As Amended by Senate Committee

Session of 2013

SENATE BILL No. 78

By Committee on Assessment and Taxation


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

Section 1. K.S.A. 2012 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) Resident Individuals. Except as otherwise provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

<table>
<thead>
<tr>
<th>Taxable Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $30,000</td>
<td>3.5% of Kansas taxable income</td>
</tr>
<tr>
<td>Over $30,000 but not over $60,000</td>
<td>$1,050 plus 6.25% of excess over $30,000</td>
</tr>
<tr>
<td>Over $60,000</td>
<td>$2,925 plus 6.45% of excess over $60,000</td>
</tr>
</tbody>
</table>

(B) For tax years 2013 and all tax years thereafter:

<table>
<thead>
<tr>
<th>Taxable Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $30,000</td>
<td>3.0% of Kansas taxable income</td>
</tr>
<tr>
<td>Over $30,000</td>
<td>$900 plus 4.9% of excess over $30,000</td>
</tr>
</tbody>
</table>

(C) For tax years 2014 and 2015:

<table>
<thead>
<tr>
<th>Taxable Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $30,000</td>
<td>2.5% of Kansas taxable income</td>
</tr>
<tr>
<td>Over $30,000</td>
<td>$750 plus 4.9% of excess over $30,000</td>
</tr>
</tbody>
</table>

(D) For tax year 2016:

<table>
<thead>
<tr>
<th>Taxable Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $30,000</td>
<td>1.9% of Kansas taxable income</td>
</tr>
<tr>
<td>Over $30,000</td>
<td>$570 plus 4.9% of excess over $30,000</td>
</tr>
</tbody>
</table>

(E) For tax year 2017 and all tax years thereafter:

<table>
<thead>
<tr>
<th>Taxable Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $30,000</td>
<td>1.9% of Kansas taxable income</td>
</tr>
</tbody>
</table>
Over $30,000..........................$570 plus 3.5% of excess over $30,000
(2) All other individuals.
(A) For tax year 2012:
If the taxable income is: The tax is:
Not over $15,000..........................3.5% of Kansas taxable income
Over $15,000 but not over $30,000 ..............$525 plus 6.25% of excess over $15,000
Over $30,000..............................................over $15,000
Over $30,000..............................................$1,462.50 plus 6.45% of excess over $30,000
(B) For tax year 2013, and all tax years thereafter:
If the taxable income is: The tax is:
Not over $15,000..............................3.0% of Kansas taxable income
Over $15,000...............................................$450 plus 4.9% of excess over $15,000
(C) For tax years 2014 and 2015:
If the taxable income is: The tax is:
Not over $15,000..............................2.5% of Kansas taxable income
Over $15,000..............................................$375 plus 4.9% of excess over $15,000
(D) For tax year 2016:
If the taxable income is: The tax is:
Not over $15,000..............................1.9% of Kansas taxable income
Over $15,000...............................................$285 plus 4.9% of excess over $15,000
(E) For tax year 2017 and all tax years thereafter:
If the taxable income is: The tax is:
Not over $15,000..............................1.9% of Kansas taxable income
Over $15,000...............................................$285 plus 3.5% of excess over $15,000
(b) Nonresident Individuals. A tax is hereby imposed upon the Kansas taxable income of every nonresident individual, which tax shall be an amount equal to the tax computed under subsection (a) as if the nonresident were a resident multiplied by the ratio of modified Kansas source income to Kansas adjusted gross income.
(c) Corporations. A tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:
(1) The normal tax shall be in an amount equal to 4% of the Kansas taxable income of such corporation; and
(2) (A) for tax year 2008, the surtax shall be in an amount equal to 3.1% of the Kansas taxable income of such corporation in excess of $50,000;
(B) for tax years 2009 and 2010, the surtax shall be in an amount equal to 3.05% of the Kansas taxable income of such corporation in excess of $50,000; and
(C) for tax year 2011, and all tax years thereafter, the surtax shall be in an amount equal to 3% of the Kansas taxable income of such corporation in excess of $50,000.

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

Sec. 2. K.S.A. 2012 Supp. 79-32,120 is hereby amended to read as follows: 79-32,120. (a) If federal taxable income of an individual is determined by itemizing deductions from such individual's federal adjusted gross income, such individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction. The Kansas itemized deduction of an individual means the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(b) For taxable years commencing prior to January 1, 2013, the total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income taxes imposed by or paid to this state or any other taxing jurisdiction to the extent that the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 2012 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

(c) For taxable years commencing on or after January 1, 2013, the total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income and real property taxes imposed by or paid to this state or any other taxing jurisdiction and allowed as itemized deductions in section 164 of the federal internal revenue code, and amendments thereto, and the amount of qualified residential interest paid and allowed as an itemized deduction in section 163 of the federal internal revenue code, and amendments thereto, to the extent that any of the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 2012 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

Sec. 3. K.S.A. 2012 Supp. 79-3603 is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of 5.3%, and commencing July...
1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of 5.7%. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon:

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

(b) the gross receipts from intrastate, interstate or international telecommunications services and any ancillary services sourced to this state in accordance with K.S.A. 2012 Supp. 79-3673, and amendments thereto, except that telecommunications service does not include: (1) Any interstate or international 800 or 900 service; (2) any interstate or international private communications service as defined in K.S.A. 2012 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice data service; (4) any telecommunication service to a provider of telecommunication services which will be used to render telecommunications services, including carrier access services; or (5) any service or transaction defined in this section among entities classified as members of an affiliated group as provided by section 1504 of the federal internal revenue code of 1986, as in effect on January 1, 2001;

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

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

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

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

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

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

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

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

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

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

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

(m) the gross receipts received from fees and charges by public and
private clubs, drinking establishments, organizations and businesses for
participation in sports, games and other recreational activities, but such tax
shall not be levied and collected upon the gross receipts received from: (1)
Fees and charges by any political subdivision, by any organization exempt
from property taxation pursuant to paragraph Ninth of K.S.A. 79-201, and
amendments thereto, or by any youth recreation organization exclusively
providing services to persons 18 years of age or younger which is exempt
from federal income taxation pursuant to section 501(c)(3) of the federal
internal revenue code of 1986, for participation in sports, games and other
recreational activities; and (2) entry fees and charges for participation in a
special event or tournament sanctioned by a national sporting association
to which spectators are charged an admission which is taxable pursuant to
subsection (e);
(n) the gross receipts received from dues charged by public and
private clubs, drinking establishments, organizations and businesses,
payment of which entitles a member to the use of facilities for recreation
or entertainment, but such tax shall not be levied and collected upon the
gross receipts received from: (1) Dues charged by any organization exempt
from property taxation pursuant to paragraphs Eighth and Ninth of K.S.A.
79-201, and amendments thereto; and (2) sales of memberships in a
nonprofit organization which is exempt from federal income taxation
pursuant to section 501 (c)(3) of the federal internal revenue code of 1986,
and whose purpose is to support the operation of a nonprofit zoo;
(o) the gross receipts received from the isolated or occasional sale of
motor vehicles or trailers but not including: (1) The transfer of motor
vehicles or trailers by a person to a corporation or limited liability
company solely in exchange for stock securities or membership interest in
such corporation or limited liability company; or (2) the transfer of motor
vehicles or trailers by one corporation or limited liability company to
another when all of the assets of such corporation or limited liability
company are transferred to such other corporation or limited liability
company; or (3) the sale of motor vehicles or trailers which are subject to
taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
amendments thereto, by an immediate family member to another
immediate family member. For the purposes of clause (3), immediate
family member means lineal ascendants or descendants, and their spouses.
Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
on the isolated or occasional sale of motor vehicles or trailers on and after
July 1, 2004, which the base for computing the tax was the value pursuant
to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments
thereto, when such amount was higher than the amount of sales tax which
would have been paid under the law as it existed on June 30, 2004, shall be
refunded to the taxpayer pursuant to the procedure prescribed by this
such refund shall be in an amount equal to the difference between
the amount of sales tax paid by the taxpayer and the amount of sales tax
which would have been paid by the taxpayer under the law as it existed on
June 30, 2004. Each claim for a sales tax refund shall be verified and
submitted not later than six months from the effective date of this act to the
director of taxation upon forms furnished by the director and shall be
accompanied by any additional documentation required by the director.
The director shall review each claim and shall refund that amount of tax
paid as provided by this act. All such refunds shall be paid from the sales
tax refund fund, upon warrants of the director of accounts and reports
pursuant to vouchers approved by the director of taxation or the director's
designee. No refund for an amount less than $10 shall be paid pursuant to
this act. In determining the base for computing the tax on such isolated or
occasional sale, the fair market value of any motor vehicle or trailer traded
in by the purchaser to the seller may be deducted from the selling price;

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

For the purposes of this subsection:

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

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

(3) "Facility" shall mean a mill, plant, refinery, oil or gas well, water
well, feedlot or any conveyance, transmission or distribution line of any
cooperative, nonprofit, membership corporation organized under or subject
to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
municipal or quasi-municipal corporation, including the land
improvements immediately surrounding such facility;
  (4) "residence" shall mean only those enclosures within which
individuals customarily live;
  (5) "utility structure" shall mean transmission and distribution lines
owned by an independent transmission company or cooperative, the
Kansas electric transmission authority or natural gas or electric public
utility; and
  (6) "windstorm" shall mean straight line winds of at least 80 miles per
hour as determined by a recognized meteorological reporting agency or
organization;
  (q) the gross receipts received for the service of repairing, servicing,
altering or maintaining tangible personal property which when such
services are rendered is not being held for sale in the regular course of
business, and whether or not any tangible personal property is transferred
in connection therewith. The tax imposed by this subsection shall be
applicable to the services of repairing, servicing, altering or maintaining an
item of tangible personal property which has been and is fastened to,
connected with or built into real property;
  (r) the gross receipts from fees or charges made under service or
maintenance agreement contracts for services, charges for the providing of
which are taxable under the provisions of subsection (p) or (q);
  (s) on and after January 1, 2005, the gross receipts received from the
sale of prewritten computer software and the sale of the services of
modifying, altering, updating or maintaining prewritten computer
software, whether the prewritten computer software is installed or
delivered electronically by tangible storage media physically transferred to
the purchaser or by load and leave;
  (t) the gross receipts received for telephone answering services;
  (u) the gross receipts received from the sale of prepaid calling service
and prepaid wireless calling service as defined in K.S.A. 2012 Supp. 79-
3673, and amendments thereto; and
  (v) the gross receipts received from the sales of bingo cards, bingo
faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
and amendments thereto, shall be exempt from taxes imposed pursuant to
this section.
Sec. 4. K.S.A. 2012 Supp. 79-3620 is hereby amended to read as
follows: 79-3620. (a) All revenue collected or received by the director of
taxation from the taxes imposed by this act shall be remitted to the state
treasurer in accordance with the provisions of K.S.A. 75-4215, and
amendments thereto. Upon receipt of each such remittance, the state
treasurer shall deposit the entire amount in the state treasury, less amounts
withheld as provided in subsection (b) and amounts credited as provided in
subsection (c), (d) and (e), to the credit of the state general fund.

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

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

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

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

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

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

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

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

(8) On July 1, 2013, and thereafter, the state treasurer shall credit
18.421% of the revenue collected and received from the tax
imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.7%
6.3%, and deposited as provided by subsection (a), exclusive of amounts
credited pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or received
from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
certified by the director, from taxpayers doing business within that portion
of a STAR bond project district occupied by a STAR bond project or
taxpayers doing business with such entity financed by a STAR bond
project as defined in K.S.A. 2012 Supp. 12-17,162, and amendments
thereo, that was determined by the secretary of commerce to be of
statewide as well as local importance or will create a major tourism area
for the state or the project was designated as a STAR bond project as
defined in K.S.A. 2012 Supp. 12-17,162, and amendments
thereo, to the city bond finance fund, which fund is hereby created. The provisions of
this subsection shall expire when the total of all amounts credited
hereunder and under subsection (d) of K.S.A. 79-3710, and amendments
thereo, is sufficient to retire the special obligation bonds issued for the
purpose of financing all or a portion of the costs of such STAR bond
project.

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

Sec. 5. K.S.A. 2012 Supp. 79-3703 is hereby amended to read as follows: 79-3703. There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using, storing, or consuming within this state any article of tangible personal property. Such tax shall be levied and collected in an amount equal to the consideration paid by the taxpayer multiplied by the rate of 5.3%, and commencing July 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of 5.7%. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax of 2% until the earlier of: (1) The date the bonds issued to finance or refinance the redevelopment project undertaken in the district have been paid in full; or (2) the final scheduled maturity of the first series of bonds issued to finance the redevelopment project. All property purchased or leased within or without this state and subsequently used, stored or consumed in this state shall be subject to the compensating tax if the same property or transaction would have been subject to the Kansas retailers' sales tax had the transaction been wholly within this state.

Sec. 6. K.S.A. 2012 Supp. 79-3710 is hereby amended to read as follows: 79-3710. (a) All revenue collected or received by the director
under the provisions of this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts set apart as provided in subsection (b) and amounts credited as provided in subsection (c), (d) and (e), to the credit of the state general fund.

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

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

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

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

(4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

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

(6) On July 1, 2011, the state treasurer shall credit 11.26% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.
(7) On July 1, 2012, the state treasurer shall credit 11.233% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund, as well as such revenue collected and received at the rate of 6.3%, after June 30, 2013.

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

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

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

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

New Sec. 7. (a) (1) Except as provided in subsection (a)(2),
commencing with fiscal year 2015, in any fiscal year in which the amount
of actual state general fund receipts from taxes for such fiscal year exceeds
the actual state general fund receipts from taxes for the immediately
preceding fiscal year by more than 4%, the director of budget and the
director of legislative research shall jointly certify such excess amount to
the secretary of revenue. Upon receipt of such certified amount, the
secretary shall estimate the individual income tax rate reductions to go into
effect for the next tax year that would decrease by such certified amount
the estimated individual income tax receipts during the fiscal year after the
next fiscal year.
Rate reductions for individual income tax shall be applied to reduce the
highest marginal rate applicable. Based on such determination, the
secretary shall reduce individual income tax rates prescribed by K.S.A. 79-
32,110, and amendments thereto.
(2) In any fiscal year in which the amount of actual state general fund
receipts from taxes for such fiscal year are less than 104% of the actual
state general fund receipts from taxes from any prior fiscal year, the
director of budget and the director of legislative research shall jointly
certify such amount and fact to the secretary of revenue. Upon receipt of
such amount and fact, the secretary shall not make any adjustment to the
individual income tax rates.
(b) Any reduction in individual income tax rates prescribed by this
section shall be published in the Kansas register prior to October 15 of the
calendar year immediately preceding the tax year in which such reduction
takes effect.
79-3703 and 79-3710 are hereby repealed.

Sec. 9. This act shall take effect and be in force from and after its publication in the statute book.