

## SENATE BILL No. 292

By Committee on Ways and Means

3-8

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9 AN ACT concerning school districts; relating to school finance; providing  
10 revenue therefor; relating to income taxation; relating to the imposition  
11 of an earnings tax; relating to sales tax; relating to property tax; amend-  
12 ing K.S.A. 12-140, 72-979, 72-6410, 72-6413 and 72-6414 and K.S.A.  
13 2004 Supp. 19-101a, 72-978, 72-6431, 79-201x, 79-32,110, 79-3603,  
14 79-3620, 79-3703 and 79-3710 and repealing the existing sections; also  
15 repealing K.S.A. 2004 Supp. 19-101k.  
16

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

18 Section 1. K.S.A. 2004 Supp. 72-978 is hereby amended to read as  
19 follows: 72-978. ~~(a) (1) In each school year, in accordance with appropri-~~  
20 ~~ations for special education and related services provided under this act,~~  
21 ~~each school district which has provided special education and related~~  
22 ~~services in compliance with the provisions of this act~~

23 *(a) Each year, the state board of education shall determine the*  
24 *amount of state aid for the provision of special education and related*  
25 *services each school district shall receive for the ensuing school year. The*  
26 *amount of such state aid shall be computed by the state board as provided*  
27 *in this section. The state board shall:*

28 *(1) Determine the total amount of general fund and local option bud-*  
29 *gets of all school districts;*

30 *(2) subtract from the amount determined in paragraph (1) the total*  
31 *amount attributable to assignment of transportation weighting, program*  
32 *weighting, special education weighting and at-risk pupil weighting to en-*  
33 *rollment of all school districts;*

34 *(3) divide the remainder obtained in paragraph (2) by the total num-*  
35 *ber of pupils enrolled in all school districts on September 20;*

36 *(4) determine the total full-time equivalent enrollment of exceptional*  
37 *children which are provided special education and related services pro-*  
38 *vided by all school districts;*

39 *(5) multiply the amount of the quotient obtained in paragraph (3) by*  
40 *the full-time equivalent enrollment determined in paragraph (4);*

41 *(6) determine the amount of federal funds received by all school dis-*  
42 *tricts for the provision of special education and related services;*

43 *(7) determine the amount of revenue received by all school districts*

1 rendered under contracts with the state institutions for the provisions of  
2 special education and related services by the state institution;  
3 (8) add the amounts determined under paragraphs (6) and (7) to the  
4 amount of the product obtained under paragraph (5);  
5 (9) determine the total amount of expenditures of all school districts  
6 for the provision of special education services and related services;  
7 (10) subtract the amount of the sum obtained under paragraph (8)  
8 from the amount determined under paragraph (9); and  
9 (11) multiply the remainder obtained under paragraph (10) by 95%.  
10 The computed amount is the amount of state aid for the provision of  
11 special education and related services a school district is entitled to receive  
12 for the ensuing school year.

13 (b) Each school district shall be entitled to receive:

14 ~~(A)~~ (1) Reimbursement for actual travel allowances paid to special  
15 teachers at not to exceed the rate specified under K.S.A. 75-3203, and  
16 amendments thereto, for each mile actually traveled during the school  
17 year in connection with duties in providing special education or related  
18 services for exceptional children; such reimbursement shall be computed  
19 by the state board by ascertaining the actual travel allowances paid to  
20 special teachers by the school district for the school year and shall be in  
21 an amount equal to 80% of such actual travel allowances;

22 ~~(B)~~ (2) reimbursement in an amount equal to 80% of the actual travel  
23 expenses incurred for providing transportation for exceptional children to  
24 special education or related services; such reimbursement shall not be  
25 paid if such child has been counted in determining the transportation  
26 weighting of the district under the provisions of the school district finance  
27 and quality performance act;

28 ~~(C)~~ (3) reimbursement in an amount equal to 80% of the actual ex-  
29 penses incurred for the maintenance of an exceptional child at some place  
30 other than the residence of such child for the purpose of providing special  
31 education or related services; such reimbursement shall not exceed \$600  
32 per exceptional child per school year; and

33 ~~(D)~~ (4) except for those school districts entitled to receive reimburse-  
34 ment under subsection ~~(b)~~ or (c) or (d), after subtracting the amounts of  
35 reimbursement under paragraphs ~~(A)~~, ~~(B)~~ and ~~(C)~~ (1), (2) and (3) of this  
36 subsection (a) from the total amount appropriated for special education  
37 and related services under this act, an amount which bears the same  
38 proportion to the remaining amount appropriated as the number of full-  
39 time equivalent special teachers who are qualified to provide special ed-  
40 ucation or related services to exceptional children and are employed by  
41 the school district for approved special education or related services bears  
42 to the total number of such qualified full-time equivalent special teachers  
43 employed by all school districts for approved special education or related

1 services.

2 ~~(2)~~ Each special teacher who is qualified to assist in the provision of  
 3 special education or related services to exceptional children shall be  
 4 counted as  $\frac{2}{5}$  full-time equivalent special teacher who is qualified to pro-  
 5 vide special education or related services to exceptional children.

6 ~~(b)~~ (c) Each school district which has paid amounts for the provision  
 7 of special education and related services under an interlocal agreement  
 8 shall be entitled to receive reimbursement under subsection ~~(a)(1)(D)~~  
 9 (b)(4). The amount of such reimbursement for the district shall be the  
 10 amount which bears the same relation to the aggregate amount available  
 11 for reimbursement for the provision of special education and related serv-  
 12 ices under the interlocal agreement, as the amount paid by such district  
 13 in the current school year for provision of such special education and  
 14 related services bears to the aggregate of all amounts paid by all school  
 15 districts in the current school year who have entered into such interlocal  
 16 agreement for provision of such special education and related services.

17 ~~(c)~~ (d) Each contracting school district which has paid amounts for  
 18 the provision of special education and related services as a member of a  
 19 cooperative shall be entitled to receive reimbursement under subsection  
 20 ~~(a)(1)(D)~~ (b)(4). The amount of such reimbursement for the district shall  
 21 be the amount which bears the same relation to the aggregate amount  
 22 available for reimbursement for the provision of special education and  
 23 related services by the cooperative, as the amount paid by such district  
 24 in the current school year for provision of such special education and  
 25 related services bears to the aggregate of all amounts paid by all contract-  
 26 ing school districts in the current school year by such cooperative for  
 27 provision of such special education and related services.

28 ~~(d)~~ (e) No time spent by a special teacher in connection with duties  
 29 performed under a contract entered into by the Kansas juvenile correc-  
 30 tional complex, the Atchison juvenile correctional facility, the Beloit ju-  
 31 venile correctional facility, the Larned juvenile correctional facility, or the  
 32 Topeka juvenile correctional facility and a school district for the provision  
 33 of special education services by such state institution shall be counted in  
 34 making computations under this section.

35 Sec. 2. K.S.A. 72-979 is hereby amended to read as follows: 72-979.

36 (a) Payments under this act *of state aid for the provision of special edu-*  
 37 *cation and related services* shall be made in the manner and at such times  
 38 during each school year as are determined by the state board. All amounts  
 39 received by a district under this section shall be deposited in the general  
 40 fund of the district and transferred to its special education fund. If any  
 41 district is paid more than it is entitled to receive under any distribution  
 42 made under this act, the state board shall notify the district of the amount  
 43 of such overpayment, and such district shall remit the same to the state

1 board. The state board shall remit any moneys so received to the state  
2 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
3 amendments thereto. Upon receipt of each such remittance, the state  
4 treasurer shall deposit the entire amount in the state treasury to the credit  
5 of the state general fund. If any such district fails so to remit, the state  
6 board shall deduct the excess amounts so paid from future payments  
7 becoming due to such district. If any district is paid less than the amount  
8 to which it is entitled under any distribution made under this act, the  
9 state board shall pay the additional amount due at any time within the  
10 school year in which the underpayment was made or within 60 days after  
11 the end of such school year. *If the amount of appropriations for state aid*  
12 *for the provision of special education and related services is insufficient*  
13 *to pay in full the amount of state aid each school district is entitled to*  
14 *receive for the school year, the state board shall prorate the amount ap-*  
15 *propriated among all school districts.*

16 (b) The state board shall prescribe all forms necessary for reporting  
17 under this act.

18 (c) Every board shall make such periodic and special reports of in-  
19 formation to the state board as it may request in order to carry out its  
20 responsibilities under this act.

21 Sec. 3. K.S.A. 72-6410 is hereby amended to read as follows: 72-  
22 6410. (a) "State financial aid" means an amount equal to the product  
23 obtained by multiplying base state aid per pupil by the adjusted enroll-  
24 ment of a district.

25 (b) (1) "Base state aid per pupil" means an amount of state financial  
26 aid per pupil. ~~Subject to the other provisions of this subsection, the~~  
27 ~~amount of base state aid per pupil is \$3,890.~~

28 (2) *Subject to the provisions of paragraph (3) of this subsection:*

29 (A) *For school year 2005-2006, the amount of base state aid per pupil*  
30 *shall be \$4,013.*

31 (B) *For school year 2006-2007, the amount of base state aid per pupil*  
32 *shall be \$4,213.*

33 (C) *For school year 2007-2008 and each school year thereafter, base*  
34 *state aid per pupil shall be \$4,413.*

35 (3) The amount of base state aid per pupil is subject to reduction  
36 commensurate with any reduction under K.S.A. 75-6704, and amend-  
37 ments thereto, in the amount of the appropriation from the state general  
38 fund for general state aid. If the amount of appropriations for general  
39 state aid is insufficient to pay in full the amount each district is entitled  
40 to receive for any school year, the amount of base state aid per pupil for  
41 such school year is subject to reduction commensurate with the amount  
42 of the insufficiency.

43 (c) "Local effort" means the sum of an amount equal to the proceeds

1 from the tax levied under authority of K.S.A. 72-6431, and amendments  
2 thereto, and an amount equal to any unexpended and unencumbered  
3 balance remaining in the general fund of the district, except amounts  
4 received by the district and authorized to be expended for the purposes  
5 specified in K.S.A. 72-6430, and amendments thereto, and an amount  
6 equal to any unexpended and unencumbered balances remaining in the  
7 program weighted funds of the district, except any amount in the voca-  
8 tional education fund of the district if the district is operating an area  
9 vocational school, and an amount equal to any remaining proceeds from  
10 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-  
11 ments thereto, prior to the repeal of such statutory sections, and an  
12 amount equal to the amount deposited in the general fund in the current  
13 school year from amounts received in such year by the district under the  
14 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,  
15 and an amount equal to the amount deposited in the general fund in the  
16 current school year from amounts received in such year by the district  
17 pursuant to contracts made and entered into under authority of K.S.A.  
18 72-6757, and amendments thereto, and an amount equal to the amount  
19 credited to the general fund in the current school year from amounts  
20 distributed in such year to the district under the provisions of articles 17  
21 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-  
22 visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,  
23 and an amount equal to the amount of payments received by the district  
24 under the provisions of K.S.A. 72-979, and amendments thereto, and an  
25 amount equal to the amount of a grant, if any, received by the district  
26 under the provisions of K.S.A. 72-983, and amendments thereto, and an  
27 amount equal to 75% of the federal impact aid of the district.

28 (d) "Federal impact aid" means an amount equal to the federally  
29 qualified percentage of the amount of moneys a district receives in the  
30 current school year under the provisions of title I of public law 874 and  
31 congressional appropriations therefor, excluding amounts received for as-  
32 sistance in cases of major disaster and amounts received under the low-  
33 rent housing program. The amount of federal impact aid defined herein  
34 as an amount equal to the federally qualified percentage of the amount  
35 of moneys provided for the district under title I of public law 874 shall  
36 be determined by the state board in accordance with terms and conditions  
37 imposed under the provisions of the public law and rules and regulations  
38 thereunder.

39 Sec. 4. K.S.A. 72-6413 is hereby amended to read as follows: 72-  
40 6413. The program weighting of each district shall be determined by the  
41 state board as follows:

42 (a) Compute ~~full-time~~ *full-time* equivalent enrollment in programs of  
43 bilingual education and multiply the computed enrollment by ~~0.2~~ *0.4*;

1 (b) compute full time equivalent enrollment in approved vocational  
2 education programs and multiply the computed enrollment by 0.5;

3 (c) add the products obtained under (a) and (b). The sum is the pro-  
4 gram weighting of the district.

5 ~~(d) The provisions of this section shall take effect and be in force~~  
6 ~~from and after July 1, 1992.~~

7 Sec. 5. K.S.A. 72-6414 is hereby amended to read as follows: 72-  
8 6414. (a) The at-risk pupil weighting of each district shall be determined  
9 by the state board ~~by multiplying the number of at-risk pupils included~~  
10 ~~in enrollment of the district by .10. The product is the at-risk pupil weight-~~  
11 ~~ing of the district. as follows:~~

12 (1) *Determine the number of at-risk pupils included in enrollment of*  
13 *the district; and*

14 (2) *multiply the number determined under (1) by .25. The product is*  
15 *the at-risk pupil weighting of the district.*

16 (b) Except as provided in subsection (d), of the amount a district  
17 receives from the at-risk pupil weighting, an amount produced by a pupil  
18 weighting of .01 shall be used by the district for achieving mastery of  
19 basic reading skills by completion of the third grade in accordance with  
20 standards and outcomes of mastery identified by the state board under  
21 K.S.A. 72-7534, and amendments thereto.

22 (c) A district shall include such information in its at-risk pupil assis-  
23 tance plan as the state board may require regarding the district's reme-  
24 diation strategies and the results thereof in achieving the third grade  
25 reading standards and outcomes of mastery identified by the state board.  
26 The reporting requirements shall include information documenting re-  
27 mediation strategies and improvement made by pupils who performed  
28 below the expected standard on the second grade diagnostic reading test  
29 prescribed by the state board.

30 (d) A district whose pupils substantially achieve the state board stan-  
31 dards and outcomes of mastery of reading skills upon completion of third  
32 grade may be released, upon request, by the state board from the require-  
33 ments of subsection (b).

34 Sec. 6. K.S.A. 2004 Supp. 72-6431 is hereby amended to read as  
35 follows: 72-6431. (a) The board of each district shall levy an ad valorem  
36 tax upon the taxable tangible property of the district in the school years  
37 specified in subsection (b) for the purpose of:

38 (1) Financing that portion of the district's general fund budget which  
39 is not financed from any other source provided by law;

40 (2) paying a portion of the costs of operating and maintaining public  
41 schools in partial fulfillment of the constitutional obligation of the legis-  
42 lature to finance the educational interests of the state; and

43 (3) with respect to any redevelopment district established prior to

1 July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, pay-  
2 ing a portion of the principal and interest on bonds issued by cities under  
3 authority of K.S.A. 12-1774, and amendments thereto, for the financing  
4 of redevelopment projects upon property located within the district.

5 (b) The tax required under subsection (a) shall be levied at a rate of  
6 20 mills in the school year ~~2003-2004~~ 2005-2006 and school year ~~2004-~~  
7 ~~2005~~ 2006-2007.

8 (c) The proceeds from the tax levied by a district under authority of  
9 this section, except the proceeds of such tax levied for the purpose of  
10 paying a portion of the principal and interest on bonds issued by cities  
11 under authority of K.S.A. 12-1774, and amendments thereto, for the fi-  
12 nancing of redevelopment projects upon property located within the dis-  
13 trict, shall be deposited in the general fund of the district.

14 (d) On June 6 of each year, the amount, if any, by which a district's  
15 local effort exceeds the amount of the district's state financial aid, as  
16 determined by the state board, shall be remitted to the state treasurer.  
17 Upon receipt of any such remittance, the state treasurer shall deposit the  
18 same in the state treasury to the credit of the state school district finance  
19 fund.

20 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-  
21 1964b, and amendments thereto.

22 Sec. 7. K.S.A. 2004 Supp. 79-201x is hereby amended to read as fol-  
23 lows: 79-201x. For taxable years ~~2003 and 2004~~ 2005 and 2006, the fol-  
24 lowing described property, to the extent herein specified, shall be and is  
25 hereby exempt from the property tax levied pursuant to the provisions of  
26 K.S.A. 72-6431, and amendments thereto: Property used for residential  
27 purposes to the extent of \$20,000 of its appraised valuation.

28 New Sec. 8. For school year 2005-2006, a pupil attending full-day  
29 kindergarten at an attendance center with an enrollment in the preceding  
30 school year of at least 60% pupils who are eligible for free or reduced  
31 price meals under the national school lunch act shall be counted as one  
32 pupil. For school year 2006-2007, a pupil attending full-day kindergarten  
33 at an attendance center with an enrollment in the preceding school year  
34 of at least 36% pupils who are eligible for free or reduced price meals  
35 under the national school lunch act shall be counted as one pupil. For  
36 school year 2007-2008 and each school year thereafter, a pupil attending  
37 full-day kindergarten shall be counted as one pupil.

38 Sec. 9. K.S.A. 2004 Supp. 79-32,110 is hereby amended to read as  
39 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
40 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is  
41 hereby imposed upon the Kansas taxable income of every resident indi-  
42 vidual, which tax shall be computed in accordance with the following tax  
43 schedules:

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

2 (A) *For tax year 2004:*

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

7 (B) *For tax year 2005, and all tax years thereafter:*

8 If the taxable income is:	The tax is:
9 Not over \$30,000 .....	3.5% of Kansas taxable income
10 Over \$30,000 but not over \$60,000 .....	\$1,050 plus 6.25% of excess over \$30,000
11 Over \$60,000 but not over \$100,000 .....	\$2,925 plus 6.45% of excess over \$60,000
12 Over \$100,000 but not over \$200,000 .....	\$5,505 plus 7.0% of excess over \$100,000
13 Over \$200,000 .....	\$12,505 plus 7.5% of excess over \$200,000

14 (2) *All other individuals.*

15 (A) ~~*For tax year 1997:*~~

16 <del>If the taxable income is:</del>	<del>The tax is:</del>
17 <del>Not over \$20,000 .....</del>	<del>4.1% of Kansas taxable income</del>
18 <del>Over \$20,000 but not over \$30,000 .....</del>	<del>\$820 plus 7.5% of excess over \$20,000</del>
19 <del>Over \$30,000 .....</del>	<del>\$1,570 plus 7.75% of excess over \$30,000</del>

20 ~~(B) *For tax year 1998, and all tax years thereafter 2004:*~~

21 If the taxable income is:	The tax is:
22 Not over \$15,000 .....	3.5% of Kansas taxable income
23 Over \$15,000 but not over \$30,000 .....	\$525 plus 6.25% of excess over \$15,000
24 Over \$30,000 .....	\$1,462.50 plus 6.45% of excess over
25	\$30,000

26 (B) *For tax year 2004, and all tax years thereafter:*

27 If the taxable income is:	The tax is:
28 Not over \$15,000 .....	3.5% of Kansas taxable income
29 Over \$15,000 but not over \$30,000 .....	\$525 plus 6.25% of excess over \$15,000
30 Over \$30,000 but not over \$50,000 .....	\$1,462.50 plus 6.45% of excess over
31	\$30,000
32 Over \$50,000 but not over \$100,000 .....	\$2,752.50 plus 7.0% of excess over \$50,000
33 Over \$100,000 .....	\$6,252.50 plus 7.5% of excess over
34	\$100,000

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

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

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

3 (2) the surtax shall be in an amount equal to 3.35% of the Kansas  
4 taxable income of such corporation in excess of \$50,000.

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

8 Sec. 10. K.S.A. 2004 Supp. 79-3603 is hereby amended to read as  
9 follows: 79-3603. For the privilege of engaging in the business of selling  
10 tangible personal property at retail in this state or rendering or furnishing  
11 any of the services taxable under this act, there is hereby levied and there  
12 shall be collected and paid a tax at the rate of 5.3% *before June 1, 2005,*  
13 *and 6.3% on and after June 1, 2005.* Within a redevelopment district  
14 established pursuant to K.S.A. 74-8921, and amendments thereto, there  
15 is hereby levied and there shall be collected and paid an additional tax at  
16 the rate of 2% until the earlier of the date the bonds issued to finance or  
17 refinance the redevelopment project have been paid in full or the final  
18 scheduled maturity of the first series of bonds issued to finance any part  
19 of the project upon:

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

22 (b) (1) the gross receipts from intrastate telephone or telegraph serv-  
23 ices; (2) the gross receipts received from the sale of interstate telephone  
24 or telegraph services, which (A) originate within this state and terminate  
25 outside the state and are billed to a customer's telephone number or  
26 account in this state; or (B) originate outside this state and terminate  
27 within this state and are billed to a customer's telephone number or ac-  
28 count in this state except that the sale of interstate telephone or telegraph  
29 service does not include: (A) Any interstate incoming or outgoing wide  
30 area telephone service or wide area transmission type service which en-  
31 titles the subscriber to make or receive an unlimited number of com-  
32 munications to or from persons having telephone service in a specified  
33 area which is outside the state in which the station provided this service  
34 is located; (B) any interstate private communications service to the per-  
35 sons contracting for the receipt of that service that entitles the purchaser  
36 to exclusive or priority use of a communications channel or group of  
37 channels between exchanges; (C) any value-added nonvoice service in  
38 which computer processing applications are used to act on the form, con-  
39 tent, code or protocol of the information to be transmitted; (D) any tel-  
40 ecommunication service to a provider of telecommunication services  
41 which will be used to render telecommunications services, including car-  
42 rier access services; or (E) any service or transaction defined in this sec-  
43 tion among entities classified as members of an affiliated group as pro-

1 vided by section 1504 of the federal internal revenue code of 1986, as in  
2 effect on January 1, 2001; and (3) the gross receipts from the provision  
3 of services taxable under this subsection which are billed on a combined  
4 basis with nontaxable services, shall be accounted for and the tax remitted  
5 as follows: The taxable portion of the selling price of those combined  
6 services shall include only those charges for taxable services if the selling  
7 price for the taxable services can be readily distinguishable in the retailer's  
8 books and records from the selling price for the nontaxable services. Oth-  
9 erwise, the gross receipts from the sale of both taxable and nontaxable  
10 services billed on a combined basis shall be deemed attributable to the  
11 taxable services included therein. Within 90 days of billing taxable services  
12 on a combined basis with nontaxable services, the retailer shall enter into  
13 a written agreement with the secretary identifying the methodology to be  
14 used in determining the taxable portion of the selling price of those com-  
15 bined services. The burden of proving that any receipt or charge is not  
16 taxable shall be upon the retailer. Upon request from the customer, the  
17 retailer shall disclose to the customer the selling price for the taxable  
18 services included in the selling price for the taxable and nontaxable serv-  
19 ices billed on a combined basis;

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

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

39 (e) the gross receipts from the sale of admissions to any place pro-  
40 viding amusement, entertainment or recreation services including admis-  
41 sions to state, county, district and local fairs, but such tax shall not be  
42 levied and collected upon the gross receipts received from sales of ad-  
43 missions to any cultural and historical event which occurs triennially;

- 1 (f) the gross receipts from the operation of any coin-operated device  
2 dispensing or providing tangible personal property, amusement or other  
3 services except laundry services, whether automatic or manually operated;
- 4 (g) the gross receipts from the service of renting of rooms by hotels,  
5 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-  
6 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto  
7 but such tax shall not be levied and collected upon the gross receipts  
8 received from sales of such service to the federal government and any  
9 agency, officer or employee thereof in association with the performance  
10 of official government duties;
- 11 (h) the gross receipts from the service of renting or leasing of tangible  
12 personal property except such tax shall not apply to the renting or leasing  
13 of machinery, equipment or other personal property owned by a city and  
14 purchased from the proceeds of industrial revenue bonds issued prior to  
15 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
16 12-1749, and amendments thereto, and any city or lessee renting or leas-  
17 ing such machinery, equipment or other personal property purchased  
18 with the proceeds of such bonds who shall have paid a tax under the  
19 provisions of this section upon sales made prior to July 1, 1973, shall be  
20 entitled to a refund from the sales tax refund fund of all taxes paid  
21 thereon;
- 22 (i) the gross receipts from the rendering of dry cleaning, pressing,  
23 dyeing and laundry services except laundry services rendered through a  
24 coin-operated device whether automatic or manually operated;
- 25 (j) the gross receipts from the rendering of the services of washing  
26 and washing and waxing of vehicles;
- 27 (k) the gross receipts from cable, community antennae and other sub-  
28 scriber radio and television services;
- 29 (l) (1) except as otherwise provided by paragraph (2), the gross re-  
30 ceipts received from the sales of tangible personal property to all con-  
31 tractors, subcontractors or repairmen for use by them in erecting struc-  
32 tures, or building on, or otherwise improving, altering, or repairing real  
33 or personal property.
- 34 (2) Any such contractor, subcontractor or repairman who maintains  
35 an inventory of such property both for sale at retail and for use by them  
36 for the purposes described by paragraph (1) shall be deemed a retailer  
37 with respect to purchases for and sales from such inventory, except that  
38 the gross receipts received from any such sale, other than a sale at retail,  
39 shall be equal to the total purchase price paid for such property and the  
40 tax imposed thereon shall be paid by the deemed retailer;
- 41 (m) the gross receipts received from fees and charges by public and  
42 private clubs, drinking establishments, organizations and businesses for  
43 participation in sports, games and other recreational activities, but such

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

12 (n) the gross receipts received from dues charged by public and pri-  
13 vate clubs, drinking establishments, organizations and businesses, pay-  
14 ment of which entitles a member to the use of facilities for recreation or  
15 entertainment, but such tax shall not be levied and collected upon the  
16 gross receipts received from: (1) Dues charged by any organization ex-  
17 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of  
18 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships  
19 in a nonprofit organization which is exempt from federal income taxation  
20 pursuant to section 501 (c)(3) of the federal internal revenue code of  
21 1986, and whose purpose is to support the operation of a nonprofit zoo;

22 (o) the gross receipts received from the isolated or occasional sale of  
23 motor vehicles or trailers but not including: (1) The transfer of motor  
24 vehicles or trailers by a person to a corporation or limited liability com-  
25 pany solely in exchange for stock securities or membership interest in  
26 such corporation or limited liability company; or (2) the transfer of motor  
27 vehicles or trailers by one corporation or limited liability company to  
28 another when all of the assets of such corporation or limited liability  
29 company are transferred to such other corporation or limited liability  
30 company; or (3) the sale of motor vehicles or trailers which are subject  
31 to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and  
32 amendments thereto, by an immediate family member to another im-  
33 mediate family member. For the purposes of clause (3), immediate family  
34 member means lineal ascendants or descendants, and their spouses. The  
35 base for computing the tax shall be the stated selling price of the motor  
36 vehicle or trailer or the value pursuant to subsections (a), (b)(1) and (b)(2)  
37 of K.S.A. 79-5105, and amendments thereto, whichever amount is higher.  
38 The actual selling price shall be the base for computing the tax on the  
39 isolated or occasional sale of wrecked or damaged vehicles. In determin-  
40 ing the base for computing the tax on such isolated or occasional sale, the  
41 fair market value of any motor vehicle or trailer traded in by the purchaser  
42 to the seller may be deducted from the selling price;

43 (p) the gross receipts received for the service of installing or applying

1 tangible personal property which when installed or applied is not being  
2 held for sale in the regular course of business, and whether or not such  
3 tangible personal property when installed or applied remains tangible  
4 personal property or becomes a part of real estate, except that no tax shall  
5 be imposed upon the service of installing or applying tangible personal  
6 property in connection with the original construction of a building or  
7 facility, the original construction, reconstruction, restoration, remodeling,  
8 renovation, repair or replacement of a residence or the construction, re-  
9 construction, restoration, replacement or repair of a bridge or highway.

10 For the purposes of this subsection:

11 (1) "Original construction" shall mean the first or initial construction  
12 of a new building or facility. The term "original construction" shall include  
13 the addition of an entire room or floor to any existing building or facility,  
14 the completion of any unfinished portion of any existing building or fa-  
15 cility and the restoration, reconstruction or replacement of a building or  
16 facility damaged or destroyed by fire, flood, tornado, lightning, explosion  
17 or earthquake, but such term, except with regard to a residence, shall not  
18 include replacement, remodeling, restoration, renovation or reconstruc-  
19 tion under any other circumstances;

20 (2) "building" shall mean only those enclosures within which individ-  
21 uals customarily are employed, or which are customarily used to house  
22 machinery, equipment or other property, and including the land improve-  
23 ments immediately surrounding such building;

24 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water  
25 well, feedlot or any conveyance, transmission or distribution line of any  
26 cooperative, nonprofit, membership corporation organized under or sub-  
27 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,  
28 or of any municipal or quasi-municipal corporation, including the land  
29 improvements immediately surrounding such facility; and

30 (4) "residence" shall mean only those enclosures within which indi-  
31 viduals customarily live;

32 (q) the gross receipts received for the service of repairing, servicing,  
33 altering or maintaining tangible personal property which when such serv-  
34 ices are rendered is not being held for sale in the regular course of busi-  
35 ness, and whether or not any tangible personal property is transferred in  
36 connection therewith. The tax imposed by this subsection shall be appli-  
37 cable to the services of repairing, servicing, altering or maintaining an  
38 item of tangible personal property which has been and is fastened to,  
39 connected with or built into real property;

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

43 (s) on and after January 1, 2005, the gross receipts received from the

1 sale of prewritten computer software and the sale of the services of mod-  
2 ifying, altering, updating or maintaining prewritten computer software,  
3 whether the prewritten computer software is installed or delivered elec-  
4 tronically by tangible storage media physically transferred to the pur-  
5 chaser or by load and leave;

6 (t) the gross receipts received for telephone answering services, mo-  
7 bile telecommunication services, beeper services and other similar serv-  
8 ices. On and after August 1, 2002, the provisions of the federal mobile  
9 telecommunications sourcing act as in effect on January 1, 2002, shall be  
10 applicable to all sales of mobile telecommunication services taxable pur-  
11 suant to this subsection. The secretary of revenue is hereby authorized  
12 and directed to perform any act deemed necessary to properly implement  
13 such provisions;

14 (u) the gross receipts received from the sale of prepaid calling service  
15 as defined in K.S.A. 2004 Supp. 79-3673, and amendments thereto; and

16 (v) the gross receipts received from the sales of bingo cards, bingo  
17 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,  
18 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,  
19 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before  
20 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo  
21 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,  
22 and amendments thereto, shall be exempt from taxes imposed pursuant  
23 to this section.

24 Sec. 11. K.S.A. 2004 Supp. 79-3620 is hereby amended to read as  
25 follows: 79-3620. (a) All revenue collected or received by the director of  
26 taxation from the taxes imposed by this act shall be remitted to the state  
27 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
28 amendments thereto. Upon receipt of each such remittance, the state  
29 treasurer shall deposit the entire amount in the state treasury, less  
30 amounts withheld as provided in subsection (b) and amounts credited as  
31 provided in subsection (c) and (d), to the credit of the state general fund.

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

1 fund, and notify the state treasurer, who shall make proper entry in the  
2 records.

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

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

13 (3) *The state treasurer shall credit  $\frac{5}{126}$  of the revenue collected or*  
14 *received from the tax imposed by K.S.A. 79-3603, and amendments*  
15 *thereto, at the rate of 6.3%, and deposited as provided in subsection (a),*  
16 *exclusive of amounts credited pursuant to subsection (d), in the state high-*  
17 *way fund.*

18 (4) *Commencing on July 1, 2006, and ending on June 30, 2007, the*  
19 *state treasurer shall credit  ~~$\frac{19}{265}$~~   $\frac{19}{315}$  of the revenue collected and re-*  
20 *ceived from the tax imposed by K.S.A. 79-3603, and amendments thereto,*  
21 *at the rate of ~~5.3%~~ 6.3%, and deposited as provided by subsection (a),*  
22 *exclusive of amounts credited pursuant to subsection (d), in the state*  
23 *highway fund.*

24 ~~(4)~~ (5) *On and after July 1, 2007, the state treasurer shall credit  ~~$\frac{13}{406}$~~*   
25  *$\frac{13}{126}$  of the revenue collected and received from the tax imposed by*  
26 *K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.3%~~ 6.3%, and*  
27 *deposited as provided by subsection (a), exclusive of amounts credited*  
28 *pursuant to subsection (d), in the state highway fund.*

29 (d) The state treasurer shall credit all revenue collected or received  
30 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
31 certified by the director, from taxpayers doing business within that por-  
32 tion of a redevelopment district occupied by a redevelopment project or  
33 taxpayers doing business with such entity financed by a special bond pro-  
34 ject as defined in K.S.A. 12-1770a, and amendments thereto, that was  
35 determined by the secretary of commerce to be of statewide as well as  
36 local importance or will create a major tourism area for the state or the  
37 project was designated as a special bond project as defined in K.S.A. 12-  
38 1770a, and amendments thereto, to the city bond finance fund, which  
39 fund is hereby created. The provisions of this subsection shall expire when  
40 the total of all amounts credited hereunder and under subsection (d) of  
41 K.S.A. 79-3710, and amendments thereto, is sufficient to retire the special  
42 obligation bonds issued for the purpose of financing all or a portion of  
43 the costs of such redevelopment or special bond project.

1     Sec. 12. K.S.A. 2004 Supp. 79-3703 is hereby amended to read as  
2 follows: 79-3703. There is hereby levied and there shall be collected from  
3 every person in this state a tax or excise for the privilege of using, storing,  
4 or consuming within this state any article of tangible personal property.  
5 Such tax shall be levied and collected in an amount equal to the consid-  
6 eration paid by the taxpayer multiplied by the rate of 5.3% *before June*  
7 *1, 2005, and 6.3% on and after June 1, 2005.* Within a redevelopment  
8 district established pursuant to K.S.A. 74-8921, and amendments thereto,  
9 there is hereby levied and there shall be collected and paid an additional  
10 tax of 2% until the earlier of: (1) The date the bonds issued to finance or  
11 refinance the redevelopment project undertaken in the district have been  
12 paid in full; or (2) the final scheduled maturity of the first series of bonds  
13 issued to finance the redevelopment project. All property purchased or  
14 leased within or without this state and subsequently used, stored or con-  
15 sumed in this state shall be subject to the compensating tax if the same  
16 property or transaction would have been subject to the Kansas retailers'  
17 sales tax had the transaction been wholly within this state.

18     Sec. 13. K.S.A. 2004 Supp. 79-3710 is hereby amended to read as  
19 follows: 79-3710. (a) All revenue collected or received by the director  
20 under the provisions of this act shall be remitted to the state treasurer in  
21 accordance with the provisions of K.S.A. 75-4215, and amendments  
22 thereto. Upon receipt of each such remittance, the state treasurer shall  
23 deposit the entire amount in the state treasury, less amounts set apart as  
24 provided in subsection (b) and amounts credited as provided in subsection  
25 (c) and (d), to the credit of the state general fund.

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

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

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

43     (3) *The state treasurer shall credit  $\frac{5}{126}$  of the revenue collected or*

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

5 (4) Commencing on July 1, 2006, and ending on June 30, 2007, the  
 6 state treasurer shall credit ~~19/205~~ <sup>19/315</sup> of the revenue collected or received  
 7 from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the  
 8 rate of ~~5.3%~~ 6.3%, and deposited as provided by subsection (a), exclusive  
 9 of amounts credited pursuant to subsection (d), in the state highway fund.

10 ~~(4)~~ (5) On and after July 1, 2007, the state treasurer shall credit ~~13/106~~  
 11 <sup>13/126</sup> of the revenue collected or received from the tax imposed by K.S.A.  
 12 79-3703, and amendments thereto, at the rate of ~~5.3%~~ 6.3%, and depos-  
 13 ited as provided by subsection (a), exclusive of amounts credited pursuant  
 14 to subsection (d), in the state highway fund.

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

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

31 New Sec. 14. (a) (1) Any city is hereby empowered and authorized  
 32 in accordance with the provisions of this act to levy a tax upon the earnings  
 33 of: (A) All individuals employed within that city; and (B) all residents of  
 34 that city who are employed outside that city.

35 (2) Any county is hereby empowered and authorized in accordance  
 36 with the provisions of this act to levy a tax upon the earnings of: (A) All  
 37 individuals employed within that county; and (B) all residents of that  
 38 county who are employed outside that county.

39 (b) The rate of any earnings tax pursuant to subsection (a)(1) or (a)(2)  
 40 shall be up to 1% of earnings.

41 (c) Except as otherwise provided, revenue derived from the earnings  
 42 tax authorized by this act shall be pledged solely for the purpose of dis-  
 43 tribution to the school districts pursuant to section 20, and amendments

1 thereto.

2 (d) If any provision of this act or the application thereof to any person  
3 or circumstance is held invalid, the invalidity does not affect other pro-  
4 visions or applications of this act which can be given effect without the  
5 invalid provision or application, and to this end the provisions of this act  
6 are severable. In particular, if the purpose specified in subsection (c) and  
7 section 20, and amendments thereto, is held invalid, the invalidity does  
8 not affect the authority of any city or county to levy a tax upon earnings  
9 as provided in this act and use revenue therefrom as otherwise authorized  
10 by law.

11 New Sec. 15. (a) (1) No city shall levy an earnings tax until the gov-  
12 erning body of such city shall first submit such proposition to and receive  
13 the approval of a majority of the electors of the city voting thereon at an  
14 election specified by the city. Any city proposing to adopt an earnings tax  
15 shall adopt an ordinance giving notice of its intention to submit such  
16 proposition for approval by the electors in the manner required by K.S.A.  
17 25-105, and amendments thereto. The notice shall state the time of the  
18 election, the rate of the tax and the purposes for which the proceeds will  
19 be expended in accordance with subsection (c) of section 1, and amend-  
20 ments thereto. Every election held under this act shall be conducted by  
21 the county election officer.

22 (2) If a majority of the electors voting thereon at such election shall  
23 approve the levying of such tax, the governing body of that city shall  
24 provide by ordinance for the levy of the tax. Any repeal of such tax, or  
25 any reduction or increase in the rate thereof, within the limits of this act,  
26 shall be accomplished in the manner provided for in this act for the adop-  
27 tion and approval of such tax, except that, the governing body of a city  
28 shall be required to submit such question upon submission of a petition  
29 signed by electors of such city equal in number to not less than 10% of  
30 the electors of such city. If a majority of the electors voting thereon at  
31 such election fail to approve the proposition, it may be resubmitted under  
32 the conditions and in the manner provided in this act for submission of  
33 the original proposition.

34 (3) Any ordinance which has been adopted to give notice of the in-  
35 tention of the governing body of the city to submit the proposition of  
36 levying an earnings tax to the electors of the city shall contain provisions  
37 pledging the use of the revenue to be received from such tax if the same  
38 is approved by the voters in accordance with the provisions of subsection  
39 (c) of section 1, and amendments thereto. Such description shall be con-  
40 sistent with that contained in the notice of election required by subsection  
41 (a)(1).

42 (b) (1) No county shall levy an earnings tax until the governing body  
43 of such county shall first submit such proposition to and receive the ap-

1 proval of a majority of the electors of the county voting thereon at an  
2 election specified by the county. Any county proposing to adopt an earn-  
3 ings tax shall adopt an resolution giving notice of its intention to submit  
4 such proposition for approval by the electors in the manner required by  
5 K.S.A. 25-105, and amendments thereto. The notice shall state the time  
6 of the election, the rate of the tax and the purposes for which the proceeds  
7 will be expended in accordance with subsection (c) of section 1, and  
8 amendments thereto. Every election held under this act shall be con-  
9 ducted by the county election officer.

10 (2) If a majority of the electors voting thereon at such election shall  
11 approve the levying of such tax, the governing body of that county shall  
12 provide by resolution for the levy of the tax. Any repeal of such tax, or  
13 any reduction or increase in the rate thereof, within the limits of this act,  
14 shall be accomplished in the manner provided for in this act for the adop-  
15 tion and approval of such tax, except that, the governing body of a county  
16 shall be required to submit such question upon submission of a petition  
17 signed by electors of such county equal in number to not less than 10%  
18 of the electors of such county. If a majority of the electors voting thereon  
19 at such election fail to approve the proposition, it may be resubmitted  
20 under the conditions and in the manner provided in this act for submis-  
21 sion of the original proposition.

22 (3) Any resolution which has been adopted to give notice of the inten-  
23 tion of the governing body of the county to submit the proposition of  
24 levying an earnings tax to the electors of the county shall contain provi-  
25 sions pledging the use of the revenue to be received from such tax if the  
26 same is approved by the voters in accordance with the provisions of sub-  
27 section (c) of section 1, and amendments thereto. Such description shall  
28 be consistent with that contained in the notice of election required by  
29 subsection (b)(1).

30 New Sec. 16. As used in this act, "earnings" means any and all  
31 amounts paid to individuals in the form of wages, salaries, commissions,  
32 fees or other forms of compensation compensating such individual for  
33 labor or services rendered. A person shall be considered employed within  
34 such city or county if such person's primary place of business is located  
35 within such city or county.

36 New Sec. 17. Any person exempt from the payment of the state in-  
37 come tax pursuant to K.S.A. 79-32,113, and amendments thereto, shall  
38 be exempt from the payment of an earnings tax levied pursuant to this  
39 act.

40 New Sec. 18. The amount of earnings tax paid to another city with  
41 an earnings tax by a resident individual shall be allowed as a credit against  
42 the earnings tax of the city of their residence. The amount of earnings tax  
43 paid to another county with an earnings tax by a resident individual shall

1 be allowed as a credit against the earnings tax of the county of their  
2 residence.

3 New Sec. 19. (a) Any city or county levying an earnings tax as pro-  
4 vided in this act shall utilize the services of the department of revenue to  
5 administer, enforce and collect such tax. Any ordinance or resolution au-  
6 thoring the levy of a city earnings tax or county earnings tax shall in-  
7 corporate by reference the provisions of article 32 of chapter 79 of the  
8 Kansas Statutes Annotated, and amendments thereto, providing the pro-  
9 cedure for the collection and administration of income taxes, insofar as  
10 the provisions of such law may be made applicable to a city earnings tax  
11 or county earnings tax. The department of revenue is hereby authorized  
12 to adopt such rules and regulations as may be necessary to provide for  
13 the withholding by employers of any local earnings tax and may require  
14 any employer in the state of Kansas to furnish any information necessary  
15 for the administration, enforcement and collection of such tax.

16 (b) Upon the receipt of a certified copy of an ordinance or resolution  
17 authorizing the levy of a city earnings tax or county earnings tax, the  
18 secretary of revenue shall cause all necessary forms to be prepared and  
19 such taxes to be collected at the same time and in the manner provided  
20 for the collection of the state income tax and privilege tax. The secretary  
21 of revenue is hereby authorized to administer and collect the earnings tax  
22 of such city or county and to adopt such rules and regulations as may be  
23 necessary for the efficient and effective administration and enforcement  
24 thereof. The secretary shall credit all moneys received from a city earnings  
25 tax to a city earnings tax fund, which fund is hereby established in the  
26 state treasury. The secretary of revenue shall transfer from the city earn-  
27 ings tax fund to the city earnings tax refund fund, which fund is hereby  
28 created, an amount deemed sufficient by the secretary to pay any refunds  
29 due from any tax levied under the provisions of this section. The secretary  
30 shall credit all moneys received from a county earnings tax to a county  
31 earnings tax fund, which fund is hereby established in the state treasury.  
32 The secretary of revenue shall transfer from the county earnings tax fund  
33 to the county earnings tax refund fund, which fund is hereby created, an  
34 amount deemed sufficient by the secretary to pay any refunds due from  
35 any tax levied under the provisions of this section. All local earnings tax  
36 revenue collected from such city or county pursuant to this act shall be  
37 remitted at least quarterly by the state treasurer, on instruction from the  
38 secretary of revenue, to the state board of education for distribution in  
39 accordance with section 20, and amendments thereto.

40 New Sec. 20. The earnings tax authorized by this act shall be dis-  
41 tributed by the state board of education as follows:

42 (a) Fifty percent shall be distributed to school districts in the city or  
43 county that imposed the tax on a full-time equivalent per pupil basis.

- 1 (b) Fifty percent shall be distributed on a full-time equivalent per  
2 pupil basis to those school districts that, in the prior school year, per-  
3 formed below the median among all Kansas school districts on state as-  
4 sessments in reading and mathematics.
- 5 Sec. 21. K.S.A. 12-140 is hereby amended to read as follows: 12-140.  
6 Except as otherwise specifically authorized by K.S.A. 12-1,101 to 12-  
7 1,109, *and amendments thereto, and sections 14 through 20, and amend-*  
8 *ments thereto*, no city shall have power to levy and collect taxes on in-  
9 comes from whatever source derived.
- 10 Sec. 22. K.S.A. 2004 Supp. 19-101a is hereby amended to read as  
11 follows: 19-101a. (a) The board of county commissioners may transact all  
12 county business and perform all powers of local legislation and adminis-  
13 tration it deems appropriate, subject only to the following limitations,  
14 restrictions or prohibitions:
- 15 (1) Counties shall be subject to all acts of the legislature which apply  
16 uniformly to all counties.
- 17 (2) Counties may not consolidate or alter county boundaries.
- 18 (3) Counties may not affect the courts located therein.
- 19 (4) Counties shall be subject to acts of the legislature prescribing  
20 limits of indebtedness.
- 21 (5) In the exercise of powers of local legislation and administration  
22 authorized under provisions of this section, the home rule power con-  
23 ferred on cities to determine their local affairs and government shall not  
24 be superseded or impaired without the consent of the governing body of  
25 each city within a county which may be affected.
- 26 (6) Counties may not legislate on social welfare administered under  
27 state law enacted pursuant to or in conformity with public law No. 271—  
28 74th congress, or amendments thereof.
- 29 (7) Counties shall be subject to all acts of the legislature concerning  
30 elections, election commissioners and officers and their duties as such  
31 officers and the election of county officers.
- 32 (8) Counties shall be subject to the limitations and prohibitions im-  
33 posed under K.S.A. 12-187 to 12-195, inclusive, and amendments thereto,  
34 prescribing limitations upon the levy of retailers' sales taxes by counties.
- 35 (9) Counties may not exempt from or effect changes in statutes made  
36 nonuniform in application solely by reason of authorizing exceptions for  
37 counties having adopted a charter for county government.
- 38 (10) No county may levy ad valorem taxes under the authority of this  
39 section upon real property located within any redevelopment project area  
40 established under the authority of K.S.A. 12-1772, and amendments  
41 thereto, unless the resolution authorizing the same specifically authorized  
42 a portion of the proceeds of such levy to be used to pay the principal of  
43 and interest upon bonds issued by a city under the authority of K.S.A.

1 12-1774, and amendments thereto.

2 (11) Counties shall have no power under this section to exempt from  
3 any statute authorizing or requiring the levy of taxes and providing sub-  
4 stitute and additional provisions on the same subject, unless the resolution  
5 authorizing the same specifically provides for a portion of the proceeds  
6 of such levy to be used to pay a portion of the principal and interest on  
7 bonds issued by cities under the authority of K.S.A. 12-1774, and amend-  
8 ments thereto.

9 (12) Counties may not exempt from or effect changes in the provi-  
10 sions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

11 (13) Except as otherwise specifically authorized by K.S.A. 12-1,101  
12 through 12-1,109, *and sections 14 through 20*, and amendments thereto,  
13 counties may not levy and collect taxes on incomes from whatever source  
14 derived.

15 (14) Counties may not exempt from or effect changes in K.S.A. 19-  
16 430, and amendments thereto.

17 (15) Counties may not exempt from or effect changes in K.S.A. 19-  
18 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

19 (16) (A) Counties may not exempt from or effect changes in K.S.A.  
20 13-13a26, and amendments thereto.

21 (B) This provision shall expire on June 30, ~~2005~~ 2006.

22 (17) (A) Counties may not exempt from or effect changes in K.S.A.  
23 71-301a, and amendments thereto.

24 (B) This provision shall expire on June 30, ~~2005~~ 2006.

25 (18) Counties may not exempt from or effect changes in K.S.A. 19-  
26 15,139, 19-15,140 and 19-15,141, and amendments thereto.

27 (19) Counties may not exempt from or effect changes in the provi-  
28 sions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c and 12-  
29 1226, and amendments thereto, or the provisions of K.S.A. 12-1260  
30 through 12-1270 and 12-1276, and amendments thereto.

31 (20) Counties may not exempt from or effect changes in the provi-  
32 sions of K.S.A. 19-211, and amendments thereto.

33 (21) Counties may not exempt from or effect changes in the provi-  
34 sions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

35 (22) Counties may not regulate the production or drilling of any oil  
36 or gas well in any manner which would result in the duplication of reg-  
37 ulation by the state corporation commission and the Kansas department  
38 of health and environment pursuant to chapter 55 and chapter 65 of the  
39 Kansas Statutes Annotated and any rules and regulations adopted pur-  
40 suant thereto. Counties may not require any license or permit for the  
41 drilling or production of oil and gas wells. Counties may not impose any  
42 fee or charge for the drilling or production of any oil or gas well.

43 (23) Counties may not exempt from or effect changes in K.S.A. 79-

- 1 41a04, and amendments thereto.
- 2 (24) Counties may not exempt from or effect changes in K.S.A. 79-  
3 1611, and amendments thereto.
- 4 (25) Counties may not exempt from or effect changes in K.S.A. 79-  
5 1494, and amendments thereto.
- 6 (26) Counties may not exempt from or effect changes in subsection  
7 (b) of K.S.A. 19-202, and amendments thereto.
- 8 (27) Counties may not exempt from or effect changes in subsection  
9 (b) of K.S.A. 19-204, and amendments thereto.
- 10 (28) Counties may not levy or impose an excise, severance or any  
11 other tax in the nature of an excise tax upon the physical severance and  
12 production of any mineral or other material from the earth or water.
- 13 (29) Counties may not exempt from or effect changes in K.S.A. 79-  
14 2017 or 79-2101, and amendments thereto.
- 15 (30) Counties may not exempt from or effect changes in K.S.A. 2-  
16 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, *or*  
17 65-1,178 through 65-1,199 ~~or K.S.A. 1998 Supp. 17-5909~~, and amend-  
18 ments thereto.
- 19 (31) Counties may not exempt from or effect changes in K.S.A. 2004  
20 Supp. 80-121, and amendments thereto.
- 21 (32) Counties may not exempt from or effect changes in K.S.A. 19-  
22 228, and amendments thereto.
- 23 (33) Counties may not exempt from or effect changes in the wireless  
24 enhanced 911 act or in the provisions of K.S.A. 12-5301 through 12-5308,  
25 and amendments thereto.
- 26 (34) Counties may not exempt from or effect changes in K.S.A. 2004  
27 Supp. 26-601, and amendments thereto.
- 28 (b) Counties shall apply the powers of local legislation granted in  
29 subsection (a) by resolution of the board of county commissioners. If no  
30 statutory authority exists for such local legislation other than that set forth  
31 in subsection (a) and the local legislation proposed under the authority  
32 of such subsection is not contrary to any act of the legislature, such local  
33 legislation shall become effective upon passage of a resolution of the  
34 board and publication in the official county newspaper. If the legislation  
35 proposed by the board under authority of subsection (a) is contrary to an  
36 act of the legislature which is applicable to the particular county but not  
37 uniformly applicable to all counties, such legislation shall become effec-  
38 tive by passage of a charter resolution in the manner provided in K.S.A.  
39 19-101b, and amendments thereto.
- 40 (c) Any resolution adopted by a county which conflicts with the re-  
41 strictions in subsection (a) is null and void.
- 42 Sec. 23. K.S.A. 12-140, 72-979, 72-6410, 72-6413 and 72-6414 and  
43 K.S.A. 2004 Supp. 19-101a, 19-101k, 72-978, 72-6431, 79-201x, 79-

- 1 32,110, 79-3603, 79-3620, 79-3703 and 79-3710 are hereby repealed.
- 2 Sec. 24. This act shall take effect and be in force from and after its
- 3 publication in the statute book.