

SENATE BILL No. 312

By Committee on Ways and Means

3-31

9 AN ACT concerning school districts; relating to school finance; relating
10 to revenues therefor; amending K.S.A. 72-6410 and 72-6414 and
11 K.S.A. 2004 Supp. 72-978, 79-32,110, 79-3603, 79-3620, 79-3703 and
12 79-3710 and repealing the existing sections.
13

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

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

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

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

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

31 *(3) divide the remainder obtained in paragraph (2) by the total num-*
32 *ber of full-time equivalent enrollment enrolled in all school districts on*
33 *September 20;*

34 *(4) determine the total full-time equivalent enrollment of exceptional*
35 *children receiving special education and related services provided by all*
36 *school districts;*

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

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

41 *(7) determine the amount of revenue received by all school districts*
42 *rendered under contracts with the state institutions for the provisions of*
43 *special education and related services by the state institution;*

1 (8) *add the amounts determined under paragraphs (6) and (7) to the*
2 *amount of the product obtained under paragraph (5);*

3 (9) *determine the total amount of expenditures of all school districts*
4 *for the provision of special education and related services;*

5 (10) *subtract the amount of the sum obtained under paragraph (8)*
6 *from the amount determined under paragraph (9); and*

7 (11) (A) *For school year, 2006-2007, multiply the remainder ob-*
8 *tained under paragraph (10) by 88%; and*

9 (B) *for school year 2007-2008 and each year thereafter, multiply the*
10 *remainder obtained under paragraph (10) by 91%.*

11 *The computed amount is the amount of state aid for the provision of*
12 *special education aid a school district is entitled to receive for the ensuing*
13 *school year.*

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

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

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

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

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

1 employed by all school districts for approved special education or related
2 services.

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

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

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

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

36 Sec. 2. K.S.A. 72-6410 is hereby amended to read as follows: 72-
37 6410. (a) "State financial aid" means an amount equal to the product
38 obtained by multiplying base state aid per pupil by the adjusted enroll-
39 ment of a district.

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

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

1 *amount of base state aid per pupil is \$4,307.*

2 (3) The amount of base state aid per pupil is subject to reduction
3 commensurate with any reduction under K.S.A. 75-6704, and amend-
4 ments thereto, in the amount of the appropriation from the state general
5 fund for general state aid. If the amount of appropriations for general
6 state aid is insufficient to pay in full the amount each district is entitled
7 to receive for any school year, the amount of base state aid per pupil for
8 such school year is subject to reduction commensurate with the amount
9 of the insufficiency.

10 (c) "Local effort" means the sum of an amount equal to the proceeds
11 from the tax levied under authority of K.S.A. 72-6431, and amendments
12 thereto, and an amount equal to any unexpended and unencumbered
13 balance remaining in the general fund of the district, except amounts
14 received by the district and authorized to be expended for the purposes
15 specified in K.S.A. 72-6430, and amendments thereto, and an amount
16 equal to any unexpended and unencumbered balances remaining in the
17 program weighted funds of the district, except any amount in the voca-
18 tional education fund of the district if the district is operating an area
19 vocational school, and an amount equal to any remaining proceeds from
20 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-
21 ments thereto, prior to the repeal of such statutory sections, and an
22 amount equal to the amount deposited in the general fund in the current
23 school year from amounts received in such year by the district under the
24 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,
25 and an amount equal to the amount deposited in the general fund in the
26 current school year from amounts received in such year by the district
27 pursuant to contracts made and entered into under authority of K.S.A.
28 72-6757, and amendments thereto, and an amount equal to the amount
29 credited to the general fund in the current school year from amounts
30 distributed in such year to the district under the provisions of articles 17
31 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-
32 visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,
33 and an amount equal to the amount of payments received by the district
34 under the provisions of K.S.A. 72-979, and amendments thereto, and an
35 amount equal to the amount of a grant, if any, received by the district
36 under the provisions of K.S.A. 72-983, and amendments thereto, and an
37 amount equal to 75% of the federal impact aid of the district.

38 (d) "Federal impact aid" means an amount equal to the federally
39 qualified percentage of the amount of moneys a district receives in the
40 current school year under the provisions of title I of public law 874 and
41 congressional appropriations therefor, excluding amounts received for as-
42 sistance in cases of major disaster and amounts received under the low-
43 rent housing program. The amount of federal impact aid defined herein

1 as an amount equal to the federally qualified percentage of the amount
2 of moneys provided for the district under title I of public law 874 shall
3 be determined by the state board in accordance with terms and conditions
4 imposed under the provisions of the public law and rules and regulations
5 thereunder.

6 Sec. 3. K.S.A. 72-6414 is hereby amended to read as follows: 72-
7 6414. (a) The at-risk pupil weighting of each district shall be determined
8 by the state board ~~by multiplying the number of at-risk pupils included~~
9 ~~in enrollment of the district by .10. The product is the at-risk pupil weight-~~
10 ~~ing of the district. as follows:~~

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

13 (2) *for school year 2006-2007, multiply the number determined under*
14 *paragraph (1) by .18; and*

15 (3) *for school year 2007-2008 and each school year thereafter, mul-*
16 *tiple the number determined under paragraph (1) by 0.20. The product*
17 *is the at-risk pupil weighting of the district.*

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

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

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

36 Sec. 4. K.S.A. 2004 Supp. 79-32,110 is hereby amended to read as
37 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
38 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is
39 hereby imposed upon the Kansas taxable income of every resident indi-
40 vidual, which tax shall be computed in accordance with the following tax
41 schedules:

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

1 If the taxable income is: The tax is:
2 Not over \$30,000 3.5% of Kansas taxable income
3 Over \$30,000 but not over \$60,000 \$1,050 plus 6.25% of excess over \$30,000
4 Over \$60,000 \$2,925 plus 6.45% of excess over \$60,000
5 (2) *All other individuals.*
6 (A) For tax year 1997:
7 If the taxable income is: The tax is:
8 Not over \$20,000 4.1% of Kansas taxable income
9 Over \$20,000 but not over \$30,000 \$820 plus 7.5% of excess over \$20,000
10 Over \$30,000 \$1,570 plus 7.75% of excess over \$30,000
11 (B) For tax year 1998, and all tax years thereafter:
12 If the taxable income is: The tax is:
13 Not over \$15,000 3.5% of Kansas taxable income
14 Over \$15,000 but not over \$30,000 \$525 plus 6.25% of excess over \$15,000
15 Over \$30,000 \$1,462.50 plus 6.45% of excess over \$30,000
16 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
17 taxable income of every nonresident individual, which tax shall be an
18 amount equal to the tax computed under subsection (a) as if the nonres-
19 ident were a resident multiplied by the ratio of modified Kansas source
20 income to Kansas adjusted gross income.
21 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
22 income of every corporation doing business within this state or deriving
23 income from sources within this state. Such tax shall consist of a normal
24 tax and a surtax and shall be computed as follows:
25 (1) The normal tax shall be in an amount equal to 4% of the Kansas
26 taxable income of such corporation; and
27 (2) the surtax shall be in an amount equal to 3.35% of the Kansas
28 taxable income of such corporation in excess of \$50,000.
29 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
30 income of estates and trusts at the rates provided in paragraph (2) of
31 subsection (a) hereof.
32 (e) *In addition to the tax imposed pursuant to subsections (a) and (b),*
33 *for the tax year commencing after December 31, 2005, a surtax shall be*
34 *imposed on resident individuals and nonresident individuals in the*
35 *amount of 2.0% of the tax due pursuant to subsections (a) and (b), com-*
36 *puted without regard to any applicable income tax credits.*
37 (f) *In addition to the tax imposed pursuant to subsections (a) and (b),*
38 *for tax years commencing after December 31, 2006, a surtax shall be*
39 *imposed on resident individuals and nonresident individuals in the*
40 *amount of 4.0% of the tax due pursuant to subsections (a) and (b), com-*
41 *puted without regard to any applicable income tax credits.*
42 Sec. 5. K.S.A. 2004 Supp. 79-3603 is hereby amended to read as
43 follows: 79-3603. For the privilege of engaging in the business of selling

1 tangible personal property at retail in this state or rendering or furnishing
2 any of the services taxable under this act, there is hereby levied and there
3 shall be collected and paid a tax at the rate of 5.3% *before July 1, 2006*,
4 *5.5% on and after July 1, 2006, but before July 1, 2007, and 5.7% on and*
5 *after July 1, 2007*. Within a redevelopment district established pursuant
6 to K.S.A. 74-8921, and amendments thereto, there is hereby levied and
7 there shall be collected and paid an additional tax at the rate of 2% until
8 the earlier of the date the bonds issued to finance or refinance the re-
9 development project have been paid in full or the final scheduled maturity
10 of the first series of bonds issued to finance any part of the project upon:
11 (a) The gross receipts received from the sale of tangible personal
12 property at retail within this state;
13 (b) (1) the gross receipts from intrastate telephone or telegraph serv-
14 ices; (2) the gross receipts received from the sale of interstate telephone
15 or telegraph services, which (A) originate within this state and terminate
16 outside the state and are billed to a customer's telephone number or
17 account in this state; or (B) originate outside this state and terminate
18 within this state and are billed to a customer's telephone number or ac-
19 count in this state except that the sale of interstate telephone or telegraph
20 service does not include: (A) Any interstate incoming or outgoing wide
21 area telephone service or wide area transmission type service which en-
22 titles the subscriber to make or receive an unlimited number of com-
23 munications to or from persons having telephone service in a specified
24 area which is outside the state in which the station provided this service
25 is located; (B) any interstate private communications service to the per-
26 sons contracting for the receipt of that service that entitles the purchaser
27 to exclusive or priority use of a communications channel or group of
28 channels between exchanges; (C) any value-added nonvoice service in
29 which computer processing applications are used to act on the form, con-
30 tent, code or protocol of the information to be transmitted; (D) any tel-
31 ecommunication service to a provider of telecommunication services
32 which will be used to render telecommunications services, including car-
33 rier access services; or (E) any service or transaction defined in this sec-
34 tion among entities classified as members of an affiliated group as pro-
35 vided by section 1504 of the federal internal revenue code of 1986, as in
36 effect on January 1, 2001; and (3) the gross receipts from the provision
37 of services taxable under this subsection which are billed on a combined
38 basis with nontaxable services, shall be accounted for and the tax remitted
39 as follows: The taxable portion of the selling price of those combined
40 services shall include only those charges for taxable services if the selling
41 price for the taxable services can be readily distinguishable in the retailer's
42 books and records from the selling price for the nontaxable services. Oth-
43 erwise, the gross receipts from the sale of both taxable and nontaxable

1 services billed on a combined basis shall be deemed attributable to the
2 taxable services included therein. Within 90 days of billing taxable services
3 on a combined basis with nontaxable services, the retailer shall enter into
4 a written agreement with the secretary identifying the methodology to be
5 used in determining the taxable portion of the selling price of those com-
6 bined services. The burden of proving that any receipt or charge is not
7 taxable shall be upon the retailer. Upon request from the customer, the
8 retailer shall disclose to the customer the selling price for the taxable
9 services included in the selling price for the taxable and nontaxable serv-
10 ices billed on a combined basis;

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

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

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

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

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

1 of official government duties;

2 (h) the gross receipts from the service of renting or leasing of tangible
3 personal property except such tax shall not apply to the renting or leasing
4 of machinery, equipment or other personal property owned by a city and
5 purchased from the proceeds of industrial revenue bonds issued prior to
6 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
7 12-1749, and amendments thereto, and any city or lessee renting or leas-
8 ing such machinery, equipment or other personal property purchased
9 with the proceeds of such bonds who shall have paid a tax under the
10 provisions of this section upon sales made prior to July 1, 1973, shall be
11 entitled to a refund from the sales tax refund fund of all taxes paid
12 thereon;

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

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

18 (k) the gross receipts from cable, community antennae and other sub-
19 scriber radio and television services;

20 (l) (1) except as otherwise provided by paragraph (2), the gross re-
21 cepts received from the sales of tangible personal property to all con-
22 tractors, subcontractors or repairmen for use by them in erecting struc-
23 tures, or building on, or otherwise improving, altering, or repairing real
24 or personal property.

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

32 (m) the gross receipts received from fees and charges by public and
33 private clubs, drinking establishments, organizations and businesses for
34 participation in sports, games and other recreational activities, but such
35 tax shall not be levied and collected upon the gross receipts received from:

36 (1) Fees and charges by any political subdivision, by any organization
37 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
38 201, and amendments thereto, or by any youth recreation organization
39 exclusively providing services to persons 18 years of age or younger which
40 is exempt from federal income taxation pursuant to section 501(c)(3) of
41 the federal internal revenue code of 1986, for participation in sports,
42 games and other recreational activities; and (2) entry fees and charges for
43 participation in a special event or tournament sanctioned by a national

1 sporting association to which spectators are charged an admission which
2 is taxable pursuant to subsection (e);

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

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

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

1 For the purposes of this subsection:

2 (1) "Original construction" shall mean the first or initial construction
3 of a new building or facility. The term "original construction" shall include
4 the addition of an entire room or floor to any existing building or facility,
5 the completion of any unfinished portion of any existing building or fa-
6 cility and the restoration, reconstruction or replacement of a building or
7 facility damaged or destroyed by fire, flood, tornado, lightning, explosion
8 or earthquake, but such term, except with regard to a residence, shall not
9 include replacement, remodeling, restoration, renovation or reconstruc-
10 tion under any other circumstances;

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

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

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

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

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

34 (s) on and after January 1, 2005, the gross receipts received from the
35 sale of prewritten computer software and the sale of the services of mod-
36 ifying, altering, updating or maintaining prewritten computer software,
37 whether the prewritten computer software is installed or delivered elec-
38 tronically by tangible storage media physically transferred to the pur-
39 chaser or by load and leave;

40 (t) the gross receipts received for telephone answering services, mo-
41 bile telecommunication services, beeper services and other similar serv-
42 ices. On and after August 1, 2002, the provisions of the federal mobile
43 telecommunications sourcing act as in effect on January 1, 2002, shall be

1 applicable to all sales of mobile telecommunication services taxable pur-
2 suant to this subsection. The secretary of revenue is hereby authorized
3 and directed to perform any act deemed necessary to properly implement
4 such provisions;

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

7 (v) the gross receipts received from the sales of bingo cards, bingo
8 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,
9 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
10 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
11 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
12 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,
13 and amendments thereto, shall be exempt from taxes imposed pursuant
14 to this section.

15 Sec. 6. K.S.A. 2004 Supp. 79-3620 is hereby amended to read as
16 follows: 79-3620. (a) All revenue collected or received by the director of
17 taxation from the taxes imposed by this act shall be remitted to the state
18 treasurer in accordance with the provisions of K.S.A. 75-4215, and
19 amendments thereto. Upon receipt of each such remittance, the state
20 treasurer shall deposit the entire amount in the state treasury, less
21 amounts withheld as provided in subsection (b) and amounts credited as
22 provided in subsection (c) and (d), to the credit of the state general fund.

23 (b) A refund fund, designated as "sales tax refund fund" not to exceed
24 \$100,000 shall be set apart and maintained by the director from sales tax
25 collections and estimated tax collections and held by the state treasurer
26 for prompt payment of all sales tax refunds including refunds authorized
27 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
28 fund shall be in such amount, within the limit set by this section, as the
29 director shall determine is necessary to meet current refunding require-
30 ments under this act. In the event such fund as established by this section
31 is, at any time, insufficient to provide for the payment of refunds due
32 claimants thereof, the director shall certify the amount of additional funds
33 required to the director of accounts and reports who shall promptly trans-
34 fer the required amount from the state general fund to the sales tax refund
35 fund, and notify the state treasurer, who shall make proper entry in the
36 records.

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

42 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
43 received from the tax imposed by K.S.A. 79-3603, and amendments

1 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
2 exclusive of amounts credited pursuant to subsection (d), in the state
3 highway fund.

4 (3) *Commencing on July 1, 2006, and ending on June 30, 2007*, the
5 state treasurer shall credit ~~19/200~~ ^{19/275} of the revenue collected and re-
6 ceived from the tax imposed by K.S.A. 79-3603, and amendments thereto,
7 at the rate of ~~5.3%~~ 5.5%, and deposited as provided by subsection (a),
8 exclusive of amounts credited pursuant to subsection (d), in the state
9 highway fund.

10 (4) *On and after July 1, 2007*, the state treasurer shall credit ~~13/100~~
11 ^{13/114} of the revenue collected and received from the tax imposed by
12 K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.3%~~ 5.7%, and
13 deposited as provided by subsection (a), exclusive of amounts credited
14 pursuant 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. 79-3603, 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 or
19 taxpayers doing business with such entity financed by a special bond pro-
20 ject as defined in K.S.A. 12-1770a, and amendments thereto, that was
21 determined by the secretary of commerce to be of statewide as well as
22 local importance or will create a major tourism area for the state or the
23 project was designated as a special bond project as defined in K.S.A. 12-
24 1770a, and amendments thereto, to the city bond finance fund, which
25 fund is hereby created. The provisions of this subsection shall expire when
26 the total of all amounts credited hereunder and under subsection (d) of
27 K.S.A. 79-3710, and amendments thereto, is sufficient to retire the special
28 obligation bonds issued for the purpose of financing all or a portion of
29 the costs of such redevelopment or special bond project.

30 Sec. 7. K.S.A. 2004 Supp. 79-3703 is hereby amended to read as
31 follows: 79-3703. There is hereby levied and there shall be collected from
32 every person in this state a tax or excise for the privilege of using, storing,
33 or consuming within this state any article of tangible personal property.
34 Such tax shall be levied and collected in an amount equal to the consid-
35 eration paid by the taxpayer multiplied by the rate of 5.3% *before July 1,*
36 *2006, 5.5% on and after July 1, 2006, but before July 1, 2007, and 5.7%*
37 *on and after July 1, 2007.* Within a redevelopment district established
38 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby
39 levied and there shall be collected and paid an additional tax of 2% until
40 the earlier of: (1) The date the bonds issued to finance or refinance the
41 redevelopment project undertaken in the district have been paid in full;
42 or (2) the final scheduled maturity of the first series of bonds issued to
43 finance the redevelopment project. All property purchased or leased

1 within or without this state and subsequently used, stored or consumed
2 in this state shall be subject to the compensating tax if the same property
3 or transaction would have been subject to the Kansas retailers' sales tax
4 had the transaction been wholly within this state.

5 Sec. 8. K.S.A. 2004 Supp. 79-3710 is hereby amended to read as
6 follows: 79-3710. (a) All revenue collected or received by the director
7 under the provisions of this act shall be remitted to the state treasurer in
8 accordance with the provisions of K.S.A. 75-4215, and amendments
9 thereto. Upon receipt of each such remittance, the state treasurer shall
10 deposit the entire amount in the state treasury, less amounts set apart as
11 provided in subsection (b) and amounts credited as provided in subsection
12 (c) and (d), to the credit of the state general fund.

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

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

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

30 (3) *Commencing on July 1, 2006, and ending on June 30, 2007*, the
31 state treasurer shall credit ~~$\frac{19}{265}$~~ $\frac{19}{275}$ of the revenue collected or received
32 from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the
33 rate of ~~5.3%~~ 5.5%, and deposited as provided by subsection (a), exclusive
34 of amounts credited pursuant to subsection (d), in the state highway fund.

35 (4) *On and after July 1, 2007*, the state treasurer shall credit ~~$\frac{13}{106}$~~
36 $\frac{13}{114}$ of the revenue collected or received from the tax imposed by K.S.A.
37 79-3703, and amendments thereto, at the rate of ~~5.3%~~ 5.7%, and depos-
38 ited as provided by subsection (a), exclusive of amounts credited pursuant
39 to subsection (d), in the state highway fund.

40 (d) The state treasurer shall credit all revenue collected or received
41 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
42 certified by the director, from taxpayers doing business within that por-
43 tion of a redevelopment district occupied by a redevelopment project that

1 was determined by the secretary of commerce to be of statewide as well
2 as local importance or will create a major tourism area for the state as
3 defined in K.S.A. 12-1770a, and amendments thereto, to the city bond
4 finance fund created by subsection (d) of K.S.A. 79-3620, and amend-
5 ments thereto. The provisions of this subsection shall expire when the
6 total of all amounts credited hereunder and under subsection (d) of K.S.A.
7 79-3620, and amendments thereto, is sufficient to retire the special ob-
8 ligation bonds issued for the purpose of financing all or a portion of the
9 costs of such redevelopment project.

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

13 Sec. 9. K.S.A. 72-6410 and 72-6414 and K.S.A. 2004 Supp. 72-978,
14 79-32,110, 79-3603, 79-3620, 79-3703 and 79-3710 are hereby repealed.

15 Sec. 10. This act shall take effect and be in force from and after July
16 1, 2006, and its publication in the statute book.