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Income Tax

Income Tax Rates Lowered for Individuals, Estates, & Trusts

Married Filing Joint TY 2013 TY2014 TY2015 TY2016 TY2017 TY2018

\$0 - \$30,000	3.0%	2.7%	2.7%	2.4%	2.3%	2.3%
\$30,001 and over	4.9%	4.8%	4.6%	4.6%	4.6%	3.9%

Single, Head of Household, or Married filing separate

\$0 - \$15,000	3.0%	2.7%	2.7%	2.4%	2.3%	2.3%
\$15,001 and over	4.9%	4.8%	4.6%	4.6%	4.6%	3.9%

❖ Commencing fiscal year 2018, if general funds receipts are greater than 2% of the previous years general funds, income tax rates will be reduced by 0.5% rounded down to nearest 0.1%. When tax rate reaches amount less than 0.4% tax rate will be set at 0%

HB 2059
See Notice 13-10

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Section 1. On July 1, 2013, K.S.A. 2012 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) *Married individuals filing joint returns.*

(B) For tax year 2013,

If the taxable income is: The tax is:

Not over \$30,0003.0% of Kansas taxable income
Over \$30,000\$900 plus 4.9% of excess over \$30,000

(C) For tax year 2014:

If the taxable income is: The tax is:

Not over \$30,0002.7% of Kansas taxable income
Over \$30,000\$810 plus 4.8% of excess over \$30,000

(D) For tax year 2015:

If the taxable income is: The tax is:

Not over \$30,0002.7% of Kansas taxable income
Over \$30,000\$810 plus 4.6% of excess over \$30,000

(E) For tax year 2016:

If the taxable income is: The tax is:

Not over \$30,0002.4% of Kansas taxable income
Over \$30,000\$720 plus 4.6% of excess over \$30,000

(F) For tax year 2017:

If the taxable income is: The tax is:

Not over \$30,0002.3% of Kansas taxable income
Over \$30,000\$690 plus 4.6% of excess over \$30,000

(G) For tax year 2018, and all tax years thereafter:

If the taxable income is: The tax is:

Not over \$30,0002.3% of Kansas taxable income
Over \$30,000\$690 plus 3.9% of excess over \$30,000

(2) *All other individuals.*

(B) For tax year 2013,

If the taxable income is: The tax is:

Not over \$15,0003.0% of Kansas taxable income
Over \$15,000\$450 plus 4.9% of excess over \$15,000

(C) For tax year 2014:

If the taxable income is: The tax is:

Not over \$15,0002.7% of Kansas taxable income
Over \$15,000\$405 plus 4.8% of excess over \$15,000

(D) For tax year 2015:

If the taxable income is: The tax is:

Not over \$15,0002.7% of Kansas taxable income
Over \$15,000\$405 plus 4.6% of excess over \$15,000

(E) For tax year 2016:

If the taxable income is: The tax is:

Not over \$15,0002.4% of Kansas taxable income
Over \$15,000\$360 plus 4.6% of excess over \$15,000

(F) For tax year 2017:

If the taxable income is: The tax is:

Not over \$15,0002.3% of Kansas taxable income
Over \$15,000\$345 plus 4.6% of excess over \$15,000

(G) For tax year 2018, and all tax years thereafter:

If the taxable income is: The tax is:

Not over \$15,0002.3% of Kansas taxable income
Over \$15,000\$345 plus 3.9% of excess over \$15,000

(e) Tax rates provided in this section shall be adjusted pursuant to the provisions of section 6, and amendments thereto.

See Notice 13-10

Income Tax

STANDARD DEDUCTION CHANGES

See Notice 13-14

Effective TY 2013 Individual Income Tax Standard Deduction Amounts;

- | | |
|----------------------------------|----------------|
| ▪ Single (No Change) | \$3,000 |
| ▪ Head of Household | \$5,500 |
| ▪ Married Filing Separate | \$3,750 |
| ▪ Married Filing Joint | \$7,500 |

Additional deduction amounts for people over 65 and or blind are Not affected by this new legislation

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House Bill No. 2059.

Sec. 11. On July 1, 2013, K.S.A. 2012 Supp. 79-32,119 is hereby amended to read as follows: 79-32,119. The Kansas standard deduction of an individual, including a husband and wife who are either both residents or who file a joint return as if both were residents, shall be equal to the sum of the standard deduction amount allowed pursuant to this section, and the additional standard deduction amount allowed pursuant to this section for each such deduction allowable to such individual or to such husband and wife under the federal internal revenue code. For tax year 1998 through tax year 2012, the standard deduction amount shall be as follows: Single individual filing status, \$3,000; married filing status, \$6,000; and head of household filing status, \$4,500. For tax year 1998, and all tax years thereafter, the additional standard deduction amount shall be as follows: Single individual and head of household filing status, \$850; and married filing status, \$700. For tax year 2013, and all tax years thereafter, the standard deduction amount of an individual, including husband and wife who are either both residents or who file a joint return as if both were residents, shall be as follows: Single individual filing status, \$3,000; married filing status, **\$7,500**; and head of household filing status, **\$5,500**. For purposes of the foregoing, the federal standard deduction allowable to a husband and wife filing separate Kansas income tax returns shall be determined on the basis that separate federal returns were filed, and the federal standard deduction of a husband and wife filing a joint Kansas income tax return shall be determined on the basis that a joint federal income tax return was filed.

See Notice 13-14

Income Tax

ITEMIZED DEDUCTION

HB 2059 See Notice 13-11

- **HAIRCUT ON ITEMIZED DEDUCTIONS**
 - ❖ 30% effective TY 2013
 - ❖ 35% effective TY 2014
 - ❖ 40% effective TY 2015
 - ❖ 45% effective TY 2016
 - ❖ 50% effective TY 2017 and there after.
- **No haircut on amounts for Charitable Contributions included in the federal itemized deductions.**
- **Wagering losses are excluded from itemized deductions effective TY2014.**

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House Bill No. 2059.

Sec. 2. On July 1, 2013, K.S.A. 2012 Supp. 79-32,120 is hereby amended to read as follows: 79-32,120. (a) (1) If federal taxable income of an individual is determined by itemizing deductions from such individual's federal adjusted gross income, such individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction.

(2) **For the tax year commencing on January 1, 2013**, the Kansas itemized deduction of an individual means **70%** of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(3) **For the tax year commencing on January 1, 2014**, the Kansas itemized deduction of an individual means **65%** of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(4) **For the tax year commencing on January 1, 2015**, the Kansas itemized deduction of an individual means **60%** of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(5) **For the tax year commencing on January 1, 2016**, the Kansas itemized deduction of an individual means **55%** of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(6) **For tax years commencing on and after January 1, 2017**, the Kansas itemized deduction of an individual means **50%** of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(b) *The total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income taxes imposed by or paid to this state or any other taxing jurisdiction to the extent that the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 2012 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.*

(c) *The provisions of this section that provide for a reduction in the total amount of deductions from federal adjusted gross income shall not apply to contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code, and amendments thereto.*

(d) *Notwithstanding any provision of this section to the contrary, for taxable years commencing after January 1, 2013, the total amount of deductions from federal adjusted gross income shall be reduced by the total amount of wagering losses claimed as an itemized deduction in section 165(d) of the federal internal revenue code, and amendments thereto.*

See Notice 13-11

Income Tax

Subtraction Modifications

Effective Tax Year 2013

- Business income properly reported on federal schedule **C** and reported on line **12** of federal form 1040.
- Rental real estate, royalties, partnerships, S corporations, trusts, etc. properly reported on federal schedule **E** and reported on line **17** of federal form 1040.
- Farm income properly reported on federal schedule **F** and reported on line **18** of federal for 1040.

11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>		13	
14	Other gains or (losses). Attach Form 4797		14	
15a	IRA distributions	15a	b Taxable amount	15b
16a	Pensions and annuities	16a	b Taxable amount	16b
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits	20a	b Taxable amount	20b
21	Other income. List type and amount		21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income		22	

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Senate Substitute for HOUSE BILL No. 2117 Section 12

(xix) For all taxable years beginning after December 31, 2012, the amount of any: (1) Loss from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) farm loss as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent deducted or subtracted in determining the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011, and as revised thereafter by the internal revenue service. (xx) For all taxable years beginning after December 31, 2012, the amount of any deduction for self-employment taxes under section 164(f) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer. (xxi) For all taxable years beginning after December 31, 2012, the amount of any deduction for pension, profit sharing, and annuity plans of self-employed individuals under section 62(a)(6) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer. (xxii) For all taxable years beginning after December 31, 2012, the amount of any deduction for health insurance under section 162(l) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer. (xxiii) For all taxable years beginning after December 31, 2012, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xx) For all taxable years beginning after December 31, 2012, the amount of any: (1) Net profit from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) net income from rental real estate, royalties, partnerships, S corporations, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) net farm profit as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent included in the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011 and as revised thereafter by the internal revenue service.

See Notice 12-11 and Revenue Ruling 19-2012-02 for more details

Income Tax

Addition Modifications

effective TY 2013

- Business Loss from federal schedule C and included on line 12 of federal form 1040.
- Loss from rental real estate, royalties, partnerships, S Corps, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental from federal schedule E and included on line 17 of federal form 1040.
- Farm loss from federal schedule F and included on line 18 of the federal form 1040.
- Deduction for Self Employment Taxes. (as defined under Sec 164(f) for IRC.)
- Deductions for pension, profit sharing, & annuity plans of self-employed individuals.
- Deductions for health insurance (as defined under sec 162(l) of the IRC (self-employed only).
- Domestic production activities. (as defined under IRC section 199.)

2012 HB 2117

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HB 2117 from 2012 legislation Section 12 (xix) For all taxable years beginning after December 31, 2012, the amount of any: (1) Loss from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) farm loss as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent deducted or subtracted in determining the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011, and as revised thereafter by the internal revenue service.(xx) For all taxable years beginning after December 31, 2012, the amount of any deduction for self-employment taxes under section 164(f) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.(xxi) For all taxable years beginning after December 31, 2012, the amount of any deduction for pension, profit sharing, and annuity plans of self-employed individuals under section 62(a)(6) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.(xxii) For all taxable years beginning after December 31, 2012, the amount of any deduction for health insurance under section 162(l) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.(xxiii) For all taxable years beginning after December 31, 2012, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

See Notice 12-11

Income Tax

Addition Modifications Cont.

effective TY 2013

- Addition modifications that apply to certain losses required of shareholders of S-corporations do not apply to S-corporations with wholly owned subsidiaries subject to privilege tax.

See Notice 13-04

2012 HB 2117 & 2013 HB 83

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Senate Bill No. 83 Section 3 (xix) For all taxable years beginning after December 31, 2012, the amount of any: (1) Loss from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, **except those with wholly owned subsidiaries subject to the Kansas privilege tax, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return;** and (3) farm loss as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent deducted or subtracted in determining the tax payer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011, and as revised thereafter by the internal revenue service.

See Notice 13-04

Income Tax

Change to Basis Rules SB83

79-32,117n repealed.

- The basis rules for partners and shareholders of Subchapter S corporations were changed by Senate Substitute for House Bill 2117 during 2012 Session. During the 2013 Session, Senate Bill 83 repealed the 2012 changes. Kansas will continue to follow federal calculations for partners and shareholders basis.
- See Notice 13-02

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Senate Bill No. 83 Sec. 19. K.S.A. 79-32,109 and 79-3632 and K.S.A. 2012 Supp. 79-32,117, **79-32,117n**, 79-32,118, 79-32,266, 79-3620, 79-3639a and 79-4217 are hereby repealed. Sec. 20. On July 1, 2013, K.S.A. 2012 Supp. 74-2433f, 75-5162, 79-House Substitute for 306e, 79-1448, 79-1609, 79-1701a, 79-1702, 79-2005 and 79-3702 are hereby repealed.

Income Tax

Tax Credits and Subtraction Modifications **NO LONGER** available for individual filers

Effective Year 2013

- Adoption Credit (K-47)
- Credit for Child & Dependent Care expenses
- Qualified Long Term Care insurance premiums
- NOLs from tax years **2012** and prior years cannot be carried forward to tax year **2013** or later years (Still available for C-Corps) (See Notice 12-08)
- (K-120EX) Expensing Deduction (Still available for C-Corps)

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2012 Senate Substitute for House Bill No. 2117. For tax year 2013 and all tax years thereafter, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.

2012 Senate Substitute for House Bill No. 2117. Sec. 17. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,143 is hereby amended to read as follows: 79-32,143. (g) For tax year 2013, and all tax years thereafter, a net operating loss allowed by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and used only to determine such taxpayer's corporate income tax liability.

2012 Senate Substitute for House Bill No. 2117(c) This credit shall not be available to any taxpayer making a modification under (b)(xix) or (c)(xxi) of K.S.A. 79-32,117, and amendments thereto. (c)(d) The secretary of revenue shall adopt rules and regulations regarding the filing of documents that support the qualifications of the taxpayer for the credit claimed pursuant to this section. Sec. 39. K.S.A. 2011 Supp. 79-4217 is hereby repealed. Sec. 40. On and after January 1, 2013, K.S.A. 39-7,132, 65,1707, 74- 8206, 74-8304, 79-32,118, 79-32,128, 79-32,176, 79-32,177, 79-32,182, 79-32,190 and 79-32,200 and K.S.A. 2011 Supp. 40-2246, 74-50,173, 74-50,208, 74-8316, 74-8401, 79-32,110, 79-32,111, 79-32,111a, 79-32,117, 79-32,119, 79-32,138, 79-32,143, 79-32,143a, 79-32,182b, 79-32,201, 79-32,202, 79-32,204, 79-32,207, 79-32,210, 79-32,212, 79-32,213, 79-32,222, 79-32,242, 79-32,266, 79-3633, 79-3634, 79-3635, 79-3636, 79-3637, 79-3638, 79-3639, 79-4501, 79-4502, 79-4508, 79-4509, 79-4511 and 79-4522 are hereby repealed. Sec. 41. This act shall take effect and be in force from and after its publication in the statute book.

Income Tax

ELIMINATION OF CREDITS FOR:

- INDIVIDUALS
- PARTNERSHIPS
- S-CORPS
- LLCS
- OTHER PASS THROUGH ENTITIES

Effective TY
2013

ONLY CREDITS AVAILABLE FOR:

- INDIVIDUALS
- PARTNERSHIPS
- S-CORPS
- LLCS
- OTHER PASS THROUGH ENTITIES

Effective TY
2013

- (K-33) Agritourism Credit
- (K-62) Alternative Fuel Credit
- (K-42) Assistive Technology Contribution
- (K-56) Child and Day Care Assistance Credit
- (K-39) Credit for Plugging Abandoned Oil or Gas Well
- (K-37) Disabled Access Credit (Business)
- (K-81) Environmental Compliance Credit
- (K-68) Individual Development Account Credit
- (K-76) Port Authority Credit
- (K-53) Research & Development Credit
- (K-57) Small Employer Healthcare Credit
- (K-38) Swine Facility Improvement Credit
- (K-36) Telecommunications Credit
- (K-61) Temporary Assistance to Families Contribution Credit
- (K-55) Venture & Local Seed Capital Credit

- (K-30) Angel Investment
- (K-31) Center for Entrepreneurship
- (K-35) Historic Preservation *(Original and Acquired)*
- (K-59) HPIP, Training & Investment
- (K-60) Community Service Contribution *(Original and Acquired)*
- (K-89) Rural Opportunity Zone (ROZ)
Earned Income Credit
Credit for taxes paid to other states
Food Sales Tax Income Tax Credit

Senate Sub for HB 2117

See Notices 12-04 & 12-05

Senate Substitute for House Bill No. 2117. For tax year 2013 and all tax years thereafter, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.

New Sec. 36. Any **nonrefundable credits** applicable to the Kansas income tax imposed on individuals that are no longer available commencing in tax year 2013 pursuant to this act and earned in any tax year prior to 2013 which are unused may continue to be claimed, subject to the limitations applicable to any such credit pursuant to law at the time such credit was earned.

Senate Bill No. 83 Sec 5. (b)(1) of K.S.A. 74-50,212, and amendments thereto, shall be determined by multiplying the business income of the company apportioned to this state by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three. For purposes of this subsection, the property factor is a fraction, the numerator of which is the average value of the company's real and tangible personal property owned or rented and used during the tax period at such relocated facility, office, department or other relocated operation in Kansas, and the denominator of which is the average value of the company's real and tangible personal property owned or rented and used within this state during the tax period. The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the company for compensation at such relocated facility, office, department or other relocated operation in Kansas, and the denominator of which is the total compensation paid by the company in this state during the tax period. The sales factor is a fraction, the numerator of which is the total sales of the relocated facility, office, department or other relocated operation in this state during the tax period, and the denominator of which is the total sales of the company in this state during the tax period. **(c) This credit shall not be available to any taxpayer making a modification under (b)(xix) or (c)(xxi) (c)(xx) of K.S.A. 79-32,117, and amendments thereto.**

Income Tax

Subtraction Modification Still Available

LEARNING QUEST & CONTRIBUTIONS TO ANOTHER STATE'S 529 QUALIFIED TUITION PROGRAM.

- 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.

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- 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.

Schedule S, Line A20

Income Tax

Credit for Taxes Paid to other States

- Must be a Resident Individual, Resident Estate, or Resident Trust.
- A credit toward Kansas Tax liability for income tax paid to another state on income derived from sources in another state, And INCLUDED in KANSAS Adjusted Gross Income (KAGI).
- Credit cannot be greater than KAGI.
- Effective January 1, 2013

2012 Senate Sub for HB 2117

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2012 Senate Substitute for House Bill No. 2117.

Sec. 11. On and after January 1, 2013, K.S.A. 2011 Supp. 79-32,111 is hereby amended to read as follows:

79-32,111. (a) The amount of income tax paid to another state by a resident individual, resident estate or resident trust on income derived from sources in another state, ***and included in Kansas adjusted gross income, shall be allowed as a credit*** against the tax computed under the provisions of this act. Such credit shall not be greater in proportion to the tax computed under this act than the *Kansas adjusted gross income for such year derived in another state* while such taxpayer is a resident of this state is to the total Kansas adjusted gross income of the taxpayer. As used in this subsection, "state" shall have the meaning ascribed thereto by subsection (h) of K.S.A. 79-3271, and amendments thereto. The credit allowable hereunder for income tax paid to a foreign country or political subdivision thereof shall not exceed the difference of such income tax paid less the credit allowable for such income tax paid by the federal internal revenue code. No redetermination of income tax paid for the purposes of determining the credit allowed by this subsection shall be required for the taxable year for which an income tax refund payment pursuant to the provisions of section 18 of article 10 of the Missouri constitution is made, but the income tax paid allowable for credit in the next following taxable year shall be reduced by the

amount of such refund amount, except that, for tax year 1998, the income tax paid allowable for credit shall be reduced by the amount of such refunds made for all taxable years prior to tax year 1998.(b) There shall be allowed as a credit against the tax computed under the provisions of the Kansas income tax act, and *amendments thereto, on the Kansas taxable income* of an individual, corporation or fiduciary the amount determined under the provisions of K.S.A. 79-32,153 to 79-32,158, and amendments thereto.

Withholding Tax

- New withholding tax tables will be available on ksrevenue.org and will be revised each year to reflect the new Kansas income tax rates effective for tax years 2013 to 2018 as they change.

Income Tax

Changes to Kansas taxes due to new Abortion Laws

Effective Tax Year 2014

▪ **K-57 Small Employer Healthcare Credit**

No credit allowed for that portion of any amounts paid by an employer for healthcare expenditures, a health benefit plan, or amounts contributed to health savings accounts for the purchase of an option rider for coverage of abortion.

▪ **K-53 Research and Development Credit**

No credit allowed for any expenditures in research and development activities that include performance of any abortion.

▪ **K-60 Community Service Contribution Credit**

No credit allowed for any contributions in health care services that involve performance of any abortion.

▪ Addition to FAGI for individual and corporate income tax for any healthcare expense deductions for an abortion or abortion coverage.

See Notice 13-03

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HOUSE BILL No. 2253 Sec. 11. K.S.A. 2012 Supp. 40-2246 is hereby amended to read as follows: 40-2246. (a) A credit against the taxes otherwise due under the Kansas income tax act shall be allowed to an employer for amounts paid during the taxable year for purposes of this act on behalf of an eligible employee as defined in K.S.A. 40-2239, and amendments thereto, to provide health insurance or care and amounts contributed to health savings accounts of eligible covered employees, *except that for taxable years commencing after December 31, 2013, no credit shall be allowed pursuant to this section for that portion of any amounts paid by an employer for healthcare expenditures, a health benefit plan, as defined in section 1, and amendments thereto, or amounts contributed to health savings accounts for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 40-2,190, and amendments thereto.* Sec. 17. K.S.A. 2012 Supp. 79-32,117 is hereby amended to read as follows: 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.(b) There shall be added to federal adjusted gross income:(i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. (ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax. This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter. (iii) The federal net operating loss deduction. (iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero. (v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto. (vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments thereto. (xxiv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid for medical care of the taxpayer or the taxpayer's spouse or dependents when such expenses were paid or incurred for an abortion, or for a health benefit plan, as defined in section 1, and amendments thereto, for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2012 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes. (xxv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in section 1, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2012 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as a deduction for federal income tax purposes. Section 18 (iv) For taxable years commencing December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in section 1, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2012 Supp. 40-2,190, and amendments thereto. House Bill No. 2253 Section 19(c) As used in this section, the term "expenditures in research and development activities" means expenditures made for such purposes, other than expenditures of moneys made available to the taxpayer pursuant to federal or state law, which are treated as expenses allowable for deduction under the provisions of the federal internal revenue code of 1986, and amendments thereto **as amended, except that for taxable years commencing after December 31, 2013, expenditures in research and development activities shall not include any expenditures for the performance of any abortion, as defined in K.S.A. 65-6701, and amendments thereto.** House Bill No. 2253 Section 20 (f) "Health care services" shall include, but not be limited to, the following: Services provided by local health departments, city, county or district hospitals, city or county nursing homes, or other residential institutions, preventive health care services offered by a community service organization including immunizations, prenatal care, the postponement of entry into nursing homes by home health care services, and community based services for persons with a disability, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, services provided by rural health clinics, integration of health care services, home health services and services provided by rural health networks, *except that for taxable years commencing after December 31, 2013, health care services shall not include any service involving the performance of any abortion, as defined in K.S.A. 65-6701, and amendments thereto.*

Sales Tax

Changes to Kansas Sales Tax from new Abortion Laws

Effective Tax Year 2014

▪ Prescription Drugs

No exemption for any sales of drugs used in the performance or induction of an abortion.

▪ Educational Material purchased for free public distribution

No exemption for any sales of educational material to non-profit corporation which performs any abortion.

▪ Annual Events sponsored by 501(c)(3)

No exemption for any sales of tangible personal property by non profit organization which performs abortions.

▪ Primary Health Care Clinic or Health Center

No exemption for any sales of tangible personal property and services purchased by a contractor for the purpose of constructing equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a primary health care clinic or health center which performs any abortions.

See Notice 13-03

15

HOUSE BILL No. 2253 Sec. 11. K.S.A. 2012 Supp. 40-2246 is hereby amended to read as follows: 40-2246. (a) A credit against the taxes otherwise due under the Kansas income tax act shall be allowed to an employer for amounts paid during the taxable year for purposes of this act on behalf of an eligible employee as defined in K.S.A. 40-2239, and amendments thereto, to provide health insurance or care and amounts contributed to health savings accounts of eligible covered employees, *except that for taxable years commencing after December 31, 2013, no credit shall be allowed pursuant to this section for that portion of any amounts paid by an employer for healthcare expenditures, a health benefit plan, as defined in section 1, and amendments thereto, or amounts contributed to health savings accounts for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 40-2,190, and amendments thereto.*

Sec. 17. K.S.A. 2012 Supp. 79-32,117 is hereby amended to read as follows: 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. (b) There shall be added to federal adjusted gross income: (i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. (ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax. This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter. (iii) The federal net operating loss deduction. (iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero. (v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto. (vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments thereto.

.(xxiv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid for medical care of the taxpayer or the taxpayer's spouse or dependents when such expenses were paid or incurred for an abortion, or for a health benefit plan, as defined in section 1, and amendments thereto, for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2012 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes. (xxv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in section 1, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2012 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as a deduction for federal income tax purposes. Section 18 (iv) For taxable years commencing December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in section 1, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2012 Supp. 40-2,190, and amendments thereto. House Bill No. 2253 Section 19(c) As used in this section, the term "expenditures in research and development activities" means expenditures made for such purposes, other than expenditures of moneys made available to the taxpayer pursuant to federal or state law, which are treated as expenses allowable for deduction under the provisions of the federal internal revenue code of 1986, and amendments thereto as amended, *except that for taxable years commencing after December 31, 2013, expenditures in research and development activities shall not include any expenditures for the performance of any abortion, as defined in K.S.A. 65-6701, and amendments thereto.*

House Bill No. 2253 Section 20 (f) "Health care services" shall include, but not be limited to, the following: Services provided by local health departments, city, county or district hospitals, city or county nursing homes, or other residential institutions, preventive health care services offered by a community service organization including immunizations, prenatal care, the postponement of entry into nursing homes by home health care services, and community based services for persons with a disability, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, services provided by rural health clinics, integration of health care services, home health services and services provided by rural health networks, *except that for taxable years commencing after December 31, 2013, health care services shall not include any service involving the performance of any abortion, as defined in K.S.A. 65-6701, and amendments thereto.*

INCOME TAX

Kansas Rural Opportunity Zone Expanded

- Now 73 ROZ counties
- 23 counties added to the existing 50 ROZ counties. New counties able to claim ROZ credit TY2013-2016.
- See Notice 13-13

Allen, Anderson, Barber, Bourbon, Brown, Chase, Chautauqua, Cheyenne, Clark, Clay, Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth, Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper, Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita, Wilson or Woodson counties;

- Kansas Income Tax Credit (KDOR) for original 50 counties for tax years 2012-2016, and for new 23 counties from 2013-2016 resident taxpayers would receive a full credit against their Kansas Income Tax liability provided they have been:
 - Domiciled outside Kansas for five or more years immediately prior to establishing domicile in a ROZ on or after July 1, 2011;
 - Had Kansas source income of less than \$10,000 for EACH of the 5 years immediately prior to establishing residency in a ROZ; and
 - Were domiciled in a ROZ during the ENTIRE year for which the credit is to be claimed.
 - Credit may be claimed only between tax years 2012 to 2016. Credit is NOT retroactive. The more years the taxpayer is domiciled in Kansas between 2012 and 2016, the more years the taxpayer can claim the credit.
- Assistance with Student Loan Repayment (KDOC)
 - A ROZ county would have to pass a resolution to participate in the program.
 - Kansas will offer to pay 20% of the outstanding loan balance up to \$3,000 per year maximum benefit \$15,000. May be graduates of an in-state or out-of-state institution. Contact the Kansas Department of Commerce for more details.

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House Bill No. 2059 (b) "rural opportunity zone" means Allen, Anderson, Barber, Bourbon, Brown, Chase, Chautauqua, Cheyenne, Clark, Clay, Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth, Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper, Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita, Wilson or Woodson counties;

SENATE BILL No. 198

AN ACT concerning economic development; creating rural opportunity zones; relating to income taxation, credit for certain taxpayers, amount and requirements; student loan repayment program. *Be it enacted by the Legislature of the State of Kansas:*

Section 1. As used in sections 1 through 3, and amendments thereto: (a) "institution of higher education" means a public or private nonprofit educational institution that meets the requirements of participation in programs under the higher education act of 1965, as amended, 34 C.F.R. 600;

(c) "secretary" means the secretary of commerce; and

(d) "student loan" means a federal student loan program supported by the federal government and a nonfederal loan issued by a lender such as a bank, savings and loan or credit union to help students and parents pay school expenses for attendance at an institution of higher education.

Sec. 2. (a) For taxable years commencing after December 31, 2011, and before January 1, 2017, there shall be allowed as a credit against the tax liability of a resident individual taxpayer an amount equal to the resident individual's income tax liability under the provisions of the Kansas income tax act, when the resident individual:

(1) Establishes domicile in a rural opportunity zone on or after July 1, 2011, and prior to January 1, 2016, and was domiciled outside this state for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state;

(2) had Kansas source income less than \$10,000 in any one year for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state; and

(3) was domiciled in a rural opportunity zone during the entire taxable year for which such credit is claimed.

(b) A resident individual may claim the credit authorized by this section for not more than five consecutive years following establishment of their domicile in a rural opportunity zone.

(c) The maximum amount of any refund under this section shall be equal to the amount withheld from the resident individual's wages or payments other than wages pursuant to K.S.A. 79-3294 et seq., and amendments thereto, or paid by the resident individual as estimated taxes pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.

(d) No credit shall be allowed under this section if:

(1) The resident individual's income tax return on which the credit is claimed is not timely filed, including any extension; or

(2) the resident individual is delinquent in filing any return with, or paying any tax due to, the state of Kansas or any political subdivision thereof.

(a) This section shall be part of and supplemental to the Kansas income tax act.

Sec. 3. (a) Any county that has been designated a rural opportunity zone pursuant to section 1, and amendments thereto, may participate in the program provided in this section by authorizing such participation by the county commission of such county through a duly enacted written resolution. Such county shall provide a certified copy of such resolution to the secretary of commerce on or before January 1, 2012, for calendar year 2012, or on or before January 1 for each calendar year thereafter, in which a county chooses to participate. Such resolution shall obligate the county to participate in the program provided by this section for a period of five years, and shall be irrevocable. Such resolution shall specify the maximum amount of outstanding student loan balance for each resident individual to be repaid as provided in subsection (b), except the maximum amount of such balance shall be \$15,000.

(b) If a county submits a resolution as provided in subsection (a), under the program provided in this section, subject to subsection (d), the state of Kansas and such county which chooses to participate as provided in sub S section (a), shall agree to pay in equal shares the outstanding student loan balance of any resident individual who qualifies to have such individual's student loans repaid under the provisions of subsection (c) over a five-year period, except that the maximum amount of such balance shall be \$15,000. The amount of such repayment shall be equal to 20% of the outstanding student loan balance of the individual in a year over the five-year repayment period. The state of Kansas is not obligated to pay the student loan balance of any resident individual who qualifies pursuant to subsection (c) prior to the county submitting a resolution to the secretary pursuant to subsection

(a). Each such county shall certify to the secretary that such county has made the payment required by this subsection.

(c) A resident individual shall be entitled to have such individual's outstanding student loan balance paid for attendance at an institution of higher education where such resident individual earned an associate, bachelor or post-graduate degree under the provisions of this section when such resident individual establishes domicile in a county designated as a rural opportunity zone which participates in the program as provided in subsection (a), on and after the date in which such county commenced such participation, and prior to July 1, 2016. Such resident individual may enroll in this program in a form and manner prescribed by the secretary. Subject to subsection (d), once enrolled such resident individual shall be entitled to full participation in the program for five years, except that if the resident individual relocates outside the rural opportunity zone for which the resident individual first qualified, such resident individual forfeits such individual's eligibility to participate, and obligations under this section of the state and the county terminate. No resident individual shall enroll and be eligible to participate in this program after June 30, 2016.

(d) The provisions of this act shall be subject to appropriation acts. Nothing in this act guarantees a resident individual a right to the benefits provided in this section. The county may continue to participate even if the state does not participate.

(e) The secretary shall adopt rules and regulations necessary to administer the provisions of this section.

(f) On January 1, 2012, and annually thereafter until January 1, 2017, the secretary of commerce shall report to the senate committee on assessment and taxation and the house of representatives committee on taxation as to how many residents applied for the rural opportunity zone tax credit.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

INCOME TAX

EARNED INCOME CREDIT (EIC)

2010 HB 2360

EIC NOW **17%** OF FEDERAL EIC
EFFECTIVE TAX YEAR **2013**.

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2010 HB 2360 Sec. 10. K.S.A. 2009 Supp. 79-32,205 is hereby amended to read as follows: 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 18% for tax years 2010 through 2012, **and an amount equal to 17% for tax year 2013, 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.

NEW FOOD SALES TAX CREDIT

EFFECTIVE JANUARY 1, 2013

Must meet both of these

- **Must be a Kansas resident (*Domiciled*) entire year**
 - ❖ Domicile does not include a correctional facility, jail, or prison.
- and**
- **Must have FAGI \$30,615 or less**

Then meet one (1) of the following qualifiers;

Must meet one of these

- 1) **Must be 55 years or older all of 2013;**
OR
- 2) **Must claim an exemption for one or more dependent children under the age of 18 all of 2013 on the federal return;**
OR
- 3) **Must have been totally & permanently disabled or blind all of 2013**

18

HOUSE BILL No. 2059.

New Sec. 7. (a) For any taxable year commencing after December 31, 2012, a credit shall be allowed against the tax imposed by the Kansas income tax act on the Kansas taxable income of an individual income taxpayer who purchased food in this state, had federal adjusted gross income for the tax year that did not exceed \$30,615, and meets the qualifications in subsections (b) and (c).

(b) During the entire tax year a taxpayer filing single, head of household, or married filing separate, or the taxpayer and the taxpayer's spouse if married filing jointly, must be domiciled in this state. For purposes of this credit, "domicile" shall not include any correctional facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments thereto, any juvenile correctional facility, or portion thereof, as defined in K.S.A. 38-2302, and amendments thereto, any correctional facility of the federal bureau of prisons located in the state of Kansas, or any city or county jail facility in the state of Kansas.

(c) During the entire tax year a taxpayer filing single, head of household, or married filing separate, or the taxpayer or the taxpayer's spouse if married filing jointly, must be either: (1) A person having a disability, regardless of age; (2) a person without a disability who is 55 years of age or older; or (3) a person without a disability who is younger than 55 years of age who claims an exemption for one or more dependent children under 18 years of age.

(d) The amount of the credit shall be \$125 for every exemption claimed on the taxpayer's federal income tax return, except that no exemption shall be counted for a dependent unless the dependent is a child under 18 years of age.

(e) The credit allowed under this provision shall be applied against the taxpayer's income tax liability after all other credits allowed under the income tax act. It shall not be refundable and may not be carried forward.

(f) (1) Every taxpayer claiming the credit shall supply the division in support of a claim, reasonable proof of domicile, age and disability. (2) 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 as defined in subsection (g).

(g) "Disability" means: (1) Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months, and an individual shall be determined to be under a disability only if the physical or mental impairment or impairments are of such severity that the individual is not only unable to do the individual's previous work but cannot, considering age, education and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which the individual lives or whether a specific job vacancy exists for the individual, or whether the individual would be hired if application was made for work. For purposes of this paragraph, with respect to any individual, "work which exists in the national economy" means work which exists in significant numbers either in the region where the individual lives or in several regions of the country; and "physical or mental impairment" means an impairment that results from anatomical, physiological or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques; or

(2) blindness and inability by reason of blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which the individual has previously engaged with some regularity and over a substantial period of time. For purposes of this paragraph "blindness" means central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for the purpose of this paragraph as having a central visual acuity of 20/200 or less.

(h) The secretary of revenue is hereby authorized to adopt such rules and regulations as may be necessary for the administration of the provisions of this section.

See Notice 13-12

NEW FOOD SALES TAX CREDIT_{CONT.}

- **Must have a tax liability**
- **Non refundable Income Tax Credit**
- **\$125 per number of qualified federal exemptions**
 - ❖ **No extra exemption for head of household.**
- **Not indexed for inflation**
- **Must be applied to tax liability After all other credits including;**
 - ❖ **Credit for taxes paid to other states**
 - ❖ **Earned Income Credit**
 - ❖ **Other Nonrefundable credits**
 - ❖ **Refundable credits**

Senate Sub for HB 2059

19

HOUSE BILL No, 2059.

New Sec. 7. (a) For any taxable year commencing after December 31, 2012, a credit shall be allowed against the tax imposed by the Kansas income tax act on the Kansas taxable income of an individual income taxpayer who purchased food in this state, had federal adjusted gross income for the tax year that did not exceed \$30,615, and meets the qualifications in subsections (b) and (c). (b) During the entire tax year a taxpayer filing single, head of household, or married filing separate, or the taxpayer and the taxpayer's spouse if married filing jointly, must be domiciled in this state. For purposes of this credit, "domicile" shall not include any correctional facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments thereto, any juvenile correctional facility, or portion thereof, as defined in K.S.A. 38-2302, and amendments thereto, any correctional facility of the federal bureau of prisons located in the state of Kansas, or any city or county jail facility in the state of Kansas. (c) During the entire tax year a taxpayer filing single, head of household, or married filing separate, or the taxpayer or the taxpayer's spouse if married filing jointly, must be either: (1) A person having a disability, regardless of age; (2) a person without a disability who is 55 years of age or older; or (3) a person without a disability who is younger than 55 years of age who claims an exemption for one or more dependent children under 18 years of age. (d) The amount of the credit shall be \$125 for every exemption claimed on the taxpayer's federal income tax return, except that no exemption shall be counted for a dependent unless the dependent is a child under 18 years of age. (e) The credit allowed under this provision shall be applied against the taxpayer's income tax liability after all other credits allowed under the income tax act. It shall not be refundable and may not be carried forward. (f) (1) Every taxpayer claiming the credit shall supply the division in support of a claim, reasonable proof of domicile, age and disability. (2) 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 as defined in subsection (g). (g) "Disability" means: (1) Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months, and an individual shall be determined to be under a disability only if the physical or mental impairment or impairments are of such severity that the individual is not only unable to do the individual's previous work but cannot, considering age, education and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which the individual lives or whether a specific job vacancy exists for the individual, or whether the individual would be hired if application was made for work. For purposes of this paragraph, with respect to any individual, "work which exists in the national economy" means work which exists in significant numbers either in the region where the individual lives or in several regions of the country; and "physical or mental impairment" means an impairment that results from anatomical, physiological or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques; or (2) blindness and inability by reason of blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which the individual has previously engaged with some regularity and over a substantial period of time. For purposes of this paragraph "blindness" means central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for the purpose of this paragraph as having a central visual acuity of 20/200 or less. (h) The secretary of revenue is hereby authorized to adopt such rules and regulations as may be necessary for the administration of the provisions of this section.

HOMESTEAD

2013

MAXIMUM "HOUSEHOLD INCOME"

- Indexed to inflation-

Homestead **\$32,900**

Safe Senior **\$18,600**

- Effective January 1, 2013 Renters will no longer be able to claim a Homestead Property Tax Refund
- See Notice 12-14

Senate Sub for HB 2117

20

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 2008 - \$29,700
- Household Income limit for TY 2009 - \$31,300
- Household Income limit for TY 2010 - \$30,800
- Household Income limit for TY 2011 - \$31,200
- Household Income limit for TY 2012 - **\$32,400**

2012 Senate Substitute for House Bill No.2117, Sec. 30. On and after January 1, 2013, K.S.A. 2011 Supp. 79-4501 is hereby amended to read as follows: 79-4501. The title of this act shall be the homestead property tax refund act. The purpose of this act shall be to provide *ad valorem tax refunds to: (a) Certain persons who are of qualifying age who own their homestead; (b) certain persons who have a disability, who own their homestead; and (c) certain persons other than persons included under the provisions of (a) or (b) who have low incomes and dependent children and own their homestead.*

SALES & COMPENSATING USE TAX

Kansas State Sales Tax Rate
change effective July 1, 2013

6.15%
State Sales Tax
Rate

6.3% State Sales Tax
Sunsets - reduces to
5.7%

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House Bill No. 2059 Sec. 3. On July 1, 2013, K.S.A. 2012 Supp. 79-3603 is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of 5.3%, and commencing July 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of 6.15% . Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon:...

COMPENSATING USE TAX

	<u># Taxpayers Reported</u>	<u>Amount</u>
2012	20,512	\$989,142
2011	21,916	\$901,340
2010	23,294	\$1,012,424
2009	27,828	\$982,114
2008	30,609	\$1,005,362

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79-3703. Compensating use tax imposed; rate. There is hereby levied and here shall be collected from every person in this state a tax or excise for the privilege of using, storing, or consuming within this state any article of tangible personal property. Such tax shall be levied and collected in an amount equal to the consideration paid by the taxpayer multiplied by the rate of 6.15%. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax of 2% until the earlier of: (1) The date the bonds issued to finance or refinance the redevelopment project undertaken in the district have been paid in full; or (2) the final scheduled maturity of the first series of bonds issued to finance the redevelopment project. All property purchased or leased within or without this state and subsequently used, stored or consumed in this state shall be subject to the compensating tax if the same property or transaction would have been subject to the Kansas retailers' sales tax had the transaction been wholly within this state. Kansas Compensating Use Tax was added to the K-40 (line 18) in 2004. Kansas imposes a use tax on goods purchased by Kansans (individuals and businesses) from Outside Kansas and that are used, stored, or consumed in Kansas on which;

- No sales tax was paid
or
- A sales tax less than the Kansas rate was paid.

The purpose of compensating use tax is to protect Kansas businesses from unfair competition from out-of-state retailers who sell goods tax-free; use tax "compensates" for the lack of sales tax paid at the time of purchase. A use tax also helps to assure fairness to Kansans who purchase similar items in Kansas and pay Kansas sales tax on them. This is not a new concept. Compensating use tax in Kansas has been in effect since 1937.

SALES & COMPENSATING USE TAX

“Click- Thru” Nexus SB 83

- Expands nexus to include any affiliated persons who enter into business agreements with one or more resident Kansas in exchange for some consideration for direct or indirect potential customers of Kansas as long as the cumulative gross receipts from these transactions exceed \$10,000 during the preceding 12 months.
- As a prerequisite, any vendor selling or leasing tangible personal property to the State of Kansas or State Department or State Agency is required to register as a retailer for sales tax purposes.
- Any ruling, agreement, or contract between a retailer and the State of Kansas executive branch concerning a sales & use tax exemption, despite the presence of a warehouse or distribution center, is null and void unless specifically approved by each chamber of the Legislature

See Notice 13-05

23

Senate Bill No. 83 (A) New Sec. 9. (a) On and after July 1, 2013, if any person sells or leases tangible personal property to the state, a state department, a state agency or an agent thereof, that person and any affiliated person shall, as a prerequisite for any such sale or lease, register with the department of revenue as a retailer and comply with all legal requirements imposed on a retailer, including the requirement to collect and remit sales or use tax on all taxable sales of tangible personal property to customers in this state. (b) Any ruling, agreement or contract, whether written or oral, express or implied, between a retailer and this state's executive branch, or any other state agency or department, stating, agreeing or ruling that the retailer is not required to collect sales and use tax in this state despite the presence of a warehouse, distribution center or fulfillment center in the state that is owned or operated by the retailer or an affiliated person of the retailer shall be null and void, unless it is specifically approved by a majority vote of each of the chambers of the Kansas legislature. (c) As used in this section, "affiliated person" means any person that is a member of the same "controlled group of corporations" as defined in section 1563(a) of the federal internal revenue code as the retailer or any other entity that, notwithstanding its form of organization, bears the same ownership relationship to the retailer as a corporation that is a member of the same "controlled group of corporations" as defined in section 1563(a) of the federal internal revenue code. Sec. 18. On July 1, 2013, K.S.A. 2012 Supp. 79-3702 is hereby amended to read as follows: (2) A retailer shall be presumed to be doing business in this state if *any of the following occur*: (A) Both of the following conditions exist: (i) The retailer holds a substantial ownership interest in, or is owned in whole substantial part by, a retailer maintaining a sales location in Kansas; and (ii) the retailer sells the same or a substantially similar line of products as the related Kansas retailer and does so under the same or a substantially similar business name, or the Kansas facilities or Kansas employees of the related Kansas retailer are used to advertise, promote or facilitate sales by the retailer to consumers. (B) The retailer holds a substantial ownership interest in, or is owned in whole or in substantial part by, a business that maintains a distribution house, sales house, warehouse or similar place of business in Kansas that delivers property sold by the retailer to consumers. (C) For purposes of paragraphs (A) and (B): (i) "Substantial ownership interest" means an interest in an entity that is not less than the degree of ownership of equity interest in an entity that is specified by Section 78p of Title 15 of the United States Code, or any successor to that statute, with respect to a person other than a director or officer; and (ii) "ownership" means and includes both direct ownership, and indirect ownership through a parent, subsidiary or affiliate. *Any person, other than a common carrier acting in its capacity as such, that has nexus with the state sufficient to require such person to collect and remit taxes under the provisions of the constitution and laws of the United States if such person were making taxable retail sales of tangible personal property or services in this state:*

(i) Sells the same or a substantially similar line of products as the House Substitute for retailer and does so under the same or a substantially similar business name; (ii) maintains a distribution house, sales house, warehouse or similar place of business in Kansas that delivers or facilitates the sale or delivery of property sold by the retailer to consumers; (iii) uses trademarks, service marks, or trade names in the state that are the same or substantially similar to those used by the retailer; (iv) delivers, installs, assembles or performs maintenance services for the retailer's customers within the state; (v) facilitates the retailer's delivery of property to customers in the state by allowing the retailer's customers to pick up property sold by the retailer at an office, distribution facility, warehouse, storage place or similar place of business maintained by the person in the state; (vi) has a franchisee or licensee operating under its trade name if the franchisee or the licensee is required to collect the tax under the Kansas retailers' sales tax act; or (vii) conducts any other activities in the state that are significantly associated with the retailer's ability to establish and maintain a market in the state for the retailer's sales. (B) Any affiliated person conducting activities in this state described in subparagraph (A) or (C) has nexus with this state sufficient to require such person to collect and remit taxes under the provisions of the constitution and laws of the United States if such person were making taxable retail sales of tangible personal property or services in this state. (C) The retailer enters into an agreement with one or more residents of this state under which the resident, for a commission or other consideration, directly or indirectly refers potential customers, whether by a link or an internet website, by telemarketing, by an in-person oral presentation, or otherwise, to the retailer, if the cumulative gross receipts from sales by the retailer to customers in the state who are referred to the retailer by all residents with this type of an agreement with the retailer is in excess of \$10,000 during the preceding 12 months. This presumption may be rebutted by submitting proof that the residents with whom the retailer has an agreement did not engage in any activity within the state that was significantly associated with the retailer's ability to establish or maintain the retailer's market in the state during the preceding 12 months. Such proof may consist of sworn written statements from all of the residents with whom the retailer has an agreement stating that they did not engage in any solicitation in the state on behalf of the retailer during the preceding year, provided that such statements were provided and obtained in good faith. This subparagraph shall take effect 90 days after the enactment of this statute and shall apply to sales made and uses occurring on or after the effective date of this subparagraph and without regard to the date the retailer and the resident entered into the agreement described in this subparagraph. The term "preceding 12 months" as used in this subparagraph includes the 12 months commencing prior to the effective date of this subparagraph. (D) The presumptions in subparagraphs (A) and (B) may be rebutted by demonstrating that the activities of the person or affiliated person in the state are not significantly associated with the retailer's ability to establish or maintain a market in this state for the retailer's sales. (3) The processing of orders electronically, by fax, telephone, the internet or other electronic ordering process, does not relieve a retailer of responsibility for collection of the tax from the purchaser if the retailer is doing business in this state pursuant to this section. (i) "Director" means the director of taxation. (j) As used in this section, "affiliated person" means any person that

is a member of the same "controlled group of corporations" as defined in section 1563(a) of the federal internal revenue code as the retailer or any other entity that, notwithstanding its form of organization, bears the same ownership relationship to the retailer as a corporation that is a member of the same "controlled group of corporations" as defined in section 1563(a) of the federal internal revenue code.

See Notice 13-05

SERVICE FEE PROVISIONS

Effective July 1, 2013

- Fee for setting up installment plan greater than 90 days for delinquent tax liability increased from \$10 to **\$25**.
- Authorizes KDOR to assess a service fee of **\$50** for partial or full abatement requests.
 - ❖ Petition for Abatement Penalty Service Fee.
- Authorizes KDOR to withhold **\$22** for any funds levied by and remitted to the IRS.

SB 83

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Senate Bill No. 83 Section 1. On July 1, 2013, K.S.A. 2012 Supp. 75-5162 is hereby amended to read as follows: 75-5162. (a) For any tax established pursuant to law which is administered by the Kansas department of revenue, any taxpayer having a delinquent tax liability and entering into an agreement with the department providing for an installment payment plan allowing the pay off of such liability in a time period in excess of 90 days from the date when such agreement is entered into shall be assessed a service fee of **\$25**. (b) *Any taxpayer requesting a full or partial abatement of tax liability pursuant to K.S.A. 79-3233a, 79-3618 or 75-5154, and amendments thereto, shall be assessed a service fee of \$50.* (c) *The department, when remitting funds to the United States internal revenue service in response to a levy on those funds, may withhold from the funds a service fee of \$22.*

MINERAL SEVERANCE TAX

Change definition of “Gas”

- Now includes unrefined gases or gases taken from below the surface of the earth or water from either a gas or oil well including but not limited to;
 - ❖ Methane
 - ❖ Ethane
 - ❖ Propane
 - ❖ Butane
 - ❖ Helium
- Elimination retroactively of all refund claims claiming any constituent part of gas and refined products derived from gas were not taxable under the 1983 severance tax imposition.

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HB 2059 Sec. 13. K.S.A. 2012 Supp. 79-4216 is hereby amended to read as follows: 79-4216. As used in this act, unless the context clearly requires otherwise, the following words and phrases shall have the meanings ascribed to them herein:

(c) “Gas” means natural gas, **and all other raw, unrefined gas or gases, all constituent parts of any such gas or gases and refined products derived from any such gas or gases, including, but not limited to, methane, ethane, propane, butane and helium,** taken from below the surface of the earth or water in this state, regardless of whether from a gas well or from a well also productive of oil or any other product.

HB 2059 Sec. 14. K.S.A. 79-4226 is hereby amended to read as follows: **(d) No refund of mineral severance tax shall be allowed by the director or by any court of this state based on any administrative or judicial claim, petition, pleading, cause of action or request for relief that has been or may be filed on or after July 1, 1983, alleging that any constituent part of gas and any refined products derived from any such gas are not taxable pursuant to the provisions of K.S.A. 79-4216 et seq., and amendments thereto.**

See Notice 13-15

PROPERTY TAX

- **Disaster Abatement for property taxes** HB 2059
 - ❖ Counties now have authority to grant property tax abatement or credits to owners of homesteads destroyed or substantially damaged by earthquake, flood, tornado, fire, storm or other event the Governor declares as a disaster. For tax years after December 31, 2011 and before January 1, 2014.

- **New Auto manufacturing exemption** SB 83
 - ❖ Retroactive, applies to all tax years after December 31, 2011.
 - ❖ Owner of any new automobile manufacturing property (real property) shall pay in lieu of taxes, an amount agreed upon by governing body of appropriate taxing subdivision and owners as long as exemption is in effect. Available for 10 years following the year the property was constructed.
 - ❖ Will be paid at the same time the taxes are required to be paid.

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House Bill No. 2059 New Sec. 8. (a) As used in this section: (1) "Destroyed or substantially destroyed" means damage of any origin sustained by a homestead as the direct result of an earthquake, flood, tornado, fire, storm or other event or occurrence which the governor of the state of Kansas has declared a disaster, whereby the cost of restoring the structure to its before-damaged condition would equal or exceed 50% of the market value of the structure before the damage occurred. (2) "Homestead" means the dwelling, or any part thereof, whether owned or rented, which is occupied as a residence by the household and so much of the land surrounding it, as defined as a home site for ad valorem tax purposes, and may consist of a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built or a manufactured home or mobile home and the land upon which it is situated. "Owned" includes a vendee in possession under a land contract, a life tenant, a beneficiary under a trust and one or more joint tenants or tenants in common. (3) "Public or private buyout" means any buyout from a local, state or federal governmental entity or any non-governmental entity, including, but not limited to, an individual, foundation, trust, association, corporation, limited liability company or partnership. (b) The owner of any homestead listed and assessed for property taxation purposes which was destroyed or substantially destroyed due to an earthquake, flood, tornado, fire, storm, or other event or occurrence which the governor of the state of Kansas has declared a disaster may make application to the board of county commissioners of the county in which such property is located for the abatement of property taxes levied upon such homestead or for a credit against property taxes payable by such owner, as permitted by this section. (1) If such homestead has been so destroyed or substantially destroyed after January 1 of a particular year but prior to August 15 of such year, the owner of such homestead may make application to such board of county commissioners for the abatement of property taxes levied upon such homestead, or if such property taxes have been paid or partially paid, may make application for the granting of a credit against property taxes payable by such owner during any or all of the next succeeding three taxable years. (2) If such homestead has been so destroyed or substantially destroyed on or after August 15 of a particular year but prior to January 1 of the next succeeding year, the owner of such homestead may make application to such board of county commissioners for the granting of a credit against property taxes payable by such owner during any or all of the next succeeding three taxable years. (c) An application for relief as permitted by subsection (b) may be made for abatement of property taxes assessed but not yet paid, or for a grant of a credit for assessed property taxes paid or for both, as the case may be, and may be made on or before December 20 of the year next succeeding the year for which such taxes have been assessed. (d) Upon receipt of any such application, subject to budgetary restraints of the county or taxing subdivision arising from the event or occurrence declared a disaster by the governor, the board of county commissioners shall inquire into and make findings regarding, among other things, whether the property is a homestead, as defined in subsection (a), whether the homestead was destroyed or substantially destroyed, as defined in subsection (a) and the assessed valuation thereof. If it is determined that an owner of such homestead is entitled to an abatement of all or any portion of the property taxes levied against such homestead or is entitled to a credit against property taxes payable by such owner in any or all of the next succeeding three years, the board may issue an order so providing. (e) The board shall not grant an application for relief by an owner who is a recipient of funds from either a public or private buyout or insurance proceeds, which, as the case may be, are of an amount equal to or greater than 50% of the entire pre-disaster value of the homestead which was destroyed or substantially destroyed. (f) The county clerk and county treasurer shall in each case of abatement or credit correct their records in accordance therewith and the county clerk shall notify the governing body of any taxing district affected thereby. (g) The provisions of this section shall be applicable to all taxable years commencing after December 31, 2011, and ending before January 1, 2014.

Senate Bill No. 83 New Sec. 8. (a) The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of Kansas: Any new automobile manufacturing property. (b) The provisions of subsection (a) shall apply from and after the later of the purchase or commencement of construction of such property and continue only for a period thereafter until 10 calendar years following the calendar year in which construction of such property is completed. (c) The provisions of this section shall apply to all taxable years beginning after December 31, 2011. (d) The owner of any new automobile manufacturing property shall pay in lieu of taxes in an amount mutually agreed to by the governing body of the appropriate taxing subdivisions and the owners as long as this exemption is in effect. The in lieu of taxes shall be paid at the same time taxes are required to be paid pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto. The county treasurer shall apportion such in lieu of tax payments among the taxing subdivisions of this state in the territory in which the facility is located. Any payment in lieu of taxes shall be divided by the county treasurer among such taxing subdivisions in the same proportion that the amount of the total mill levy of each individual taxing subdivision bears to the aggregate of such levies of all the taxing subdivisions among which the division is to be made. The county treasurer shall pay such amounts to the taxing subdivisions at the same time or times as their regular operating tax rate mill levy is paid to them. Based upon the assessed valuation which such facility would have if it were upon the tax rolls of the county, the county clerk shall compute the total of the property taxes which would be levied upon such facility by all taxing subdivisions within which the facility is located if such property were taxable. (e) As used in this section: (1) "Appropriate taxing subdivisions" means the county, city or unified government jurisdiction in which the new automobile property is located; and (2) "new automobile manufacturing property" means any real property purchased or constructed after December 31, 2011, owned by a business with an NAICS code of 336111, provided such property: Includes a building or addition to a building constructed after December 31, 2011, having not less than 50,000 square feet of floorspace; and (B) was purchased or constructed after December 31, 2011, for a total cost of not less than \$10,000,000 including the cost of both the land and buildings.

MISCELLANEOUS

- **4%** interest rate for calendar year 2013 on delinquent or unpaid taxes and overpayments of taxes (.333 monthly rate)
- Effective January 1, 2013, The Kansas Individual Tax return will have a "Check-Off" for donations to fund the **Kansas Creative Arts Industries Commission**.
- Property tax for **watercraft** is reducing from 30% to 11.5% in TY 2014 and 5% in TY 2015. Never lower than \$12 for all watercraft subject to tax.
- The Kansas Roofing Registration Act effective July 1, 2013, provides that every "**roofing contractor**" must obtain a roofing contractor registration certificate from the Kansas Attorney General in order to legally provide commercial or residential roofing services for a fee in Kansas. Because a tax clearance is required to obtain a registration certificate, all roofers must obtain a Kansas Sales Tax number. See Kansas Attorney Generals website for more information (**ag.ks.gov**).
- House Bill 2199 provides the authority for Class A and Class B club, drinking establishment (DE), hotel, DE Caterer, and Hotel Caterer licensees to serve free samples to their customers. Must pay 10% liquor drink tax on the acquisition costs of the alcohol used for samples. See Notice 13-09

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Other Legislation:

HB 2454 An act concerning the arts; creating the creative arts industries commission within the department of commerce; transferring the powers, functions and duties from the Kansas arts commission and the Kansas film services commission to the Kansas creative arts industries commission; abolishing the Kansas arts commission and the Kansas film services commission; creating the arts industries commission check off. *Twenty-Fourth. For all taxable years commencing after December 31, 2012, except as hereinafter provided, any property constructed or purchased in part with the proceeds of revenue bonds issued on or after July 1, 2013, under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property which is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property constructed or purchased in whole or in part with the proceeds of revenue bonds issued on or after January 1, 1995, under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, and used in any retail enterprise identified under NAICS sectors 44 and 45, except facilities used exclusively to house the headquarters or back office operations of such retail enterprises identified thereunder, shall not be exempt from taxation. For the purposes of the preceding provision "NAICS" means the North American industry classification system, as developed under the authority of the office of management and budget of the office of the president of the United States. "Headquarters or back office operations" means a facility from which the enterprise is provided direction, management, administrative services, or distribution or warehousing functions in support of transactions made by the enterprise. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 et seq., and amendments thereto, which is located in a redevelopment project area established under the authority of K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and amendments thereto, shall not be exempt from such taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and amendments thereto, shall not be exempt from such taxation. Except as otherwise specifically provided, the provisions of this section shall apply to all taxable years commencing after December 31, 2010.*

SB 83 New Sec. 10. (a) *On and after July 1, 2013, watercraft shall be appraised at fair market value determined therefor pursuant to K.S.A. 79-503a, and amendments thereto, and assessed at the percentage of value as follows: (1) 11.5% in tax year 2014; and (2) 5% in tax year 2015 and all tax years thereafter. In no case shall the assessed value of any watercraft, as determined under the provisions of this section, cause the tax upon such watercraft to be less than \$12. (b) As used in this section, "watercraft" means any vessel requiring numbering pursuant to K.S.A. 32-1110, and amendments thereto. Each watercraft may include one trailer which is designed to launch, retrieve, transport and store such watercraft and any nonelectric motor or motors which are necessary to operate such watercraft on the water.*

HB 2199 Section 2 (i) *the serving of complimentary alcoholic liquor or cereal malt beverage on the unlicensed premises of a business by the business owner or owner's agent at an event sponsored by a nonprofit organization promoting the arts and which has been approved by ordinance or resolution of the governing body of the city, county or township wherein the event will take place and whereby the director of the alcoholic beverage control has been notified thereof no less than 10 days in advance (u) "Sample" means a serving of alcoholic liquor which contains not more than: (1) One-half ounce of distilled spirits; (2) one ounce of wine; or (3) two ounces of beer or cereal malt beverage. A sample of a mixed alcoholic beverage shall contain not more than one-half ounce of distilled spirits. No charge of any sort may be made for a sample serving. A person may be served no more than five samples per visit. Samples may not be served to a minor. No samples may be removed from the licensed premises. No consideration shall be requested or required for entry onto the premises, participation in any event taking place on the premises or to remain on the premises.*