

KANSAS DEPARTMENT OF REVENUE



2007 Legislative Enactments & Changes

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INCOME TAX

SUBTRACTION MODIFICATION:

Premium costs for Qualified Long-Term Care Insurance Contracts, as defined by subsection (b) of Section 7702B of Public Law 104-191.

\$700 subtraction modification - TY 2007 – Single, HOH & MFS

\$1,400 subtraction modification - TY 2007 – MFJ – when both purchase a LTC Contact

•**2004 HB 2545, Sec. 17.** KSA 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.....
(c) There shall be subtracted from federal adjusted gross income:
(xvi) For the tax year beginning after December 31, 2004, an amount not exceeding \$500; for the tax year beginning after December 31, 2005, an amount not exceeding \$600; for the tax year beginning after December 31, 2006, an amount not exceeding \$700; for the tax year beginning after December 31, 2007, an amount not exceeding \$800; for the tax year beginning December 31, 2008, an amount not exceeding \$900; and for all taxable years commencing after December 31, 2009, an amount not exceeding \$1,000 of the premium costs for qualified long-term care insurance contracts, as defined by subsection (b) of section 7702B of public law 104-191.

•**Public Law 104-191, Sec. 7702B. Treatment of Qualified Long-Term Care Insurance.**

(b) Qualified Long-Term Insurance Contract. - For purposes of this title -

(1) IN GENERAL. - The term "Qualified long-term care insurance contract" means any insurance contract if -

(A) the only insurance protection provided under such contract is coverage of qualified long-term care services,

(B) such contract does not pay or reimburse expenses incurred for services or items to the extent that such expenses are reimbursable under title XVIII of the Social Security Act or would be so reimbursable but for the application of a deductible or coinsurance amount,

(C) such contract is guaranteed renewable,

(D) such contract does not provide for a cash surrender value or other money that can be -

(1) paid, assigned, or pledged as collateral for a loan, or (ii) borrowed, other than as provided in subparagraph (E) or paragraph (2)(C),

(E) all refunds of premiums, and all policyholder dividends or similar amounts, under such contract are to be applied as a reduction in future premiums or to increase future benefits, and

(F) such contract meets the requirements of subsection (g).

•**TY 2006 - \$600 per LTC Contract per Taxpayer. Single, Head of Household & Married Filing Separate purchasing a LTC Contact for the named taxpayer - limited to one (1) \$600 subtraction modification per return. Married Filing Joint - purchasing a LTC for BOTH named taxpayers - limited to two (2) \$600 subtraction modifications per return (for a total subtraction of \$1,200).**

•Line A12 on Schedule S - Subtraction Modification for Premium Costs

•This subtraction modification is in ADDITION to any federal allowances.

INCOME TAX

SUBTRACTION MODIFICATION:

LUMP SUM KPERS ROLLOVERS – EXEMPT FROM KANSAS INCOME TAX.

APPLIES TO (KANSAS): KPERS, Police & Firemen, Teachers, Highway Patrol, Justices & Judges & Board of Public Utilities

DOES NOT APPLY TO: Kansas State Board of Regents or City of Wichita.

FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2000

2007 HB 2457, Sec. 4

•**K.S.A. 74-4923(b)** Any annuity, benefits, funds, property or rights created by, or accruing to any person under the provisions of K.S.A. 74-4901 et seq. or 74-4951 et seq., and amendments thereto, *including, but not limited to, for all taxable years beginning after December 31, 2000, amounts received as a lump-sum payment at retirement as provided by K.S.A. 74-4918, 74-4964 or 74-4964a, and amendments thereto, and all earnings thereof,* shall be exempt from any tax of the state of Kansas or any political subdivision or taxing body of the state, **and such lump-sum payment at retirement, and all earnings thereof, shall retain such tax exempt status even if a retirant elects to roll over such lump-sum payment at retirement, and earnings, into a qualified retirement account whether segregated from or commingled with other retirement funds;** shall not be subject to execution, garnishment or attachment, or, except as otherwise provided, any other process or claim whatsoever; and shall be unassignable, except that within 30 days after the death of a retirant the lump-sum death benefit payable to a retirant's beneficiary pursuant to the provisions of K.S.A. 74-4989 and amendments thereto may be assignable to a funeral establishment providing funeral services to the retirant by the beneficiary of such retirant.....

•**KPERS LUMP SUM RETIREMENT BENEFITS WHICH ARE ROLLED OVER INTO IRA's, 401k's, etc., WHETHER SEGREGATED OR NOT – ARE EXEMPT FROM KANSAS INCOME TAX AS KPERS RETIREMENT BENEFITS.**

•See NOTICE

INCOME TAX

SUBTRACTION MODIFICATION:

Social Security Benefits - If FAGI is \$50,000 or less – regardless of filing status

- 2007 HB 2031

- K.S.A. 79-32,117(c)(xix) *For the taxable year beginning after December 31, 2006, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$50,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly; and for all taxable years beginning after December 31, 2007, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$75,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly.*

- Effective TY 2007

INCOME TAX

SUBTRACTION FROM FEDERAL TAXABLE INCOME:

OF THE AMORTIZABLE COST OVER A 10 YEAR PERIOD

55% ALLOWED IN 1st YEAR & 5% IN EACH OF NEXT 9 YEARS.

SUBTRACTION ALLOW FOR:

- ◆ Carbon Dioxide Recapture
- ◆ Waste Heat Utilization System

•2007 HB 2419

•New Sec. 7. (a) A taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of carbon dioxide capture, sequestration or utilization machinery and equipment based upon a period of 10 years. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such machinery and equipment for the first taxable year in which such machinery and equipment are in operation and 5% of the amortizable costs of such machinery and equipment for each of the next nine taxable years.

•(b) The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time prescribed by rules and regulations adopted by the secretary.

•(c) **The provisions of this section shall apply to all taxable years commencing after December 31, 2007.**

•(d) The secretary of revenue shall adopt such rules and regulations as deemed necessary to carry out the provisions of this section.

•(e) As used in this section, “carbon dioxide capture, sequestration or utilization machinery and equipment” means any machinery and equipment which is located in this state and is: (1) Used to capture carbon dioxide from industrial and other anthropogenic sources, or to convert such carbon dioxide into one or more products; (2) used to inject carbon dioxide into a carbon dioxide injection well, as defined in section 2, and amendments thereto; or (3) used to recover carbon dioxide from sequestration.

•2007 HB 2038, New Sec. 18. (a) A taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of a waste heat utilization system based upon a period of 10 years. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such system for the first taxable year in which such system is in operation and 5% of the amortizable costs of such system for each of the next nine taxable years.

•(b) The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time prescribed by rules and regulations adopted by the secretary.

•(c) **The provisions of this section shall apply to all taxable years commencing after December 31, 2006.**

•(d) The secretary of revenue shall adopt such rules and regulations as deemed necessary to carry out the provisions of this section.

•(e) As used in this section, “waste heat utilization system” means facilities and equipment for the recovery of waste heat generated in the process of generating electricity at an electric generation facility located in this state and the use of such heat to generate additional electricity or to produce fuels from renewable energy resources or technologies, as

•defined in K.S.A. 79-201, and amendments thereto.

INCOME TAX

SUBTRACTION MODIFICATION:

LEARNING QUEST & CONTRIBUTIONS TO ANOTHER STATE'S 529 QUALIFIED TUITION PROGRAM. BEGINNING JANUARY 1, 2007.

Subtraction limited to:

**\$3,000 per student, per year for Single,
Married Filing Separate & Head of Household.
\$6,000 per student, per year for Married
Filing Joint.**

•2006 SB 432, Sec. 8.

K.S.A. 79-32,117(c)(xv) For all taxable years beginning after December 31, 2004, amounts not exceeding \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. For all taxable years beginning after December 31, **2006**, amounts not exceeding \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a ***qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended***, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2005 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

INCOME TAX

EARNED INCOME CREDIT:

INCREASED from **15%** to **17%** of Federal
Earned Income Credit

- 2007 HB 2031, Sec 4

K.S.A. 79-32,205(a) There shall be allowed as a credit against the tax liability of a resident individual imposed under the Kansas income tax act an amount equal to **17%** for tax year **2007**, and all tax years thereafter, of the amount of the earned income credit allowed against such taxpayer's federal income tax liability pursuant to section 32 of the federal internal revenue code for the taxable year in which such credit was claimed against the taxpayer's federal income tax liability.

(b) If the amount of the credit allowed by subsection (a) exceeds the taxpayer's income tax liability imposed under the Kansas income tax act, such excess amount shall be refunded to the taxpayer.

- Effective TY 2007

INCOME TAX

NEW CREDIT: STORAGE & BLENDING EQUIPMENT

10% Credit of the Taxpayer's "Qualified Investment" for the first \$10,000,000 and 5% of additional invest.

Credit to be claimed in 10 equal, annual installments.

Add-back of expenditures claimed on the federal return to the extent the same is claimed as the basis of this credit.

Excess credit Carried Forward for 14 years

Amortization – 55% in 1st Year – 5% in each of next 9 Years.

For Tax Years after December 31, 2006 & before January 1, 2012.

•2007 Senate Bill 2038, Sec. 33

- (a) For taxable years commencing after December 31, 2006, and before January 1, 2012, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.
- (b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$10,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$10,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the storage and blending equipment.
- (c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.
- (d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the storage and blending equipment that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year and (D) a requirement that the taxpayer shall maintain operation of the equipment for at least 10 years during the term that the tax credit is available.

•Claim this credit on **Schedule K-82**

INCOME TAX

NEW CREDIT: NEW RENEWABLE ELECTRIC COGENERATION FACILITY

10% Credit of the Taxpayer's "Qualified Investment" for the first \$50,000,000 and 5% of additional invest.

Credit to be claimed in 10 equal, annual installments.

Add-back of expenditures claimed on the federal return to the extent the same is claimed as the basis of this credit.

Excess credit Carried Forward for 14 years.

Amortization – 55% in 1st Year – 5% in each of next 9 Years.

For Tax Years after December 31, 2006.

•2007 Senate Bill 2038, Sec. 11

- For taxable years commencing after December 31, 2006, and before January 1, 2012, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.
- (b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$50,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$50,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the new renewable electric cogeneration facility.
- (c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.
- (d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the renewable electric cogeneration facility project that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year and (D) a requirement that the taxpayer shall maintain operation of the new renewable electric cogeneration facility for at least 10 years during the term that the tax credit is available.
- (a) "New renewable electric cogeneration facility" means a renewable electric cogeneration facility which is located in this state and construction of which begins after December 31, 2006.
- (b) "Pass-through entity" means any: (1) Corporation which is exempt from income tax under section 1363 of the federal internal revenue code and which complies with the requirements of K.S.A. 79-32,100e, and amendments thereto; (2) limited liability company; (3) partnership; or (4) limited liability partnership.
- (c) "Qualified investment" means expenditures made in construction of a new renewable electric cogeneration facility, for real and tangible personal property incorporated in and used as part of such facility.
- (d) "Renewable electric cogeneration facility" means a facility which generates electricity utilizing renewable energy resources or technologies, as defined in K.S.A. 79-201, and amendments thereto, and which is owned and operated by the owner of an industrial, commercial or agricultural process to generate electricity for use in such process to displace current or provide for future electricity use.

•Claim this credit on **Schedule K-83**

INCOME TAX

NEW CREDIT:

REFINERY - ENVIRONMENTAL STANDARDS

Credit is 100% of the Taxpayer's "Qualified Expenditures" to comply with environmental standards.

Excess credit Carried-Forward - limited to 4 years.

For Tax Years after **December 31, 2006.**

- 2006 SB 303

- New Sec. 6. (a) As used in this section: (1) "Refinery" has the meaning provided by section 1, and amendments thereto. (2) "Qualified expenditures" means expenditures which the secretary of health and environment certifies to the director of taxation are required for an existing refinery to comply with environmental standards or requirements established pursuant to federal statute or regulation, or state statute or rules and regulation, adopted after December 31, 2006.

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

- (c) (1) To qualify the expenditures of the tax credit allowed by this section, a taxpayer shall apply to the secretary of health and environment for a certification that the costs were incurred to comply with environmental standards or requirements as specified in subsection (a). The secretary shall prescribe the form of the application, which shall include, but not be limited to, the following information: (A) A detailed description of the refinery project that is the subject of the expenditure; (B) a citation to the applicable federal or state statutes, regulations or rules and regulations which require the environmental compliance; (C) a detailed accounting of the costs incurred for the environmental compliance; and (D) a certification by a responsible official that, based on information and belief formed after reasonable inquiry, the statements and information in the application are true, accurate and complete. (2) If the secretary of health and environment determines that the expenditures were incurred to comply with environmental standards or requirements as specified in subsection (a), the secretary shall issue a certificate of compliance to the director of taxation.

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

- "Refinery" means an industrial process plant, located in this state, where crude oil is processed and refined into petroleum products.

- Effective July 1, 2006

INCOME TAX

NEW CREDIT:

KANSAS FILM PRODUCTION

Credit is 30% of the “Direct Production Expenditures” made by an “Eligible Film Production Company”

Excess credit Carried-Forward - limited to 3 years

For Tax Years after December 31, 2006

- 200 HB 2004

- New Sec. 4. (a) For all taxable years commencing after December 31, 2006, a credit against the tax imposed by the Kansas income tax act shall be allowed for direct production expenditures made by an eligible film production company. Such credit shall be in an amount equal to 30% of direct production expenditures made in Kansas that are directly attributable to the production of a film in Kansas and that have been awarded by the department of revenue. The tax credit shall be deducted from the eligible film production company's income tax liability for the taxable year in which the expenditures are made by the eligible film production company. If the amount of the film production tax credit allowed exceeds the film production company's income tax liability for the taxable year, the taxpayer may carry over the amount thereof that exceeds such tax liability for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the third taxable year succeeding the year in which the costs are incurred. If the eligible film production company is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability entity, the credit provided by this section shall be claimed by the shareholders of such corporation, the partners of such partnership or the member of such limited liability entity in the same manner as such shareholder, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability entity.

- (b) A long-form narrative film production for which the film production tax credit is claimed shall contain an acknowledgment that the production was filmed in Kansas.

- (c) To be eligible for the film production tax credit, a film production company shall submit to the department of commerce information required by the department to demonstrate conformity with the requirements of this act. Information supplied shall include expected direct production expenditures to be made in Kansas with respect to the film production for which the film production company is seeking the film production tax credit. The department of commerce may reserve a tax credit amount based upon the expected direct production expenditures. The department of commerce shall determine the eligibility of the company and shall certify this information to the department of revenue in a manner and at times the department of commerce and department of revenue shall agree upon.

- Claim this credit on Schedule K-86

INCOME TAX

AMENDED CREDIT: BIOMASS-TO-ENERGY PLANT (formally Cellulosic Alcohol)

10% Credit of the Taxpayer's "Qualified Investment" for the first \$250,000,000 and 5% of additional invest.

Credit to be claimed in 10 equal, annual installments.

Add-back of expenditures claimed on the federal return to the extent the same is claimed as the basis of this credit.

Excess credit Carried Forward for 14 years

Amortization – 55% in 1st Year – 5% in each of next 9 Years.

For Tax Years after December 31, 2005 & before January 1, 2011.

•2007 Senate Bill 2038, Sec. 28

•Sec. 24. K.S.A. 2006 Supp. 79-32,218 is hereby amended to read as follows: 79-32,218. (a) For taxable years commencing after December 31, 2005, and before January 1, 2011, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

•(b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$250,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$250,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the new refinery, the expansion of an existing refinery or the restoration of production of a refinery as provided in this section.

•(c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

•(d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the refinery project that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year and (D) a requirement that the taxpayer shall maintain operation of the new, expanded or restored refinery for at least 10 years during the term that the tax credit is available.

•"Biomass" means any organic matter available on a renewable or recurring basis, including solid and liquid organic waste, but excluding: (1) Petroleum oil, natural gas, coal and lignite, and any products thereof; and (2) corn or grain sorghum suitable for human consumption. **(Excludes ethanol plants)**

•"Biomass-to-energy plant" means an industrial process plant, located in this state, where biomass is processed to produce annually any of the following, and coproducts: (1) Not less than 500,000 gallons of cellulosic alcohol; (2) liquid or gaseous fuel or energy in a quantity having BTU value equal to or greater than 500,000 gallons of cellulosic alcohol; or (3) oil produced for direct conversion into fuel in a quantity having BTU value equal to or greater than 500,000 gallons of cellulosic alcohol.

•"Expansion of an existing biomass-to-energy plant" means expansion which begins after December 31, 2005, of the capacity of an existing biomass-to-energy plant by at least 10% of such capacity.

•"New biomass-to-energy plant" means a biomass-to-energy plant, construction of which begins after December 31, 2005.

•"Qualified investment" means expenditures made in construction of a new biomass-to-energy plant or in expansion of the capacity of an existing biomass-to-energy plant, for real and tangible personal property incorporated in and used as part of such plant.

INCOME TAX

AMENDED CREDITS:

ALTERNATIVE FUEL STATION - Credit is 40% of the amount expended not to exceed \$100,000 – for stations placed into service January 1, 2009 or after.

ALTERNATIVE FUELED VEHICLES – Credit not allowed for any vehicle that utilizes **Natural Gas, LP Gas, Hydrogen, Methanol or Electricity** to power it – Effective July 1, 2007.

•2007 HB 2145, Sec. 14.

•K.S.A. 79-32,201(a)(5) for any qualified alternative-fuel fueling station placed in service on or after January 1, 2009, an amount equal to 40% of the total amount expended for each qualified alternative-fuel fueling station, but not to exceed \$100,000 for each fueling station.

•K.S.A 79-32,201(d) The tax credit under subsection (a)(5) shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount which exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth taxable year in which the expenditures are made.

•K.S.A. 79-32,201(e) As used in this section:

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

•The effect of the above definitional change is that the credit for purchasing an alternative fuel vehicle is now restricted to vehicles that do not use any type of petroleum or electricity to power them. For example, no alternative fuel vehicle credit for vehicles powered by Natural Gas, LP Gas, Hydrogen, Methanol or Electricity. Effective July 1, 2007.

•See Credit Schedule K-62.

INCOME TAX

AMENDED CREDIT:

HISTORICAL PRESERVATION CREDIT

Credit is **30%** of the amount expended (minimum \$5,000) to restore or preserve a qualified historic structure which is exempt as a 501(c)(3) & is not income producing.

Income, Privilege & Premiums Tax Credit

For Tax Years after **December 31, 2006.**

- 2007 HB 2405

- Sec. 3. K.S.A. 2006 Supp. 79-32,211 is hereby amended to read as follows: 79-32,211. (a) For all taxable years commencing after December 31, 2001 *2006*, there shall be allowed a tax credit against the income, privilege or premium tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, or the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, in an amount equal to 25% of qualified expenditures incurred in the restoration and preservation of a qualified historic structure pursuant to a qualified rehabilitation plan by a qualified taxpayer if the total amount of such expenditures equal \$5,000 or more; ***or in an amount equal to 30% of qualified expenditures incurred in the restoration and preservation of a qualified historic structure which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code and which is not income producing pursuant to a qualified rehabilitation plan by a qualified taxpayer if the total amount of such expenditures equals \$5,000 or more.*** If the amount of such tax credit exceeds the qualified taxpayer's income, privilege or premium tax liability for the year in which the qualified rehabilitation plan was placed in service, as defined by section 47(b)(1) of the federal internal revenue code and federal regulation section 1.48-12(f)(2), such excess amount may be carried over for deduction from such taxpayer's income, privilege or premium tax liability in the next succeeding year or years until the total amount of the credit has been deducted from tax liability, except that no such credit shall be carried over for deduction after the 10th taxable year succeeding the taxable year in which the qualified rehabilitation plan was placed in service.

- Effective July 1, 2007

- Claim this credit on Schedule K-35

INCOME TAX

AMENDED CREDIT: ANGEL INVESTOR

50% Credit Investor's Cash Investment in any Kansas qualified business.

Income Tax & Insurance Premiums Credit - no Privilege Tax Credit.

“Angel Investor” – means an accredited investor who is a natural person or an owner of a “permitted entity investor”.

- 2007 HB 2004, Section 7.
- K.S.A. 74-8132(a) “Angel investor” and “investor” mean an accredited investor *who is a natural person or an owner of a permitted entity investor, who is of high net worth, as defined in 17 C.F.R. 230.501(a) as in effect on the effective date of this act, and who seeks high returns through private investments in start-up companies and may seek active involvement in business, such as consulting and mentoring the entrepreneur....*
- (f) “owner” means any natural person who is, directly or indirectly, a partner, stockholder or member in a permitted entity investor;
- (g) “permitted entity investor” means (A) any general partnership, limited partnership, corporation that has in effect a valid election to be taxed as an S corporation under the United States internal revenue code, or a limited liability company that has elected to be taxed as a partnership under the United States internal revenue code and (B) that was established and is operated for the sole purpose of making investments in other entities;
- 2007 HB 2004, Section 8.
- K.S.A. 74-8133(b) The secretary of revenue shall not allow tax credits of more than \$50,000 for a single Kansas business or a total of \$250,000 in tax credits for a single year per investor who is a natural person or owner of a permitted entity investor. No tax credits authorized by this act shall be allowed for any cash investments in qualified securities for any year after the year 2016. The total amount of tax credits which may be allowed under this section shall not exceed \$4,000,000 during the tax year 2007 and \$6,000,000 for tax year 2008 and each tax year thereafter. The balance of unissued tax credits may be carried over for issuance in future years until 2016.
- Claim credit on **Schedule K-30**

INCOME TAX

AMENDED CREDIT: REGIONAL FOUNDATION

Contributions to a Regional Foundation has been **increased to 75%** (effective TY 2005)

Income, Privilege & Insurance Credit
Refundable, Transferable

Add-back amount of contribution claimed as credit - on Schedule S.

Extended through TY 2012.

- 2007 HB 2004, Sec. 1

K.S.A. 2006 Supp. 74-50,154(d)(4) The total amount of credits allowed under this act shall not exceed \$2,500,000 for fiscal year 2005; \$2,500,000 for fiscal year 2006; and \$2,000,000 **per year for fiscal years 2007 through, and including, 2012**. Each region as defined by this act shall receive an equal share of this allocation.

- Claim on Schedule K-32

Regional Foundations:

Northwest Kansas Planning and Development Commission
P.O. Box 248
Hill City, Kansas 67642-0248
Phone: (785) 421-3488

East Central Kansas Rural Development
Tom Weigand, President/CEO
P.O. Box 580
Ottawa, Kansas 66067-0580
Phone: (785) 242-1000

North Central Regional Planning Commission
P.O. Box 565
Beloit, Kansas 67420
Phone: (785) 738-2218

Glacial Hills Resource Conservation and Development Region, Inc.
318 Broadway
Valley Falls, Kansas 66088-1302
Phone: (785) 945-6292

Southeast Kansas, Inc.
P.O. Box 1116
Cherokee, Kansas 66724
Phone: (620) 249-5606

Great Plains Development, Inc.
P.O. Box 1116
Dodge City, Kansas 67801
Phone: (620) 227-6406

South Central Kansas Economic Development District
209 East William, Suite 300
Wichita, Kansas 67202-4012
Phone: (316) 262-7035

INCOME TAX

AMENDED CREDIT:

BUSINESS MACHINERY & EQUIPMENT

- **INCREASED - 20% TO 25%**
- **BEGINNING WITH TY 2007**

- 2002 SB 39, Section 11.
- K.S.A. 79-32,206. "For all taxable years commencing after December 31, 2001, there shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act, the premiums tax upon insurance companies imposed pursuant to K.S.A. 40-252, and amendments thereto, and the privilege tax as measured by net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, an amount equal to 15% of the property tax levied for property tax year 1998 years 2002, 2003 and 2004, 20% of the property tax levied for property tax years 2005 and 2006, and 25% of the property tax levied for property tax year 2007, and all such years thereafter, actually and timely paid during an income or privilege taxable year upon commercial and industrial machinery and equipment classified for property taxation purposes pursuant to section 1 of article 11 of the Kansas constitution in subclass (5) or (6) of class 2 and, machinery and equipment classified for such purposes in subclass (2) of class 2."
- Credit = 15% for TYs 2002, 2003 & 2004
- Credit = 20% for TYs 2005 & 2006
- Credit = 25% for TYs 2007 and thereafter
- Claim Credit on Schedule K-64

INCOME TAX

NEW CREDIT:

HISTORICAL CONTRIBUTION CREDIT

Credit is 50% of the amount contributed to a “state-owned historical site” or 501(c) organization which owns and operates a “historical site”

Income, Privilege & Premiums Tax Credit

Excess credit refunded.

For Tax Years after December 31, 2006.

•2007 HB 2405

•New Section 1. (a) For taxable years commencing after December 31, 2006, subject to the provisions of subsection (d), any taxpayer which contributes, gifts or donates to a state-owned historic site or an organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, which such organization owns and operates an historic site, to be used for the purpose of restoration, preservation or operation of such state-owned historic site or historic site or the establishment or maintenance of an endowment to provide for the future stability of such state-owned historic site or historic site shall be allowed a credit against the tax imposed by the Kansas income tax act, the premiums tax upon insurance companies imposed pursuant to K.S.A. 40-252, and amendments thereto, and the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated in an amount equal to 50% of such contribution, gift or donation, if the total amount of such contribution, gift or donation is at least \$1,000. The amount of the credit shall not exceed \$2,500 for any one taxpayer in any one taxable year. In no event shall the total amount of credits allowed under this section exceed \$200,000 in any one fiscal year.

•(b) The credit allowed by this section shall be deducted from the taxpayer's income, premiums or privilege tax liability imposed for the taxable year in which the contribution, gift or donation is made.

•(c) If the amount of the credit allowed by this section exceeds the taxpayer's income tax liability imposed under the Kansas income tax act, such excess amount shall be refunded to the taxpayer.

•(d) The partnership historic site committee created pursuant to section 2, and amendments thereto, shall develop a prioritized list of historic sites other than state-owned historic sites to which contributions, gifts or donations to organizations which own and operate an historic site qualify for the tax credit provided in this section. As used in this section: (1) “Contributions, gifts or donations” includes monetary contributions, gifts or donations and in kind contributions, gifts or donations that have an established market value;

•(2) “historic site” means any building or structure that is significant in the history, architecture, archeology or culture of the state of Kansas or Kansas communities or the nation. Such historic site must be listed on the national register of historic places or the register of historic Kansas places, be open to the public or have the potential to be open to the public for at least 500 hours a year and be owned and operated for the purpose of educating the public about a specific aspect of Kansas and United States history; and (3) “state-owned historic site” means an historic site under the jurisdiction and control of the state historical society.

•(e) Any contribution, gift or donation that is the basis of the credit provided in this section shall not qualify as a qualified expenditure for the purpose of qualifying for the credit provided in K.S.A. 79-32,211 (Historic Preservation Credit).

•(f) The provisions of this section shall expire on June 30, 2012.

•Effective July 1, 2007

•Claim this credit on Schedule K-75

INCOME TAX

NEW CREDIT: FILM PRODUCTION COMPANY

Credit is 30% of the direct production expenditures made in Kansas that are directly attributable to the production of a film in Kansas.

Excess credit carried over for three years.

For Tax Years after December 31, 2006 and not allowed for TYs commencing after December 31, 2013.

•2007 HB 2405, New Sec. 4.

• (a) For all taxable years commencing after December 31, 2006, a credit against the tax imposed by the Kansas income tax act shall be allowed for direct production expenditures made by an eligible film production company. Such credit shall be in an amount equal to 30% of direct production expenditures made in Kansas that are directly attributable to the production of a film in Kansas and that have been awarded by the department of revenue. The tax credit shall be deducted from the eligible film production company's income tax liability for the taxable year in which the expenditures are made by the eligible film production company. If the amount of the film production tax credit allowed exceeds the film production company's income tax liability for the taxable year, the taxpayer may carry over the amount thereof that exceeds such tax liability for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the third taxable year succeeding the year in which the costs are incurred. If the eligible film production company is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability entity, the credit provided by this section shall be claimed by the shareholders of such corporation, the partners of such partnership or the member of such limited liability entity in the same manner as such shareholder, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability entity.

•Claim this credit on Schedule K-86

INCOME TAX

NEW CREDIT: EDUCATION DEFERRED MAINTENANCE

Credit is **60%** of the amount contributed to:

♦ Kansas Community Colleges & Kansas Technical Colleges

Credit is **50%** of the amount contributed to:

♦ Kansas Postsecondary Educational Institutions

For Contributions made on or after July 1, 2008

For Tax Years 2008 – 2012

Income, Privilege, Premiums Credit

•2007 HB 2237, Section 16.

•(a) On and after July 1, 2008, any taxpayer who contributes in the manner prescribed by this section to a community college located in Kansas for capital improvements, to a technical college for deferred maintenance or the purchase of technology or equipment or to a postsecondary educational institution located in Kansas for deferred maintenance, shall be allowed a credit against the tax imposed by the Kansas income tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated. The tax credit allowed by this section is applicable for the tax year 2008 for any contributions made on and after July 1, 2008, and for the tax years 2009, 2010, 2011 and 2012 for any contributions made during the entire tax year. The amount of the credit allowed by this section shall not exceed 60% of the total amount contributed during the taxable year by the taxpayer to a community college or a technical college located in Kansas for such purposes. The amount of the credit allowed by this section shall not exceed 50% of the total amount contributed during the taxable year by the taxpayer to a postsecondary educational institution for such purposes. If the amount of the credit allowed by this section for a taxpayer who contributes to a community college or a technical college exceeds the taxpayer's income tax liability imposed by the Kansas income tax act, such excess amount shall be refunded to the taxpayer. If the amount of the tax credit for a taxpayer who contributes to a postsecondary educational institution exceeds the taxpayer's income tax liability for the taxable year, the amount which exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the third taxable year succeeding the taxable year in which the contribution is made. Prior to the issuance of any tax credits pursuant to this section, the structure of the process in which contributions received by a community college, a technical college or a postsecondary educational institution qualify as tax credits allowed and issued pursuant to this section shall be developed by a community college, a technical college and a postsecondary educational institution in consultation with the secretary of revenue and the foundation or endowment association of any such community college, technical college or postsecondary educational institution in a manner that complies with requirements specified in the federal internal revenue code of 1986, as amended, so that contributions qualify as charitable contributions allowable as deductions from federal adjusted gross income.

•Claim these credits on Schedule K-84

INCOME TAX

FILING STATUS - MFJ

MARRIAGE LICENSES NOT ISSUED TO:

Any person under the age of 16 years

Exception: Judge may issue marriage license to a person 15 years of age when in the best interest of that person, or

any person who is 16 or 17 years of age with the express consent of all parents/legal guardians or, if no parental/legal guardians with consent of District Court Judge.

•2006 HB 2541, Sec 1.

K.S.A. 23-106(c) No clerk or judge shall issue a license authorizing the marriage of any person:

(1) Under the age of 16 years, except that a judge of the district court may, after due investigation, give consent and issue the license authorizing the marriage of a person 15 years of age when the marriage is in the best interest of the person 15 years of age; or

(2) who is 16 or 17 years of age without the express consent of such person's father, mother or legal guardian and the consent of the judge unless consent of both the mother and father and any legal guardian or all then living parents and any legal guardian is given in which case the consent of the judge shall not be required. If not given in person at the time of the application, the consent shall be evidenced by a written certificate subscribed thereto and duly attested. Where the applicants or either of them are **16 or 17** years of age and their parents are dead and there is no legal guardian then a judge of the district court may after due investigation give consent and issue the license authorizing the marriage.

(d) The judge or clerk may issue a license upon the affidavit of the party personally appearing and applying therefor, to the effect that the parties to whom such license is to be issued are of lawful age, as required by this section, and the judge or clerk is hereby authorized to administer oaths for that purpose.

(e) Every person swearing falsely in such affidavit shall be guilty of a misdemeanor and shall be punished by a fine not exceeding \$500. A clerk or judge of the district court shall state in every license the birth dates of the parties applying for the same, and if either or both are **16 or 17 years of age**, the name of the father, mother, or guardian consenting to such marriage.

•Effective July 1, 2006

INCOME TAX

COMMON LAW MARRIAGES:

NOT VALID IF EITHER PARTY TO THE MARRIAGE CONTRACT IS UNDER 18 YEARS OF AGE AFTER JUNE 30, 2002.

DOES NOT EFFECT COMMON LAW MARRIAGES ENTERED INTO PRIOR TO JUNE 30, 2002.

- 2002 SB 486, Section 11.
- Those couples with common law marriages created prior to June 30, 2002 can still claim “married filing joint” status on federal and state returns.
- No “common law” divorce allowed in Kansas - must have a court order to dissolve common law marriage

WITHHOLDING TAX

WEB FILING OF W-2s & 1099s REQUIRED:

- ◆ When the Employer/Payer Files a KW-3 Containing **51 or more** statements (W-2s or 1099s containing Kansas Withholding).
- ◆ **When electronic filing would be a hardship - the Secretary may permit statements to be filed by other means.**

•2007 HB 2031, Sec. 1

•K.S.A. 2006 Supp. 79-3299 is hereby amended to read as follows: 79-3299. (a) Every employer, payer, person or organization deducting and withholding tax, on or before January 31 of each year, shall prepare a statement for each employee or payee on a form prescribed by the director stating the amount of wages or payments other than wages subject to Kansas income tax paid during the preceding year, the total amount of tax withheld, if any, from such wages or payments other than wages by the employer, payer, person or organization pursuant to this act and such other information as may be prescribed by the director. One copy of such statement shall be filed by the employer, payer, person or organization with the division of taxation on or before the last day of February of each year. **Except as otherwise provided**, if the employer, payer, person or organization files statements which report such withholding information for 51 or more employees or payees, the statements shall be filed by electronic means. **If filing such statements by electronic means would be a hardship for any such employer, payer, person or organization, the secretary may permit such statements to be filed other than by electronic means.** Two copies of such statement shall be given to the employee or payee concerned, one of which will be filed by the employee or payee with the tax return required by this chapter.

•A copy of every W-2, and 1099 with Kansas Withholding, issued to each employee is required to be filed with KDOR not later than the last day of February. Form KW-3 is used to file these W-2s and 1099s. KDOR is currently working on a system whereby the same electronic file that is required to be filed with the Social Security Administration will be submitted to KDOR beginning January 1, 2007. The electronic filing will be on the KDOR website: www.ksrevenue.org

•1099s **without** Kansas Withholding - file with KDOR using a copy of the Federal Form 1096 as a cover sheet.

•KDOR's EFT Unit: 1-800-525-3901 - for any questions involving electronic filing or payment.

•Effective July 1, 2007

FOOD SALES REFUNDS

INDEXING INCOME THRESHOLDS & THE REFUND AMOUNT:

<u>INCOME</u>	<u>REFUND</u>
\$0 TO \$14,850	\$78 Refund
\$14,851 TO \$29,700	\$38 Refund

•2006 SB 404, Section 4.

•K.S.A. 79-3635(d) In the case of all tax years commencing after December 31, **2005**, the threshold income amounts prescribed in this section and subsection (c) of K.S.A. 79-3633, **and amendments thereto, and the amounts of refund of taxes and the amounts of the tax credit, both as prescribed in this section**, shall be increased by an amount equal to such threshold amount multiplied by the cost-of-living adjustment determined under section 1 (f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.”

•For Tax Year 2002 the income threshold was: \$0 - \$12,900 and \$12,901 - \$25,800

•For Tax Year 2003 the income threshold was: \$0 - \$13,150 and \$13,151 - \$26,300

•For Tax Year 2004 the income threshold was: \$0 - \$13,450 and \$13,451 - \$26,900

•For Tax Year 2005 the income threshold is: \$0 - \$13,800 and \$13,801 - \$27,600

•For Tax Year 2006 the income threshold is: \$0 - \$14,300 and \$14,301 - \$28,600, and the refund amount is \$75 and \$37.

•For Tax Year 2007 the income threshold is: \$0 - \$14,850 and \$14,851 - \$29,700, and the refund amount is \$78 and \$38.

HOMESTEAD

“HOUSEHOLD INCOME”- INDEXED TO INFLATION - \$29,100 - for TY 2007

SOCIAL SECURITY BENEFITS: Include only 50% of Social Security Benefits “HOUSEHOLD INCOME”

MAXIMUM REFUND RAISED TO \$700

2005 SB 133, Sec. 1.

•K.S.A. 79-4508(d) *In the case of all tax years commencing after December 31, 2004, the upper limit threshold amount prescribed in this section, shall be increased by an amount equal to such threshold amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.*

•Household Income limit for TY 2007 - \$29,100

•2007 HB 2476, Sec. 3.

•K.S.A. 2006 Supp. 79-4502(a) “Income” means the sum of adjusted gross income under the Kansas income tax act, maintenance, support money, cash public assistance and relief, not including any refund granted under this act, the gross amount of any pension or annuity, including all monetary retirement benefits from whatever source derived, including but not limited to, all payments received under the railroad retirement act, except disability payments, **payments received under the federal social security act, except that for determination of what constitutes income such amount shall not exceed 50% of any such social security payments**, all dividends and interest from whatever source derived not included in adjusted gross income, workers compensation and the gross amount of “loss of time” insurance. Income does not include gifts from nongovernmental sources or surplus food or other relief in kind supplied by a governmental agency, nor shall net operating losses and net capital losses be considered in the determination of income. Income does not include veterans disability pensions. **Income does not include disability payments received under the federal social security act.**

•Effective July 1, 2007

•Sec. 5. K.S.A. 79-4509 is hereby amended to read as follows: 79-4509. In the event property taxes accrued, rent constituting property taxes accrued or their sum exceeds **\$700** for a household in any one year, the amount thereof shall, for purposes of this act, be deemed to have been **\$700**.

•Effective July 1, 2007

HOMESTEAD

“RENT CONSTITUTING PROPERTY TAXES ACCRUED”:

15% of the gross rent paid in 2007 or any taxable year thereafter.

Was **20%** in 2006 and TYs before.

Intent to bring Refunds for Renters in line with Refunds for Homeowners.

- 2007 HB 2476, Sec. 3

- K.S.A. 79-4502(i) “Rent constituting property taxes accrued” means **15%** of the gross rent actually paid in cash or its equivalent in **2007** or any taxable year thereafter by a claimant and claimant’s household solely for the right of occupancy of a Kansas homestead on which ad valorem property taxes were levied in full for that year. When a household occupies two or more different homesteads in the same calendar year, rent constituting property taxes accrued shall be computed by adding the rent constituting property taxes accrued for each property rented by the household while occupied by the household as its homestead during the year.

- Effective July 1, 2007

HOMESTEAD

REFUND CLAIMS DENIED:

When **HOUSEHOLD INCOME** is
150% or less of the amount paid in
Rent -

**Claimant will be notified and have
30 days to submit Income verification**

•2007 HB 2476, Sec 6.

•K.S.A. 79-4511(c) Every claimant who is a homestead renter, or whose claim is based wholly or partly upon homestead rental at some time during the calendar year, shall supply to the division, in support of a claim, a statement prescribed by the director certifying the amount of gross rent paid and that ad valorem property taxes were levied in full for that year on the property, all or a part of which was rented by the claimant. ***When such claimant reports household income that is 150% or less of the homestead rental amount and such claimant has failed to provide any documentation or information requested by the division to verify such household income in support of a claim as required pursuant to subsection (a), within 30 days of such request, such homestead property tax refund claim shall be denied.***

•Effective July 1, 2007

HOMESTEAD

OWNERS OF REAL PROPERTY WITH AN APPRAISED VALUE OF \$350,000 – NO HOMESTEAD REFUND.

HOMESTEAD REFUND

HOMESTEAD REFUNDS SENT TO COUNTY TREASURER IF CLAIMANT OWES PROPERTY TAX TO COUNTY.

- 2007 HB 2476, New Section 1.

- A person owning or occupying a homestead that is not rental property and for which the appraised valuation for property tax purposes exceeds \$350,000 in any year shall not be entitled to claim a refund of property taxes under the homestead property tax refund act for any such year. The provisions of this section shall be part of and supplemental to the homestead property tax refund act.***

- Effective July 1, 2007

- 2007 HB 2476, New Sec. 2.

- If there are delinquent property taxes on the claimant's homestead, the refund shall be paid to the county treasurer of the county in which such homestead is located and applied first to the oldest of such delinquent property taxes and applied forward to the most recent delinquent property taxes and then to any other property taxes due on the claimant's homestead. The provisions of this section shall be part of and supplemental to the homestead property tax refund act.***

- Effective July 1, 2007

HOMESTEAD

PROPERTY TAX STATEMENTS

**DO NOT SUBMIT PROPERTY TAX STATEMENTS
WITH HOMESTEAD RETURN BEGINNING WITH
TY 2007**

KDOR may ask for Property Tax Statements

- 2007 HB 2476, Sec 6.

- K.S.A. 79-4511 is hereby amended to read as follows: 79-4511. (a) Every claimant under this act shall supply to the division, in support of a claim, reasonable proof of age or disability, and changes of homestead, household membership, household income, and size and nature of property claimed as the homestead. A claim alleging disability shall be supported by a report of the examining physician of the claimant with a statement or certificate that the applicant has a disability within the meaning of subsection (g) of K.S.A. 79-4502 and amendments thereto.

- (b) Every claimant who is a homestead owner, or whose claim is based wholly or partly upon homestead ownership at some time during the calendar year, shall supply to the division, in support of a claim, **the amount** of property taxes levied upon the property claimed as a homestead and a statement that the property taxes accrued used for purposes of this act have been or will be paid by the claimant and that there are no delinquent property taxes on the homestead. **Upon request by the division, such claimant shall provide a copy of the statement of property taxes levied upon the property claimed as a homestead.** The amount of personal property taxes levied on a manufactured home or mobile home shall be set out on the personal property tax statement showing the amount of such tax as a separate item.

- Effective July 1, 2007

ESTATE

STAND ALONE KANSAS ESTATE TAX

For Deaths occurring after December 31, 2006

And before January 1, 2010

Returns due within 9 months of Death.

Tax imposed on the estate of “resident decedent” and “nonresident decedent” who owned real, personal or intangible property with a tax situs in Kansas.

2006 SB 365

Sec. 3. (a) A tax is hereby imposed on the taxable estate of every resident decedent, and every nonresident decedent who owned real, personal or intangible property with a tax situs in Kansas.

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

(A) For tax year 2007:

If the taxable estate is: The tax is:

Not over \$1,000,000	Zero
Over \$1,000,000 but not over \$2,000,000	3.0% of excess over \$1,000,000
Over \$2,000,000 but not over \$5,000,000	\$30,000 plus 6.0% of excess over \$2,000,000
Over \$5,000,000 but not over \$10,000,000	\$210,000 plus 8.0% of excess over \$5,000,000
Over \$10,000,000	\$610,000 plus 10.0% of excess over \$10,000,000

(B) For tax year 2008:

If the taxable estate is: The tax is:

Not over \$1,000,000	zero
Over \$1,000,000 but not over \$2,000,000	1.0% of excess over \$1,000,000
Over \$2,000,000 but not over \$5,000,000	\$10,000 plus 2.0% of excess over \$2,000,000
Over \$5,000,000 but not over \$10,000,000	\$70,000 plus 5.0% of excess over \$5,000,000
Over \$10,000,000	\$320,000 plus 7.0% of excess over \$10,000,000

(C) For tax year 2009:

If the taxable estate is: The tax is:

Not over \$1,000,000	zero
Over \$1,000,000 but not over \$2,000,000	0.5% of excess over \$1,000,000
Over \$2,000,000 but not over \$5,000,000	\$5,000 plus 1.0% of excess over \$2,000,000
Over \$5,000,000 but not over \$10,000,000	\$35,000 plus 2.0% of excess over \$5,000,000
Over \$10,000,000	\$135,000 plus 3.0% of excess over \$10,000,000

Sec. 4. When the estate shall consist of property with a tax situs in Kansas and property with a tax situs outside Kansas, the tax imposed under sections 3, and amendments thereto, shall be multiplied by the percentage determined by dividing the value of all property included in the gross estate which is within the jurisdiction of the state of Kansas by the value of all property included in the gross estate.

Sec. 5. The value of the gross estate of a decedent shall be determined by valuing the property included in the gross estate at its fair market value as of the time of the decedent's death, except as provided in section 6, and amendments thereto. 30

NONRESIDENT WITHHOLDING

NONRESIDENT WITHHOLDING TAX DOES NOT APPLY TO:

Publicly traded Partnerships

“Publicly traded partnership” means any partnership if:

- (1) interests in such partnership are traded on an established securities market, or
- (2) interests in such partnership are readily tradable on a secondary market (or the substantial equivalent thereof).

2007 HB 2031, Section 2

K.S.A.79-32,100e(c) Partnerships are required to withhold tax at a rate equal to the maximum rate imposed on individuals pursuant to subsection (a) of K.S.A. 79-32,110 and amendments thereto, from a nonresident partner's share of Kansas taxable income of the partnership, whether distributed or undistributed, and pay the withheld amount to the department in the manner prescribed by the department. For a taxable year beginning after 2002, the partnership shall make a return and pay over the withheld funds on or before the due date of the partnership's income tax return, including extensions. Taxes withheld in the name of the nonresident partner must be used as credit against taxes due at the time the nonresident files a return of tax or other applicable information return for the taxable year. ***The provisions of this subsection shall not apply to any publicly traded partnership, as defined under section 7704 of the federal internal revenue code.***

26 USC§ 7704. Certain publicly traded partnerships treated as corporations. a) **General rule** For purposes of this title, except as provided in subsection (c), a publicly traded partnership shall be treated as a corporation. (b) **Publicly traded partnership** For purposes of this section, the term “publicly traded partnership” means any partnership if— (1) interests in such partnership are traded on an established securities market, or (2) interests in such partnership are readily tradable on a secondary market (or the substantial equivalent thereof).

Effective July 1, 2007

SALES TAX

EXEMPTION CERTIFICATES

RETAILER RELIEVED OF LIABILITY WHEN THE
RETAILER OBTAINS A FULLY COMPLETED
EXEMPTION CERTIFICATE.

Effective July 1, 2007

•2007 HB 2171, Sec. 6

•K.S.A. 79-3609. (a) Every person engaged in the business of selling tangible personal property at retail or furnishing services taxable in this state, shall keep records and books of all such sales, together with invoices, bills of lading, sales records, copies of bills of sale and other pertinent papers and documents. Such books and records and other papers and documents shall, at all times during business hours of the day, be available for and subject to inspection by the director, or the director's duly authorized agents and employees, for a period of three years from the last day of the calendar year or of the fiscal year of the retailer, whichever comes later, to which the records pertain. Such records shall be preserved during the entire period during which they are subject to inspection by the director, unless the director in writing previously authorizes their disposal. Any person selling tangible personal property or furnishing taxable services shall be prohibited from asserting that any sales are exempt from taxation unless the retailer has in the retailer's possession a properly executed exemption certificate provided by the consumer claiming the exemption, **except as follows: (1) A retailer is relieved of liability for tax otherwise applicable if the retailer obtains a fully completed exemption certificate or captures the relevant data elements required by the director within 90 days subsequent to the date of the sale; or (2) if the retailer has not obtained an exemption certificate or all relevant data elements, the retailer, within 120 days subsequent to a request for substantiation by the director, either may prove that the transaction was not subject to tax by other means or obtain a fully completed exemption certificate from the purchaser, taken in good faith.** Otherwise, the sales shall be deemed to be taxable sales under this act.

•Effective July 1, 2007

SALES TAX

DEFINITIONS

“DELIVERY CHARGES”

“SALES OR SELLING PRICE”

“ENTITY BASED EXEMPTION”

“OVER-THE-COUNTER”

VARIOUS TELECOMMUNICATIONS TERMS

Effective July 1, 2007

•2007 HB 2171, Sec. 3

K.S.A. 79-3602(i) “Delivery charges” means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating and packing. ***Delivery charges shall not include charges for delivery of direct mail if the charges are separately stated on an invoice or similar billing document given to the purchaser.***

(II) (1) “Sales or selling price” applies to the measure subject to sales tax and means the total amount of consideration, including cash, credit, property and services, for which personal property or services are sold, leased or rented, valued in money, whether received in money or otherwise, without any deduction for the following: (A) The seller’s cost of the property sold; (B) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller and any other expense of the seller; (C) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges; (D) delivery charges; ***and*** (E) installation charges

(2) “Sales or selling price” includes consideration received by the seller from third parties if: (A) The seller actually receives consideration from a party other than the purchaser and the consideration is directly related to a price reduction or discount on the sale; (B) the seller has an obligation to pass the price reduction or discount through to the purchaser; (C) the amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and (D) one of the following criteria is met:

(i) The purchaser presents a coupon, certificate or other documentation to the seller to claim a price reduction or discount where the coupon, certificate or documentation is authorized, distributed or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate or documentation is presented;

(ii) the purchaser identifies to the seller that the purchaser is a member of a group or organization entitled to a price reduction or discount. A preferred customer card that is available to any patron does not constitute membership in such a group; or

(iii) the price reduction or discount is identified as a third party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate or other documentation presented by the purchaser.

•Effective July 1, 2007

SALES TAX

TELECOMMUNICATION SERVICES TAXED:

ALL INTRASTATE, INTERSTATE OR
INTERNATIONAL TELECOMMUNICATIONS
SERVICES SOURCED TO KANSAS

Effective July 1, 2007

- 2007 HB 2171, Sec. 4

K.S.A. 79-3603(b) (1) the gross receipts from intrastate, *interstate or international telecommunications services and any ancillary services sourced to this state in accordance with K.S.A. 2006 Supp. 79-3673, and amendments thereto, except that telecommunications service does not include:*

- (1) Any interstate or international 800 or 900 service;**
- (2) any interstate or international private communications service as defined in K.S.A. 2006 Supp. 79-3673, and amendments thereto;**
- (3) any value-added nonvoice data service**
- (4) any telecommunication service to a provider of telecommunication services which will be used to render telecommunications services, including carrier access services; or**
- (5) any service or transaction defined in this section among entities classified as members of an affiliated group as provided by section 1504 of the federal internal revenue code of 1986, as in effect on January 1, 2001.**

- Effective July 1, 2007

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- This bill clarifies that telephone services provided over the internet are taxable.
 - Defines “ancillary services” to include caller ID, call waiting, etc., and clarifies that these are taxable.

SALES TAX

REFUNDS – STATUTE OF LIMITATIONS

**NO REFUNDS ALLOWED AFTER 3 YEARS
FROM THE *DUE DATE OF THE RETURN***

Effective July 1, 2007

•2007 HB 2171, Sec. 6

•K.S.A. 79-3609. (b) The amount of tax imposed by this act is to be assessed within three years after the return is filed, and no proceedings in court for the collection of such taxes shall be begun after the expiration of such period. In the case of a false or fraudulent return with intent to evade tax, the tax may be assessed or a proceeding in court for collection of such tax may be begun at any time, within two years from the discovery of such fraud. No assessment shall be made for any period preceding the date of registration of the retailer by more than three years except in cases of fraud. No refund or credit shall be allowed by the director after three years from the ***due*** date of ***the return for the reporting period as provided by K.S.A. 79-3607, and amendments thereto***, unless before the expiration of such period a claim therefor is filed by the taxpayer, and, ***except as otherwise provided in section 2, and amendments thereto***, no suit or action to recover on any claim for refund shall be commenced until after the expiration of six months from the date of filing ***such claim satisfying the requirements specified by section 1, and amendments thereto***, therefor with the director. ***A refund claim shall not be deemed filed unless such claim is complete as required by section 1, and amendments thereto. For all mailed returns, including refund claims, each return or refund claim shall be presumed to have been filed with the department on the postmark date of such return or refund claim or if such date is illegible, the date three days prior to the date such return or refund claim is received.***

•Effective July 1, 2007

SALES TAX

REFUND CLAIMS FILED BY RETAILERS REQUIREMENTS

TREAT AS AMENDED RETURN(S).

EXPLANATION OF WHY A REFUND IS DUE

SCHEDULE LISTING EACH INVOICE

PROPERLY COMPLETED EXEMPTION CERTIFICATE(S)

Effective July 1, 2007

- 2007 HB 2171, New Sec. 1

-(b) (1) Any person who is registered with the department as a retailer and who reported and remitted sales tax to the department that was not owed, was remitted in error or was an overpayment may apply for a refund of such taxes remitted by such retailer to the department.
- (2) Each registered retailer shall have a continuing duty to correct any errors in sales tax returns filed with the department and to enable purchasers to obtain refunds of taxes that were overpaid or paid in error.
 - (3) Each refund application filed by an entity that files sales tax returns shall be treated as an application to adjust or amend the return. The amended tax return shall be subject to verification by examination of the taxpayer's records.
 - (4) Each application for a refund claim shall contain all the information required in this section and shall be accompanied by all additional documentation prescribed in this section that is needed to determine the validity of the application and to verify and process the application. Each such refund application that contains insufficient information or documentation to verify and process the application shall be returned to the applicant with directions to file a new and complete application. If an application for a refund claim has been returned by the department as incomplete, no application for refund claim shall be considered to have been filed until a new application is submitted that contains sufficient information and is supported by sufficient documentation to verify and process the application as a refund claim.
 - (5) The application for a refund claim shall include the following information:
 - (A) If applicable, an amended return for each period for which a refund is sought, which shall contain the retailer's current name, mailing address, employee identification number and Kansas sales tax registration number;
 - (B) the name and telephone number of the person whom the department should contact if additional information is needed;
 - (C) an explanation of the reason why a refund is due. If applicable, the explanation shall include a detailed and factual description of how the items sold were used by the consumer;
 - (D) if tax has been refunded to the consumer, the amount, the name of the refund recipient, and an explanation of how the refund was made, whether by cash, check, credit or other means;
 - (E) a schedule listing each invoice in chronological order that includes the name and address of the purchaser, a description of the items sold, the date of purchase, the invoice number, the amount subject to tax, the amount of tax collected, the reporting period for the tax, the location of the sale and a detailed statement of usage of the item purchased. If the applicant or such applicant's agent maintains records or prepares the schedule in an electronic, machine-sensible format, all schedules submitted to support the refund application shall be provided in an electronic, machine-sensible format in addition to the paper document;
 - (F) the signature of the payee and the signature of the retailer; and
 - (G) any additional information required by the application form that is needed to verify and process the refund application.

- Effective July 1, 2007

SALES TAX

REFUND CLAIMS FILED BY CONSUMERS REQUIREMENTS

TREAT AS AMENDED RETURN(S)

EXPLANATION OF WHY A REFUND IS DUE

SCHEDULE LISTING EACH INVOICE

PROPERLY COMPLETED EXEMPTION CERTIFICATE(S)

Effective July 1, 2007

- 2007 HB 2171, New Sec. 1

.....(c) A consumer may apply directly to the department for a refund if the consumer meets the requirements of subsection (a) of K.S.A. 79-3650, and amendments thereto, and submits an application and supporting documentation as required in this section. In order to be considered complete for processing and verification purposes, each consumer-filed refund claim shall include the following information:

- (1) The consumer's name, current mailing address and telephone number; the retailer's name, last known mailing address and telephone number;
 - (2) the information referenced in subsection (b)(5)(B), (C), (E) and (G);
 - (3) a description of the items purchased, the date of purchase, the location of the purchase, the invoice number, the amount subject to tax and the amount of tax paid; and
 - (4) the signature of the applicant.
- (d) The documentation provided with each consumer-filed refund claim shall include a copy of each of the following:
- (1) The information referenced in subsection (b)(6)(A) and (C); and (2) a written statement signed by the consumer stating that the consumer has not and will not seek a duplicate refund from the retailer.
- (e) No refund or credit shall be allowed by the director without sufficient proof submitted by the applicant for a refund claim that the tax sought to be refunded was paid to the department.
- (f) The provisions of this section shall be part of and supplemental to the Kansas retailers' sales tax act.

- Effective July 1, 2007

SALES TAX

INCOMPLETE REFUND CLAIMS

NOT CONSIDERED A VALID REFUND CLAIM

WILL BE RETURNED TO THE APPLICANT

APPLICANT NOTIFIED IN WRITING OF ERRORS/ADMISSIONS

APPLICANT HAS 60 DAYS TO FILE A COMPLETE REFUND

Effective July 1, 2007

- 2007 HB 2171, New Sec. 2
- (a) (1) An application for a refund claim that is incomplete, not supported by the required documentation or otherwise fails to meet the requirements specified in section 1, and amendments thereto, whether submitted to the department or to a retailer, shall not be considered a valid refund claim for the purpose of any of the following:
 - (A) Tolling the statute of limitations provisions of K.S.A. 79-3609, and amendments thereto, except that for any refund application returned to the applicant for failing to meet the requirements of section 1, and amendments thereto, the applicant shall have 60 days from the date of the department's written notice to file with the department a complete refund application meeting the requirements of section 1, and amendments thereto; or
 - (B) commencing the running of the 120-day provision of subsection (d) of K.S.A. 79-3609, and amendments thereto, for payment of refunds without interest.
- (2) If an application for a refund claim is incomplete, not supported by the required documentation or otherwise fails to meet the requirements specified in section 1, and amendments thereto, the substance or merits of the incomplete refund application shall not be reviewed by the department, and the incomplete application shall be returned to the applicant. At the time, the applicant shall be notified in writing of the actions, corrections, information or additional documentation that are needed to complete the application, and that the applicant shall have 60 days from the date of the department's written notice to file a complete refund application satisfying the requirements of section 1, and amendments thereto. The applicant also shall be provided with a written description of the method by which an informal conference may be requested pursuant to K.S.A. 79-3226, and amendments thereto, to request a review of the determination that the refund application is incomplete. Each review of the department's determination that the taxpayer submitted a refund application that was incomplete, not supported by the required documentation, or otherwise failed to meet the requirements specified in section 1, and amendments thereto, shall be limited to determining whether the refund application, as originally submitted, complied with the requirements of section 1, and amendments thereto, by providing sufficient information and documentation to allow the refund application to be verified and processed. If, upon review at the informal conference, it is determined that the refund application failed to meet the requirements specified in section 1, and amendments thereto, when submitted so that the refund application could not be verified and processed, the applicant shall be required to file a new refund application for the refund being sought.
- (b) Each application for refund that meets the requirements specified in section 1, and amendments thereto, so that it can be verified and processed shall be reviewed by the department as a refund claim and its validity determined. Each applicant shall be notified in writing of the department's determination and, if the refund claim is denied in whole or in part, shall be provided with a written description of the method by which an informal conference pursuant to K.S.A. 79-3226, and amendments thereto, may be requested. Each denial of a refund claim by the department shall be final, unless the applicant timely requests an informal conference pursuant to K.S.A. 79-3226, and amendments thereto. Once an informal conference is requested, an informal conference shall be held by the secretary or designee, and a written final determination shall be issued by the secretary or designee, in accordance with K.S.A. 79-3226, and amendments thereto. The written final determination shall constitute a final agency action subject to administrative review by the Kansas board of tax appeals, as provided in K.S.A. 74-2438, and amendments thereto.
- (c) The provisions of this section shall be part of and supplemental to the Kansas retailers' sales tax act.

SALES TAX

PAYMENT OF INTEREST

NO INTEREST PAID IF TAX REFUNDED BY KDOR

WITHIN 120 DAYS OF:

- ♦ THE FILING DATE OF THE RETURN CLAIMING THE REFUND,
- OR,
- ♦ DATE OF PAYMENT OF THE TAX, WHICHEVER IS LATER

Effective July 1, 2007

- 2007 HB 2171, Sec. 6

K.S.A. 79-3609(d) Interest at the rate prescribed by K.S.A. 79-2968, and amendments thereto, shall be allowed on any overpayment of tax computed from the ***filing*** date of the return ***claiming the refund***, except that no interest shall be allowed on any such refund if the same is paid within ***120*** days after the ***filing*** date of the return ***claiming the refund or the date of payment, whichever is later, provided that such return or refund claim satisfies the requirements specified by section 1, and amendments thereto, at the time the return or refund claim is received.***

- Effective July 1, 2007

SALES TAX

EXEMPTIONS

Jazz In The Woods, Inc.

Frontenac Education Foundation

Rotary Club of Shawnee Foundation

Victory In The Valley, Inc.

Effective July 1, 2007

•2007 HB 2171, Sec. 5

•K.S.A. 79-3606(vvv) *all sales of tangible personal property or services, including the renting and leasing of tangible personal property or services, by Jazz in the Woods, Inc., a Kansas corporation which is exempt from federal income taxation pursuant to section 501 (c)(3) of the federal internal revenue code, for the purpose of providing Jazz in the Woods, an event benefiting children-in-need and other nonprofit charities assisting such children, and all sales of any such property by or on behalf of such organization for such purpose;*

(www) all sales of tangible personal property purchased by or on behalf of the Frontenac Education Foundation, which is exempt from federal income taxation pursuant to section 501 (c)(3) of the federal internal revenue code, for the purpose of providing education support for students, and all sales of any such property by or on behalf of such organization for such purpose;

(zzz) all sales of tangible personal property purchased by the rotary club of shawnee foundation which is exempt from federal income taxation pursuant to section 501 (c)(3) of the federal internal revenue code of 1986, as amended, used for the purpose of providing contributions to community service organizations and scholarships; and

(aaaa) all sales of personal property and services purchased by or on behalf of victory in the valley, inc., which is exempt from federal income taxation pursuant to section 501 (c)(3) of the federal internal revenue code, for the purpose of providing a cancer support group and services for persons with cancer, and all sales of any such property by or on behalf of any such organization for any such purpose.

•Effective July 1, 2007

SALES TAX

EXEMPTION - GREENSBURG

Property & services for the purpose of constructing or reconstructing a BUSINESS FACILITY damaged or destroyed by tornado in Kiowa County.

Includes provisions for a Project Exemption Certificate.

Effective upon publication in Kansas Register.

- 2007 HB 2540,

- Effective upon publication in Kansas Register.

GRANTS FOR GREENSBURG

INVESTMENT ASSISTANCE PAYMENTS – Not more than 10% of the investment made to rebuild or replace a building, structure, machinery or equipment – for **BUSINESSES ONLY** – Investment must be made between May 4, 2007 and June 30, 2008.

JOB RESTORATION ASSISTANCE PAYMENTS – Not more than \$3,500 per full-time employee – between May 4, 2007 and June 30, 2008.

2007 HB 2540

SALES TAX

EXEMPTIONS

The Dream Factory, Inc.
Ottawa Suzuki Strings, Inc.
International Association of Lions Clubs
Johnson County Young Matrons, Inc.
American Cancer Society, Inc.
Community Services of Shawnee, Inc.
Angel Babies Association

Effective July 1, 2007

•2007 HB 2171, Sec. 5

K.S.A. 79-3606(vv) all sales of tangible personal property purchased by any of the following organizations which are exempt from federal income taxation pursuant to section 501 (c)(3) of the federal internal revenue code of 1986, for the following purposes, and all sales of any such property by or on behalf of any such organization for any such purpose:

(17) the Dream Factory, Inc., for the purpose of granting the dreams of children with critical and chronic illnesses;

(18) the Ottawa Suzuki Strings, Inc., for the purpose of providing students and families with education and resources necessary to enable each child to develop fine character and musical ability to the fullest potential;

(19) the International Association of Lions Clubs for the purpose of creating and fostering a spirit of understanding among all people for humanitarian needs by providing voluntary services through community involvement and international cooperation;

(20) the Johnson county young matrons, inc., for the purpose of promoting a positive future for members of the community through volunteerism, financial support and education through the efforts of an all volunteer organization;

(21) the American Cancer Society, Inc., for the purpose of eliminating cancer as a major health problem by preventing cancer, saving lives and diminishing suffering from cancer, through research, education, advocacy and service;

(22) the community services of shawnee, inc., for the purpose of providing food and clothing to those in need; and

(23) the angel babies association, for the purpose of providing assistance, support and items of necessity to teenage mothers and their babies;

•Effective July 1, 2007

SALES TAX

EXEMPTIONS

**Oxygen Delivery Equipment, Kidney Dialysis Equipment
& Enteral Feeding Systems**

**Farm Machinery & Equipment include: Precision
Farming Equipment**

Effective July 1, 2007

•2007 HB 2171, Sec. 5

•K.S.A. 79-3606(r) all sales of **oxygen delivery equipment, kidney dialysis equipment, enteral feeding systems**, prosthetic devices and mobility enhancing equipment prescribed in writing by a person licensed to practice the healing arts, dentistry or optometry, and in addition to such sales, all sales of hearing aids, as defined by subsection (c) of K.S.A. 74-5807, and amendments thereto, and repair and replacement parts therefor, including batteries, by a person licensed in the practice of dispensing and fitting hearing aids pursuant to the provisions of K.S.A. 74-5808, and amendments thereto.....

•(t) all sales of farm machinery and equipment or aquaculture machinery and equipment, repair and replacement parts therefor and services performed in the repair and maintenance of such machinery and equipment. For the purposes of this subsection the term "farm machinery and equipment or aquaculture machinery and equipment" shall include a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments thereto, and is equipped with a bed or cargo box for hauling materials, and shall also include machinery and equipment used in the operation of Christmas tree farming but shall not include any passenger vehicle, truck, truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as such terms are defined by K.S.A. 8-126 and amendments thereto.

"Farm machinery and equipment" includes precision farming equipment that is portable or is installed or purchased to be installed on farm machinery and equipment. "Precision farming equipment" includes the following items used only in computer-assisted farming, ranching or aquaculture production operations: Soil testing sensors, yield monitors, computers, monitors, software, global positioning and mapping systems, guiding systems, modems, data communications equipment and any necessary mounting hardware, wiring and antennas.....

(hh) all sales of medical supplies and equipment, including durable medical equipment, purchased directly by a nonprofit skilled nursing home or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923, and amendments thereto, for the purpose of providing medical services to residents thereof. This exemption shall not apply to tangible personal property customarily used for human habitation purposes. As used in this subsection, "durable medical equipment" means equipment including repair and replacement parts for such equipment, *which can withstand repeated use, is primarily and customarily used to serve a medical purpose, generally is not useful to a person in the absence of illness or injury and is not worn in or on the body*, but does not include mobility enhancing equipment as defined in subsection (r) which can withstand repeated use, is primarily and customarily used to serve a medical purpose, generally is not useful to a person in the absence of illness or injury and is not worn in or on the body, **oxygen delivery equipment, kidney dialysis equipment or enteral feeding systems**;

•Effective July 1, 2007

SALES TAX

EXEMPTION WITH PROJECT EXEMPTION CERTIFICATES

Booth Theatre Foundation, Inc. (With refund provisions for sales tax already paid)

•2007 HB 2171, Sec. 5

K.S.A. 79-3606(xxx) all sales of personal property and services purchased by the booth theatre foundation, inc., an organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such personal property and services are used by any such organization in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling of the booth theatre, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling the booth theatre for such organization, which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after January 1, 2007, but prior to the effective date of this act upon the gross receipts received from any sale which would have been exempted by the provisions of this subsection had such sale occurred after the effective date of this act shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

SALES TAX

EXEMPTION WITH PROJECT EXEMPTION CERTIFICATES

TLC Charities Foundation, Inc.

•2007 HB 2171, Sec. 5

K.S.A. 79-3606(yyy) *all sales of tangible personal property and services purchased by TLC charities foundation, inc., hereinafter referred to as TLC charities, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of encouraging private philanthropy to further the vision, values, and goals of TLC for children and families, inc.; and all sales of such property and services by or on behalf of TLC charities for any such purpose and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for TLC charities for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by TLC charities. Nothing in this sub section shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for TLC charities. When TLC charities contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to TLC charities a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be incorporated into the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, TLC charities shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;*

•Effective July 1, 2007

SALES TAX

EXEMPTION WITH PROJECT EXEMPTION CERTIFICATES

**State of Kansas Correctional Institution –
including a privately constructed correctional
institution contracted for state use and
ownership.**

•2007 HB 2171, Sec. 5

K.S.A. 79-3606(d) all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school or, a public or private nonprofit educational institution, ***state correctional institution including a privately constructed correctional institution contracted for state use and ownership***, which would be exempt from taxation under the provisions of this act if purchased directly by such hospital or public hospital authority, school or, educational institution ***or a state correctional institution***; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or district described in subsection (s), the total cost of which is paid from funds of such political subdivision or district and which would be exempt from taxation under the provisions of this act if purchased directly by such political subdivision or district. Nothing in this subsection or in the provisions of K.S.A. 12-3418 and amendments thereto, shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or any such district. As used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a political subdivision" shall mean general tax revenues, the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the purpose of constructing, equipping, reconstructing, repairing, enlarging, furnishing or remodeling facilities which are to be leased to the donor. When any political subdivision of the state, district described in subsection (s), public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school or, public or private nonprofit educational institution, ***state correctional institution including a privately constructed correctional institution contracted for state use and ownership*** shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the political subdivision, district described in subsection (s), hospital or public hospital authority, school or, educational institution ***or department of corrections*** concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection.....

•Effective July 1, 2007

SALES TAX

EXPANDED DEFINITION OF “ORIGINAL CONSTRUCTION”

Restoration, reconstruction or replacement of a building, facility or *UTILITY STRUCTURE* damaged by fire, flood, tornado, lightning, explosion, *WINDSTORM, ICE LOADING AND ATTENDANT WINDS, TERRORISM* or earthquake.

- 2007 HB 2240, Section 1

KSA 79-3603(p)(1) “Original construction” shall mean the first or initial construction of a new building or facility. The term “original construction” shall include the addition of an entire room or floor to any existing building or facility, the completion of any unfinished portion of any existing building or facility and the restoration, reconstruction or replacement of a building, facility or *utility structure* damaged or destroyed by fire, flood, tornado, lightning, explosion, *windstorm, ice loading and attendant winds, terrorism* or earthquake, but such term, except with regard to a residence, shall not include replacement, remodeling, restoration, renovation or reconstruction under any other circumstances;

KSA 79-3603(p)(5) *“utility structure” shall mean transmission and distribution lines owned by an independent transmission company or cooperative, the Kansas electric transmission authority or natural gas or electric public utility; and*

(6) “windstorm” shall mean straight line winds of at least 80 miles per hour as determined by a recognized meteorological reporting agency or organization;

- Effective July 1, 2007

SALES TAX

REVOCATION OF SALES TAX REGISTRATION

KDOR MAY REVOKE A TAXPAYER'S SALES TAX REGISTRATION IF AT LEAST 60 DAYS PAST DUE ON FILING RETURNS OR PAYMENT OF TAX.

KDOR MUST GIVE 30 NOTICE OF REVOCATION HEARING.

MUST HAVE A VALID REGISTRATION IN ORDER TO DO BUSINESS.

- 2007 HB 2171, Section 18.

KSA 79-3608(d) The secretary may suspend or revoke the registration certificate of any taxpayer found in default for a period of at least 60 days in the payment of any retailer's sales tax or in the filing of any return. Prior to taking any action, the secretary shall provide the taxpayer 30 days' notice of the time and place of a hearing to be conducted pursuant to the Kansas administrative procedure act to show cause why such registration certificate should not be suspended or revoked. A suspended or revoked registration certificate shall not be reinstated until all outstanding tax, penalty and interest liabilities are satisfied. A suspension or revocation pursuant to this subsection shall be applicable to any individual who is a responsible party for the collection or payment of retailer's sales tax as provided by subsection (a) of K.S.A. 79-3643, and amendments thereto.

(e) It shall be unlawful for any person to engage in the business of selling tangible personal property at retail or furnishing taxable services in this state after such person's registration certificate has been suspended or revoked.

- Effective July 1, 2007

SALES TAX

THIRD PARTY DROP SHIPMENTS

THIRD PARTY VENDOR NOT LIABLE FOR
KANSAS SALES TAX ON ITEM SHIPPED TO
KANSAS – WHEN THE THIRD PARTY VENDOR
TAKES A RESALE EXEMPTION CERTIFICATE –
REGARDLESS OF STATE OF ISSUANCE.

- 2007 HB 2171, Section 9.

K.S.A. 79-3651(c) The exemption certificate shall be substantially in such form as the director may prescribe. The seller shall use the standard form for claiming an exemption electronically as adopted by the director. A seller may require a purchaser to provide a copy of the purchaser's sales tax registration certificate with a resale certificate as a condition for honoring the purchaser's resale exemption claim, ***except that in the case of drop shipment sales into this state, the third party vendor may claim a resale exemption based on an exemption certificate provided by its customer, re-seller, or any other information acceptable to the secretary available to the third party vendor evidencing qualification for a resale exemption, regardless of whether the customer, re-seller, is registered to collect and remit sales and use tax in this state.*** A purchaser is not required to provide a signature to claim an exemption from tax unless a paper exemption certificate is used. *A seller is relieved of liability for the tax otherwise applicable if it obtains a blanket exemption certificate for a purchaser with which the seller has a recurring business relationship. Such blanket certificate need not be renewed or updated by the seller for exemption certificate information or data elements when there is a recurring business relationship between the buyer and seller. For purposes of this subsection, a recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.*

- Effective July 1, 2007

- See NOTICE 07-03

MOTOR FUEL

**NO MOTOR-VEHICLE FUEL OR
SPECIAL FUEL MANUFACTURER'S
LICENCE REQUIRED FOR CONSUMER
WHO IS BLENDING FOR OWN USE.**

- 2007 HB 2013, Sec 1.

- K.S.A. 79-3403. It shall be unlawful for any manufacturer to use, sell or deliver any motor-vehicle fuels or special fuels within this state unless such manufacturer at the time of such use, sale, or delivery is the holder of a valid, unsuspended and unrevoked motor-vehicle fuel manufacturer's license or special fuel manufacturer's license issued to such manufacturer in accordance with the provisions of this act for each particular place of business at which such manufacturer shall use, sell or deliver motor-vehicle fuels or special fuels. No special fuel manufacturer's license will be required for any manufacturer who is blending products for winterization purposes if the manufacturer at the time of the blending is the holder of a valid, unsuspended and unrevoked motor-vehicle fuels or special fuels distributor's license. ***No motor-vehicle fuels or special fuel manufacturer's license shall be required for any consumer who is blending motor-vehicle fuel or special fuel purchased for such consumer's own use, and not for resale, from a distributor or retailer who is the holder of a valid, unsuspended and unrevoked motor-vehicle fuels or special fuels distributor's or retailer's license.*** Every person desiring to operate as a manufacturer shall file an application for a motor-vehicle fuel manufacturer's license or licenses or special fuel manufacturer's license or licenses with the director. The application for the motor-vehicle fuel manufacturer's license or special fuel manufacturer's license shall be made on a form prescribed, prepared, and furnished by the director, and shall set forth the name under which the applicant transacts or intends to transact business, the exact location of each place of business within the state where the applicant transacts or intends to transact the business of using, selling or delivering motor-vehicle fuels or special fuels, and such other information as the director may require. If the applicant is other than a natural person, the application shall set forth the name and address of each partner or person constituting the association, and if a corporation the names and addresses of the principal officers, and any other information prescribed by the director for purposes of identification.

- Effective upon publication in Kansas Register.

MOTOR FUEL

Motor Fuel Retailers - Paid an **incentive** for the selling or dispensing of renewable fuels.

“Renewable Fuels” - Combustible liquid derived from grain starch, oil seed, animal fat or other biomass; or produced from biogas source, including any nonfossilized, decaying, organic matter which is capable of powering spark-ignition machinery.

•2007 HB 2124, New Sec. 9.

•(a) A retail dealer of motor fuel shall be paid an incentive for the selling or dispensing of renewable fuels through a motor fuel pump as provided in this section.

(b) In order to be eligible for such incentive all of the following must apply:

(1) The retail dealer sells and dispenses renewable fuels through a motor fuel pump in the quarter in which the incentive is claimed.

(2) The retail dealer complies with requirements of the department of revenue to administer this section.

(c) In order to receive the incentive, the retail dealer must calculate all of the following:

(1) The retail dealer's renewable fuels distribution percentage which is the sum of the retail dealer's total renewable fuels blended into gasoline expressed as a percentage of the retail dealer's total gasoline gallonage, in the retail dealer's applicable determination period.

(2) The retail dealer's renewable fuels threshold percentage is as follows:

(A) Ten percent for any quarter of the determination period beginning on January 1, 2009, and ending December 31, 2009;

(B) eleven percent for any quarter of the determination period beginning on January 1, 2010, and ending December 31, 2010.....

•New Sec 7

•(f) “renewable fuels” means a combustible liquid derived from grain starch, oil seed, animal fat or other biomass; or produced from biogas source, including any nonfossilized, decaying, organic matter which is capable of powering spark-ignition machinery; and

•New Sec 9

•(d) The incentive may be calculated separately for each retail motor fuel site from which the retail dealer sells and dispenses renewable fuel or may be calculated for all retail motor fuel sites which the retail dealer has in Kansas that sells and dispenses renewable fuels.

(e) The retail dealer's incentive is calculated by multiplying the retail dealer's total renewable fuel gallonage by an incentive rate, which may be adjusted based on the retail dealer's renewable fuels threshold percentage disparity. The incentive rate is as follows:

(1) For any quarter in which the retail dealer has attained a renewable fuels threshold percentage for the determination period, the incentive rate is 6 1/2 cents.

(2) For any quarter in which the retail dealer has not attained a renewable fuels threshold percentage for the determination period, the incentive rate shall be adjusted based on the retail dealer's renewable fuels threshold percentage disparity. The amount of the adjusted incentive rate is as follows:

(A) If the retail dealer's renewable fuels threshold percentage disparity equals 2% or less, the incentive rate is 4 1/2 cents.

(B) A retail dealer is not eligible for an incentive if the retail dealer's renewable fuels threshold percentage disparity equals more than 2%.

FRANCHISE

**ONLY APPLIES TO ENTITIES WITH EQUITY OF
\$1,000,000 OR MORE – BEGINNING TY 2007**

**PROGRESSIVELY LOWER RATES FOR 2008,
2009 & 2010.**

**NO FRANCHISE TAX FOR TY 2011 AND
THEREAFTER.**

•2007 HB 2264, Section 1.

•K.S.A. 79-5401(a) (1) Subject to the limitations provided in subsection (g), for any foreign or domestic for profit corporation, or professional corporation or association, duly registered and authorized to do business in Kansas by the secretary of state and which has taxable equity attributable to Kansas *for the tax year commencing after December 31, 2005, of \$100,000 or more, and for tax years commencing after December 31, 2006, through December 31, 2009, of \$1,000,000 or more*, such entity shall pay an annual franchise tax to the secretary of revenue for tax years commencing after December 31, 2005, and December 31, 2006, at the rate of .125%, for the tax year commencing after December 31, 2007, at the rate of .09375%, for the tax year commencing after December 31, 2008, at the rate of .0625%, and for the tax year commencing after December 31, 2009, at the rate of .03125%, of such entity's taxable equity attributable to Kansas, except that such annual franchise tax for any such entity shall not exceed \$20,000.

•Similar language in separate paragraphs for “foreign or domestic LLC, LLPs, and for “any business trust”.

•Threshold - \$1,000,000 for TY 2007 and after – no Franchise Tax Due if “taxable equity attributable to Kansas” is less than \$1,000,000.

•Rates:

•TY 2007 = .125%	(.00125)
•TY 2008 = .09375%	(.0009375)
•TY 2009 = .0625%	(.000625)
•TY 2010 = .03125%	(.03125)

•Effective July 1, 2007

PROPERTY TAX

EXEMPTION:

FIRST \$20,000 OF RESIDENTIAL PROPERTY

NEW NUCLEAR GENERATION FACILITY PROPERTY

WASTE HEAT UTILIZATION SYSTEM PROPERTY

CARBON DIOXIDE CAPTURE

2007 HB 2044, Section 8. K.S.A. 2006 Supp. 79-201x is hereby amended to read as follows: 79-201x. For taxable years **2007 and 2008**, the following described property, to the extent herein specified, shall be and is hereby exempt from the property tax levied pursuant to the provisions of K.S.A. 72-6431, and amendments thereto: Property used for residential purposes to the extent of \$20,000 of its appraised valuation.

2007 HB 2038, New Section 1. (a) The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas: Any new nuclear generation facility property.

(b) The provisions of subsection (a) shall apply from and after purchase or commencement of construction or installation of such property and for the 10 taxable years immediately following the taxable year in which construction or installation of such property is completed.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2006.

2007 HB 2038, New Sec. 17. (a) The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas: Any waste heat utilization system property.

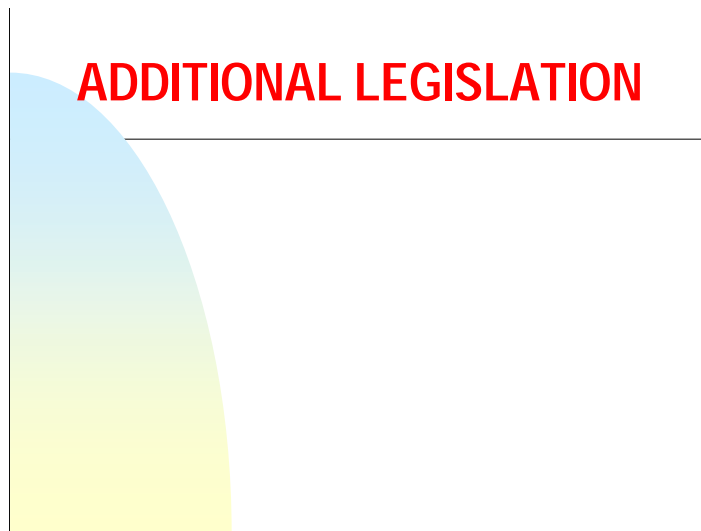
(b) The provisions of subsection (a) shall apply from and after purchase or commencement of construction or installation of such property and for the 10 taxable years immediately following the taxable year in which construction or installation of such property is completed.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2006.

(e) As used in this section, "waste heat utilization system" means facilities and equipment for the recovery of waste heat generated in the process of generating electricity at an electric generation facility located in this state and the use of such heat to generate additional electricity or to produce fuels from renewable energy resources or technologies, as defined in K.S.A. 79-201, and amendments thereto.

2007 HB 2419, New Sec. 6. The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas: Any carbon dioxide capture, sequestration or utilization property; and any electric generation unit which captures and sequesters all carbon dioxide and other emissions.

(b) The provisions of subsection (a) shall apply from and after purchase or commencement of construction or installation of such property and for the five taxable years immediately following the taxable year in which construction or installation of such property is completed.



2007 SB 164 – WITHHOLDING TAX - Creates the qualified industrial manufacturer act. A qualified manufacturer is an entity engaged in manufacturing hydraulics in Reno county and anticipates paying at least \$12.5 million in annual gross compensation to employees located in Kansas and anticipates maintaining the operation for at least ten years.

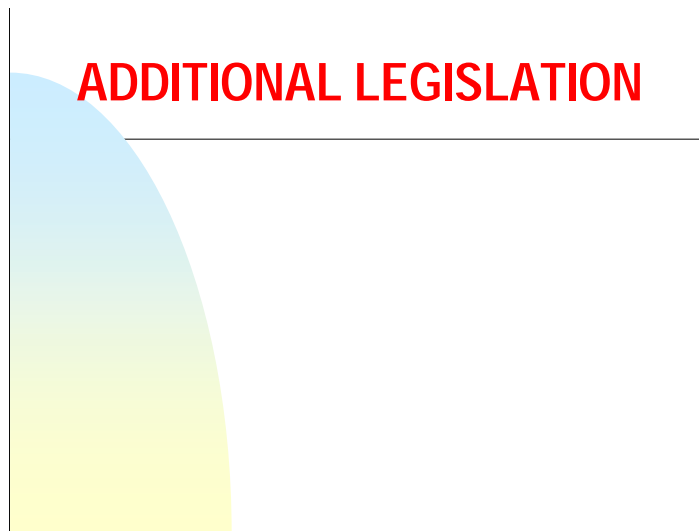
The qualified industrial manufacturer may be eligible for a period of no more than ten years to receive an amount not to exceed \$2.0 million from the special qualified industrial manufacturer fund. **For the first three years of the agreement the transfer shall equal 90% of the qualified industrial manufacturer payroll withholding taxes and for the last seven years of the agreement the transfer shall equal 40% of the qualified industrial manufacturer payroll withholding taxes.**

All withholding on the Kansas wages paid by the taxpayer which is a qualified industrial manufacturer shall be credited to the special qualified industrial manufacturer fund. The effective date is publication in the Kansas register.

HB 2044 - PROPERTY TAX - K.S.A. 2006 Supp. 79-2978, the business machinery and equipment tax reduction assistance act which includes a mechanism to reimburse taxing subdivisions for property tax reductions created by the exemption of commercial industrial machinery and equipment (CIME) that is purchased or leased after June 30, 2006. The primary amendment is to exclude from the computation of the amount of money that each county is to receive property taxes attributable to machinery and equipment which had been previously exempted or abated prior to July 1, 2006, and which such abatement or exemption expires after July 1, 2006.

SB 240 – INCOME TAX - Amends K.S.A. 79-3279 to provide a single sales factor formula for the apportionment of a taxpayer's net income. To qualify for such formula, a tax payer must 1) be a manufacturer identified by NAICS code; 2) make an investment of \$100 million for construction in Kansas of a new business facility; 3) employ 100 or more new employees at such facility after July 1, 2007 and prior to December 31, 2009; and 4) pay higher than average wages.

SB 146 – Tire Tax – Provides for the payment of interest from the State General Fund to the Waste Tire Management Fund. Provides for the issuance of grant money from the Waste Tire Management Fund to local governments for the purchase of products made from recycled tires.



2007 HB 2039 – PROPERTY TAX

Sec. 3. K.S.A. 2006 Supp. 79-201 *Eleventh*. For all taxable years commencing after December 31, 1998, all property actually and regularly used predominantly to produce and generate electricity utilizing renewable energy resources or technologies. For purposes of this section, “renewable energy resources or technologies” shall include wind, solar, photovoltaic, biomass, hydro-power, geothermal and landfill gas resources or technologies. (The word “**thermal**” removed from the definition of “renewable energy resources or technologies”). Effective July 1, 2007.

2007 HB 2202 – LIQUOR LICENSE

Amends K.S.A. 41-2623. On and after January 1, 1988, *any person who has a beneficial interest in a micro- brewery or farm winery licensed pursuant to the Kansas liquor control act may be granted any or all of the following: (1) Class B club license; (2) drinking establishment license; (3) caterer’s license.*

2007 SB 351 – KAPA (Kansas Administrative Procedures Act)

Provides that KDOR will utilize the newly created Office of Administrative Hearings for the purpose of conducting adjudicative hearing under the KAPA beginning July 1, 2008.

2007 HB 2005 – STAR & TIF

Provides that cities and counties can issue STAR Bonds with certain restrictions.