

## HOUSE BILL No. 2407

By Committee on Appropriations

5-1

---

9 AN ACT concerning taxation; relating to rates and continuation of estate  
10 tax; income tax credits; time of payment and returns of mineral sev-  
11 erance tax; rates and continuation of franchise tax; amending K.S.A.  
12 40-253a, 79-4220 and 79-4221 and K.S.A. 2008 Supp. 40-2803, 40-  
13 2804, 74-50,208, 79-15,203, 79-15,251, 79-32,117, 79-32,215 and 79-  
14 5401 and repealing the existing sections; also repealing K.S.A. 79-  
15 32,194 and 79-32,199 and K.S.A. 2008 Supp. 79-15,253, 79-32,117m,  
16 79-32,195, 79-32,196, 79-32,197, 79-32,197a, 79-32,198, 79-32,199a  
17 and 79-32,199b.

18

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

20 Section 1. K.S.A. 40-253a is hereby amended to read as follows: 40-  
21 253a. For purposes of calculating any tax due under K.S.A. 40-253, and  
22 amendments thereto, from a taxpayer not organized under the laws of  
23 this state, the credits allowed pursuant to K.S.A. 40-2813, 74-50,132, 79-  
24 32,153; ~~and 79-32,160 and 79-32,196~~, and amendments thereto, shall be  
25 treated as tax paid under K.S.A. 40-252, and amendments thereto.

26 Sec. 2. K.S.A. 2008 Supp. 40-2803 is hereby amended to read as  
27 follows: 40-2803. For the purpose of computing the tax imposed upon  
28 life insurance companies under the provisions of this act the term "net  
29 income" shall mean the net taxable income for the preceding calendar  
30 year of such company as determined under the provisions of section 802  
31 of the internal revenue code of 1954, as ~~heretofore or hereafter~~ amended.  
32 The term "net income" shall not include dividends received from stock  
33 issued by Kansas Venture Capital, Inc. to the extent such dividends are  
34 included in the Kansas taxable income of a corporation, interest income  
35 on obligations of this state or a political subdivision thereof which is spe-  
36 cifically exempt from income tax under the laws of this state authorizing  
37 the issuance of such obligations. ~~The term "net income" shall include the~~  
38 ~~amount of any charitable contribution made to the extent the same is~~  
39 ~~claimed as the basis for the credit allowed pursuant to K.S.A. 79-32,196,~~  
40 ~~and amendments thereto.~~ The term "net income" shall include the  
41 amount of any contribution made to the extent the same is claimed as the  
42 basis for the credit allowed pursuant to K.S.A. 2008 Supp. 74-50,154, and  
43 amendments thereto. In case the entire business of such company is not

1 transacted within this state, the net income for the purposes of this act  
2 shall be determined by multiplying such net income by a fraction, the  
3 numerator of which shall be the premiums received from business trans-  
4 acted within this state and the denominator of which is the amount of  
5 premiums received by such company from all its business. Insurance com-  
6 panies connected through stock ownership, which operate under common  
7 control and management are hereby authorized to make a consolidated  
8 return for the purpose of determining “net income” under the provisions  
9 of this section and intercompany transactions shall not be considered or  
10 included for the purpose of such determination.

11 Sec. 3. K.S.A. 2008 Supp. 40-2804 is hereby amended to read as  
12 follows: 40-2804. For the purpose of computing the tax imposed under  
13 the provisions of this act, the term “net income” as applied to a domestic  
14 fire and casualty insurance company ~~shall mean~~ means the amount re-  
15 quired to be reported as “net income” in the annual statement form  
16 required to be filed by such company with the Kansas commissioner of  
17 insurance under the provisions of K.S.A. 40-225, and amendments  
18 thereto; as applied to a domestic mutual hail insurance company the term  
19 “net income” ~~shall mean~~ means the amount required to be reported as  
20 “net income,” annual increase in reserve fund in section VII of the annual  
21 statement form required to be filed by such company with the Kansas  
22 commissioner of insurance under the provisions of K.S.A. 40-225, and  
23 amendments thereto; and as applied to a domestic county mutual fire  
24 insurance company the term “net income” ~~shall mean~~ means the amount  
25 required to be reported as “net income,” annual net gain in its combined  
26 reserve and general funds in section VII of the annual statement form  
27 required to be filed by such company with the Kansas commissioner of  
28 insurance under the provisions of K.S.A. 40-225, and amendments  
29 thereto. If any such domestic fire and casualty insurance company, do-  
30 mestic mutual hail insurance company, or domestic county mutual fire  
31 insurance company does business in states other than Kansas its “net  
32 income” shall be determined by the proportion of net premiums ~~€, gross~~  
33 premiums less cancellations, received from business written in Kansas  
34 compared to total net premiums received from all its business. Insurance  
35 companies connected through stock ownership with a common parent  
36 corporation, which operate under common control and management are  
37 hereby authorized to make a consolidated return for the purpose of de-  
38 termining “net income” under the provisions of this section and inter-  
39 company transactions shall not be considered or included for the purpose  
40 of such determination. If a domestic insurance company is exempt for  
41 any reason from filing an annual statement with the Kansas insurance  
42 department, its net income shall be determined in the same manner as  
43 herein provided. For the purposes of this section, the term “net income”

1 shall not include dividends received from stock issued by Kansas Venture  
 2 Capital, Inc. to the extent such dividends are included in the Kansas  
 3 taxable income of a corporation, interest income on obligations of this  
 4 state or a political subdivision thereof which is specifically exempt from  
 5 income tax under the laws of this state authorizing the issuance of such  
 6 obligations. ~~For the purposes of this section, the term "net income" shall~~  
 7 ~~include the amount of any charitable contribution made to the extent the~~  
 8 ~~same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-~~  
 9 ~~32,196, and amendments thereto.~~ For the purposes of this section, the  
 10 term "net income" shall include the amount of any contribution made to  
 11 the extent the same is claimed as the basis for the credit allowed pursuant  
 12 to K.S.A. 2008 Supp. 74-50,154, and amendments thereto.

13 Sec. 4. K.S.A. 2008 Supp. 74-50,208 is hereby amended to read as  
 14 follows: 74-50,208. (a) A program contributor shall be allowed a credit  
 15 against state income tax imposed under the Kansas income tax act in an  
 16 amount not to exceed 50% of the contribution amount. If the amount of  
 17 the credit allowed by this section exceeds the taxpayer's income tax lia-  
 18 bility imposed under the Kansas income tax act, such excess amount shall  
 19 be refunded to the taxpayer. ~~No credit pursuant to this section shall be~~  
 20 ~~allowed for any contribution made by a program contributor which also~~  
 21 ~~qualified for a community services tax credit pursuant to the provisions~~  
 22 ~~of K.S.A. 79-32,195 et seq., and amendments thereto.~~

23 (b) The administration of the community-based organization, with  
 24 the cooperation of the participating financial institutions, shall submit the  
 25 names of contributors and the total amount each contributor contributes  
 26 to the individual development account reserve fund for the calendar year.  
 27 The secretary of revenue shall determine the date by which such infor-  
 28 mation shall be submitted to the department of revenue by the local  
 29 administrator.

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

32 (d) The provisions of this section shall be applicable to all taxable  
 33 years commencing after December 31, ~~2004~~ 2008.

34 Sec. 5. K.S.A. 2008 Supp. 79-15,203 is hereby amended to read as  
 35 follows: 79-15,203. (a) A tax is hereby imposed on the taxable estate of  
 36 every resident decedent, and every nonresident decedent who owned  
 37 real, personal or intangible property with a tax situs in Kansas.

38 (b) The tax imposed by this section shall be computed in accordance  
 39 with the following schedule:

40 (A) For tax year 2007:

41 If the taxable estate is:	The tax is:
42 Not over \$1,000,000 .....	Zero
43 Over \$1,000,000 but not over \$2,000,000 ....	3.0% of excess over \$1,000,000

1	Over \$2,000,000 but not over \$5,000,000 ....	\$30,000 plus 6.0% of excess over
2		\$2,000,000
3	Over \$5,000,000 but not over \$10,000,000 ..	\$210,000 plus 8.0% of excess over
4		\$5,000,000
5	Over \$10,000,000 .....	\$610,000 plus 10.0% of excess over
6		\$10,000,000

7 (B) For tax year 2008, and all tax years thereafter:

8	If the taxable estate is:	The tax is:
9	Not over \$1,000,000 .....	Zero
10	Over \$1,000,000 but not over \$2,000,000 ....	1.0% of excess over \$1,000,000
11	Over \$2,000,000 but not over \$5,000,000 ....	\$10,000 plus 2.0% of excess over
12		\$2,000,000
13	Over \$5,000,000 but not over \$10,000,000 ..	\$70,000 plus 5.0% of excess over
14		\$5,000,000
15	Over \$10,000,000 .....	\$320,000 plus 7.0% of excess over
16		\$10,000,000

17 ~~(C) For tax year 2009:~~

18	<del>If the taxable estate is:</del>	<del>The tax is:</del>
19	<del>Not over \$1,000,000 .....</del>	<del>Zero</del>
20	<del>Over \$1,000,000 but not over \$2,000,000 ....</del>	<del>0.5% of excess over \$1,000,000</del>
21	<del>Over \$2,000,000 but not over \$5,000,000 ....</del>	<del>\$5,000 plus 1.0% of excess over \$2,000,000</del>
22	<del>Over \$5,000,000 but not over \$10,000,000 ..</del>	<del>\$35,000 plus 2.0% of excess over</del>
23		<del>\$5,000,000</del>
24	<del>Over \$10,000,000 .....</del>	<del>\$135,000 plus 3.0% of excess over</del>
25		<del>\$10,000,000</del>

26 Sec. 6. K.S.A. 2008 Supp. 79-15,251 is hereby amended to read as  
 27 follows: 79-15,251. The provisions of this act shall apply to the estates of  
 28 all decedents dying after December 31, 2006, but before January 1, 2010.  
 29 The provisions of article 15 of chapter 79, as such provisions existed prior  
 30 to January 1, 2007, shall be applicable to the estates of all decedents dying  
 31 before January 1, 2007, for which an estate tax return is filed before  
 32 January 1, 2017. In the event such estate tax return has not been filed  
 33 with the director before January 1, 2017, no liability which may have  
 34 been imposed if the return was filed by such date shall accrue to either  
 35 the estate or the distributees of the estate.

36 Sec. 7. K.S.A. 2008 Supp. 79-32,117 is hereby amended to read as  
 37 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
 38 means such individual's federal adjusted gross income for the taxable year,  
 39 with the modifications specified in this section.

40 (b) There shall be added to federal adjusted gross income:  
 41 (i) Interest income less any related expenses directly incurred in the  
 42 purchase of state or political subdivision obligations, to the extent that  
 43 the same is not included in federal adjusted gross income, on obligations

1 of any state or political subdivision thereof, but to the extent that interest  
2 income on obligations of this state or a political subdivision thereof issued  
3 prior to January 1, 1988, is specifically exempt from income tax under the  
4 laws of this state authorizing the issuance of such obligations, it shall be  
5 excluded from computation of Kansas adjusted gross income whether or  
6 not included in federal adjusted gross income. Interest income on  
7 obligations of this state or a political subdivision thereof issued after  
8 December 31, 1987, shall be excluded from computation of Kansas  
9 adjusted gross income whether or not included in federal adjusted gross  
10 income.

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

18 (iii) The federal net operating loss deduction.

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

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

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

42 ~~(vii) The amount of any charitable contribution made to the extent~~  
43 ~~the same is claimed as the basis for the credit allowed pursuant to K.S.A.~~

1 ~~79-32,196, and amendments thereto.~~

2 ~~(viii)~~ The amount of any costs incurred for improvements to a swine  
3 facility, claimed for deduction in determining federal adjusted gross  
4 income, to the extent the same is claimed as the basis for any credit  
5 allowed pursuant to K.S.A. 2008 Supp. 79-32,204 and amendments  
6 thereto.

7 ~~(ix)~~ (viii) The amount of any ad valorem taxes and assessments paid  
8 and the amount of any costs incurred for habitat management or  
9 construction and maintenance of improvements on real property, claimed  
10 for deduction in determining federal adjusted gross income, to the extent  
11 the same is claimed as the basis for any credit allowed pursuant to K.S.A.  
12 79-32,203 and amendments thereto.

13 ~~(x)~~ (ix) Amounts received as nonqualified withdrawals, as defined by  
14 K.S.A. 2008 Supp. 75-643, and amendments thereto, if, at the time of  
15 contribution to a family postsecondary education savings account, such  
16 amounts were subtracted from the federal adjusted gross income  
17 pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and  
18 amendments thereto, or if such amounts are not already included in the  
19 federal adjusted gross income.

20 ~~(xi)~~ (x) The amount of any contribution made to the same extent the  
21 same is claimed as the basis for the credit allowed pursuant to K.S.A.  
22 2008 Supp. 74-50,154, and amendments thereto.

23 ~~(xii)~~ (xi) For taxable years commencing after December 31, 2004,  
24 amounts received as withdrawals not in accordance with the provisions  
25 of K.S.A. 2008 Supp. 74-50,204, and amendments thereto, if, at the time  
26 of contribution to an individual development account, such amounts were  
27 subtracted from the federal adjusted gross income pursuant to paragraph  
28 (xiii) of subsection (c), or if such amounts are not already included in the  
29 federal adjusted gross income.

30 ~~(xiii)~~ (xii) The amount of any expenditures claimed for deduction in  
31 determining federal adjusted gross income, to the extent the same is  
32 claimed as the basis for any credit allowed pursuant to K.S.A. 2008 Supp.  
33 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

34 ~~(xiv)~~ (xiii) The amount of any amortization deduction claimed in  
35 determining federal adjusted gross income to the extent the same is  
36 claimed for deduction pursuant to K.S.A. 2008 Supp. 79-32,221, and  
37 amendments thereto.

38 ~~(xv)~~ (xiv) The amount of any expenditures claimed for deduction in  
39 determining federal adjusted gross income, to the extent the same is  
40 claimed as the basis for any credit allowed pursuant to K.S.A. 2008 Supp.  
41 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
42 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
43 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

1     ~~(xvi)~~ (xv) The amount of any amortization deduction claimed in  
2 determining federal adjusted gross income to the extent the same is  
3 claimed for deduction pursuant to K.S.A. 2008 Supp. 79-32,227, 79-  
4 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
5 thereto.

6     ~~(xvii)~~ (xvi) The amount of any amortization deduction claimed in  
7 determining federal adjusted gross income to the extent the same is  
8 claimed for deduction pursuant to K.S.A. 2008 Supp. 79-32,256, and  
9 amendments thereto.

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

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

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

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

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

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

1 the taxpayer received the income or gain.

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

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

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

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

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

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

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

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

33 (xiii) For taxable years beginning after December 31, 2004, amounts  
34 contributed to and the amount of income earned on contributions  
35 deposited to an individual development account under K.S.A. 2008 Supp.  
36 74-50,201, et seq., and amendments thereto.

37 (xiv) For all taxable years commencing after December 31, 1996, that  
38 portion of any income of a bank organized under the laws of this state or  
39 any other state, a national banking association organized under the laws  
40 of the United States, an association organized under the savings and loan  
41 code of this state or any other state, or a federal savings association  
42 organized under the laws of the United States, for which an election as  
43 an S corporation under subchapter S of the federal internal revenue code

1 is in effect, which accrues to the taxpayer who is a stockholder of such  
2 corporation and which is not distributed to the stockholders as dividends  
3 of the corporation.

4 (xv) For all taxable years beginning after December 31, 2006,  
5 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a  
6 joint return, for each designated beneficiary which are contributed to a  
7 family postsecondary education savings account established under the  
8 Kansas postsecondary education savings program or a qualified tuition  
9 program established and maintained by another state or agency or  
10 instrumentality thereof pursuant to section 529 of the internal revenue  
11 code of 1986, as amended, for the purpose of paying the qualified higher  
12 education expenses of a designated beneficiary at an institution of  
13 postsecondary education. The terms and phrases used in this paragraph  
14 shall have the meaning respectively ascribed thereto by the provisions of  
15 K.S.A. 2008 Supp. 75-643, and amendments thereto, and the provisions  
16 of such section are hereby incorporated by reference for all purposes  
17 thereof.

18 (xvi) For the tax year beginning after December 31, 2004, an amount  
19 not exceeding \$500; for the tax year beginning after December 31, 2005,  
20 an amount not exceeding \$600; for the tax year beginning after December  
21 31, 2006, an amount not exceeding \$700; for the tax year beginning after  
22 December 31, 2007, an amount not exceeding \$800; for the tax year  
23 beginning December 31, 2008, an amount not exceeding \$900; and for  
24 all taxable years commencing after December 31, 2009, an amount not  
25 exceeding \$1,000 of the premium costs for qualified long-term care  
26 insurance contracts, as defined by subsection (b) of section 7702B of  
27 public law 104-191.

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

38 (xviii) For all taxable years beginning after December 31, 2004,  
39 amounts received by taxpayers who are eligible members of the Kansas  
40 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
41 281, and amendments thereto, and amounts received for death benefits  
42 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to  
43 section 1 or section 2 of chapter 207 of the 2005 session laws of Kansas,

1 and amendments thereto, to the extent that such death benefits are  
2 included in federal adjusted gross income of the taxpayer.

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

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

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

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

25 Sec. 8. K.S.A. 2008 Supp. 79-32,215 is hereby amended to read as  
26 follows: 79-32,215. (a) For taxable years 2005, 2006 and 2007, any  
27 business firm which has entered into a partnership agreement pursuant  
28 to subsection (f) shall be allowed a credit against the income tax imposed  
29 by the Kansas income tax act as follows:

30 (1) An amount equal to 25% of the amount paid during the taxable  
31 year by such business firm to teachers as salary pursuant to the  
32 partnership agreement; or

33 (2) an amount equal to 30% of the amount paid during the taxable  
34 year by such business firm to teachers as salary pursuant to the  
35 partnership agreement if the teacher is teaching in a school district  
36 located in a rural community, underserved area, or underperforming  
37 urban area.

38 (b) In no event shall the total amount of credits allowed under this  
39 section exceed \$500,000 for any one fiscal year, and of that amount,  
40 except as otherwise provided, no more than \$125,000 of credits shall be  
41 allowed for business firms located in any one congressional district per  
42 fiscal year. The secretary of revenue shall establish by the adoption of  
43 rules and regulations a procedure to allow reallocation of unused tax

1 credits by one congressional district to a congressional district which has  
2 or will use all of its allocated tax credits in that fiscal year and has  
3 additional tax credit allowance requests pending. The secretary of revenue  
4 shall approve all such credits in advance on a first-come, first-serve basis  
5 pursuant to subsection (d). No credit shall be allowed pursuant to this  
6 section to a business firm that enters into a partnership agreement with  
7 a school district in which the teacher employed by the business firm is a  
8 household or family member of any owner, director, officer or employee  
9 of such business firm.

10 (c) The credit allowed by this section shall not exceed the amount of  
11 tax imposed under the Kansas income tax act reduced by the sum of any  
12 other credits allowable pursuant to law. Such credit shall be deducted  
13 from the taxpayer's income tax liability for the taxable year in which the  
14 expenditures are made by the taxpayer. The taxpayer shall not be allowed  
15 to carry over any amount of such credit exceeding the taxpayer's income  
16 tax liability. No credit shall be allowed pursuant to this section to a  
17 business firm that enters into a partnership agreement with a school  
18 district in which the teacher employed by the business firm is a household  
19 or family member of any owner, director, officer or employee of such  
20 business firm.

21 (d) Prior to a business firm claiming this tax credit, the secretary of  
22 revenue shall require each business firm to submit for approval the  
23 following information on forms as prescribed by the secretary: (1) Each  
24 partnership agreement; (2) the salary amount paid to each teacher during  
25 the taxable year by such business firm pursuant to such partnership  
26 agreement and for which the tax credit is sought; and (3) such further  
27 information as the secretary may require to administer this provision.

28 (e) As used in this section:

29 (1) "Business firm" means any business entity authorized to do  
30 business in the state of Kansas which is subject to the state income tax  
31 imposed by the provisions of the Kansas income tax act and any individual  
32 subject to the state income tax imposed by the provisions of the Kansas  
33 income tax act.

34 (2) "Underserved area" shall have the meaning ascribed thereto by  
35 K.S.A. 74-32,101, and amendments thereto.

36 (3) "Teacher" means a person who holds a certificate to teach in  
37 Kansas with an endorsement in the areas of mathematics, science, physics,  
38 chemistry or biology and has entered into a partnership agreement.

39 (4) "Partnership agreement" means an agreement entered into  
40 pursuant to subsection (f). Such agreement shall contain a description of  
41 the duties of the position the teacher shall be performing, sufficient to  
42 establish that such position satisfies the criteria set forth in subsection (f).

43 (5) "Rural community" ~~shall have the meaning ascribed thereto by~~

1 ~~K.S.A. 79-32,195, and amendments thereto~~ means any city having a  
2 population of fewer than 15,000 located in a county that is not part of a  
3 standard metropolitan statistical area as defined by the United States  
4 department of commerce or its successor agency. However, any such city  
5 located in a county defined as a standard metropolitan statistical area  
6 shall be deemed a rural community if a substantial number of persons in  
7 such county derive their income from agriculture and, in any county  
8 where there is only one city within the county which has a population of  
9 more than 15,000 and which classifies as a standard metropolitan  
10 statistical area, all other cities in that county having a population of less  
11 than 15,000 shall be deemed a rural community.

12 (6) “Underperforming urban area” means an area of the state in  
13 which low academic performance by pupils in school districts in such area  
14 as determined and specified by the state board of education.

15 (f) The board of education of any school district, teacher and business  
16 firm may enter a partnership agreement under which such business firm  
17 agrees to employ such teacher in a position that requires mathematics or  
18 science skills commensurate with the classes that the teacher regularly  
19 teaches during the times in which school is not regularly in session. If a  
20 teacher entering into a partnership agreement voluntarily leaves the  
21 employ of the school district to be employed by the business firm during  
22 the term of the agreement or within one year after the agreement is  
23 completed or terminated, the business firm shall repay to the state all  
24 credits claimed pursuant to this section. Such payment shall be due as  
25 part of the tax liability of the business entity for the tax year in which the  
26 teacher is no longer employed by the school district.

27 (g) The secretary of revenue shall submit an annual report to the  
28 chairperson of the legislative educational planning committee regarding  
29 utilization of the credits claimed pursuant to this act, for purposes of  
30 evaluation of the program by such committee. Such report shall be due  
31 on or before the first day of the legislative session, commencing with the  
32 2007 legislative session and ending with the 2009 legislative session.

33 Sec. 9. K.S.A. 79-4220 is hereby amended to read as follows: 79-  
34 4220. (a) *Except as specifically provided in K.S.A. 79-4221, and*  
35 *amendments thereto*, the amount of the tax payable each month under  
36 the provisions of K.S.A. 79-4221, and amendments thereto, shall be due  
37 and payable on or before the 20th day of the second month following the  
38 end of the month in which the coal, oil or gas is removed from the lease  
39 or production unit or mine. The tax is upon the producers, as defined in  
40 K.S.A. 79-4216, *and amendments thereto*, of such coal, oil or gas in the  
41 proportion to their respective beneficial interests at the time of severance,  
42 but unless the operator of the lease or production unit, upon written  
43 notice to the first purchaser and the director, elects to remit the tax, the

1 first purchaser of any oil or gas sold shall collect the amount of the tax  
2 due from the producers, as defined by K.S.A. 79-4216, *and amendments*  
3 *thereto*, by deducting and withholding such amount from any payments  
4 made by such purchaser to the operator, or such producers where  
5 payment is made ~~to same~~ directly *to such producers*, and shall remit the  
6 ~~same~~ tax as provided in this act. An operator of an oil or gas lease or  
7 production unit, upon having given written notice to the first purchaser  
8 and the director, may elect to collect and remit the tax due under this  
9 act. If an operator of an oil or gas lease or production unit makes this  
10 election, such operator shall collect the total amount of tax due and shall  
11 remit the ~~same~~ tax to the director. The operator of a coal mine shall  
12 collect the total amount of tax due and shall remit the ~~same~~ tax to the  
13 director.

14 In no event shall a producer be relieved of responsibility for the tax  
15 until the same has been paid. In the event the tax shall be withheld by a  
16 purchaser from payments due an operator or producer and such  
17 purchaser fails to make payment of the tax to the state as required herein,  
18 the operator or producer shall be entitled to bring an action against such  
19 purchaser to recover the amount of tax so withheld together with  
20 penalties and interest which may have accrued by failure to make such  
21 payment. The operator or producer shall be entitled to reasonable  
22 attorney fees and court costs incurred in such action.

23 (b) The state shall have a lien on all the coal, oil or gas severed in  
24 this state in the hands of the operator, any producer or the first or any  
25 subsequent purchaser thereof to secure the payment of the tax. In the  
26 event any person required ~~herein~~ *pursuant to this section* to pay the tax  
27 fails to do so, the director shall proceed against such person to collect the  
28 tax in the manner provided by K.S.A. 79-3235, and amendments thereto.

29 Sec. 10. K.S.A. 79-4221 is hereby amended to read as follows: 79-  
30 4221. (a) Every purchaser or operator responsible for remitting the tax  
31 imposed under the provisions of K.S.A. 79-4217, and amendments  
32 thereto, on or before the last day of the first month following the end of  
33 every calendar month in which oil or gas is removed from the lease or  
34 production unit, shall make a return to the director upon forms prescribed  
35 and furnished by the director showing the gross quantity of oil or gas  
36 purchased during the month for which the return is filed, the price paid  
37 therefor, the correct name and address of the operator or other person  
38 from whom the same was purchased, a full description of the property in  
39 the manner prescribed by the director from which such oil or gas was  
40 severed and the amount of tax due on or before the 20th day of the  
41 following month. In the case of coal the return shall be made on or before  
42 the 20th day of the second month following the end of the calendar month  
43 in which the coal is removed from the mine, and such return shall be

1 accompanied by a remittance of the full amount of the tax due. For the  
2 purposes of determining the amount of tax to be remitted, such purchaser  
3 or operator shall compute the full amount of the tax due under K.S.A.  
4 79-4217, and amendments thereto, upon all coal, oil or gas severed and  
5 removed from the lease or production unit or mine during such month  
6 and shall deduct an amount equal to the full amount of the tax credit  
7 allowed pursuant to K.S.A. 79-4219, and amendments thereto.

8 (b) If oil or gas is removed from the lease or production unit but not  
9 sold to a purchaser or if the operator elects to remit the tax as authorized  
10 under K.S.A. 79-4220, and amendments thereto, or the operator is  
11 required to remit the tax pursuant to K.S.A. 79-4220, and amendments  
12 thereto, the operator shall on or before the last day of the first month  
13 following the end of every calendar month in which oil or gas is removed  
14 from the lease or production unit make a return to the director upon  
15 forms prescribed and furnished by the director showing the gross quantity  
16 of oil or gas removed during such month and a full description of the  
17 property in the manner prescribed by the director from which the same  
18 was severed. In the case of coal the return shall be made on or before  
19 the 20th day of the second month following the end of the calendar month  
20 in which the coal is removed from the mine. If the coal, oil or gas has not  
21 been sold by the time prescribed by K.S.A. 79-4220, and amendments  
22 thereto, for the payment of the tax, the operator shall remit the full  
23 amount of the tax due upon certification of the amount thereof by the  
24 director. The amount of taxes to be remitted shall be determined in the  
25 same manner prescribed for remittances by purchasers or operators  
26 under subsection (a) of this section.

27 (c) Each monthly return required hereunder shall be filed on  
28 separate forms as to product and county and lease, production unit or  
29 mine. All such monthly returns shall be signed by the purchaser or  
30 operator, as the case may be, or a duly authorized agent thereof.

31 (d) The director may grant a reasonable extension of time for filing  
32 any return and remittance of taxes due under this act upon good cause  
33 shown therefor. Interest shall be charged at the rate prescribed by  
34 subsection (a) of K.S.A. 79-2968, and amendments thereto, for the period  
35 of such extension for the remittance of taxes.

36 (e) The reporting requirements of this section shall be applicable to  
37 the severance and production in this state of all gas which is metered and  
38 all coal and oil regardless of whether the severance and production  
39 thereof is subject to or exempt from the tax imposed by K.S.A. 79-4217,  
40 and amendments thereto.

41 (f) *For the return due on or before June 20, 2010, pursuant to*  
42 *subsection (a) or (b), in addition to the remittance of mineral severance*  
43 *tax for the April 2010 production period, each remitter of mineral*

1 severance tax shall include an estimated payment of mineral severance  
2 tax for the May 2010 production period, which shall be equal to the  
3 average monthly remittance of mineral severance tax for the monthly  
4 production periods of November 2009 through April 2010. If such  
5 estimated payment amount is \$1,000 or less, the remitter shall be exempt  
6 from the requirement to make an estimated payment of mineral severance  
7 tax for the May 2010 production period. Beginning with the return due  
8 on or before July 20, 2012, any remitter of mineral severance tax who  
9 made an estimated payment of mineral severance tax for the May 2010  
10 production period on or before June 20, 2010, may take a credit against  
11 mineral severance tax due on such return and the next 11 succeeding  
12 returns equal to  $\frac{1}{12}$  of the amount of such estimated payment. At such  
13 time as a remitter of mineral severance tax is no longer obligated to remit  
14 mineral severance tax, such remitter may seek a refund of such estimated  
15 payment.

16 Sec. 11. K.S.A. 2008 Supp. 79-5401 is hereby amended to read as  
17 follows: 79-5401. (a) (1) Subject to the limitations provided in subsection  
18 (g), for any foreign or domestic for profit corporation, or professional  
19 corporation or association, duly registered and authorized to do business  
20 in Kansas by the secretary of state and which has taxable equity  
21 attributable to Kansas ~~for the tax year commencing after December 31,~~  
22 ~~2005, of \$100,000 or more, and for tax years commencing after December~~  
23 ~~31, 2006, through December 31, 2009, of \$1,000,000 or more, such entity~~  
24 ~~shall pay an annual franchise tax to the secretary of revenue for tax years~~  
25 ~~commencing after December 31, 2005, and December 31, 2006, at the~~  
26 ~~rate of .125%, for the tax year commencing after December 31, 2007, at~~  
27 ~~the rate of .09375%, for the tax year commencing after December 31,~~  
28 ~~2008, at the rate of .0625%, and for the tax year commencing after~~  
29 ~~December 31, 2009, at the rate of .03125%, of such entity's taxable equity~~  
30 ~~attributable to Kansas, except that such annual franchise tax for any such~~  
31 ~~entity shall not exceed \$20,000.~~

32 (2) Subject to the limitations provided in subsection (g), for any  
33 foreign or domestic limited liability company, foreign or domestic limited  
34 partnership or foreign or domestic limited liability partnership duly  
35 registered and authorized to do business in Kansas by the secretary of  
36 state and which has net capital accounts located in or used in this state  
37 at the end of the taxable year as required to be reported on the federal  
38 partnership return of income ~~for the tax year commencing after~~  
39 ~~December 31, 2005, of \$100,000 or more, and for tax years commencing~~  
40 ~~after December 31, 2006, through December 31, 2009, of \$1,000,000 or~~  
41 ~~more, such entity shall pay an annual franchise tax to the secretary of~~  
42 ~~revenue for tax years commencing after December 31, 2005, and~~  
43 ~~December 31, 2006, at the rate of .125%, for the tax year commencing~~

1 ~~after December 31, 2007, at the rate of .09375%, for the tax year~~  
2 ~~commencing after December 31, 2008, at the rate of .0625%, and for the~~  
3 ~~tax year commencing after December 31, 2009, at the rate of .03125%,~~  
4 ~~of the net capital accounts located in or used in this state at the end of~~  
5 ~~the taxable year as required to be reported on the federal partnership~~  
6 ~~return of income, or for a one-member LLC taxed as a sole proprietorship~~  
7 ~~which has net book value of the LLC as calculated on an income tax basis~~  
8 ~~located in or used in this state at the end of the taxable year for the tax~~  
9 ~~year commencing after December 31, 2005, of \$100,000 or more, and~~  
10 ~~for tax years commencing after December 31, 2006, through December~~  
11 ~~31, 2009, of \$1,000,000 or more, for tax years commencing after~~  
12 ~~December 31, 2005, and December 31, 2006, at the rate of .125%, for~~  
13 ~~the tax year commencing after December 31, 2007, at the rate of~~  
14 ~~.09375%, for the tax year commencing after December 31, 2008, at the~~  
15 ~~rate of .0625%, and for the tax year commencing after December 31,~~  
16 ~~2009, at the rate of .03125%, of net book value of the LLC as calculated~~  
17 ~~on an income tax basis located in or used in this state at the end of the~~  
18 ~~taxable year, except that such annual franchise tax for any such entity shall~~  
19 ~~not exceed \$20,000.~~

20 (3) Subject to the limitations provided in subsection (g), for any  
21 business trust duly registered and authorized to do business in Kansas by  
22 the secretary of state and which has corpus as shown on its balance sheet  
23 at the end of the taxable year as required to be reported to the secretary  
24 of revenue ~~for the tax year commencing after December 31, 2005, of~~  
25 ~~\$100,000 or more, and for tax years commencing after December 31,~~  
26 ~~2006, through December 31, 2009, of \$1,000,000 or more, such entity~~  
27 ~~shall pay an annual franchise tax to the secretary of revenue for tax years~~  
28 ~~commencing after December 31, 2005, and December 31, 2006, at the~~  
29 ~~rate of .125%, for the tax year commencing after December 31, 2007, at~~  
30 ~~the rate of .09375%, for the tax year commencing after December 31,~~  
31 ~~2008, at the rate of .0625%, and for the tax year commencing after~~  
32 ~~December 31, 2009, at the rate of .03125%, of the corpus as shown on~~  
33 ~~its balance sheet at the end of the taxable year as required to be reported~~  
34 ~~to the secretary of revenue or in the case of a foreign business trust which~~  
35 ~~has a corpus which is located in or which it uses or intends to use in this~~  
36 ~~state as shown on its balance sheet at the end of the taxable year as~~  
37 ~~required to be reported to the secretary of revenue for the tax year~~  
38 ~~commencing after December 31, 2005, of \$100,000 or more, and for tax~~  
39 ~~years commencing after December 31, 2006, through December 31,~~  
40 ~~2009, of \$1,000,000 or more, for tax years commencing after December~~  
41 ~~31, 2005, and December 31, 2006, at the rate of .125%, for the tax year~~  
42 ~~commencing after December 31, 2007, at the rate of .09375%, for the~~  
43 ~~tax year commencing after December 31, 2008, at the rate of .0625%,~~

1 ~~and for the tax year commencing after December 31, 2000, at the rate of~~  
2 ~~.03125%~~, of that portion of the corpus which is located in or which it uses  
3 or intends to use in this state as shown on its balance sheet at the end of  
4 the taxable year as required to be reported to the secretary of revenue,  
5 except that the annual franchise tax for any such entity shall not exceed  
6 \$20,000. Such balance sheet shall be as of the end of the tax period,  
7 certified by the trustee, fairly and truly reflecting the trust assets and  
8 liabilities and specifically setting out its corpus, and, in the case of a  
9 foreign business trust, fairly and truly reflecting an allocation of its moneys  
10 and other assets as between those located, used or to be used, in this  
11 state and those located, used or to be used elsewhere.

12 (b) (1) Every corporation or association, business trust, limited  
13 liability company, limited partnership or limited liability partnership  
14 subject to taxation under this act, regardless of whether such entity has a  
15 franchise tax liability, shall make a return, stating specifically such  
16 information as may be required by the forms, rules and regulations of the  
17 secretary of revenue, which return shall include a balance sheet listing all  
18 assets and liabilities as of the end of the tax year, as reported in the federal  
19 income tax return on form 1120 or, if no such federal return is required  
20 to be filed, such balance sheet information as otherwise required by the  
21 secretary, and such further information showing the allocation or  
22 apportionment calculations in computing the amount of the franchise tax.  
23 The return of a corporation or association shall be signed by the president,  
24 vice-president, treasurer, assistant treasurer, chief accounting officer or  
25 any other officer so authorized to act. The fact that an individual's name  
26 is signed on a return shall be *prima facie* evidence that such individual is  
27 authorized to sign such return on behalf of such corporation. In cases  
28 where receivers, trustees in bankruptcy or assignees are operating the  
29 property or business of corporations, such receivers, trustees, or assignees  
30 shall make returns for such corporations in the same manner and form  
31 as corporations are required to make returns. Any tax due on the basis of  
32 such returns shall be collected in the same manner as if collected from  
33 the corporation for which the return is made. The returns of a limited  
34 liability partnership shall be signed by a partner of the limited liability  
35 partnership. The returns of a limited liability company shall be signed by  
36 a member of the limited liability company.

37 (2) All returns shall be filed in the office of the director of taxation  
38 on or before the 15th day of the fourth month following the close of the  
39 taxable year, except as provided in subsection (b)(3).

40 (3) The director of taxation may grant a reasonable extension of time  
41 for filing returns in accordance with rules and regulations of the secretary  
42 of revenue. Whenever any such extension of time to file is requested by  
43 a taxpayer and granted by the director, no penalty authorized by K.S.A.

1 79-3228, and amendments thereto, shall be imposed if 90% of the liability  
2 is paid on or before the original due date.

3 (c) (1) All taxes imposed under the provisions of the Kansas franchise  
4 tax act shall be paid on the 15th day of the fourth month following the  
5 close of the taxable year. When the tax as shown to be due on a return is  
6 less than \$5, such tax shall be canceled and no payment need be remitted  
7 by the taxpayer.

8 (2) The director of taxation may extend the time for payment of the  
9 tax, or any installment thereof, for a reasonable period of time not to  
10 exceed six months from the date fixed for payment thereof. Such  
11 extension may exceed six months in the case of a taxpayer who is abroad.  
12 Interest shall be charged at the rate prescribed by K.S.A. 79-2968, and  
13 amendments thereto, for the period of such extension.

14 (d) The provisions of K.S.A. 79-3226, 79-3228, 79-3228a, 79-3229,  
15 79-3230, 79-3233, 79-3233a, 79-3233b, 79-3233g, 79-3233h, 79-3233i,  
16 79-3234, 79-3235 and 79-3236, and amendments thereto, shall apply to  
17 the administration and enforcement of this section.

18 (e) All taxes paid pursuant to the provisions of this act shall be  
19 rounded off to the nearest \$1, and unless other disposition is specifically  
20 provided by law, the taxes collected under the provisions of this act and  
21 all overpayments which may not be refunded under this section shall be  
22 remitted to the state treasurer in accordance with the provisions of K.S.A.  
23 75-4215, and amendments thereto. Upon receipt of each such remittance,  
24 the state treasurer shall deposit the entire amount in the state treasury  
25 to the credit of the state general fund. The secretary of revenue shall not  
26 refund any overpayment of franchise taxes which is equal to \$5 or less,  
27 shall not credit any domestic corporation or foreign corporation,  
28 association, business trust, limited liability company, limited partnership  
29 or limited liability partnership with any amount which may not be  
30 refunded under this section, and shall not require reimbursement for any  
31 underpayment of franchise taxes which is less than \$5. Franchise tax  
32 refunds shall be paid to the claimant from the income tax refund fund  
33 upon warrants of the director of accounts and reports pursuant to  
34 vouchers approved by the director of taxation, but no warrant issued  
35 hereunder shall be drawn in an amount less than \$5. No interest shall be  
36 allowed on any payment made to a claimant pursuant to this act.

37 (f) As used in this section: (1) "Act" means the Kansas franchise tax  
38 act;

39 (2) "net book value as calculated on an income tax basis located in or  
40 used in this state" means the net book value of a limited liability company  
41 multiplied by a percentage which is the average of the following three  
42 percentages: (A) The average value of the limited liability company's real  
43 and tangible personal property owned or rented and used in this state

1 during the tax period divided by the average total value of the limited  
2 liability company's real and tangible personal property owned or rented  
3 and used during the tax period; (B) the total amount of compensation  
4 paid by the limited liability company in this state during the tax period  
5 divided by the total amount of compensation paid everywhere by the  
6 limited liability company during the tax period; and (C) the total sales of  
7 the limited liability company in this state during the tax period divided  
8 by the total sales of the limited liability company everywhere during the  
9 tax period. If a limited liability company has no real and tangible property  
10 owned or rented and used, compensation paid or sales made for the tax  
11 period, then the average percentage shall be determined by using only  
12 those percentages for property, compensation and sales which reflect  
13 property or activity;

14 (3) "net capital accounts located in or used in this state" means the  
15 net capital accounts of a limited partnership or limited liability  
16 partnership as stated on the federal income tax return multiplied by a  
17 percentage which is the average of the following three percentages: (A)  
18 The average value of such entity's real and tangible personal property  
19 owned or rented and used in this state during the tax period divided by  
20 the average total value of such entity's real and tangible personal property  
21 owned or rented and used during the tax period; (B) the total amount of  
22 compensation paid by such entity in this state during the tax period  
23 divided by the total amount of compensation paid everywhere by such  
24 entity during the tax period; and (C) the total sales of such entity in this  
25 state during the tax period divided by the total sales of such entity  
26 everywhere during the tax period. If such entity has no real and tangible  
27 personal property owned or rented and used, compensation paid or sales  
28 made for the tax period, then the average percentage shall be determined  
29 by using only those percentages for property, compensation and sales  
30 which reflect property or activity;

31 (4) "shareholder's equity" means the sum of: (1) Paid-in capital stock,  
32 except that paid-in capital stock shall not include any capital stock issued  
33 by a corporation and reacquired by such corporation through gift,  
34 purchase or otherwise and available for resale or retirement; (2) capital  
35 paid in, in excess of par; and (3) retained earnings, all as stated on such  
36 corporation's federal income tax return;

37 (5) "shareholder's equity attributable to Kansas" means the  
38 shareholder's equity of a corporation multiplied by a percentage which is  
39 the average of the following three percentages: (A) The average value of  
40 the corporation's real and tangible personal property owned or rented  
41 and used in this state during the tax period divided by the average total  
42 value of the corporation's real and tangible personal property owned or  
43 rented and used during the tax period; (B) the total amount of

- 1 compensation paid by the corporation in this state during the tax period  
2 divided by the total amount of compensation paid everywhere by the  
3 corporation during the tax period; and (C) the total sales of the  
4 corporation in this state during the tax period divided by the total sales  
5 of the corporation everywhere during the tax period. If a corporation has  
6 no real and tangible personal property owned or rented and used,  
7 compensation paid or sales made for the tax period, then the average  
8 percentage shall be determined by using only those percentages for  
9 property, compensation and sales which reflect property or activity; and  
10 (6) "taxable equity attributable to Kansas" means shareholder's equity  
11 attributable to Kansas.
- 12 (g) The provisions of this section shall apply to all tax years  
13 commencing after December 31, ~~2003, but shall not apply to any tax year~~  
14 ~~commencing after December 31, 2010~~ 2008.
- 15 (h) The provisions of this section shall be known and may be cited as  
16 the Kansas franchise tax act.
- 17 Sec. 12. K.S.A. 40-253a, 79-32,194, 79-32,199, 79-4220 and 79-4221  
18 and K.S.A. 2008 Supp. 40-2803, 40-2804, 74-50,208, 79-15,203, 79-  
19 15,251, 79-15,253, 79-32,117, 79-32,117m, 79-32,195, 79-32,196, 79-  
20 32,197, 79-32,197a, 79-32,198, 79-32,199a, 79-32,199b, 79-32,215 and  
21 79-5401 are hereby repealed.
- 22 Sec. 13. This act shall take effect and be in force from and after its  
23 publication in the statute book.