

Senate Substitute for HOUSE BILL No. 2117

By Committee on Assessment and Taxation

3-16

1 AN ACT concerning taxation; relating to income tax, rate for individuals,
2 credits, deductions and income determination; ~~sales tax rate and~~
3 ~~distribution of revenue~~; severance tax, exemptions; homestead property
4 tax refunds; food sales tax refund; amending K.S.A. 39-7,132, 65-7107,
5 74-8206, 74-8304, 79-32,118, 79-32,128, 79-32,177, 79-32,190 and 79-
6 32,200 and K.S.A. 2011 Supp. 40-2246, 74-50,173, 74-50,208, 74-
7 8316, 74-8401, 79-32,110, 79-32,111, 79-32,117, 79-32,119, 79-
8 32,138, 79-32,143, 79-32,143a, 79-32,182b, 79-32,201, 79-32,204, 79-
9 32,207, 79-32,210, 79-32,212, 79-32,222, 79-32,266, ~~79-3603, 79-~~
10 ~~3620, 79-3703, 79-3710,~~ 79-4217, 79-4501, 79-4502, 79-4508, 79-
11 4509, 79-4511 and 79-4522 and repealing the existing sections; also
12 repealing K.S.A. 79-32,176 and 79-32,182 and K.S.A. 2011 Supp. 79-
13 32,111a, ~~79-32,120,~~ 79-32,202, 79-32,213, 79-32,242, 79-3633, 79-
14 3634, 79-3635, 79-3636, 79-3637, 79-3638 and 79-3639.

15

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

17 Section 1. On and after January 1, 2013, K.S.A. 39-7,132 is hereby
18 amended to read as follows: 39-7,132. (a) Any person who agrees to
19 provide financial support to a person who would otherwise be eligible to
20 receive aid to families with dependent children and who has entered into
21 an agreement with the secretary of social and rehabilitation services for
22 this purpose, in accordance with rules and regulations adopted by the
23 secretary of social and rehabilitation services establishing the terms and
24 conditions of such agreement, shall receive a credit against the tax liability
25 imposed under the Kansas income tax act as provided under K.S.A. 79-
26 32,200, and amendments thereto.

27 (b) Moneys received by the secretary under this section shall be used
28 to match available federal moneys for providing aid to families with
29 dependent children in the following manner: (1) The portion equal to 80%
30 of such moneys shall be credited to the state general fund; (2) the portion
31 equal to 15% of such moneys shall be used by the secretary to match
32 available federal moneys and shall be added by the secretary to the grant
33 of the recipient family; and (3) the remaining portion equal to 5% of such
34 moneys shall be credited to the social welfare fund for administrative
35 expenses and one-time grants.

36 (c) *For tax year 2013 and all tax years thereafter, the income tax*

1 *credit provided by this section shall only be available to taxpayers subject*
2 *to the income tax on corporations imposed pursuant to subsection (c) of*
3 *K.S.A. 79-32,110, and amendments thereto, and shall be applied only*
4 *against such taxpayer's corporate income tax liability.*

5 Sec. 2. On and after January 1, 2013, K.S.A. 2011 Supp. 40-2246 is
6 hereby amended to read as follows: 40-2246. (a) A credit against the taxes
7 otherwise due under the Kansas income tax act shall be allowed to an
8 employer for amounts paid during the taxable year for purposes of this act
9 on behalf of an eligible employee as defined in K.S.A. 40-2239, and
10 amendments thereto, to provide health insurance or care and amounts
11 contributed to health savings accounts of eligible covered employees.

12 (b) (1) For employers that have established a small employer health
13 benefit plan after December 31, 1999, but prior to January 1, 2005, the
14 amount of the credit allowed by subsection (a) shall be \$35 per month per
15 eligible covered employee or 50% of the total amount paid by the
16 employer during the taxable year, whichever is less, for the first two years
17 of participation. In the third year, the credit shall be equal to 75% of the
18 lesser of \$35 per month per employee or 50% of the total amount paid by
19 the employer during the taxable year. In the fourth year, the credit shall be
20 equal to 50% of the lesser of \$35 per month per employee or 50% of the
21 total amount paid by the employer during the taxable year. In the fifth year,
22 the credit shall be equal to 25% of the lesser of \$35 per month per
23 employee or 50% of the total amount paid by the employer during the
24 taxable year. For the sixth and subsequent years, no credit shall be
25 allowed.

26 (2) For employers that have established a small employer health
27 benefit plan or made contributions to a health savings account of an
28 eligible covered employee after December 31, 2004, the amount of credit
29 allowed by subsection (a) shall be \$70 per month per eligible covered
30 employee for the first 12 months of participation, \$50 per month per
31 eligible covered employee for the next 12 months of participation and \$35
32 per eligible covered employee for the next 12 months of participation.
33 After 36 months of participation, no credit shall be allowed.

34 (c) If the credit allowed by this section is claimed, the amount of any
35 deduction allowable under the Kansas income tax act for expenses
36 described in this section shall be reduced by the dollar amount of the
37 credit. The election to claim the credit shall be made at the time of filing
38 the tax return in accordance with law. If the credit allowed by this section
39 exceeds the taxes imposed under the Kansas income tax act for the taxable
40 year, that portion of the credit which exceeds those taxes shall be refunded
41 to the taxpayer.

42 (d) Any amount of expenses paid by an employer under this act shall
43 not be included as income to the employee for purposes of the Kansas

1 income tax act. If such expenses have been included in federal taxable
2 income of the employee, the amount included shall be subtracted in
3 arriving at state taxable income under the Kansas income tax act.

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

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

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

13 Sec. 3. On and after January 1, 2013, K.S.A. 65-7107 is hereby
14 amended to read as follows: 65-7107. (a) Appropriate state agencies are
15 hereby directed to amend their state plans to protect the benefits of those
16 receiving such benefits by adding language consistent with the following:
17 Any funds in an individual development account, including accrued
18 interest, shall be disregarded when determining eligibility to receive the
19 amount of any public assistance or benefits.

20 (b) A program contributor shall be allowed a credit against state
21 income tax imposed under the Kansas income tax act in an amount equal
22 to 25% of the contribution amount.

23 (c) The institute shall verify all tax credit claims by contributors. The
24 administration of the community-based organization, with the cooperation
25 of the participating financial institutions, shall submit the names of
26 contributors and the total amount each contributor contributes to the
27 individual development account reserve fund for the calendar year. The
28 institute shall determine the date by which such information shall be
29 submitted to the institute by the local administrator. The institute shall
30 submit verification of qualified tax credits pursuant to K.S.A. 65-7101
31 through 65-7107, and amendments thereto, to the department of revenue.

32 (d) The total tax credits authorized pursuant to this section shall not
33 exceed \$6,250 in any fiscal year.

34 (e) The provisions of this section shall be applicable to all taxable
35 years commencing after December 31, 2002.

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

41 Sec. 4. On and after January 1, 2013, K.S.A. 2011 Supp. 74-50,173 is
42 hereby amended to read as follows: 74-50,173. (a) For taxable years
43 commencing on and after December 31, 2003, December 31, 2004,

1 December 31, 2005, December 31, 2006, and December 31, 2007, there
2 shall be allowed as a credit against the tax liability of a taxpayer imposed
3 under the Kansas income tax act, an amount equal to 20% of the cost of
4 liability insurance paid by a registered agritourism operator who operates
5 an agritourism activity on the effective date of this act. No tax credit
6 claimed pursuant to this subsection shall exceed \$2,000. If the amount of
7 such tax credit exceeds the taxpayer's income tax liability for such taxable
8 year, the amount thereof which exceeds such tax liability may be carried
9 over for deduction from the taxpayer's income tax liability in the next
10 succeeding taxable year or years until the total amount of tax credit has
11 been deducted from tax liability, except that no such tax credit shall be
12 carried forward for deduction after the third taxable year succeeding the
13 taxable year in which the tax credit is claimed.

14 (b) For the first five taxable years commencing after a taxpayer opens
15 such taxpayer's business, after the effective date of this act, there shall be
16 allowed as a credit against the tax liability of a taxpayer imposed under the
17 Kansas income tax act, an amount equal to 20% of the cost of liability
18 insurance paid by a registered agritourism operator who starts an
19 agritourism activity after the effective date of this act. No tax credit
20 claimed pursuant to this subsection shall exceed \$2,000. If the amount of
21 such tax credit exceeds the taxpayer's income tax liability for such taxable
22 year, the amount thereof which exceeds such tax liability may be carried
23 over for deduction from the taxpayer's income tax liability in the next
24 succeeding taxable year or years until the total amount of tax credit has
25 been deducted from tax liability, except that no such tax credit shall be
26 carried forward for deduction after the third taxable year succeeding the
27 taxable year in which the tax credit is claimed.

28 (c) The secretary of commerce shall adopt rules and regulations
29 establishing criteria for determining those costs which qualify as costs of
30 liability insurance for agritourism activities of a registered agritourism
31 operator.

32 (d) On or before the 15th day of the regular legislative session in
33 2006, the secretary of commerce shall submit to the senate standing
34 committee on commerce and the house standing committee on tourism and
35 parks a report on the implementation and use of the tax credit provided by
36 this section.

37 (e) As used in this section, terms have the meanings provided by
38 K.S.A. 2011 Supp. 74-50,167, and amendments thereto.

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

1 Sec. 5. On and after January 1, 2013, K.S.A. 2011 Supp. 74-50,208 is
2 hereby amended to read as follows: 74-50,208. (a) A program contributor
3 shall be allowed a credit against state income tax imposed under the
4 Kansas income tax act in an amount not to exceed 75% of the contribution
5 amount. If the amount of the credit allowed by this section exceeds the
6 taxpayer's income tax liability imposed under the Kansas income tax act,
7 such excess amount shall be refunded to the taxpayer. No credit pursuant
8 to this section shall be allowed for any contribution made by a program
9 contributor which also qualified for a community services tax credit
10 pursuant to the provisions of K.S.A. 79-32,195 et seq., and amendments
11 thereto.

12 (b) The administration of the community-based organization, with the
13 cooperation of the participating financial institutions, shall submit the
14 names of contributors and the total amount each contributor contributes to
15 the individual development account reserve fund for the calendar year. The
16 secretary of revenue shall determine the date by which such information
17 shall be submitted to the department of revenue by the local administrator.

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

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

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

27 Sec. 6. On and after January 1, 2013, K.S.A. 74-8206 is hereby
28 amended to read as follows: 74-8206. (a) Except as otherwise provided in
29 K.S.A. 74-8207, and amendments thereto, every taxpayer investing in
30 stock issued by Kansas Venture Capital, Inc. shall be entitled to a credit in
31 an amount equal to 25% of the total amount of cash investment in such
32 stock against the income tax liability imposed against such taxpayer
33 pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated. The
34 amount by which that portion of the credit allowed by this section exceeds
35 the taxpayer's tax liability in any one taxable year may be carried forward
36 until the total amount of the credit is used. If the taxpayer is a corporation
37 having an election in effect under subchapter S of the federal internal
38 revenue code or a partnership, the credit provided by this section shall be
39 claimed by the shareholders of such corporation or the partners of such
40 partnership in the same manner as such shareholders or partners account
41 for their proportionate shares of the income or loss of the corporation or
42 partnership.

43 (b) No taxpayer claiming a credit under this section for cash

1 investment in stock issued by Kansas Venture Capital, Inc. shall be eligible
2 to claim a credit for the same investment under the provisions of K.S.A.
3 74-8301 to 74-8311, inclusive, and amendments thereto.

4 (c) The provisions of this section, and amendments thereto, shall be
5 applicable to all taxable years commencing after December 31, 1997, until
6 all allowed credits are exhausted.

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

12 Sec. 7. On and after January 1, 2013, K.S.A. 74-8304 is hereby
13 amended to read as follows: 74-8304. (a) There shall be allowed as a credit
14 against the tax imposed by the Kansas income tax act on the Kansas
15 taxable income of a taxpayer and against the tax imposed by K.S.A. 40-
16 252, and amendments thereto, on insurance companies for a cash
17 investment in a certified Kansas venture capital company in an amount
18 equal to 25% of such taxpayer's cash investment in any such company in
19 the taxable year in which such investment is made and the taxable years
20 following such taxable year until the total amount of the credit is used. The
21 amount by which that portion of the credit allowed by this section exceeds
22 the taxpayer's liability in any one taxable year may be carried forward until
23 the total amount of the credit is used. If the taxpayer is a corporation
24 having an election in effect under subchapter S of the federal internal
25 revenue code or a partnership, the credit provided by this section shall be
26 claimed by the shareholders of such corporation or the partners of such
27 partnership in the same manner as such shareholders or partners account
28 for their proportionate shares of the income or loss of the corporation or
29 partnership.

30 (b) The secretary of revenue shall allow credits that are attributable to
31 not more than \$50,000,000 of cash investments in certified Kansas venture
32 capital companies and certified local seed capital pools allowable pursuant
33 to K.S.A. 74-8401, and amendments thereto, which shall include not more
34 than \$10,000,000 for Kansas Venture Capital, Inc. The credits shall be
35 allocated by the secretary for cash investments in certified Kansas venture
36 capital companies in the order that completed applications for designation
37 as Kansas venture capital companies are received by the secretary. Any
38 certified Kansas venture capital company may apply to the secretary at any
39 time for additional allocation of such credit based upon then committed
40 cash investments, but priority as to such additional allocation shall be
41 determined at the time of such subsequent application. Notwithstanding
42 the provisions of subsection (c), investors in Kansas venture capital
43 companies established after July 1, 1984, which otherwise meet the

1 requirements specified in this act, shall be, upon certification of the Kansas
2 venture capital company, entitled to the tax credit provided in subsection
3 (a) in the calendar year in which the investment was made.

4 (c) No taxpayer shall claim a credit under this section for cash
5 investment in Kansas Venture Capital, Inc. No Kansas venture capital
6 company shall qualify for the tax credit allowed by Chapter 332 of the
7 1986 Session Laws of Kansas for investment in stock of Kansas Venture
8 Capital, Inc.

9 (d) The provisions of this section, and amendments thereto, shall be
10 applicable to cash investments made in any taxable year commencing after
11 December 31, 1985, and prior to January 1, 1998.

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

17 Sec. 8. On and after January 1, 2013, K.S.A. 2011 Supp. 74-8316 is
18 hereby amended to read as follows: 74-8316. (a) The secretary is hereby
19 authorized to facilitate the establishment of a technology-based venture-
20 capital fund in which the department may invest only moneys from the
21 economic development initiatives fund specifically so allocated. The
22 department may also credit the fund with gifts, donations or grants
23 received from any source other than state government and with proceeds
24 from the fund. Investments in the fund shall qualify for the income tax
25 credit allowed pursuant to K.S.A. 74-8304, and amendments thereto.

26 (b) The technology-based venture-capital fund may invest the assets
27 as follows:

28 (1) To carry out the purposes of this act through investments in
29 qualified securities and through the forms of financial assistance
30 authorized by this act, including:

31 (A) Loans, loans convertible to equity, and equity;

32 (B) leaseholds;

33 (C) management or consultant service agreements;

34 (D) loans with warrants attached that are beneficially owned by the
35 fund;

36 (E) loans with warrants attached that are beneficially owned by a
37 party other than the fund; and

38 (F) the fund, in connection with the provision of any form of financial
39 assistance, may enter into royalty agreements with an enterprise.

40 (2) To invest in such other investments as are lawful for Kansas
41 fiduciaries pursuant to K.S.A. 58-24a02, and amendments thereto.

42 (c) Distributions received by the corporation may be reinvested in any
43 fund consistent with the purposes of this act.

1 (d) The secretary may invest only in a fund whose investment
2 guidelines permit the fund's purchase of qualified securities issued by an
3 enterprise as a part of a resource and technology project subject to the
4 following:

5 (1) Receipt of an application from the enterprise which contains:

6 (A) A business plan including a description of the enterprise and its
7 management, product and market;

8 (B) a statement of the amount, timing and projected use of the capital
9 required;

10 (C) a statement of the potential economic impact of the enterprise,
11 including the number, location and types of jobs expected to be created;
12 and

13 (D) such other information as the fund manager or the fund's board of
14 directors shall request.

15 (2) Approval of the investment by the fund may be made after the
16 fund manager or the fund's board of directors finds, based upon the
17 application submitted by the enterprise and such additional investigation as
18 the fund manager or the fund's board of directors shall make and
19 incorporate in its minutes, that:

20 (A) The proceeds of the investment will be used only to cover the
21 venture-capital needs of the enterprise except as authorized by this section;

22 (B) the enterprise has a reasonable possibility of success;

23 (C) the fund's participation is instrumental to the success of the
24 enterprise because funding otherwise available for the enterprise is not
25 available on commercially feasible terms;

26 (D) the enterprise has the reasonable potential to create a substantial
27 amount of employment within the state;

28 (E) the entrepreneur and other founders of the enterprise have already
29 made or are contractually committed to make a substantial financial and
30 time commitment to the enterprise;

31 (F) the securities to be purchased are qualified securities;

32 (G) there is a reasonable possibility that the fund will recoup at least
33 its initial investment; and

34 (H) binding commitments have been made to the fund by the
35 enterprise for adequate reporting of financial data to the fund, which shall
36 include a requirement for an annual report, or if required by the fund
37 manager, an annual audit of the financial and operational records of the
38 enterprise, and for such control on the part of the fund as the fund manager
39 shall consider prudent over the management of the enterprise, so as to
40 protect the investment of the fund, including in the discretion of the fund
41 manager and without limitation, the right of access to financial and other
42 records of the enterprise.

43 (e) All investments made pursuant to this section shall be evaluated

1 by the fund's investment committee and the fund shall be audited annually
2 by an independent auditing firm.

3 (f) The fund shall not make investments in qualified securities issued
4 by enterprises in excess of the amount necessary to own more than 49% of
5 the qualified securities in any one enterprise at the time of the purchase by
6 the fund, after giving effect to the conversion of all outstanding convertible
7 qualified securities of the enterprise, except that in the event of severe
8 financial difficulty of the enterprise, threatening, in the judgment of the
9 fund manager, the investment of the fund therein, a greater percentage of
10 such securities may be owned by the fund.

11 (g) At least 75% of the total investment of the fund must be in Kansas
12 businesses.

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

18 Sec. 9. On and after January 1, 2013, K.S.A. 2011 Supp. 74-8401 is
19 hereby amended to read as follows: 74-8401. (a) There shall be allowed as
20 a credit against the tax imposed by the Kansas income tax act on the
21 Kansas taxable income of a taxpayer and against the tax imposed by
22 K.S.A. 40-252, and amendments thereto, on insurance companies for cash
23 investment in a certified local seed capital pool an amount equal to 25% of
24 such taxpayer's cash investment in any such pool in the taxable year in
25 which such investment is made and the taxable years following such
26 taxable year until the total amount of the credit is used. The amount by
27 which that portion of the credit allowed by this section exceeds the
28 taxpayer's liability in any one taxable year may be carried forward until the
29 total amount of the credit is used. If the taxpayer is a corporation having an
30 election in effect under subchapter S of the federal internal revenue code
31 or a partnership, the credit provided by this section shall be claimed by the
32 shareholders of such corporation or the partners of such partnership in the
33 same manner as such shareholders or partners account for their
34 proportionate shares of the income or loss of the corporation or
35 partnership.

36 (b) The total amount of credits allowable pursuant to this section and
37 credits allowable pursuant to K.S.A. 74-8205, 74-8206 and 74-8304, and
38 amendments thereto, shall be attributable to not more than \$50,000,000 of
39 cash investments in Kansas venture capital companies, Kansas Venture
40 Capital, Inc. and local seed capital pools. With respect to the additional
41 amount of cash investments made eligible for tax credits by this act,
42 \$10,000,000 of such amount shall be dedicated and reserved until
43 December 31, 1990, for cash investments in a seed capital fund or funds in

1 which the department of commerce is an investor. The \$50,000,000
2 amount of cash investments now eligible for the tax credits allowed
3 pursuant to this section and K.S.A. 74-8205, 74-8206 and 74-8304, and
4 amendments thereto, shall be reduced to the extent that the total amount of
5 cash investments received by such seed capital fund or funds before
6 January 1, 1991, is less than \$10,000,000. However, any such credits
7 which were not claimed for investments made prior to January 1, 1991,
8 may be allowed to a taxpayer for cash investment made in Kansas Venture
9 Capital, Inc. pursuant to K.S.A. 74-8205 and 74-8206, and amendments
10 thereto, not to exceed \$2,595,236 of the \$10,000,000 reserved under this
11 subsection for investment in seed capital funds in which the department of
12 commerce was an investor. A taxpayer may also be allowed a credit for
13 cash investment made pursuant to K.S.A. 74-8304, and amendments
14 thereto, not to exceed \$6,012,345 of the \$10,000,000 reserved under this
15 subsection if such taxpayer first purchases the entire interest of the
16 department of commerce in Kansas venture capital companies established
17 prior to January 1, 1991. However, no credit shall be allowed for cash
18 investment which results in the purchase of the interest of the Kansas
19 technology enterprise corporation or its subsidiaries in Kansas venture
20 capital companies established prior to January 1, 1991.

21 (c) As used in this section, (1) "local seed capital pool" means money
22 invested in a fund established to provide funding for use by small
23 businesses for any one or more of the following purposes: (A)
24 Development of a prototype product or process; (B) a marketing study to
25 determine the feasibility of a new product or process; or (C) a business
26 plan for the development and production of a new product or process; and

27 (2) "Kansas business" means any small business owned by an
28 individual, any partnership, association or corporation domiciled in
29 Kansas, or any corporation, even if a wholly owned subsidiary of a foreign
30 corporation, that does business primarily in Kansas or does substantially
31 all of its production in Kansas.

32 (d) No credit from income tax liability shall be allowed for cash
33 investment in a local seed capital pool unless: (1) The amount of private
34 cash investment therein is \$200,000 or more; (2) the moneys necessary to
35 administer and operate the pool are funded from sources other than the
36 private and public cash investments; and (3) funds invested by the local
37 seed capital pool shall be invested at 100% in Kansas businesses.

38 (e) Public funds may be invested in a local seed capital pool except
39 that each dollar of public funds, other than that which may be used to
40 administer and operate a pool, shall be matched by not less than \$2 of
41 private cash investment. Public funds shall have a senior position to any
42 private cash investment and may receive a lower rate of return than that
43 allowable for a private cash investment.

1 (f) The provisions of this section, and amendments thereto, shall be
 2 applicable to all taxable years commencing after December 31, 1986.

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

8 Sec. 10. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,110
 9 is hereby amended to read as follows: 79-32,110. (a) Resident Individuals.
 10 Except as otherwise provided by subsection (a) of K.S.A. 79-3220, and
 11 amendments thereto, a tax is hereby imposed upon the Kansas taxable
 12 income of every resident individual, which tax shall be computed in
 13 accordance with the following tax schedules:

14 (1) Married individuals filing joint returns.

15 (A) *For tax year 2012:*

16 If the taxable income is:	The tax is:
17 Not over \$30,000.....	3.5% of Kansas taxable income
18 Over \$30,000 but not over \$60,000 19 over \$30,000	\$1,050 plus 6.25% of excess
20 Over \$60,000.....	\$2,925 plus 6.45% of excess over
21 \$60,000	

22 (B) *For tax year 2013, and all tax years thereafter:*

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

26 (2) All other individuals.

27 (A) ~~For tax year 1997:~~

28 If the taxable income is:	The tax is:
29 Not over \$20,000.....	4.1% of Kansas taxable income
30 Over \$20,000 but not over \$30,000....	\$820 plus 7.5% of excess over \$20,000
31 Over \$30,000.....	\$1,570 plus 7.75% of excess over \$30,000

32 (B) (A) ~~For tax year 1998, and all tax years thereafter 2012:~~

33 If the taxable income is:	The tax is:
34 Not over \$15,000.....	3.5% of Kansas taxable income
35 Over \$15,000 but not over \$30,000....	\$525 plus 6.25% of excess over \$15,000
36 Over \$30,000.....	\$1,462.50 plus 6.45% of excess over
37 \$30,000	

38 (B) *For tax year 2013, and all tax years thereafter:*

39 If the taxable income is:	The tax is:
40 Not over \$15,000.....	3.0 % of Kansas taxable income
41 Over \$15,000.....	\$450 plus 4.9% of excess over \$15,000

42 (b) Nonresident Individuals. A tax is hereby imposed upon the Kansas
 43 taxable income of every nonresident individual, which tax shall be an

1 amount equal to the tax computed under subsection (a) as if the
2 nonresident were a resident multiplied by the ratio of modified Kansas
3 source income to Kansas adjusted gross income.

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

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

10 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
11 3.1% of the Kansas taxable income of such corporation in excess of
12 \$50,000;

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

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

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

22 Sec. 11. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,111
23 is hereby amended to read as follows: 79-32,111. (a) The amount of
24 income tax paid to another state by a resident individual, resident estate or
25 resident trust on income derived from sources in another state, *and*
26 *included in Kansas adjusted gross income*, shall be allowed as a credit
27 against the tax computed under the provisions of this act. Such credit shall
28 not be greater in proportion to the tax computed under this act than the
29 *Kansas* adjusted gross income for such year derived in another state while
30 such taxpayer is a resident of this state is to the total Kansas adjusted gross
31 income of the taxpayer. As used in this subsection, "state" shall have the
32 meaning ascribed thereto by subsection (h) of K.S.A. 79-3271, and
33 amendments thereto. The credit allowable hereunder for income tax paid
34 to a foreign country or political subdivision thereof shall not exceed the
35 difference of such income tax paid less the credit allowable for such
36 income tax paid by the federal internal revenue code. No redetermination
37 of income tax paid for the purposes of determining the credit allowed by
38 this subsection shall be required for the taxable year for which an income
39 tax refund payment pursuant to the provisions of section 18 of article 10 of
40 the Missouri constitution is made, but the income tax paid allowable for
41 credit in the next following taxable year shall be reduced by the amount of
42 such refund amount, except that, for tax year 1998, the income tax paid
43 allowable for credit shall be reduced by the amount of such refunds made

1 for all taxable years prior to tax year 1998.

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

7 Sec. 12. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,117
8 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted
9 gross income of an individual means such individual's federal adjusted
10 gross income for the taxable year, with the modifications specified in this
11 section.

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

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

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

33 (iii) The federal net operating loss deduction.

34 (iv) Federal income tax refunds received by the taxpayer if the
35 deduction of the taxes being refunded resulted in a tax benefit for Kansas
36 income tax purposes during a prior taxable year. Such refunds shall be
37 included in income in the year actually received regardless of the method
38 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
39 be deemed to have resulted if the amount of the tax had been deducted in
40 determining income subject to a Kansas income tax for a prior year
41 regardless of the rate of taxation applied in such prior year to the Kansas
42 taxable income, but only that portion of the refund shall be included as
43 bears the same proportion to the total refund received as the federal taxes

1 deducted in the year to which such refund is attributable bears to the total
2 federal income taxes paid for such year. For purposes of the foregoing
3 sentence, federal taxes shall be considered to have been deducted only to
4 the extent such deduction does not reduce Kansas taxable income below
5 zero.

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

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

14 (vii) The amount of any charitable contribution made to the extent the
15 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
16 32,196, and amendments thereto.

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

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

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

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

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

1 federal adjusted gross income.

2 (xiii) The amount of any expenditures claimed for deduction in
3 determining federal adjusted gross income, to the extent the same is
4 claimed as the basis for any credit allowed pursuant to K.S.A. 2011 Supp.
5 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

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

10 (xv) The amount of any expenditures claimed for deduction in
11 determining federal adjusted gross income, to the extent the same is
12 claimed as the basis for any credit allowed pursuant to K.S.A. 2011 Supp.
13 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
14 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
15 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

16 (xvi) The amount of any amortization deduction claimed in
17 determining federal adjusted gross income to the extent the same is
18 claimed for deduction pursuant to K.S.A. 2011 Supp. 79-32,227, 79-
19 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
20 thereto.

21 (xvii) The amount of any amortization deduction claimed in
22 determining federal adjusted gross income to the extent the same is
23 claimed for deduction pursuant to K.S.A. 2011 Supp. 79-32,256, and
24 amendments thereto.

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

35 (xix) *For all taxable years beginning after December 31, 2012, the*
36 *amount of any: (1) Loss from business as determined under the federal*
37 *internal revenue code and reported from schedule C and on line 12 of the*
38 *taxpayer's form 1040 federal individual income tax return; (2) loss from*
39 *rental real estate, royalties, partnerships, S corporations, estates, trusts,*
40 *residual interest in real estate mortgage investment conduits and net farm*
41 *rental as determined under the federal internal revenue code and reported*
42 *from schedule E and on line 17 of the taxpayer's form 1040 federal*
43 *individual income tax return; and (3) farm loss as determined under the*

1 *federal internal revenue code and reported from schedule F and on line 18*
2 *of the taxpayer's form 1040 federal income tax return; all to the extent*
3 *deducted or subtracted in determining the taxpayer's federal adjusted*
4 *gross income. For purposes of this subsection, references to the federal*
5 *form 1040 and federal schedule C, schedule E, and schedule F, shall be to*
6 *such form and schedules as they existed for tax year 2011, and as revised*
7 *thereafter by the internal revenue service.*

8 (xx) *For all taxable years beginning after December 31, 2012, the*
9 *amount of any deduction for self-employment taxes under section 164(f) of*
10 *the federal internal revenue code as in effect on January 1, 2012, and*
11 *amendments thereto, in determining the federal adjusted gross income of*
12 *an individual taxpayer.*

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

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

23 (xxiii) *For all taxable years beginning after December 31, 2012, the*
24 *amount of any deduction for domestic production activities under section*
25 *199 of the federal internal revenue code as in effect on January 1, 2012,*
26 *and amendments thereto, in determining the federal adjusted gross income*
27 *of an individual taxpayer.*

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

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

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

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

1 income tax purposes, the modification shall be limited to that portion of
2 such gain which is included in federal adjusted gross income.

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

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

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

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

22 (viii) Amounts received by retired railroad employees as a
23 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
24 228c (a)(1) et seq.

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

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

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

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

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

1 et seq., and amendments thereto.

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

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

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

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

1 guard, and amounts received for repayment of educational or student loans
2 incurred by or obligated to such taxpayer and received by such taxpayer as
3 a result of such taxpayer's service in the armed forces of the United States,
4 including service in the Kansas army and air national guard.

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

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

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

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

43 (d) There shall be added to or subtracted from federal adjusted gross

1 income the taxpayer's share, as beneficiary of an estate or trust, of the
2 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
3 amendments thereto.

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

9 Sec. 13. On and after January 1, 2013, K.S.A. 79-32,118 is hereby
10 amended to read as follows: 79-32,118. *Commencing in tax year 2013*, the
11 Kansas deduction of an individual shall be ~~his or her~~ *such individual's*
12 Kansas standard deduction ~~unless he or she elects to deduct his or her~~
13 ~~Kansas itemized deductions under the conditions set forth in K.S.A. 79-~~
14 ~~32,120.~~

15 Sec. 14. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,119
16 is hereby amended to read as follows: 79-32,119. The Kansas standard
17 deduction of an individual, including a husband and wife who are either
18 both residents or who file a joint return as if both were residents, shall be
19 equal to the sum of the standard deduction amount allowed pursuant to this
20 section, and the additional standard deduction amount allowed pursuant to
21 this section for each such deduction allowable to such individual or to such
22 husband and wife under the federal internal revenue code. For tax year
23 1998, ~~and all tax years thereafter~~ *through tax year 2012*, the standard
24 deduction amount shall be as follows: Single individual filing status,
25 \$3,000; married filing status, \$6,000; and head of household filing status,
26 \$4,500. For tax year 1998, and all tax years thereafter, the additional
27 standard deduction amount shall be as follows: Single individual and head
28 of household filing status, \$850; and married filing status, \$700. *For tax*
29 *year 2013, and all tax years thereafter, the standard deduction amount of*
30 *an individual, including husband and wife who are either both residents or*
31 *who file a joint return as if both were residents, shall be as follows: Single*
32 *individual filing status, \$3,000; married filing status, ~~\$6,000~~ **\$9,000**; and*
33 *head of household filing status, \$9,000.* For purposes of the foregoing, the
34 federal standard deduction allowable to a husband and wife filing separate
35 Kansas income tax returns shall be determined on the basis that separate
36 federal returns were filed, and the federal standard deduction of a husband
37 and wife filing a joint Kansas income tax return shall be determined on the
38 basis that a joint federal income tax return was filed.

39 Sec. 15. On and after January 1, 2013, K.S.A. 79-32,128 is hereby
40 amended to read as follows: 79-32,128. An individual who is a resident of
41 Kansas for part of a year shall have the election to:

42 (a) Report and compute ~~his or her~~ *such individual's* Kansas tax as if
43 ~~he or she were~~ *such individual was* a resident for the entire year and take

1 the applicable credit as provided in K.S.A. 79-32,111, *and amendments*
2 *thereto*; or

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

18 Sec. 16. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,138
19 is hereby amended to read as follows: 79-32,138. (a) Kansas taxable
20 income of a corporation taxable under this act shall be the corporation's
21 federal taxable income for the taxable year with the modifications
22 specified in this section.

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

27 (ii) The amount of all depreciation deductions claimed for any
28 property upon which the deduction allowed by K.S.A. 2011 Supp. 79-
29 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-
30 32,255 or 79-32,256, and amendments thereto, is claimed.

31 (iii) The amount of any charitable contribution deduction claimed for
32 any contribution or gift to or for the use of any racially segregated
33 educational institution.

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

38 (ii) The federal income tax liability for any taxable year commencing
39 prior to December 31, 1971, for which a Kansas return was filed after
40 reduction for all credits thereon, except credits for payments on estimates
41 of federal income tax, credits for gasoline and lubricating oil tax, and for
42 foreign tax credits if, on the Kansas income tax return for such prior year,
43 the federal income tax deduction was computed on the basis of the federal

1 income tax paid in such prior year, rather than as accrued. Notwithstanding
2 the foregoing, the deduction for federal income tax liability for any year
3 shall not exceed that portion of the total federal income tax liability for
4 such year which bears the same ratio to the total federal income tax
5 liability for such year as the Kansas taxable income, as computed before
6 any deductions for federal income taxes and after application of
7 subsections (d) and (e) of this section as existing for such year, bears to the
8 federal taxable income for the same year.

9 (iii) An amount for the amortization deduction allowed pursuant to
10 K.S.A. 2011 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-
11 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.

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

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

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

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

37 Sec. 17. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,143
38 is hereby amended to read as follows: 79-32,143. (a) For net operating
39 losses incurred in taxable years beginning after December 31, 1987, a net
40 operating loss deduction shall be allowed in the same manner that it is
41 allowed under the federal internal revenue code except that such net
42 operating loss may only be carried forward to each of the 10 taxable years
43 following the taxable year of the net operating loss. For net operating farm

1 losses, as defined by subsection (i) of section 172 of the federal internal
2 revenue code, incurred in taxable years beginning after December 31,
3 1999, a net operating loss deduction shall be allowed in the same manner
4 that it is allowed under the federal internal revenue code except that such
5 net operating loss may be carried forward to each of the 10 taxable years
6 following the taxable year of the net operating loss. The amount of the net
7 operating loss that may be carried back or forward for Kansas income tax
8 purposes shall be that portion of the federal net operating loss allocated to
9 Kansas under this act in the taxable year that the net operating loss is
10 sustained.

11 (b) The amount of the loss to be carried back or forward will be the
12 federal net operating loss after: (1) All modifications required under this
13 act applicable to the net loss in the year the loss was incurred; and (2) after
14 apportionment as to source in the case of corporations, nonresident
15 individuals for losses incurred in taxable years beginning prior to January
16 1, 1978, and nonresident estates and trusts in the same manner that income
17 for such corporations, nonresident individuals, estates and trusts is
18 required to be apportioned.

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

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

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

41 (f) No refund of income tax which results from a net operating farm
42 loss carry back shall be allowed in an amount exceeding \$1,500 in any
43 year. Any overpayment in excess of \$1,500 may be carried forward to any

1 year or years after the year of the loss and may be claimed as a credit
2 against the tax. The refundable portion of such credit shall not exceed
3 \$1,500 in any year.

4 (g) *For tax year 2013, and all tax years thereafter, a net operating*
5 *loss allowed by this section shall only be available to taxpayers subject to*
6 *the income tax on corporations imposed pursuant to subsection (c) of*
7 *K.S.A. 79-32,110, and amendments thereto, and used only to determine*
8 *such taxpayer's corporate income tax liability.*

9 Sec. 18. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,143a
10 is hereby amended to read as follows: 79-32,143a. (a) For taxable years
11 beginning after December 31, 2011, a taxpayer may elect to take an
12 expense deduction from Kansas net income before expensing or recapture
13 allocated or apportioned to this state for the cost of the following property
14 placed in service in this state during the taxable year: (1) Tangible property
15 eligible for depreciation under the modified accelerated cost recovery
16 system in section 168 of the internal revenue code, as amended, but not
17 including residential rental property, nonresidential real property, any
18 railroad grading or tunnel bore or any other property with an applicable
19 recovery period in excess of 25 years as defined under section 168(c) or
20 (g) of the internal revenue code, as amended; and (2) computer software as
21 defined in section 197(e)(3)(B) of the internal revenue code, as amended,
22 and as described in section 197(e)(3)(A)(i) of the internal revenue code, as
23 amended, to which section 167 of the internal revenue code, as amended,
24 applies. If such election is made, the amount of expense deduction for such
25 cost shall equal the difference between the depreciable cost of such
26 property for federal income tax purposes and the amount of bonus
27 depreciation being claimed for such property pursuant to section 168(k)
28 of the internal revenue code, as amended, for federal income tax purposes in
29 such tax year, but without regard to any expense deduction being claimed
30 for such property under section 179 of the internal revenue code, as
31 amended, multiplied by the applicable factor, determined by using, the
32 table provided in subsection (f), based on the method of depreciation
33 selected pursuant to section 168(b)(1), (2), or (3) or (g) of the internal
34 revenue code, as amended, and the applicable recovery period for such
35 property as defined under section 168(c) or (g) of the internal revenue
36 code, as amended. This election shall be made by the due date of the
37 original return, including any extensions, and may be made only for the
38 taxable year in which the property is placed in service, and once made,
39 shall be irrevocable. If the section 179 expense deduction election has
40 been made for federal income tax purposes for any asset, the applicable
41 factor to be utilized is in the IRC § 168 (b)(1) column of the table provided
42 in subsection (f) for the applicable recovery period of the respective assets.

43 (b) If the amount of expense deduction calculated pursuant to

1 subsection (a) exceeds the taxpayer’s Kansas net income before expensing
 2 or recapture allocated or apportioned to this state, such excess amount
 3 shall be treated as a Kansas net operating loss as provided in K.S.A. 79-
 4 32,143, and amendments thereto.

5 (c) If the property for which an expense deduction is taken pursuant
 6 to subsection (a) is subsequently sold during the applicable recovery
 7 period for such property as defined under section 168(c) of the internal
 8 revenue code, as amended, and in a manner that would cause recapture of
 9 any previously taken expense or depreciation deductions for federal
 10 income tax purposes, or if the situs of such property is otherwise changed
 11 such that the property is relocated outside the state of Kansas during such
 12 applicable recovery period, then the expense deduction determined
 13 pursuant to subsection (a) shall be subject to recapture and treated as
 14 Kansas taxable income allocated to this state. The amount of recapture
 15 shall be the Kansas expense deduction determined pursuant to subsection
 16 (a) multiplied by a fraction, the numerator of which is the number of years
 17 remaining in the applicable recovery period for such property as defined
 18 under section 168(c) or (g) of the internal revenue code, as amended, after
 19 such property is sold or removed from the state including the year of such
 20 disposition, and the denominator of which is the total number of years in
 21 such applicable recovery period.

22 (d) The situs of tangible property for purposes of claiming and
 23 recapture of the expense deduction shall be the physical location of such
 24 property. If such property is mobile, the situs shall be the physical location
 25 of the business operations from where such property is used or based. The
 26 situs of computer software shall be apportioned to Kansas based on the
 27 fraction, the numerator of which is the number of the taxpayer’s users
 28 located in Kansas of licenses for such computer software used in the active
 29 conduct of the taxpayer’s business operations, and the denominator of
 30 which is the total number of the taxpayer’s users of the licenses for such
 31 computer software used in the active conduct of the taxpayer’s business
 32 operations everywhere.

33 (e) Any member of a unitary group filing a combined report may
 34 elect to take an expense deduction pursuant to subsection (a) for an
 35 investment in property made by any member of the combined group,
 36 provided that the amount calculated pursuant to subsection (a) may only be
 37 deducted from the Kansas net income before expensing or recapture
 38 allocated to or apportioned to this state by such member making the
 39 election.

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

	Factors			
42	IRC§168	IRC§168(b)(1)	IRC§168(b)(2)	IRC§168(b)(3) or (g)
43				

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

35 *Not Applicable

36 (g) If a taxpayer elects to expense any investment pursuant to
 37 subsection (a), such taxpayer shall not be eligible for any tax credit,
 38 accelerated depreciation, or deduction for such investment allowed
 39 pursuant to K.S.A. 2011 Supp. 79-32,160a(e), 79-32,182b, 79-32,201, 79-
 40 32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-
 41 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-
 42 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and
 43 amendments thereto.

1 (h) *For tax 2013, and all tax years thereafter, the deduction allowed*
2 *by this section shall only be available to taxpayers subject to the income*
3 *tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-*
4 *32,110, and amendments thereto, and used only to determine such*
5 *taxpayer's corporate income tax liability.*

6 Sec. 19. On and after January 1, 2013, K.S.A. 79-32,177 is hereby
7 amended to read as follows: 79-32,177. (a) Any taxpayer who makes
8 expenditures for the purpose of making all or any portion of an existing
9 facility accessible to individuals with a disability, or who makes
10 expenditures for the purpose of making all or any portion of a facility or of
11 equipment usable for the employment of individuals with a disability,
12 which facility or equipment is on real property located in this state and
13 used in a trade or business or held for the production of income, shall be
14 entitled to claim an income tax credit in an amount equal to 50% of such
15 expenditures or, the amount of \$10,000, whichever is less, against the
16 income tax liability imposed against such taxpayer pursuant to article 32 of
17 chapter 79 of the Kansas Statutes Annotated. Such tax credit shall be
18 deducted from the taxpayer's income tax liability for the taxable year in
19 which the expenditures are made by the taxpayer. If the amount of such tax
20 credit exceeds the taxpayer's income tax liability for such taxable year, the
21 amount thereof which exceeds such tax liability may be carried over for
22 deduction from the taxpayer's income tax liability in the next succeeding
23 taxable year or years until the total amount of the tax credit has been
24 deducted from tax liability, except that no such tax credit shall be carried
25 over for deduction after the fourth taxable year succeeding the taxable year
26 in which the expenditures are made.

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

32 Sec. 20. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,182b
33 is hereby amended to read as follows: 79-32,182b. (a) For all taxable years
34 commencing after December 31, 2000, a credit shall be allowed against
35 the tax imposed by the Kansas income tax act on the Kansas taxable
36 income of a taxpayer for expenditures in research and development
37 activities conducted within this state in an amount equal to 61/2% of the
38 amount by which the amount expended for such activities in the taxable
39 year of the taxpayer exceeds the taxpayer's average of the actual
40 expenditures for such purposes made in such taxable year and the next
41 preceding two taxable years.

42 (b) In any one taxable year, the amount of such credit allowable for
43 deduction from the taxpayer's tax liability shall not exceed 25% of the total

1 amount of such credit plus any applicable carry forward amount. The
2 amount by which that portion of the credit allowed by subsections (a) and
3 (b) to be claimed in any one taxable year exceeds the taxpayer's tax
4 liability in such year may be carried forward until the total amount of the
5 credit is used.

6 (c) As used in this section, the term "expenditures in research and
7 development activities" means expenditures made for such purposes, other
8 than expenditures of moneys made available to the taxpayer pursuant to
9 federal or state law, which are treated as expenses allowable for deduction
10 under the provisions of the federal internal revenue code of 1986, and
11 amendments thereto.

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

17 Sec. 21. On and after January 1, 2013, K.S.A. 79-32,190 is hereby
18 amended to read as follows: 79-32,190. (a) Any taxpayer that pays for or
19 provides child day care services, including the provision of the service of
20 locating such services, to its employees or that provides facilities and
21 necessary equipment for child day care services shall be allowed a credit
22 against the privilege or income tax imposed by articles 11 and 32 of
23 chapter 79 of the Kansas Statutes Annotated as follows:

24 (1) Thirty percent of the total amount expended in the state during the
25 taxable year by a taxpayer for child day care services purchased to provide
26 care for the dependent children of the taxpayer's employees or for the
27 provision of the service of locating such services for such children;

28 (2) (A) in the taxable year in which a facility providing child day care
29 services in the state for use primarily by the dependent children of the
30 taxpayer's employees is established, 50% of the total amount expended
31 during such year by a taxpayer in the establishment and operation of such
32 facility;

33 (B) in the taxable years other than the taxable year to which
34 paragraph (2)(A) applies, 30% of the amount equal to the total amount
35 expended during the taxable year by a taxpayer for the operation of a
36 facility described in paragraph (2)(A) less the amount of moneys received
37 by the taxpayer for use of such facility for child day care services;

38 (3) (A) in the taxable year in which a facility providing child day care
39 services in the state for use primarily by the dependent children of the
40 taxpayers' employees is established in conjunction with one or more other
41 taxpayers, 50% of the total amount expended during such year by a
42 taxpayer in the establishment and operation of such facility;

43 (B) in the taxable years other than the taxable year to which

1 paragraph (3)(A) applies, 30% of the amount equal to the total amount
2 expended during the taxable year by a taxpayer for the operation of a
3 facility described in paragraph (3)(A) less the amount of moneys received
4 by the taxpayer for use of such facility for child day care services.

5 (b) No credit shall be allowed under this section unless the child day
6 care facility or provider is licensed or registered pursuant to Kansas law.

7 (c) The credit allowed by paragraphs (1), (2)(B) and (3)(B) of
8 subsection (a) shall not exceed \$30,000 for any taxpayer during any
9 taxable year. The credit allowed by paragraphs (2)(A) and (3)(A) of
10 subsection (a) shall not exceed \$45,000 for any taxpayer during any
11 taxable year. The amount of the credit which exceeds the tax liability for a
12 taxable year shall be refunded to the taxpayer. If the taxpayer is a
13 corporation having an election in effect under subchapter S of the federal
14 internal revenue code or a partnership, the credit provided by this section
15 shall be claimed by the shareholders of such corporation or the partners of
16 such partnership in the same manner as such shareholders or partners
17 account for their proportionate shares of the income or loss of the
18 corporation or partnership.

19 (d) The aggregate amount of credits claimed under this act for any
20 fiscal year shall not exceed \$3,000,000.

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

26 Sec. 22. On and after January 1, 2013, K.S.A. 79-32,200 is hereby
27 amended to read as follows: 79-32,200. (a) There shall be allowed as a
28 credit against the tax liability imposed under the Kansas income tax act of
29 a person who has entered into an agreement with the secretary of social
30 and rehabilitation services under K.S.A. ~~1997-Supp-39-7,132~~, and
31 amendments thereto, an amount equal to 70% of the amount of financial
32 assistance paid by such person under K.S.A. ~~1997-Supp-39-7,132~~, and
33 amendments thereto, as certified by the secretary of social and
34 rehabilitation services, of not to exceed the amount of financial assistance
35 which would have been paid under the aid to families with dependent
36 children program from state matching contributions, as certified by the
37 secretary of social and rehabilitation services, if such person had not
38 agreed to assume some financial support.

39 (b) An individual may not claim a tax credit under this section if a
40 credit for child care and dependent care expenses was claimed on either
41 the state or federal tax return, or if the individual receives payment for care
42 of the person provided financial assistance.

43 (c) The credit allowed by this section shall not exceed the amount of

1 tax imposed under the Kansas income tax act reduced by the sum of any
2 other credits allowable pursuant to law.

3 (d) The provisions of this section shall be applicable to all taxable
4 years commencing after December 31, 1993.

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

10 Sec. 23. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,201
11 is hereby amended to read as follows: 79-32,201. (a) Any taxpayer who
12 makes expenditures for a qualified alternative-fueled motor vehicle or
13 alternative-fuel fueling station shall be allowed a credit against the income
14 tax imposed by article 32 of chapter 79 of the Kansas Statutes Annotated,
15 as follows:

16 (1) For any qualified alternative-fueled motor vehicle placed in
17 service on or after January 1, 1996, and before January 1, 2005, an amount
18 equal to 50% of the incremental cost or conversion cost for each qualified
19 alternative-fueled motor vehicle but not to exceed \$3,000 for each such
20 motor vehicle with a gross vehicle weight of less than 10,000 lbs.; \$5,000
21 for a heavy duty motor vehicle with a gross vehicle weight of greater than
22 10,000 lbs. but less than 26,000 lbs.; and \$50,000 for motor vehicles
23 having a gross vehicle weight of greater than 26,000 lbs.;

24 (2) for any qualified alternative-fueled motor vehicle placed in
25 service on or after January 1, 2005, an amount equal to 40% of the
26 incremental cost or conversion cost for each qualified alternative-fueled
27 motor vehicle, but not to exceed \$2,400 for each such motor vehicle with a
28 gross vehicle weight of less than 10,000 lbs.; \$4,000 for a heavy duty
29 motor vehicle with a gross vehicle weight of greater than 10,000 lbs. but
30 less than 26,000 lbs.; and \$40,000 for motor vehicles having a gross
31 vehicle weight of greater than 26,000 lbs.;

32 (3) for any qualified alternative-fuel fueling station placed in service
33 on or after January 1, 1996, and before January 1, 2005, an amount equal
34 to 50% of the total amount expended for each qualified alternative-fuel
35 fueling station but not to exceed \$200,000 for each fueling station;

36 (4) for any qualified alternative-fuel fueling station placed in service
37 on or after January 1, 2005, and before January 1, 2009, an amount equal
38 to 40% of the total amount expended for each qualified alternative-fuel
39 fueling station, but not to exceed \$160,000 for each fueling station;

40 (5) for any qualified alternative-fuel fueling station placed in service
41 on or after January 1, 2009, an amount equal to 40% of the total amount
42 expended for each qualified alternative-fuel fueling station, but not to
43 exceed \$100,000 for each fueling station.

1 (b) If no credit has been claimed pursuant to subsection (a), a credit in
2 an amount not exceeding the lesser of 5% of the cost of the vehicle or
3 \$750 shall be allowed to a taxpayer who purchases a motor vehicle
4 equipped by the vehicle manufacturer with an alternative fuel system and
5 who is unable or elects not to determine the exact basis attributable to such
6 property. The credit under this subsection shall be allowed only to the first
7 individual to take title to such motor vehicle, other than for resale. The
8 credit under this subsection for motor vehicles which are capable of
9 operating on a blend of 85% ethanol and 15% gasoline shall be allowed for
10 taxable years commencing after December 31, 1999, only if the individual
11 claiming the credit furnishes evidence of the purchase, during the period of
12 time beginning with the date of purchase of such vehicle and ending on
13 December 31 of the next succeeding calendar year, of 500 gallons of such
14 ethanol and gasoline blend as may be required or is satisfactory to the
15 secretary of revenue.

16 (c) The tax credit under subsection (a)(1) through (a)(4) or (b) shall
17 be deducted from the taxpayer's income tax liability for the taxable year in
18 which the expenditures are made by the taxpayer. If the amount of the tax
19 credit exceeds the taxpayer's income tax liability for the taxable year, the
20 amount which exceeds the tax liability may be carried over for deduction
21 from the taxpayer's income tax liability in the next succeeding taxable year
22 or years until the total amount of the tax credit has been deducted from tax
23 liability, except that no such tax credit shall be carried over for deduction
24 after the third taxable year succeeding the taxable year in which the
25 expenditures are made.

26 (d) The tax credit under subsection (a)(5) shall be deducted from the
27 taxpayer's income tax liability for the taxable year in which the
28 expenditures are made by the taxpayer. If the amount of the tax credit
29 exceeds the taxpayer's income tax liability for the taxable year, the amount
30 which exceeds the tax liability may be carried over for deduction from the
31 taxpayer's income tax liability in the next succeeding taxable year or years
32 until the total amount of the tax credit has been deducted from tax liability,
33 except that no such tax credit shall be carried over for deduction after the
34 fourth taxable year in which the expenditures are made.

35 (e) As used in this section:

36 (1) "Alternative fuel" means a combustible liquid derived from grain
37 starch, oil seed, animal fat or other biomass; or produced from biogas
38 source, including any nonfossilized, decaying, organic matter.

39 (2) "Qualified alternative-fueled motor vehicle" means a motor
40 vehicle that operates on an alternative fuel, meets or exceeds the clean fuel
41 vehicle standards in the federal clean air act amendments of 1990, Title II
42 and meets one of the following categories:

43 (A) Bi-fuel motor vehicle: A motor vehicle with two separate fuel

1 systems designed to run on either an alternative fuel or conventional fuel,
2 using only one fuel at a time;

3 (B) dedicated motor vehicle: A motor vehicle with an engine designed
4 to operate on a single alternative fuel only; or

5 (C) flexible fuel motor vehicle: A motor vehicle that may operate on a
6 blend of an alternative fuel with a conventional fuel, such as E-85 (85%
7 ethanol and 15% gasoline) or M-85 (85% methanol and 15% gasoline), as
8 long as such motor vehicle is capable of operating on at least an 85%
9 alternative fuel blend.

10 (3) "Qualified alternative-fuel fueling station" means the property
11 which is directly related to the delivery of alternative fuel into the fuel tank
12 of a motor vehicle propelled by such fuel, including the compression
13 equipment, storage vessels and dispensers for such fuel at the point where
14 such fuel is delivered but only if such property is primarily used to deliver
15 such fuel for use in a qualified alternative-fueled motor vehicle.

16 (4) "Incremental cost" means the cost that results from subtracting the
17 manufacturer's list price of the motor vehicle operating on conventional
18 gasoline or diesel fuel from the manufacturer's list price of the same model
19 motor vehicle designed to operate on an alternative fuel.

20 (5) "Conversion cost" means the cost that results from modifying a
21 motor vehicle which is propelled by gasoline or diesel to be propelled by
22 an alternative fuel.

23 (6) "Taxpayer" means any person who owns and operates a qualified
24 alternative-fueled vehicle licensed in the state of Kansas or who makes an
25 expenditure for a qualified alternative-fuel fueling station.

26 (7) "Person" means every natural person, association, partnership,
27 limited liability company, limited partnership or corporation.

28 (f) Except as otherwise more specifically provided, the provisions of
29 this section shall apply to all taxable years commencing after December
30 31, 1995.

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

36 Sec. 24. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,204
37 is hereby amended to read as follows: 79-32,204. (a) As used in this
38 section:

39 (1) Terms have the meanings provided by K.S.A. 65-1,178, and
40 amendments thereto-;

41 (2) "qualified swine facility" means a swine facility that: (A) Is
42 owned and operated by a sole proprietorship or partnership or by a family
43 farm corporation, authorized farm corporation, limited liability agricultural

1 company, family farm limited liability agricultural company, limited
2 agricultural partnership, family trust, authorized trust or testamentary trust,
3 as defined by K.S.A. 17-5903, and amendments thereto; and (B) is
4 utilizing its swine waste management system on January 1, 1998-; *and*

5 (3) "required improvements to a qualified swine facility" means
6 capital improvements that the secretary of health and environment certifies
7 to the director of taxation: (A) Are required for a qualified swine facility to
8 comply with the standards and requirements established pursuant to
9 K.S.A. 65-1,178 through 65-1,198, *and amendments thereto*, or pursuant
10 to the amendments made by this act to K.S.A. 65-171d, *and amendments*
11 *thereto*; and (B) are not required because of expansion for which a permit
12 has not been issued or applied for before the effective date of this act.

13 (b) There shall be allowed as a credit against the tax liability of a
14 taxpayer imposed under the Kansas income tax act an amount equal to not
15 more than 50% of the costs incurred by the taxpayer for required
16 improvements to a qualified swine facility. The tax credit allowed by this
17 subsection shall be deducted from the taxpayer's income tax liability for
18 the taxable year in which the expenditures are made by the taxpayer. If the
19 amount of such tax credit exceeds the taxpayer's income tax liability for
20 such taxable year, the taxpayer may carry over the amount thereof that
21 exceeds such tax liability for deduction from the taxpayer's income tax
22 liability in the next succeeding taxable year or years until the total amount
23 of the tax credit has been deducted from tax liability, except that no such
24 tax credit shall be carried over for deduction after the fourth taxable year
25 succeeding the year in which the costs are incurred.

26 (c) The provisions of this section shall be applicable to all taxable
27 years commencing after December 31, 1997.

28 ~~(d) On or before the first day of the 1999, 2000 and 2001 regular~~
29 ~~legislative sessions, the secretary of revenue shall submit to the senate~~
30 ~~standing committee on energy and natural resources, the house standing~~
31 ~~committee on environment, the senate standing committee on assessment~~
32 ~~and taxation and the house standing committee on taxation a report of the~~
33 ~~number of taxpayers claiming the credit allowed by this section and the~~
34 ~~total amount of such credits claimed by all taxpayers. For tax year 2013~~
35 ~~and all tax years thereafter, the income tax credit provided by this section~~
36 ~~shall only be available to taxpayers subject to the income tax on~~
37 ~~corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and~~
38 ~~amendments thereto, and shall be applied only against such taxpayer's~~
39 ~~corporate income tax liability.~~

40 Sec. 25. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,207
41 is hereby amended to read as follows: 79-32,207. (a) As used in this
42 section, "abandoned oil or gas well" means an abandoned well, as defined
43 by K.S.A. 55-191, and amendments thereto:

1 (1) The drilling of which was commenced before January 1, 1970;
2 and

3 (2) which is located on land owned by the taxpayer claiming the tax
4 credit allowed by this section.

5 (b) For any taxable year commencing after December 31, 2000, a
6 credit shall be allowed against the tax imposed by the Kansas income tax
7 act on the Kansas taxable income of a taxpayer for expenditures made for
8 the purpose of plugging any abandoned oil or gas well in accordance with
9 rules and regulations of the state corporation commission applicable
10 thereto, in an amount equal to 50% of such expenditures made in the
11 taxable year.

12 (c) If the amount of the tax credit allowed by this section exceeds the
13 taxpayer's income tax liability for such taxable year, the amount thereof
14 which exceeds such tax liability may be carried over for deduction from
15 the taxpayer's income tax liability in the next succeeding taxable year or
16 years until the total amount of the tax credit has been deducted from tax
17 liability.

18 (d) The total amount of credits allowed taxpayers pursuant to this
19 section, including the amount of credits carried over under subsection (c),
20 shall not exceed \$250,000 for any one fiscal year.

21 (e) The secretary of revenue shall adopt such rules and regulations as
22 necessary to carry out the purposes of this section.

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

28 Sec. 26. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,210
29 is hereby amended to read as follows: 79-32,210. (a) For all taxable years
30 commencing after December 31, 2000, and with respect to property
31 initially acquired and first placed into service in this state on and after
32 January 1, 2001, there shall be allowed as a credit against the tax liability
33 imposed by the Kansas income tax act of a telecommunications company,
34 as defined in K.S.A. 79-3271, and amendments thereto, an amount equal
35 to the difference between the property tax levied for property tax year
36 2001, and all such years thereafter, and actually and timely paid during the
37 appropriate income taxable year upon property assessed at the 33%
38 assessment rate and the property tax which would be levied and paid on
39 such property if assessed at a 25% assessment rate.

40 (b) If the amount of the tax credit determined under subsection (a)
41 exceeds the tax liability for the telecommunications company for any
42 taxable year, the amount thereof which exceeds such tax liability shall be
43 refunded to the telecommunications company. If the telecommunications

1 company is a corporation having an election in effect under subchapter S
2 of the federal internal revenue code, a partnership or a limited liability
3 company, the credit provided by this section shall be claimed by the
4 shareholders of such corporation, the partners of such partnership or the
5 members of such limited liability company in the same manner as such
6 shareholders, partners or members account for their proportionate shares
7 of income or loss of the corporation, partnership or limited liability
8 company.

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

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

18 Sec. 27. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,212
19 is hereby amended to read as follows: 79-32,212. (a) For taxable years
20 2002 through 2021, there shall be allowed as a credit against the tax
21 liability of a taxpayer imposed under the Kansas income tax act, an
22 amount equal to 100% of the amount attributable to the retirement of
23 indebtedness authorized by a single city port authority established before
24 January 1, 2002. In no event shall the total amount of the credits allowed
25 under this section exceed \$500,000 for any one fiscal year.

26 (b) Upon certification by the secretary of revenue of the amount of
27 any such credit, the director of accounts and reports shall issue to such
28 taxpayer a warrant for such amount which shall be deemed to be a capital
29 contribution.

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

35 Sec. 28. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,222
36 is hereby amended to read as follows: 79-32,222. (a) As used in this
37 section:

38 (1) "Refinery" has the meaning provided by K.S.A. 2011 Supp. 79-
39 32,217, and amendments thereto.

40 (2) "Qualified expenditures" means expenditures which the secretary
41 of health and environment certifies to the director of taxation are required
42 for an existing refinery to comply with environmental standards or
43 requirements established pursuant to federal statute or regulation, or state

1 statute or rules and regulation, adopted after December 31, 2006.

2 (b) There shall be allowed as a credit against the tax liability of a
3 taxpayer imposed under the Kansas income tax act an amount equal to the
4 taxpayer's qualified expenditures. The tax credit allowed by this subsection
5 shall be deducted from the taxpayer's income tax liability for the taxable
6 year in which the expenditures are made by the taxpayer. If the amount of
7 such tax credit exceeds the taxpayer's income tax liability for such taxable
8 year, the taxpayer may carry over the amount thereof that exceeds such tax
9 liability for deduction from the taxpayer's income tax liability in the next
10 succeeding taxable year or years until the total amount of the tax credit has
11 been deducted from tax liability, except that no such tax credit shall be
12 carried over for deduction after the fourth taxable year succeeding the year
13 in which the costs are incurred.

14 (c) (1) To qualify the expenditures of the tax credit allowed by this
15 section, a taxpayer shall apply to the secretary of health and environment
16 for a certification that the costs were incurred to comply with
17 environmental standards or requirements as specified in subsection (a).
18 The secretary shall prescribe the form of the application, which shall
19 include, but not be limited to, the following information: (A) A detailed
20 description of the refinery project that is the subject of the expenditure; (B)
21 a citation to the applicable federal or state statutes, regulations or rules and
22 regulations which require the environmental compliance; (C) a detailed
23 accounting of the costs incurred for the environmental compliance; and
24 (D) a certification by a responsible official that, based on information and
25 belief formed after reasonable inquiry, the statements and information in
26 the application are true, accurate and complete.

27 (2) If the secretary of health and environment determines that the
28 expenditures were incurred to comply with environmental standards or
29 requirements as specified in subsection (a), the secretary shall issue a
30 certificate of compliance to the director of taxation.

31 (3) The secretary of health and environment may adopt rules and
32 regulations to administer the provisions of this subsection, including rules
33 and regulations to fix, charge and collect an application fee to cover all or
34 any part of the department of health and environment's cost of certifying
35 the taxpayer's qualified expenditures under this subsection.

36 (d) The provisions of this section shall be applicable to all taxable
37 years commencing after December 31, 2006.

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

43 ~~Sec. 29. K.S.A. 2011 Supp. 79-3603 is hereby amended to read as~~

1 follows: 79-3603. For the privilege of engaging in the business of selling
2 tangible personal property at retail in this state or rendering or furnishing
3 any of the services taxable under this act, there is hereby levied and there
4 shall be collected and paid a tax at the rate of 5.3%, and commencing July
5 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of
6 5.7%. Within a redevelopment district established pursuant to K.S.A. 74-
7 8921, and amendments thereto, there is hereby levied and there shall be
8 collected and paid an additional tax at the rate of 2% until the earlier of the
9 date the bonds issued to finance or refinance the redevelopment project
10 have been paid in full or the final scheduled maturity of the first series of
11 bonds issued to finance any part of the project upon:

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

14 (b) the gross receipts from intrastate, interstate or international
15 telecommunications services and any ancillary services sourced to this
16 state in accordance with K.S.A. 2011 Supp. 79-3673, and amendments
17 thereto, except that telecommunications service does not include: (1) Any
18 interstate or international 800 or 900 service; (2) any interstate or
19 international private communications service as defined in K.S.A. 2011
20 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
21 data service; (4) any telecommunication service to a provider of
22 telecommunication services which will be used to render
23 telecommunications services, including carrier access services; or (5) any
24 service or transaction defined in this section among entities classified as
25 members of an affiliated group as provided by section 1504 of the federal
26 internal revenue code of 1986, as in effect on January 1, 2001;

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

42 (d) the gross receipts from the sale of meals or drinks furnished at any
43 private club, drinking establishment, catered event, restaurant, eating

1 ~~house, dining car, hotel, drugstore or other place where meals or drinks are~~
2 ~~regularly sold to the public;~~

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

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

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

18 ~~(h) the gross receipts from the service of renting or leasing of tangible~~
19 ~~personal property except such tax shall not apply to the renting or leasing~~
20 ~~of machinery, equipment or other personal property owned by a city and~~
21 ~~purchased from the proceeds of industrial revenue bonds issued prior to~~
22 ~~July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through~~
23 ~~12-1749, and amendments thereto, and any city or lessee renting or leasing~~
24 ~~such machinery, equipment or other personal property purchased with the~~
25 ~~proceeds of such bonds who shall have paid a tax under the provisions of~~
26 ~~this section upon sales made prior to July 1, 1973, shall be entitled to a~~
27 ~~refund from the sales tax refund fund of all taxes paid thereon;~~

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

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

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

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

40 ~~(2) Any such contractor, subcontractor or repairman who maintains~~
41 ~~an inventory of such property both for sale at retail and for use by them for~~
42 ~~the purposes described by paragraph (1) shall be deemed a retailer with~~
43 ~~respect to purchases for and sales from such inventory, except that the~~

1 ~~gross receipts received from any such sale, other than a sale at retail, shall~~
2 ~~be equal to the total purchase price paid for such property and the tax~~
3 ~~imposed thereon shall be paid by the deemed retailer;~~

4 ~~(m) the gross receipts received from fees and charges by public and~~
5 ~~private clubs, drinking establishments, organizations and businesses for~~
6 ~~participation in sports, games and other recreational activities, but such tax~~
7 ~~shall not be levied and collected upon the gross receipts received from: (1)~~
8 ~~Fees and charges by any political subdivision, by any organization exempt~~
9 ~~from property taxation pursuant to paragraph Ninth of K.S.A. 79-201, and~~
10 ~~amendments thereto, or by any youth recreation organization exclusively~~
11 ~~providing services to persons 18 years of age or younger which is exempt~~
12 ~~from federal income taxation pursuant to section 501(c)(3) of the federal~~
13 ~~internal revenue code of 1986, for participation in sports, games and other~~
14 ~~recreational activities; and (2) entry fees and charges for participation in a~~
15 ~~special event or tournament sanctioned by a national sporting association~~
16 ~~to which spectators are charged an admission which is taxable pursuant to~~
17 ~~subsection (e);~~

18 ~~(n) the gross receipts received from dues charged by public and~~
19 ~~private clubs, drinking establishments, organizations and businesses,~~
20 ~~payment of which entitles a member to the use of facilities for recreation~~
21 ~~or entertainment, but such tax shall not be levied and collected upon the~~
22 ~~gross receipts received from: (1) Dues charged by any organization exempt~~
23 ~~from property taxation pursuant to paragraphs Eighth and Ninth of K.S.A.~~
24 ~~79-201, and amendments thereto; and (2) sales of memberships in a~~
25 ~~nonprofit organization which is exempt from federal income taxation~~
26 ~~pursuant to section 501 (c)(3) of the federal internal revenue code of 1986,~~
27 ~~and whose purpose is to support the operation of a nonprofit zoo;~~

28 ~~(o) the gross receipts received from the isolated or occasional sale of~~
29 ~~motor vehicles or trailers but not including: (1) The transfer of motor~~
30 ~~vehicles or trailers by a person to a corporation or limited liability~~
31 ~~company solely in exchange for stock securities or membership interest in~~
32 ~~such corporation or limited liability company; or (2) the transfer of motor~~
33 ~~vehicles or trailers by one corporation or limited liability company to~~
34 ~~another when all of the assets of such corporation or limited liability~~
35 ~~company are transferred to such other corporation or limited liability~~
36 ~~company; or (3) the sale of motor vehicles or trailers which are subject to~~
37 ~~taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and~~
38 ~~amendments thereto, by an immediate family member to another~~
39 ~~immediate family member. For the purposes of clause (3), immediate~~
40 ~~family member means lineal ascendants or descendants, and their spouses.~~
41 ~~Any amount of sales tax paid pursuant to the Kansas retailers sales tax act~~
42 ~~on the isolated or occasional sale of motor vehicles or trailers on and after~~
43 ~~July 1, 2004, which the base for computing the tax was the value pursuant~~

1 ~~to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments~~
2 ~~thereto, when such amount was higher than the amount of sales tax which~~
3 ~~would have been paid under the law as it existed on June 30, 2004, shall be~~
4 ~~refunded to the taxpayer pursuant to the procedure prescribed by this~~
5 ~~section. Such refund shall be in an amount equal to the difference between~~
6 ~~the amount of sales tax paid by the taxpayer and the amount of sales tax~~
7 ~~which would have been paid by the taxpayer under the law as it existed on~~
8 ~~June 30, 2004. Each claim for a sales tax refund shall be verified and~~
9 ~~submitted not later than six months from the effective date of this act to the~~
10 ~~director of taxation upon forms furnished by the director and shall be~~
11 ~~accompanied by any additional documentation required by the director.~~
12 ~~The director shall review each claim and shall refund that amount of tax~~
13 ~~paid as provided by this act. All such refunds shall be paid from the sales~~
14 ~~tax refund fund, upon warrants of the director of accounts and reports~~
15 ~~pursuant to vouchers approved by the director of taxation or the director's~~
16 ~~designee. No refund for an amount less than \$10 shall be paid pursuant to~~
17 ~~this act. In determining the base for computing the tax on such isolated or~~
18 ~~occasional sale, the fair market value of any motor vehicle or trailer traded~~
19 ~~in by the purchaser to the seller may be deducted from the selling price;~~

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

30 ~~For the purposes of this subsection:~~

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

41 ~~(2) "building" shall mean only those enclosures within which~~
42 ~~individuals customarily are employed, or which are customarily used to~~
43 ~~house machinery, equipment or other property, and including the land~~

1 ~~improvements immediately surrounding such building;~~

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

8 ~~(4) "residence" shall mean only those enclosures within which~~
9 ~~individuals customarily live;~~

10 ~~(5) "utility structure" shall mean transmission and distribution lines~~
11 ~~owned by an independent transmission company or cooperative, the~~
12 ~~Kansas electric transmission authority or natural gas or electric public~~
13 ~~utility; and~~

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

17 ~~(q) the gross receipts received for the service of repairing, servicing,~~
18 ~~altering or maintaining tangible personal property which when such~~
19 ~~services are rendered is not being held for sale in the regular course of~~
20 ~~business, and whether or not any tangible personal property is transferred~~
21 ~~in connection therewith. The tax imposed by this subsection shall be~~
22 ~~applicable to the services of repairing, servicing, altering or maintaining an~~
23 ~~item of tangible personal property which has been and is fastened to,~~
24 ~~connected with or built into real property;~~

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

28 ~~(s) on and after January 1, 2005, the gross receipts received from the~~
29 ~~sale of prewritten computer software and the sale of the services of~~
30 ~~modifying, altering, updating or maintaining prewritten computer~~
31 ~~software, whether the prewritten computer software is installed or~~
32 ~~delivered electronically by tangible storage media physically transferred to~~
33 ~~the purchaser or by load and leave;~~

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

35 ~~(u) the gross receipts received from the sale of prepaid calling service~~
36 ~~and prepaid wireless calling service as defined in K.S.A. 2011 Supp. 79-~~
37 ~~3673, and amendments thereto; and~~

38 ~~(v) the gross receipts received from the sales of bingo cards, bingo~~
39 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,~~
40 ~~and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,~~
41 ~~2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before~~
42 ~~July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo~~
43 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,~~

1 ~~and amendments thereto, shall be exempt from taxes imposed pursuant to~~
2 ~~this section.~~

3 ~~Sec. 30. K.S.A. 2011 Supp. 79-3620 is hereby amended to read as~~
4 ~~follows: 79-3620. (a) All revenue collected or received by the director of~~
5 ~~taxation from the taxes imposed by this act shall be remitted to the state~~
6 ~~treasurer in accordance with the provisions of K.S.A. 75-4215, and~~
7 ~~amendments thereto. Upon receipt of each such remittance, the state~~
8 ~~treasurer shall deposit the entire amount in the state treasury, less amounts~~
9 ~~withheld as provided in subsection (b) and amounts credited as provided in~~
10 ~~subsection (c), (d) and (e), to the credit of the state general fund.~~

11 ~~(b) A refund fund, designated as "sales tax refund fund" not to exceed~~
12 ~~\$100,000 shall be set apart and maintained by the director from sales tax~~
13 ~~collections and estimated tax collections and held by the state treasurer for~~
14 ~~prompt payment of all sales tax refunds including refunds authorized~~
15 ~~under the provisions of K.S.A. 79-3635, and amendments thereto. Such~~
16 ~~fund shall be in such amount, within the limit set by this section, as the~~
17 ~~director shall determine is necessary to meet current refunding~~
18 ~~requirements under this act. In the event such fund as established by this~~
19 ~~section is, at any time, insufficient to provide for the payment of refunds~~
20 ~~due claimants thereof, the director shall certify the amount of additional~~
21 ~~funds required to the director of accounts and reports who shall promptly~~
22 ~~transfer the required amount from the state general fund to the sales tax~~
23 ~~refund fund, and notify the state treasurer, who shall make proper entry in~~
24 ~~the records.~~

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

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

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

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

1 ~~the state highway fund.~~

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

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

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

18 ~~(8) On July 1, 2013, and thereafter, the state treasurer shall credit~~
19 ~~18.421% 17.05% of the revenue collected and received from the tax~~
20 ~~imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.7%~~
21 ~~6.3%, and deposited as provided by subsection (a), exclusive of amounts~~
22 ~~credited pursuant to subsection (d), in the state highway fund.~~

23 ~~(d) The state treasurer shall credit all revenue collected or received~~
24 ~~from the tax imposed by K.S.A. 79-3603, and amendments thereto, as~~
25 ~~certified by the director, from taxpayers doing business within that portion~~
26 ~~of a STAR bond project district occupied by a STAR bond project or~~
27 ~~taxpayers doing business with such entity financed by a STAR bond~~
28 ~~project as defined in K.S.A. 2011 Supp. 12-17,162, and amendments~~
29 ~~thereto, that was determined by the secretary of commerce to be of~~
30 ~~statewide as well as local importance or will create a major tourism area~~
31 ~~for the state or the project was designated as a STAR bond project as~~
32 ~~defined in K.S.A. 2011 Supp. 12-17,162, and amendments thereto, to the~~
33 ~~city bond finance fund, which fund is hereby created. The provisions of~~
34 ~~this subsection shall expire when the total of all amounts credited~~
35 ~~hereunder and under subsection (d) of K.S.A. 79-3710, and amendments~~
36 ~~thereto, is sufficient to retire the special obligation bonds issued for the~~
37 ~~purpose of financing all or a portion of the costs of such STAR bond~~
38 ~~project.~~

39 ~~(e) All revenue certified by the director of taxation as having been~~
40 ~~collected or received from the tax imposed by subsection (c) of K.S.A. 79-~~
41 ~~3603, and amendments thereto, on the sale or furnishing of gas, water,~~
42 ~~electricity and heat for use or consumption within the intermodal facility~~
43 ~~district described in this subsection, shall be credited by the state treasurer~~

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

28 ~~Sec. 31. K.S.A. 2011 Supp. 79-3703 is hereby amended to read as~~
29 ~~follows: 79-3703. There is hereby levied and there shall be collected from~~
30 ~~every person in this state a tax or excise for the privilege of using, storing,~~
31 ~~or consuming within this state any article of tangible personal property.~~
32 ~~Such tax shall be levied and collected in an amount equal to the~~
33 ~~consideration paid by the taxpayer multiplied by the rate of 5.3%, and~~
34 ~~commencing July 1, 2010, at the rate of 6.3%, and commencing July 1,~~
35 ~~2013, at the rate of 5.7%. Within a redevelopment district established~~
36 ~~pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby~~
37 ~~levied and there shall be collected and paid an additional tax of 2% until~~
38 ~~the earlier of: (1) The date the bonds issued to finance or refinance the~~
39 ~~redevelopment project undertaken in the district have been paid in full; or~~
40 ~~(2) the final scheduled maturity of the first series of bonds issued to~~
41 ~~finance the redevelopment project. All property purchased or leased within~~
42 ~~or without this state and subsequently used, stored or consumed in this~~
43 ~~state shall be subject to the compensating tax if the same property or~~

1 ~~transaction would have been subject to the Kansas retailers' sales tax had~~
2 ~~the transaction been wholly within this state.~~

3 ~~Sec. 32. K.S.A. 2011 Supp. 79-3710 is hereby amended to read as~~
4 ~~follows: 79-3710. (a) All revenue collected or received by the director~~
5 ~~under the provisions of this act shall be remitted to the state treasurer in~~
6 ~~accordance with the provisions of K.S.A. 75-4215, and amendments~~
7 ~~thereto. Upon receipt of each such remittance, the state treasurer shall~~
8 ~~deposit the entire amount in the state treasury, less amounts set apart as~~
9 ~~provided in subsection (b) and amounts credited as provided in subsection~~
10 ~~(c), (d) and (e), to the credit of the state general fund.~~

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

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

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

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

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

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

43 ~~(6) On July 1, 2011, the state treasurer shall credit 11.26% of the~~

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

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

11 ~~(8) On July 1, 2013, and thereafter, the state treasurer shall credit~~
12 ~~18.421% 17.05% of the revenue collected and received from the tax~~
13 ~~imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.7%~~
14 ~~6.3%, and deposited as provided by subsection (a), exclusive of amounts~~
15 ~~credited pursuant to subsection (d), in the state highway fund.~~

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

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

32 ~~(e) All revenue certified by the director of taxation as having been~~
33 ~~collected or received from the tax imposed by subsection (c) of K.S.A. 79-~~
34 ~~3603, and amendments thereto, on the sale or furnishing of gas, water,~~
35 ~~electricity and heat for use or consumption within the intermodal facility~~
36 ~~district described in this subsection, shall be credited by the state treasurer~~
37 ~~to the state highway fund. Such revenue may be transferred by the~~
38 ~~secretary of transportation to the rail service improvement fund pursuant to~~
39 ~~law. The provisions of this subsection shall take effect upon certification~~
40 ~~by the secretary of transportation that a notice to proceed has been~~
41 ~~received for the construction of the improvements within the intermodal~~
42 ~~facility district, but not later than December 31, 2010, and shall expire~~
43 ~~when the secretary of revenue determines that the total of all amounts~~

1 ~~credited hereunder and pursuant to subsection (e) of K.S.A. 79-3620, and~~
2 ~~amendments thereto, is equal to \$53,300,000, but not later than December~~
3 ~~31, 2045. Thereafter, all revenues shall be collected and distributed in~~
4 ~~accordance with applicable law. For all tax reporting periods during which~~
5 ~~the provisions of this subsection are in effect, none of the exemptions~~
6 ~~contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply~~
7 ~~to the sale or furnishing of any gas, water, electricity and heat for use or~~
8 ~~consumption within the intermodal facility district. As used in this~~
9 ~~subsection, "intermodal facility district" shall consist of an intermodal~~
10 ~~transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and~~
11 ~~amendments thereto, located in Johnson county within the polygonal-~~
12 ~~shaped area having Waverly Road as the eastern boundary, 191st Street as~~
13 ~~the southern boundary, Four Corners Road as the western boundary, and~~
14 ~~Highway 56 as the northern boundary, and the polygonal-shaped area~~
15 ~~having Poplar Road as the eastern boundary, 183rd Street as the southern~~
16 ~~boundary, Waverly Road as the western boundary, and the BNSF mainline~~
17 ~~track as the northern boundary, that includes capital investment in an~~
18 ~~amount exceeding \$150 million for the construction of an intermodal~~
19 ~~facility to handle the transfer, storage and distribution of freight through~~
20 ~~railway and trucking operations.~~

21 ~~Sec. 33, 29, } K.S.A. 2011 Supp. 79-4217 is hereby amended to read~~
22 ~~as follows: 79-4217. (a) There is hereby imposed an excise tax upon the~~
23 ~~severance and production of coal, oil or gas from the earth or water in this~~
24 ~~state for sale, transport, storage, profit or commercial use, subject to the~~
25 ~~following provisions of this section. Such tax shall be borne ratably by all~~
26 ~~persons within the term "producer" as such term is defined in K.S.A. 79-~~
27 ~~4216, and amendments thereto, in proportion to their respective beneficial~~
28 ~~interest in the coal, oil or gas severed. Such tax shall be applied equally to~~
29 ~~all portions of the gross value of each barrel of oil severed and subject to~~
30 ~~such tax and to the gross value of the gas severed and subject to such tax.~~
31 ~~The rate of such tax shall be 8% of the gross value of all oil or gas severed~~
32 ~~from the earth or water in this state and subject to the tax imposed under~~
33 ~~this act. The rate of such tax with respect to coal shall be \$1 per ton. For~~
34 ~~the purposes of the tax imposed hereunder the amount of oil or gas~~
35 ~~produced shall be measured or determined: (1) In the case of oil, by tank~~
36 ~~tables compiled to show 100% of the full capacity of tanks without~~
37 ~~deduction for overage or losses in handling; allowance for any reasonable~~
38 ~~and bona fide deduction for basic sediment and water, and for correction of~~
39 ~~temperature to 60 degrees Fahrenheit will be allowed; and if the amount of~~
40 ~~oil severed has been measured or determined by tank tables compiled to~~
41 ~~show less than 100% of the full capacity of tanks, such amount shall be~~
42 ~~raised to a basis of 100% for the purpose of the tax imposed by this act;~~
43 ~~and (2) in the case of gas, by meter readings showing 100% of the full~~

1 volume expressed in cubic feet at a standard base and flowing temperature
2 of 60 degrees Fahrenheit, and at the absolute pressure at which the gas is
3 sold and purchased; correction to be made for pressure according to
4 Boyle's law, and used for specific gravity according to the gravity at which
5 the gas is sold and purchased, or if not so specified, according to the test
6 made by the balance method.

7 (b) The following shall be exempt from the tax imposed under this
8 section:

9 (1) The severance and production of gas which is: (A) Injected into
10 the earth for the purpose of lifting oil, recycling or repressuring; (B) used
11 for fuel in connection with the operation and development for, or
12 production of, oil or gas in the lease or production unit where severed; (C)
13 lawfully vented or flared; (D) severed from a well having an average daily
14 production during a calendar month having a gross value of not more than
15 \$87 per day, which well has not been significantly curtailed by reason of
16 mechanical failure or other disruption of production; in the event that the
17 production of gas from more than one well is gauged by a common meter,
18 eligibility for exemption hereunder shall be determined by computing the
19 gross value of the average daily combined production from all such wells
20 and dividing the same by the number of wells gauged by such meter; (E)
21 inadvertently lost on the lease or production unit by reason of leaks,
22 blowouts or other accidental losses; (F) used or consumed for domestic or
23 agricultural purposes on the lease or production unit from which it is
24 severed; or (G) placed in underground storage for recovery at a later date
25 and which was either originally severed outside of the state of Kansas, or
26 as to which the tax levied pursuant to this act has been paid;

27 (2) the severance and production of oil which is: (A) From a lease or
28 production unit whose average daily production is five barrels or less per
29 producing well, which well or wells have not been significantly curtailed
30 by reason of mechanical failure or other disruption of production; (B) from
31 a lease or production unit, the producing well or wells upon which have a
32 completion depth of 2,000 feet or more, and whose average daily
33 production is six barrels or less per producing well or, if the price of oil as
34 determined pursuant to subsection (d) is \$16 or less, whose average daily
35 production is seven barrels or less per producing well, or, if the price of oil
36 as determined pursuant to subsection (d) is \$15 or less, whose average
37 daily production is eight barrels or less per producing well, or, if the price
38 of oil as determined pursuant to subsection (d) is \$14 or less, whose
39 average daily production is nine barrels or less per producing well, or, if
40 the price of oil as determined pursuant to subsection (d) is \$13 or less,
41 whose average daily production is 10 barrels or less per producing well,
42 which well or wells have not been significantly curtailed by reason of
43 mechanical failure or other disruption of production; (C) from a lease or

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

23 (3) (A) any taxpayer applying for an exemption pursuant to
24 subsection (b)(2)(A) and (B) shall make application biennially to the
25 director of taxation therefor. Exemptions granted pursuant to subsection
26 (b)(2)(A) and (B) shall be valid for a period of two years following the
27 date of certification thereof by the director of taxation; (B) any taxpayer
28 applying for an exemption pursuant to subsection (b)(2)(D) or (E) shall
29 make application biennially to the director of taxation therefor. Such
30 application shall be accompanied by proof of the approval of an
31 application for the utilization of a water flood process therefor by the
32 corporation commission pursuant to rules and regulations adopted under
33 the authority of K.S.A. 55-152, and amendments thereto, and proof that
34 the oil produced therefrom is kept in a separate tank battery and that
35 separate books and records are maintained therefor. Such exemption shall
36 be valid for a period of two years following the date of certification thereof
37 by the director of taxation; (C) any exemption granted pursuant to
38 subsections (b)(2)(A), (B), (D) or (E) with an odd lease number and an
39 exemption termination date between June 1, 2004, and May 31, 2005,
40 inclusive, shall be valid for a period of one year following the date of
41 certification; and (D) notwithstanding the provisions of paragraph (A) or
42 (B), any exemption in effect on the effective date of this act affected by the
43 amendments to subsection (b)(2) by this act shall be redetermined in

1 accordance with such amendments. Any such exemption, and any new
2 exemption established by such amendments and applied for after the
3 effective date of this shall be valid for a period commencing with May 1,
4 1998, and ending on April 30, 1999.

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

19 (5) *the severance and production of oil from any pool from which oil*
20 *was first produced on or after July 1, 2012, and from which the severance*
21 *and production of oil from such pool does not exceed 50 barrels per day as*
22 *certified by the state corporation commission and certified to the director*
23 *of taxation, and continuing for a period of 24 months from the month in*
24 *which oil was first produced from such pool as evidenced by an affidavit*
25 *of completion of a well, filed with the state corporation commission and*
26 *certified to the director of taxation. Exemptions granted for production*
27 *from any well pursuant to this subsection shall be valid for a period of 24*
28 *months following the month in which oil was first produced from such*
29 *pool. The term "pool" means an underground accumulation of oil in a*
30 *single and separate natural reservoir characterized by a single pressure*
31 *system so that production from one part of the pool affects the reservoir*
32 *pressure throughout its extent;*

33 (6) the severance and production of oil or gas from a three-year
34 inactive well, as determined by the state corporation commission and
35 certified to the director of taxation, for a period of 10 years after the date
36 of receipt of such certification. As used in this paragraph, "three-year
37 inactive well" means any well that has not produced oil or gas in more
38 than one month in the three years prior to the date of application to the
39 state corporation commission for certification as a three-year inactive well.
40 An application for certification as a three-year inactive well shall be in
41 such form and contain such information as required by the state
42 corporation commission, and shall be made prior to July 1, 1996. The
43 commission may revoke a certification if information indicates that a

1 certified well was not a three-year inactive well or if other lease
2 production is credited to the certified well. Upon notice to the operator that
3 the certification for a well has been revoked, the exemption shall not be
4 applied to the production from that well from the date of revocation;

5 ~~(6)~~ (7) (A) The incremental severance and production of oil or gas
6 which results from a production enhancement project begun on or after
7 July 1, 1998, shall be exempt for a period of seven years from the startup
8 date of such project. As used in this paragraph ~~(6)~~:

9 (1) "Incremental severance and production" means the amount of oil
10 or natural gas which is produced as the result of a production enhancement
11 project which is in excess of the base production of oil or natural gas, and
12 is determined by subtracting the base production from the total monthly
13 production after the production enhancement project is completed.

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

33 (3) "Workover" means any downhole operation in an existing oil or
34 gas well that is designed to sustain, restore or increase the production rate
35 or ultimate recovery of oil or gas, including but not limited to acidizing,
36 reperforation, fracture treatment, sand/paraffin/scale removal or other
37 wellbore cleanouts, casing repair, squeeze cementing, initial installation, or
38 enhancement of artificial lifts including plunger lifts, rods, pumps,
39 submersible pumps and coiled tubing velocity strings, downsizing existing
40 tubing to reduce well loading, downhole commingling, bacteria treatments,
41 polymer treatments, upgrading the size of pumping unit equipment, setting
42 bridge plugs to isolate water production zones, or any combination of the
43 aforementioned operations; "workover" shall not mean the routine

1 maintenance, routine repair, or like for-like replacement of downhole
2 equipment such as rods, pumps, tubing packers or other mechanical
3 device.

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

6 (i) Workover;

7 (ii) recompletion to a different producing zone in the same well bore,
8 except recompletions in formations and zones subject to a state
9 corporation commission proration order;

10 (iii) secondary recovery projects;

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

12 (v) replacement or enhancement of surface equipment;

13 (vi) installation or enhancement of compression equipment, line
14 looping or other techniques or equipment which increases production from
15 a well or a group of wells in a project;

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

19 (B) The state corporation commission shall adopt rules and
20 regulations necessary to efficiently and properly administer the provisions
21 of this paragraph-(6) including rules and regulations for the qualification of
22 production enhancement projects, the procedures for determining the
23 monthly rate of production decline, criteria for determining the share of
24 incremental production attributable to each well when a production
25 enhancement project includes a group of wells, criteria for determining the
26 start up date for any project for which an exemption is claimed, and
27 determining new qualifying technologies for the purposes of paragraph-(6)
28 subsection (7)(A)(4)(vii).

29 (C) Any taxpayer applying for an exemption pursuant to this
30 paragraph-(6) shall make application to the director of taxation. Such
31 application shall be accompanied by a state corporation commission
32 certification that the production for which an exemption is sought results
33 from a qualified production enhancement project and certification of the
34 base production for the enhanced wells or group of wells, and the rate of
35 decline to be applied to that base production. The secretary of revenue
36 shall provide credit for any taxes paid between the project startup date and
37 the certification of qualifications by the commission.

38 (D) The exemptions provided for in this paragraph-(6) shall not apply
39 for 12 months beginning July 1 of the year subsequent to any calendar year
40 during which: (1) In the case of oil, the secretary of revenue determines
41 that the weighted average price of Kansas oil at the wellhead has exceeded
42 \$20.00 per barrel; or (2) in the case of natural gas the secretary of revenue
43 determines that the weighted average price of Kansas gas at the wellhead

1 has exceeded \$2.50 per Mcf.

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

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

7 (c) No exemption shall be granted pursuant to subsection (b)(3) or (4)
8 to any person who does not have a valid operator's license issued by the
9 state corporation commission, and no refund of tax shall be made to any
10 taxpayer attributable to any production in a period when such taxpayer did
11 not hold a valid operator's license issued by the state corporation
12 commission.

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

21 ~~Sec. 34, 30.~~ On and after January 1, 2013, K.S.A. 2011 Supp. 79-
22 4501 is hereby amended to read as follows: 79-4501. The title of this act
23 shall be the homestead property tax refund act. The purpose of this act
24 shall be to provide ad valorem tax refunds to: (a) Certain persons who are
25 of qualifying age who own ~~or rent~~ their homestead; (b) certain persons
26 who have a disability, who own ~~or rent~~ their homestead; and (c) certain
27 persons other than persons included under the provisions of (a) or (b) who
28 have low incomes and dependent children and own ~~or rent~~ their
29 homestead.

30 ~~Sec. 35, 31.~~ On and after January 1, 2013, K.S.A. 2011 Supp. 79-
31 4502 is hereby amended to read as follows: 79-4502. As used in this act,
32 unless the context clearly indicates otherwise:

33 (a) "Income" means the sum of adjusted gross income under the
34 Kansas income tax act, maintenance, support money, cash public
35 assistance and relief, not including any refund granted under this act, the
36 gross amount of any pension or annuity, including all monetary retirement
37 benefits from whatever source derived, including but not limited to, all
38 payments received under the railroad retirement act, except disability
39 payments, payments received under the federal social security act, except
40 that for determination of what constitutes income such amount shall not
41 exceed 50% of any such social security payments and shall not include any
42 social security payments to a claimant who prior to attaining full
43 retirement age had been receiving disability payments under the federal

1 social security act in an amount not to exceed the amount of such disability
2 payments or 50% of any such social security payments, whichever is
3 greater, all dividends and interest from whatever source derived not
4 included in adjusted gross income, workers compensation and the gross
5 amount of "loss of time" insurance. Income does not include gifts from
6 nongovernmental sources or surplus food or other relief in kind supplied
7 by a governmental agency, nor shall net operating losses and net capital
8 losses be considered in the determination of income. Income does not
9 include veterans disability pensions. Income does not include disability
10 payments received under the federal social security act.

11 (b) "Household" means a claimant, a claimant and spouse who
12 occupy the homestead or a claimant and one or more individuals not
13 related as husband and wife who together occupy a homestead.

14 (c) "Household income" means all income received by all persons of
15 a household in a calendar year while members of such household.

16 (d) "Homestead" means the dwelling, or any part thereof, ~~whether~~
17 ~~owned or rented, which is~~ and occupied as a residence by the household
18 and so much of the land surrounding it, as defined as a home site for ad
19 valorem tax purposes, and may consist of a part of a multi-dwelling or
20 multi-purpose building and a part of the land upon which it is built or a
21 manufactured home or mobile home and the land upon which it is situated.
22 "Owned" includes a vendee in possession under a land contract, a life
23 tenant, a beneficiary under a trust and one or more joint tenants or tenants
24 in common.

25 (e) "Claimant" means a person who has filed a claim under the
26 provisions of this act and was, during the entire calendar year preceding
27 the year in which such claim was filed for refund under this act, except as
28 provided in K.S.A. 79-4503, and amendments thereto, both domiciled in
29 this state and was: (1) A person having a disability; (2) a person who is 55
30 years of age or older; (3) a disabled veteran; (4) the surviving spouse of
31 active duty military personnel who died in the line of duty; or (5) a person
32 other than a person included under (1), (2), (3) or (4) having one or more
33 dependent children under 18 years of age residing at the person's
34 homestead during the calendar year immediately preceding the year in
35 which a claim is filed under this act. The surviving spouse of a disabled
36 veteran who was receiving benefits pursuant to subsection (e)(3) of this
37 section at the time of the veterans' death, shall be eligible to continue to
38 receive benefits until such time the surviving spouse remarries.

39 When a homestead is occupied by two or more individuals and more
40 than one of the individuals is able to qualify as a claimant, the individuals
41 may determine between them as to whom the claimant will be. If they are
42 unable to agree, the matter shall be referred to the secretary of revenue
43 whose decision shall be final.

1 (f) "Property taxes accrued" means property taxes, exclusive of
2 special assessments, delinquent interest and charges for service, levied on
3 a claimant's homestead in 1979 or any calendar year thereafter by the state
4 of Kansas and the political and taxing subdivisions of the state. When a
5 homestead is owned by two or more persons or entities as joint tenants or
6 tenants in common and one or more of the persons or entities is not a
7 member of claimant's household, "property taxes accrued" is that part of
8 property taxes levied on the homestead that reflects the ownership
9 percentage of the claimant's household. For purposes of this act, property
10 taxes are "levied" when the tax roll is delivered to the local treasurer with
11 the treasurer's warrant for collection. When a claimant and household own
12 their homestead part of a calendar year, "property taxes accrued" means
13 only taxes levied on the homestead when both owned and occupied as a
14 homestead by the claimant's household at the time of the levy, multiplied
15 by the percentage of 12 months that the property was owned and occupied
16 by the household as its homestead in the year. When a household owns and
17 occupies two or more different homesteads in the same calendar year,
18 property taxes accrued shall be the sum of the taxes allocable to those
19 several properties while occupied by the household as its homestead
20 during the year. Whenever a homestead is an integral part of a larger unit
21 such as a multi-purpose or multi-dwelling building, property taxes accrued
22 shall be that percentage of the total property taxes accrued as the value of
23 the homestead is of the total value. For the purpose of this act, the word
24 "unit" refers to that parcel of property covered by a single tax statement of
25 which the homestead is a part.

26 (g) "Disability" means:

27 (1) Inability to engage in any substantial gainful activity by reason of
28 any medically determinable physical or mental impairment which can be
29 expected to result in death or has lasted or can be expected to last for a
30 continuous period of not less than 12 months, and an individual shall be
31 determined to be under a disability only if the physical or mental
32 impairment or impairments are of such severity that the individual is not
33 only unable to do the individual's previous work but cannot, considering
34 age, education and work experience, engage in any other kind of
35 substantial gainful work which exists in the national economy, regardless
36 of whether such work exists in the immediate area in which the individual
37 lives or whether a specific job vacancy exists for the individual, or whether
38 the individual would be hired if application was made for work. For
39 purposes of the preceding sentence (with respect to any individual), "work
40 which exists in the national economy" means work which exists in
41 significant numbers either in the region where the individual lives or in
42 several regions of the country; for purposes of this subsection, a "physical
43 or mental impairment" is an impairment that results from anatomical,

1 physiological or psychological abnormalities which are demonstrable by
2 medically acceptable clinical and laboratory diagnostic techniques; or

3 (2) blindness and inability by reason of blindness to engage in
4 substantial gainful activity requiring skills or abilities comparable to those
5 of any gainful activity in which the individual has previously engaged with
6 some regularity and over a substantial period of time.

7 (h) "Blindness" means central visual acuity of 20/200 or less in the
8 better eye with the use of a correcting lens. An eye which is accompanied
9 by a limitation in the fields of vision such that the widest diameter of the
10 visual field subtends an angle no greater than 20 degrees shall be
11 considered for the purpose of this paragraph as having a central visual
12 acuity of 20/200 or less.

13 (i) ~~"Rent constituting property taxes accrued" means 15% of the gross~~
14 ~~rent actually paid in cash or its equivalent in 2007 or any taxable year~~
15 ~~thereafter by a claimant and claimant's household solely for the right of~~
16 ~~occupancy of a Kansas homestead on which ad valorem property taxes~~
17 ~~were levied in full for that year. When a household occupies two or more~~
18 ~~different homesteads in the same calendar year, rent constituting property~~
19 ~~taxes accrued shall be computed by adding the rent constituting property~~
20 ~~taxes accrued for each property rented by the household while occupied by~~
21 ~~the household as its homestead during the year.~~

22 (j) ~~"Gross rent" means the rental paid at arm's length solely for the~~
23 ~~right of occupancy of a homestead or space rental paid to a landlord for the~~
24 ~~parking of a mobile home, exclusive of charges for any utilities, services,~~
25 ~~furniture and furnishings or personal property appliances furnished by the~~
26 ~~landlord as a part of the rental agreement, whether or not expressly set out~~
27 ~~in the rental agreement. Whenever the director of taxation finds that the~~
28 ~~landlord and tenant have not dealt with each other at arms length and that~~
29 ~~the gross rent charge was excessive, the director may adjust the gross rent~~
30 ~~to a reasonable amount for the purposes of the claim.~~

31 (k) "Disabled veteran" means a person who is a resident of Kansas
32 and has been honorably discharged from active service in any branch of
33 the armed forces of the United States or Kansas national guard and who
34 has been certified by the United States department of veterans affairs or its
35 successor to have a 50% permanent disability sustained through military
36 action or accident or resulting from disease contracted while in such active
37 service.

38 ~~Sec. 36.32.~~ On and after January 1, 2013, K.S.A. 2011 Supp. 79-
39 4508 is hereby amended to read as follows: 79-4508. (a) Commencing in
40 the tax year beginning after December 31, 2005, the amount of any claim
41 pursuant to this act shall be computed by deducting the amount computed
42 under column (2) from the amount of claimant's property tax accrued
43 and/or rent constituting property tax accrued.

1		(1)	(2)
2		Claimants household	Deduction from property tax
3		income	accrued and/or rent
4		But not	constituting
5	At least	more than	property tax accrued
6	\$0	\$6,000	\$0
7	6,001	7,000	4%
8	7,001	16,000	4% plus 4% of every \$1,000, or
9			fraction thereof, of income in
10			excess of \$7,001
11	16,001	27,000	40% plus 5% of every \$1,000,
12			or fraction thereof, of income in
13			excess of \$16,001
14	27,001	27,600	95%

15 (b) The director of taxation shall prepare a table under which claims
 16 under this act shall be determined. The amount of claim for each bracket
 17 shall be computed only to the nearest \$1.

18 (c) The claimant may elect not to record the amount claimed on the
 19 claim. The claim allowable to persons making this election shall be
 20 computed by the department which shall notify the claimant by mail of the
 21 amount of the allowable claim.

22 (d) In the case of all tax years commencing after December 31, 2004,
 23 the upper limit threshold amount prescribed in this section, shall be
 24 increased by an amount equal to such threshold amount multiplied by the
 25 cost-of-living adjustment determined under section 1(f)(3) of the federal
 26 internal revenue code for the calendar year in which the taxable year
 27 commences.

28 ~~Sec. 37.33.~~ On and after January 1, 2013, K.S.A. 2011 Supp. 79-
 29 4509 is hereby amended to read as follows: 79-4509. In the event property
 30 taxes accrued, ~~rent constituting property taxes accrued or their sum~~
 31 exceeds \$700 for a household in any one year, the amount thereof shall, for
 32 purposes of this act, be deemed to have been \$700.

33 ~~Sec. 38.34.~~ On and after January 1, 2013, K.S.A. 2011 Supp. 79-
 34 4511 is hereby amended to read as follows: 79-4511. (a) Every claimant
 35 under this act shall supply to the division, in support of a claim, reasonable
 36 proof of age or disability, and changes of homestead, household
 37 membership, household income, and size and nature of property claimed
 38 as the homestead. A claim alleging disability shall be supported by a report
 39 of the examining physician of the claimant with a statement or certificate
 40 that the applicant has a disability within the meaning of subsection (g) of
 41 K.S.A. 79-4502, and amendments thereto.

42 (b) Every claimant who is a homestead owner, or whose claim is
 43 based wholly or partly upon homestead ownership at some time during the

1 calendar year, shall supply to the division, in support of a claim, the
2 amount of property taxes levied upon the property claimed as a homestead
3 and a statement that the property taxes accrued used for purposes of this
4 act have been or will be paid by the claimant. Upon request by the
5 division, such claimant shall provide a copy of the statement of property
6 taxes levied upon the property claimed as a homestead. The amount of
7 personal property taxes levied on a manufactured home or mobile home
8 shall be set out on the personal property tax statement showing the amount
9 of such tax as a separate item.

10 (c) ~~Every claimant who is a homestead renter, or whose claim is~~
11 ~~based wholly or partly upon homestead rental at some time during the~~
12 ~~calendar year, shall supply to the division, in support of a claim, a~~
13 ~~statement prescribed by the director certifying the amount of gross rent~~
14 ~~paid and that ad valorem property taxes were levied in full for that year on~~
15 ~~the property, all or a part of which was rented by the claimant. When such~~
16 ~~claimant reports household income that is 150% or less of the homestead~~
17 ~~rental amount and such claimant has failed to provide any documentation~~
18 ~~or information requested by the division to verify such household income~~
19 ~~in support of a claim as required pursuant to subsection (a), within 30 days~~
20 ~~of such request, such homestead property tax refund claim shall be denied.~~

21 (d) The information required to be furnished under subsections (b) or
22 (e) ~~subsection (b)~~ shall be in addition to that required under subsection (a).

23 ~~Sec. 39, 35.~~ On and after January 1, 2013, K.S.A. 2011 Supp. 79-
24 4522 is hereby amended to read as follows: 79-4522. A person owning or
25 occupying a homestead ~~that is not rental property~~ and for which the
26 appraised valuation for property tax purposes exceeds \$350,000 in any
27 year shall not be entitled to claim a refund of property taxes under the
28 homestead property tax refund act for any such year. The provisions of this
29 section shall be part of and supplemental to the homestead property tax
30 refund act.

31 ~~New Sec. 40, 36.~~ Any nonrefundable credits applicable to the
32 Kansas income tax imposed on individuals that are no longer available
33 commencing in tax year 2013 pursuant to this act and earned in any tax
34 year prior to 2013 which are unused may continue to be claimed, subject
35 to the limitations applicable to any such credit pursuant to law at the time
36 such credit was earned.

37 ~~New Sec. 41, 37.~~ (a) For Kansas income tax purposes: (1) The basis
38 of a partner's interest in a partnership formed prior to January 1, 2013,
39 shall be determined by computing the basis as of January 1, 2013, in
40 accordance with section 705 of the federal internal revenue code as in
41 effect on January 1, 2013, and amendments thereto, and making any
42 subsequent adjustments to the partner's interest as provided in section 733
43 of the federal internal revenue code as in effect on January 1, 2013, and

1 amendments thereto.

2 (2) The basis of a partner's interest in a partnership formed on or after
3 January 1, 2013, shall be determined by computing the basis as of the date
4 of formation of the partnership in accordance with section 705 of the
5 federal internal revenue code as in effect on January 1, 2013, and
6 amendments thereto, and making any subsequent adjustments to the
7 partners' interest as provided in section 733 of the federal internal revenue
8 code as in effect on January 1, 2013, and amendments thereto.

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

17 (2) The basis of each shareholder's stock and indebtedness in an S
18 corporation formed on or after January 1, 2013 shall be determined by
19 computing the basis as of the date of formation of the S corporation in
20 accordance with section 1367 of the federal internal revenue code as in
21 effect on January 1, 2013, and amendments thereto, and making any
22 subsequent adjustments to the shareholders stock and indebtedness as
23 provided in section 1367(a)(2)(A) of the federal internal revenue code as
24 in effect on January 1, 2013, and amendments thereto.

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

27 ~~Sec. 42.38.~~ On or after January 1, 2013, K.S.A. 2011 Supp. 79-
28 32,266 is hereby amended to read as follows: 79-32,266. (a) For taxable
29 years commencing after December 31, 2010, there shall be allowed as a
30 credit against the tax liability of a resident individual taxpayer an amount
31 equal to 95% of the resident individual's income tax liability under the
32 provisions of the Kansas income tax act for Kansas source income
33 received from a qualified company that is business income attributable to
34 business activities conducted at the business facility, office, department or
35 other operation relocated to Kansas when the taxpayer owns such qualified
36 company and materially participates in such business activities conducted
37 at such relocated business facility, office, department or other operation of
38 such qualified company which qualified for benefits under the provisions
39 of subsection (a)(1) of K.S.A. 74-50,212, and amendments thereto. A
40 taxpayer shall be treated as materially participating in such qualified
41 company's business activities conducted at such business facility, office,
42 department or other operation relocated to Kansas only if the taxpayer is
43 involved in such business activities of such qualified company on a basis

1 which is regular, continuous and substantial. A taxpayer may claim the
2 credit authorized by this section during any tax year in which the qualified
3 company owned by the taxpayer qualifies for benefits under provisions of
4 K.S.A. 74-50,212, and amendments thereto.

5 (b) Business income attributable to the business activities conducted
6 at the business facility, office, department or other operation relocated to
7 Kansas of a qualified company which qualified for benefits under the
8 provisions of subsection (a)(1) of K.S.A. 74-50,212, and amendments
9 thereto, shall be determined by multiplying the business income of the
10 company apportioned to this state by a fraction, the numerator of which is
11 the property factor plus the payroll factor plus the sales factor, and the
12 denominator of which is three. For purposes of this subsection, the
13 property factor is a fraction, the numerator of which is the average value of
14 the company's real and tangible personal property owned or rented and
15 used during the tax period at such relocated facility, office, department or
16 other relocated operation in Kansas, and the denominator of which is the
17 average value of the company's real and tangible personal property owned
18 or rented and used within this state during the tax period. The payroll
19 factor is a fraction, the numerator of which is the total amount paid during
20 the tax period by the company for compensation at such relocated facility,
21 office, department or other relocated operation in Kansas, and the
22 denominator of which is the total compensation paid by the company in
23 this state during the tax period. The sales factor is a fraction, the numerator
24 of which is the total sales of the relocated facility, office, department or
25 other relocated operation in this state during the tax period, and the
26 denominator of which is the total sales of the company in this state during
27 the tax period.

28 (c) *This credit shall not be available to any taxpayer making a*
29 *modification under (b)(xix) or (c)(xxi) of K.S.A. 79-32,117, and*
30 *amendments thereto.*

31 (e)(d) The secretary of revenue shall adopt rules and regulations
32 regarding the filing of documents that support the qualifications of the
33 taxpayer for the credit claimed pursuant to this section.

34 Sec. ~~43,39.~~ K.S.A. 2011 Supp. ~~79-3603, 79-3620, 79-3703, 79-3710~~
35 ~~and 79-4217~~ ~~are~~ *is* hereby repealed.

36 Sec. ~~44,40.~~ On and after January 1, 2013, K.S.A. 39-7,132,
37 65,1707, 74-8206, 74-8304, 79-32,118, 79-32,128, 79-32,176, 79-32,177,
38 79-32,182, 79-32,190 and 79-32,200 and K.S.A. 2011 Supp. 40-2246, 74-
39 50,173, 74-50,208, 74-8316, 74-8401, 79-32,110, 79-32,111, 79-32,111a,
40 79-32,117, 79-32,119, ~~79-32,120,~~ 79-32,138, 79-32,143, 79-32,143a, 79-
41 32,182b, 79-32,201, 79-32,202, 79-32,204, 79-32,207, 79-32,210, 79-
42 32,212, 79-32,213, 79-32,222, 79-32-242, 79-32,266, 79-3633, 79-3634,
43 79-3635, 79-3636, 79-3637, 79-3638, 79-3639, 79-4501, 79-4502, 79-

1 4508, 79-4509, 79-4511 and 79-4522 are hereby repealed.

2 Sec. ~~45~~**41.** This act shall take effect and be in force from and after
3 its publication in the statute book.