AN ACT concerning taxation; relating to income tax, rates, itemized
deductions, credits, income modifications and rural opportunity zones;
tax amnesty; sales and compensating use tax, rates, food and
distribution thereof; sales tax authority for Bourbon, Douglas and
Thomas counties; cigarettes, rates; property taxation, consolidated fire
districts; amending K.S.A. 2014 Supp. 12-187, 12-189, 12-192, 12-
3915, 74-50,208, 74-50,222, 74-50,223, 79-32,110, 79-32,117, 79-
32,120, 79-32,267, 79-32,269, 79-3310, 79-3310c, 79-3311, 79-3312,
79-3602, 79-3603, as amended by section 20 of 2015 Senate Substitute
for House Bill No. 2155, 79-3620, 79-3695, 79-3703 and 79-3710 and
repealing the existing sections.

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

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

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

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

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

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

(d) If a taxpayer elects to participate in the amnesty program
established pursuant to this section as evidenced by full payment of the tax
due as established by the secretary of revenue, that election shall constitute
an express and absolute relinquishment of all administrative and judicial
rights of appeal with respect to such tax liability. No tax payment received
pursuant to this section shall be eligible for refund or credit. No payment
of penalties or interest made prior to September 1, 2015, shall be eligible
for amnesty.
(e) For such tax returns for which amnesty has been requested,
nothing in this section shall be interpreted to prohibit the department from
adjusting such tax return as a result of a federal, department or other state
government audit.
(f) Fraud or intentional misrepresentation of a material fact in
connection with an application for amnesty shall void such application and
any waiver of penalties and interest from amnesty.
(g) The department may promulgate such rules and regulations or
issue administrative guidelines as are necessary to administer the
provisions of this section.
New Sec. 2. (a) As used in this section:
(1) "Business entity" means a limited liability company, S
    corporation, partnership, association, sole proprietorship, joint venture or
    other similar form of business organization. The term "business entity"
    shall not include any business organization subject to the income tax on
    corporations under K.S.A. 79-32,110(c), and amendments thereto, the
    privilege tax as measured by net income of financial institutions imposed
    pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, and
    amendments thereto, or the premium tax or privilege fees imposed
    pursuant to K.S.A. 40-252, and amendments thereto;
(2) "qualified income" means:
    (A) Net profit from business as determined under the federal internal
        revenue code and reported from schedule C and on line 12 of the
        taxpayer's form 1040 federal individual income tax return;
    (B) net income from rental real estate, royalties, partnerships, S
        corporations, estates, trusts, residual interest in real estate mortgage
        investment conduits and net farm rental as determined under the federal
        internal revenue code and reported from schedule E and on line 17 of the
        taxpayer's form 1040 federal individual income tax return; and
    (C) net farm profit as determined under the federal internal revenue
        code and reported from schedule F and on line 18 of the taxpayer's form
        1040 federal income tax return; and
(3) "qualified loss" means:
    (A) Net loss from business as determined under the federal internal
        revenue code and reported from schedule C and on line 12 of the
        taxpayer's form 1040 federal individual income tax return;
    (B) net loss from rental real estate, royalties, partnerships, S
corporations, estates, trusts, residual interest in real estate mortgage
investment conduits and net farm rental as determined under the federal
internal revenue code and reported from schedule E and on line 17 of the
taxpayer's form 1040 federal individual income tax return; and
(C) net farm loss as determined under the federal internal revenue
code and reported from schedule F and on line 18 of the taxpayer's form
1040 federal income tax return.
(b) For tax years 2015, 2016 and 2017, any individual who has an
ownership interest in a business entity shall be eligible for the lowest
marginal individual income tax rate applicable under K.S.A. 79-32,110,
and amendments thereto, with respect to qualified income received from
such business. Any qualified income of the individual received from a
business entity shall be taxed at the lowest rate for resident individuals
pursuant to, and computed in accordance with, the tax schedules listed in
K.S.A. 79-32,110, and amendments thereto. Remaining income of the
individual shall be taxed pursuant to, and computed in accordance with,
the tax schedules listed in K.S.A. 79-32,110, and amendments thereto,
without regard to the provisions of this section.
(c) The director of taxation shall not assess any penalties or interest
arising from the underpayment of taxes under this section which occurs
before April 15, 2016.
(d) The secretary of revenue shall adopt all necessary rules and
regulations to implement and administer the provisions of this section.
Sec. 3. K.S.A. 2014 Supp. 12-187 is hereby amended to read as
follows: 12-187. (a) No city shall impose a retailers' sales tax under the
provisions of this act without the governing body of such city having first
submitted such proposition to and having received the approval of a
majority of the electors of the city voting thereon at an election called and
held therefor. The governing body of any city may submit the question of
imposing a retailers' sales tax and the governing body shall be required to
submit the question upon submission of a petition signed by electors of
such city equal in number to not less than 10% of the electors of such city.
(b) (1) The board of county commissioners of any county may submit
the question of imposing a countywide retailers' sales tax to the electors at
an election called and held thereon, and any such board shall be required
to submit the question upon submission of a petition signed by electors of
such county equal in number to not less than 10% of the electors of such
county who voted at the last preceding general election for the office of
secretary of state, or upon receiving resolutions requesting such an election
passed by not less than 2/3 of the membership of the governing body of
each of one or more cities within such county which contains a population
of not less than 25% of the entire population of the county, or upon
receiving resolutions requesting such an election passed by 2/3 of the
membership of the governing body of each of one or more taxing subdivisions within such county which levy not less than 25% of the property taxes levied by all taxing subdivisions within the county.

(2) The board of county commissioners of Anderson, Atchison, Barton, Brown, Butler, Chase, Cowley, Cherokee, Crawford, Ford, Franklin, Jefferson, Linn, Lyon, Marion, Miami, Montgomery, Neosho, Osage, Ottawa, Reno, Riley, Saline, Seward, Sumner, Thomas, Wabaunsee, Wilson and Wyandotte counties may submit the question of imposing a countywide retailers' sales tax and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center facility or other county administrative facility, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire when sales tax sufficient to pay all of the costs incurred in the financing of such facility has been collected by retailers as determined by the secretary of revenue. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley, Sumner or Wilson county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(3) (A) Except as otherwise provided in this paragraph, the result of the election held on November 8, 1988, on the question submitted by the board of county commissioners of Jackson county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the Banner Creek reservoir project. The tax imposed pursuant to this paragraph shall take effect on the effective date of this act and shall expire not later than five years after such date.

(B) The result of the election held on November 8, 1994, on the question submitted by the board of county commissioners of Ottawa county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the erection, construction and furnishing of a law enforcement center and jail facility.

(C) Except as otherwise provided in this paragraph, the result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Sedgwick county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be used only to pay the costs of: (i) Acquisition of a site and constructing and equipping thereon a new regional events center, associated parking and infrastructure improvements and related appurtenances thereto, to be located in the downtown area of the city of Wichita, Kansas, (the "downtown arena");
(ii) design for the Kansas coliseum complex and construction of improvements to the pavilions; and (iii) establishing an operating and maintenance reserve for the downtown arena and the Kansas coliseum complex. The tax imposed pursuant to this paragraph shall commence on July 1, 2005, and shall terminate not later than 30 months after the commencement thereof.

(D) Except as otherwise provided in this paragraph, the result of the election held on August 5, 2008, on the question submitted by the board of county commissioners of Lyon county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended for the purposes of ad valorem tax reduction and capital outlay. The tax imposed pursuant to this paragraph shall terminate not later than five years after the commencement thereof.

(E) Except as otherwise provided in this paragraph, the result of the election held on August 5, 2008, on the question submitted by the board of county commissioners of Rawlins county for the purpose of increasing its countywide retailers' sales tax by 0.75% is hereby declared valid, and the revenue received therefrom by the county shall be expended for the purposes of financing the costs of a swimming pool. The tax imposed pursuant to this paragraph shall terminate not later than 15 years after the commencement thereof or upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(F) The result of the election held on December 1, 2009, on the question submitted by the board of county commissioners of Chautauqua county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received from such tax by the county shall be expended for the purposes of financing the costs of constructing, furnishing and equipping a county jail and law enforcement center and necessary improvements appurtenant to such jail and law enforcement center. Any tax imposed pursuant to authority granted in this paragraph shall terminate upon payment of all costs authorized pursuant to this paragraph incurred in the financing of the project described in this paragraph.

(G) The result of the election held on April 7, 2015, on the question submitted by the board of county commissioners of Bourbon county for the purpose of increasing its retailers' sales tax by 0.4% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the costs of constructing, furnishing and operating a courthouse, law enforcement center or jail facility improvements. Any tax imposed pursuant to authority granted in this paragraph shall terminate upon payment of all costs authorized pursuant to this paragraph incurred in the financing of the project described in this paragraph.
paragraph.

(4) The board of county commissioners of Finney and Ford counties may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purpose of financing all or any portion of the cost to be paid by Finney or Ford county for construction of highway projects identified as system enhancements under the provisions of paragraph (5) of subsection (b) of K.S.A. 68-2314(b)(5), and amendments thereto, to the electors at an election called and held thereon. Such election shall be called and held in the manner provided by the general bond law. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Finney or Ford county pursuant to this paragraph to exceed the maximum rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Finney county, the state treasurer shall remit such funds to the treasurer of Finney county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Ford county, the state treasurer shall remit such funds to the treasurer of Ford county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund.

(5) The board of county commissioners of any county may submit the question of imposing a retailers' sales tax at the rate of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. Whenever any county imposes a tax pursuant to this paragraph, any tax imposed pursuant to paragraph (2) of subsection (a)(2) by any city located in such county shall expire upon the effective date of the imposition of the countywide tax, and thereafter the state treasurer shall remit to each such city that portion of the countywide tax revenue collected by retailers within such city as certified by the director of taxation. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include, but not be limited to, the following: Local health departments, city or county hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home care services, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency
medical services, rural health clinics, integration of health care services, home health services and rural health networks.

(6) The board of county commissioners of Allen county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of operation and construction of a solid waste disposal area or the modification of an existing landfill to comply with federal regulations to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs incurred in the financing of the project undertaken. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Allen county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(7) The board of county commissioners of Clay, Dickinson and Miami county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.50% in the case of Clay and Dickinson county and at a rate of up to 1% in the case of Miami county, and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. Except as otherwise provided, the tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected. The result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Miami county for the purpose of extending for an additional five-year period the countywide retailers' sales tax imposed pursuant to this subsection in Miami county is hereby declared valid. The countywide retailers' sales tax imposed pursuant to this subsection in Clay and Miami county may be extended or reenacted for additional five-year periods upon the board of county commissioners of Clay and Miami county submitting such question to the electors at an election called and held thereon for each additional five-year period as provided by law.

(8) The board of county commissioners of Sherman county may submit the question of imposing a countywide retailers' sales tax at the rate of 1% and pledging the revenue received therefrom for the purpose of financing the costs of street and roadway improvements to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(9) The board of county commissioners of Cowley, Crawford, Russell and Woodson county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% in the case of Crawford, Russell and Woodson county and at a rate of up to 0.25%, in the case of Cowley county and pledging the revenue received therefrom for the purpose of
financing economic development initiatives or public infrastructure projects. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(10) The board of county commissioners of Franklin county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purpose of financing recreational facilities. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such facilities.

(11) The board of county commissioners of Douglas county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purposes of conservation, access and management of open space; preservation of cultural heritage; and economic development projects and activities.

(12) The board of county commissioners of Shawnee county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom to the city of Topeka for the purpose of financing the costs of rebuilding the Topeka boulevard bridge and other public infrastructure improvements associated with such project to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such project.

(13) The board of county commissioners of Jackson county may submit the question of imposing a countywide retailers' sales tax at a rate of 0.4% and pledging the revenue received therefrom as follows: 50% of such revenues for the purpose of financing for economic development initiatives; and 50% of such revenues for the purpose of financing public infrastructure projects to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after seven years from the date such tax is first collected. The board of county commissioners of Jackson county may submit the question of imposing a countywide retailers' sales tax at a rate of 0.4% which such tax shall take effect after the expiration of the tax imposed pursuant to this paragraph prior to the effective date of this act, and pledging the revenue received therefrom for the purpose of financing public infrastructure projects to the electors at an election called and held thereon. Such tax shall expire after seven years from the date such tax is first collected.

(14) The board of county commissioners of Neosho county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized
pursuant to this paragraph in the financing of such project.

(15) The board of county commissioners of Saline county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of construction and operation of an expo center to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(16) The board of county commissioners of Harvey county may submit the question of imposing a countywide retailers' sales tax at the rate of 1.0% and pledging the revenue received therefrom for the purpose of financing the costs of property tax relief, economic development initiatives and public infrastructure improvements to the electors at an election called and held thereon.

(17) The board of county commissioners of Atchison county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purpose of financing the costs of construction and maintenance of sports and recreational facilities to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such facilities.

(18) The board of county commissioners of Wabaunsee county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of bridge and roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after 15 years from the date such tax is first collected.

(19) The board of county commissioners of Jefferson county may submit the question of imposing a countywide retailers' sales tax at the rate of 1% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after six years from the date such tax is first collected. The countywide retailers' sales tax imposed pursuant to this paragraph may be extended or reenacted for additional six-year periods upon the board of county commissioners of Jefferson county submitting such question to the electors at an election called and held thereon for each additional six-year period as provided by law.

(20) The board of county commissioners of Riley county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 1% and pledging the revenue received therefrom for the purpose of financing the costs of bridge and roadway construction and improvement
to the electors at an election called and held thereon. The tax imposed
pursuant to this paragraph shall expire after five years from the date such
tax is first collected.

(21) The board of county commissioners of Johnson county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.25% and pledging the revenue received therefrom for the purpose of
financing the construction and operation costs of public safety projects,
including, but not limited to, a jail, detention center, sheriff's resource
center, crime lab or other county administrative or operational facility
dedicated to public safety, to the electors at an election called and held
thereon. The tax imposed pursuant to this paragraph shall expire after 10
years from the date such tax is first collected. The countywide retailers'
sales tax imposed pursuant to this subsection may be extended or
reenacted for additional periods not exceeding 10 years upon the board of
county commissioners of Johnson county submitting such question to the
electors at an election called and held thereon for each additional ten-year
period as provided by law.

(22) The board of county commissioners of Wilson county may
submit the question of imposing a countywide retailers' sales tax at the rate
of up to 1% and pledging the revenue received therefrom for the purpose
of financing the costs of roadway construction and improvements to
federal highways, the development of a new industrial park and other
public infrastructure improvements to the electors at an election called and
held thereon. The tax imposed pursuant to this paragraph shall expire upon
payment of all costs authorized pursuant to this paragraph in the financing
of such project or projects.

(23) The board of county commissioners of Butler county may
submit the question of imposing a countywide retailers' sales tax at the rate
of either 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received
therefrom for the purpose of financing the costs of public safety capital
projects or bridge and roadway construction projects, or both, to the
electors at an election called and held thereon. The tax imposed pursuant
to this paragraph shall expire upon payment of all costs authorized in
financing such projects.

(24) The board of county commissioners of Barton county may
submit the question of imposing a countywide retailers' sales tax at the rate
of up to 0.5% and pledging the revenue received therefrom for the purpose
of financing the costs of roadway and bridge construction and
improvement and infrastructure development and improvement to the
electors at an election called and held thereon. The tax imposed pursuant
to this paragraph shall expire after 10 years from the date such tax is first
collected.

(25) The board of county commissioners of Jefferson county may
submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purpose of financing the costs of the county's obligation as participating employer to make employer contributions and other required contributions to the Kansas public employees retirement system for eligible employees of the county who are members of the Kansas police and firemen's retirement system, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such purpose.

(26) The board of county commissioners of Pottawatomie county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of construction or remodeling of a courthouse, jail, law enforcement center facility or other county administrative facility, or public infrastructure improvements, or both, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such project or projects.

(27) The board of county commissioners of Kingman county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received therefrom for the purpose of financing the costs of constructing and furnishing a law enforcement center and jail facility and the costs of roadway and bridge improvements to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire not later than 20 years from the date such tax is first collected.

(28) The board of county commissioners of Edwards county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.375% and pledging the revenue therefrom for the purpose of financing the costs of economic development initiatives to the electors at an election called and held thereon.

(29) The board of county commissioners of Rooks county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue therefrom for the purpose of financing the costs of constructing or remodeling and furnishing a jail facility to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs authorized in financing such project or projects.

(30) The board of county commissioners of Douglas county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center facility, detention facility or other county
administrative facility, specifically including mental health and for the operation thereof.

(31) The board of county commissioners of Bourbon county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 1%, in increments of 0.05%, and pledging the revenue received therefrom for the purpose of financing the costs of constructing, furnishing and operating a courthouse, law enforcement center or jail facility improvements to the electors at an election called and held thereon.

(c) The boards of county commissioners of any two or more contiguous counties, upon adoption of a joint resolution by such boards, may submit the question of imposing a retailers' sales tax within such counties to the electors of such counties at an election called and held thereon and such boards of any two or more contiguous counties shall be required to submit such question upon submission of a petition in each of such counties, signed by a number of electors of each of such counties where submitted equal in number to not less than 10% of the electors of each of such counties who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than \( \frac{2}{3} \) of the membership of the governing body of each of one or more cities within each of such counties which contains a population of not less than 25% of the entire population of each of such counties, or upon receiving resolutions requesting such an election passed by \( \frac{2}{3} \) of the membership of the governing body of each of one or more taxing subdivisions within each of such counties which levy not less than 25% of the property taxes levied by all taxing subdivisions within each of such counties.

(d) Any city retailers' sales tax being levied by a city prior to July 1, 2006, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax or until repealed by the adoption of an ordinance for such repeal. Any countywide retailers' sales tax in the amount of 0.5% or 1% in effect on July 1, 1990, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax.

(e) Any city or county proposing to adopt a retailers' sales tax shall give notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notices shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the levying of such tax, the
governing body of any such city or county shall provide by ordinance or resolution, as the case may be, for the levy of the tax. Any repeal of such tax or any reduction or increase in the rate thereof, within the limits prescribed by K.S.A. 12-189, and amendments thereto, shall be accomplished in the manner provided herein for the adoption and approval of such tax except that the repeal of any such city retailers' sales tax may be accomplished by the adoption of an ordinance so providing.

(f) The sufficiency of the number of signers of any petition filed under this section shall be determined by the county election officer. Every election held under this act shall be conducted by the county election officer.

(g) The governing body of the city or county proposing to levy any retailers' sales tax shall specify the purpose or purposes for which the revenue would be used, and a statement generally describing such purpose or purposes shall be included as a part of the ballot proposition.

Sec. 4. K.S.A. 2014 Supp. 12-189 is hereby amended to read as follows: 12-189. The rate of any city retailers' sales tax shall be fixed in increments of 0.05% and in an amount not to exceed 2% for general purposes and not to exceed 1% for special purposes which shall be determined by the governing body of the city. For any retailers' sales tax imposed by a city for special purposes, such city shall specify the purposes for which such tax is imposed. All such special purpose retailers' sales taxes imposed by a city shall expire after 10 years from the date such tax is first collected. The rate of any countywide retailers' sales tax shall be fixed in an amount not to exceed 1% and shall be fixed in increments of 0.25%, and which amount shall be determined by the board of county commissioners, except that:

(a) The board of county commissioners of Wabaunsee county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 1.25%; the board of county commissioners of Osage or Reno county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 1.25% or 1.5%; the board of county commissioners of Cherokee, Crawford, Ford, Saline, Seward, Thomas or Wyandotte county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 1.5% or 1.75%; the board of county commissioners of Atchison county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 2%; the board of county commissioners of Marion county, for the purposes of paragraph (2) of subsection (b) of...
K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 2.5%; the board of county commissioners of Franklin, Linn and Miami counties, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the respective board of county commissioners on July 1, 2007, plus up to 1.0%; and the board of county commissioners of Brown county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at up to 2%;

(b) the board of county commissioners of Jackson county, for the purposes of paragraph (3) of subsection (b) of K.S.A. 12-187(b)(3), and amendments thereto, may fix such rate at 2%;

(c) the boards of county commissioners of Finney and Ford counties, for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187(b)(4), and amendments thereto, may fix such rate at 0.25%;

(d) the board of county commissioners of any county for the purposes of paragraph (5) of subsection (b) of K.S.A. 12-187(b)(5), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by a board of county commissioners on the effective date of this act plus 0.25%, 0.5%, 0.75% or 1%, as the case requires;

(e) the board of county commissioners of Dickinson county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187(b)(7), and amendments thereto, may fix such rate at 1.5%, and the board of county commissioners of Miami county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187(b)(7), and amendments thereto, may fix such rate at 1.25%, 1.5%, 1.75% or 2%;

(f) the board of county commissioners of Sherman county, for the purposes of paragraph (8) of subsection (b) of K.S.A. 12-187(b)(8), and amendments thereto, may fix such rate at 2.25%;

(g) the board of county commissioners of Crawford or Russell county for the purposes of paragraph (9) of subsection (b) of K.S.A. 12-187(b)(9), and amendments thereto, may fix such rate at 1.5%;

(h) the board of county commissioners of Franklin county, for the purposes of paragraph (10) of subsection (b) of K.S.A. 12-187(b)(10), and amendments thereto, may fix such rate at 1.75%;

(i) the board of county commissioners of Douglas county, for the purposes of paragraph (11) of subsection (b) of K.S.A. 12-187(b)(11) and (b)(30), and amendments thereto, may fix such rate at 1.25%, 1.75%;

(j) the board of county commissioners of Jackson county, for the purposes of subsection (b)(13) of K.S.A. 12-187(b)(13), and amendments thereto, may fix such rate at 1.4%;

(k) the board of county commissioners of Sedgwick county, for the
purposes of paragraph (3)(C) of subsection (b) of K.S.A. 12-187(b)(3)(C), and amendments thereto, may fix such rate at 2%;

(l) the board of county commissioners of Neosho county, for the purposes of paragraph (14) of subsection (b) of K.S.A. 12-187(b)(14), and amendments thereto, may fix such rate at 1.0% or 1.5%;

(m) the board of county commissioners of Saline county, for the purposes of paragraph (15) of subsection (b) of K.S.A. 12-187(b)(15), and amendments thereto, may fix such rate at up to 1.5%;

(n) the board of county commissioners of Harvey county, for the purposes of paragraph (16) of subsection (b) of K.S.A. 12-187(b)(16), and amendments thereto, may fix such rate at 2.0%;

(o) the board of county commissioners of Atchison county, for the purposes of paragraph (17) of subsection (b) of K.S.A. 12-187(b)(17), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Atchison county on the effective date of this act plus 0.25%;

(p) the board of county commissioners of Wabaunsee county, for the purposes of paragraph (18) of subsection (b) of K.S.A. 12-187(b)(18), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Wabaunsee county on July 1, 2007, plus 0.5%;

(q) the board of county commissioners of Jefferson county, for the purposes of paragraphs (19) and (25) of subsection (b) of K.S.A. 12-187(b)(19) and (25), and amendments thereto, may fix such rate at 2.25%;

(r) the board of county commissioners of Riley county, for the purposes of paragraph (20) of subsection (b) of K.S.A. 12-187(b)(20), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Riley county on July 1, 2007, plus up to 1%;

(s) the board of county commissioners of Johnson county for the purposes of paragraph (21) of subsection (b) of K.S.A. 12-187(b)(21), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Johnson county on July 1, 2007, plus 0.25%;

(t) the board of county commissioners of Wilson county for the purposes of paragraph (22) of subsection (b) of K.S.A. 12-187(b)(22), and amendments thereto, may fix such rate at up to 2%;

(u) the board of county commissioners of Butler county for the purposes of paragraph (23) of subsection (b) of K.S.A. 12-187(b)(23), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate otherwise allowed pursuant to this section, plus 0.25%, 0.5%, 0.75% or 1%;
(v) the board of county commissioners of Barton county, for the purposes of paragraph (24) of subsection (b) of K.S.A. 12-187(b)(24), and amendments thereto, may fix such rate at up to 1.5%;
(w) the board of county commissioners of Lyon county, for the purposes of paragraph (3)(D) of subsection (b) of K.S.A. 12-187(b)(3)(D), and amendments thereto, may fix such rate at 1.5%;
(x) the board of county commissioners of Rawlins county, for the purposes of paragraph (3)(E) of subsection (b) of K.S.A. 12-187(b)(3)(E), and amendments thereto, may fix such rate at 1.75%;
y) the board of county commissioners of Chautauqua county, for the purposes of paragraph (3)(F) of subsection (b) of K.S.A. 12-187(b)(3)(F), and amendments thereto, may fix such rate at 2.0%;
z) the board of county commissioners of Pottawatomie county, for the purposes of paragraph (26) of subsection (b) of K.S.A. 12-187(b)(26), and amendments thereto, may fix such rate at up to 1.5%;
(aa) the board of county commissioners of Kingman county, for the purposes of paragraph (27) of subsection (b) of K.S.A. 12-187(b)(27), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate otherwise allowed pursuant to this section, plus 0.25%, 0.5%, 0.75%, or 1%;
(bb) the board of county commissioners of Edwards county, for the purposes of paragraph (28) of subsection (b) of K.S.A. 12-187(b)(28), and amendments thereto, may fix such rate at 1.375%; and
(cc) the board of county commissioners of Rooks county, for the purposes of paragraph (29) of subsection (b) of K.S.A. 12-187(b)(29), and amendments thereto, may fix such rate at up to 1.5%; and
(dd) the board of county commissioners of Bourbon county, for the purposes of K.S.A. 12-187(b)(3)(G) and (b)(31), and amendments thereto, may fix such rate at up to 2.0%.

Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof.

Upon receipt of a certified copy of an ordinance or resolution
authorizing the levy of a local retailers' sales tax, the director of taxation
shall cause such taxes to be collected within or without the boundaries of
such taxing subdivision at the same time and in the same manner provided
for the collection of the state retailers' sales tax. Such copy shall be
submitted to the director of taxation within 30 days after adoption of any
such ordinance or resolution. All moneys collected by the director of
taxation under the provisions of this section shall be credited to a county
and city retailers' sales tax fund which fund is hereby established in the
state treasury, except that all moneys collected by the director of taxation
pursuant to the authority granted in paragraph (22) of subsection (b) of
K.S.A. 12-187(b)(22), and amendments thereto, shall be credited to the
Wilson county capital improvements fund. Any refund due on any county
or city retailers' sales tax collected pursuant to this act shall be paid out of
the sales tax refund fund and reimbursed by the director of taxation from
collections of local retailers' sales tax revenue. Except for local retailers' sales tax revenue required to be deposited in the redevelopment bond fund
established under K.S.A. 74-8927, and amendments thereto, all local
retailers' sales tax revenue collected within any county or city pursuant to
this act shall be apportioned and remitted at least quarterly by the state
treasurer, on instruction from the director of taxation, to the treasurer of
such county or city.

Revenue that is received from the imposition of a local retailers' sales
tax which exceeds the amount of revenue required to pay the costs of a
special project for which such revenue was pledged shall be credited to the
city or county general fund, as the case requires.

The director of taxation shall provide, upon request by a city or county
clerk or treasurer or finance officer of any city or county levying a local
retailers' sales tax, monthly reports identifying each retailer doing business
in such city or county or making taxable sales sourced to such city or
county, setting forth the tax liability and the amount of such tax remitted
by each retailer during the preceding month and identifying each business
location maintained by the retailer and such retailer's sales or use tax
registration or account number. Such report shall be made available to the
clerk or treasurer or finance officer of such city or county within a
reasonable time after it has been requested from the director of taxation.
The director of taxation shall be allowed to assess a reasonable fee for the
issuance of such report. Information received by any city or county
pursuant to this section shall be confidential, and it shall be unlawful for
any officer or employee of such city or county to divulge any such
information in any manner. Any violation of this paragraph by a city or
county officer or employee is a class A misdemeanor, and such officer or
employee shall be dismissed from office. Reports of violations of this
paragraph shall be investigated by the attorney general. The district
attorney or county attorney and the attorney general shall have authority to
prosecute violations of this paragraph.

Sec. 5. K.S.A. 2014 Supp. 12-192 is hereby amended to read as
follows: 12-192. (a) Except as otherwise provided by subsection (b), (d) or
(h), all revenue received by the director of taxation from a countywide
retailers' sales tax shall be apportioned among the county and each city
located in such county in the following manner: (1) One-half of all
revenue received by the director of taxation shall be apportioned among
the county and each city located in such county in the proportion that the
total tangible property tax levies made in such county in the preceding
year for all funds of each such governmental unit bear to the total of all
such levies made in the preceding year; and (2) one-half of all revenue
received by the director of taxation from such countywide retailers' sales
tax shall be apportioned among the county and each city located in such
county, first to the county that portion of the revenue equal to the
proportion that the population of the county residing in the unincorporated
area of the county bears to the total population of the county, and second to
the cities in the proportion that the population of each city bears to the
total population of the county, except that no persons residing within the
Fort Riley military reservation shall be included in the determination of the
population of any city located within Riley county. All revenue
apportioned to a county shall be paid to its county treasurer and shall be
credited to the general fund of the county.

(b) (1) In lieu of the apportionment formula provided in subsection
(a), all revenue received by the director of taxation from a countywide
retailers' sales tax imposed within Johnson county at the rate of 0.75%, 1%
or 1.25% after July 1, 2007, shall be apportioned among the county and
each city located in such county in the following manner: (A) The revenue
received from the first 0.5% rate of tax shall be apportioned in the manner
prescribed by subsection (a); and (B) the revenue received from the rate of
tax exceeding 0.5% shall be apportioned as follows: (i) One-fourth shall be
apportioned among the county and each city located in such county in the
proportion that the total tangible property tax levies made in such county
in the preceding year for all funds of each such governmental unit bear to
the total of all such levies made in the preceding year; (ii) one-fourth shall
be apportioned among the county and each city located in such county,
first to the county that portion of the revenue equal to the proportion that
the population of the county residing in the unincorporated area of the
county bears to the total population of the county, and second to the cities
in the proportion that the population of each city bears to the total
population of the county; and (iii) one-half shall be retained by the county
for its sole use and benefit.

(2) In lieu of the apportionment formula provided in subsection (a),
all money received by the director of taxation from a countywide sales tax imposed within Montgomery county pursuant to the election held on November 8, 1994, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged. All revenue apportioned and paid from the imposition of such tax to the treasurer of any city prior to the effective date of this act shall be remitted to the county treasurer and expended only for the purpose for which the revenue received from the tax was pledged.

(3) In lieu of the apportionment formula provided in subsection (a), on and after the effective date of this act, all moneys received by the director of taxation from a countywide retailers' sales tax imposed within Phillips county pursuant to the election held on September 20, 2005, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.

(c) (1) Except as otherwise provided by paragraph (2) of this subsection, for purposes of subsections (a) and (b), the term "total tangible property tax levies" means the aggregate dollar amount of tax revenue derived from ad valorem tax levies applicable to all tangible property located within each such city or county. The ad valorem property tax levy of any county or city district entity or subdivision shall be included within this term if the levy of any such district entity or subdivision is applicable to all tangible property located within each such city or county.

(2) For the purposes of subsections (a) and (b), any ad valorem property tax levied on property located in a city in Johnson county for the purpose of providing fire protection service in such city shall be included within the term "total tangible property tax levies" for such city regardless of its applicability to all tangible property located within each such city. If the tax is levied by a district which extends across city boundaries, for purposes of this computation, the amount of such levy shall be apportioned among each city in which such district extends in the proportion that such tax levied within each city bears to the total tax levied by the district.

(d) (1) All revenue received from a countywide retailers' sales tax imposed pursuant to paragraphs (2), (3)(C), (3)(F), (6), (7), (8), (9), (12), (14), (15), (16), (17), (18), (19), (20), (22), (23), (25), (27), (28), and (29) of subsection (b) of K.S.A. 12-187(b)(2), (3)(C), (3)(F), (3)(G), (6), (7), (8), (9), (12), (14), (15), (16), (17), (18), (19), (20), (22), (23), (25), (27), (28), (29), (30) and (31), and amendments thereto, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.

(2) Except as otherwise provided in paragraph (5) of subsection (b) of K.S.A. 12-187(b)(5), and amendments thereto, all revenues received from a countywide retailers' sales tax imposed pursuant to paragraph (5) of subsection (b) of K.S.A. 12-187(b)(5), and amendments thereto, shall be
remitted to and shall be retained by the county and expended only for the
purpose for which the revenue received from the tax was pledged.

(3) All revenue received from a countywide retailers' sales tax
imposed pursuant to paragraph (26) of subsection (b) of K.S.A. 12-187(b)
(26), and amendments thereto, shall be remitted to and shall be retained by
the county and expended only for the purpose for which the revenue
received from the tax was pledged unless the question of imposing a
countywide retailers' sales tax authorized by paragraph (26) of subsection
(b) of K.S.A. 12-187(b)(26), and amendments thereto, includes the
apportionment of revenue prescribed in subsection (a).

(e) All revenue apportioned to the several cities of the county shall be
paid to the respective treasurers thereof and deposited in the general fund
of the city. Whenever the territory of any city is located in two or more
counties and any one or more of such counties do not levy a countywide
retailers' sales tax, or whenever such counties do not levy countywide
retailers' sales taxes at a uniform rate, the revenue received by such city
from the proceeds of the countywide retailers' sales tax, as an alternative to
depositing the same in the general fund, may be used for the purpose of
reducing the tax levies of such city upon the taxable tangible property
located within the county levying such countywide retailers' sales tax.

(f) Prior to March 1 of each year, the secretary of revenue shall advise
each county treasurer of the revenue collected in such county from the
state retailers' sales tax for the preceding calendar year.

(g) Prior to December 31 of each year, the clerk of every county
imposing a countywide retailers' sales tax shall provide such information
deemed necessary by the secretary of revenue to apportion and remit
revenue to the counties and cities pursuant to this section.

(h) The provisions of subsections (a) and (b) for the apportionment of
countywide retailers' sales tax shall not apply to any revenues received
pursuant to a county or countywide retailers' sales tax levied or collected
under K.S.A. 74-8929, and amendments thereto. All such revenue
collected under K.S.A. 74-8929, and amendments thereto, shall be
deposited into the redevelopment bond fund established by K.S.A. 74-
8927, and amendments thereto, for the period of time set forth in K.S.A.
74-8927, and amendments thereto.

Sec. 6. K.S.A. 2014 Supp. 12-3915 is hereby amended to read as
follows: 12-3915. The governing body of any fire district created pursuant
to this act shall have the authority to:

(a) Levy taxes and special assessments as provided by law. Except as
provided by K.S.A. 12-3913, and amendments thereto, the governing body
shall fix the amount of the tax, not to exceed 15 mills, to be levied upon all
taxable tangible property in the consolidated fire district;

(b) enter into contracts;
(c) acquire and dispose of real and personal property;
(d) acquire, construct, reconstruct, equip, operate, maintain and furnish buildings to house fire-fighting equipment;
(e) acquire, operate and maintain fire-fighting equipment;
(f) issue general obligation bonds and no-fund warrants;
(g) pay compensation and salaries to fire district employees;
(h) exercise eminent domain;
(i) pay the operation and maintenance expenses of the fire district and other expenses legally incurred by the district;
(j) select regular employees, provide for their compensation and furnish quarters for such employees if deemed desirable;
(k) provide for the organization of volunteer members who may be compensated for fighting fires, responding to emergencies or attending meetings;
(l) provide special clothing and equipment for such employees and volunteers;
(m) insure such employees and volunteers against accidental death and injury in the performance of their duties;
(n) pay for the acquisition, installation or maintenance of one or more fire hydrants, or similar devices for fighting fires, including necessary equipment, services or supplies related thereto.

The acquisition, installation and maintenance shall be subject to the mutual agreement of the governing body of the fire district and the governing body of the rural water district which owns, operates or maintains the water line on which the fire hydrant, or other similar device for fighting fires, is to be installed; and
(o) do all things necessary or desirable to maintain and operate such department so as to furnish fire protection for the inhabitants of the district and otherwise effectuate the purposes of this act.

Sec. 7. K.S.A. 2014 Supp. 74-50,208 is hereby amended to read as follows: 74-50,208. (a) A program contributor shall be allowed a credit against state income tax imposed under the Kansas income tax act in an amount not to exceed 75% of the contribution amount. If the amount of the credit allowed by this section exceeds the taxpayer's income tax liability imposed under the Kansas income tax act, such excess amount shall be refunded to the taxpayer. No credit pursuant to this section shall be allowed for any contribution made by a program contributor which also qualified for a community services tax credit pursuant to the provisions of K.S.A. 79-32,195 et seq., and amendments thereto.
(b) The administration of the community-based organization, with the cooperation of the participating financial institutions, shall submit the names of contributors and the total amount each contributor contributes to the individual development account reserve fund for the calendar year. The
secretary of revenue shall determine the date by which such information shall be submitted to the department of revenue by the local administrator.

(c) The total tax credits authorized pursuant to this section shall not exceed $500,000 in any fiscal year.

(d) The provisions of this section shall be applicable to all taxable years commencing after December 31, 2010.

(e) For tax year 2013 and all tax years thereafter, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer’s corporate income tax liability.

Sec. 8. K.S.A. 2014 Supp. 74-50,222 is hereby amended to read as follows: 74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-32,267, and amendments thereto:

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


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

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

Sec. 9. K.S.A. 2014 Supp. 74-50,223 is hereby amended to read as follows: 74-50,223. (a) Any county that has been designated a rural opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto, may participate in the program provided in this section by authorizing such participation by the county commission of such county through a duly enacted written resolution. Such county shall provide a certified copy of such resolution to the secretary of commerce on or before January 1, 2012, for calendar year 2012, or on or before January 1 for each calendar year thereafter, in which a county chooses to participate. Such resolution shall
obligate the county to participate in the program provided by this section for a period of five years, and shall be irrevocable. Such resolution shall specify the maximum amount of outstanding student loan balance for each resident individual to be repaid as provided in subsection (b), except the maximum amount of such balance shall be $15,000.

(b) If a county submits a resolution as provided in subsection (a), under the program provided in this section, subject to subsection (d), the state of Kansas and such county which chooses to participate as provided in subsection (a), shall agree to pay in equal shares the outstanding student loan balance of any resident individual who qualifies to have such individual's student loans repaid under the provisions of subsection (c) over a five-year period, except that the maximum amount of such balance shall be $15,000. The amount of such repayment shall be equal to 20% of the outstanding student loan balance of the individual in a year over the five-year repayment period. The state of Kansas is not obligated to pay the student loan balance of any resident individual who qualifies pursuant to subsection (c) prior to the county submitting a resolution to the secretary pursuant to subsection (a). Each such county shall certify to the secretary that such county has made the payment required by this subsection.

(c) A resident individual shall be entitled to have such individual's outstanding student loan balance paid for attendance at an institution of higher education where such resident individual earned an associate, bachelor or post-graduate degree under the provisions of this section when such resident individual establishes domicile in a county designated as a rural opportunity zone which participates in the program as provided in subsection (a), on and after the date in which such county commenced such participation, and prior to July 1, 2016. Such resident individual may enroll in this program in a form and manner prescribed by the secretary. Subject to subsection (d), once enrolled such resident individual shall be entitled to full participation in the program for five years, except that if the resident individual relocates outside the rural opportunity zone for which the resident individual first qualified, such resident individual forfeits such individual's eligibility to participate, and obligations under this section of the state and the county terminate. No resident individual shall enroll and be eligible to participate in this program after June 30, 2016.

(d) The provisions of this act shall be subject to appropriation acts. Nothing in this act guarantees a resident individual a right to the benefits provided in this section. The county may continue to participate even if the state does not participate.

(e) The secretary shall adopt rules and regulations necessary to administer the provisions of this section.

(f) On January 1, 2012, and annually thereafter until January 1, 2017, the secretary of commerce shall report to the senate committee on
assessment and taxation and the house of representatives committee on
taxation as to how many residents applied for the rural opportunity zone
tax credit.

Sec. 10. K.S.A. 2014 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(a) and section 2, and amendments
thereto, a tax is hereby imposed upon the Kansas taxable income of every
resident individual, which tax shall be computed in accordance with the
following tax schedules:

(1) Married individuals filing joint returns.

(A) For tax year 2012:

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

(B) For tax year 2013:

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

(C) For tax year 2014:

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

(D) For tax years 2015 through 2017:

If the taxable income is: The tax is:
Not over $30,000..................................2.7% of Kansas taxable income
Over $30,000.................................$810 plus 4.6% of excess over
$30,000

(E) For tax year 2016 2018:

If the taxable income is: The tax is:
Not over $30,000..................................2.4% of Kansas taxable income
Over $30,000.................................$720 plus 4.6% of excess over
$30,000

(F) For tax year 2017 2019:

If the taxable income is: The tax is:
Not over $30,000..................................2.3% of Kansas taxable income
Over $30,000.................................$690 plus 4.6% of excess over
$30,000

(G) For tax year 2018 2020, and all tax years thereafter:
If the taxable income is: | The tax is:
--- | ---
Not over $30,000 | 2.3% of Kansas taxable income
Over $30,000 | $690 plus 3.9% of excess over $30,000

(2) *All other individuals.*

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

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

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

(D) For tax years 2015 through 2017:
If the taxable income is: | The tax is:
--- | ---
Not over $15,000 | 2.7% of Kansas taxable income
Over $15,000 | $405 plus 4.6% of excess over $15,000

(E) For tax year 2016 through 2018:
If the taxable income is: | The tax is:
--- | ---
Not over $15,000 | 2.4% of Kansas taxable income
Over $15,000 | $360 plus 4.6% of excess over $15,000

(F) For tax year 2017 through 2019:
If the taxable income is: | The tax is:
--- | ---
Not over $15,000 | 2.3% of Kansas taxable income
Over $15,000 | $345 plus 4.6% of excess over $15,000

(G) For tax year 2018 through 2020, and all tax years thereafter:
If the taxable income is: | The tax is:
--- | ---
Not over $15,000 | 2.3% of Kansas taxable income
Over $15,000 | $345 plus 3.9% 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.

(e) Tax rates provided in this section shall be adjusted pursuant to the provisions of K.S.A. 2014 Supp. 79-32,269, and amendments thereto. Sec. 11. K.S.A. 2014 Supp. 79-32,117 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

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

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

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

(iii) The federal net operating loss deduction, except that the federal net operating loss deduction shall not be added to an individual's federal adjusted gross income for tax years beginning after December 31, 2014, and ending before January 1, 2018.

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

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

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

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

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

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

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

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

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

(xiii) The amount of any expenditures claimed for deduction in
determining federal adjusted gross income, to the extent the same is
claimed as the basis for any credit allowed pursuant to K.S.A. 2014 Supp.
79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

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

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

(xvi) The amount of any amortization deduction claimed in
determining federal adjusted gross income to the extent the same is
claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,227, 79-
thereto.

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

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

(xix) For all taxable years beginning after December 31, 2012, and ending prior to January 1, 2015, and all taxable years beginning after December 31, 2017, the amount of any: (1) Loss from business as determined under the federal income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, except those with wholly owned subsidiaries subject to the Kansas privilege tax, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) farm loss as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return.

(xx) For all taxable years beginning after December 31, 2012, and ending prior to January 1, 2015, and all taxable years beginning after December 31, 2017, the amount of any deduction for self-employment taxes under section 164(f) of the federal income tax return as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer, to the extent the deduction is attributable to income reported on schedule C, E, or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income tax return.

(xxi) For all taxable years beginning after December 31, 2012, and ending prior to January 1, 2015, and all taxable years beginning after December 31, 2017, the amount of any deduction for pension, profit sharing, and annuity plans of self-employed individuals under section 62(a)(6) of the federal internal revenue code as in effect on January 1,
2012, and amendments thereto, in determining the federal adjusted gross
income of an individual taxpayer.

   (xxii) For all taxable years beginning after December 31, 2012, and ending prior to January 1, 2015, and all taxable years beginning after December 31, 2017, the amount of any deduction for health insurance under section 162(l) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

   (xxiii) For all taxable years beginning after December 31, 2012, and ending prior to January 1, 2015, and all taxable years beginning after December 31, 2017, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

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

   (xxv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 2014 Supp. 65-6731, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2014 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as a deduction for federal income tax purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xiv) For all taxable years commencing after December 31, 1996, that portion of any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, which accrues to the taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation. For all taxable years beginning after December 31, 2012, and ending prior to January 1, 2015, and all taxable years beginning after December 31, 2017, the amount of modification under this subsection shall exclude the portion of income or loss reported on schedule E and included on line 17 of the taxpayer's form 1040 federal individual income tax return.

(xv) For all taxable years beginning after December 31, 2006, amounts not exceeding $3,000, or $6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2014 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

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

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

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

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

(xx) For all taxable years beginning after December 31, 2012, and
ending prior to January 1, 2015, and all taxable years beginning after
December 31, 2017, the amount of any: (1) Net profit from business as
determined under the federal internal revenue code and reported from
schedule C and on line 12 of the taxpayer's form 1040 federal individual
income tax return; (2) net income from rental real estate, royalties,
partnerships, S corporations, estates, trusts, residual interest in real estate
mortgage investment conduits and net farm rental as determined under the
federal internal revenue code and reported from schedule E and on line 17
of the taxpayer's form 1040 federal individual income tax return; and (3)
net farm profit as determined under the federal internal revenue code and
reported from schedule F and on line 18 of the taxpayer's form 1040
federal income tax return; all to the extent included in the taxpayer's
federal adjusted gross income. For purposes of this subsection, references
to the federal form 1040 and federal schedule C, schedule E, and schedule
F, shall be to such form and schedules as they existed for tax year 2011
and as revised thereafter by the internal revenue service.

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

(xxii) For all taxable years beginning after December 31, 2012, and ending prior to January 1, 2015, and all taxable years beginning after December 31, 2017, the amount of net gain from the sale of: (1) Cattle and horses, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 24 months or more from the date of acquisition; and (2) other livestock, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 12 months or more from the date of acquisition. The subtraction from federal adjusted gross income shall be limited to the amount of the additions recognized under the provisions of paragraph (xix) of subsection (b)(xix) attributable to the business in which the livestock sold had been used. As used in this paragraph, the term "livestock" shall not include poultry.

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

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

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

Sec. 12. K.S.A. 2014 Supp. 79-32,120 is hereby amended to read as
follows: 79-32,120. (a) (1) 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.

(2) For the tax year commencing on January 1, 2013, the Kansas
itemized deduction of an individual means 70% of 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.

(3) For the tax year commencing on January 1, 2014, the Kansas
itemized deduction of an individual means 65% of 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.

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

(5) For the tax year commencing on January 1, 2016, the Kansas
itemized deduction of an individual means 55% of 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.

(6) For tax years commencing on and after January 1, 2017, the
Kansas itemized deduction of an individual means 50% of 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) 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. 2014
79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.
(e) The provisions of this section that provide for a reduction in the total amount of deductions from federal adjusted gross income shall not apply to contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code, and amendments thereto.

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

Sec. 13. K.S.A. 2014 Supp. 79-32,267 is hereby amended to read as follows: 79-32,267. (a) For taxable years commencing after December 31, 2011, and before January 1, 2017, there shall be allowed as a credit against the tax liability of a resident individual taxpayer an amount equal to the resident individual's income tax liability under the provisions of the Kansas income tax act, when the resident individual:

(1) Establishes domicile in a rural opportunity zone on or after July 1, 2011, and prior to January 1, 2016, and was domiciled outside this state for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state;

(2) had Kansas source income less than $10,000 in any one year for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state; and

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

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

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

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

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

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

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

Sec. 14. K.S.A. 2014 Supp. 79-32,269 is hereby amended to read as
follows: 79-32,269. (a) (1) Except as provided in subsection (a)(2),
commencing with fiscal year 2018, in any fiscal year in which the
amount of selected actual state general fund receipts from such fiscal year
exceeds the selected actual state general fund receipts for the immediately
preceding fiscal year by more than 2%, the director of legislative research
shall certify such excess amount to the secretary of revenue and the
director of the budget. Upon receipt of such certified amount, the secretary
shall compute the excess percentage increase in selected actual state
general fund receipts above 2%. Based on such excess percentage of
calculated receipt growth, the secretary shall compute the income tax rate
reductions to go into effect for the next tax year that would reduce by such
certified amount the tax rates during the fiscal year after the next fiscal
year according to the provisions of this section, as follows: (A) Rate
reductions for individual income tax rates shall be applied to reduce the
highest marginal income tax rate applicable to the current tax year, by such
excess percentage minus 0.5%, and the lowest marginal income tax rate
applicable to the current tax year by such excess percentage plus 0.5%,
except that in no case shall such excess percentage plus 0.5% result in an
income tax rate increase. In any such computation by the secretary
pursuant to this subsection: (i) The resulting income tax rate shall be
rounded down to the nearest 0.1%; and (ii) in any case in which the
income tax rate for any individual marginal income tax rate is below 0.4%,
such rate shall be 0%. Based on all such determinations, the secretary shall
reduce individual income tax rates prescribed by K.S.A. 79-32,110, and
amendments thereto, as required by this section;
(B) upon all individual marginal income tax rates being reduced to
0% pursuant to the provisions of subsection (a)(1)(A), rate reduction next
shall be applied for the surtax on corporations applicable to the current tax
year by such excess percentage. In any such computation by the secretary
pursuant to this subsection in which the surtax is below 0.4%, such surtax
rate shall be 0%. Based on such determination, the secretary shall reduce
the surtax on corporations prescribed by K.S.A. 79-32,110, and
amendments thereto, as required by this section; and
(C) upon the surtax on corporations being reduced to a rate which
when combined with the normal tax rate on corporations is equal to or
below the combined surtax and normal tax imposed on national banking
associations and state banks or is equal to or below the combined surtax
and normal tax imposed on trust companies and savings and loan
associations, rate reductions shall be proportionately applied for the tax on
corporations, the tax on national banking associations and state banks, and
the tax on trust companies and savings and loan associations. Such rate
reductions shall be first applied to the surtax until reduced to 0% and then
applied to the normal tax for each such tax. In any such computation by
the secretary pursuant to this subsection in which any such tax is below
0.4%, such tax rate shall be 0%. Based on such determination, the
secretary shall reduce the surtax and the normal tax on corporations
prescribed by K.S.A. 79-32,110, and amendments thereto, the surtax and
normal tax on national banking associations and state banks prescribed by
K.S.A. 79-1107, and amendments thereto, and the surtax and normal tax
on trust companies and savings and loan associations prescribed by K.S.A.
79-1108, and amendments thereto, as required by this section.
(2) In any fiscal year in which the amount of selected actual state
general fund receipts for such fiscal year are 102% or less than the selected
actual state general fund receipts from the immediately preceding fiscal
year, the director of legislative research shall certify such amount and fact
to the secretary of revenue and the director of the budget. Upon receipt of
such amount and fact, the secretary of revenue shall not make any
adjustment to the income tax rates for that tax year.
(b) The secretary of revenue shall report any reduction in income tax
rates prescribed by this section to the chairperson of the assessment and
taxation committee of the senate, the chairperson of the taxation
committee of the house of representatives and the governor, and shall
cause notice of any such reduction to be published in the Kansas register
prior to September 15 of the calendar year immediately preceding the tax
year in which such reduction takes effect.
(c) As used in this section, "selected actual state general fund
receipts" means receipts from the following taxes and fees: Individual and
corporation income taxes imposed under K.S.A. 79-32,110, and
amendments thereto, financial institutions privilege taxes imposed under
article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
thereto, retail sales taxes imposed under K.S.A. 79-3601 et seq., and
amendments thereto, compensating use taxes imposed under K.S.A. 79-
3701 et seq., and amendments thereto, cigarette and tobacco product taxes
imposed under K.S.A. 79-3301 et seq., and amendments thereto, cereal
malt beverage and liquor gallonage taxes imposed under K.S.A. 41-501 et
seq., and amendments thereto, liquor enforcement taxes imposed under
K.S.A. 79-4101 et seq., and amendments thereto, liquor drink taxes
imposed under K.S.A. 79-41a01 et seq., and amendments thereto,
corporation franchise taxes imposed under K.S.A. 79-5401, and
amendments thereto, annual franchise fees charged pursuant to law and
mineral severance taxes imposed under K.S.A. 79-4216 et seq., and
amendments thereto.
Sec. 15. K.S.A. 2014 Supp. 79-3310 is hereby amended to read as
follows: 79-3310. There is imposed a tax upon all cigarettes sold,
distributed or given away within the state of Kansas. On and after July 1,
2002, and before January 1, 2003, the rate of such tax shall be $.70 on
each 20 cigarettes or fractional part thereof or $0.875 on each 25 cigarettes, as the case requires. On and after January 1, 2003 July 1, 2015, the rate of such tax shall be $0.79 $1.25 on each 20 cigarettes or fractional part thereof or $0.99 $1.56 on each 25 cigarettes, as the case requires. Such tax shall be collected and paid to the director as provided in this act. Such tax shall be paid only once and shall be paid by the wholesale dealer first receiving the cigarettes as herein provided.

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

Sec. 16. K.S.A. 2014 Supp. 79-3310c is hereby amended to read as follows: 79-3310c. (1) On or before July 30, 2002 July 31, 2015, each wholesale dealer, retail dealer and vending machine operator shall file a report with the director in such form as the director may prescribe showing cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on July 1, 2002 2015. A tax of $0.46 on each 20 cigarettes or fractional part thereof or $0.575 on each 25 cigarettes, as the case requires and $0.46 or $0.575, as the case requires upon all tax stamps and all meter imprints purchased from the director and not affixed to cigarettes prior to July 1, 2002 2015, is hereby imposed and shall be due and payable in equal installments on or before July 30, 2002, on or before September 30, 2002, and on or before December 30, 2002 October 31, 2015, with 10% of such amount to be retained by each wholesale dealer, retail dealer and vending machine operator who remits such tax on or before October 31, 2015. The tax imposed upon such cigarettes, tax stamps and meter imprints shall be imposed only once under this act. The director shall remit all moneys collected pursuant to this section to the state treasurer who shall credit the entire amount thereof to the state general fund.

(2) On or before January 30, 2003, each wholesale dealer, retail dealer and vending machine operator shall file a report with the director in such form as the director may prescribe showing cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on January 1, 2003. A tax of $0.09 on each 20 cigarettes or fractional part thereof or $0.115 on each 25 cigarettes, as the case requires and $0.09 or $0.115, as the case requires upon all tax stamps and all meter imprints purchased from the director and not affixed to cigarettes prior to January 1, 2003, is hereby imposed and shall be due and payable in equal installments on or before January 30, 2003, on or before March 30, 2003, and on or before June 30, 2003. The tax imposed upon such cigarettes, tax stamps and meter imprints shall be imposed only once under this act. The director shall remit all moneys collected pursuant to this section to the state treasurer who shall credit the entire amount thereof to the state general fund.
Sec. 17. K.S.A. 2014 Supp. 79-3311 is hereby amended to read as follows: 79-3311. The director shall design and designate indicia of tax payment to be affixed to each package of cigarettes as provided by this act. The director shall sell water applied stamps only to licensed wholesale dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the heat process shall be sold only in amounts of 30,000 or multiples thereof, except that such stamps which are suitable for packages containing 25 cigarettes each shall be sold in amounts prescribed by the director. Meter imprints shall be sold only in amounts of 10,000 or multiples thereof. Water applied stamps in amounts of 10,000 or multiples thereof and stamps applied by the heat process and meter imprints shall be supplied to wholesale dealers at a discount of 90% on and after July 1, 2002, and before January 1, 2003, and 0.80% on and after July 1, 2015, and thereafter from the face value thereof, and shall be deducted at the time of purchase or from the remittance therefor as hereinafter provided. Any wholesale cigarette dealer who shall file with the director a bond, of acceptable form, payable to the state of Kansas with a corporate surety authorized to do business in Kansas, shall be permitted to purchase stamps, and remit therefor to the director within 30 days after each such purchase, up to a maximum outstanding at any one time of 85% of the amount of the bond. Failure on the part of any wholesale dealer to remit as herein specified shall be cause for forfeiture of such dealer's bond. All revenue received from the sale of such stamps or meter imprints shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. The state treasurer shall first credit such amount as the director shall order to the cigarette tax refund fund and shall credit the remaining balance to the state general fund. A refund fund designated the cigarette tax refund fund not to exceed $10,000 at any time shall be set apart and maintained by the director from taxes collected under this act and held by the state treasurer for prompt payment of all refunds authorized by this act. Such cigarette tax refund fund shall be in such amount as the director shall determine is necessary to meet current refunding requirements under this act.

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

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

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

Sec. 19. K.S.A. 2014 Supp. 79-3602 is hereby amended to read as
follows: 79-3602. Except as otherwise provided, as used in the Kansas
retailers' sales tax act:

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

(b) "Agreement" means the multistate agreement entitled the
streamlined sales and use tax agreement approved by the streamlined sales

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

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

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

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

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

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

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

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

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

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

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

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

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

(p) "Ingredient or component part" means tangible personal property
which is necessary or essential to, and which is actually used in and
becomes an integral and material part of tangible personal property or
services produced, manufactured or compounded for sale by the producer,
manufacturer or compounder in its regular course of business. The
following items of tangible personal property are hereby declared to be
ingredients or component parts, but the listing of such property shall not be
deemed to be exclusive nor shall such listing be construed to be a
restriction upon, or an indication of, the type or types of property to be
included within the definition of "ingredient or component part" as herein
set forth:

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

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

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

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

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

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

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

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

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

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

(C) providing tangible personal property along with an operator for a fixed or indeterminate period of time. A condition of this exclusion is that the operator is necessary for the equipment to perform as designed. For the purpose of this subsection, an operator must do more than maintain, inspect or set-up the tangible personal property.
(2) Lease or rental does include agreements covering motor vehicles and trailers where the amount of consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the property as defined in 26 U.S.C. § 7701(h)(1).

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

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

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

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

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

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

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

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

(y) "Nonprofit blood bank" means any nonprofit place, organization, institution or establishment that is operated wholly or in part for the purpose of obtaining, storing, processing, preparing for transfusing, furnishing, donating or distributing human blood or parts or fractions of single blood units or products derived from single blood units, whether or not any remuneration is paid therefor, or whether such procedures are done for direct therapeutic use or for storage for future use of such products.

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

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

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

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

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

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

(B) electricity, gas and water; and

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

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

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

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

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

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

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

(kk) "Sale" or "sales" means the exchange of tangible personal property, as well as the sale thereof for money, and every transaction, conditional or otherwise, for a consideration, constituting a sale, including the sale or furnishing of electrical energy, gas, water, services or entertainment taxable under the terms of this act and including, except as provided in the following provision, the sale of the use of tangible personal property by way of a lease, license to use or the rental thereof regardless of the method by which the title, possession or right to use the tangible personal property is transferred. The term "sale" or "sales" shall not mean the sale of the use of any tangible personal property used as a dwelling by way of a lease or rental thereof for a term of more than 28 consecutive days.

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

(A) The seller's cost of the property sold;
(B) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller and any other expense of the seller; 
(C) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;  
(D) delivery charges; and 
(E) installation charges. 
(2) "Sales or selling price" includes consideration received by the seller from third parties if:  
(A) The seller actually receives consideration from a party other than the purchaser and the consideration is directly related to a price reduction or discount on the sale; 
(B) the seller has an obligation to pass the price reduction or discount through to the purchaser; 
(C) the amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and 
(D) one of the following criteria is met:  
(i) The purchaser presents a coupon, certificate or other documentation to the seller to claim a price reduction or discount where the coupon, certificate or documentation is authorized, distributed or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate or documentation is presented; 
(ii) the purchaser identifies to the seller that the purchaser is a member of a group or organization entitled to a price reduction or discount. A preferred customer card that is available to any patron does not constitute membership in such a group; or  
(iii) the price reduction or discount is identified as a third party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate or other documentation presented by the purchaser. 
(3) "Sales or selling price" shall not include:  
(A) Discounts, including cash, term or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale; 
(B) interest, financing and carrying charges from credit extended on the sale of personal property or services, if the amount is separately stated on the invoice, bill of sale or similar document given to the purchaser; 
(C) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale or similar document given to the purchaser; 
(D) the amount equal to the allowance given for the trade-in of property, if separately stated on the invoice, billing or similar document
given to the purchaser; and
(E) commencing on July 1, 2006, and ending on June 30, 2009, cash rebates granted by a manufacturer to a purchaser or lessee of a new motor vehicle if paid directly to the retailer as a result of the original sale.

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

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

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

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

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

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

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

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

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

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

(ww) "Detailed telecommunications billing service" means an
ancillary service of separately stating information pertaining to individual
calls on a customer's billing statement.
(xx) "Directory assistance" means an ancillary service of providing
telephone number information or address information, or both.
(yy) "Vertical service" means an ancillary service that is offered in
connection with one or more telecommunications services, which offers
advanced calling features that allow customers to identify callers and to
manage multiple calls and call connections, including conference bridging
services.
(zz) "Voice mail service" means an ancillary service that enables the
customer to store, send or receive recorded messages. Voice mail service
does not include any vertical services that the customer may be required to
have in order to utilize the voice mail service.
(aaa) "Telecommunications service" means the electronic
transmission, conveyance or routing of voice, data, audio, video or any
other information or signals to a point, or between or among points. The
term telecommunications service includes such transmission, conveyance
or routing in which computer processing applications are used to act on the
form, code or protocol of the content for purposes of transmissions,
conveyance or routing without regard to whether such service is referred to
as voice over internet protocol services or is classified by the federal
communications commission as enhanced or value added.
Telecommunications service does not include:
(1) Data processing and information services that allow data to be
generated, acquired, stored, processed or retrieved and delivered by an
electronic transmission to a purchaser where such purchaser's primary
purpose for the underlying transaction is the processed data or
information;
(2) installation or maintenance of wiring or equipment on a
customer's premises;
(3) tangible personal property;
(4) advertising, including, but not limited to, directory advertising;
(5) billing and collection services provided to third parties;
(6) internet access service;
(7) radio and television audio and video programming services,
regardless of the medium, including the furnishing of transmission,
conveyance and routing of such services by the programming service
provider. Radio and television audio and video programming services shall
include, but not be limited to, cable service as defined in 47 U.S.C. §
522(6) and audio and video programming services delivered by
commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;
(8) ancillary services; or
(9) digital products delivered electronically, including, but not limited
to, software, music, video, reading materials or ring tones.

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

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

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

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

(ff) "Interstate" means a telecommunications service that originates
in one United States state, or a United States territory or possession, and
terminates in a different United States state or a United States territory or
possession.

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

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

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

(jj) (1) "Prepared food" means any of the following:
(A) Food sold in a heated state or heated by the seller;
(B) two or more food ingredients mixed or combined by the seller for
sale as a single item; or
(C) food sold with eating utensils provided by the seller, including
plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does
not include a container or packaging used to transport the food.

(2) "Prepared food" does not include:

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

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

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

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

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

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

Sec. 20. K.S.A. 2014 Supp. 79-3603, as amended by section 20 of
2015 Senate Substitute for House Bill No. 2155, 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 6.15% commencing July 1, 2015, and at the rate of 6.15% commencing July 1, 2018. 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. 2014 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. 2014
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
services 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 K.S.A. 79-201 Ninth, 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 K.S.A. 79-201 Eighth and Ninth, 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; (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 paragraph (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 K.S.A. 79-5105(a), (b)(1) and (b)(2), 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 section. 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. 2014 Supp. 79-
3673, and amendments thereto;
(v) all sales of bingo cards, bingo faces and instant bingo tickets by
licensees under section 1 of 2015 Senate Substitute for House Bill No.
2155, et seq., and amendments thereto, shall be exempt from taxes
imposed pursuant to this section; and
(w) all sales of charitable raffle tickets in accordance with section 1
of 2015 Senate Substitute for House Bill No. 2155, et seq., and
amendments thereto, shall be exempt from taxes imposed pursuant to this
section; and
(x) commencing July 1, 2015, and thereafter, the gross receipts from
the sale of food and food ingredients shall be taxed at the rate of 5.9%.
Sec. 21. K.S.A. 2014 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
subsections (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. 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 \( \frac{5}{98} \) 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 \( \frac{5}{106} \) 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 \( \frac{19}{265} \) 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 \( \frac{13}{106} \) 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)/(2) 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)/(3) 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:

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

(5) On July 1, 2015, the state treasurer shall credit 16.509% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.45% and 5.9%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(6) On July 1, 2016, through June 30, 2018, the state treasurer shall credit 16.460% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.45% and 5.9%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(7) On July 1, 2018, and thereafter, the state treasurer shall credit 17.102% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.15% and 5.9%, 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. 2014 Supp. 12-17,162, and amendments thereto, 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. 2014 Supp. 12-17,162, and amendments thereto, 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(d), 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 STAR bond project.

(e) All revenue certified by the director of taxation as having been collected or received from the tax imposed by subsection (e) of K.S.A. 79-3603(c), 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(e), 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(oo), 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. 22. K.S.A. 2014 Supp. 79-3695 is hereby amended to read as follows: 79-3695. If any contractor has entered into a written binding contract prior to May 1, 2015, for the original construction, reconstruction, restoration, remodeling, renovation, repair or replacement of a building, facility or residential structure, or for the construction, reconstruction, restoration, replacement or repair of a bridge or highway, the state sales tax applicable to such contracts shall be remitted at the rate in effect prior to the state sales tax increase scheduled to take effect on July 1, 2015, if the contractor gives notice and proof of such contract to the director of taxation on or before July 10, 2015, which notice and proof shall be in such form and of such sufficiency as the director shall prescribe.

Sec. 23. K.S.A. 2014 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 6.15%, commencing July 1, 2015, except that such rate shall be 5.9% upon food and food ingredients, as defined by K.S.A. 79-3602, and amendments thereto, and commencing July 1, 2018, at the rate of 6.15%, except that such rate shall be 5.9% upon food and food ingredients, as defined by
K.S.A. 79-3602, and amendments thereto. 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. 24. K.S.A. 2014 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 $\frac{2}{98}$ 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), to 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), to 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), to 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)(2) 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)(3) 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.

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

(5) On July 1, 2015, the state treasurer shall credit 16.509% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.45% and 5.9%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(6) On July 1, 2016, through June 30, 2018, the state treasurer shall credit 16.460% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates of 6.45% and 5.9%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(7) On July 1, 2018, and thereafter, the state treasurer shall credit 17.102% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates of 6.15% and 5.9%, 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(d), 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(d), 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(z), 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(c), 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(e), 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(oo), 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, Waverley 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. 26. This act shall take effect and be in force from and after its publication in the statute book.