <i>\$5,610.00</i>	\$5,376.00 <i>\$6,545.00</i>
Class I: transit carrier vehicles operated by transit companies									\$1,808.00 <i>\$2,201.00</i>
Class J: motor vehicles designed for carrying fewer than 10 passengers and used for the transportation of persons for compensation.									\$939.00 <i>\$1,143.00</i>

1 In the event any additional motor vehicles equipped to use LP-gas as a
2 fuel are placed in operation by a special LP-gas permit user after the first
3 month of any calendar year, a tax shall become due and payable to this
4 state and is hereby imposed at the tax rate prescribed herein prorated on
5 the basis of the weight and mileage for the months operated in the calendar
6 year. The director shall issue special permit decals for each motor vehicle
7 on which taxes have been paid in advance as provided herein, which shall
8 be affixed on each such vehicle in the manner prescribed by the director.

9 Sec. 14. K.S.A. 2014 Supp. 79-34,118 is hereby amended to read as
10 follows: 79-34,118. Upon application to the director of taxation and
11 payment of the fee prescribed under this section any interstate motor fuel
12 user may obtain a 24-hour motor fuel permit or a 72-hour motor fuel
13 permit which shall authorize one commercial motor vehicle to be operated
14 for a period of 24-hours or 72-hours, respectively, without compliance
15 with the other provisions of the interstate motor fuel use act and in lieu of
16 the tax imposed by K.S.A. 79-34,109, and amendments thereto. The fee
17 for each 24-hour motor fuel permit issued under this section shall be ~~\$13~~
18 ~~\$15.50~~. The fee for each 72-hour motor fuel permit issued under this
19 section shall be ~~\$25~~ \$27.50. Motor fuel permits may be purchased in
20 multiples of three upon making proper application and payment of the
21 required fees. The secretary of revenue shall adopt rules and regulations
22 specifying the conditions under which motor fuel permits will be issued
23 and providing for the issuance thereof. The secretary may designate agents
24 or contract with private individuals, firms or corporations to issue such
25 motor fuel permits so that such permits will be obtainable at convenient
26 locations.

27 Sec. 15. K.S.A. 2014 Supp. 79-34,141 is hereby amended to read as
28 follows: 79-34,141. The tax imposed under this act shall be not less than:

29 (1) On motor-vehicle fuels other than E85 fuels, ~~\$.24~~ \$.29 per gallon,
30 or fraction thereof;

31 (2) on special fuels, ~~\$.26~~ \$.31 per gallon, or fraction thereof;

32 (3) on LP-gas, other than compressed natural gas and liquefied
33 natural gas, ~~\$.23~~ \$.28 per gallon, or fraction thereof;

34 (4) on E85 fuels, ~~\$.17~~ \$.22 per gallon, or fraction thereof;

35 (5) on compressed natural gas, ~~\$.24~~ \$.29 per gallon, or fraction
36 thereof; and

37 (6) on liquefied natural gas, ~~\$.26~~ \$.31 per gallon, or fraction thereof.

38 Sec. 16. K.S.A. 2014 Supp. 79-34,142 is hereby amended to read as
39 follows: 79-34,142. The state treasurer shall credit amounts received
40 pursuant to K.S.A. 79-3408, 79-3408c, 79-3491a, 79-3492 and 79-34,118,
41 and amendments thereto, as follows: *Prior to July 1, 2016*, to the state
42 highway fund ~~66.37%~~ 71.70% and to the special city and county highway
43 fund ~~33.63%~~ 28.30%; *and on and after July 1, 2016*, to the state highway

1 *fund 72.10% and to the special city and county highway fund 27.90%.*

2 Sec. 17. K.S.A. 2014 Supp. 79-3602 is hereby amended to read as
3 follows: 79-3602. Except as otherwise provided, as used in the Kansas
4 retailers' sales tax act:

5 (a) "Agent" means a person appointed by a seller to represent the
6 seller before the member states.

7 (b) "Agreement" means the multistate agreement entitled the
8 streamlined sales and use tax agreement approved by the streamlined sales
9 tax implementing states at Chicago, Illinois on November 12, 2002.

10 (c) "Alcoholic beverages" means beverages that are suitable for
11 human consumption and contain 0.05% or more of alcohol by volume.

12 (d) "Certified automated system (CAS)" means software certified
13 under the agreement to calculate the tax imposed by each jurisdiction on a
14 transaction, determine the amount of tax to remit to the appropriate state
15 and maintain a record of the transaction.

16 (e) "Certified service provider (CSP)" means an agent certified under
17 the agreement to perform all the seller's sales and use tax functions, other
18 than the seller's obligation to remit tax on its own purchases.

19 (f) "Computer" means an electronic device that accepts information
20 in digital or similar form and manipulates it for a result based on a
21 sequence of instructions.

22 (g) "Computer software" means a set of coded instructions designed
23 to cause a computer or automatic data processing equipment to perform a
24 task.

25 (h) "Delivered electronically" means delivered to the purchaser by
26 means other than tangible storage media.

27 (i) "Delivery charges" means charges by the seller of personal
28 property or services for preparation and delivery to a location designated
29 by the purchaser of personal property or services including, but not limited
30 to, transportation, shipping, postage, handling, crating and packing.
31 Delivery charges shall not include charges for delivery of direct mail if the
32 charges are separately stated on an invoice or similar billing document
33 given to the purchaser.

34 (j) "Direct mail" means printed material delivered or distributed by
35 United States mail or other delivery services to a mass audience or to
36 addressees on a mailing list provided by the purchaser or at the direction of
37 the purchaser when the cost of the items are not billed directly to the
38 recipients. Direct mail includes tangible personal property supplied
39 directly or indirectly by the purchaser to the direct mail seller for inclusion
40 in the package containing the printed material. Direct mail does not
41 include multiple items of printed material delivered to a single address.

42 (k) "Director" means the state director of taxation.

43 (l) "Educational institution" means any nonprofit school, college and

1 university that offers education at a level above the ~~twelfth~~ 12th grade, and
2 conducts regular classes and courses of study required for accreditation by,
3 or membership in, the North Central Association of Colleges and Schools,
4 the state board of education, or that otherwise qualify as an "educational
5 institution," as defined by K.S.A. 74-50,103, and amendments thereto.
6 Such phrase shall include: (1) A group of educational institutions that
7 operates exclusively for an educational purpose; (2) nonprofit endowment
8 associations and foundations organized and operated exclusively to
9 receive, hold, invest and administer moneys and property as a permanent
10 fund for the support and sole benefit of an educational institution; (3)
11 nonprofit trusts, foundations and other entities organized and operated
12 principally to hold and own receipts from intercollegiate sporting events
13 and to disburse such receipts, as well as grants and gifts, in the interest of
14 collegiate and intercollegiate athletic programs for the support and sole
15 benefit of an educational institution; and (4) nonprofit trusts, foundations
16 and other entities organized and operated for the primary purpose of
17 encouraging, fostering and conducting scholarly investigations and
18 industrial and other types of research for the support and sole benefit of an
19 educational institution.

20 (m) "Electronic" means relating to technology having electrical,
21 digital, magnetic, wireless, optical, electromagnetic or similar capabilities.

22 (n) "Food and food ingredients" means substances, whether in liquid,
23 concentrated, solid, frozen, dried or dehydrated form, that are sold for
24 ingestion or chewing by humans and are consumed for their taste or
25 nutritional value. "Food and food ingredients" does not include alcoholic
26 beverages, *candy, dietary supplements, food sold through vending*
27 *machines, prepared food, soft drinks* or tobacco.

28 (o) "Gross receipts" means the total selling price or the amount
29 received as defined in this act, in money, credits, property or other
30 consideration valued in money from sales at retail within this state; and
31 embraced within the provisions of this act. The taxpayer, may take credit
32 in the report of gross receipts for: (1) An amount equal to the selling price
33 of property returned by the purchaser when the full sale price thereof,
34 including the tax collected, is refunded in cash or by credit; and (2) an
35 amount equal to the allowance given for the trade-in of property.

36 (p) "Ingredient or component part" means tangible personal property
37 which is necessary or essential to, and which is actually used in and
38 becomes an integral and material part of tangible personal property or
39 services produced, manufactured or compounded for sale by the producer,
40 manufacturer or compounder in its regular course of business. The
41 following items of tangible personal property are hereby declared to be
42 ingredients or component parts, but the listing of such property shall not be
43 deemed to be exclusive nor shall such listing be construed to be a

1 restriction upon, or an indication of, the type or types of property to be
2 included within the definition of "ingredient or component part" as herein
3 set forth:

4 (1) Containers, labels and shipping cases used in the distribution of
5 property produced, manufactured or compounded for sale which are not to
6 be returned to the producer, manufacturer or compounder for reuse.

7 (2) Containers, labels, shipping cases, paper bags, drinking straws,
8 paper plates, paper cups, twine and wrapping paper used in the distribution
9 and sale of property taxable under the provisions of this act by wholesalers
10 and retailers and which is not to be returned to such wholesaler or retailer
11 for reuse.

12 (3) Seeds and seedlings for the production of plants and plant
13 products produced for resale.

14 (4) Paper and ink used in the publication of newspapers.

15 (5) Fertilizer used in the production of plants and plant products
16 produced for resale.

17 (6) Feed for animals, fowl and aquatic plants and animals, the
18 primary purpose of which is use in agriculture or aquaculture, as defined in
19 K.S.A. 47-1901, and amendments thereto, the production of food for
20 human consumption, the production of animal, dairy, poultry or aquatic
21 plant and animal products, fiber, fur, or the production of offspring for use
22 for any such purpose or purposes.

23 (q) "Isolated or occasional sale" means the nonrecurring sale of
24 tangible personal property, or services taxable hereunder by a person not
25 engaged at the time of such sale in the business of selling such property or
26 services. Any religious organization which makes a nonrecurring sale of
27 tangible personal property acquired for the purpose of resale shall be
28 deemed to be not engaged at the time of such sale in the business of selling
29 such property. Such term shall include: (1) Any sale by a bank, savings and
30 loan institution, credit union or any finance company licensed under the
31 provisions of the Kansas uniform consumer credit code of tangible
32 personal property which has been repossessed by any such entity; and (2)
33 any sale of tangible personal property made by an auctioneer or agent on
34 behalf of not more than two principals or households if such sale is
35 nonrecurring and any such principal or household is not engaged at the
36 time of such sale in the business of selling tangible personal property.

37 (r) "Lease or rental" means any transfer of possession or control of
38 tangible personal property for a fixed or indeterminate term for
39 consideration. A lease or rental may include future options to purchase or
40 extend.

41 (1) Lease or rental does not include: (A) A transfer of possession or
42 control of property under a security agreement or deferred payment plan
43 that requires the transfer of title upon completion of the required

1 payments;

2 (B) a transfer or possession or control of property under an agreement
3 that requires the transfer of title upon completion of required payments and
4 payment of an option price does not exceed the greater of \$100 or 1% of
5 the total required payments; or

6 (C) providing tangible personal property along with an operator for a
7 fixed or indeterminate period of time. A condition of this exclusion is that
8 the operator is necessary for the equipment to perform as designed. For the
9 purpose of this subsection, an operator must do more than maintain,
10 inspect or set-up the tangible personal property.

11 (2) Lease or rental does include agreements covering motor vehicles
12 and trailers where the amount of consideration may be increased or
13 decreased by reference to the amount realized upon sale or disposition of
14 the property as defined in 26 U.S.C. § 7701(h)(1).

15 (3) This definition shall be used for sales and use tax purposes
16 regardless if a transaction is characterized as a lease or rental under
17 generally accepted accounting principles, the internal revenue code, the
18 uniform commercial code, K.S.A. 84-1-101 et seq., and amendments
19 thereto, or other provisions of federal, state or local law.

20 (4) This definition will be applied only prospectively from the
21 effective date of this act and will have no retroactive impact on existing
22 leases or rentals.

23 (s) "Load and leave" means delivery to the purchaser by use of a
24 tangible storage media where the tangible storage media is not physically
25 transferred to the purchaser.

26 (t) "Member state" means a state that has entered in the agreement,
27 pursuant to provisions of article VIII of the agreement.

28 (u) "Model 1 seller" means a seller that has selected a CSP as its
29 agent to perform all the seller's sales and use tax functions, other than the
30 seller's obligation to remit tax on its own purchases.

31 (v) "Model 2 seller" means a seller that has selected a CAS to
32 perform part of its sales and use tax functions, but retains responsibility for
33 remitting the tax.

34 (w) "Model 3 seller" means a seller that has sales in at least five
35 member states, has total annual sales revenue of at least \$500,000,000, has
36 a proprietary system that calculates the amount of tax due each jurisdiction
37 and has entered into a performance agreement with the member states that
38 establishes a tax performance standard for the seller. As used in this
39 subsection a seller includes an affiliated group of sellers using the same
40 proprietary system.

41 (x) "Municipal corporation" means any city incorporated under the
42 laws of Kansas.

43 (y) "Nonprofit blood bank" means any nonprofit place, organization,

1 institution or establishment that is operated wholly or in part for the
2 purpose of obtaining, storing, processing, preparing for transfusing,
3 furnishing, donating or distributing human blood or parts or fractions of
4 single blood units or products derived from single blood units, whether or
5 not any remuneration is paid therefor, or whether such procedures are done
6 for direct therapeutic use or for storage for future use of such products.

7 (z) "Persons" means any individual, firm, copartnership, joint
8 adventure, association, corporation, estate or trust, receiver or trustee, or
9 any group or combination acting as a unit, and the plural as well as the
10 singular number; and shall specifically mean any city or other political
11 subdivision of the state of Kansas engaging in a business or providing a
12 service specifically taxable under the provisions of this act.

13 (aa) "Political subdivision" means any municipality, agency or
14 subdivision of the state which is, or shall hereafter be, authorized to levy
15 taxes upon tangible property within the state or which certifies a levy to a
16 municipality, agency or subdivision of the state which is, or shall hereafter
17 be, authorized to levy taxes upon tangible property within the state. Such
18 term also shall include any public building commission, housing, airport,
19 port, metropolitan transit or similar authority established pursuant to law
20 and the horsethief reservoir benefit district established pursuant to K.S.A.
21 82a-2201, and amendments thereto.

22 (bb) "Prescription" means an order, formula or recipe issued in any
23 form of oral, written, electronic or other means of transmission by a duly
24 licensed practitioner authorized by the laws of this state.

25 (cc) "Prewritten computer software" means computer software,
26 including prewritten upgrades, which is not designed and developed by the
27 author or other creator to the specifications of a specific purchaser. The
28 combining of two or more prewritten computer software programs or
29 prewritten portions thereof does not cause the combination to be other than
30 prewritten computer software. Prewritten computer software includes
31 software designed and developed by the author or other creator to the
32 specifications of a specific purchaser when it is sold to a person other than
33 the purchaser. Where a person modifies or enhances computer software of
34 which the person is not the author or creator, the person shall be deemed to
35 be the author or creator only of such person's modifications or
36 enhancements. Prewritten computer software or a prewritten portion
37 thereof that is modified or enhanced to any degree, where such
38 modification or enhancement is designed and developed to the
39 specifications of a specific purchaser, remains prewritten computer
40 software, except that where there is a reasonable, separately stated charge
41 or an invoice or other statement of the price given to the purchaser for
42 such modification or enhancement, such modification or enhancement
43 shall not constitute prewritten computer software.

1 (dd) "Property which is consumed" means tangible personal property
2 which is essential or necessary to and which is used in the actual process
3 of and consumed, depleted or dissipated within one year in: (1) The
4 production, manufacture, processing, mining, drilling, refining or
5 compounding of tangible personal property; (2) the providing of
6 services; (3) the irrigation of crops, for sale in the regular course of
7 business; or (4) the storage or processing of grain by a public grain
8 warehouse or other grain storage facility, and which is not reusable for
9 such purpose. The following is a listing of tangible personal property,
10 included by way of illustration but not of limitation, which qualifies as
11 property which is consumed:

12 (A) Insecticides, herbicides, germicides, pesticides, fungicides,
13 fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and
14 chemicals for use in commercial or agricultural production, processing or
15 storage of fruit, vegetables, feeds, seeds, grains, animals or animal
16 products whether fed, injected, applied, combined with or otherwise used;

17 (B) electricity, gas and water; and

18 (C) petroleum products, lubricants, chemicals, solvents, reagents and
19 catalysts.

20 (ee) "Purchase price" applies to the measure subject to use tax and
21 has the same meaning as sales price.

22 (ff) "Purchaser" means a person to whom a sale of personal property
23 is made or to whom a service is furnished.

24 (gg) "Quasi-municipal corporation" means any county, township,
25 school district, drainage district or any other governmental subdivision in
26 the state of Kansas having authority to receive or hold moneys or funds.

27 (hh) "Registered under this agreement" means registration by a seller
28 with the member states under the central registration system provided in
29 article IV of the agreement.

30 (ii) "Retailer" means a seller regularly engaged in the business of
31 selling, leasing or renting tangible personal property at retail or furnishing
32 electrical energy, gas, water, services or entertainment, and selling only to
33 the user or consumer and not for resale.

34 (jj) "Retail sale" or "sale at retail" means any sale, lease or rental for
35 any purpose other than for resale, sublease or subrent.

36 (kk) "Sale" or "sales" means the exchange of tangible personal
37 property, as well as the sale thereof for money, and every transaction,
38 conditional or otherwise, for a consideration, constituting a sale, including
39 the sale or furnishing of electrical energy, gas, water, services or
40 entertainment taxable under the terms of this act and including, except as
41 provided in the following provision, the sale of the use of tangible personal
42 property by way of a lease, license to use or the rental thereof regardless of
43 the method by which the title, possession or right to use the tangible

1 personal property is transferred. The term "sale" or "sales" shall not mean
2 the sale of the use of any tangible personal property used as a dwelling by
3 way of a lease or rental thereof for a term of more than 28 consecutive
4 days.

5 (II) (1) "Sales or selling price" applies to the measure subject to sales
6 tax and means the total amount of consideration, including cash, credit,
7 property and services, for which personal property or services are sold,
8 leased or rented, valued in money, whether received in money or
9 otherwise, without any deduction for the following:

10 (A) The seller's cost of the property sold;

11 (B) the cost of materials used, labor or service cost, interest, losses,
12 all costs of transportation to the seller, all taxes imposed on the seller and
13 any other expense of the seller;

14 (C) charges by the seller for any services necessary to complete the
15 sale, other than delivery and installation charges;

16 (D) delivery charges; and

17 (E) installation charges.

18 (2) "Sales or selling price" includes consideration received by the
19 seller from third parties if:

20 (A) The seller actually receives consideration from a party other than
21 the purchaser and the consideration is directly related to a price reduction
22 or discount on the sale;

23 (B) the seller has an obligation to pass the price reduction or discount
24 through to the purchaser;

25 (C) the amount of the consideration attributable to the sale is fixed
26 and determinable by the seller at the time of the sale of the item to the
27 purchaser; and

28 (D) one of the following criteria is met:

29 (i) The purchaser presents a coupon, certificate or other
30 documentation to the seller to claim a price reduction or discount where
31 the coupon, certificate or documentation is authorized, distributed or
32 granted by a third party with the understanding that the third party will
33 reimburse any seller to whom the coupon, certificate or documentation is
34 presented;

35 (ii) the purchaser identifies to the seller that the purchaser is a
36 member of a group or organization entitled to a price reduction or
37 discount. A preferred customer card that is available to any patron does not
38 constitute membership in such a group; or

39 (iii) the price reduction or discount is identified as a third party price
40 reduction or discount on the invoice received by the purchaser or on a
41 coupon, certificate or other documentation presented by the purchaser.

42 (3) "Sales or selling price" shall not include:

43 (A) Discounts, including cash, term or coupons that are not

1 reimbursed by a third party that are allowed by a seller and taken by a
2 purchaser on a sale;

3 (B) interest, financing and carrying charges from credit extended on
4 the sale of personal property or services, if the amount is separately stated
5 on the invoice, bill of sale or similar document given to the purchaser;

6 (C) any taxes legally imposed directly on the consumer that are
7 separately stated on the invoice, bill of sale or similar document given to
8 the purchaser;

9 (D) the amount equal to the allowance given for the trade-in of
10 property, if separately stated on the invoice, billing or similar document
11 given to the purchaser; and

12 (E) commencing on July 1, 2006, and ending on June 30, 2009, cash
13 rebates granted by a manufacturer to a purchaser or lessee of a new motor
14 vehicle if paid directly to the retailer as a result of the original sale.

15 (mm) "Seller" means a person making sales, leases or rentals of
16 personal property or services.

17 (nn) "Service" means those services described in and taxed under the
18 provisions of K.S.A. 79-3603, and amendments thereto.

19 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2014 Supp.
20 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
21 thereto, which shall apply to identify and determine the state and local
22 taxing jurisdiction sales or use taxes to pay, or collect and remit on a
23 particular retail sale.

24 (pp) "Tangible personal property" means personal property that can
25 be seen, weighed, measured, felt or touched, or that is in any other manner
26 perceptible to the senses. Tangible personal property includes electricity,
27 water, gas, steam and prewritten computer software.

28 (qq) "Taxpayer" means any person obligated to account to the
29 director for taxes collected under the terms of this act.

30 (rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or
31 any other item that contains tobacco.

32 (ss) "Entity-based exemption" means an exemption based on who
33 purchases the product or who sells the product. An exemption that is
34 available to all individuals shall not be considered an entity-based
35 exemption.

36 (tt) "Over-the-counter" drug means a drug that contains a label that
37 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
38 over-the-counter drug label includes: (1) A drug facts panel; or (2) a
39 statement of the active ingredients with a list of those ingredients
40 contained in the compound, substance or preparation. Over-the-counter
41 drugs do not include grooming and hygiene products such as soaps,
42 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
43 lotions and screens.

1 (uu) "Ancillary services" means services that are associated with or
2 incidental to the provision of telecommunications services, including, but
3 not limited to, detailed telecommunications billing, directory assistance,
4 vertical service and voice mail services.

5 (vv) "Conference bridging service" means an ancillary service that
6 links two or more participants of an audio or video conference call and
7 may include the provision of a telephone number. Conference bridging
8 service does not include the telecommunications services used to reach the
9 conference bridge.

10 (ww) "Detailed telecommunications billing service" means an
11 ancillary service of separately stating information pertaining to individual
12 calls on a customer's billing statement.

13 (xx) "Directory assistance" means an ancillary service of providing
14 telephone number information or address information, or both.

15 (yy) "Vertical service" means an ancillary service that is offered in
16 connection with one or more telecommunications services, which offers
17 advanced calling features that allow customers to identify callers and to
18 manage multiple calls and call connections, including conference bridging
19 services.

20 (zz) "Voice mail service" means an ancillary service that enables the
21 customer to store, send or receive recorded messages. Voice mail service
22 does not include any vertical services that the customer may be required to
23 have in order to utilize the voice mail service.

24 (aaa) "Telecommunications service" means the electronic
25 transmission, conveyance or routing of voice, data, audio, video or any
26 other information or signals to a point, or between or among points. The
27 term telecommunications service includes such transmission, conveyance
28 or routing in which computer processing applications are used to act on the
29 form, code or protocol of the content for purposes of transmissions,
30 conveyance or routing without regard to whether such service is referred to
31 as voice over Internet protocol services or is classified by the federal
32 communications commission as enhanced or value added.
33 Telecommunications service does not include:

34 (1) Data processing and information services that allow data to be
35 generated, acquired, stored, processed or retrieved and delivered by an
36 electronic transmission to a purchaser where such purchaser's primary
37 purpose for the underlying transaction is the processed data or
38 information;

39 (2) installation or maintenance of wiring or equipment on a
40 customer's premises;

41 (3) tangible personal property;

42 (4) advertising, including, but not limited to, directory advertising;

43 (5) billing and collection services provided to third parties;

1 (6) internet access service;

2 (7) radio and television audio and video programming services,
3 regardless of the medium, including the furnishing of transmission,
4 conveyance and routing of such services by the programming service
5 provider. Radio and television audio and video programming services shall
6 include, but not be limited to, cable service as defined in 47 U.S.C. §
7 522(6) and audio and video programming services delivered by
8 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

9 (8) ancillary services; or

10 (9) digital products delivered electronically, including, but not limited
11 to, software, music, video, reading materials or ring tones.

12 (bbb) "800 service" means a telecommunications service that allows a
13 caller to dial a toll-free number without incurring a charge for the call. The
14 service is typically marketed under the name 800, 855, 866, 877 and 888
15 toll-free calling, and any subsequent numbers designated by the federal
16 communications commission.

17 (ccc) "900 service" means an inbound toll telecommunications
18 service purchased by a subscriber that allows the subscriber's customers to
19 call in to the subscriber's prerecorded announcement or live service. 900
20 service does not include the charge for collection services provided by the
21 seller of the telecommunications services to the subscriber, or service or
22 product sold by the subscriber to the subscriber's customer. The service is
23 typically marketed under the name 900 service, and any subsequent
24 numbers designated by the federal communications commission.

25 (ddd) "Value-added non-voice data service" means a service that
26 otherwise meets the definition of telecommunications services in which
27 computer processing applications are used to act on the form, content,
28 code or protocol of the information or data primarily for a purpose other
29 than transmission, conveyance or routing.

30 (eee) "International" means a telecommunications service that
31 originates or terminates in the United States and terminates or originates
32 outside the United States, respectively. United States includes the District
33 of Columbia or a U.S. territory or possession.

34 (fff) "Interstate" means a telecommunications service that originates
35 in one United States state, or a United States territory or possession, and
36 terminates in a different United States state or a United States territory or
37 possession.

38 (ggg) "Intrastate" means a telecommunications service that originates
39 in one United States state or a United States territory or possession, and
40 terminates in the same United States state or a United States territory or
41 possession.

42 (hhh) "*Candy*" means a preparation of sugar, honey or other natural
43 or artificial sweeteners in combination with chocolate, fruits, nuts or other

1 ingredients or flavorings in the form of bars, drops or pieces. Candy shall
2 not include any preparation containing flour and shall require no
3 refrigeration.

4 (iii) "Food sold through vending machines" means food dispensed
5 from a machine or other mechanical device that accepts payment.

6 (jjj) (l) "Prepared food" means any of the following:

7 (A) Food sold in a heated state or heated by the seller;

8 (B) two or more food ingredients mixed or combined by the seller for
9 sale as a single item; or

10 (C) food sold with eating utensils provided by the seller, including
11 plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does
12 not include a container or packaging used to transport the food.

13 (2) "Prepared food" does not include:

14 (A) Food that is only cut, repackaged or pasteurized by the seller;

15 (B) eggs, fish, meat, poultry and foods containing these raw animal
16 foods requiring cooking by the consumer as recommended by the United
17 States food and drug administration, in chapter 3, part 401.11 of its food
18 code, so as to prevent foodborne illnesses;

19 (C) if sold without eating utensils provided by the seller, bakery
20 items, including breads, rolls, buns, biscuits, bagels, croissants, pastries,
21 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies and
22 tortillas; or

23 (D) food sold by a seller whose primary North American industry
24 classification system, United States, 2002 edition, classification is
25 manufacturing in sector 311, except subsector 3118.

26 (lll) "Soft drinks" means nonalcoholic beverages that contain natural
27 or artificial sweeteners. "Soft drinks" does not include beverages that
28 contain milk or milk products; soy, rice or similar milk substitutes; or
29 greater than 50% of vegetable or fruit juice by volume.

30 (mmm) "Dietary supplement" shall have the same meaning ascribed
31 to it as in K.S.A. 79-3606(jjj), and amendments thereto.

32 Sec. 18. K.S.A. 2014 Supp. 79-3603, as amended by section 20 of
33 2015 Senate Substitute for House Bill No. 2155, is hereby amended to
34 read as follows: 79-3603. For the privilege of engaging in the business of
35 selling tangible personal property at retail in this state or rendering or
36 furnishing any of the services taxable under this act, there is hereby levied
37 and there shall be collected and paid a tax at the rate of 6.15%, and
38 commencing July 1, 2015, at the rate of 6.5%. Within a redevelopment
39 district established pursuant to K.S.A. 74-8921, and amendments thereto,
40 there is hereby levied and there shall be collected and paid an additional
41 tax at the rate of 2% until the earlier of the date the bonds issued to finance
42 or refinance the redevelopment project have been paid in full or the final
43 scheduled maturity of the first series of bonds issued to finance any part of

1 the project upon:

2 (a) The gross receipts received from the sale of tangible personal
3 property at retail within this state;

4 (b) the gross receipts from intrastate, interstate or international
5 telecommunications services and any ancillary services sourced to this
6 state in accordance with K.S.A. 2014 Supp. 79-3673, and amendments
7 thereto, except that telecommunications service does not include: (1) Any
8 interstate or international 800 or 900 service; (2) any interstate or
9 international private communications service as defined in K.S.A. 2014
10 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
11 data service; (4) any telecommunication service to a provider of
12 telecommunication services which will be used to render
13 telecommunications services, including carrier access services; or (5) any
14 service or transaction defined in this section among entities classified as
15 members of an affiliated group as provided by section 1504 of the federal
16 internal revenue code of 1986, as in effect on January 1, 2001;

17 (c) the gross receipts from the sale or furnishing of gas, water,
18 electricity and heat, which sale is not otherwise exempt from taxation
19 under the provisions of this act, and whether furnished by municipally or
20 privately owned utilities, except that, on and after January 1, 2006, for
21 sales of gas, electricity and heat delivered through mains, lines or pipes to
22 residential premises for noncommercial use by the occupant of such
23 premises, and for agricultural use and also, for such use, all sales of
24 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
25 gas, coal, wood and other fuel sources for the production of heat or
26 lighting for noncommercial use of an occupant of residential premises, the
27 state rate shall be 0%, but such tax shall not be levied and collected upon
28 the gross receipts from: (1) The sale of a rural water district benefit unit;
29 (2) a water system impact fee, system enhancement fee or similar fee
30 collected by a water supplier as a condition for establishing service; or (3)
31 connection or reconnection fees collected by a water supplier;

32 (d) the gross receipts from the sale of meals or drinks furnished at any
33 private club, drinking establishment, catered event, restaurant, eating
34 house, dining car, hotel, drugstore or other place where meals or drinks are
35 regularly sold to the public;

36 (e) the gross receipts from the sale of admissions to any place
37 providing amusement, entertainment or recreation services including
38 admissions to state, county, district and local fairs, but such tax shall not
39 be levied and collected upon the gross receipts received from sales of
40 admissions to any cultural and historical event which occurs triennially;

41 (f) the gross receipts from the operation of any coin-operated device
42 dispensing or providing tangible personal property, amusement or other
43 services except laundry services, whether automatic or manually operated;

1 (g) the gross receipts from the service of renting of rooms by hotels,
2 as defined by K.S.A. 36-501, and amendments thereto, or by
3 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
4 thereto, but such tax shall not be levied and collected upon the gross
5 receipts received from sales of such service to the federal government and
6 any agency, officer or employee thereof in association with the
7 performance of official government duties;

8 (h) the gross receipts from the service of renting or leasing of tangible
9 personal property except such tax shall not apply to the renting or leasing
10 of machinery, equipment or other personal property owned by a city and
11 purchased from the proceeds of industrial revenue bonds issued prior to
12 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
13 12-1749, and amendments thereto, and any city or lessee renting or leasing
14 such machinery, equipment or other personal property purchased with the
15 proceeds of such bonds who shall have paid a tax under the provisions of
16 this section upon sales made prior to July 1, 1973, shall be entitled to a
17 refund from the sales tax refund fund of all taxes paid thereon;

18 (i) the gross receipts from the rendering of dry cleaning, pressing,
19 dyeing and laundry services except laundry services rendered through a
20 coin-operated device whether automatic or manually operated;

21 (j) the gross receipts from the rendering of the services of washing
22 and washing and waxing of vehicles;

23 (k) the gross receipts from cable, community antennae and other
24 subscriber radio and television services;

25 (l) (1) except as otherwise provided by paragraph (2), the gross
26 receipts received from the sales of tangible personal property to all
27 contractors, subcontractors or repairmen for use by them in erecting
28 structures, or building on, or otherwise improving, altering, or repairing
29 real or personal property.

30 (2) Any such contractor, subcontractor or repairman who maintains
31 an inventory of such property both for sale at retail and for use by them for
32 the purposes described by paragraph (1) shall be deemed a retailer with
33 respect to purchases for and sales from such inventory, except that the
34 gross receipts received from any such sale, other than a sale at retail, shall
35 be equal to the total purchase price paid for such property and the tax
36 imposed thereon shall be paid by the deemed retailer;

37 (m) the gross receipts received from fees and charges by public and
38 private clubs, drinking establishments, organizations and businesses for
39 participation in sports, games and other recreational activities, but such tax
40 shall not be levied and collected upon the gross receipts received from: (1)
41 Fees and charges by any political subdivision, by any organization exempt
42 from property taxation pursuant to K.S.A. 79-201 Ninth, and amendments
43 thereto, or by any youth recreation organization exclusively providing

1 services to persons 18 years of age or younger which is exempt from
2 federal income taxation pursuant to section 501(c)(3) of the federal
3 internal revenue code of 1986, for participation in sports, games and other
4 recreational activities; and (2) entry fees and charges for participation in a
5 special event or tournament sanctioned by a national sporting association
6 to which spectators are charged an admission which is taxable pursuant to
7 subsection (e);

8 (n) the gross receipts received from dues charged by public and
9 private clubs, drinking establishments, organizations and businesses,
10 payment of which entitles a member to the use of facilities for recreation
11 or entertainment, but such tax shall not be levied and collected upon the
12 gross receipts received from: (1) Dues charged by any organization exempt
13 from property taxation pursuant to K.S.A. 79-201 Eighth and Ninth, and
14 amendments thereto; and (2) sales of memberships in a nonprofit
15 organization which is exempt from federal income taxation pursuant to
16 section 501(c)(3) of the federal internal revenue code of 1986, and whose
17 purpose is to support the operation of a nonprofit zoo;

18 (o) the gross receipts received from the isolated or occasional sale of
19 motor vehicles or trailers but not including: (1) The transfer of motor
20 vehicles or trailers by a person to a corporation or limited liability
21 company solely in exchange for stock securities or membership interest in
22 such corporation or limited liability company; (2) the transfer of motor
23 vehicles or trailers by one corporation or limited liability company to
24 another when all of the assets of such corporation or limited liability
25 company are transferred to such other corporation or limited liability
26 company; or (3) the sale of motor vehicles or trailers which are subject to
27 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
28 amendments thereto, by an immediate family member to another
29 immediate family member. For the purposes of paragraph (3), immediate
30 family member means lineal ascendants or descendants, and their spouses.
31 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
32 on the isolated or occasional sale of motor vehicles or trailers on and after
33 July 1, 2004, which the base for computing the tax was the value pursuant
34 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
35 such amount was higher than the amount of sales tax which would have
36 been paid under the law as it existed on June 30, 2004, shall be refunded to
37 the taxpayer pursuant to the procedure prescribed by this section. Such
38 refund shall be in an amount equal to the difference between the amount of
39 sales tax paid by the taxpayer and the amount of sales tax which would
40 have been paid by the taxpayer under the law as it existed on June 30,
41 2004. Each claim for a sales tax refund shall be verified and submitted not
42 later than six months from the effective date of this act to the director of
43 taxation upon forms furnished by the director and shall be accompanied by

1 any additional documentation required by the director. The director shall
2 review each claim and shall refund that amount of tax paid as provided by
3 this act. All such refunds shall be paid from the sales tax refund fund, upon
4 warrants of the director of accounts and reports pursuant to vouchers
5 approved by the director of taxation or the director's designee. No refund
6 for an amount less than \$10 shall be paid pursuant to this act. In
7 determining the base for computing the tax on such isolated or occasional
8 sale, the fair market value of any motor vehicle or trailer traded in by the
9 purchaser to the seller may be deducted from the selling price;

10 (p) the gross receipts received for the service of installing or applying
11 tangible personal property which when installed or applied is not being
12 held for sale in the regular course of business, and whether or not such
13 tangible personal property when installed or applied remains tangible
14 personal property or becomes a part of real estate, except that no tax shall
15 be imposed upon the service of installing or applying tangible personal
16 property in connection with the original construction of a building or
17 facility, the original construction, reconstruction, restoration, remodeling,
18 renovation, repair or replacement of a residence or the construction,
19 reconstruction, restoration, replacement or repair of a bridge or highway.

20 For the purposes of this subsection:

21 (1) "Original construction" shall mean the first or initial construction
22 of a new building or facility. The term "original construction" shall include
23 the addition of an entire room or floor to any existing building or facility,
24 the completion of any unfinished portion of any existing building or
25 facility and the restoration, reconstruction or replacement of a building,
26 facility or utility structure damaged or destroyed by fire, flood, tornado,
27 lightning, explosion, windstorm, ice loading and attendant winds,
28 terrorism or earthquake, but such term, except with regard to a residence,
29 shall not include replacement, remodeling, restoration, renovation or
30 reconstruction under any other circumstances;

31 (2) "building" shall mean only those enclosures within which
32 individuals customarily are employed, or which are customarily used to
33 house machinery, equipment or other property, and including the land
34 improvements immediately surrounding such building;

35 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
36 well, feedlot or any conveyance, transmission or distribution line of any
37 cooperative, nonprofit, membership corporation organized under or subject
38 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
39 municipal or quasi-municipal corporation, including the land
40 improvements immediately surrounding such facility;

41 (4) "residence" shall mean only those enclosures within which
42 individuals customarily live;

43 (5) "utility structure" shall mean transmission and distribution lines

1 owned by an independent transmission company or cooperative, the
2 Kansas electric transmission authority or natural gas or electric public
3 utility; and

4 (6) "windstorm" shall mean straight line winds of at least 80 miles per
5 hour as determined by a recognized meteorological reporting agency or
6 organization;

7 (q) the gross receipts received for the service of repairing, servicing,
8 altering or maintaining tangible personal property which when such
9 services are rendered is not being held for sale in the regular course of
10 business, and whether or not any tangible personal property is transferred
11 in connection therewith. The tax imposed by this subsection shall be
12 applicable to the services of repairing, servicing, altering or maintaining an
13 item of tangible personal property which has been and is fastened to,
14 connected with or built into real property;

15 (r) the gross receipts from fees or charges made under service or
16 maintenance agreement contracts for services, charges for the providing of
17 which are taxable under the provisions of subsection (p) or (q);

18 (s) on and after January 1, 2005, the gross receipts received from the
19 sale of prewritten computer software and the sale of the services of
20 modifying, altering, updating or maintaining prewritten computer
21 software, whether the prewritten computer software is installed or
22 delivered electronically by tangible storage media physically transferred to
23 the purchaser or by load and leave;

24 (t) the gross receipts received for telephone answering services;

25 (u) the gross receipts received from the sale of prepaid calling service
26 and prepaid wireless calling service as defined in K.S.A. 2014 Supp. 79-
27 3673, and amendments thereto;

28 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
29 licensees under section 1 of 2015 Senate Substitute for House Bill No.
30 2155, et seq., and amendments thereto, shall be exempt from taxes
31 imposed pursuant to this section; ~~and~~

32 (w) all sales of charitable raffle tickets in accordance with section 1
33 of 2015 Senate Substitute for House Bill No. 2155, et seq., and
34 amendments thereto, shall be exempt from taxes imposed pursuant to this
35 section; and

36 (x) *commencing July 1, 2015, and thereafter, the gross receipts from*
37 *the sale of food and food ingredients shall be taxed at the rate of*
38 ~~6.0%~~5.7%.

39 Sec. 19. K.S.A. 2014 Supp. 79-3620 is hereby amended to read as
40 follows: 79-3620. (a) All revenue collected or received by the director of
41 taxation from the taxes imposed by this act shall be remitted to the state
42 treasurer in accordance with the provisions of K.S.A. 75-4215, and
43 amendments thereto. Upon receipt of each such remittance, the state

1 treasurer shall deposit the entire amount in the state treasury, less amounts
2 withheld as provided in subsection (b) and amounts credited as provided in
3 subsections (c), (d) and (e), to the credit of the state general fund.

4 (b) A refund fund, designated as "sales tax refund fund" not to exceed
5 \$100,000 shall be set apart and maintained by the director from sales tax
6 collections and estimated tax collections and held by the state treasurer for
7 prompt payment of all sales tax refunds. Such fund shall be in such
8 amount, within the limit set by this section, as the director shall determine
9 is necessary to meet current refunding requirements under this act. In the
10 event such fund as established by this section is, at any time, insufficient to
11 provide for the payment of refunds due claimants thereof, the director shall
12 certify the amount of additional funds required to the director of accounts
13 and reports who shall promptly transfer the required amount from the state
14 general fund to the sales tax refund fund, and notify the state treasurer,
15 who shall make proper entry in the records.

16 (c) (1) ~~The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or~~
17 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
18 ~~thereto, at the rate of 4.9%, and deposited as provided in subsection (a),~~
19 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
20 ~~highway fund.~~

21 (2) ~~The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or~~
22 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
23 ~~thereto, at the rate of 5.3%, and deposited as provided in subsection (a),~~
24 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
25 ~~highway fund.~~

26 (3) ~~On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue~~
27 ~~collected and received from the tax imposed by K.S.A. 79-3603, and~~
28 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
29 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
30 ~~the state highway fund.~~

31 (4) ~~On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue~~
32 ~~collected and received from the tax imposed by K.S.A. 79-3603, and~~
33 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
34 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
35 ~~the state highway fund.~~

36 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
37 revenue collected and received from the tax imposed by K.S.A. 79-3603,
38 and amendments thereto, at the rate of 6.3%, and deposited as provided by
39 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
40 the state highway fund.

41 (6)(2) On July 1, 2011, the state treasurer shall credit 11.26% of the
42 revenue collected and received from the tax imposed by K.S.A. 79-3603,
43 and amendments thereto, at the rate of 6.3%, and deposited as provided by

1 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
2 the state highway fund.

3 ~~(7)~~(3) On July 1, 2012, the state treasurer shall credit 11.233% of the
4 revenue collected and received from the tax imposed by K.S.A. 79-3603,
5 and amendments thereto, at the rate of 6.3%, and deposited as provided by
6 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
7 the state highway fund.

8 ~~(8)~~(4) On July 1, 2013, ~~and thereafter~~, the state treasurer shall credit
9 17.073% of the revenue collected and received from the tax imposed by
10 K.S.A. 79-3603, and amendments thereto, at the rate of 6.15%, and
11 deposited as provided by subsection (a), exclusive of amounts credited
12 pursuant to subsection (d), in the state highway fund.

13 (5) On July 1, 2015, the state treasurer shall credit ~~13.878%~~
14 ~~{13.956%}~~ ~~{16.375%}~~ of the revenue collected and received from the tax
15 imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.5%
16 and ~~6.0%~~ ~~{5.7%}~~, and deposited as provided by subsection (a), exclusive of
17 amounts credited pursuant to subsection (d), in the state highway fund.

18 (6) On July 1, 2016, ~~{and thereafter,}~~ the state treasurer shall credit
19 ~~13.700%~~ ~~{13.785%}~~ ~~{16.315%}~~ of the revenue collected and received from
20 the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates
21 of 6.50% and ~~6.0%~~ ~~{5.7%}~~, and deposited as provided by subsection (a),
22 exclusive of amounts credited pursuant to subsection (d), in the state
23 highway fund.

24 ~~(7) On July 1, 2017, and thereafter, the state treasurer shall credit:~~
25 ~~13.790%~~ ~~{13.874%}~~ ~~of the revenue collected and received from the tax:~~
26 ~~imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.5%:~~
27 ~~and 6.0% {5.7%}, and deposited as provided by subsection (a), exclusive:~~
28 ~~of amounts credited pursuant to subsection (d), in the state highway fund.~~

29 (d) The state treasurer shall credit all revenue collected or received
30 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
31 certified by the director, from taxpayers doing business within that portion
32 of a STAR bond project district occupied by a STAR bond project or
33 taxpayers doing business with such entity financed by a STAR bond
34 project as defined in K.S.A. 2014 Supp. 12-17,162, and amendments
35 thereto, that was determined by the secretary of commerce to be of
36 statewide as well as local importance or will create a major tourism area
37 for the state or the project was designated as a STAR bond project as
38 defined in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, to the
39 city bond finance fund, which fund is hereby created. The provisions of
40 this subsection shall expire when the total of all amounts credited
41 hereunder and under ~~subsection (d)~~ of K.S.A. 79-3710(d), and
42 amendments thereto, is sufficient to retire the special obligation bonds
43 issued for the purpose of financing all or a portion of the costs of such

1 STAR bond project.

2 (e) All revenue certified by the director of taxation as having been
3 collected or received from the tax imposed by ~~subsection (e)~~ of K.S.A. 79-
4 3603(c), and amendments thereto, on the sale or furnishing of gas, water,
5 electricity and heat for use or consumption within the intermodal facility
6 district described in this subsection, shall be credited by the state treasurer
7 to the state highway fund. Such revenue may be transferred by the
8 secretary of transportation to the rail service improvement fund pursuant to
9 law. The provisions of this subsection shall take effect upon certification
10 by the secretary of transportation that a notice to proceed has been
11 received for the construction of the improvements within the intermodal
12 facility district, but not later than December 31, 2010, and shall expire
13 when the secretary of revenue determines that the total of all amounts
14 credited hereunder and pursuant to ~~subsection (e)~~ of K.S.A. 79-3710(e),
15 and amendments thereto, is equal to \$53,300,000, but not later than
16 December 31, 2045. Thereafter, all revenues shall be collected and
17 distributed in accordance with applicable law. For all tax reporting periods
18 during which the provisions of this subsection are in effect, none of the
19 exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto,
20 shall apply to the sale or furnishing of any gas, water, electricity and heat
21 for use or consumption within the intermodal facility district. As used in
22 this subsection, "intermodal facility district" shall consist of an intermodal
23 transportation area as defined by ~~subsection (oo)~~ of K.S.A. 12-1770a(oo),
24 and amendments thereto, located in Johnson county within the polygonal-
25 shaped area having Waverly Road as the eastern boundary, 191st Street as
26 the southern boundary, Four Corners Road as the western boundary, and
27 Highway 56 as the northern boundary, and the polygonal-shaped area
28 having Poplar Road as the eastern boundary, 183rd Street as the southern
29 boundary, Waverly Road as the western boundary, and the BNSF mainline
30 track as the northern boundary, that includes capital investment in an
31 amount exceeding \$150 million for the construction of an intermodal
32 facility to handle the transfer, storage and distribution of freight through
33 railway and trucking operations.

34 Sec. 20. K.S.A. 2014 Supp. 79-3703 is hereby amended to read as
35 follows: 79-3703. There is hereby levied and there shall be collected from
36 every person in this state a tax or excise for the privilege of using, storing,
37 or consuming within this state any article of tangible personal property.
38 Such tax shall be levied and collected in an amount equal to the
39 consideration paid by the taxpayer multiplied by the rate of 6.15%, *and*
40 *commencing July 1, 2015, at the rate of 6.5%, except that such rate shall*
41 *be ~~6.0%~~ 5.7%* upon food and food ingredients, as defined by K.S.A. 79-
42 3602, and amendments thereto. Within a redevelopment district
43 established pursuant to K.S.A. 74-8921, and amendments thereto, there is

1 hereby levied and there shall be collected and paid an additional tax of 2%
2 until the earlier of: (1) The date the bonds issued to finance or refinance
3 the redevelopment project undertaken in the district have been paid in full;
4 or (2) the final scheduled maturity of the first series of bonds issued to
5 finance the redevelopment project. All property purchased or leased within
6 or without this state and subsequently used, stored or consumed in this
7 state shall be subject to the compensating tax if the same property or
8 transaction would have been subject to the Kansas retailers' sales tax had
9 the transaction been wholly within this state.

10 Sec. 21. K.S.A. 2014 Supp. 79-3710 is hereby amended to read as
11 follows: 79-3710. (a) All revenue collected or received by the director
12 under the provisions of this act shall be remitted to the state treasurer in
13 accordance with the provisions of K.S.A. 75-4215, and amendments
14 thereto. Upon receipt of each such remittance, the state treasurer shall
15 deposit the entire amount in the state treasury, less amounts set apart as
16 provided in subsection (b) and amounts credited as provided in subsection
17 (c), (d) and (e), to the credit of the state general fund.

18 (b) A revolving fund, designated as "compensating tax refund fund"
19 not to exceed \$10,000 shall be set apart and maintained by the director
20 from compensating tax collections and estimated tax collections and held
21 by the state treasurer for prompt payment of all compensating tax refunds.
22 Such fund shall be in such amount, within the limit set by this section, as
23 the director shall determine is necessary to meet current refunding
24 requirements under this act.

25 ~~(c) (1) The state treasurer shall credit ⁵/₉₈ of the revenue collected or~~
26 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~
27 ~~thereto, at the rate of 4.9%, and deposited as provided in subsection (a),~~
28 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
29 ~~highway fund.~~

30 ~~(2) The state treasurer shall credit ⁵/₁₀₆ of the revenue collected or~~
31 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~
32 ~~thereto, at the rate of 5.3%, and deposited as provided in subsection (a),~~
33 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
34 ~~highway fund.~~

35 ~~(3) On July 1, 2006, the state treasurer shall credit ¹⁹/₂₆₅ of the revenue~~
36 ~~collected or received from the tax imposed by K.S.A. 79-3703, and~~
37 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
38 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
39 ~~the state highway fund.~~

40 ~~(4) On July 1, 2007, the state treasurer shall credit ¹³/₁₀₆ of the revenue~~
41 ~~collected or received from the tax imposed by K.S.A. 79-3703, and~~
42 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
43 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~

1 the state highway fund.

2 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
3 revenue collected and received from the tax imposed by K.S.A. 79-3703,
4 and amendments thereto, at the rate of 6.3%, and deposited as provided by
5 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
6 the state highway fund.

7 (6)(2) On July 1, 2011, the state treasurer shall credit 11.26% of the
8 revenue collected and received from the tax imposed by K.S.A. 79-3703,
9 and amendments thereto, at the rate of 6.3%, and deposited as provided by
10 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
11 the state highway fund.

12 (7)(3) On July 1, 2012, the state treasurer shall credit 11.233% of the
13 revenue collected and received from the tax imposed by K.S.A. 79-3703,
14 and amendments thereto, at the rate of 6.3%, and deposited as provided by
15 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
16 the state highway fund.

17 (8)(4) On July 1, 2013, ~~and thereafter~~, the state treasurer shall credit
18 17.073% of the revenue collected and received from the tax imposed by
19 K.S.A. 79-3703, and amendments thereto, at the rate of 6.15%, and
20 deposited as provided by subsection (a), exclusive of amounts credited
21 pursuant to subsection (d), in the state highway fund.

22 (5) *On July 1, 2015, the state treasurer shall credit ~~13.878%~~*
23 *{13.956%} {16.375%} of the revenue collected and received from the tax*
24 *imposed by K.S.A. 79-3703, and amendments thereto, at the rates of 6.5%*
25 *and ~~6.0%~~{5.7%}, and deposited as provided by subsection (a), exclusive of*
26 *amounts credited pursuant to subsection (d), in the state highway fund.*

27 (6) *On July 1, 2016, {and thereafter,} the state treasurer shall credit*
28 *~~13.700%~~{13.785%} {16.315%} of the revenue collected and received from*
29 *the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates*
30 *of 6.5% and ~~6.0%~~{5.7%}, and deposited as provided by subsection (a),*
31 *exclusive of amounts credited pursuant to subsection (d), in the state*
32 *highway fund.*

33 ~~(7) On July 1, 2017, and thereafter, the state treasurer shall credit~~
34 ~~13.790% {13.874%} of the revenue collected and received from the tax~~
35 ~~imposed by K.S.A. 79-3603 {79-3703}, and amendments thereto, at the~~
36 ~~rates of 6.5% and 6.0% {5.7%}, and deposited as provided by subsection~~
37 ~~(a), exclusive of amounts credited pursuant to subsection (d), in the state~~
38 ~~highway fund.~~

39 (d) The state treasurer shall credit all revenue collected or received
40 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
41 certified by the director, from taxpayers doing business within that portion
42 of a redevelopment district occupied by a redevelopment project that was
43 determined by the secretary of commerce to be of statewide as well as

1 local importance or will create a major tourism area for the state as defined
2 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
3 fund created by ~~subsection (d) of K.S.A. 79-3620(d)~~, and amendments
4 thereto. The provisions of this subsection shall expire when the total of all
5 amounts credited hereunder and under ~~subsection (d) of K.S.A. 79-~~
6 ~~3620(d)~~, and amendments thereto, is sufficient to retire the special
7 obligation bonds issued for the purpose of financing all or a portion of the
8 costs of such redevelopment project.

9 This subsection shall not apply to a project designated as a special bond
10 project as defined in ~~subsection (z) of K.S.A. 12-1770a(z)~~, and
11 amendments thereto.

12 (e) All revenue certified by the director of taxation as having been
13 collected or received from the tax imposed by ~~subsection (e) of K.S.A. 79-~~
14 ~~3603(c)~~, and amendments thereto, on the sale or furnishing of gas, water,
15 electricity and heat for use or consumption within the intermodal facility
16 district described in this subsection, shall be credited by the state treasurer
17 to the state highway fund. Such revenue may be transferred by the
18 secretary of transportation to the rail service improvement fund pursuant to
19 law. The provisions of this subsection shall take effect upon certification
20 by the secretary of transportation that a notice to proceed has been
21 received for the construction of the improvements within the intermodal
22 facility district, but not later than December 31, 2010, and shall expire
23 when the secretary of revenue determines that the total of all amounts
24 credited hereunder and pursuant to ~~subsection (e) of K.S.A. 79-3620(e)~~,
25 and amendments thereto, is equal to \$53,300,000, but not later than
26 December 31, 2045. Thereafter, all revenues shall be collected and
27 distributed in accordance with applicable law. For all tax reporting periods
28 during which the provisions of this subsection are in effect, none of the
29 exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto,
30 shall apply to the sale or furnishing of any gas, water, electricity and heat
31 for use or consumption within the intermodal facility district. As used in
32 this subsection, "intermodal facility district" shall consist of an intermodal
33 transportation area as defined by ~~subsection (oo) of K.S.A. 12-1770a(oo)~~,
34 and amendments thereto, located in Johnson county within the polygonal-
35 shaped area having Waverly Road as the eastern boundary, 191st Street as
36 the southern boundary, Four Corners Road as the western boundary, and
37 Highway 56 as the northern boundary, and the polygonal-shaped area
38 having Poplar Road as the eastern boundary, 183rd Street as the southern
39 boundary, Waverly Road as the western boundary, and the BNSF mainline
40 track as the northern boundary, that includes capital investment in an
41 amount exceeding \$150 million for the construction of an intermodal
42 facility to handle the transfer, storage and distribution of freight through
43 railway and trucking operations.

1 ~~Sec. 22.—K.S.A. 79-5105 is hereby amended to read as follows: 79-~~
2 ~~5105. (a) (1) Except as provided in subsection (a)(2), a tax is hereby levied~~
3 ~~upon every motor vehicle, as the same is defined by K.S.A. 79-5101, and~~
4 ~~amendments thereto, in an amount which shall be determined in the~~
5 ~~manner hereinafter prescribed, except that: (1) (A) (i) For 1995, the tax on~~
6 ~~any motorcycle shall not be less than \$6 and the tax on any other motor~~
7 ~~vehicle shall not be less than \$12; and (B)(ii) the tax on each motor vehicle~~
8 ~~the age of which is 15 years or older shall not be more than \$12; and (2)~~
9 ~~(B) for 1996, and each year thereafter: (A)(i) The tax on any motorcycle~~
10 ~~shall not be less than \$12 and the tax on any other motor vehicle shall not~~
11 ~~be less than \$24, except as otherwise provided by clause (B) and (C)-~~
12 ~~subsections (a)(1)(B)(ii) and (a)(1)(B)(iii); (B)(ii) the tax on any~~
13 ~~motorcycle the model year of which is 1980 or earlier shall be \$6 and the~~
14 ~~tax on any other motor vehicle the model year of which is 1980 or earlier~~
15 ~~shall be \$12; and (C)(iii) if the tax on any motorcycle in 1995 was more~~
16 ~~than \$6 but less than \$12, the tax shall be determined for 1996 and each~~
17 ~~year thereafter in the manner hereinafter prescribed but shall not be less~~
18 ~~than \$6, and if the tax on any other motor vehicle in 1995 was more than~~
19 ~~\$12 but less than \$24, the tax shall be determined for 1996 and each year~~
20 ~~thereafter in the manner hereinafter prescribed but shall not be less than~~
21 ~~\$12.~~

22 ~~(2) Commencing in 2016, and each year thereafter, the tax on any~~
23 ~~motorcycle shall not be less than \$18 and the tax on any other motor~~
24 ~~vehicle shall not be less than \$36, unless in 2014 such tax was already less~~
25 ~~than such minimum tax, and in any such case the provisions of subsection~~
26 ~~(a)(1) shall remain applicable to any such motorcycle or other motor~~
27 ~~vehicle.~~

28 ~~(b) The amount of such tax on a motor vehicle shall be computed by:~~
29 ~~(1) By determining the amount representing the midpoint of the values~~
30 ~~included within the class in which such motor vehicle is classified under~~
31 ~~K.S.A. 79-5102 or 79-5103, and amendments thereto, except that the~~
32 ~~midpoint of class 20 shall be \$21,000 plus \$2,000 for each \$2,000 or~~
33 ~~portion thereof by which the trade-in value of the vehicle exceeds \$22,000;~~
34 ~~(2) if the model year of the motor vehicle is a year other than the year for~~
35 ~~which the tax is levied, by reducing such midpoint amount by an amount~~
36 ~~equal to 16% in 1995, and all years prior thereto, and 15% in 1996, and all~~
37 ~~years through 2015, and commencing in 2016 and in each year thereafter:~~
38 ~~15% for the first three years of a vehicle, 12% for years four through six,~~
39 ~~and 10% for all years thereafter, of the remaining balance for each year of~~
40 ~~difference between the model year of the motor vehicle and the year for~~
41 ~~which the tax is levied if the model year of the motor vehicle is 1981 or a~~
42 ~~later year or (B) the remaining balance for each year of difference between~~
43 ~~the year 1980 and the year for which the tax is levied if the model year of~~

1 the motor vehicle is 1980 or any year prior thereto until such time as such
2 result is equal to or less than the minimum tax prescribed by subsection
3 (a); (3) by multiplying the amount determined after application of clause
4 (2) above subsection (b)(2) by 30% during calendar year 1995, 28.5%
5 during the calendar year 1996, 26.5% during the calendar year 1997,
6 24.5% during the calendar year 1998, 22.5% during the calendar year
7 1999, and 20% during calendar year 2015, 18% during calendar year
8 2016, 16% during calendar year 2017, 14% during calendar year 2018;
9 and 12% during calendar year 2019, and all calendar years thereafter,
10 which shall constitute the taxable value of the motor vehicle; and (4) by
11 multiplying the taxable value of the motor vehicle produced under clause
12 (3) above subsection (b)(3) by the county average tax rate.

13 (e) The "county average tax rate" means the total amount of general
14 property taxes levied within the county by the state, county and all other
15 taxing subdivisions levying such taxes within such county in the second
16 calendar year before the calendar year in which the owner's full
17 registration year begins divided by the total assessed tangible valuation of
18 property within such county as of November 1 of such second calendar
19 year before the calendar year in which the owner's full registration year
20 begins as certified by the secretary of revenue, except that: (1) As of
21 November 1, 1994, such rate shall be computed without regard to 11.429%
22 of the general property taxes levied by school districts pursuant to K.S.A.
23 72-6431, and amendments thereto; (2) as of November 1, 1995, such rate
24 shall be computed without regard to 31.429% of the general property taxes
25 levied by school districts pursuant to K.S.A. 72-6431, and amendments
26 thereto; (3) as of November 1, 1996, such rate shall be computed without
27 regard to 54.286% of the general property taxes levied by school districts
28 pursuant to K.S.A. 72-6431, and amendments thereto; (4) as of November
29 1, 1997, such rate shall be computed without regard to 70.36% of the
30 general property taxes levied by school districts pursuant to K.S.A. 72-
31 6431, and amendments thereto; and (5) as of November 1, 1998, and such
32 date in all years thereafter, such rate shall be computed without regard to
33 the general property taxes levied by school districts pursuant to K.S.A. 72-
34 6431, and amendments thereto As of November 1, 2014, such rate shall be
35 computed without regard to the general property taxes levied by school
36 districts pursuant to section 11 of 2015 House Substitute for Senate Bill
37 No. 7, and amendments thereto; (2) as of November 1, 2015, such rate
38 shall be computed with regard to 25% of the general property taxes levied
39 by school districts pursuant to section 11 of 2015 House Substitute for
40 Senate Bill No. 7, and amendments thereto; (3) as of November 1, 2016,
41 such rate shall be computed with regard to 50% of the general property
42 taxes levied by school districts pursuant to section 11 of 2015 House
43 Substitute for Senate Bill No. 7, and amendments thereto; (4) as of

~~1 November 1, 2017, such rate shall be computed with regard to 75% of the
2 general property taxes levied by school districts pursuant to section 11 of
3 2015 House Substitute for Senate Bill No. 7, and amendments thereto; and
4 (5) as of November 1, 2018, and November 1 in each year thereafter, such
5 rate shall be computed with regard to all of the general property taxes
6 levied by school districts pursuant to K.S.A. 72-6431, and amendments
7 thereto.~~

8 *{New Sec. 22. There is hereby established in the state treasury the
9 tobacco cessation fund which shall be administered by the university of
10 Kansas medical center. All expenditures from the tobacco cessation fund
11 shall be for promoting the cessation of tobacco usage. All expenditures
12 from the tobacco cessation fund shall be made in accordance with
13 appropriation acts upon warrants of the director of accounts and reports
14 issued pursuant to vouchers approved by the vice-chancellor of the
15 university of Kansas medical center or the designee of the vice-
16 chancellor.*

17 *All moneys received by K.S.A. 79-3387(c), and amendments thereto,
18 shall be deposited in the state treasury in accordance with the provisions
19 of K.S.A. 75-4215, and amendments thereto, and shall be credited to the
20 tobacco cessation fund.*

21 *Sec. 23. K.S.A. 2014 Supp. 79-3387 is hereby amended to read as
22 follows: 79-3387. (a) Except as otherwise provided, all revenue collected
23 or received by the director from taxes imposed by this act shall be
24 remitted to the state treasurer in accordance with the provisions of
25 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
26 remittance, the state treasurer shall deposit the entire amount in the
27 state treasury to the credit of the state general fund.*

28 *(b) All moneys received from license fees imposed by this act shall
29 be collected by the director and shall be remitted to the state treasurer in
30 accordance with the provisions of K.S.A. 75-4215, and amendments
31 thereto. Upon receipt of each such remittance, the state treasurer shall
32 deposit the entire amount in the state treasury to the credit of the
33 cigarette and tobacco products regulation fund created by K.S.A. 79-
34 3391, and amendments thereto.*

35 *(c) On July 1, 2015, and thereafter, all revenue collected or received
36 from taxes imposed by K.S.A. 79-3310, and amendments thereto, shall be
37 remitted to the state treasurer in accordance with the provisions of K.S.A.
38 75-4215, and amendments thereto. Upon receipt of each such remittance,
39 the state treasurer shall deposit and credit the first \$10,000,000 to the
40 tobacco cessation fund. Of the balance which remains after deduction of
41 the amount in this subsection, the state treasurer shall deposit and credit
42 the remainder in the state treasury to the credit of the state general fund.}*

43 *Sec. ~~23~~ {24.} K.S.A. 79-3371 and 79-3378 and K.S.A. 2014 Supp.*

1 79-32,110, 79-32,117, 79-32,120, 79-3310, 79-3310c, 79-3311, 79-3312,
2 ~~{79-3387,}~~ 79-3492b, 79-34,118, 79-34,141, 79-34,142, 79-3602, 79-3603,
3 as amended by section 20 of 2015 Senate Substitute for House Bill No.
4 2155, 79-3620, 79-3703; *{and}* 79-3710 ~~and 79-5105~~ are hereby are
5 hereby repealed.

6 Sec. ~~24~~ *{25}*. This act shall take effect and be in force from and after
7 its publication in the statute book.