

(Corrected)
{As Amended by House Committee of the Whole}

Session of 2012

House Substitute for SENATE BILL No. 177

By Committee on Taxation

2-23

1 AN ACT concerning taxation; relating to income and privilege tax rates;
2 income tax deductions and credits and income determination;
3 ~~distribution of sales and use tax revenue; severance tax, exemptions;~~
4 rural opportunity zones; {sales taxation, exemptions; eliminating
5 food sales tax refund;} amending K.S.A. 79-32,128 ~~and 79-32,176~~
6 and K.S.A. 2011 Supp. ~~40-2246,~~ 74-50,222, 79-1107, 79-1108, 79-
7 32,110, 79-32,111, 79-32,117, 79-32,119, 79-32,138, ~~79-32,143, 79-~~
8 ~~32,197~~{79-32,143a}, 79-32,205, ~~79-32,210,~~ {79-3606, 79-32,211a,} ~~79-~~
9 ~~3620, 79-3635, {and} 79-3710~~{79-32,266} ~~and 79-4217~~ and repealing
10 the existing sections; **also repealing K.S.A. 2011 Supp. 79-3606g and**
11 **79-3635}.**
12

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

14 **{New Section 1. (a) For taxable years commencing after**
15 **December 31, 2012, and before January 1, 2016, there shall be allowed**
16 **as a credit against the tax liability of a resident individual taxpayer**
17 **who has been unemployed for at least 12 consecutive months an**
18 **amount equal to the resident individual's income tax liability under**
19 **the provisions of the Kansas income tax act, when the resident**
20 **individual:**

21 **(1) Moves from a high unemployment county in Kansas and**
22 **establishes domicile in a rural opportunity zone on or after July 1,**
23 **2012, and prior to January 1, 2016, for the purpose of accepting**
24 **employment in such rural opportunity zone, remains employed for at**
25 **least 12 consecutive months and was:**

26 **(A) Domiciled in this state but not in a county designated as a**
27 **rural opportunity zone pursuant to K.S.A. 2011 Supp. 74-50,222, and**
28 **amendments thereto, for at least 12 months immediately prior to**
29 **establishing such resident individual's domicile in a rural opportunity**
30 **zone in this state; or**

31 **(B) domiciled in this state in a county with high unemployment**
32 **which is designated as a rural opportunity zone pursuant to K.S.A.**
33 **2011 Supp. 74-50,222, and amendments thereto, for at least 12 months**
34 **immediately prior to establishing such resident individual's domicile**
35 **in a different county designated rural opportunity zone in this state;**
36 **and**

1 (2) was domiciled in a rural opportunity zone during the entire
2 taxable year for which such credit is claimed.

3 (b) A resident individual may claim the credit authorized by this
4 section for not more than three consecutive years following
5 establishment of their domicile in a rural opportunity zone.

6 (c) The maximum amount of any refund under this section shall
7 be equal to the amount withheld from the resident individual's wages
8 or payments other than wages pursuant to K.S.A. 79-3294 *et seq.*, and
9 amendments thereto, or paid by the resident individual as estimated
10 taxes pursuant to K.S.A. 79-32,101 *et seq.*, and amendments thereto.

11 (d) No credit shall be allowed under this section if:

12 (1) The resident individual's income tax return on which the
13 credit is claimed is not timely filed, including any extension; or

14 (2) the resident individual is delinquent in filing any return with,
15 or paying any tax due to, the state of Kansas or any political
16 subdivision thereof.

17 (e) For the purposes of this section, "high unemployment county"
18 means a county which has an unemployment rate of at least 5% as
19 determined by the secretary of labor.

20 (f) This section shall be part of and supplemental to the Kansas
21 income tax act.

22 (g) As used in this section, "rural opportunity zones" means those
23 counties designated as rural opportunity zones pursuant to K.S.A. 74-
24 50,222 on January 1, 2012.}

25 {New Sec. 2. The governing body of any city or county or any
26 other taxing subdivision with sales tax authority pursuant to law may
27 adopt an ordinance or resolution to opt out of the tax exemption as
28 provided by the provisions of subsection (hhhh) of K.S.A. 79-3606, and
29 amendments thereto. Any such city or county or taxing subdivision
30 may rescind the ordinance or resolution.}

31 New ~~Section 1~~ {Sec. 3}. (a) (1) Except as provided in subsection (a)
32 (2), commencing with fiscal year 2012, in any fiscal year in which the
33 amount of selected actual state general fund receipts from such fiscal year
34 exceeds the selected actual state general fund receipts for the immediately
35 preceding fiscal year by more than $\frac{2\%}{3\%}$, the director of legislative
36 research shall certify such excess amount to the secretary of revenue and
37 the director of the budget. Upon receipt of such certified amount, the
38 secretary shall compute the excess percentage increase in selected actual
39 state general fund receipts above $\frac{2\%}{3\%}$. Based on such excess
40 percentage of calculated receipt growth, the secretary shall compute the
41 income tax rate reductions to go into effect for the next tax year that would
42 reduce by such certified amount the tax rates during the fiscal year after
43 the next fiscal year according to the provisions of this section, as follows:

1 (A) Rate reductions for individual income tax rates shall be applied to
2 reduce the middle marginal income tax rate applicable to the current tax
3 year by such excess percentage, the highest marginal income tax rate
4 applicable to the current tax year, by such excess percentage minus 0.5%,
5 and the lowest marginal income tax rate applicable to the current tax year
6 by such excess percentage plus 0.5%, except that in no case shall such
7 excess percentage plus 0.5% result in an income tax rate increase. In any
8 such computation by the secretary pursuant to this subsection in which the
9 income tax rate for any individual marginal income tax rate is below 0.4%,
10 such rate shall be 0%. Based on all such determinations, the secretary shall
11 reduce individual income tax rates prescribed by K.S.A. 79-32,110, and
12 amendments thereto, as required by this section;

13 (B) upon all individual marginal income tax rates being reduced to
14 0% pursuant to the provisions of subsection (a)(1)(A), rate reduction next
15 shall be applied for the surtax on corporations applicable to the current tax
16 year by such excess percentage. In any such computation by the secretary
17 pursuant to this subsection in which the surtax is below 0.4%, such surtax
18 rate shall be 0%. Based on such determination, the secretary shall reduce
19 the surtax on corporations prescribed by K.S.A. 79-32,110, and
20 amendments thereto, as required by this section; and

21 (C) upon the surtax on corporations being reduced to a rate which
22 when combined with the normal tax rate on corporations is equal to or
23 below the combined surtax and normal tax imposed on national banking
24 associations and state banks or is equal to or below the combined surtax
25 and normal tax imposed on trust companies and savings and loan
26 associations, rate reductions shall be proportionately applied for the tax on
27 corporations, the tax on national banking associations and state banks, and
28 the tax on trust companies and savings and loan associations. Such rate
29 reductions shall be first applied to the surtax until reduced to 0% and then
30 applied to the normal tax for each such tax. In any such computation by
31 the secretary pursuant to this subsection in which any such tax is below
32 0.4%, such tax rate shall be 0%. Based on such determination, the
33 secretary shall reduce the surtax and the normal tax on corporations
34 prescribed by K.S.A. 79-32,110, and amendments thereto, the surtax and
35 normal tax on national banking associations and state banks prescribed by
36 K.S.A. 79-1107, and amendments thereto, and the surtax and normal tax
37 on trust companies and savings and loan associations prescribed by K.S.A.
38 79-1108, and amendments thereto, as required by this section.

39 (2) In any fiscal year in which the amount of selected actual state
40 general fund receipts for such fiscal year are ~~102%~~{103%} or less than the
41 selected actual state general fund receipts from the immediately preceding
42 fiscal year, the director of legislative research shall certify such amount
43 and fact to the secretary of revenue and the director of the budget. Upon

1 receipt of such amount and fact, the secretary of revenue shall not make
2 any adjustment to the income tax rates for that tax year.

3 (b) The secretary of revenue shall report any reduction in income tax
4 rates prescribed by this section to the chairperson of the assessment and
5 taxation committee of the senate, the chairperson of the taxation
6 committee of the house of representatives and the governor, and shall
7 cause notice of any such reduction to be published in the Kansas register
8 prior to September 15 of the calendar year immediately preceding the tax
9 year in which such reduction takes effect.

10 (c) As used in this section, "selected actual state general fund
11 receipts" means receipts from the following taxes and fees: Individual and
12 corporation income taxes imposed under K.S.A. 79-32,110, and
13 amendments thereto, financial institutions privilege taxes imposed under
14 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
15 thereto, retail sales taxes imposed under K.S.A. 79-3601 et seq., and
16 amendments thereto, compensating use taxes imposed under K.S.A. 79-
17 3701 et seq., and amendments thereto, cigarette and tobacco product taxes
18 imposed under K.S.A. 79-3301 et seq., and amendments thereto, cereal
19 malt beverage and liquor gallonage taxes imposed under K.S.A. 41-501 et
20 seq., and amendments thereto, liquor enforcement taxes imposed under
21 K.S.A. 79-4101 et seq., and amendments thereto, liquor drink taxes
22 imposed under K.S.A. 79-41a01 et seq., and amendments thereto,
23 corporation franchise taxes imposed under K.S.A. 79-5401, and
24 amendments thereto, annual franchise fees charged pursuant to law and
25 mineral severance taxes imposed under K.S.A. 79-4216 et seq., and
26 amendments thereto.

27 ~~Sec. 2. K.S.A. 2011 Supp. 40-2246 is hereby amended to read as~~
28 ~~follows: 40-2246. (a) A credit against the taxes otherwise due under the~~
29 ~~Kansas income tax act shall be allowed to an employer for amounts paid~~
30 ~~during the taxable year for purposes of this act on behalf of an eligible~~
31 ~~employee as defined in K.S.A. 40-2239, and amendments thereto, to~~
32 ~~provide health insurance or care and amounts contributed to health savings~~
33 ~~accounts of eligible covered employees.~~

34 ~~(b) (1) For employers that have established a small employer health~~
35 ~~benefit plan after December 31, 1999, but prior to January 1, 2005, the~~
36 ~~amount of the credit allowed by subsection (a) shall be \$35 per month per~~
37 ~~eligible covered employee or 50% of the total amount paid by the~~
38 ~~employer during the taxable year, whichever is less, for the first two years~~
39 ~~of participation. In the third year, the credit shall be equal to 75% of the~~
40 ~~lesser of \$35 per month per employee or 50% of the total amount paid by~~
41 ~~the employer during the taxable year. In the fourth year, the credit shall be~~
42 ~~equal to 50% of the lesser of \$35 per month per employee or 50% of the~~
43 ~~total amount paid by the employer during the taxable year. In the fifth year,~~

1 ~~the credit shall be equal to 25% of the lesser of \$35 per month per~~
2 ~~employee or 50% of the total amount paid by the employer during the~~
3 ~~taxable year. For the sixth and subsequent years, no credit shall be~~
4 ~~allowed.~~

5 ~~(2) For employers that have established a small employer health~~
6 ~~benefit plan or made contributions to a health savings account of an~~
7 ~~eligible covered employee after December 31, 2004, the amount of credit~~
8 ~~allowed by subsection (a) shall be \$70 per month per eligible covered~~
9 ~~employee for the first 12 months of participation, \$50 per month per~~
10 ~~eligible covered employee for the next 12 months of participation and \$35~~
11 ~~per eligible covered employee for the next 12 months of participation.~~
12 ~~After 36 months of participation, no credit shall be allowed.~~

13 ~~(c) If the credit allowed by this section is claimed, the amount of any~~
14 ~~deduction allowable under the Kansas income tax act for expenses~~
15 ~~described in this section shall be reduced by the dollar amount of the~~
16 ~~credit. The election to claim the credit shall be made at the time of filing~~
17 ~~the tax return in accordance with law. If *Commencing in tax year 2013,*~~
18 ~~*and all tax years thereafter,* the credit allowed by this section exceeds~~
19 ~~*shall not exceed* the taxes imposed under the Kansas income tax act for the~~
20 ~~taxable year, that portion of the credit which exceeds those taxes shall be~~
21 ~~refunded to the taxpayer *reduced by the sum of any other credits allowable*~~
22 ~~*against the tax liability of the taxpayer pursuant to law.*~~

23 ~~(d) Any amount of expenses paid by an employer under this act shall~~
24 ~~not be included as income to the employee for purposes of the Kansas~~
25 ~~income tax act. If such expenses have been included in federal taxable~~
26 ~~income of the employee, the amount included shall be subtracted in~~
27 ~~arriving at state taxable income under the Kansas income tax act.~~

28 ~~(e) The secretary of revenue shall promulgate rules and regulations to~~
29 ~~carry out the provisions of this section.~~

30 ~~(f) This section shall apply to all taxable years commencing after~~
31 ~~December 31, 1999.~~

32 Sec. ~~3~~ {4}. K.S.A. 2011 Supp. 74-50,222 is hereby amended to read
33 as follows: 74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-
34 32,267, and amendments thereto:

35 (a) "Institution of higher education" means a public or private
36 nonprofit educational institution that meets the requirements of
37 participation in programs under the higher education act of 1965, as
38 amended, 34 C.F.R. 600;

39 (b) "rural opportunity zone" means *Allen, Anderson, Barber,*
40 *Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,*
41 *Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth,*
42 *Gove, Graham, Grant, Greeley, Greenwood, Hamilton, Haskell, Harper,*
43 *Hodgeman, Jewell, Kearny, Kingman, Kiowa, Labette, Lane, Lincoln,*

1 Linn, Logan, Marion, Marshall, Meade, Mitchell, Morris, Morton,
2 Nemaha, Neosho, Ness, Norton, Osage, Osborne, Ottawa, Pawnee,
3 Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott,
4 Sheridan, Sherman, Smith, Stafford, Stanton, {Sumner,} Trego, Thomas,
5 Wabaunsee, Wallace, Washington, Wichita, Wilson or Woodson counties;

6 (c) "secretary" means the secretary of commerce; and

7 (d) "student loan" means a federal student loan program supported by
8 the federal government and a nonfederal loan issued by a lender such as a
9 bank, savings and loan or credit union to help students and parents pay
10 school expenses for attendance at an institution of higher education.

11 Sec. ~~4~~ {5}. K.S.A. 2011 Supp. 79-1107 is hereby amended to read as
12 follows: 79-1107. (a) Every national banking association and state bank
13 located or doing business within the state shall pay to the state for the
14 privilege of doing business within the state a tax according to or measured
15 by its net income for the next preceding taxable year to be computed as
16 provided in this act. Such tax shall consist of a normal tax and a surtax and
17 shall be computed as follows:

18 ~~(a)~~(1) The normal tax shall be an amount equal to 2 1/4% of such net
19 income; and

20 ~~(b)~~(2) the surtax shall be an amount equal to 2 1/8% of such net
21 income in excess of \$25,000.

22 (b) The tax levied shall be in lieu of ad valorem taxes which might
23 otherwise be imposed by the state or political subdivisions thereof upon
24 shares of capital stock or the intangible assets of national banking
25 associations and state banks.

26 (c) Tax rates provided in this section shall be adjusted pursuant to the
27 provisions of section 1, and amendments thereto.

28 Sec. ~~5~~ {6}. K.S.A. 2011 Supp. 79-1108 is hereby amended to read as
29 follows: 79-1108. (a) Every trust company and savings and loan
30 association located or doing business within the state shall pay to the state
31 for the privilege of doing business within the state a tax according to or
32 measured by its net income for the next preceding taxable year to be
33 computed as provided in this act. Such tax shall consist of a normal tax
34 and a surtax and shall be computed as follows:

35 ~~(a)~~(1) The normal tax on every trust company and savings and loan
36 association shall be an amount equal to 2 1/4% of such net income; and

37 ~~(b)~~(2) the surtax on every trust company and savings and loan
38 association shall be an amount equal to 2 1/4% of such net income in
39 excess of \$25,000.

40 (b) The tax levied shall be in lieu of ad valorem taxes which might
41 otherwise be imposed by the state or political subdivision thereof upon
42 shares of capital stock or other intangible assets of trust companies and
43 savings and loan associations.

1 (c) Tax rates provided in this section shall be adjusted pursuant to the
 2 provisions of section 1, and amendments thereto.

3 Sec. 6 {7}. K.S.A. 2011 Supp. 79-32,110 is hereby amended to read
 4 as follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise
 5 provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a
 6 tax is hereby imposed upon the Kansas taxable income of every resident
 7 individual, which tax shall be computed in accordance with the following
 8 tax schedules:

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

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

16 (2) *All other individuals*.

17 (A) For tax year 1997:

18 If the taxable income is:	The tax is:
19 Not over \$20,000.....	4.1% of Kansas taxable income
20 Over \$20,000 but not over \$30,000.....	\$820 plus 7.5% of excess
21	over \$20,000
22 Over \$30,000.....	\$1,570 plus 7.75% of
23	excess over \$30,000

24 (B) For tax year 1998, and all tax years thereafter:

25 If the taxable income is:	The tax is:
26 Not over \$15,000.....	3.5% of Kansas taxable
27	income
28 Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of
29	excess over \$15,000
30 Over \$30,000.....	\$1,462.50 plus 6.45% of
31	excess over \$30,000

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

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

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

43 (2) (A) for tax year 2008, the surtax shall be in an amount equal to

1 3.1% of the Kansas taxable income of such corporation in excess of
2 \$50,000;

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

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

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

12 (e) *Tax rates provided in this section shall be adjusted pursuant to the*
13 *provisions of section 1, and amendments thereto.*

14 Sec. ~~7~~ {8}. K.S.A. 2011 Supp. 79-32,111 is hereby amended to read
15 as follows: 79-32,111. (a) The amount of income tax paid to another state
16 by a resident individual, resident estate or resident trust on income derived
17 from sources in another state, *and included in Kansas adjusted gross*
18 *income*, shall be allowed as a credit against the tax computed under the
19 provisions of this act. Such credit shall not be greater in proportion to the
20 tax computed under this act than the *Kansas* adjusted gross income for
21 such year derived in another state while such taxpayer is a resident of this
22 state is to the total Kansas adjusted gross income of the taxpayer. As used
23 in this subsection, state shall have the meaning ascribed thereto by
24 subsection (h) of K.S.A. 79-3271, and amendments thereto. The credit
25 allowable hereunder for income tax paid to a foreign country or political
26 subdivision thereof shall not exceed the difference of such income tax paid
27 less the credit allowable for such income tax paid by the federal internal
28 revenue code. No redetermination of income tax paid for the purposes of
29 determining the credit allowed by this subsection shall be required for the
30 taxable year for which an income tax refund payment pursuant to the
31 provisions of section 18 of article 10 of the Missouri constitution is made,
32 but the income tax paid allowable for credit in the next following taxable
33 year shall be reduced by the amount of such refund amount, except that,
34 for tax year 1998, the income tax paid allowable for credit shall be reduced
35 by the amount of such refunds made for all taxable years prior to tax year
36 1998.

37 (b) There shall be allowed as a credit against the tax computed under
38 the provisions of the Kansas income tax act, and ~~acts amendatory thereof~~
39 ~~and supplemental amendments~~ *amendments* thereto, on the Kansas taxable income of an
40 individual, corporation or fiduciary the amount determined under the
41 provisions of K.S.A. 79-32,153 to 79-32,158, and amendments thereto.

42 Sec. ~~8~~ {9}. K.S.A. 2011 Supp. 79-32,117 is hereby amended to read
43 as follows: 79-32,117. (a) The Kansas adjusted gross income of an

1 individual means such individual's federal adjusted gross income for the
2 taxable year, with the modifications specified in this section.

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

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

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

24 (iii) The federal net operating loss deduction.

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

40 (v) The amount of any depreciation deduction or business expense
41 deduction claimed on the taxpayer's federal income tax return for any
42 capital expenditure in making any building or facility accessible to the
43 handicapped, for which expenditure the taxpayer claimed the credit

1 allowed by K.S.A. 79-32,177, and amendments thereto.

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

5 (vii) The amount of any charitable contribution made to the extent the
6 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
7 32,196, and amendments thereto.

8 (viii) The amount of any costs incurred for improvements to a swine
9 facility, claimed for deduction in determining federal adjusted gross
10 income, to the extent the same is claimed as the basis for any credit
11 allowed pursuant to K.S.A. 2011 Supp. 79-32,204, and amendments
12 thereto.

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

19 (x) Amounts received as nonqualified withdrawals, as defined by
20 K.S.A. 2011 Supp. 75-643, and amendments thereto, if, at the time of
21 contribution to a family postsecondary education savings account, such
22 amounts were subtracted from the federal adjusted gross income pursuant
23 to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amendments
24 thereto, or if such amounts are not already included in the federal adjusted
25 gross income.

26 (xi) The amount of any contribution made to the same extent the
27 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2011
28 Supp. 74-50,154, and amendments thereto.

29 (xii) For taxable years commencing after December 31, 2004,
30 amounts received as withdrawals not in accordance with the provisions of
31 K.S.A. 2011 Supp. 74-50,204, and amendments thereto, if, at the time of
32 contribution to an individual development account, such amounts were
33 subtracted from the federal adjusted gross income pursuant to paragraph
34 (xiii) of subsection (c), or if such amounts are not already included in the
35 federal adjusted gross income.

36 (xiii) The amount of any expenditures claimed for deduction in
37 determining federal adjusted gross income, to the extent the same is
38 claimed as the basis for any credit allowed pursuant to K.S.A. 2011 Supp.
39 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

40 (xiv) The amount of any amortization deduction claimed in
41 determining federal adjusted gross income to the extent the same is
42 claimed for deduction pursuant to K.S.A. 2011 Supp. 79-32,221, and
43 amendments thereto.

1 (xv) The amount of any expenditures claimed for deduction in
2 determining federal adjusted gross income, to the extent the same is
3 claimed as the basis for any credit allowed pursuant to K.S.A. 2011 Supp.
4 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
5 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
6 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

7 (xvi) The amount of any amortization deduction claimed in
8 determining federal adjusted gross income to the extent the same is
9 claimed for deduction pursuant to K.S.A. 2011 Supp. 79-32,227, 79-
10 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
11 thereto.

12 (xvii) 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. 2011 Supp. 79-32,256, and
15 amendments thereto.

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

26 ~~(xix) The amount of any: (1) Loss up to \$100,000 for tax years 2013;~~
27 ~~2014 and 2015, up to \$250,000 for tax years 2016 and 2017, and any loss~~
28 ~~for tax year 2018, and all tax years thereafter, from business as~~
29 ~~determined under the federal internal revenue code and reported from~~
30 ~~schedule C and on line 12 of the taxpayer's form 1040 federal individual~~
31 ~~income tax return; (2) loss up to \$100,000 for tax years 2013, 2014 and~~
32 ~~2015, up to \$250,000 for tax years 2016, 2017, and any loss for tax year~~
33 ~~2018, and all tax years thereafter, from rental real estate, royalties,~~
34 ~~partnerships, S corporations, estates, trusts, residual interest in real estate~~
35 ~~mortgage investment conduits and net farm rental as determined under the~~
36 ~~federal internal revenue code and reported from schedule E and on line 17~~
37 ~~of the taxpayer's form 1040 federal individual income tax return; and (3)~~
38 ~~farm loss, up to \$100,000 for tax years 2013, 2014 and 2015, up to~~
39 ~~\$250,000 for tax years 2016 and 2017, and any farm loss for tax year~~
40 ~~2018, and all tax years thereafter, as determined under the federal internal~~
41 ~~revenue code and reported from schedule F and on line 18 of the~~
42 ~~taxpayer's form 1040 federal income tax return; all to the extent deducted~~
43 ~~or subtracted in determining the taxpayer's federal adjusted gross income.~~

1 For purposes of this subsection, references to the federal form 1040 and
2 federal schedule C, schedule E, and schedule F, shall be to such form and
3 schedules as they existed for tax year 2011, and as revised thereafter by
4 the internal revenue service.

5 ~~(xx)}~~**(xix)** For a taxpayer who makes a modification pursuant to
6 subsection ~~(b)(xix) or~~ (c)(xxi), the amount of any deduction for self-
7 employment taxes under section 164(f) of the federal internal revenue
8 code as in effect on January 1, 2012, and amendments thereto, in
9 determining the federal adjusted gross income of an individual taxpayer.

10 ~~(xxi)}~~**(xx)** For a taxpayer who makes a modification pursuant to
11 subsection ~~(b)(xix) or~~ (c)(xxi), the amount of any deduction for pension,
12 profit sharing, and annuity plans of self-employed individuals under
13 section 62(a)(6) of the federal internal revenue code as in effect on
14 January 1, 2012, and amendments thereto, in determining the federal
15 adjusted gross income of an individual taxpayer.

16 ~~(xxii)}~~**(xxi)** For a taxpayer who makes a modification pursuant to
17 subsection ~~(b)(xix) or~~ (c)(xxi), the amount of any deduction for health
18 insurance under section 162(l) of the federal internal revenue code as in
19 effect on January 1, 2012, and amendments thereto, in determining the
20 federal adjusted gross income of an individual taxpayer.

21 ~~(xxiii)}~~**(xxii)** For a taxpayer who makes a modification pursuant to
22 subsection ~~(b)(xix) or~~ (c)(xxi), the amount of any deduction for domestic
23 production activities under section 199 of the federal internal revenue
24 code as in effect on January 1, 2012, and amendments thereto, in
25 determining the federal adjusted gross income of an individual taxpayer.

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (xiii) For taxable years beginning after December 31, 2004, amounts
40 contributed to and the amount of income earned on contributions deposited
41 to an individual development account under K.S.A. 2011 Supp. 74-50,201,
42 et seq., and amendments thereto.

43 (xiv) For all taxable years commencing after December 31, 1996, that

1 portion of any income of a bank organized under the laws of this state or
2 any other state, a national banking association organized under the laws of
3 the United States, an association organized under the savings and loan
4 code of this state or any other state, or a federal savings association
5 organized under the laws of the United States, for which an election as an
6 S corporation under subchapter S of the federal internal revenue code is in
7 effect, which accrues to the taxpayer who is a stockholder of such
8 corporation and which is not distributed to the stockholders as dividends of
9 the corporation. *The amount of modification under this subsection shall*
10 *exclude the portion of income or loss reported on schedule E and included*
11 *on line 17 of the taxpayer's form 1040 federal individual income tax return*
12 *taken as a subtraction modification pursuant to subsection (c)(xxi).*

13 (xv) For all taxable years beginning after December 31, 2006,
14 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
15 joint return, for each designated beneficiary which are contributed to a
16 family postsecondary education savings account established under the
17 Kansas postsecondary education savings program or a qualified tuition
18 program established and maintained by another state or agency or
19 instrumentality thereof pursuant to section 529 of the internal revenue
20 code of 1986, as amended, for the purpose of paying the qualified higher
21 education expenses of a designated beneficiary at an institution of
22 postsecondary education. The terms and phrases used in this paragraph
23 shall have the meaning respectively ascribed thereto by the provisions of
24 K.S.A. 2011 Supp. 75-643, and amendments thereto, and the provisions of
25 such section are hereby incorporated by reference for all purposes thereof.

26 (xvi) For the tax year beginning after December 31, 2004, an amount
27 not exceeding \$500; for the tax year beginning after December 31, 2005,
28 an amount not exceeding \$600; for the tax year beginning after December
29 31, 2006, an amount not exceeding \$700; for the tax year beginning after
30 December 31, 2007, an amount not exceeding \$800; for the tax year
31 beginning December 31, 2008, an amount not exceeding \$900; and for all
32 taxable years commencing after December 31, 2009, an amount not
33 exceeding \$1,000 of the premium costs for qualified long-term care
34 insurance contracts, as defined by subsection (b) of section 7702B of
35 public law 104-191.

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

1 a result of such taxpayer's service in the armed forces of the United States,
2 including service in the Kansas army and air national guard.

3 (xviii) For all taxable years beginning after December 31, 2004,
4 amounts received by taxpayers who are eligible members of the Kansas
5 army and air national guard as a reimbursement pursuant to K.S.A. 48-
6 281, and amendments thereto, and amounts received for death benefits
7 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
8 1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and
9 amendments thereto, to the extent that such death benefits are included in
10 federal adjusted gross income of the taxpayer.

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

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

24 (xxi) *The amount of any: (1) Net profit from business not to exceed*
25 *\$100,000 for tax years 2013, 2014 and 2015, not to exceed \$250,000 for*
26 *tax years 2016 and 2017, and any net profit for tax year 2018, and all tax*
27 *years thereafter, as determined under the federal internal revenue code*
28 *and reported from schedule C and on line 12 of the taxpayer's form 1040*
29 *federal individual income tax return; (2) net income not to exceed*
30 *\$100,000 for tax years 2013, 2014 and 2015, not to exceed \$250,000 for*
31 *tax years 2016 and 2017, and any net income for tax year 2018, and all*
32 *tax years thereafter, from rental real estate, royalties, partnerships, S*
33 *corporations, estates, trusts, residual interest in real estate mortgage*
34 *investment conduits and net farm rental as determined under the federal*
35 *internal revenue code and reported from schedule E and on line 17 of the*
36 *taxpayer's form 1040 federal individual income tax return; and (3) net*
37 *farm profit not to exceed \$100,000 for tax years 2013, 2014 and 2015, not*
38 *to exceed \$250,000 for tax years 2016 and 2017, and net farm profit for*
39 *tax year 2018, and all tax years thereafter, as determined under the*
40 *federal internal revenue code and reported from schedule F and on line 18*
41 *of the taxpayer's form 1040 federal income tax return; all to the extent*
42 *included in the taxpayer's federal adjusted gross income. For purposes of*
43 *this subsection, references to the federal form 1040 and federal schedule*

1 *C, schedule E, and schedule F, shall be to such form and schedules as they*
2 *existed for tax year 2011 and as revised thereafter by the internal revenue*
3 *service.*

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

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

13 Sec. ~~9~~ **{10}**. K.S.A. 2011 Supp. 79-32,119 is hereby amended to read
14 as follows: 79-32,119. The Kansas standard deduction of an individual,
15 including a husband and wife who are either both residents or who file a
16 joint return as if both were residents, shall be equal to the sum of the
17 standard deduction amount allowed pursuant to this section, and the
18 additional standard deduction amount allowed pursuant to this section for
19 each such deduction allowable to such individual or to such husband and
20 wife under the federal internal revenue code. For tax year 1998, and all tax
21 years thereafter, the standard deduction amount shall be as follows: Single
22 individual filing status, \$3,000; married filing status, \$6,000; and head of
23 household filing status, \$4,500. For tax year 1998, ~~and all tax years~~
24 ~~thereafter~~ *through tax year 2013*, the additional standard deduction amount
25 shall be as follows: Single individual and head of household filing status,
26 \$850; and married filing status, \$700. *For tax year 2014, and all tax years*
27 *thereafter, the standard deduction amount of an individual, including*
28 *husband and wife who are either both residents or who file a joint return*
29 *as if both were residents, shall be as follows: Single individual filing*
30 *status, \$3,000; married filing status, \$6,000; and head of household filing*
31 *status, \$9,000. For purposes of the foregoing, the federal standard*
32 *deduction allowable to a husband and wife filing separate Kansas income*
33 *tax returns shall be determined on the basis that separate federal returns*
34 *were filed, and the federal standard deduction of a husband and wife filing*
35 *a joint Kansas income tax return shall be determined on the basis that a*
36 *joint federal income tax return was filed.*

37 Sec. ~~10~~ **{11}**. K.S.A. 79-32,128 is hereby amended to read as follows:
38 79-32,128. An individual who is a resident of Kansas for part of a year
39 shall have the election to:

40 (a) Report and compute ~~his or her~~ *such individual's* Kansas tax as if
41 ~~he or she were~~ *such individual was* a resident for the entire year and take
42 the applicable credit as provided in K.S.A. 79-32,111, *and amendments*
43 *thereto; or*

1 (b) report and compute ~~his or her~~ *such individual's* Kansas tax as if he
2 ~~or she were~~ *such individual* was a nonresident for the entire year, except,
3 however, that for purposes of this computation the following modifications
4 shall be made: ~~(i)~~(1) modified Kansas source income for that period during
5 which such individual was a resident shall include all items of income,
6 gain, loss or deductions *as set forth in K.S.A. 79-32,117, and amendments*
7 *thereto*, whether or not derived from sources within Kansas; and ~~(ii)~~(2) the
8 credit provided by K.S.A. 79-32,111, *and amendments thereto*, shall be
9 allowed. For purposes of computing such credit, the amount of income
10 taxes paid to another state shall be deemed to be limited by an amount
11 which bears the same proportion to the total taxes paid to such other state
12 for such year as the amount of *Kansas* adjusted gross income derived from
13 sources within that state while such individual was a resident bears to the
14 total *Kansas* adjusted gross income derived from sources within such state
15 for such year.

16 Sec. ~~11~~{12}. K.S.A. 2011 Supp. 79-32,138 is hereby amended to
17 read as follows: 79-32,138. (a) Kansas taxable income of a corporation
18 taxable under this act shall be the corporation's federal taxable income for
19 the taxable year with the modifications specified in this section.

20 (b) There shall be added to federal taxable income: (i) The same
21 modifications as are set forth in subsection (b) of K.S.A. 79-32,117, and
22 amendments thereto, with respect to resident individuals, *except*
23 *subsections (b)(xix), (b)(xx), (b)(xxi) ~~and~~ (b)(xxii) and (b)(xxiii)*.

24 (ii) The amount of all depreciation deductions claimed for any
25 property upon which the deduction allowed by K.S.A. 2011 Supp. 79-
26 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-
27 32,255 or 79-32,256, and amendments thereto, is claimed.

28 (iii) The amount of any charitable contribution deduction claimed for
29 any contribution or gift to or for the use of any racially segregated
30 educational institution.

31 (c) There shall be subtracted from federal taxable income: (i) The
32 same modifications as are set forth in subsection (c) of K.S.A. 79-32,117,
33 and amendments thereto, with respect to resident individuals, *except*
34 *subsection (c)(xix)*.

35 (ii) The federal income tax liability for any taxable year commencing
36 prior to December 31, 1971, for which a Kansas return was filed after
37 reduction for all credits thereon, except credits for payments on estimates
38 of federal income tax, credits for gasoline and lubricating oil tax, and for
39 foreign tax credits if, on the Kansas income tax return for such prior year,
40 the federal income tax deduction was computed on the basis of the federal
41 income tax paid in such prior year, rather than as accrued. Notwithstanding
42 the foregoing, the deduction for federal income tax liability for any year
43 shall not exceed that portion of the total federal income tax liability for

1 such year which bears the same ratio to the total federal income tax
2 liability for such year as the Kansas taxable income, as computed before
3 any deductions for federal income taxes and after application of
4 subsections (d) and (e) of this section as existing for such year, bears to the
5 federal taxable income for the same year.

6 (iii) An amount for the amortization deduction allowed pursuant to
7 K.S.A. 2011 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-
8 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.

9 (iv) For all taxable years commencing after December 31, 1987, the
10 amount included in federal taxable income pursuant to the provisions of
11 section 78 of the internal revenue code.

12 (v) For all taxable years commencing after December 31, 1987, 80%
13 of dividends from corporations incorporated outside of the United States
14 or the District of Columbia which are included in federal taxable income.

15 (d) If any corporation derives all of its income from sources within
16 Kansas in any taxable year commencing after December 31, 1979, its
17 Kansas taxable income shall be the sum resulting after application of
18 subsections (a) through (c) hereof. Otherwise, such corporation's Kansas
19 taxable income in any such taxable year, after excluding any refunds of
20 federal income tax and before the deduction of federal income taxes
21 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-
22 3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any
23 refund of federal income tax as determined under paragraph (iv) of
24 subsection (b) of K.S.A. 79-32,117, and amendments thereto, and minus
25 the deduction for federal income taxes as provided by subsection (c)(ii)
26 shall be such corporation's Kansas taxable income.

27 (e) A corporation may make an election with respect to its first
28 taxable year commencing after December 31, 1982, whereby no addition
29 modifications as provided for in subsection (b)(ii) of K.S.A. 79-32,138,
30 *and amendments thereto*, and subtraction modifications as provided for in
31 subsection (c)(iii) of K.S.A. 79-32,138, *and amendments thereto*, as those
32 subsections existed prior to their amendment by this act, shall be required
33 to be made for such taxable year.

34 Sec. 12. — K.S.A. 2011 Supp. 79-32,143 is hereby amended to read as
35 follows: 79-32,143. (a) For net operating losses incurred in taxable years
36 beginning after December 31, 1987, a net operating loss deduction shall be
37 allowed in the same manner that it is allowed under the federal internal
38 revenue code except that such net operating loss may only be carried
39 forward to each of the 10 taxable years following the taxable year of the
40 net operating loss. For net operating farm losses, as defined by subsection
41 (i) of section 172 of the federal internal revenue code, incurred in taxable
42 years beginning after December 31, 1999, a net operating loss deduction
43 shall be allowed in the same manner that it is allowed under the federal

1 ~~internal revenue code except that such net operating loss may be carried~~
2 ~~forward to each of the 10 taxable years following the taxable year of the~~
3 ~~net operating loss. The amount of the net operating loss that may be~~
4 ~~carried back or forward for Kansas income tax purposes shall be that~~
5 ~~portion of the federal net operating loss allocated to Kansas under this act~~
6 ~~in the taxable year that the net operating loss is sustained.~~

7 ~~(b) The amount of the loss to be carried back or forward will be the~~
8 ~~federal net operating loss after: (1) All modifications required under this~~
9 ~~act applicable to the net loss in the year the loss was incurred; and (2) after~~
10 ~~apportionment as to source in the case of corporations, nonresident~~
11 ~~individuals for losses incurred in taxable years beginning prior to January~~
12 ~~1, 1978, and nonresident estates and trusts in the same manner that income~~
13 ~~for such corporations, nonresident individuals, estates and trusts is~~
14 ~~required to be apportioned.~~

15 ~~(c) If a net operating loss was incurred in a taxable year beginning~~
16 ~~prior to January 1, 1988, the amount of the net operating loss that may be~~
17 ~~carried back and carried forward and the period for which it may be~~
18 ~~carried back and carried forward shall be determined under the provisions~~
19 ~~of the Kansas income tax laws which were in effect during the year that~~
20 ~~such net operating loss was incurred.~~

21 ~~(d) If any portion of a net operating loss described in subsections (a)~~
22 ~~and (b) is not utilized prior to the final year of the carryforward period~~
23 ~~provided in subsection (a), a refund shall be allowable in such final year in~~
24 ~~an amount equal to the refund which would have been allowable in the~~
25 ~~taxable year the loss was incurred by utilizing the three year carryback~~
26 ~~provided under K.S.A. 79-32,143, as in effect on December 31, 1987,~~
27 ~~multiplied by a fraction, the numerator of which is the unused portion of~~
28 ~~such net operating loss in the final year, and the denominator of which is~~
29 ~~the amount of such net operating loss which could have been carried back~~
30 ~~to the three years immediately preceding the year in which the loss was~~
31 ~~incurred. In no event may such fraction exceed 1.~~

32 ~~(e) Notwithstanding any other provisions of the Kansas income tax~~
33 ~~act, the net operating loss as computed under subsections (a), (b) and (c) of~~
34 ~~this section shall be allowed in full in determining Kansas taxable income~~
35 ~~or at the option of the taxpayer allowed in full in determining Kansas~~
36 ~~adjusted gross income.~~

37 ~~(f) Commencing in tax year 2013, and all tax years thereafter, no~~
38 ~~refund of income tax which results from a net operating farm loss carry-~~
39 ~~back shall be allowed in an amount exceeding \$1,500 in any year. Any~~
40 ~~overpayment in excess of \$1,500 may be carried forward to any year or~~
41 ~~years after the year of the loss and may be claimed as a credit against the~~
42 ~~tax. The refundable portion of such credit shall not exceed \$1,500 in any~~
43 ~~year.~~

1 ~~Sec. 13. — K.S.A. 79-32,176 is hereby amended to read as follows: 79-~~
 2 ~~32,176. (a) Any resident individual taxpayer who makes expenditures for~~
 3 ~~the purpose of making all or any portion of an existing facility accessible~~
 4 ~~to individuals with a disability, which facility is used as, or in connection~~
 5 ~~with, such taxpayer's principal dwelling or the principal dwelling of a~~
 6 ~~lineal ascendant or descendant, including construction of a small barrier~~
 7 ~~free living unit attached to such principal dwelling, shall be entitled to~~
 8 ~~claim a tax credit in an amount equal to the applicable percentage of such~~
 9 ~~expenditures or \$9,000, whichever is less, against the income tax liability~~
 10 ~~imposed against such taxpayer pursuant to article 32 of chapter 79 of the~~
 11 ~~Kansas Statutes Annotated, and amendments thereto. Nothing in this~~
 12 ~~subsection shall be deemed to prevent any such taxpayer from claiming~~
 13 ~~such credit: (1) For each principal dwelling in which the taxpayer or lineal~~
 14 ~~ascendant or descendant may reside, or facility used in connection~~
 15 ~~therewith; or (2) more than once, but not more often than once every four-~~
 16 ~~year period of time. The applicable percentage of such expenditures~~
 17 ~~eligible for credit shall be as set forth in the following schedule:~~

	% of
Taxpayers _____	expenditures
Kansas Adjusted _____	eligible for
Gross Income _____	credit
\$0 to \$25,000	100%
Over \$25,000 but not over \$30,000	90%
Over \$30,000 but not over \$35,000	80%
Over \$35,000 but not over \$40,000	70%
Over \$40,000 but not over \$45,000	60%
Over \$45,000 but not over \$55,000	50%
Over \$55,000	0

29 ~~Such tax credit shall be deducted from the taxpayer's income tax~~
 30 ~~liability for the taxable year in which the expenditures are made by the~~
 31 ~~taxpayer. If the amount of such tax credit exceeds the taxpayer's income~~
 32 ~~tax liability for such taxable year, the amount thereof which exceeds such~~
 33 ~~tax liability may be carried over for deduction from the taxpayer's income~~
 34 ~~tax liability in the next succeeding taxable year or years until the total~~
 35 ~~amount of the tax credit has been deducted from tax liability, except that~~
 36 ~~no such tax credit shall be carried over for deduction after the fourth~~
 37 ~~taxable year succeeding the taxable year in which the expenditures are~~
 38 ~~made.~~

39 ~~(b) — Notwithstanding the provisions of subsection (a), if the amount of~~
 40 ~~the taxpayer's tax liability is less than \$2,250 in the first year in which the~~
 41 ~~credit is claimed under this section, an amount equal to the amount by~~
 42 ~~which 1/4 of the credit allowable under this section exceeds such tax~~
 43 ~~liability shall be refunded to the taxpayer and the amount by which such~~

1 ~~credit exceeds such tax liability less the amount of such refund may be~~
2 ~~carried over for the next three succeeding taxable years. If the amount of~~
3 ~~the taxpayer's tax liability is less than \$2,250 in the second year in which~~
4 ~~the credit is claimed under this section, an amount equal to the amount by~~
5 ~~which 1/3 of the amount of the credit carried over from the first taxable~~
6 ~~year exceeds such tax liability shall be refunded to the taxpayer and the~~
7 ~~amount by which the amount of the credit carried over from the first~~
8 ~~taxable year exceeds such tax liability less the amount of such refund may~~
9 ~~be carried over for the next two succeeding taxable years. If the amount of~~
10 ~~the taxpayer's tax liability is less than \$2,250 in the third year in which the~~
11 ~~credit is claimed under this section, an amount equal to the amount by~~
12 ~~which 1/2 of the amount carried over from the second taxable year exceeds~~
13 ~~such tax liability shall be refunded to the taxpayer and the amount by~~
14 ~~which the amount of the credit carried over from the second taxable year~~
15 ~~exceeds such tax liability less the amount of such refund may be carried~~
16 ~~over to the next succeeding taxable year. If the amount of the credit carried~~
17 ~~over from the third taxable year exceeds the taxpayer's income tax liability~~
18 ~~for such year, the amount thereof which exceeds such tax liability shall be~~
19 ~~refunded to the taxpayer. The provisions of this subsection shall not be~~
20 ~~effective for tax year 2013, and all tax years thereafter.~~

21 ~~Sec. 14. K.S.A. 2011 Supp. 79-32,197 is hereby amended to read as~~
22 ~~follows: 79-32,197. The amount of credit allowed pursuant to K.S.A. 79-~~
23 ~~32,196, and amendments thereto, shall not exceed 50% of the total amount~~
24 ~~contributed during the taxable year by the business firm to a community~~
25 ~~service organization or governmental entity for programs approved~~
26 ~~pursuant to K.S.A. 79-32,198, and amendments thereto. The amount of~~
27 ~~credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto,~~
28 ~~shall not exceed 70% of the total amount contributed during the taxable~~
29 ~~year by the business firm in a rural community to a community service~~
30 ~~organization or governmental entity located therein for programs approved~~
31 ~~pursuant to K.S.A. 79-32,198, and amendments thereto. If Commencing in~~
32 ~~tax year 2013, and all tax years thereafter, the amount of the credit~~
33 ~~allowed by K.S.A. 79-32,196, and amendments thereto, exceeds shall not~~
34 ~~exceed the taxpayer's income tax liability imposed under the Kansas~~
35 ~~income tax act, such excess amount shall be refunded to the taxpayer~~
36 ~~reduced by the sum of any other credits allowable against the tax liability~~
37 ~~of the taxpayer pursuant to law. In no event shall the total amount of~~
38 ~~credits allowed under this section exceed \$4,130,000 for any one fiscal~~
39 ~~year.~~

40 ~~Sec. 15 {13}. K.S.A. 2011 Supp. 79-32,205 is hereby amended to~~
41 ~~read as follows: 79-32,205. (a) There shall be allowed as a credit against~~
42 ~~the tax liability of a resident individual imposed under the Kansas income~~
43 ~~tax act an amount equal to 18% for tax years 2010 through 2012, and an~~

1 amount equal to 17% for tax year 2013, and an amount equal to 9% for
2 tax year 2014, and all tax years thereafter, of the amount of the earned
3 income credit allowed against such taxpayer's federal income tax liability
4 pursuant to section 32 of the federal internal revenue code for the taxable
5 year in which such credit was claimed against the taxpayer's federal
6 income tax liability.

7 (b) ~~If Commencing in tax year 2013, and all tax years thereafter, {If~~
8 the amount of the credit allowed by subsection (a) exceeds ~~shall not~~
9 ~~exceed~~{**exceeds**} the taxpayer's income tax liability imposed under the
10 Kansas income tax act, such excess amount shall be refunded to the
11 taxpayer ~~reduced by the sum of any credits allowable against the income~~
12 ~~tax liability of the taxpayer pursuant to law~~{**such excess amount shall be**
13 **refunded to the taxpayer**}.

14 ~~Sec. 16. K.S.A. 2011 Supp. 79-32,210 is hereby amended to read as~~
15 ~~follows: 79-32,210. (a) For all taxable years commencing after December~~
16 ~~31, 2000, and with respect to property initially acquired and first placed~~
17 ~~into service in this state on and after January 1, 2001, there shall be~~
18 ~~allowed as a credit against the tax liability imposed by the Kansas income~~
19 ~~tax act of a telecommunications company, as defined in K.S.A. 79-3271,~~
20 ~~and amendments thereto, an amount equal to the difference between the~~
21 ~~property tax levied for property tax year 2001, and all such years~~
22 ~~thereafter, and actually and timely paid during the appropriate income~~
23 ~~taxable year upon property assessed at the 33% assessment rate and the~~
24 ~~property tax which would be levied and paid on such property if assessed~~
25 ~~at a 25% assessment rate.~~

26 ~~(b) If Commencing in tax year 2013, and all tax years thereafter, the~~
27 ~~amount of the tax credit determined under subsection (a) exceeds shall not~~
28 ~~exceed the tax liability for the telecommunications company for any~~
29 ~~taxable year, the amount thereof which exceeds such tax liability shall be~~
30 ~~refunded to the telecommunications company reduced by the sum of any~~
31 ~~other credits allowable against the tax liability of the taxpayer pursuant to~~
32 ~~law. If the telecommunications company is a corporation having an~~
33 ~~election in effect under subchapter S of the federal internal revenue code, a~~
34 ~~partnership or a limited liability company, the credit provided by this~~
35 ~~section shall be claimed by the shareholders of such corporation, the~~
36 ~~partners of such partnership or the members of such limited liability~~
37 ~~company in the same manner as such shareholders, partners or members~~
38 ~~account for their proportionate shares of income or loss of the corporation,~~
39 ~~partnership or limited liability company.~~

40 ~~(c) As used in this section, the term "acquired" shall not include the~~
41 ~~transfer of property pursuant to an exchange for stock securities, or the~~
42 ~~transfer of assets of one business entity to another due to a merger or other~~
43 ~~consolidation.~~

1 **{Sec. 14. K.S.A. 2011 Supp. 79-3606 is hereby amended to read as**
2 **follows: 79-3606. The following shall be exempt from the tax imposed**
3 **by this act:**

4 **(a) All sales of motor-vehicle fuel or other articles upon which a**
5 **sales or excise tax has been paid, not subject to refund, under the laws**
6 **of this state except cigarettes as defined by K.S.A. 79-3301, and**
7 **amendments thereto, cereal malt beverages and malt products as**
8 **defined by K.S.A. 79-3817, and amendments thereto, including wort,**
9 **liquid malt, malt syrup and malt extract, which is not subject to**
10 **taxation under the provisions of K.S.A. 79-41a02, and amendments**
11 **thereto, motor vehicles taxed pursuant to K.S.A. 79-5117, and**
12 **amendments thereto, tires taxed pursuant to K.S.A. 65-3424d, and**
13 **amendments thereto, drycleaning and laundry services taxed pursuant**
14 **to K.S.A. 65-34,150, and amendments thereto, and gross receipts from**
15 **regulated sports contests taxed pursuant to the Kansas professional**
16 **regulated sports act, and amendments thereto;**

17 **(b) all sales of tangible personal property or service, including the**
18 **renting and leasing of tangible personal property, purchased directly**
19 **by the state of Kansas, a political subdivision thereof, other than a**
20 **school or educational institution, or purchased by a public or private**
21 **nonprofit hospital or public hospital authority or nonprofit blood,**
22 **tissue or organ bank and used exclusively for state, political**
23 **subdivision, hospital or public hospital authority or nonprofit blood,**
24 **tissue or organ bank purposes, except when: (1) Such state, hospital or**
25 **public hospital authority is engaged or proposes to engage in any**
26 **business specifically taxable under the provisions of this act and such**
27 **items of tangible personal property or service are used or proposed to**
28 **be used in such business, or (2) such political subdivision is engaged or**
29 **proposes to engage in the business of furnishing gas, electricity or heat**
30 **to others and such items of personal property or service are used or**
31 **proposed to be used in such business;**

32 **(c) all sales of tangible personal property or services, including**
33 **the renting and leasing of tangible personal property, purchased**
34 **directly by a public or private elementary or secondary school or**
35 **public or private nonprofit educational institution and used primarily**
36 **by such school or institution for nonsectarian programs and activities**
37 **provided or sponsored by such school or institution or in the erection,**
38 **repair or enlargement of buildings to be used for such purposes. The**
39 **exemption herein provided shall not apply to erection, construction,**
40 **repair, enlargement or equipment of buildings used primarily for**
41 **human habitation;**

42 **(d) all sales of tangible personal property or services purchased**
43 **by a contractor for the purpose of constructing, equipping,**

1 reconstructing, maintaining, repairing, enlarging, furnishing or
2 remodeling facilities for any public or private nonprofit hospital or
3 public hospital authority, public or private elementary or secondary
4 school, a public or private nonprofit educational institution, state
5 correctional institution including a privately constructed correctional
6 institution contracted for state use and ownership, which would be
7 exempt from taxation under the provisions of this act if purchased
8 directly by such hospital or public hospital authority, school,
9 educational institution or a state correctional institution; and all sales
10 of tangible personal property or services purchased by a contractor
11 for the purpose of constructing, equipping, reconstructing,
12 maintaining, repairing, enlarging, furnishing or remodeling facilities
13 for any political subdivision of the state or district described in
14 subsection (s), the total cost of which is paid from funds of such
15 political subdivision or district and which would be exempt from
16 taxation under the provisions of this act if purchased directly by such
17 political subdivision or district. Nothing in this subsection or in the
18 provisions of K.S.A. 12-3418, and amendments thereto, shall be
19 deemed to exempt the purchase of any construction machinery,
20 equipment or tools used in the constructing, equipping,
21 reconstructing, maintaining, repairing, enlarging, furnishing or
22 remodeling facilities for any political subdivision of the state or any
23 such district. As used in this subsection, K.S.A. 12-3418 and 79-3640,
24 and amendments thereto, "funds of a political subdivision" shall mean
25 general tax revenues, the proceeds of any bonds and gifts or grants-in-
26 aid. Gifts shall not mean funds used for the purpose of constructing,
27 equipping, reconstructing, repairing, enlarging, furnishing or
28 remodeling facilities which are to be leased to the donor. When any
29 political subdivision of the state, district described in subsection (s),
30 public or private nonprofit hospital or public hospital authority,
31 public or private elementary or secondary school, public or private
32 nonprofit educational institution, state correctional institution
33 including a privately constructed correctional institution contracted
34 for state use and ownership shall contract for the purpose of
35 constructing, equipping, reconstructing, maintaining, repairing,
36 enlarging, furnishing or remodeling facilities, it shall obtain from the
37 state and furnish to the contractor an exemption certificate for the
38 project involved, and the contractor may purchase materials for
39 incorporation in such project. The contractor shall furnish the
40 number of such certificate to all suppliers from whom such purchases
41 are made, and such suppliers shall execute invoices covering the same
42 bearing the number of such certificate. Upon completion of the project
43 the contractor shall furnish to the political subdivision, district

1 described in subsection (s), hospital or public hospital authority,
2 school, educational institution or department of corrections concerned
3 a sworn statement, on a form to be provided by the director of
4 taxation, that all purchases so made were entitled to exemption under
5 this subsection. As an alternative to the foregoing procedure, any such
6 contracting entity may apply to the secretary of revenue for agent
7 status for the sole purpose of issuing and furnishing project exemption
8 certificates to contractors pursuant to rules and regulations adopted
9 by the secretary establishing conditions and standards for the
10 granting and maintaining of such status. All invoices shall be held by
11 the contractor for a period of five years and shall be subject to audit
12 by the director of taxation. If any materials purchased under such a
13 certificate are found not to have been incorporated in the building or
14 other project or not to have been returned for credit or the sales or
15 compensating tax otherwise imposed upon such materials which will
16 not be so incorporated in the building or other project reported and
17 paid by such contractor to the director of taxation not later than the
18 20th day of the month following the close of the month in which it
19 shall be determined that such materials will not be used for the
20 purpose for which such certificate was issued, the political subdivision,
21 district described in subsection (s), hospital or public hospital
22 authority, school, educational institution or the contractor contracting
23 with the department of corrections for a correctional institution
24 concerned shall be liable for tax on all materials purchased for the
25 project, and upon payment thereof it may recover the same from the
26 contractor together with reasonable attorney fees. Any contractor or
27 any agent, employee or subcontractor thereof, who shall use or
28 otherwise dispose of any materials purchased under such a certificate
29 for any purpose other than that for which such a certificate is issued
30 without the payment of the sales or compensating tax otherwise
31 imposed upon such materials, shall be guilty of a misdemeanor and,
32 upon conviction therefor, shall be subject to the penalties provided for
33 in subsection (g) of K.S.A. 79-3615, and amendments thereto;

34 (e) all sales of tangible personal property or services purchased
35 by a contractor for the erection, repair or enlargement of buildings or
36 other projects for the government of the United States, its agencies or
37 instrumentalities, which would be exempt from taxation if purchased
38 directly by the government of the United States, its agencies or
39 instrumentalities. When the government of the United States, its
40 agencies or instrumentalities shall contract for the erection, repair, or
41 enlargement of any building or other project, it shall obtain from the
42 state and furnish to the contractor an exemption certificate for the
43 project involved, and the contractor may purchase materials for

1 incorporation in such project. The contractor shall furnish the
2 number of such certificates to all suppliers from whom such purchases
3 are made, and such suppliers shall execute invoices covering the same
4 bearing the number of such certificate. Upon completion of the project
5 the contractor shall furnish to the government of the United States, its
6 agencies or instrumentalities concerned a sworn statement, on a form
7 to be provided by the director of taxation, that all purchases so made
8 were entitled to exemption under this subsection. As an alternative to
9 the foregoing procedure, any such contracting entity may apply to the
10 secretary of revenue for agent status for the sole purpose of issuing
11 and furnishing project exemption certificates to contractors pursuant
12 to rules and regulations adopted by the secretary establishing
13 conditions and standards for the granting and maintaining of such
14 status. All invoices shall be held by the contractor for a period of five
15 years and shall be subject to audit by the director of taxation. Any
16 contractor or any agent, employee or subcontractor thereof, who shall
17 use or otherwise dispose of any materials purchased under such a
18 certificate for any purpose other than that for which such a certificate
19 is issued without the payment of the sales or compensating tax
20 otherwise imposed upon such materials, shall be guilty of a
21 misdemeanor and, upon conviction therefor, shall be subject to the
22 penalties provided for in subsection (g) of K.S.A. 79-3615, and
23 amendments thereto;

24 (f) tangible personal property purchased by a railroad or public
25 utility for consumption or movement directly and immediately in
26 interstate commerce;

27 (g) sales of aircraft including remanufactured and modified
28 aircraft sold to persons using directly or through an authorized agent
29 such aircraft as certified or licensed carriers of persons or property in
30 interstate or foreign commerce under authority of the laws of the
31 United States or any foreign government or sold to any foreign
32 government or agency or instrumentality of such foreign government
33 and all sales of aircraft for use outside of the United States and sales of
34 aircraft repair, modification and replacement parts and sales of
35 services employed in the remanufacture, modification and repair of
36 aircraft;

37 (h) all rentals of nonsectarian textbooks by public or private
38 elementary or secondary schools;

39 (i) the lease or rental of all films, records, tapes, or any type of
40 sound or picture transcriptions used by motion picture exhibitors;

41 (j) meals served without charge or food used in the preparation of
42 such meals to employees of any restaurant, eating house, dining car,
43 hotel, drugstore or other place where meals or drinks are regularly

1 sold to the public if such employees' duties are related to the
2 furnishing or sale of such meals or drinks;

3 (k) any motor vehicle, semitrailer or pole trailer, as such terms
4 are defined by K.S.A. 8-126, and amendments thereto, or aircraft sold
5 and delivered in this state to a bona fide resident of another state,
6 which motor vehicle, semitrailer, pole trailer or aircraft is not to be
7 registered or based in this state and which vehicle, semitrailer, pole
8 trailer or aircraft will not remain in this state more than 10 days;

9 (l) all isolated or occasional sales of tangible personal property,
10 services, substances or things, except isolated or occasional sale of
11 motor vehicles specifically taxed under the provisions of subsection (o)
12 of K.S.A. 79-3603, and amendments thereto;

13 (m) all sales of tangible personal property which become an
14 ingredient or component part of tangible personal property or services
15 produced, manufactured or compounded for ultimate sale at retail
16 within or without the state of Kansas; and any such producer,
17 manufacturer or compounder may obtain from the director of
18 taxation and furnish to the supplier an exemption certificate number
19 for tangible personal property for use as an ingredient or component
20 part of the property or services produced, manufactured or
21 compounded;

22 (n) all sales of tangible personal property which is consumed in
23 the production, manufacture, processing, mining, drilling, refining or
24 compounding of tangible personal property, the treating of by-
25 products or wastes derived from any such production process, the
26 providing of services or the irrigation of crops for ultimate sale at
27 retail within or without the state of Kansas; and any purchaser of such
28 property may obtain from the director of taxation and furnish to the
29 supplier an exemption certificate number for tangible personal
30 property for consumption in such production, manufacture,
31 processing, mining, drilling, refining, compounding, treating,
32 irrigation and in providing such services;

33 (o) all sales of animals, fowl and aquatic plants and animals, the
34 primary purpose of which is use in agriculture or aquaculture, as
35 defined in K.S.A. 47-1901, and amendments thereto, the production of
36 food for human consumption, the production of animal, dairy, poultry
37 or aquatic plant and animal products, fiber or fur, or the production
38 of offspring for use for any such purpose or purposes;

39 (p) all sales of drugs dispensed pursuant to a prescription order
40 by a licensed practitioner or a mid-level practitioner as defined by
41 K.S.A. 65-1626, and amendments thereto. As used in this subsection,
42 "drug" means a compound, substance or preparation and any
43 component of a compound, substance or preparation, other than food

1 and food ingredients, dietary supplements or alcoholic beverages,
2 recognized in the official United States pharmacopoeia, official
3 homeopathic pharmacopoeia of the United States or official national
4 formulary, and supplement to any of them, intended for use in the
5 diagnosis, cure, mitigation, treatment or prevention of disease or
6 intended to affect the structure or any function of the body;

7 (q) all sales of insulin dispensed by a person licensed by the state
8 board of pharmacy to a person for treatment of diabetes at the
9 direction of a person licensed to practice medicine by the board of
10 healing arts;

11 (r) all sales of oxygen delivery equipment, kidney dialysis
12 equipment, enteral feeding systems, prosthetic devices and mobility
13 enhancing equipment prescribed in writing by a person licensed to
14 practice the healing arts, dentistry or optometry, and in addition to
15 such sales, all sales of hearing aids, as defined by subsection (c) of
16 K.S.A. 74-5807, and amendments thereto, and repair and replacement
17 parts therefor, including batteries, by a person licensed in the practice
18 of dispensing and fitting hearing aids pursuant to the provisions of
19 K.S.A. 74-5808, and amendments thereto. For the purposes of this
20 subsection: (1) "Mobility enhancing equipment" means equipment
21 including repair and replacement parts to same, but does not include
22 durable medical equipment, which is primarily and customarily used
23 to provide or increase the ability to move from one place to another
24 and which is appropriate for use either in a home or a motor vehicle;
25 is not generally used by persons with normal mobility; and does not
26 include any motor vehicle or equipment on a motor vehicle normally
27 provided by a motor vehicle manufacturer; and (2) "prosthetic
28 device" means a replacement, corrective or supportive device
29 including repair and replacement parts for same worn on or in the
30 body to artificially replace a missing portion of the body, prevent or
31 correct physical deformity or malfunction or support a weak or
32 deformed portion of the body;

33 (s) except as provided in K.S.A. 2011 Supp. 82a-2101, and
34 amendments thereto, all sales of tangible personal property or services
35 purchased directly or indirectly by a groundwater management
36 district organized or operating under the authority of K.S.A. 82a-1020
37 et seq., and amendments thereto, by a rural water district organized
38 or operating under the authority of K.S.A. 82a-612, and amendments
39 thereto, or by a water supply district organized or operating under the
40 authority of K.S.A. 19-3501 et seq., 19-3522 et seq. or 19-3545, and
41 amendments thereto, which property or services are used in the
42 construction activities, operation or maintenance of the district;

43 (t) all sales of farm machinery and equipment or aquaculture

1 machinery and equipment, repair and replacement parts therefor and
2 services performed in the repair and maintenance of such machinery
3 and equipment. For the purposes of this subsection the term "farm
4 machinery and equipment or aquaculture machinery and equipment"
5 shall include a work-site utility vehicle, as defined in K.S.A. 8-126, and
6 amendments thereto, and is equipped with a bed or cargo box for
7 hauling materials, and shall also include machinery and equipment
8 used in the operation of Christmas tree farming but shall not include
9 any passenger vehicle, truck, truck tractor, trailer, semitrailer or pole
10 trailer, other than a farm trailer, as such terms are defined by K.S.A.
11 8-126, and amendments thereto. "Farm machinery and equipment"
12 includes precision farming equipment that is portable or is installed or
13 purchased to be installed on farm machinery and equipment.
14 "Precision farming equipment" includes the following items used only
15 in computer-assisted farming, ranching or aquaculture production
16 operations: Soil testing sensors, yield monitors, computers, monitors,
17 software, global positioning and mapping systems, guiding systems,
18 modems, data communications equipment and any necessary
19 mounting hardware, wiring and antennas. Each purchaser of farm
20 machinery and equipment or aquaculture machinery and equipment
21 exempted herein must certify in writing on the copy of the invoice or
22 sales ticket to be retained by the seller that the farm machinery and
23 equipment or aquaculture machinery and equipment purchased will
24 be used only in farming, ranching or aquaculture production.
25 Farming or ranching shall include the operation of a feedlot and farm
26 and ranch work for hire and the operation of a nursery;

27 (u) all leases or rentals of tangible personal property used as a
28 dwelling if such tangible personal property is leased or rented for a
29 period of more than 28 consecutive days;

30 (v) all sales of tangible personal property to any contractor for
31 use in preparing meals for delivery to homebound elderly persons
32 over 60 years of age and to homebound disabled persons or to be
33 served at a group-sitting at a location outside of the home to otherwise
34 homebound elderly persons over 60 years of age and to otherwise
35 homebound disabled persons, as all or part of any food service project
36 funded in whole or in part by government or as part of a private
37 nonprofit food service project available to all such elderly or disabled
38 persons residing within an area of service designated by the private
39 nonprofit organization, and all sales of tangible personal property for
40 use in preparing meals for consumption by indigent or homeless
41 individuals whether or not such meals are consumed at a place
42 designated for such purpose, and all sales of food products by or on
43 behalf of any such contractor or organization for any such purpose;

1 (w) all sales of natural gas, electricity, heat and water delivered
2 through mains, lines or pipes: (1) To residential premises for
3 noncommercial use by the occupant of such premises; (2) for
4 agricultural use and also, for such use, all sales of propane gas; (3) for
5 use in the severing of oil; and (4) to any property which is exempt
6 from property taxation pursuant to K.S.A. 79-201b Second through
7 Sixth. As used in this paragraph, "severing" shall have the meaning
8 ascribed thereto by subsection (k) of K.S.A. 79-4216, and amendments
9 thereto. For all sales of natural gas, electricity and heat delivered
10 through mains, lines or pipes pursuant to the provisions of subsection
11 (w)(1) and (w)(2), the provisions of this subsection shall expire on
12 December 31, 2005;

13 (x) all sales of propane gas, LP-gas, coal, wood and other fuel
14 sources for the production of heat or lighting for noncommercial use
15 of an occupant of residential premises occurring prior to January 1,
16 2006;

17 (y) all sales of materials and services used in the repairing,
18 servicing, altering, maintaining, manufacturing, remanufacturing, or
19 modification of railroad rolling stock for use in interstate or foreign
20 commerce under authority of the laws of the United States;

21 (z) all sales of tangible personal property and services purchased
22 directly by a port authority or by a contractor therefor as provided by
23 the provisions of K.S.A. 12-3418, and amendments thereto;

24 (aa) all sales of materials and services applied to equipment
25 which is transported into the state from without the state for repair,
26 service, alteration, maintenance, remanufacture or modification and
27 which is subsequently transported outside the state for use in the
28 transmission of liquids or natural gas by means of pipeline in
29 interstate or foreign commerce under authority of the laws of the
30 United States;

31 (bb) all sales of used mobile homes or manufactured homes. As
32 used in this subsection: (1) "Mobile homes" and "manufactured
33 homes" shall have the meanings ascribed thereto by K.S.A. 58-4202,
34 and amendments thereto; and (2) "sales of used mobile homes or
35 manufactured homes" means sales other than the original retail sale
36 thereof;

37 (cc) all sales of tangible personal property or services purchased
38 prior to January 1, 2012, except as otherwise provided, for the
39 purpose of and in conjunction with constructing, reconstructing,
40 enlarging or remodeling a business or retail business which meets the
41 requirements established in K.S.A. 74-50,115, and amendments
42 thereto, and the sale and installation of machinery and equipment
43 purchased for installation at any such business or retail business, and

1 all sales of tangible personal property or services purchased on or
2 after January 1, 2012, for the purpose of and in conjunction with
3 constructing, reconstructing, enlarging or remodeling a business
4 which meets the requirements established in K.S.A. 74-50,115(e), and
5 amendments thereto, and the sale and installation of machinery and
6 equipment purchased for installation at any such business. When a
7 person shall contract for the construction, reconstruction,
8 enlargement or remodeling of any such business or retail business,
9 such person shall obtain from the state and furnish to the contractor
10 an exemption certificate for the project involved, and the contractor
11 may purchase materials, machinery and equipment for incorporation
12 in such project. The contractor shall furnish the number of such
13 certificates to all suppliers from whom such purchases are made, and
14 such suppliers shall execute invoices covering the same bearing the
15 number of such certificate. Upon completion of the project the
16 contractor shall furnish to the owner of the business or retail business
17 a sworn statement, on a form to be provided by the director of
18 taxation, that all purchases so made were entitled to exemption under
19 this subsection. All invoices shall be held by the contractor for a
20 period of five years and shall be subject to audit by the director of
21 taxation. Any contractor or any agent, employee or subcontractor
22 thereof, who shall use or otherwise dispose of any materials,
23 machinery or equipment purchased under such a certificate for any
24 purpose other than that for which such a certificate is issued without
25 the payment of the sales or compensating tax otherwise imposed
26 thereon, shall be guilty of a misdemeanor and, upon conviction
27 therefor, shall be subject to the penalties provided for in subsection (g)
28 of K.S.A. 79-3615, and amendments thereto. As used in this
29 subsection, "business" and "retail business" have the meanings
30 respectively ascribed thereto by K.S.A. 74-50,114, and amendments
31 thereto. Project exemption certificates that have been previously
32 issued under this subsection by the department of revenue pursuant to
33 K.S.A. 74-50,115, and amendments thereto, but not including K.S.A.
34 74-50,115(e), and amendments thereto, prior to January 1, 2012, and
35 have not expired will be effective for the term of the project or two
36 years from the effective date of the certificate, whichever occurs
37 earlier. Project exemption certificates that are submitted to the
38 department of revenue prior to January 1, 2012, and are found to
39 qualify will be issued a project exemption certificate that will be
40 effective for a two-year period or for the term of the project,
41 whichever occurs earlier;

42 (dd) all sales of tangible personal property purchased with food
43 stamps issued by the United States department of agriculture;

1 (ee) all sales of lottery tickets and shares made as part of a lottery
2 operated by the state of Kansas;

3 (ff) on and after July 1, 1988, all sales of new mobile homes or
4 manufactured homes to the extent of 40% of the gross receipts,
5 determined without regard to any trade-in allowance, received from
6 such sale. As used in this subsection, "mobile homes" and
7 "manufactured homes" shall have the meanings ascribed thereto by
8 K.S.A. 58-4202, and amendments thereto;

9 (gg) all sales of tangible personal property purchased in
10 accordance with vouchers issued pursuant to the federal special
11 supplemental food program for women, infants and children;

12 (hh) all sales of medical supplies and equipment, including
13 durable medical equipment, purchased directly by a nonprofit skilled
14 nursing home or nonprofit intermediate nursing care home, as defined
15 by K.S.A. 39-923, and amendments thereto, for the purpose of
16 providing medical services to residents thereof. This exemption shall
17 not apply to tangible personal property customarily used for human
18 habitation purposes. As used in this subsection, "durable medical
19 equipment" means equipment including repair and replacement parts
20 for such equipment, which can withstand repeated use, is primarily
21 and customarily used to serve a medical purpose, generally is not
22 useful to a person in the absence of illness or injury and is not worn in
23 or on the body, but does not include mobility enhancing equipment as
24 defined in subsection (r), oxygen delivery equipment, kidney dialysis
25 equipment or enteral feeding systems;

26 (ii) all sales of tangible personal property purchased directly by a
27 nonprofit organization for nonsectarian comprehensive
28 multidiscipline youth development programs and activities provided
29 or sponsored by such organization, and all sales of tangible personal
30 property by or on behalf of any such organization. This exemption
31 shall not apply to tangible personal property customarily used for
32 human habitation purposes;

33 (jj) all sales of tangible personal property or services, including
34 the renting and leasing of tangible personal property, purchased
35 directly on behalf of a community-based mental retardation facility or
36 mental health center organized pursuant to K.S.A. 19-4001 et seq.,
37 and amendments thereto, and licensed in accordance with the
38 provisions of K.S.A. 75-3307b, and amendments thereto and all sales
39 of tangible personal property or services purchased by contractors
40 during the time period from July, 2003, through June, 2006, for the
41 purpose of constructing, equipping, maintaining or furnishing a new
42 facility for a community-based mental retardation facility or mental
43 health center located in Riverton, Cherokee County, Kansas, which

1 would have been eligible for sales tax exemption pursuant to this
2 subsection if purchased directly by such facility or center. This
3 exemption shall not apply to tangible personal property customarily
4 used for human habitation purposes;

5 (kk) (1) (A) all sales of machinery and equipment which are used
6 in this state as an integral or essential part of an integrated production
7 operation by a manufacturing or processing plant or facility;

8 (B) all sales of installation, repair and maintenance services
9 performed on such machinery and equipment; and

10 (C) all sales of repair and replacement parts and accessories
11 purchased for such machinery and equipment.

12 (2) For purposes of this subsection:

13 (A) "Integrated production operation" means an integrated
14 series of operations engaged in at a manufacturing or processing plant
15 or facility to process, transform or convert tangible personal property
16 by physical, chemical or other means into a different form,
17 composition or character from that in which it originally existed.
18 Integrated production operations shall include: (i) Production line
19 operations, including packaging operations; (ii) preproduction
20 operations to handle, store and treat raw materials; (iii) post
21 production handling, storage, warehousing and distribution
22 operations; and (iv) waste, pollution and environmental control
23 operations, if any;

24 (B) "production line" means the assemblage of machinery and
25 equipment at a manufacturing or processing plant or facility where
26 the actual transformation or processing of tangible personal property
27 occurs;

28 (C) "manufacturing or processing plant or facility" means a
29 single, fixed location owned or controlled by a manufacturing or
30 processing business that consists of one or more structures or
31 buildings in a contiguous area where integrated production operations
32 are conducted to manufacture or process tangible personal property
33 to be ultimately sold at retail. Such term shall not include any facility
34 primarily operated for the purpose of conveying or assisting in the
35 conveyance of natural gas, electricity, oil or water. A business may
36 operate one or more manufacturing or processing plants or facilities at
37 different locations to manufacture or process a single product of
38 tangible personal property to be ultimately sold at retail;

39 (D) "manufacturing or processing business" means a business
40 that utilizes an integrated production operation to manufacture,
41 process, fabricate, finish, or assemble items for wholesale and retail
42 distribution as part of what is commonly regarded by the general
43 public as an industrial manufacturing or processing operation or an

1 agricultural commodity processing operation. (i) Industrial
2 manufacturing or processing operations include, by way of illustration
3 but not of limitation, the fabrication of automobiles, airplanes,
4 machinery or transportation equipment, the fabrication of metal,
5 plastic, wood, or paper products, electricity power generation, water
6 treatment, petroleum refining, chemical production, wholesale
7 bottling, newspaper printing, ready mixed concrete production, and
8 the remanufacturing of used parts for wholesale or retail sale. Such
9 processing operations shall include operations at an oil well, gas well,
10 mine or other excavation site where the oil, gas, minerals, coal, clay,
11 stone, sand or gravel that has been extracted from the earth is cleaned,
12 separated, crushed, ground, milled, screened, washed, or otherwise
13 treated or prepared before its transmission to a refinery or before any
14 other wholesale or retail distribution. (ii) Agricultural commodity
15 processing operations include, by way of illustration but not of
16 limitation, meat packing, poultry slaughtering and dressing,
17 processing and packaging farm and dairy products in sealed
18 containers for wholesale and retail distribution, feed grinding, grain
19 milling, frozen food processing, and grain handling, cleaning,
20 blending, fumigation, drying and aeration operations engaged in by
21 grain elevators or other grain storage facilities. (iii) Manufacturing or
22 processing businesses do not include, by way of illustration but not of
23 limitation, nonindustrial businesses whose operations are primarily
24 retail and that produce or process tangible personal property as an
25 incidental part of conducting the retail business, such as retailers who
26 bake, cook or prepare food products in the regular course of their
27 retail trade, grocery stores, meat lockers and meat markets that
28 butcher or dress livestock or poultry in the regular course of their
29 retail trade, contractors who alter, service, repair or improve real
30 property, and retail businesses that clean, service or refurbish and
31 repair tangible personal property for its owner;

32 (E) "repair and replacement parts and accessories" means all
33 parts and accessories for exempt machinery and equipment,
34 including, but not limited to, dies, jigs, molds, patterns and safety
35 devices that are attached to exempt machinery or that are otherwise
36 used in production, and parts and accessories that require periodic
37 replacement such as belts, drill bits, grinding wheels, grinding balls,
38 cutting bars, saws, refractory brick and other refractory items for
39 exempt kiln equipment used in production operations;

40 (F) "primary" or "primarily" mean more than 50% of the time.

41 (3) For purposes of this subsection, machinery and equipment
42 shall be deemed to be used as an integral or essential part of an
43 integrated production operation when used:

- 1 (A) To receive, transport, convey, handle, treat or store raw
2 materials in preparation of its placement on the production line;
- 3 (B) to transport, convey, handle or store the property undergoing
4 manufacturing or processing at any point from the beginning of the
5 production line through any warehousing or distribution operation of
6 the final product that occurs at the plant or facility;
- 7 (C) to act upon, effect, promote or otherwise facilitate a physical
8 change to the property undergoing manufacturing or processing;
- 9 (D) to guide, control or direct the movement of property
10 undergoing manufacturing or processing;
- 11 (E) to test or measure raw materials, the property undergoing
12 manufacturing or processing or the finished product, as a necessary
13 part of the manufacturer's integrated production operations;
- 14 (F) to plan, manage, control or record the receipt and flow of
15 inventories of raw materials, consumables and component parts, the
16 flow of the property undergoing manufacturing or processing and the
17 management of inventories of the finished product;
- 18 (G) to produce energy for, lubricate, control the operating of or
19 otherwise enable the functioning of other production machinery and
20 equipment and the continuation of production operations;
- 21 (H) to package the property being manufactured or processed in
22 a container or wrapping in which such property is normally sold or
23 transported;
- 24 (I) to transmit or transport electricity, coke, gas, water, steam or
25 similar substances used in production operations from the point of
26 generation, if produced by the manufacturer or processor at the plant
27 site, to that manufacturer's production operation; or, if purchased or
28 delivered from offsite, from the point where the substance enters the
29 site of the plant or facility to that manufacturer's production
30 operations;
- 31 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,
32 oil, solvents or other substances that are used in production
33 operations;
- 34 (K) to provide and control an environment required to maintain
35 certain levels of air quality, humidity or temperature in special and
36 limited areas of the plant or facility, where such regulation of
37 temperature or humidity is part of and essential to the production
38 process;
- 39 (L) to treat, transport or store waste or other byproducts of
40 production operations at the plant or facility; or
- 41 (M) to control pollution at the plant or facility where the
42 pollution is produced by the manufacturing or processing operation.
- 43 (4) The following machinery, equipment and materials shall be

1 deemed to be exempt even though it may not otherwise qualify as
2 machinery and equipment used as an integral or essential part of an
3 integrated production operation: (A) Computers and related
4 peripheral equipment that are utilized by a manufacturing or
5 processing business for engineering of the finished product or for
6 research and development or product design; (B) machinery and
7 equipment that is utilized by a manufacturing or processing business
8 to manufacture or rebuild tangible personal property that is used in
9 manufacturing or processing operations, including tools, dies, molds,
10 forms and other parts of qualifying machinery and equipment; (C)
11 portable plants for aggregate concrete, bulk cement and asphalt
12 including cement mixing drums to be attached to a motor vehicle; (D)
13 industrial fixtures, devices, support facilities and special foundations
14 necessary for manufacturing and production operations, and
15 materials and other tangible personal property sold for the purpose of
16 fabricating such fixtures, devices, facilities and foundations. An
17 exemption certificate for such purchases shall be signed by the
18 manufacturer or processor. If the fabricator purchases such material,
19 the fabricator shall also sign the exemption certificate; and (E) a
20 manufacturing or processing business' laboratory equipment that is
21 not located at the plant or facility, but that would otherwise qualify for
22 exemption under subsection (3)(E).

23 (5) "Machinery and equipment used as an integral or essential
24 part of an integrated production operation" shall not include:

25 (A) Machinery and equipment used for nonproduction purposes,
26 including, but not limited to, machinery and equipment used for plant
27 security, fire prevention, first aid, accounting, administration, record
28 keeping, advertising, marketing, sales or other related activities, plant
29 cleaning, plant communications, and employee work scheduling;

30 (B) machinery, equipment and tools used primarily in
31 maintaining and repairing any type of machinery and equipment or
32 the building and plant;

33 (C) transportation, transmission and distribution equipment not
34 primarily used in a production, warehousing or material handling
35 operation at the plant or facility, including the means of conveyance of
36 natural gas, electricity, oil or water, and equipment related thereto,
37 located outside the plant or facility;

38 (D) office machines and equipment including computers and
39 related peripheral equipment not used directly and primarily to
40 control or measure the manufacturing process;

41 (E) furniture and other furnishings;

42 (F) buildings, other than exempt machinery and equipment that
43 is permanently affixed to or becomes a physical part of the building,

1 and any other part of real estate that is not otherwise exempt;

2 (G) building fixtures that are not integral to the manufacturing
3 operation, such as utility systems for heating, ventilation, air
4 conditioning, communications, plumbing or electrical;

5 (H) machinery and equipment used for general plant heating,
6 cooling and lighting;

7 (I) motor vehicles that are registered for operation on public
8 highways; or

9 (J) employee apparel, except safety and protective apparel that is
10 purchased by an employer and furnished gratuitously to employees
11 who are involved in production or research activities.

12 (6) Subsections (3) and (5) shall not be construed as exclusive
13 listings of the machinery and equipment that qualify or do not qualify
14 as an integral or essential part of an integrated production operation.
15 When machinery or equipment is used as an integral or essential part
16 of production operations part of the time and for nonproduction
17 purpose at other times, the primary use of the machinery or
18 equipment shall determine whether or not such machinery or
19 equipment qualifies for exemption.

20 (7) The secretary of revenue shall adopt rules and regulations
21 necessary to administer the provisions of this subsection;

22 (ll) all sales of educational materials purchased for distribution to
23 the public at no charge by a nonprofit corporation organized for the
24 purpose of encouraging, fostering and conducting programs for the
25 improvement of public health;

26 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
27 herbicides, germicides, pesticides and fungicides; and services,
28 purchased and used for the purpose of producing plants in order to
29 prevent soil erosion on land devoted to agricultural use;

30 (nn) except as otherwise provided in this act, all sales of services
31 rendered by an advertising agency or licensed broadcast station or any
32 member, agent or employee thereof;

33 (oo) all sales of tangible personal property purchased by a
34 community action group or agency for the exclusive purpose of
35 repairing or weatherizing housing occupied by low income
36 individuals;

37 (pp) all sales of drill bits and explosives actually utilized in the
38 exploration and production of oil or gas;

39 (qq) all sales of tangible personal property and services
40 purchased by a nonprofit museum or historical society or any
41 combination thereof, including a nonprofit organization which is
42 organized for the purpose of stimulating public interest in the
43 exploration of space by providing educational information, exhibits

1 and experiences, which is exempt from federal income taxation
2 pursuant to section 501(c)(3) of the federal internal revenue code of
3 1986;

4 (rr) all sales of tangible personal property which will admit the
5 purchaser thereof to any annual event sponsored by a nonprofit
6 organization which is exempt from federal income taxation pursuant
7 to section 501(c)(3) of the federal internal revenue code of 1986;

8 (ss) all sales of tangible personal property and services purchased
9 by a public broadcasting station licensed by the federal
10 communications commission as a noncommercial educational
11 television or radio station;

12 (tt) all sales of tangible personal property and services purchased
13 by or on behalf of a not-for-profit corporation which is exempt from
14 federal income taxation pursuant to section 501(c)(3) of the federal
15 internal revenue code of 1986, for the sole purpose of constructing a
16 Kansas Korean War memorial;

17 (uu) all sales of tangible personal property and services
18 purchased by or on behalf of any rural volunteer fire-fighting
19 organization for use exclusively in the performance of its duties and
20 functions;

21 (vv) all sales of tangible personal property purchased by any of
22 the following organizations which are exempt from federal income
23 taxation pursuant to section 501(c)(3) of the federal internal revenue
24 code of 1986, for the following purposes, and all sales of any such
25 property by or on behalf of any such organization for any such
26 purpose:

27 (1) The American Heart Association, Kansas Affiliate, Inc. for the
28 purposes of providing education, training, certification in emergency
29 cardiac care, research and other related services to reduce disability
30 and death from cardiovascular diseases and stroke;

31 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose
32 of advocacy for persons with mental illness and to education, research
33 and support for their families;

34 (3) the Kansas Mental Illness Awareness Council for the purposes
35 of advocacy for persons who are mentally ill and to education,
36 research and support for them and their families;

37 (4) the American Diabetes Association Kansas Affiliate, Inc. for
38 the purpose of eliminating diabetes through medical research, public
39 education focusing on disease prevention and education, patient
40 education including information on coping with diabetes, and
41 professional education and training;

42 (5) the American Lung Association of Kansas, Inc. for the
43 purpose of eliminating all lung diseases through medical research,

1 public education including information on coping with lung diseases,
2 professional education and training related to lung disease and other
3 related services to reduce the incidence of disability and death due to
4 lung disease;

5 (6) the Kansas chapters of the Alzheimer's Disease and Related
6 Disorders Association, Inc. for the purpose of providing assistance and
7 support to persons in Kansas with Alzheimer's disease, and their
8 families and caregivers;

9 (7) the Kansas chapters of the Parkinson's disease association for
10 the purpose of eliminating Parkinson's disease through medical
11 research and public and professional education related to such
12 disease;

13 (8) the National Kidney Foundation of Kansas and Western
14 Missouri for the purpose of eliminating kidney disease through
15 medical research and public and private education related to such
16 disease;

17 (9) the heartstrings community foundation for the purpose of
18 providing training, employment and activities for adults with
19 developmental disabilities;

20 (10) the Cystic Fibrosis Foundation, Heart of America Chapter,
21 for the purposes of assuring the development of the means to cure and
22 control cystic fibrosis and improving the quality of life for those with
23 the disease;

24 (11) the spina bifida association of Kansas for the purpose of
25 providing financial, educational and practical aid to families and
26 individuals with spina bifida. Such aid includes, but is not limited to,
27 funding for medical devices, counseling and medical educational
28 opportunities;

29 (12) the CHWC, Inc., for the purpose of rebuilding urban core
30 neighborhoods through the construction of new homes, acquiring and
31 renovating existing homes and other related activities, and promoting
32 economic development in such neighborhoods;

33 (13) the cross-lines cooperative council for the purpose of
34 providing social services to low income individuals and families;

35 (14) the Dreams Work, Inc., for the purpose of providing young
36 adult day services to individuals with developmental disabilities and
37 assisting families in avoiding institutional or nursing home care for a
38 developmentally disabled member of their family;

39 (15) the KSDS, Inc., for the purpose of promoting the
40 independence and inclusion of people with disabilities as fully
41 participating and contributing members of their communities and
42 society through the training and providing of guide and service dogs
43 to people with disabilities, and providing disability education and

1 awareness to the general public;

2 (16) the lyme association of greater Kansas City, Inc., for the
3 purpose of providing support to persons with lyme disease and public
4 education relating to the prevention, treatment and cure of lyme
5 disease;

6 (17) the Dream Factory, Inc., for the purpose of granting the
7 dreams of children with critical and chronic illnesses;

8 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
9 students and families with education and resources necessary to
10 enable each child to develop fine character and musical ability to the
11 fullest potential;

12 (19) the International Association of Lions Clubs for the purpose
13 of creating and fostering a spirit of understanding among all people
14 for humanitarian needs by providing voluntary services through
15 community involvement and international cooperation;

16 (20) the Johnson county young matrons, inc., for the purpose of
17 promoting a positive future for members of the community through
18 volunteerism, financial support and education through the efforts of
19 an all volunteer organization;

20 (21) the American Cancer Society, Inc., for the purpose of
21 eliminating cancer as a major health problem by preventing cancer,
22 saving lives and diminishing suffering from cancer, through research,
23 education, advocacy and service;

24 (22) the community services of Shawnee, inc., for the purpose of
25 providing food and clothing to those in need;

26 (23) the angel babies association, for the purpose of providing
27 assistance, support and items of necessity to teenage mothers and their
28 babies; and

29 (24) the Kansas fairgrounds foundation for the purpose of the
30 preservation, renovation and beautification of the Kansas state
31 fairgrounds;

32 (ww) all sales of tangible personal property purchased by the
33 Habitat for Humanity for the exclusive use of being incorporated
34 within a housing project constructed by such organization;

35 (xx) all sales of tangible personal property and services purchased
36 by a nonprofit zoo which is exempt from federal income taxation
37 pursuant to section 501(c)(3) of the federal internal revenue code of
38 1986, or on behalf of such zoo by an entity itself exempt from federal
39 income taxation pursuant to section 501(c)(3) of the federal internal
40 revenue code of 1986 contracted with to operate such zoo and all sales
41 of tangible personal property or services purchased by a contractor
42 for the purpose of constructing, equipping, reconstructing,
43 maintaining, repairing, enlarging, furnishing or remodeling facilities

1 for any nonprofit zoo which would be exempt from taxation under the
2 provisions of this section if purchased directly by such nonprofit zoo
3 or the entity operating such zoo. Nothing in this subsection shall be
4 deemed to exempt the purchase of any construction machinery,
5 equipment or tools used in the constructing, equipping,
6 reconstructing, maintaining, repairing, enlarging, furnishing or
7 remodeling facilities for any nonprofit zoo. When any nonprofit zoo
8 shall contract for the purpose of constructing, equipping,
9 reconstructing, maintaining, repairing, enlarging, furnishing or
10 remodeling facilities, it shall obtain from the state and furnish to the
11 contractor an exemption certificate for the project involved, and the
12 contractor may purchase materials for incorporation in such project.
13 The contractor shall furnish the number of such certificate to all
14 suppliers from whom such purchases are made, and such suppliers
15 shall execute invoices covering the same bearing the number of such
16 certificate. Upon completion of the project the contractor shall furnish
17 to the nonprofit zoo concerned a sworn statement, on a form to be
18 provided by the director of taxation, that all purchases so made were
19 entitled to exemption under this subsection. All invoices shall be held
20 by the contractor for a period of five years and shall be subject to
21 audit by the director of taxation. If any materials purchased under
22 such a certificate are found not to have been incorporated in the
23 building or other project or not to have been returned for credit or the
24 sales or compensating tax otherwise imposed upon such materials
25 which will not be so incorporated in the building or other project
26 reported and paid by such contractor to the director of taxation not
27 later than the 20th day of the month following the close of the month
28 in which it shall be determined that such materials will not be used for
29 the purpose for which such certificate was issued, the nonprofit zoo
30 concerned shall be liable for tax on all materials purchased for the
31 project, and upon payment thereof it may recover the same from the
32 contractor together with reasonable attorney fees. Any contractor or
33 any agent, employee or subcontractor thereof, who shall use or
34 otherwise dispose of any materials purchased under such a certificate
35 for any purpose other than that for which such a certificate is issued
36 without the payment of the sales or compensating tax otherwise
37 imposed upon such materials, shall be guilty of a misdemeanor and,
38 upon conviction therefor, shall be subject to the penalties provided for
39 in subsection (g) of K.S.A. 79-3615, and amendments thereto;

40 (yy) all sales of tangible personal property and services purchased
41 by a parent-teacher association or organization, and all sales of
42 tangible personal property by or on behalf of such association or
43 organization;

1 (zz) all sales of machinery and equipment purchased by over-the-
2 air, free access radio or television station which is used directly and
3 primarily for the purpose of producing a broadcast signal or is such
4 that the failure of the machinery or equipment to operate would cause
5 broadcasting to cease. For purposes of this subsection, machinery and
6 equipment shall include, but not be limited to, that required by rules
7 and regulations of the federal communications commission, and all
8 sales of electricity which are essential or necessary for the purpose of
9 producing a broadcast signal or is such that the failure of the
10 electricity would cause broadcasting to cease;

11 (aaa) all sales of tangible personal property and services
12 purchased by a religious organization which is exempt from federal
13 income taxation pursuant to section 501(c)(3) of the federal internal
14 revenue code, and used exclusively for religious purposes, and all sales
15 of tangible personal property or services purchased by a contractor
16 for the purpose of constructing, equipping, reconstructing,
17 maintaining, repairing, enlarging, furnishing or remodeling facilities
18 for any such organization which would be exempt from taxation under
19 the provisions of this section if purchased directly by such
20 organization. Nothing in this subsection shall be deemed to exempt the
21 purchase of any construction machinery, equipment or tools used in
22 the constructing, equipping, reconstructing, maintaining, repairing,
23 enlarging, furnishing or remodeling facilities for any such
24 organization. When any such organization shall contract for the
25 purpose of constructing, equipping, reconstructing, maintaining,
26 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
27 from the state and furnish to the contractor an exemption certificate
28 for the project involved, and the contractor may purchase materials
29 for incorporation in such project. The contractor shall furnish the
30 number of such certificate to all suppliers from whom such purchases
31 are made, and such suppliers shall execute invoices covering the same
32 bearing the number of such certificate. Upon completion of the project
33 the contractor shall furnish to such organization concerned a sworn
34 statement, on a form to be provided by the director of taxation, that
35 all purchases so made were entitled to exemption under this
36 subsection. All invoices shall be held by the contractor for a period of
37 five years and shall be subject to audit by the director of taxation. If
38 any materials purchased under such a certificate are found not to have
39 been incorporated in the building or other project or not to have been
40 returned for credit or the sales or compensating tax otherwise imposed
41 upon such materials which will not be so incorporated in the building
42 or other project reported and paid by such contractor to the director
43 of taxation not later than the 20th day of the month following the close

1 of the month in which it shall be determined that such materials will
2 not be used for the purpose for which such certificate was issued, such
3 organization concerned shall be liable for tax on all materials
4 purchased for the project, and upon payment thereof it may recover
5 the same from the contractor together with reasonable attorney fees.
6 Any contractor or any agent, employee or subcontractor thereof, who
7 shall use or otherwise dispose of any materials purchased under such a
8 certificate for any purpose other than that for which such a certificate
9 is issued without the payment of the sales or compensating tax
10 otherwise imposed upon such materials, shall be guilty of a
11 misdemeanor and, upon conviction therefor, shall be subject to the
12 penalties provided for in subsection (g) of K.S.A. 79-3615, and
13 amendments thereto. Sales tax paid on and after July 1, 1998, but
14 prior to the effective date of this act upon the gross receipts received
15 from any sale exempted by the amendatory provisions of this
16 subsection shall be refunded. Each claim for a sales tax refund shall be
17 verified and submitted to the director of taxation upon forms
18 furnished by the director and shall be accompanied by any additional
19 documentation required by the director. The director shall review
20 each claim and shall refund that amount of sales tax paid as
21 determined under the provisions of this subsection. All refunds shall
22 be paid from the sales tax refund fund upon warrants of the director
23 of accounts and reports pursuant to vouchers approved by the
24 director or the director's designee;

25 (bbb) all sales of food for human consumption by an organization
26 which is exempt from federal income taxation pursuant to section
27 501(c)(3) of the federal internal revenue code of 1986, pursuant to a
28 food distribution program which offers such food at a price below cost
29 in exchange for the performance of community service by the
30 purchaser thereof;

31 (ccc) on and after July 1, 1999, all sales of tangible personal
32 property and services purchased by a primary care clinic or health
33 center the primary purpose of which is to provide services to
34 medically underserved individuals and families, and which is exempt
35 from federal income taxation pursuant to section 501(c)(3) of the
36 federal internal revenue code, and all sales of tangible personal
37 property or services purchased by a contractor for the purpose of
38 constructing, equipping, reconstructing, maintaining, repairing,
39 enlarging, furnishing or remodeling facilities for any such clinic or
40 center which would be exempt from taxation under the provisions of
41 this section if purchased directly by such clinic or center. Nothing in
42 this subsection shall be deemed to exempt the purchase of any
43 construction machinery, equipment or tools used in the constructing,

1 equipping, reconstructing, maintaining, repairing, enlarging,
2 furnishing or remodeling facilities for any such clinic or center. When
3 any such clinic or center shall contract for the purpose of
4 constructing, equipping, reconstructing, maintaining, repairing,
5 enlarging, furnishing or remodeling facilities, it shall obtain from the
6 state and furnish to the contractor an exemption certificate for the
7 project involved, and the contractor may purchase materials for
8 incorporation in such project. The contractor shall furnish the
9 number of such certificate to all suppliers from whom such purchases
10 are made, and such suppliers shall execute invoices covering the same
11 bearing the number of such certificate. Upon completion of the project
12 the contractor shall furnish to such clinic or center concerned a sworn
13 statement, on a form to be provided by the director of taxation, that
14 all purchases so made were entitled to exemption under this
15 subsection. All invoices shall be held by the contractor for a period of
16 five years and shall be subject to audit by the director of taxation. If
17 any materials purchased under such a certificate are found not to have
18 been incorporated in the building or other project or not to have been
19 returned for credit or the sales or compensating tax otherwise imposed
20 upon such materials which will not be so incorporated in the building
21 or other project reported and paid by such contractor to the director
22 of taxation not later than the 20th day of the month following the close
23 of the month in which it shall be determined that such materials will
24 not be used for the purpose for which such certificate was issued, such
25 clinic or center concerned shall be liable for tax on all materials
26 purchased for the project, and upon payment thereof it may recover
27 the same from the contractor together with reasonable attorney fees.
28 Any contractor or any agent, employee or subcontractor thereof, who
29 shall use or otherwise dispose of any materials purchased under such a
30 certificate for any purpose other than that for which such a certificate
31 is issued without the payment of the sales or compensating tax
32 otherwise imposed upon such materials, shall be guilty of a
33 misdemeanor and, upon conviction therefor, shall be subject to the
34 penalties provided for in subsection (g) of K.S.A. 79-3615, and
35 amendments thereto;

36 (ddd) on and after January 1, 1999, and before January 1, 2000,
37 all sales of materials and services purchased by any class II or III
38 railroad as classified by the federal surface transportation board for
39 the construction, renovation, repair or replacement of class II or III
40 railroad track and facilities used directly in interstate commerce. In
41 the event any such track or facility for which materials and services
42 were purchased sales tax exempt is not operational for five years
43 succeeding the allowance of such exemption, the total amount of sales

1 tax which would have been payable except for the operation of this
2 subsection shall be recouped in accordance with rules and regulations
3 adopted for such purpose by the secretary of revenue;

4 (eee) on and after January 1, 1999, and before January 1, 2001,
5 all sales of materials and services purchased for the original
6 construction, reconstruction, repair or replacement of grain storage
7 facilities, including railroad sidings providing access thereto;

8 (fff) all sales of material handling equipment, racking systems
9 and other related machinery and equipment that is used for the
10 handling, movement or storage of tangible personal property in a
11 warehouse or distribution facility in this state; all sales of installation,
12 repair and maintenance services performed on such machinery and
13 equipment; and all sales of repair and replacement parts for such
14 machinery and equipment. For purposes of this subsection, a
15 warehouse or distribution facility means a single, fixed location that
16 consists of buildings or structures in a contiguous area where storage
17 or distribution operations are conducted that are separate and apart
18 from the business' retail operations, if any, and which do not
19 otherwise qualify for exemption as occurring at a manufacturing or
20 processing plant or facility. Material handling and storage equipment
21 shall include aeration, dust control, cleaning, handling and other such
22 equipment that is used in a public grain warehouse or other
23 commercial grain storage facility, whether used for grain handling,
24 grain storage, grain refining or processing, or other grain treatment
25 operation;

26 (ggg) all sales of tangible personal property and services
27 purchased by or on behalf of the Kansas Academy of Science which is
28 exempt from federal income taxation pursuant to section 501(c)(3) of
29 the federal internal revenue code of 1986, and used solely by such
30 academy for the preparation, publication and dissemination of
31 education materials;

32 (hhh) all sales of tangible personal property and services
33 purchased by or on behalf of all domestic violence shelters that are
34 member agencies of the Kansas coalition against sexual and domestic
35 violence;

36 (iii) all sales of personal property and services purchased by an
37 organization which is exempt from federal income taxation pursuant
38 to section 501(c)(3) of the federal internal revenue code of 1986, and
39 which such personal property and services are used by any such
40 organization in the collection, storage and distribution of food
41 products to nonprofit organizations which distribute such food
42 products to persons pursuant to a food distribution program on a
43 charitable basis without fee or charge, and all sales of tangible

1 personal property or services purchased by a contractor for the
2 purpose of constructing, equipping, reconstructing, maintaining,
3 repairing, enlarging, furnishing or remodeling facilities used for the
4 collection and storage of such food products for any such organization
5 which is exempt from federal income taxation pursuant to section
6 501(c)(3) of the federal internal revenue code of 1986, which would be
7 exempt from taxation under the provisions of this section if purchased
8 directly by such organization. Nothing in this subsection shall be
9 deemed to exempt the purchase of any construction machinery,
10 equipment or tools used in the constructing, equipping,
11 reconstructing, maintaining, repairing, enlarging, furnishing or
12 remodeling facilities for any such organization. When any such
13 organization shall contract for the purpose of constructing, equipping,
14 reconstructing, maintaining, repairing, enlarging, furnishing or
15 remodeling facilities, it shall obtain from the state and furnish to the
16 contractor an exemption certificate for the project involved, and the
17 contractor may purchase materials for incorporation in such project.
18 The contractor shall furnish the number of such certificate to all
19 suppliers from whom such purchases are made, and such suppliers
20 shall execute invoices covering the same bearing the number of such
21 certificate. Upon completion of the project the contractor shall furnish
22 to such organization concerned a sworn statement, on a form to be
23 provided by the director of taxation, that all purchases so made were
24 entitled to exemption under this subsection. All invoices shall be held
25 by the contractor for a period of five years and shall be subject to
26 audit by the director of taxation. If any materials purchased under
27 such a certificate are found not to have been incorporated in such
28 facilities or not to have been returned for credit or the sales or
29 compensating tax otherwise imposed upon such materials which will
30 not be so incorporated in such facilities reported and paid by such
31 contractor to the director of taxation not later than the 20th day of the
32 month following the close of the month in which it shall be determined
33 that such materials will not be used for the purpose for which such
34 certificate was issued, such organization concerned shall be liable for
35 tax on all materials purchased for the project, and upon payment
36 thereof it may recover the same from the contractor together with
37 reasonable attorney fees. Any contractor or any agent, employee or
38 subcontractor thereof, who shall use or otherwise dispose of any
39 materials purchased under such a certificate for any purpose other
40 than that for which such a certificate is issued without the payment of
41 the sales or compensating tax otherwise imposed upon such materials,
42 shall be guilty of a misdemeanor and, upon conviction therefor, shall
43 be subject to the penalties provided for in subsection (g) of K.S.A. 79-

1 3615, and amendments thereto. Sales tax paid on and after July 1,
2 2005, but prior to the effective date of this act upon the gross receipts
3 received from any sale exempted by the amendatory provisions of this
4 subsection shall be refunded. Each claim for a sales tax refund shall be
5 verified and submitted to the director of taxation upon forms
6 furnished by the director and shall be accompanied by any additional
7 documentation required by the director. The director shall review
8 each claim and shall refund that amount of sales tax paid as
9 determined under the provisions of this subsection. All refunds shall
10 be paid from the sales tax refund fund upon warrants of the director
11 of accounts and reports pursuant to vouchers approved by the
12 director or the director's designee;

13 (jjj) all sales of dietary supplements dispensed pursuant to a
14 prescription order by a licensed practitioner or a mid-level
15 practitioner as defined by K.S.A. 65-1626, and amendments thereto.
16 As used in this subsection, "dietary supplement" means any product,
17 other than tobacco, intended to supplement the diet that: (1) Contains
18 one or more of the following dietary ingredients: A vitamin, a mineral,
19 an herb or other botanical, an amino acid, a dietary substance for use
20 by humans to supplement the diet by increasing the total dietary
21 intake or a concentrate, metabolite, constituent, extract or
22 combination of any such ingredient; (2) is intended for ingestion in
23 tablet, capsule, powder, softgel, gelcap or liquid form, or if not
24 intended for ingestion, in such a form, is not represented as
25 conventional food and is not represented for use as a sole item of a
26 meal or of the diet; and (3) is required to be labeled as a dietary
27 supplement, identifiable by the supplemental facts box found on the
28 label and as required pursuant to 21 C.F.R. § 101.36;

29 (lll) all sales of tangible personal property and services purchased
30 by special olympics Kansas, inc. for the purpose of providing year-
31 round sports training and athletic competition in a variety of olympic-
32 type sports for individuals with intellectual disabilities by giving them
33 continuing opportunities to develop physical fitness, demonstrate
34 courage, experience joy and participate in a sharing of gifts, skills and
35 friendship with their families, other special olympics athletes and the
36 community, and activities provided or sponsored by such
37 organization, and all sales of tangible personal property by or on
38 behalf of any such organization;

39 (mmm) all sales of tangible personal property purchased by or on
40 behalf of the Marillac Center, Inc., which is exempt from federal
41 income taxation pursuant to section 501(c)(3) of the federal internal
42 revenue code, for the purpose of providing psycho-social-biological
43 and special education services to children, and all sales of any such

1 property by or on behalf of such organization for such purpose;

2 (nnn) all sales of tangible personal property and services
3 purchased by the West Sedgwick County-Sunrise Rotary Club and
4 Sunrise Charitable Fund for the purpose of constructing a boundless
5 playground which is an integrated, barrier free and developmentally
6 advantageous play environment for children of all abilities and
7 disabilities;

8 (ooo) all sales of tangible personal property by or on behalf of a
9 public library serving the general public and supported in whole or in
10 part with tax money or a not-for-profit organization whose purpose is
11 to raise funds for or provide services or other benefits to any such
12 public library;

13 (ppp) all sales of tangible personal property and services
14 purchased by or on behalf of a homeless shelter which is exempt from
15 federal income taxation pursuant to section 501(c)(3) of the federal
16 income tax code of 1986, and used by any such homeless shelter to
17 provide emergency and transitional housing for individuals and
18 families experiencing homelessness, and all sales of any such property
19 by or on behalf of any such homeless shelter for any such purpose;

20 (qqq) all sales of tangible personal property and services
21 purchased by TLC for children and families, inc., hereinafter referred
22 to as TLC, which is exempt from federal income taxation pursuant to
23 section 501(c)(3) of the federal internal revenue code of 1986, and
24 which such property and services are used for the purpose of
25 providing emergency shelter and treatment for abused and neglected
26 children as well as meeting additional critical needs for children,
27 juveniles and family, and all sales of any such property by or on behalf
28 of TLC for any such purpose; and all sales of tangible personal
29 property or services purchased by a contractor for the purpose of
30 constructing, maintaining, repairing, enlarging, furnishing or
31 remodeling facilities for the operation of services for TLC for any such
32 purpose which would be exempt from taxation under the provisions of
33 this section if purchased directly by TLC. Nothing in this subsection
34 shall be deemed to exempt the purchase of any construction
35 machinery, equipment or tools used in the constructing, maintaining,
36 repairing, enlarging, furnishing or remodeling such facilities for TLC.
37 When TLC contracts for the purpose of constructing, maintaining,
38 repairing, enlarging, furnishing or remodeling such facilities, it shall
39 obtain from the state and furnish to the contractor an exemption
40 certificate for the project involved, and the contractor may purchase
41 materials for incorporation in such project. The contractor shall
42 furnish the number of such certificate to all suppliers from whom such
43 purchases are made, and such suppliers shall execute invoices

1 covering the same bearing the number of such certificate. Upon
2 completion of the project the contractor shall furnish to TLC a sworn
3 statement, on a form to be provided by the director of taxation, that
4 all purchases so made were entitled to exemption under this
5 subsection. All invoices shall be held by the contractor for a period of
6 five years and shall be subject to audit by the director of taxation. If
7 any materials purchased under such a certificate are found not to have
8 been incorporated in the building or other project or not to have been
9 returned for credit or the sales or compensating tax otherwise imposed
10 upon such materials which will not be so incorporated in the building
11 or other project reported and paid by such contractor to the director
12 of taxation not later than the 20th day of the month following the close
13 of the month in which it shall be determined that such materials will
14 not be used for the purpose for which such certificate was issued, TLC
15 shall be liable for tax on all materials purchased for the project, and
16 upon payment thereof it may recover the same from the contractor
17 together with reasonable attorney fees. Any contractor or any agent,
18 employee or subcontractor thereof, who shall use or otherwise dispose
19 of any materials purchased under such a certificate for any purpose
20 other than that for which such a certificate is issued without the
21 payment of the sales or compensating tax otherwise imposed upon
22 such materials, shall be guilty of a misdemeanor and, upon conviction
23 therefor, shall be subject to the penalties provided for in subsection (g)
24 of K.S.A. 79-3615, and amendments thereto;

25 (rrr) all sales of tangible personal property and services
26 purchased by any county law library maintained pursuant to law and
27 sales of tangible personal property and services purchased by an
28 organization which would have been exempt from taxation under the
29 provisions of this subsection if purchased directly by the county law
30 library for the purpose of providing legal resources to attorneys,
31 judges, students and the general public, and all sales of any such
32 property by or on behalf of any such county law library;

33 (sss) all sales of tangible personal property and services
34 purchased by catholic charities or youthville, hereinafter referred to
35 as charitable family providers, which is exempt from federal income
36 taxation pursuant to section 501(c)(3) of the federal internal revenue
37 code of 1986, and which such property and services are used for the
38 purpose of providing emergency shelter and treatment for abused and
39 neglected children as well as meeting additional critical needs for
40 children, juveniles and family, and all sales of any such property by or
41 on behalf of charitable family providers for any such purpose; and all
42 sales of tangible personal property or services purchased by a
43 contractor for the purpose of constructing, maintaining, repairing,

1 enlarging, furnishing or remodeling facilities for the operation of
2 services for charitable family providers for any such purpose which
3 would be exempt from taxation under the provisions of this section if
4 purchased directly by charitable family providers. Nothing in this
5 subsection shall be deemed to exempt the purchase of any construction
6 machinery, equipment or tools used in the constructing, maintaining,
7 repairing, enlarging, furnishing or remodeling such facilities for
8 charitable family providers. When charitable family providers
9 contracts for the purpose of constructing, maintaining, repairing,
10 enlarging, furnishing or remodeling such facilities, it shall obtain from
11 the state and furnish to the contractor an exemption certificate for the
12 project involved, and the contractor may purchase materials for
13 incorporation in such project. The contractor shall furnish the
14 number of such certificate to all suppliers from whom such purchases
15 are made, and such suppliers shall execute invoices covering the same
16 bearing the number of such certificate. Upon completion of the project
17 the contractor shall furnish to charitable family providers a sworn
18 statement, on a form to be provided by the director of taxation, that
19 all purchases so made were entitled to exemption under this
20 subsection. All invoices shall be held by the contractor for a period of
21 five years and shall be subject to audit by the director of taxation. If
22 any materials purchased under such a certificate are found not to have
23 been incorporated in the building or other project or not to have been
24 returned for credit or the sales or compensating tax otherwise imposed
25 upon such materials which will not be so incorporated in the building
26 or other project reported and paid by such contractor to the director
27 of taxation not later than the 20th day of the month following the close
28 of the month in which it shall be determined that such materials will
29 not be used for the purpose for which such certificate was issued,
30 charitable family providers shall be liable for tax on all materials
31 purchased for the project, and upon payment thereof it may recover
32 the same from the contractor together with reasonable attorney fees.
33 Any contractor or any agent, employee or subcontractor thereof, who
34 shall use or otherwise dispose of any materials purchased under such a
35 certificate for any purpose other than that for which such a certificate
36 is issued without the payment of the sales or compensating tax
37 otherwise imposed upon such materials, shall be guilty of a
38 misdemeanor and, upon conviction therefor, shall be subject to the
39 penalties provided for in subsection (g) of K.S.A. 79-3615, and
40 amendments thereto;

41 (ttt) all sales of tangible personal property or services purchased
42 by a contractor for a project for the purpose of restoring,
43 constructing, equipping, reconstructing, maintaining, repairing,

1 enlarging, furnishing or remodeling a home or facility owned by a
2 nonprofit museum which has been granted an exemption pursuant to
3 subsection (qq), which such home or facility is located in a city which
4 has been designated as a qualified hometown pursuant to the
5 provisions of K.S.A. 75-5071 et seq., and amendments thereto, and
6 which such project is related to the purposes of K.S.A. 75-5071 et seq.,
7 and amendments thereto, and which would be exempt from taxation
8 under the provisions of this section if purchased directly by such
9 nonprofit museum. Nothing in this subsection shall be deemed to
10 exempt the purchase of any construction machinery, equipment or
11 tools used in the restoring, constructing, equipping, reconstructing,
12 maintaining, repairing, enlarging, furnishing or remodeling a home or
13 facility for any such nonprofit museum. When any such nonprofit
14 museum shall contract for the purpose of restoring, constructing,
15 equipping, reconstructing, maintaining, repairing, enlarging,
16 furnishing or remodeling a home or facility, it shall obtain from the
17 state and furnish to the contractor an exemption certificate for the
18 project involved, and the contractor may purchase materials for
19 incorporation in such project. The contractor shall furnish the
20 number of such certificates to all suppliers from whom such purchases
21 are made, and such suppliers shall execute invoices covering the same
22 bearing the number of such certificate. Upon completion of the
23 project, the contractor shall furnish to such nonprofit museum a
24 sworn statement on a form to be provided by the director of taxation
25 that all purchases so made were entitled to exemption under this
26 subsection. All invoices shall be held by the contractor for a period of
27 five years and shall be subject to audit by the director of taxation. If
28 any materials purchased under such a certificate are found not to have
29 been incorporated in the building or other project or not to have been
30 returned for credit or the sales or compensating tax otherwise imposed
31 upon such materials which will not be so incorporated in a home or
32 facility or other project reported and paid by such contractor to the
33 director of taxation not later than the 20th day of the month following
34 the close of the month in which it shall be determined that such
35 materials will not be used for the purpose for which such certificate
36 was issued, such nonprofit museum shall be liable for tax on all
37 materials purchased for the project, and upon payment thereof it may
38 recover the same from the contractor together with reasonable
39 attorney fees. Any contractor or any agent, employee or subcontractor
40 thereof, who shall use or otherwise dispose of any materials purchased
41 under such a certificate for any purpose other than that for which
42 such a certificate is issued without the payment of the sales or
43 compensating tax otherwise imposed upon such materials, shall be

1 guilty of a misdemeanor and, upon conviction therefor, shall be
2 subject to the penalties provided for in subsection (g) of K.S.A. 79-
3 3615, and amendments thereto;

4 (uuu) all sales of tangible personal property and services
5 purchased by Kansas children's service league, hereinafter referred to
6 as KCSL, which is exempt from federal income taxation pursuant to
7 section 501(c)(3) of the federal internal revenue code of 1986, and
8 which such property and services are used for the purpose of
9 providing for the prevention and treatment of child abuse and
10 maltreatment as well as meeting additional critical needs for children,
11 juveniles and family, and all sales of any such property by or on behalf
12 of KCSL for any such purpose; and all sales of tangible personal
13 property or services purchased by a contractor for the purpose of
14 constructing, maintaining, repairing, enlarging, furnishing or
15 remodeling facilities for the operation of services for KCSL for any
16 such purpose which would be exempt from taxation under the
17 provisions of this section if purchased directly by KCSL. Nothing in
18 this subsection shall be deemed to exempt the purchase of any
19 construction machinery, equipment or tools used in the constructing,
20 maintaining, repairing, enlarging, furnishing or remodeling such
21 facilities for KCSL. When KCSL contracts for the purpose of
22 constructing, maintaining, repairing, enlarging, furnishing or
23 remodeling such facilities, it shall obtain from the state and furnish to
24 the contractor an exemption certificate for the project involved, and
25 the contractor may purchase materials for incorporation in such
26 project. The contractor shall furnish the number of such certificate to
27 all suppliers from whom such purchases are made, and such suppliers
28 shall execute invoices covering the same bearing the number of such
29 certificate. Upon completion of the project the contractor shall furnish
30 to KCSL a sworn statement, on a form to be provided by the director
31 of taxation, that all purchases so made were entitled to exemption
32 under this subsection. All invoices shall be held by the contractor for a
33 period of five years and shall be subject to audit by the director of
34 taxation. If any materials purchased under such a certificate are found
35 not to have been incorporated in the building or other project or not
36 to have been returned for credit or the sales or compensating tax
37 otherwise imposed upon such materials which will not be so
38 incorporated in the building or other project reported and paid by
39 such contractor to the director of taxation not later than the 20th day
40 of the month following the close of the month in which it shall be
41 determined that such materials will not be used for the purpose for
42 which such certificate was issued, KCSL shall be liable for tax on all
43 materials purchased for the project, and upon payment thereof it may

1 recover the same from the contractor together with reasonable
2 attorney fees. Any contractor or any agent, employee or subcontractor
3 thereof, who shall use or otherwise dispose of any materials purchased
4 under such a certificate for any purpose other than that for which
5 such a certificate is issued without the payment of the sales or
6 compensating tax otherwise imposed upon such materials, shall be
7 guilty of a misdemeanor and, upon conviction therefor, shall be
8 subject to the penalties provided for in subsection (g) of K.S.A. 79-
9 3615, and amendments thereto;

10 (vvv) all sales of tangible personal property or services, including
11 the renting and leasing of tangible personal property or services,
12 purchased by Jazz in the Woods, Inc., a Kansas corporation which is
13 exempt from federal income taxation pursuant to section 501(c)(3) of
14 the federal internal revenue code, for the purpose of providing Jazz in
15 the Woods, an event benefiting children-in-need and other nonprofit
16 charities assisting such children, and all sales of any such property by
17 or on behalf of such organization for such purpose;

18 (www) all sales of tangible personal property purchased by or on
19 behalf of the Frontenac Education Foundation, which is exempt from
20 federal income taxation pursuant to section 501(c)(3) of the federal
21 internal revenue code, for the purpose of providing education support
22 for students, and all sales of any such property by or on behalf of such
23 organization for such purpose;

24 (xxx) all sales of personal property and services purchased by the
25 booth theatre foundation, inc., an organization which is exempt from
26 federal income taxation pursuant to section 501(c)(3) of the federal
27 internal revenue code of 1986, and which such personal property and
28 services are used by any such organization in the constructing,
29 equipping, reconstructing, maintaining, repairing, enlarging,
30 furnishing or remodeling of the booth theatre, and all sales of tangible
31 personal property or services purchased by a contractor for the
32 purpose of constructing, equipping, reconstructing, maintaining,
33 repairing, enlarging, furnishing or remodeling the booth theatre for
34 such organization, which would be exempt from taxation under the
35 provisions of this section if purchased directly by such organization.
36 Nothing in this subsection shall be deemed to exempt the purchase of
37 any construction machinery, equipment or tools used in the
38 constructing, equipping, reconstructing, maintaining, repairing,
39 enlarging, furnishing or remodeling facilities for any such
40 organization. When any such organization shall contract for the
41 purpose of constructing, equipping, reconstructing, maintaining,
42 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
43 from the state and furnish to the contractor an exemption certificate

1 for the project involved, and the contractor may purchase materials
2 for incorporation in such project. The contractor shall furnish the
3 number of such certificate to all suppliers from whom such purchases
4 are made, and such suppliers shall execute invoices covering the same
5 bearing the number of such certificate. Upon completion of the project
6 the contractor shall furnish to such organization concerned a sworn
7 statement, on a form to be provided by the director of taxation, that
8 all purchases so made were entitled to exemption under this
9 subsection. All invoices shall be held by the contractor for a period of
10 five years and shall be subject to audit by the director of taxation. If
11 any materials purchased under such a certificate are found not to have
12 been incorporated in such facilities or not to have been returned for
13 credit or the sales or compensating tax otherwise imposed upon such
14 materials which will not be so incorporated in such facilities reported
15 and paid by such contractor to the director of taxation not later than
16 the 20th day of the month following the close of the month in which it
17 shall be determined that such materials will not be used for the
18 purpose for which such certificate was issued, such organization
19 concerned shall be liable for tax on all materials purchased for the
20 project, and upon payment thereof it may recover the same from the
21 contractor together with reasonable attorney fees. Any contractor or
22 any agent, employee or subcontractor thereof, who shall use or
23 otherwise dispose of any materials purchased under such a certificate
24 for any purpose other than that for which such a certificate is issued
25 without the payment of the sales or compensating tax otherwise
26 imposed upon such materials, shall be guilty of a misdemeanor and,
27 upon conviction therefor, shall be subject to the penalties provided for
28 in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax
29 paid on and after January 1, 2007, but prior to the effective date of
30 this act upon the gross receipts received from any sale which would
31 have been exempted by the provisions of this subsection had such sale
32 occurred after the effective date of this act shall be refunded. Each
33 claim for a sales tax refund shall be verified and submitted to the
34 director of taxation upon forms furnished by the director and shall be
35 accompanied by any additional documentation required by the
36 director. The director shall review each claim and shall refund that
37 amount of sales tax paid as determined under the provisions of this
38 subsection. All refunds shall be paid from the sales tax refund fund
39 upon warrants of the director of accounts and reports pursuant to
40 vouchers approved by the director or the director's designee;
41 (yyy) all sales of tangible personal property and services
42 purchased by TLC charities foundation, inc., hereinafter referred to
43 as TLC charities, which is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code of
2 1986, and which such property and services are used for the purpose
3 of encouraging private philanthropy to further the vision, values, and
4 goals of TLC for children and families, inc.; and all sales of such
5 property and services by or on behalf of TLC charities for any such
6 purpose and all sales of tangible personal property or services
7 purchased by a contractor for the purpose of constructing,
8 maintaining, repairing, enlarging, furnishing or remodeling facilities
9 for the operation of services for TLC charities for any such purpose
10 which would be exempt from taxation under the provisions of this
11 section if purchased directly by TLC charities. Nothing in this
12 subsection shall be deemed to exempt the purchase of any construction
13 machinery, equipment or tools used in the constructing, maintaining,
14 repairing, enlarging, furnishing or remodeling such facilities for TLC
15 charities. When TLC charities contracts for the purpose of
16 constructing, maintaining, repairing, enlarging, furnishing or
17 remodeling such facilities, it shall obtain from the state and furnish to
18 the contractor an exemption certificate for the project involved, and
19 the contractor may purchase materials for incorporation in such
20 project. The contractor shall furnish the number of such certificate to
21 all suppliers from whom such purchases are made, and such suppliers
22 shall execute invoices covering the same bearing the number of such
23 certificate. Upon completion of the project the contractor shall furnish
24 to TLC charities a sworn statement, on a form to be provided by the
25 director of taxation, that all purchases so made were entitled to
26 exemption under this subsection. All invoices shall be held by the
27 contractor for a period of five years and shall be subject to audit by
28 the director of taxation. If any materials purchased under such a
29 certificate are found not to have been incorporated in the building or
30 other project or not to have been returned for credit or the sales or
31 compensating tax otherwise imposed upon such materials which will
32 not be incorporated into the building or other project reported and
33 paid by such contractor to the director of taxation not later than the
34 20th day of the month following the close of the month in which it
35 shall be determined that such materials will not be used for the
36 purpose for which such certificate was issued, TLC charities shall be
37 liable for tax on all materials purchased for the project, and upon
38 payment thereof it may recover the same from the contractor together
39 with reasonable attorney fees. Any contractor or any agent, employee
40 or subcontractor thereof, who shall use or otherwise dispose of any
41 materials purchased under such a certificate for any purpose other
42 than that for which such a certificate is issued without the payment of
43 the sales or compensating tax otherwise imposed upon such materials,

1 shall be guilty of a misdemeanor and, upon conviction therefor, shall
2 be subject to the penalties provided for in subsection (g) of K.S.A. 79-
3 3615, and amendments thereto;

4 (zzz) all sales of tangible personal property purchased by the
5 rotary club of shawnee foundation which is exempt from federal
6 income taxation pursuant to section 501(c)(3) of the federal internal
7 revenue code of 1986, as amended, used for the purpose of providing
8 contributions to community service organizations and scholarships;

9 (aaaa) all sales of personal property and services purchased by or
10 on behalf of victory in the valley, inc., which is exempt from federal
11 income taxation pursuant to section 501(c)(3) of the federal internal
12 revenue code, for the purpose of providing a cancer support group
13 and services for persons with cancer, and all sales of any such
14 property by or on behalf of any such organization for any such
15 purpose;

16 (bbbb) all sales of entry or participation fees, charges or tickets
17 by Guadalupe health foundation, which is exempt from federal income
18 taxation pursuant to section 501(c)(3) of the federal internal revenue
19 code, for such organization's annual fundraising event which purpose
20 is to provide health care services for uninsured workers;

21 (cccc) all sales of tangible personal property or services
22 purchased by or on behalf of wayside waifs, inc., which is exempt from
23 federal income taxation pursuant to section 501(c)(3) of the federal
24 internal revenue code, for the purpose of providing such
25 organization's annual fundraiser, an event whose purpose is to
26 support the care of homeless and abandoned animals, animal adoption
27 efforts, education programs for children and efforts to reduce animal
28 over-population and animal welfare services, and all sales of any such
29 property, including entry or participation fees or charges, by or on
30 behalf of such organization for such purpose;

31 (dddd) all sales of tangible personal property or services
32 purchased by or on behalf of Goodwill Industries or Easter Seals of
33 Kansas, Inc., both of which are exempt from federal income taxation
34 pursuant to section 501(c)(3) of the federal internal revenue code, for
35 the purpose of providing education, training and employment
36 opportunities for people with disabilities and other barriers to
37 employment;

38 (eeee) all sales of tangible personal property or services
39 purchased by or on behalf of All American Beef Battalion, Inc., which
40 is exempt from federal income taxation pursuant to section 501(c)(3)
41 of the federal internal revenue code, for the purpose of educating,
42 promoting and participating as a contact group through the beef cattle
43 industry in order to carry out such projects that provide support and

1 morale to members of the United States armed forces and military
2 services; ~~and~~

3 (ffff) all sales of tangible personal property and services
4 purchased by sheltered living, inc., which is exempt from federal
5 income taxation pursuant to section 501(c)(3) of the federal internal
6 revenue code of 1986, and which such property and services are used
7 for the purpose of providing residential and day services for people
8 with developmental disabilities or mental retardation, or both, and all
9 sales of any such property by or on behalf of sheltered living, inc. for
10 any such purpose; and all sales of tangible personal property or
11 services purchased by a contractor for the purpose of rehabilitating,
12 constructing, maintaining, repairing, enlarging, furnishing or
13 remodeling homes and facilities for sheltered living, inc. for any such
14 purpose which would be exempt from taxation under the provisions of
15 this section if purchased directly by sheltered living, inc. Nothing in
16 this subsection shall be deemed to exempt the purchase of any
17 construction machinery, equipment or tools used in the constructing,
18 maintaining, repairing, enlarging, furnishing or remodeling such
19 homes and facilities for sheltered living, inc. When sheltered living,
20 inc. contracts for the purpose of rehabilitating, constructing,
21 maintaining, repairing, enlarging, furnishing or remodeling such
22 homes and facilities, it shall obtain from the state and furnish to the
23 contractor an exemption certificate for the project involved, and the
24 contractor may purchase materials for incorporation in such project.
25 The contractor shall furnish the number of such certificate to all
26 suppliers from whom such purchases are made, and such suppliers
27 shall execute invoices covering the same bearing the number of such
28 certificate. Upon completion of the project the contractor shall furnish
29 to sheltered living, inc. a sworn statement, on a form to be provided by
30 the director of taxation, that all purchases so made were entitled to
31 exemption under this subsection. All invoices shall be held by the
32 contractor for a period of five years and shall be subject to audit by
33 the director of taxation. If any materials purchased under such a
34 certificate are found not to have been incorporated in the building or
35 other project or not to have been returned for credit or the sales or
36 compensating tax otherwise imposed upon such materials which will
37 not be so incorporated in the building or other project reported and
38 paid by such contractor to the director of taxation not later than the
39 20th day of the month following the close of the month in which it
40 shall be determined that such materials will not be used for the
41 purpose for which such certificate was issued, sheltered living, inc.
42 shall be liable for tax on all materials purchased for the project, and
43 upon payment thereof it may recover the same from the contractor

1 together with reasonable attorney fees. Any contractor or any agent,
2 employee or subcontractor thereof, who shall use or otherwise dispose
3 of any materials purchased under such a certificate for any purpose
4 other than that for which such a certificate is issued without the
5 payment of the sales or compensating tax otherwise imposed upon
6 such materials, shall be guilty of a misdemeanor and, upon conviction
7 therefor, shall be subject to the penalties provided for in subsection (g)
8 of K.S.A. 79-3615, and amendments thereto;

9 *(gggg) all sales of game birds for which the primary purpose is use in*
10 *hunting; and*

11 *(hhhh) all sales of food and food ingredients. As used in this*
12 *subsection, a sale of food and food ingredients does not include a sale of*
13 *alcoholic beverages as defined in subsection (c) of K.S.A. 79-3602, and*
14 *amendments thereto; candy; dietary supplements as defined in subsection*
15 *(jjj) of this section, food sold through vending machines; or sales of*
16 *prepared food, soft drinks or tobacco as defined in subsection (qq) of*
17 *K.S.A. 79-3602, and amendments thereto. As used in this subsection:*

18 (1) *"Candy" means a preparation of sugar, honey or other natural or*
19 *artificial sweeteners in combination with chocolate, fruits, nuts or other*
20 *ingredients or flavorings in the form of bars, drops or pieces. Candy shall*
21 *not include any preparation containing flour and shall require no*
22 *refrigeration;*

23 (2) *"food and food ingredients" means substances, whether in liquid,*
24 *concentrated, solid, frozen, dried or dehydrated form that are sold for*
25 *ingestion or chewing by humans and are consumed for their taste or*
26 *nutritional value;*

27 (3) *"food sold through vending machines" means food dispensed from*
28 *a machine or other mechanical device that accepts payment;*

29 (4) (A) *"prepared food" means any of the following:*

30 (i) *Food sold in a heated state or heated by the seller;*

31 (ii) *two or more food ingredients mixed or combined by the seller for*
32 *sale as a single item; or*

33 (iii) *food sold with eating utensils provided by the seller, including*
34 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does*
35 *not include a container or packaging used to transport the food.*

36 (B) *"Prepared food" does not include:*

37 (i) *Food that is only cut, repackaged or pasteurized by the seller;*

38 (ii) *eggs, fish, meat, poultry and foods containing these raw animal*
39 *foods requiring cooking by the consumer as recommended by the United*
40 *States food and drug administration, in chapter 3, part 401.11 of its food*
41 *code, so as to prevent foodborne illnesses;*

42 (iii) *if sold without eating utensils provided by the seller, bakery*
43 *items, including breads, rolls, buns, biscuits, bagels, croissants, pastries,*

1 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies and
2 tortillas; or

3 (iv) if sold without eating utensils provided by the seller; food sold by
4 a seller whose primary North American industry classification system,
5 United States, 2002 edition, classification is manufacturing in sector 311,
6 except subsection 3118;

7 (5) "soft drinks" means non alcoholic beverages that contain natural
8 or artificial sweeteners. "Soft drinks" does not include beverages that
9 contain milk or milk products; soy, rice or similar milk substitutes; or
10 greater than 50% of vegetable or fruit juice by volume.}

11 {**Sec. 15. K.S.A. 2011 Supp. 79-32,211a is hereby amended to read**
12 **as follows: 79-32,211a. (a) For taxable years commencing after**
13 **December 31, 2006, subject to the provisions of subsection (d), any**
14 **taxpayer which contributes, gifts or donates to a state-owned historic**
15 **site or an organization which is exempt from federal income taxation**
16 **pursuant to section 501(c)(3) of the federal internal revenue code of**
17 **1986, which such organization owns and operates an historic site, to be**
18 **used for the purpose of restoration, preservation or operation of such**
19 **state-owned historic site or historic site or the establishment or**
20 **maintenance of an endowment to provide for the future stability of**
21 **such state-owned historic site or historic site shall be allowed a credit**
22 **against the tax imposed by the Kansas income tax act, the premiums**
23 **tax upon insurance companies imposed pursuant to K.S.A. 40-252,**
24 **and amendments thereto, and the privilege tax imposed upon any**
25 **national banking association, state bank, trust company or savings**
26 **and loan association pursuant to article 11 of chapter 79 of the Kansas**
27 **Statutes Annotated in an amount equal to 50% of such contribution,**
28 **gift or donation, if the total amount of such contribution, gift or**
29 **donation is at least \$1,000. The amount of the credit shall not exceed**
30 **\$2,500 for any one taxpayer in any one taxable year. In no event shall**
31 **the total amount of credits allowed under this section exceed \$200,000**
32 **in any one fiscal year.**

33 (b) The credit allowed by this section shall be deducted from the
34 taxpayer's income, premiums or privilege tax liability imposed for the
35 taxable year in which the contribution, gift or donation is made.

36 (c) If the amount of the credit allowed by this section exceeds the
37 taxpayer's income tax liability imposed under the Kansas income tax
38 act, such excess amount shall be refunded to the taxpayer.

39 (d) The partnership historic site committee created pursuant to
40 K.S.A. 2011 Supp. 75-2732, and amendments thereto, shall develop a
41 prioritized list of historic sites other than state-owned historic sites to
42 which contributions, gifts or donations to organizations which own
43 and operate an historic site qualify for the tax credit provided in this

1 section. As used in this section: (1) "Contributions, gifts or donations"
2 includes monetary contributions, gifts or donations and in kind
3 contributions, gifts or donations that have an established market
4 value;

5 (2) "historic site" means any building or structure that is
6 significant in the history, architecture, archeology or culture of the
7 state of Kansas or Kansas communities or the nation. Such historic
8 site must be listed on the national register of historic places or the
9 register of historic Kansas places, be open to the public or have the
10 potential to be open to the public for at least 500 hours a year and be
11 owned and operated for the purpose of educating the public about a
12 specific aspect of Kansas and United States history; and

13 (3) "state-owned historic site" means an historic site under the
14 jurisdiction and control of the state historical society.

15 (e) Any contribution, gift or donation that is the basis of the
16 credit provided in this section shall not qualify as a qualified
17 expenditure for the purpose of qualifying for the credit provided in
18 K.S.A. 79-32,211, and amendments thereto.}

19 ~~(f) The provisions of this section shall expire on June 30, 2012.~~

20 ~~Sec. 17. K.S.A. 2011 Supp. 79-3620 is hereby amended to read as~~
21 ~~follows: 79-3620. (a) All revenue collected or received by the director of~~
22 ~~taxation from the taxes imposed by this act shall be remitted to the state~~
23 ~~treasurer in accordance with the provisions of K.S.A. 75-4215, and~~
24 ~~amendments thereto. Upon receipt of each such remittance, the state~~
25 ~~treasurer shall deposit the entire amount in the state treasury, less amounts~~
26 ~~withheld as provided in subsection (b) and amounts credited as provided in~~
27 ~~subsection (c), (d) and (e), to the credit of the state general fund.~~

28 ~~(b) A refund fund, designated as "sales tax refund fund" not to exceed~~
29 ~~\$100,000 shall be set apart and maintained by the director from sales tax~~
30 ~~collections and estimated tax collections and held by the state treasurer for~~
31 ~~prompt payment of all sales tax refunds including refunds authorized~~
32 ~~under the provisions of K.S.A. 79-3635, and amendments thereto. Such~~
33 ~~fund shall be in such amount, within the limit set by this section, as the~~
34 ~~director shall determine is necessary to meet current refunding~~
35 ~~requirements under this act. In the event such fund as established by this~~
36 ~~section is, at any time, insufficient to provide for the payment of refunds~~
37 ~~due claimants thereof, the director shall certify the amount of additional~~
38 ~~funds required to the director of accounts and reports who shall promptly~~
39 ~~transfer the required amount from the state general fund to the sales tax~~
40 ~~refund fund, and notify the state treasurer, who shall make proper entry in~~
41 ~~the records.~~

42 ~~(c)(1) The state treasurer shall credit 5/98 of the revenue collected or~~
43 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~

1 ~~thereto, at the rate of 4.9%, and deposited as provided in subsection (a),~~
2 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
3 ~~highway fund.~~

4 ~~(2) The state treasurer shall credit 5/106 of the revenue collected or~~
5 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
6 ~~thereto, at the rate of 5.3%, and deposited as provided in subsection (a),~~
7 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
8 ~~highway fund.~~

9 ~~(3) On July 1, 2006, the state treasurer shall credit 19/265 of the~~
10 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
11 ~~and amendments thereto, at the rate of 5.3%, and deposited as provided by~~
12 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
13 ~~the state highway fund.~~

14 ~~(4) On July 1, 2007, the state treasurer shall credit 13/106 of the~~
15 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
16 ~~and amendments thereto, at the rate of 5.3%, and deposited as provided by~~
17 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
18 ~~the state highway fund.~~

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

24 ~~(6) On July 1, 2011, the state treasurer shall credit 11.26% of the~~
25 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
26 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
27 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
28 ~~the state highway fund.~~

29 ~~(7) On July 1, 2012, the state treasurer shall credit 11.233% of the~~
30 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
31 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
32 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
33 ~~the state highway fund, as well as such revenue collected and received at~~
34 ~~the rate of 6.3%, after June 30, 2013.~~

35 ~~(8) On July 1, 2013, and thereafter, the state treasurer shall credit~~
36 ~~18.421%11.926% of the revenue collected and received from the tax~~
37 ~~imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.7%,~~
38 ~~and deposited as provided by subsection (a), exclusive of amounts credited~~
39 ~~pursuant to subsection (d), in the state highway fund.~~

40 ~~(9) On July 1, 2014, the state treasurer shall credit 11.535% of the~~
41 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
42 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
43 ~~subsection (a) exclusive of amounts credited pursuant to subsection (d), in~~

1 the state highway fund.

2 ~~(10) On July 1, 2015, the state treasurer shall credit 20.159% of the~~
3 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
4 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
5 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
6 ~~the state highway fund.~~

7 ~~(11) On July 1, 2016, the state treasurer shall credit 20.096% of the~~
8 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
9 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
10 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
11 ~~the state highway fund.~~

12 ~~(12) On July 1, 2017, the state treasurer shall credit 20.004% of the~~
13 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
14 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
15 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
16 ~~the state highway fund.~~

17 ~~(13) On July 1, 2018, the state treasurer shall credit 19.977% of the~~
18 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
19 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
20 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
21 ~~the state highway fund.~~

22 ~~(14) On July 1, 2019, the state treasurer shall credit 19.921% of the~~
23 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
24 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
25 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
26 ~~the state highway fund.~~

27 ~~(15) On July 1, 2020, the state treasurer shall credit 19.867% of the~~
28 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
29 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
30 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
31 ~~the state highway fund.~~

32 ~~(16) On July 1, 2021, the state treasurer shall credit 19.814% of the~~
33 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
34 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
35 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
36 ~~the state highway fund.~~

37 ~~(17) On July 1, 2022, and thereafter, the state treasurer shall credit~~
38 ~~18.421% of the revenue collected and received from the tax imposed by~~
39 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 5.7%, and~~
40 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
41 ~~pursuant to subsection (d), in the state highway fund.~~

42 ~~(d) The state treasurer shall credit all revenue collected or received~~
43 ~~from the tax imposed by K.S.A. 79-3603, and amendments thereto, as~~

1 ~~certified by the director, from taxpayers doing business within that portion~~
2 ~~of a STAR bond project district occupied by a STAR bond project or~~
3 ~~taxpayers doing business with such entity financed by a STAR bond~~
4 ~~project as defined in K.S.A. 2011 Supp. 12-17,162, and amendments~~
5 ~~thereto, that was determined by the secretary of commerce to be of~~
6 ~~statewide as well as local importance or will create a major tourism area~~
7 ~~for the state or the project was designated as a STAR bond project as~~
8 ~~defined in K.S.A. 2011 Supp. 12-17,162, and amendments thereto, to the~~
9 ~~city bond finance fund, which fund is hereby created. The provisions of~~
10 ~~this subsection shall expire when the total of all amounts credited~~
11 ~~hereunder and under subsection (d) of K.S.A. 79-3710, and amendments~~
12 ~~thereto, is sufficient to retire the special obligation bonds issued for the~~
13 ~~purpose of financing all or a portion of the costs of such STAR bond~~
14 ~~project.~~

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

1 ~~amount exceeding \$150 million for the construction of an intermodal~~
2 ~~facility to handle the transfer, storage and distribution of freight through~~
3 ~~railway and trucking operations.~~

4 ~~Sec. 18. K.S.A. 2011 Supp. 79-3635 is hereby amended to read as~~
5 ~~follows: 79-3635. (a) (1) A claimant shall be entitled to a refund of~~
6 ~~retailers' sales taxes paid upon food during the calendar year 2010 and~~
7 ~~each year thereafter in the amount hereinafter provided. There shall be~~
8 ~~allowed for each member of a household of a claimant having income of~~
9 ~~\$17,500 or less, an amount equal to \$90. There shall be allowed for each~~
10 ~~member of a household of a claimant having income of more than \$17,500~~
11 ~~but not more than \$35,000, an amount equal to \$45. There shall be allowed~~
12 ~~for a claimant who qualifies for an additional personal exemption amount~~
13 ~~pursuant to K.S.A. 79-32,121, and amendments thereto, an additional~~
14 ~~amount of \$45 or \$90, as the case requires. All such claims shall be paid~~
15 ~~from the sales tax refund fund upon warrants of the director of accounts~~
16 ~~and reports pursuant to vouchers approved by the director of taxation or by~~
17 ~~a person or persons designated by the director. *The provisions of this*~~
18 ~~*subsection shall not be effective for tax year 2013, and all tax years*~~
19 ~~*thereafter.*~~

20 ~~(2) As an alternative to the procedure described by subsection (a)(1),~~
21 ~~For all taxable years commencing after December 31, 2009/2012, there~~
22 ~~shall be allowed as a credit against the tax liability of a resident individual~~
23 ~~imposed under the Kansas income tax act an amount equal to \$45 or \$90,~~
24 ~~as the case requires, for each member of a household. There shall be~~
25 ~~allowed for a claimant who qualifies for an additional personal exemption~~
26 ~~amount pursuant to K.S.A. 79-32,121, and amendments thereto, an~~
27 ~~additional amount of \$45 or \$90, as the case requires. *If Commencing in:*~~
28 ~~*tax year 2013, and all tax years thereafter,* the amount of such tax credit~~
29 ~~exceeds *shall not exceed* the claimant's income tax liability for such~~
30 ~~taxable year, such excess amount shall be refunded to the claimant~~
31 ~~reduced by the sum of any other credits allowable against the tax liability~~
32 ~~of the taxpayer pursuant to law.~~

33 ~~(b) A head of household shall make application for refunds for all~~
34 ~~members of the same household upon a common form provided for the~~
35 ~~making of joint claims. All claims paid to members of the same household~~
36 ~~shall be paid as a joint claim by means of a single warrant.~~

37 ~~(c) No claim for a refund of taxes under the provisions of K.S.A. 79-~~
38 ~~3632 et seq., and amendments thereto, shall be paid or allowed unless such~~
39 ~~claim is actually filed with and in the possession of the department of~~
40 ~~revenue on or before April 15 of the year next succeeding the year in~~
41 ~~which such taxes were paid. The director of taxation may: (1) Extend the~~
42 ~~time for filing any claim under the provisions of this act when good cause~~
43 ~~exists therefor; or (2) accept a claim filed after the deadline for filing in the~~

1 ~~ease of sickness, absence or disability of the claimant if such claim has~~
2 ~~been filed within four years of such deadline.~~

3 ~~(d) In the case of all tax years commencing after December 31, 2010,~~
4 ~~the threshold income amounts prescribed in this section and subsection (c)~~
5 ~~of K.S.A. 79-3633, and amendments thereto, and the amounts of refund of~~
6 ~~taxes and the amounts of the tax credit, both as prescribed in this section,~~
7 ~~shall be increased by an amount equal to such threshold amount multiplied~~
8 ~~by the cost-of-living adjustment determined under section 1 (f)(3) of the~~
9 ~~federal internal revenue code for the calendar year in which the taxable~~
10 ~~year commences.~~

11 ~~Sec. 19. K.S.A. 2011 Supp. 79-3710 is hereby amended to read as~~
12 ~~follows: 79-3710. (a) All revenue collected or received by the director~~
13 ~~under the provisions of this act shall be remitted to the state treasurer in~~
14 ~~accordance with the provisions of K.S.A. 75-4215, and amendments~~
15 ~~thereto. Upon receipt of each such remittance, the state treasurer shall~~
16 ~~deposit the entire amount in the state treasury, less amounts set apart as~~
17 ~~provided in subsection (b) and amounts credited as provided in subsection~~
18 ~~(c), (d) and (e), to the credit of the state general fund.~~

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

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

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

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

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

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

3 ~~(5) On July 1, 2010, the state treasurer shall credit 11.427% of the~~
4 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
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 ~~(6) On July 1, 2011, the state treasurer shall credit 11.26% of the~~
9 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
10 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
11 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
12 ~~the state highway fund.~~

13 ~~(7) On July 1, 2012, the state treasurer shall credit 11.233% of the~~
14 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
15 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
16 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
17 ~~the state highway fund, as well as such revenue collected and received at~~
18 ~~the rate of 6.3%, after June 30, 2013.~~

19 ~~(8) On July 1, 2013, and thereafter, the state treasurer shall credit~~
20 ~~18.421%11.926% of the revenue collected and received from the tax~~
21 ~~imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.7%,~~
22 ~~and deposited as provided by subsection (a), exclusive of amounts credited~~
23 ~~pursuant to subsection (d), in the state highway fund.~~

24 ~~(9) On July 1, 2014, the state treasurer shall credit 11.535% of the~~
25 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703;~~
26 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
27 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
28 ~~the state highway fund.~~

29 ~~(10) On July 1, 2015, the state treasurer shall credit 20.159% of the~~
30 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703;~~
31 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
32 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
33 ~~the state highway fund.~~

34 ~~(11) On July 1, 2016, the state treasurer shall credit 20.096% of the~~
35 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703;~~
36 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
37 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
38 ~~the state highway fund.~~

39 ~~(12) On July 1, 2017, the state treasurer shall credit 20.004% of the~~
40 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703;~~
41 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
42 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
43 ~~the state highway fund.~~

1 ~~(13) On July 1, 2018, the state treasurer shall credit 19.977% of the~~
2 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
3 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
4 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
5 ~~the state highway fund.~~

6 ~~(14) On July 1, 2019, the state treasurer shall credit 19.921% of the~~
7 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
8 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
9 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
10 ~~the state highway fund.~~

11 ~~(15) On July 1, 2020, the state treasurer shall credit 19.867% of the~~
12 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
13 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
14 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
15 ~~the state highway fund.~~

16 ~~(16) On July 1, 2021, the state treasurer shall credit 19.814% of the~~
17 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
18 ~~and amendments thereto, at the rate of 5.7%, and deposited as provided by~~
19 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
20 ~~the state highway fund.~~

21 ~~(17) On July 1, 2022, and thereafter, the state treasurer shall credit~~
22 ~~18.421% of the revenue collected and received from the tax imposed by~~
23 ~~K.S.A. 79-3703, and amendments thereto, at the rate of 5.7%, and~~
24 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
25 ~~pursuant to subsection (d), in the state highway fund.~~

26 ~~(d) The state treasurer shall credit all revenue collected or received~~
27 ~~from the tax imposed by K.S.A. 79-3703, and amendments thereto, as~~
28 ~~certified by the director, from taxpayers doing business within that portion~~
29 ~~of a redevelopment district occupied by a redevelopment project that was~~
30 ~~determined by the secretary of commerce to be of statewide as well as~~
31 ~~local importance or will create a major tourism area for the state as defined~~
32 ~~in K.S.A. 12-1770a, and amendments thereto, to the city bond finance~~
33 ~~fund created by subsection (d) of K.S.A. 79-3620, and amendments~~
34 ~~thereto. The provisions of this subsection shall expire when the total of all~~
35 ~~amounts credited hereunder and under subsection (d) of K.S.A. 79-3620,~~
36 ~~and amendments thereto, is sufficient to retire the special obligation bonds~~
37 ~~issued for the purpose of financing all or a portion of the costs of such~~
38 ~~redevelopment project.~~

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

42 ~~(e) All revenue certified by the director of taxation as having been~~
43 ~~collected or received from the tax imposed by subsection (e) of K.S.A. 79-~~

1 ~~3603, and amendments thereto, on the sale or furnishing of gas, water,~~
2 ~~electricity and heat for use or consumption within the intermodal facility~~
3 ~~district described in this subsection, shall be credited by the state treasurer~~
4 ~~to the state highway fund. Such revenue may be transferred by the~~
5 ~~secretary of transportation to the rail service improvement fund pursuant to~~
6 ~~law. The provisions of this subsection shall take effect upon certification~~
7 ~~by the secretary of transportation that a notice to proceed has been~~
8 ~~received for the construction of the improvements within the intermodal~~
9 ~~facility district, but not later than December 31, 2010, and shall expire~~
10 ~~when the secretary of revenue determines that the total of all amounts~~
11 ~~credited hereunder and pursuant to subsection (c) of K.S.A. 79-3620, and~~
12 ~~amendments thereto, is equal to \$53,300,000, but not later than December~~
13 ~~31, 2045. Thereafter, all revenues shall be collected and distributed in~~
14 ~~accordance with applicable law. For all tax reporting periods during which~~
15 ~~the provisions of this subsection are in effect, none of the exemptions~~
16 ~~contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply~~
17 ~~to the sale or furnishing of any gas, water, electricity and heat for use or~~
18 ~~consumption within the intermodal facility district. As used in this~~
19 ~~subsection, "intermodal facility district" shall consist of an intermodal~~
20 ~~transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and~~
21 ~~amendments thereto, located in Johnson county within the polygonal-~~
22 ~~shaped area having Waverly Road as the eastern boundary, 191st Street as~~
23 ~~the southern boundary, Four Corners Road as the western boundary, and~~
24 ~~Highway 56 as the northern boundary, and the polygonal-shaped area~~
25 ~~having Poplar Road as the eastern boundary, 183rd Street as the southern~~
26 ~~boundary, Waverly Road as the western boundary, and the BNSF mainline~~
27 ~~track as the northern boundary, that includes capital investment in an~~
28 ~~amount exceeding \$150 million for the construction of an intermodal~~
29 ~~facility to handle the transfer, storage and distribution of freight through~~
30 ~~railway and trucking operations.~~

31 ~~Sec. 20. K.S.A. 2011 Supp. 79-4217 is hereby amended to read as~~
32 ~~follows: 79-4217. (a) There is hereby imposed an excise tax upon the~~
33 ~~severance and production of coal, oil or gas from the earth or water in this~~
34 ~~state for sale, transport, storage, profit or commercial use, subject to the~~
35 ~~following provisions of this section. Such tax shall be borne ratably by all~~
36 ~~persons within the term "producer" as such term is defined in K.S.A. 79-~~
37 ~~4216, and amendments thereto, in proportion to their respective beneficial~~
38 ~~interest in the coal, oil or gas severed. Such tax shall be applied equally to~~
39 ~~all portions of the gross value of each barrel of oil severed and subject to~~
40 ~~such tax and to the gross value of the gas severed and subject to such tax.~~
41 ~~The rate of such tax shall be 8% of the gross value of all oil or gas severed~~
42 ~~from the earth or water in this state and subject to the tax imposed under~~
43 ~~this act. The rate of such tax with respect to coal shall be \$1 per ton. For~~

1 ~~the purposes of the tax imposed hereunder the amount of oil or gas~~
2 ~~produced shall be measured or determined: (1) In the case of oil, by tank~~
3 ~~tables compiled to show 100% of the full capacity of tanks without~~
4 ~~deduction for overage or losses in handling; allowance for any reasonable~~
5 ~~and bona fide deduction for basic sediment and water, and for correction of~~
6 ~~temperature to 60 degrees Fahrenheit will be allowed; and if the amount of~~
7 ~~oil severed has been measured or determined by tank tables compiled to~~
8 ~~show less than 100% of the full capacity of tanks, such amount shall be~~
9 ~~raised to a basis of 100% for the purpose of the tax imposed by this act;~~
10 ~~and (2) in the case of gas, by meter readings showing 100% of the full~~
11 ~~volume expressed in cubic feet at a standard base and flowing temperature~~
12 ~~of 60 degrees Fahrenheit, and at the absolute pressure at which the gas is~~
13 ~~sold and purchased; correction to be made for pressure according to~~
14 ~~Boyle's law, and used for specific gravity according to the gravity at which~~
15 ~~the gas is sold and purchased, or if not so specified, according to the test~~
16 ~~made by the balance method.~~

17 ~~(b) The following shall be exempt from the tax imposed under this~~
18 ~~section:~~

19 ~~(1) The severance and production of gas which is: (A) Injected into~~
20 ~~the earth for the purpose of lifting oil, recycling or repressuring; (B) used~~
21 ~~for fuel in connection with the operation and development for, or~~
22 ~~production of, oil or gas in the lease or production unit where severed; (C)~~
23 ~~lawfully vented or flared; (D) severed from a well having an average daily~~
24 ~~production during a calendar month having a gross value of not more than~~
25 ~~\$87 per day, which well has not been significantly curtailed by reason of~~
26 ~~mechanical failure or other disruption of production; in the event that the~~
27 ~~production of gas from more than one well is gauged by a common meter,~~
28 ~~eligibility for exemption hereunder shall be determined by computing the~~
29 ~~gross value of the average daily combined production from all such wells~~
30 ~~and dividing the same by the number of wells gauged by such meter; (E)~~
31 ~~inadvertently lost on the lease or production unit by reason of leaks,~~
32 ~~blowouts or other accidental losses; (F) used or consumed for domestic or~~
33 ~~agricultural purposes on the lease or production unit from which it is~~
34 ~~severed; or (G) placed in underground storage for recovery at a later date~~
35 ~~and which was either originally severed outside of the state of Kansas, or~~
36 ~~as to which the tax levied pursuant to this act has been paid;~~

37 ~~(2) the severance and production of oil which is: (A) From a lease or~~
38 ~~production unit whose average daily production is five barrels or less per~~
39 ~~producing well, which well or wells have not been significantly curtailed~~
40 ~~by reason of mechanical failure or other disruption of production; (B) from~~
41 ~~a lease or production unit, the producing well or wells upon which have a~~
42 ~~completion depth of 2,000 feet or more, and whose average daily~~
43 ~~production is six barrels or less per producing well or, if the price of oil as~~

~~1 determined pursuant to subsection (d) is \$16 or less, whose average daily
2 production is seven barrels or less per producing well, or, if the price of oil
3 as determined pursuant to subsection (d) is \$15 or less, whose average
4 daily production is eight barrels or less per producing well, or, if the price
5 of oil as determined pursuant to subsection (d) is \$14 or less, whose
6 average daily production is nine barrels or less per producing well, or, if
7 the price of oil as determined pursuant to subsection (d) is \$13 or less,
8 whose average daily production is 10 barrels or less per producing well,
9 which well or wells have not been significantly curtailed by reason of
10 mechanical failure or other disruption of production; (C) from a lease or
11 production unit, whose production results from a tertiary recovery process.
12 "Tertiary recovery process" means the process or processes described in
13 subparagraphs (1) through (9) of 10 C.F.R. § 212.78(e) as in effect on June
14 1, 1979; (D) from a lease or production unit, the producing well or wells
15 upon which have a completion depth of less than 2,000 feet and whose
16 average daily production resulting from a water flood process, is six
17 barrels or less per producing well, which well or wells have not been
18 significantly curtailed by reason of mechanical failure or other disruption
19 of production; (E) from a lease or production unit, the producing well or
20 wells upon which have a completion depth of 2,000 feet or more, and
21 whose average daily production resulting from a water flood process, is
22 seven barrels or less per producing well or, if the price of oil as determined
23 pursuant to subsection (d) is \$16 or less, whose average daily production is
24 eight barrels or less per producing well, or, if the price of oil as determined
25 pursuant to subsection (d) is \$15 or less, whose average daily production is
26 nine barrels or less per producing well, or, if the price of oil as determined
27 pursuant to subsection (d) is \$14 or less, whose average daily production is
28 10 barrels or less per producing well, which well or wells have not been
29 significantly curtailed by reason of mechanical failure or other disruption
30 of production; (F) test, frac or swab oil which is sold or exchanged for
31 value; or (G) inadvertently lost on the lease or production unit by reason of
32 leaks or other accidental means;~~

~~33 (3) (A) any taxpayer applying for an exemption pursuant to
34 subsection (b)(2)(A) and (B) shall make application biennially to the
35 director of taxation therefor. Exemptions granted pursuant to subsection
36 (b)(2)(A) and (B) shall be valid for a period of two years following the
37 date of certification thereof by the director of taxation; (B) any taxpayer
38 applying for an exemption pursuant to subsection (b)(2)(D) or (E) shall
39 make application biennially to the director of taxation therefor. Such
40 application shall be accompanied by proof of the approval of an
41 application for the utilization of a water flood process therefor by the
42 corporation commission pursuant to rules and regulations adopted under
43 the authority of K.S.A. 55-152, and amendments thereto, and proof that~~

1 ~~the oil produced therefrom is kept in a separate tank battery and that~~
2 ~~separate books and records are maintained therefor. Such exemption shall~~
3 ~~be valid for a period of two years following the date of certification thereof~~
4 ~~by the director of taxation; (C) any exemption granted pursuant to~~
5 ~~subsections (b)(2)(A), (B), (D) or (E) with an odd lease number and an~~
6 ~~exemption termination date between June 1, 2004, and May 31, 2005,~~
7 ~~inclusive, shall be valid for a period of one year following the date of~~
8 ~~certification; and (D) notwithstanding the provisions of paragraph (A) or~~
9 ~~(B), any exemption in effect on the effective date of this act affected by the~~
10 ~~amendments to subsection (b)(2) by this act shall be redetermined in~~
11 ~~accordance with such amendments. Any such exemption, and any new~~
12 ~~exemption established by such amendments and applied for after the~~
13 ~~effective date of this shall be valid for a period commencing with May 1,~~
14 ~~1998, and ending on April 30, 1999.~~

15 ~~(4) the severance and production of gas or oil from any pool from~~
16 ~~which oil or gas was first produced on or after April 1, 1983, and prior to~~
17 ~~July 1, 2012, as determined by the state corporation commission and~~
18 ~~certified to the director of taxation, and continuing for a period of 24~~
19 ~~months from the month in which oil or gas was first produced from such~~
20 ~~pool as evidenced by an affidavit of completion of a well, filed with the~~
21 ~~state corporation commission and certified to the director of taxation.~~
22 ~~Exemptions granted for production from any well pursuant to this~~
23 ~~paragraph shall be valid for a period of 24 months following the month in~~
24 ~~which oil or gas was first produced from such pool. The term "pool"~~
25 ~~means an underground accumulation of oil or gas in a single and separate~~
26 ~~natural reservoir characterized by a single pressure system so that~~
27 ~~production from one part of the pool affects the reservoir pressure~~
28 ~~throughout its extent;~~

29 ~~(5) the severance and production of oil not to exceed 250 barrels per~~
30 ~~day from any pool from which oil was first produced on or after July 1,~~
31 ~~2012, as determined by the state corporation commission and certified to~~
32 ~~the director of taxation, and continuing for a period of 24 months from the~~
33 ~~month in which oil was first produced from such pool as evidenced by an~~
34 ~~affidavit of completion of a well, filed with the state corporation~~
35 ~~commission and certified to the director of taxation. Exemptions granted~~
36 ~~for production from any well pursuant to this subsection shall be valid for~~
37 ~~a period of 24 months following the month in which oil was first produced~~
38 ~~from such pool. The term "pool" means an underground accumulation of~~
39 ~~oil in a single and separate natural reservoir characterized by a single~~
40 ~~pressure system so that production from one part of the pool affects the~~
41 ~~reservoir pressure throughout its extent;~~

42 ~~(6) the severance and production of oil or gas from a three-year~~
43 ~~inactive well, as determined by the state corporation commission and~~

1 ~~certified to the director of taxation, for a period of 10 years after the date~~
2 ~~of receipt of such certification. As used in this paragraph, "three-year~~
3 ~~inactive well" means any well that has not produced oil or gas in more~~
4 ~~than one month in the three years prior to the date of application to the~~
5 ~~state corporation commission for certification as a three-year inactive well.~~
6 ~~An application for certification as a three-year inactive well shall be in~~
7 ~~such form and contain such information as required by the state~~
8 ~~corporation commission, and shall be made prior to July 1, 1996. The~~
9 ~~commission may revoke a certification if information indicates that a~~
10 ~~certified well was not a three-year inactive well or if other lease~~
11 ~~production is credited to the certified well. Upon notice to the operator that~~
12 ~~the certification for a well has been revoked, the exemption shall not be~~
13 ~~applied to the production from that well from the date of revocation;~~

14 ~~(6)(7) (A) The incremental severance and production of oil or gas~~
15 ~~which results from a production enhancement project begun on or after~~
16 ~~July 1, 1998, shall be exempt for a period of seven years from the startup~~
17 ~~date of such project. As used in this paragraph (6):~~

18 ~~(1) "Incremental severance and production" means the amount of oil~~
19 ~~or natural gas which is produced as the result of a production enhancement~~
20 ~~project which is in excess of the base production of oil or natural gas, and~~
21 ~~is determined by subtracting the base production from the total monthly~~
22 ~~production after the production enhancement project is completed.~~

23 ~~(2) "Base production" means the average monthly amount of~~
24 ~~production for the twelve-month period immediately prior to the~~
25 ~~production enhancement project beginning date, minus the monthly rate of~~
26 ~~production decline for the well or project for each month beginning 180~~
27 ~~days prior to the project beginning date. The monthly rate of production~~
28 ~~decline shall be equal to the average extrapolated monthly decline rate for~~
29 ~~the well or project for the twelve-month period immediately prior to the~~
30 ~~production enhancement project beginning date, except that the monthly~~
31 ~~rate of production decline shall be equal to zero in the case where the well~~
32 ~~or project has experienced no monthly decline during the twelve-month~~
33 ~~period immediately prior to the production enhancement project beginning~~
34 ~~date. Such monthly rate of production decline shall be continued as the~~
35 ~~decline that would have occurred except for the enhancement project. Any~~
36 ~~well or project which may have produced during the twelve-month period~~
37 ~~immediately prior to the production enhancement project beginning date~~
38 ~~but is not capable of production on the project beginning date shall have a~~
39 ~~base production equal to zero. The calculation of the base production~~
40 ~~amount shall be evidenced by an affidavit and supporting documentation~~
41 ~~filed by the applying taxpayer with the state corporation commission.~~

42 ~~(3) "Workover" means any downhole operation in an existing oil or~~
43 ~~gas well that is designed to sustain, restore or increase the production rate~~

1 ~~or ultimate recovery of oil or gas, including but not limited to acidizing,~~
2 ~~reperforation, fracture treatment, sand/paraffin/seale removal or other~~
3 ~~wellbore cleanouts, casing repair, squeeze cementing, initial installation, or~~
4 ~~enhancement of artificial lifts including plunger lifts, rods, pumps,~~
5 ~~submersible pumps and coiled tubing velocity strings, downsizing existing~~
6 ~~tubing to reduce well loading, downhole commingling, bacteria treatments,~~
7 ~~polymer treatments, upgrading the size of pumping unit equipment, setting~~
8 ~~bridge plugs to isolate water production zones, or any combination of the~~
9 ~~forementioned operations; "workover" shall not mean the routine~~
10 ~~maintenance, routine repair, or like for-like replacement of downhole~~
11 ~~equipment such as rods, pumps, tubing packers or other mechanical~~
12 ~~device.~~

13 ~~(4) "Production enhancement project" means performing or causing~~
14 ~~to be performed the following:~~

15 ~~(i) Workover;~~

16 ~~(ii) recompletion to a different producing zone in the same well bore,~~
17 ~~except recompletions in formations and zones subject to a state~~
18 ~~corporation commission proration order;~~

19 ~~(iii) secondary recovery projects;~~

20 ~~(iv) addition of mechanical devices to dewater a gas or oil well;~~

21 ~~(v) replacement or enhancement of surface equipment;~~

22 ~~(vi) installation or enhancement of compression equipment, line~~
23 ~~looping or other techniques or equipment which increases production from~~
24 ~~a well or a group of wells in a project;~~

25 ~~(vii) new discoveries of oil or gas which are discovered as a result of~~
26 ~~the use of new technology, including, but not limited to, three dimensional~~
27 ~~seismic studies.~~

28 ~~(B) The state corporation commission shall adopt rules and~~
29 ~~regulations necessary to efficiently and properly administer the provisions~~
30 ~~of this paragraph (6) including rules and regulations for the qualification of~~
31 ~~production enhancement projects, the procedures for determining the~~
32 ~~monthly rate of production decline, criteria for determining the share of~~
33 ~~incremental production attributable to each well when a production~~
34 ~~enhancement project includes a group of wells, criteria for determining the~~
35 ~~start up date for any project for which an exemption is claimed, and~~
36 ~~determining new qualifying technologies for the purposes of paragraph (6)~~
37 ~~subsection (7)(A)(4)(vii).~~

38 ~~(C) Any taxpayer applying for an exemption pursuant to this~~
39 ~~paragraph (6) shall make application to the director of taxation. Such~~
40 ~~application shall be accompanied by a state corporation commission~~
41 ~~certification that the production for which an exemption is sought results~~
42 ~~from a qualified production enhancement project and certification of the~~
43 ~~base production for the enhanced wells or group of wells, and the rate of~~

1 ~~decline to be applied to that base production. The secretary of revenue~~
2 ~~shall provide credit for any taxes paid between the project startup date and~~
3 ~~the certification of qualifications by the commission.~~

4 ~~(D) The exemptions provided for in this paragraph (6) shall not apply~~
5 ~~for 12 months beginning July 1 of the year subsequent to any calendar year~~
6 ~~during which: (1) In the case of oil, the secretary of revenue determines~~
7 ~~that the weighted average price of Kansas oil at the wellhead has exceeded~~
8 ~~\$20.00 per barrel; or (2) in the case of natural gas the secretary of revenue~~
9 ~~determines that the weighted average price of Kansas gas at the wellhead~~
10 ~~has exceeded \$2.50 per Mcf.~~

11 ~~(E) The provisions of this paragraph (6) shall not affect any other~~
12 ~~exemption allowable pursuant to this section; and~~

13 ~~(7) for the calendar year 1988, and any year thereafter, the severance~~
14 ~~or production of the first 350,000 tons of coal from any mine as certified~~
15 ~~by the state geological survey.~~

16 ~~(e) No exemption shall be granted pursuant to subsection (b)(3) or (4)~~
17 ~~to any person who does not have a valid operator's license issued by the~~
18 ~~state corporation commission, and no refund of tax shall be made to any~~
19 ~~taxpayer attributable to any production in a period when such taxpayer did~~
20 ~~not hold a valid operator's license issued by the state corporation~~
21 ~~commission.~~

22 ~~(d) On April 15, 1988, and on April 15 of each year thereafter, the~~
23 ~~secretary of revenue shall determine from statistics compiled and provided~~
24 ~~by the United States department of energy, the average price per barrel~~
25 ~~paid by the first purchaser of crude oil in this state for the six-month~~
26 ~~period ending on December 31 of the preceding year. Such price shall be~~
27 ~~used for the purpose of determining exemptions allowed by subsection (b)~~
28 ~~(2)(B) or (E) for the twelve-month period commencing on May 1 of such~~
29 ~~year and ending on April 30 of the next succeeding year.~~

30 New Sec. ~~21~~ **{16}**. (a) For Kansas income tax purposes: (1) The
31 basis of a partner's interest in a partnership formed prior to January 1,
32 2013, shall be determined by computing the basis as of January 1, 2013, in
33 accordance with section 705 of the federal internal revenue code as in
34 effect on January 1, 2013, and amendments thereto, and making any
35 subsequent adjustments to the partner's interest as provided in section 733
36 of the federal internal revenue code as in effect on January 1, 2013, and
37 amendments thereto.

38 (2) The basis of a partner's interest in a partnership formed on or after
39 January 1, 2013, shall be determined by computing the basis as of the date
40 of formation of the partnership in accordance with section 705 of the
41 federal internal revenue code as in effect on January 1, 2013, and
42 amendments thereto, and making any subsequent adjustments to the
43 partner's interest as provided in section 733 of the federal internal revenue

1 code as in effect on January 1, 2013, and amendments thereto.

2 (b) (1) The basis of each shareholder's stock and indebtedness in an
3 S corporation formed prior to January 1, 2013, shall be determined by
4 computing the basis as of January 1, 2013, in accordance with section
5 1367 of the federal internal revenue code as in effect on January 1, 2013,
6 and amendments thereto, and making any subsequent adjustments to the
7 shareholder's stock and indebtedness as provided in section 1367(a)(2)(A)
8 of the federal internal revenue code as in effect on January 1, 2013, and
9 amendments thereto.

10 (2) The basis of each shareholder's stock and indebtedness in an S
11 corporation formed on or after January 1, 2013, shall be determined by
12 computing the basis as of the date of formation of the S corporation in
13 accordance with section 1367 of the federal internal revenue code as in
14 effect on January 1, 2013, and amendments thereto, and making any
15 subsequent adjustments to the shareholder's stock and indebtedness as
16 provided in section 1367 (a)(2)(A) of the federal internal revenue code as
17 in effect on January 1, 2013, and amendments thereto.

18 (c) The provisions of this section shall be effective for tax year 2013,
19 and all tax years thereafter.

20 **{Sec. 17. K.S.A. 2011 Supp. 79-32,143a is hereby amended to**
21 **read as follows: 79-32,143a (a) For taxable years beginning after**
22 **December 31, 2011, a taxpayer may elect to take an expense deduction**
23 **from Kansas net income before expensing or recapture allocated or**
24 **apportioned to this state for the cost of the following property placed**
25 **in service in this state during the taxable year: (1) Tangible property**
26 **eligible for depreciation under the modified accelerated cost recovery**
27 **system in section 168 of the internal revenue code, as amended, but**
28 **not including residential rental property, nonresidential real property,**
29 **any railroad grading or tunnel bore or any other property with an**
30 **applicable recovery period in excess of 25 years as defined under**
31 **section 168(c) or (g) of the internal revenue code, as amended; and (2)**
32 **computer software as defined in section 197(e)(3)(B) of the internal**
33 **revenue code, as amended, and as described in section 197(e)(3)(A)(i)**
34 **of the internal revenue code, as amended, to which section 167 of the**
35 **internal revenue code, as amended, applies. If such election is made,**
36 **the amount of expense deduction for such cost shall equal the**
37 **difference between the depreciable cost of such property for federal**
38 **income tax purposes and the amount of bonus depreciation being**
39 **claimed for such property pursuant to section 168(k) of the internal**
40 **revenue code, as amended, for federal income tax purposes in such tax**
41 **year, but without regard to any expense deduction being claimed for**
42 **such property under section 179 of the internal revenue code, as**
43 **amended, multiplied by the applicable factor, determined by using, the**

1 table provided in subsection (f), based on the method of depreciation
2 selected pursuant to section 168(b)(1), (2), or (3) or (g) of the internal
3 revenue code, as amended, and the applicable recovery period for
4 such property as defined under section 168(c) or (g) of the internal
5 revenue code, as amended. This election shall be made by the due date
6 of the original return, including any extensions, and may be made only
7 for the taxable year in which the property is placed in service, and
8 once made, shall be irrevocable. If the section 179 expense deduction
9 election has been made for federal income tax purposes for any asset,
10 the applicable factor to be utilized is in the IRC § 168 (b)(1) column of
11 the table provided in subsection (f) for the applicable recovery period
12 of the respective assets.

13 (b) If the amount of expense deduction calculated pursuant to
14 subsection (a) exceeds the taxpayer's Kansas net income before
15 expensing or recapture allocated or apportioned to this state, such
16 excess amount shall be treated as a Kansas net operating loss as
17 provided in K.S.A. 79-32,143, and amendments thereto.

18 (c) If the property for which an expense deduction is taken
19 pursuant to subsection (a) is subsequently sold during the applicable
20 recovery period for such property as defined under section 168(c) of
21 the internal revenue code, as amended, and in a manner that would
22 cause recapture of any previously taken expense or depreciation
23 deductions for federal income tax purposes, or if the situs of such
24 property is otherwise changed such that the property is relocated
25 outside the state of Kansas during such applicable recovery period,
26 then the expense deduction determined pursuant to subsection (a)
27 shall be subject to recapture and treated as Kansas taxable income
28 allocated to this state. The amount of recapture shall be the Kansas
29 expense deduction determined pursuant to subsection (a) multiplied
30 by a fraction, the numerator of which is the number of years
31 remaining in the applicable recovery period for such property as
32 defined under section 168(c) or (g) of the internal revenue code, as
33 amended, after such property is sold or removed from the state
34 including the year of such disposition, and the denominator of which is
35 the total number of years in such applicable recovery period.

36 (d) The situs of tangible property for purposes of claiming and
37 recapture of the expense deduction shall be the physical location of
38 such property. If such property is mobile, the situs shall be the
39 physical location of the business operations from where such property
40 is used or based. The situs of computer software shall be apportioned
41 to Kansas based on the fraction, the numerator of which is the
42 number of the taxpayer's users located in Kansas of licenses for such
43 computer software used in the active conduct of the taxpayer's

1 **business operations, and the denominator of which is the total number**
 2 **of the taxpayer’s users of the licenses for such computer software used**
 3 **in the active conduct of the taxpayer’s business operations**
 4 **everywhere.**

5 **(e) Any member of a unitary group filing a combined report may**
 6 **elect to take an expense deduction pursuant to subsection (a) for an**
 7 **investment in property made by any member of the combined group,**
 8 **provided that the amount calculated pursuant to subsection (a) may**
 9 **only be deducted from the Kansas net income before expensing or**
 10 **recapture allocated to or apportioned to this state by such member**
 11 **making the election.**

12 **(f) The following table shall be used in determining the expense**
 13 **deduction calculated pursuant to subsection (a):**

	Factors			
IRC§168 Recover Period (year)	IRC§168(b)(1) Depreciation Method	IRC§168(b)(2) Depreciation Method	IRC§168(b)(3) or (g) Depreciation Method	
18	2.5	*	.077	.092
19	3	.075	.091	.106
20	3.5	*	.102	.116
21	4	*	.114	.129
22	5	.116	.135	.150
23	6	*	.154	.170
24	6.5	*	.163	.179
25	7	.151	.173	.190
26	7.5	*	.181	.199
27	8	*	.191	.208
28	8.5	*	.199	.217
29	9	*	.208	.226
30	9.5	*	.216	.235
31	10	.198	.224	.244
32	10.5	*	.232	.252
33	11	*	.240	.261
34	11.5	*	.248	.269
35	12	*	.256	.277
36	12.5	*	.263	.285
37	13	*	.271	.293
38	13.5	*	.278	.300
39	14	*	.285	.308
40	15	*	.299	.323
41	16	*	.313	.337
42	16.5	*	.319	.344
43	17	*	.326	.351
44	18	*	.339	.365
45	19	*	.351	.378
46	20	*	.363	.391
47	22	*	.386	.415
48	24	*	.408	.438
49	25	*	.419	.449

50 *Not Applicable

51 **(g) If a taxpayer elects to expense any investment pursuant to**

1 subsection (a), such taxpayer shall not be eligible for any tax credit,
2 accelerated depreciation, or deduction for such investment allowed
3 pursuant to K.S.A. 2011 Supp. 79-32,160a(e), 79-32,182b, 79-32,201,
4 79-32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-
5 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-
6 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and
7 amendments thereto.

8 *(h) This deduction shall not be available to any taxpayer making a*
9 *modification under subsection (c)(xxi) of K.S.A. 79-32,117, and*
10 *amendments thereto.*}

11 {**Sec. 18. K.S.A. 2011 Supp. 79-32,266 is hereby amended to read**
12 **as follows: 79-32,266. (a) For taxable years commencing after**
13 **December 31, 2010, there shall be allowed as a credit against the tax**
14 **liability of a resident individual taxpayer an amount equal to 95% of**
15 **the resident individual's income tax liability under the provisions of**
16 **the Kansas income tax act for Kansas source income received from a**
17 **qualified company that is business income attributable to business**
18 **activities conducted at the business facility, office, department or other**
19 **operation relocated to Kansas when the taxpayer owns such qualified**
20 **company and materially participates in such business activities**
21 **conducted at such relocated business facility, office, department or**
22 **other operation of such qualified company which qualified for benefits**
23 **under the provisions of subsection (a)(1) of K.S.A. 74-50,212, and**
24 **amendments thereto. A taxpayer shall be treated as materially**
25 **participating in such qualified company's business activities**
26 **conducted at such business facility, office, department or other**
27 **operation relocated to Kansas only if the taxpayer is involved in such**
28 **business activities of such qualified company on a basis which is**
29 **regular, continuous and substantial. A taxpayer may claim the credit**
30 **authorized by this section during any tax year in which the qualified**
31 **company owned by the taxpayer qualifies for benefits under**
32 **provisions of K.S.A. 74-50,212, and amendments thereto.**

33 **(b) Business income attributable to the business activities**
34 **conducted at the business facility, office, department or other**
35 **operation relocated to Kansas of a qualified company which qualified**
36 **for benefits under the provisions of subsection (a)(1) of K.S.A. 74-**
37 **50,212, and amendments thereto, shall be determined by multiplying**
38 **the business income of the company apportioned to this state by a**
39 **fraction, the numerator of which is the property factor plus the**
40 **payroll factor plus the sales factor, and the denominator of which is**
41 **three. For purposes of this subsection, the property factor is a fraction,**
42 **the numerator of which is the average value of the company's real and**
43 **tangible personal property owned or rented and used during the tax**

1 period at such relocated facility, office, department or other relocated
2 operation in Kansas, and the denominator of which is the average
3 value of the company's real and tangible personal property owned or
4 rented and used within this state during the tax period. The payroll
5 factor is a fraction, the numerator of which is the total amount paid
6 during the tax period by the company for compensation at such
7 relocated facility, office, department or other relocated operation in
8 Kansas, and the denominator of which is the total compensation paid
9 by the company in this state during the tax period. The sales factor is
10 a fraction, the numerator of which is the total sales of the relocated
11 facility, office, department or other relocated operation in this state
12 during the tax period, and the denominator of which is the total sales
13 of the company in this state during the tax period.

14 (c) *This credit shall not be available to any taxpayer making a*
15 *modification under (c)(xxi) of K.S.A. 79-32,117, and amendments thereto.*

16 (d) **The secretary of revenue shall adopt rules and regulations**
17 **regarding the filing of documents that support the qualifications of the**
18 **taxpayer for the credit claimed pursuant to this section.}**

19 Sec. ~~22~~ {19}. K.S.A. 79-32,128 ~~and 79-32,176~~ and K.S.A. 2011
20 Supp. ~~40-2246~~, 74-50,222, 79-1107, 79-1108, 79-32,110, 79-32,111, 79-
21 32,117, 79-32,119, 79-32,138, ~~79-32,143~~, ~~79-32,197~~{79-32,143a}, 79-
22 32,205, ~~79-32,210~~, {79-3606, 79-3606g, 79-32,211a,} ~~79-3620~~, ~~79-3635~~,
23 {and} ~~79-3710~~{79-32,266} ~~and 79-4217~~ are hereby repealed.

24 Sec. ~~23~~ {20}. This act shall take effect and be in force from and after
25 its publication in the statute book.

26