

Approved: _____

Date

1/19/94

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Keith Roe at 9:00 a.m. on January 13, 1994 in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Bill Edds, Revisor of Statutes Office
Lenore Olson, Committee Secretary

Conferees appearing before the committee:
Mikel Filter, Kansas Inc.

Others attending: See attached list

HB 2555 - Property tax exemptions for economic development purposes;
procedures and requirements.

In response to a request by the Chair, Mikel Filter, Kansas Inc., reviewed information on IRB abatements that had been requested by the Committee. Ms. Filter said that a recent BOTA review indicates that of the 87 IRB abatements granted in the past two years, only approximately 11 have been to non-manufacturing operations with a total authorization of \$56,941,400. She also reviewed the service sector definition which is being used to amend SB 73. Ms. Filter said that a retail firm is defined to mean any commercial enterprise identified under the retail standard industrial codes 52 through 59. A list of these codes is included in her written information (Attachment 1).

Chairperson Roe distributed copies of two options to amend HB 2555. Option 1 would add "qualified service sector firms" to the types of businesses that could be granted IRB exemptions. Option 2 would amend the current statute with respect to IRBs to exclude from the definition of "commercial" those retail enterprises identified through SIC codes 52 through 59 (Attachment 2).

A motion was made by Representative Lowther, seconded by Representative Wagon, to amend HB 2555 by adding option 1.

A substitute motion was made by Representative Glasscock, seconded by Representative Wagon, to adopt option 2. The substitution motion passed.

A motion was made by Representative Mays, seconded by Representative Wagon, to introduce a bill for a city options earnings tax with a mandatory referendum. The motion carried. (Attachment 3).

A motion was made by Representative Wagon, seconded by Representative Mays, to amend HB 2555 to strike the provision that would require BOTA disapproval. The motion carried.

A motion was made by Representative Wagon, seconded by Representative Wiard, to amend HB 2555 by removing discretionary BOTA approval from the process. The motion carried.

A motion was made by Representative Wagon, seconded by Representative to strike in HB 2555 the language that prohibits property already on the tax rolls from being already abated.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on January 13, 1994.

A substitute motion was made by Representative McKinney, seconded by Representative Wiard, to amend HB 2555 that existing property on the tax rolls not be abated from taxes levied by school districts. The substitute motion failed.

The Chair directed the Committee to return to the original motion by Representative Wagnon. The motion carried with a count of 12 ayes and 6 nays.

A motion was made by Representative Wagnon, seconded by Representative Wempe, to amend HB 2555 to require BOTA to collect information on those who make payments in lieu of taxes on any IRB granted or any EDX exemption. The motion carried. Staff later clarified that KSA 12-1744a currently requires this, so the Chair indicated that this motion was moot.

A motion was made by Representative Wilk, seconded by Representative Larkin, to pass favorably HB 2555 as amended. The motion carried. Representative Adkins requested to be recorded as voting no.

The meeting adjourned at 10:10 a.m.

The next meeting is scheduled for January 18, 1994.

HOUSE TAXATION COMMITTEE

DATE 4/13/94

NAME	ADDRESS	REPRESENTING
Alan Steppat	Topeka	Pete McCall & Assoc.
Rud GRANT	"	KCC
Mark Rancellina	" "	KDOCAH
Gena McFarland	Oakland Park	OP Chambers
Dennie Koch	Wichita	Wichita Chamber
ALAN COBB	Wichita	KS Assoc. For Small Bus.
Tom Bruno	Topeka	Allen & Assoc.
Don Motor	Topeka	League of Kansas Municipalities
Tom Whitaker	Topeka	KS Motor Carriers Assn
Jacque Dakes	Topeka	SQE
John Peters	Topeka	Buch Aircraft
Ken Baker	Topeka	Buch Aircraft
Gay Scher	Topeka	Citizen
Tracy Michaels	Lawrence	Student Intern
Leslie Bennett	Lawrence	Student Intern
Dan Hubert	Emporia	Student Intern
Jim Ludwig	Topeka	WESTERN RESOURCES
Brian Jensen	Wichita	Boeing
Kevin Peterson	Topeka	Ks Logging Assn
Mike Pulten	Topeka	KS Onc



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Charles R. Warren
President

632 S.W. Van Buren, Suite 100
Topeka, Kansas 66603
(913) 296-1460
fax - (913) 296-1463

MEMORANDUM

To: Rep. Keith Roe, Chairman,
House Tax Committee
From: Charles Warren, President, Kansas Inc.
Date: January 13, 1994
Subj: Request for Additional Information, HB 2555

The attached information is submitted in response to your request.

Although I am unable to be at the House Tax Committee meeting, Mikel Filter will be available to answer any questions the committee may have.

1/13/94
House Taxation Cmte
Attachment 1

HOUSE TAX COMMITTEE, JAN. 14, 1994

ADDITIONAL INFORMATION REQUESTED ON HB 2555

Recent review of SBOTA records indicates that of the 87 IRB abatements granted in the past two years, only approximately 11 have been to non-manufacturing operations with a total authorization of \$56,941,400. This amount represents only 4.5% of the total allocations for the two year period.

	Firm Type	Allocation Approved	County
1	Telemarketing Firm,	500,000	MS
1	Day-care for Retarded	700,000	DG
1	Wholesale food distributor,	481,400	CD
1	Freezer Warehouse	3,950,000	FI
1	Dentists office	600,000	SG
1	Payless Shoesource	37,600,000	SH
1	Retirement facility	3,000,000	EV
1	Care Center	1,510,000	RN
1	Assisted Living	800,000	RS
1	Retirement facility	6,000,000	SG
1	Retirement facility	1,800,000	SW
	11 out of 87	Total:	56,941,400

Of those 11, 5 were human services (retirement or elder or disabled care) facilities. According to these SBOTA records, no retail businesses have been granted IRB abatements in the past two years. Further investigation would be necessary to gather information prior to 1992.

SERVICE SECTOR DEFINITION:

(This is the definition being used to amend SB 73 and the Venture Capital statutes.)

A "qualified service sector firm" means any firm that falls between standard industrial identification codes 40 through 49 inclusive, 60 through 67 inclusive, and 70 through 89 inclusive, that can also demonstrate one of the following:

(1) That at least 51% of its gross revenues are a result of sales to commercial customers out-side the state of Kansas, or

(2) that at least 51% of its gross revenues are a result of sales to Kansas manufacturing firms within major groups 20 through 39 inclusive, or

(3) that at least 51% of its gross revenues are a result of a combination of sales described in subparagraph (1) and (2) above, or

(4) is either a headquarters or back office operations of a national or multi-national corporation, regardless of SIC code.

Transportation/Communications/Utilities (SIC 40-49)

Finance/Insurance/Real Estate (SIC 60-67)

Services (SIC 70-89)

EMPLOYS LESS THAN 500 FTE

And is either a **HEADQUARTERS** or
BACK OFFICE OPERATIONS of a
national or multi-national corporation,
regardless of SIC code

or

at least 51% of total gross revenues are a result of
sales to **COMMERCIAL CUSTOMERS OUT-SIDE THE STATE**

or

at least 51% of total gross revenues are a results of
sales to **KANSAS MANUFACTURERS**

or

at least 51% of toal gross revenues are a result of
sales to a combination of both above.

and either

PAYS HIGHER THAN
AVERAGE WAGES

or

IS SOLE TWO DIGIT
SIC IN COUNTY

and either

SPENDS AT LEAST 2% OF TOTAL
PAYROLL ON WORKER TRAINING

or

PARTICIPATES IN KDOC&H'S
KIT/KIR OR SKILL PROGRAMS

*Excluded
Organized
Business Enterprise
Due to nature of product*

4-1

HOUSE TAX COMMITTEE, JAN. 14, 1994
ADDITIONAL INFORMATION REQUESTED ON HB 2555

RETAIL DEFINITION:

A "retail firm" means any commercial enterprise identified under the retail standard industrial identification codes 52 through 59.

DIVISION F— Wholesale Trade

60 Wholesale Trade— Durable Goods

- 5012 Automobiles & Other Motor Vehicles
- 5032 Brick, Stone & Related Construction Materials
- 5052 Coal & Other Minerals & Ores
- 5046 Commercial Equipment, NEC
- 5045 Computers & Computer Peripheral Equipment & Software
- 5039 Construction Materials, NEC
- 5082 Construction & Mining (Except Petroleum) Machinery & Equipment
- 5099 Durable Goods, NEC
- 5003 Electrical Apparatus & Equipment, Wiring Supplies & Construction Materials
- 5064 Electrical Appliances, Television & Radio Sets
- 5065 Electronic Parts & Equipment, NEC
- 5083 Farm & Garden Machinery & Equipment
- 5021 Furniture
- 5072 Hardware
- 5023 Home furnishings
- 5084 Industrial Machinery & Equipment
- 5085 Industrial Supplies
- 5094 Jewelry, Watches, Precious Stones & Precious Metals
- 5031 Lumber, Plywood, Millwork & Wood Panels
- 5047 Medical, Dental & Hospital Equipment & Supplies
- 5051 Metals Service Centers & Offices
- 5015 Motor Vehicle Parts, Used
- 5013 Motor Vehicle Supplies & New Parts
- 5044 Office Equipment
- 5048 Ophthalmic Goods
- 5043 Photographic Equipment & Supplies
- 5074 Plumbing & Heating Equipment & Supplies (Hydronics)
- 5049 Professional Equipment & Supplies, NEC
- 5078 Refrigeration Equipment & Supplies
- 5033 Roofing, Siding & Insulation Materials
- 5093 Scrap & Waste Materials
- 5087 Service Establishment Equipment & Supplies
- 5091 Sporting & Recreational Goods & Supplies
- 5014 Tires & Tubes
- 5092 Toys & Hobby Goods & Supplies
- 5088 Transportation Equipment & Supplies, Except Motor Vehicles
- 5075 Warm Air Heating & Air Conditioning Equipment & Supplies

51 Wholesale Trade— Nondurable Goods

- 5181 Beer & Ale
- 5192 Books, Periodicals & Newspapers
- 5189 Chemicals & Allied Products, NEC
- 5145 Confectionery

- 5143 Dairy Products, Except Dried or Canned
- 5122 Drugs, Drug Proprietarys & Druggists' Sundries
- 5191 Farm Supplies
- 5159 Farm-Product Raw Materials, NEC
- 5146 Fish & Seafoods
- 5193 Flowers, Nursery Stock & Florists' Supplies
- 5139 Footwear
- 5148 Fresh Fruits & Vegetables
- 5153 Grain & Field Beans
- 5141 Groceries, General Line
- 5149 Groceries & Related Products, NEC
- 5113 Industrial & Personal Service Paper
- 5154 Livestock
- 5147 Meats & Meat Products
- 5138 Men's & Boys' Clothing & Furnishings
- 5199 Nondurable Goods, NEC
- 5142 Packaged Frozen Foods
- 5198 Paints, Varnishes & Supplies
- 5171 Petroleum Bulk Stations & Terminals
- 5172 Petroleum & Petroleum Products Wholesalers, Except Bulk Stations & Terminals
- 5131 Piece Goods, Notions & Other Dry Goods
- 5162 Plastics Materials & Basic Forms & Shapes
- 5144 Poultry & Poultry Products
- 5111 Printing & Writing Paper
- 5112 Stationery & Office Supplies
- 5194 Tobacco & Tobacco Products
- 5182 Wine & Distilled Alcoholic Beverages
- 5137 Women's, Children's & Infants' Clothing & Accessories

DIVISION G— Retail Trade

52 Building Materials, Hardware, Gar- den Supply, & Mobile Home Dealers

- 5251 Hardware Stores
- 5211 Lumber & Other Building Materials Dealers
- 5271 Mobile Home Dealers
- 5231 Paint, Glass, & Wallpaper Stores
- 5261 Retail Nurseries, Lawn & Garden Supply Stores

53 General Merchandise Stores

- 5311 Department Stores
- 5399 Miscellaneous General Merchandise Stores
- 5331 Variety Stores

54 Food Stores

- 5441 Candy, Nut & Confectionery Stores
- 5451 Dairy Products Stores
- 5431 Fruit & Vegetable Markets
- 5411 Grocery Stores
- 5421 Meat & Fish (Seafood) Markets, Including Freezer Provisioners
- 5499 Miscellaneous Food Stores
- 5461 Retail Bakeries

55 Automotive Dealers & Gasoline Ser- vice Stations

- 5531 Auto & Home Supply Stores
- 5599 Automotive Dealers, NEC
- 5551 Boat Dealers
- 5541 Gasoline Service Stations
- 5511 Motor Vehicle Dealers (New & Used)
- 5521 Motor Vehicle Dealers (Used Only)
- 5571 Motorcycle Dealers
- 5581 Recreational Vehicle Dealers

56 Apparel & Accessory Stores

- 5641 Children's & Infants' Wear Stores
- 5651 Family Clothing Stores
- 5611 Men's & Boys' Clothing & Accessory Stores
- 5699 Miscellaneous Apparel & Accessory Stores
- 5661 Shoe Stores
- 5632 Women's Accessory & Specialty Stores
- 5621 Women's Clothing Stores

57 Home Furniture, Fur- nishings & Equipment Stores

- 5734 Computer & Computer Software Stores
- 5714 Drapery, Curtain & Upholstery Stores
- 5713 Floor Covering Stores
- 5712 Furniture Stores
- 5722 Household Appliance Stores
- 5719 Miscellaneous Home furnishings Stores
- 5736 Musical Instrument Stores
- 5731 Radio, Television & Consumer Electronics Stores
- 5735 Record & Pre-recorded Tape Stores

58 Eating & Drinking Places

- 5813 Drinking Places (Alcoholic Beverages)
- 5812 Eating Places

59 Miscellaneous Retail

- 5982 Automatic Merchandising Machine Operators
- 5942 Book Stores
- 5945 Camera & Photographic Supply Stores
- 5961 Catalog & Mail-Order Houses
- 5963 Direct Selling Establishments
- 5912 Drug Stores & Proprietary Stores
- 5992 Florists
- 5989 Fuel Dealers, NEC
- 5983 Fuel Oil Dealers
- 5947 Gift, Novelty & Souvenir Shops
- 5945 Hobby, Toy & Game Shops
- 5944 Jewelry Stores
- 5984 Liquefied Petroleum Gas (Bottled Gas) Dealers
- 5921 Liquor Stores
- 5948 Luggage & Leather Goods Stores
- 5999 Miscellaneous Retail Stores, NEC
- 5994 News Dealers & Newsstands
- 5995 Optical Goods Stores

- 5949 Sewing, Needlework & Piece Goods Stores
- 5941 Sporting Goods Stores & Bicycle Shops
- 5943 Stationery Stores
- 5993 Tobacco Stores & Stands
- 5932 Used Merchandise Stores

DIVISION H—Fi- nance, Insur- ance & Real Es- tate

60 Depository Institu- tions

- 6081 Branches & Agencies of Foreign Banks
- 6019 Central Reserve Depository Institutions, NEC
- 6029 Commercial Banks, NEC
- 6061 Credit Unions, Federally Chartered
- 6082 Credit Unions, Not Federally Chartered
- 6011 Federal Reserve Banks
- 6082 Foreign Trade & International Banking Institutions
- 6099 Functions Related To Depository Banking, NEC
- 6021 National Commercial Banks
- 6091 Nondeposit Trust Facilities
- 6035 Savings Institutions, Federally Chartered
- 6036 Savings Institutions, Not Federally Chartered
- 6022 State Commercial Banks

61 Nondepository Credit Institu- tions

- 6111 Federal & Federally-Sponsored Credit Agencies
- 6163 Loan Brokers
- 6159 Miscellaneous Business Credit Institutions
- 6162 Mortgage Bankers & Loan Correspondents
- 6141 Personal Credit Institutions
- 6163 Short-Term Business Credit Institutions, Except Agricultural

62 Security & Commod- ity Brokers, Dealers, Ex- changes & Services

- 6221 Commodity Contracts Brokers & Dealers
- 6282 Investment Advice
- 6211 Security Brokers, Dealers & Flotation Companies
- 6231 Security & Commodity Exchanges
- 6289 Services Allied With the Exchange of Securities or Commodities, NEC

63 Insurance Carriers

- 6321 Accident & Health Insurance
- 6331 Fire, Marine & Casualty Insurance
- 6324 Hospital & Medical Service Plans
- 6399 Insurance Carriers, NEC
- 6311 Life Insurance
- 6371 Pension, Health & Welfare Funds
- 6351 Surety Insurance
- 6361 Title Insurance

64 Insurance A- Brokers & Ser- vice

- 6411 Insurance Agents, Brokers & Service

65 Real Estate

- 6553 Cemetery Subdividers & Developers
- 6552 Land Subdividers & Developers, Except Cemetery
- 6517 Lessors of Railroad Property
- 6519 Lessors of Real Property, NEC
- 6513 Operators of Apartment Buildings
- 6514 Operators of Dwellings Other Than Apartment Buildings
- 6512 Operators of Nonresidential Buildings
- 6515 Operators of Residential Mobile Home Sites
- 6531 Real Estate Agents & Managers
- 6541 Title Abstract Offices

67 Holding & Other In- vestment Offices

- 6732 Educational, Religious & Charitable Trusts
- 6799 Investors, NEC
- 6722 Management Investment Offices, Open-End
- 6712 Offices of Bank Holding Companies
- 6719 Offices of Holding Companies, NEC
- 6792 Oil Royalty Traders
- 6794 Patent Owners & Lessors
- 6798 Real Estate Investment Trusts
- 6733 Trusts, Except Educational, Religious & Charitable
- 6726 Unit Investment Trusts, Face-Amount Certificate Offices, & Closed-End Management Investment Offices

DIVISION I— Services

70 Hotels, Rooming Houses, Camps & Other Lodging Places

- 7011 Hotels & Motels
- 7041 Organization Hotels & Lodging Houses, on Membership Basis
- 7033 Recreational Vehicle Parks & Campsites
- 7021 Rooming & Boarding Houses
- 7032 Sporting & Recreational Camps

72 Personal Services

- 7241 Barber Shops
- 7231 Beauty Shops
- 7217 Carpet & Upholstery Cleaning
- 7215 Coin-Operated Laundries & Drycleaning
- 7216 Drycleaning Plants, Except Rug Cleaning
- 7261 Funeral Service & Crematories
- 7212 Garment Pressing, & Agents for Laundries & Drycleaners
- 7218 Industrial Laundries

OPTIONS

1

Amend HB 2555 as it currently stands to add "qualified service sector firms" to the types of businesses that could be granted exemptions (the bill currently allows them for only manufacturing, warehousing, and R and D)

(This would exclude "retail" and other uses, including nursing homes, agricultural, and natural resource purposes)

2

Simply amend the current statute with respect to IRBs (KSA 12-1740 and 12-1741b) to exclude from the definition of "commercial" those retail enterprises identified thru SIC codes 52 thru 59

This would only exclude retail from the current purposes for which the exemptions would be granted

1/13/94

House Taxation Cmte

Attachment 2

SERVICE SECTOR DEFINITION:

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(4) is either a headquarters or back office operations of a national or multi-national corporation, regardless of SIC code.

Note: Recent inquiry of SBOTA indicates that of the 87 IRB abatements granted in the past two years, only approximately 11 have been to non-manufacturing operations with a total authorization of

1 Telemarketing Firm, 500,000 MS
1 Day-care for Retarded, 700,000 DG
1 Wholesale food distributor, 481,400 CD
1 Freezer Warehouse, 3,950,000 FI
1 Dentists office, 600,000 SG
1 Payless Shoesource, 37,600,000 ~~SW~~ SN

1 Retirement facility, 3,000,000 EV
1 Care Center, 1,510,000 RN
1 Assisted Living, 800,000 RS
1 Retirement facility, 6,000,000 SG
1 Retirement facility, 1,800,000 SW

11 out of 87

Total: 542,415,000

Of those 5, 11 were human services (retirement or elder or disabled care) with a total authorization of no retail businesses have been granted IRB abatements in the past two years. More investigation would be necessary to gather information prior to 1992.

Transportation/Communications/Utilities (SIC 40-49)

Finance/Insurance/Real Estate (SIC 60-67)

Services (SIC 70-89)

EMPLOYS LESS THAN 500 FTE

And is either a **HEADQUARTERS** or
BACK OFFICE OPERATIONS of a
national or multi-national corporation,
regardless of SIC code

or

at least 51% of total gross revenues are a result of
sales to **COMMERCIAL CUSTOMERS OUT-SIDE THE STATE**

or

at least 51% of total gross revenues are a results of
sales to **KANSAS MANUFACTURERS**

or

at least 51% of toal gross revenues are a result of
sales to a combination of both above.

and either

PAYS HIGHER THAN
AVERAGE WAGES

or

IS SOLE TWO DIGIT
SIC IN COUNTY

and either

SPENDS AT LEAST 2% OF TOTAL
PAYROLL ON WORKER TRAINING

or

PARTICIPATES IN KDOC&H'S
KIT/KIR OR SKILL PROGRAMS

*Services
Unincorporated
Business Enterprises
Due to salary of owner*

26

RETAIL DEFINITION:

A "retail firm" means any commercial enterprise identified under the retail standard industrial identification codes 52 through 59.

House Bill No. _____

By Committee on Taxation

AN ACT authorizing cities to impose an earnings upon approval of the voters; enumerating certain exemptions and credits; providing for the pledging of the proceeds of such tax prior to the election thereon; prescribing procedures therefor and duties and authorities for the state department of revenue; amending K.S.A. 12-140 and repealing the existing section.

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

New Section 1. (a) Any city is hereby empowered and authorized in accordance with the provisions of this act, and amendments thereto, to levy a tax upon the earnings of: (1) All individuals employed within that city; (2) all residents of that city who are employed outside of that city; and (3) all businesses and corporations operating within that city.

(b) The rate of any earnings tax shall be .25% of earnings, or any multiple of .25%, up to and including a maximum of 2% of earnings.

(c) Revenues derived from the earnings tax authorized by this act may be appropriated by the governing body of such city for the purposes described in the ordinance required by section two of this act.

New Section 2. (a) No city shall levy an earnings tax as authorized by this act until the governing body of such city shall first submit such proposition to and receive the approval of a majority of the electors of the city voting thereon at an election called and held therefor. Any city proposing to adopt an earnings tax shall adopt an ordinance giving notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notice shall state the time of the election, the rate of the tax, and the purposes for which the proceeds will be expended. Every election held under this act shall be conducted by the county election officer.

(b) If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of that city shall provide by ordinance for the levy of the tax. Any repeal of such tax, or any reduction or increase in the rate thereof, within the limits of this act, shall be accomplished in the manner provided for in this act for the adoption and approval of such tax. If a majority of the electors voting thereon at such election fail to approve the proposition, it may be resubmitted under the conditions and in the manner provided in this act for submission of the original proposition.

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House Taxation Cmte
Attachment 3

(c) Any ordinance which has been adopted to give notice of the intention of the governing body of the city to submit the proposition of levying an earnings tax to the electors of the city shall contain provisions pledging the general purposes proposed for the future use of the revenue to be received from such tax if the same is approved by the voters. Such description shall be consistent with that contained in the notice of election required by paragraph (a) of this section.

New Section 3. As used in this act, the term "earnings" shall mean the following:

(a) As applied to individuals, "earnings" shall mean any and all amounts paid to individuals in the form of wages, salaries, commissions, fees or other forms of compensation compensating such individual for labor or services rendered. As applied to individuals, a person shall be considered employed within such city if such person's primary place of business is located within such city.

(b) As applied to businesses and corporations, "earnings" shall mean federal taxable income, as defined by the federal internal revenue code of 1954, and amendments thereto, derived from the operations of such businesses or corporations located within such city. The allocation of income provisions of K.S.A. 79-32,141, and amendments thereto, insofar as the same may be made applicable, shall apply to a city earnings tax levied in accordance with this act.

New Section 4. Any person or organization exempt from the payment of the state income tax pursuant to K.S.A. 79-32,113, and amendments thereto, shall be exempt from the payment of an earnings tax levied pursuant to this act.

New Section 5. The amount of earnings tax paid to another city with an earnings tax by a resident individual shall be allowed as a credit against the earnings tax of the city of their residence.

New Section 6. (a) Any city levying an earnings tax as provided in this act shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Any ordinance authorizing the levy of a city earnings tax shall incorporate by reference the provisions of article 32 of chapter 79 of the Kansas Statutes Annotated, and acts amendatory thereof, providing the procedure for the collection and administration of income taxes, insofar as the provisions of such law may be made applicable to a city earnings tax. The department of revenue is hereby authorized to adopt such rules and regulations as may be necessary to provide for the withholding by employers of any local earnings tax and may require any employer in the state of Kansas to furnish any information necessary for the administration, enforcement and collection of such tax.

(b) Upon the receipt of a certified copy of an ordinance authorizing the levy of a city earnings tax, the secretary of revenue shall cause all necessary forms to be prepared and such taxes to be collected at the same time and in the manner provided for the collection of the state

income tax and privilege tax. The secretary of revenue is hereby authorized to administer and collect the earnings tax of such city and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof. The secretary shall credit all moneys received therefrom to a "city earnings tax fund," which fund is hereby established in the state treasury. The secretary of revenue shall transfer from the "city earnings tax fund" to the "city earnings tax refund fund," which fund is hereby created, an amount deemed sufficient by the secretary to pay any refunds due from any tax levied under the provisions of this section. All local earnings tax revenue collected from such city pursuant to this act shall be remitted at least quarterly by the state treasurer, on instruction from the secretary of revenue, to the treasurer of such city.

Section 7. K.S.A. 12-140 is hereby amended to read as follows: 12-140. Except as otherwise specifically authorized by K.S.A. 12-1,101 to 12-1,109, *and amendments thereto, and sections 1 through 6 of this act*, no city shall have power to levy and collect taxes on incomes from whatever source derived.

Section 8. K.S.A. 12-140 is hereby repealed.

Section 9. This act shall take effect and be in force from and after its publication in the statute book.