
KANSAS TAX FACTS

Sixth Edition

November 1993



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KANSAS TAX FACTS

A Reference Booklet on State and Local Taxes

Sixth Edition

November 1993

Kansas Legislative Research Department

FOREWORD

This is the sixth edition of *Kansas Tax Facts*, the first five editions being published in 1962, 1965, 1971, 1976, and 1983. The main purpose of *Tax Facts* is to provide basic information on state and local taxes in a convenient format which can be used as a reference source on the Kansas tax system as it has evolved since statehood. Special emphasis is placed on the period since 1930. Legislation enacted through 1993 which affects state and local taxes is reflected in this edition of *Tax Facts*.

Chris Courtwright, Tom Severn, and Richard Ryan of the Kansas Legislative Research Department were primarily responsible for preparation of the sixth edition. Once again, the Department expresses its appreciation to the state tax administrative agencies and to the Division of Accounts and Reports for their assistance in providing basic data for *Tax Facts*.

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PART I -- SUMMARY OF STATE AND LOCAL TAX STRUCTURE

Introduction

The first edition of *Kansas Tax Facts* was published in 1962 and the fifth edition came out in 1983. Since then, there have been many important developments affecting the state and local tax structure, especially with respect to the three principal sources of tax revenue -- property, sales and use, and income taxes. The 1985 Legislature required that all taxable real property be reappraised and implemented use-value appraisal of agricultural land, effective in tax year 1989, and submitted a constitutional amendment (which the voters approved in 1986) providing for classification of real and personal property and exempting inventories and livestock, also effective in 1989. In 1992, voters approved several changes in the classification amendment, effective for tax year 1993.

Rates of the state sales and use taxes have been raised three times since 1983, from 3.0 percent to 4.0 percent in 1986, to 4.25 percent in 1989, and to 4.9 percent in 1992. In addition, there have been some significant changes in the base of these taxes, such as exemptions of manufacturing equipment and machinery and farm machinery and imposition in 1992 of a 2.5 percent tax on certain original construction services and on electricity, gas, and water consumed in the production or manufacture of tangible personal property. At the local level, rates of city and county sales taxes have been allowed to increase and the base of such taxes has been conformed to the state base with the exception of the tax on certain residential utilities (exempt from the state tax but not local taxes).

Income taxes have been restructured several times, the latest being in 1992. Much different individual tax brackets and rates are now in effect than ten years ago, and the federal income tax is no longer deductible. Corporation income tax brackets and rates also have been changed, although less significantly compared to the individual tax.

The 1992 changes noted above with regard to state sales and use and income taxes were part of a new school district finance plan which also included a state mandate on school districts to levy 32 mills for their general fund in 1992, 33 mills in 1993, and 35 mills in 1994 and thereafter. Such districts were also given the option, under certain conditions, to adopt a supplemental general fund budget and to levy a separate property tax therefor, subject to a protest petition for an election.

Another notable development since 1983 was the enactment of a comprehensive highway finance program in 1989, which included the authority to issue bonds totaling \$890 million and the imposition of higher fuels and vehicle registration taxes, as well as the aforementioned increase of state sales and use taxes by 0.25 percent earmarked for the State Highway Fund.

There have been numerous other changes in the tax laws since 1983, including a variety of tax credits and other measures designed to stimulate economic development. Many of these changes are noted in Part II.

Also, it should be mentioned that in 1984 the Legislature enacted a "tax amnesty" program for the period of July-September of that year (H.B. 3076). The program applied to any state-imposed excise tax, including the income tax, and nearly \$600,000 was collected at an administrative cost of about \$25,000 in FY 1985.

Kansas has had a rather broad-based tax structure since the 1930s when income, sales, and certain other taxes were adopted. The base is even broader now with enactments over the years of various privilege (income), excise, and gross receipts taxes, most notably the severance tax which was enacted in 1983. One result of all of these changes is that the general property tax, while still the most important tax source for local governments, now is a far less significant component of the state and local tax mix than it once was.

Part I is devoted to: highlights of this report on taxes imposed in Kansas; discussion of state-imposed taxes, including disposition of state tax revenue (where the money goes) and formulas for distribution of state-shared taxes with local units; comments on locally-imposed taxes and on combined state and local taxes; and tables showing state and local tax revenue and some other relevant data for selected fiscal years from 1930 to 1993. Tables I-X, referred to in the text, appear at the end of Part I.

Part II of this handbook presents the details on each of the state and local taxes. There, one can find, for instance, when a tax was enacted, current and historical tax rates, the base of the tax and major changes that have been made, and other pertinent information.

Some Highlights of This Report

1. In FY 1993, state and local tax revenue in Kansas totaled \$5.687 billion, or \$2,254 per capita. State taxes accounted for 62 percent of the total. (The tax revenue figure would be higher if current data were available on city-imposed franchise and occupation taxes.)
2. Local governments, however, spend most of the state and local tax revenue. In FY 1993, local government tax revenue was \$2.162 billion and local units received another \$1.525 billion from state taxes allocated to or shared with them. Thus, local units received \$3.687 billion, or 65 percent, of total state and local taxes in FY 1993. About 43 percent of the state's tax revenue was shared with or allocated to local units, mostly for education.
3. While the general property tax is still the most important single revenue producer, its proportion of total state and local taxes has steadily declined -- from 82 percent of the total in FY 1930, to 56 percent in FY 1960, and to 28 percent in FY 1993 (or about 33 percent if the motor vehicle tax, which is levied in lieu of the general property tax, is included).
4. Income and privilege taxes accounted for 24 percent of state and local tax revenue in FY 1993, compared with only 11 percent as recently as FY 1970 and only 2 percent in FY 1940. Less dramatic, but significant nevertheless, has been the growth of sales and use tax revenue in the state-local tax mix, *i.e.*, rising from 10 percent of the total in FY 1940, to 16 percent in FY 1970, and to almost 26 percent in FY 1993. The spread of local sales taxes has contributed to the growth of sales tax revenue since 1970. There were no local sales taxes in 1970; as of October 1, 1993, they were imposed by 64 counties and 135 cities at rates ranging from 0.5 percent to 2.0 percent.
5. State and local tax revenue in FY 1993 was 11.65 percent of CY 1992 Kansas personal income. The corresponding ratios of total tax revenue to personal income were 11.92 percent in FY 1990, 10.67 percent in FY 1980, 11.77 percent in FY 1970, 10.49 percent in FY 1960, 9.54 percent in FY 1950, 14.82 percent in FY 1940, and 11.05 percent in FY 1930.
6. Inflation has significantly affected the growth of state and local tax revenue. For instance, the increase in the Consumer Price Index from FY 1970 to FY 1993 was 277 percent. Thus, while tax revenue, in nominal or actual dollars, increased by

516 percent from FY 1970 to FY 1993, the increase in real or inflation-adjusted dollars was 63 percent.

State-Imposed Taxes

As of FY 1994, the state imposed 41 different taxes for which the Legislature has established the tax base and rate and designated the method of collection and the disposition of the revenue. Most of the 41 taxes are collected by a state agency, but some are collected locally. Taxes authorized to be levied by local officials, at their discretion or with voter approval, are not counted as state-imposed taxes.

Counties collect the mortgage registration tax and retain 25/26 of the revenue. They also collect the taxes on motor vehicles and finance companies with, except for the state's share, the revenue therefrom being apportioned among the county and other local units. A relatively small part of the motor vehicle registration tax which is collected locally is retained by counties with the balance being remitted to the state. Revenue from 15 other state-imposed taxes is shared directly, in whole or in part, with local units after being collected by the state. In addition, local units receive a large amount of state aid from the State General Fund which cannot be ascribed to any particular tax sources because General Fund tax and nontax receipts are commingled (taxes accounted for 97 percent of State General Fund receipts in FY 1993).

As shown by Table I, new state taxes have been enacted during each decade since statehood, except the 1880s. The latest new taxes are on new tires (1990), rental or lease of motor vehicles (1991), and instant bingo (1993). Four other taxes (inheritance, mortgage registration, intangibles, and tobacco products) were reenacted after the initial laws had been repealed or held invalid by the courts.

Contrary to the common impression, some taxes can disappear. The state property tax for general operation was last levied in 1955; the World War I soldier's bonus property tax, first imposed in 1923, was last levied in 1954 when the bonus bonds were retired; and the ton-mile tax, enacted in 1931, was replaced in 1955. The dog tax, a minor source of revenue, was repealed in 1965, and the oleomargarine tax, which apparently never yielded any revenue, was repealed in 1968. The state-imposed intangibles tax was repealed in 1982, but counties, cities, and townships were given the option of imposing a gross earnings tax on intangibles. The dormant express companies tax was repealed in 1986. In 1988, the grain tax and the motor vehicle dealers' stamp tax were repealed, and currently there is no state property tax levy for buildings at correctional institutions.

State Tax Revenue

In FY 1993, state tax revenue totaled \$3.525 billion, which was an increase of \$506.6 million, or 16.8 percent, over collections in FY 1992. A large part of that increase, however, was due to 1992 legislation which raised income, sales, and use taxes for additional state aid to school districts.

Income and privilege taxes became the top ranking state tax revenue producers in FY 1978 (supplanting sales and use taxes) and they continued to rank first in FY 1993, accounting for 39 percent of total state tax receipts. Sales and use taxes ranked second (34 percent); third were

the motor fuels taxes (8 percent). Property taxes contributed only 1.0 percent of state tax revenue. See Table II for the details on state tax collections for selected fiscal years, 1930-1993.

For FY 1993, Table III shows state tax revenues in descending order of importance and how much of such revenue was credited to the State General Fund and to other state funds. In that year, 80.7 percent went to the General Fund and 19.3 percent was earmarked for other funds.

Table IV provides more detail on the disposition of state tax revenue, *i.e.*, where the money goes. As shown by Table III, most such revenue is deposited in the State General Fund, some of which is earmarked for subsequent transfer to other funds, but receipts from certain taxes are dedicated to funds other than the General Fund, *e.g.*, motor fuels and vehicle registration taxes, unemployment compensation tax, and property taxes for educational and institutional buildings.

As can be seen from Table IV, some state-imposed taxes are required by law to be shared with local units of government. The distribution formulas pertaining to such taxes are summarized in Table V.

Local Government Tax Authority

The general property tax remains the most important tax for local governments in Kansas. According to a 1991 report by the League of Kansas Municipalities, over 4,000 local governmental units in Kansas are authorized to levy property taxes, including cities, counties, townships, unified school districts, community colleges, Washburn University, and numerous special districts. Although the general property tax as a percentage of total local tax revenue has been declining, the property tax remains the sole tax authority for unified school districts, community colleges, Washburn University, and special districts. These latter local government units, however, do share in the receipts from the motor vehicle tax which is imposed in lieu of the general property tax, and they also share in the receipts from various state imposed taxes.

Cities, counties, and, to a lesser extent, townships have also been granted authority to impose certain nonproperty taxes, and they, too, share in revenues from some state imposed taxes. Cities, by constitutional amendment (Article 12, Section 5), and counties, by statute (K.S.A. 19-101 *et seq.*), have home rule powers which enable them to impose taxes and other charges subject, however, to limitations imposed by legislative enactments. In practice, relatively few local nonproperty taxes have been imposed using home rule powers. The Legislature has prohibited cities and counties from imposing income taxes, and some limits have been imposed on the enactment of most of the other major sources of local nonproperty tax revenue. Townships have no home rule powers.

The major source of local nonproperty tax revenue is a local sales tax. Cities and counties may independently levy a sales tax in increments of 0.25 percent up to a normal maximum of 2.0 percent, subject to several exceptions, if approved by the voters of the city or county. The local sales tax rate in a city can be as high as 3 percent if both the city and county impose the normal maximum rate. If a local sales tax is imposed, a local use tax will be imposed on the use of motor vehicles and watercraft purchased out of state in the jurisdiction or jurisdictions imposing a local sales tax. Generally, revenue from a county sales and use tax is allocated between the county and the cities therein; cities receive all of the revenue from their sales and use taxes.

Another major source of nonproperty tax revenue is the local intangibles earnings tax. This tax was authorized for cities, townships, and counties in 1982 following repeal of the former statewide intangibles property tax. The tax may be imposed by the local governing body, but it may also be imposed or repealed by voter petition and referendum.

Two sources of tax revenue imposed under city home rule powers are city franchise taxes, imposed by most cities on utility receipts for the franchise granted to each utility, and city occupation taxes, imposed by relatively few cities on a tax base limited by legislative enactment. Cities also have the authority to levy a tax on motor vehicles kept or stored in the city, subject to voter approval, but no city has done so.

Two taxes, in the nature of gross receipts taxes, are authorized for cities and counties for certain limited purposes. These taxes are upon telephone tariff rates for emergency telephone service, and upon transient guest rentals in hotels or motels for the promotion of tourism and conventions.

Not included in a review of local tax revenue are user fees and charges for services and facilities provided by local governments.

Details on each of the above local taxes may be found in the "Local Taxes" section in Part II of this booklet.

Local Government Tax Revenue

Revenue from taxes imposed by local units and from taxes imposed by the state but collected and retained at the local level are shown in Table VI for selected fiscal years 1930-1993. There is no central reporting or compilation of annual receipts from certain taxes imposed by cities, *e.g.*, occupation and franchise, so they are not included in the table. To give the reader some idea of the significance of such taxes, a survey by the League of Kansas Municipalities in 1991 revealed that in CY 1990 occupation taxes imposed for revenue purposes produced approximately \$1.4 million and that receipts from franchise taxes totaled \$56.3 million.

In FY 1993, local government tax revenue which can be explicitly documented totaled \$2.162 billion. The principal components were the general property tax, slightly over \$1.590 billion or 74 percent of the total; motor vehicle tax (which is levied in lieu of the general property tax), \$256.0 million; and county and city sales and use taxes, \$268.3 million.

For over 100 years the general property tax was virtually the sole source of local government tax revenue. As recently as FY 1970 the property tax accounted for 98.1 percent of local tax revenue. With the advent of local sales and transient guest taxes in the 1970s, the relative importance of the general property tax has declined somewhat, *e.g.*, to 73.6 percent of total local tax revenue in FY 1993 (85.4 percent if the motor vehicle tax is added to the general property tax).

Throughout the 1970s and early 1980s the intangibles tax was a growing source of tax revenue for counties, cities, and townships, *e.g.*, it grew from \$4.5 million in FY 1970 to \$23.2 million in FY 1982. For FY 1993, intangibles tax levies totaled \$8.8 million. The decline was largely attributable to the fact that the tax has become strictly a local option tax (except for the 5 mill levy on finance companies) and many units have chosen not to impose it.

One can see from Table VI the dollar amounts of the general property tax that have been levied by the various types of local units. Shown below is the percentage of the total local property and motor vehicle taxes levied or received by such units.

Percent of Local General Property Tax and Motor Vehicle Tax*								
	FY 1993	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
Counties	25.24%	22.97%	21.72%	20.68%	22.77%	28.58%	30.81%	22.91%
Cities	17.39	16.28	18.56	16.66	15.29	15.16	18.38	18.15
Schools**	51.96	55.92	54.97	58.97	57.67	50.04	45.46	49.87
Townships	1.46	1.35	1.41	1.70	3.32	5.79	4.85	8.63
Special Dists.	3.95	3.48	3.34	1.99	0.95	0.43	0.50	0.44
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* Motor vehicle tax revenue under the "tax and tag law" included for FY 1993 and FY 1990.

** Includes school districts, community colleges, municipal universities, and county levies for schools in the years when such levies were made.

School levies have constantly accounted for the largest component of local tax levies, but notice that their portion of the total in FY 1993 was the lowest since FY 1950 due to the school finance changes enacted in 1992. Township levies have declined relative to total local tax levies while special districts levies have risen significantly.

State and Local Taxes

Table VII shows the relative importance of the major components of combined state and local tax revenue in FY 1993, and the percentage increase over FY 1992. General property, income and privilege, and sales and use taxes accounted for 78 percent of the total tax revenue; addition of the motor vehicle tax brings the ratio up to 83. Individual income, sales and use, and general property taxes collected in FY 1993 were affected by 1992 legislation which raised income and sales and use taxes to provide a substantial increase in state aid to school districts. Also, the growth in sales and use taxes over FY 1992 was partly due to the fact that some local sales taxes were in effect in all or part of FY 1993 but not in all or part of FY 1992.

For a long range look at changes in the Kansas tax mix, Table VIII shows the percentage of total state and local tax revenue produced by the major taxes for selected fiscal years 1930-1993. Especially significant are the substantial decline in the relative importance of the general property tax and the growth in reliance on income and privilege taxes and sales and use taxes.

Motor vehicles subject to the "tax and tags law" enacted in 1979 are no longer subject to the general property tax so the FY 1993 percentages for the motor vehicles tax and the general property tax should be added together in order to make the data for the latter comparable to the percentages shown for FY 1980 and prior years.

Shown below for the last ten years are state, local, and combined state and local tax revenues. As previously noted, the new school finance plan enacted in 1992 raised state income and sales and use taxes to provide greater state aid to school districts, which helps explain the 16.8 percent increase in state tax revenue in FY 1993 and the 7.9 percent reduction in local tax revenue resulting from lower school district tax levies.

State and Local Tax Revenue

In Thousands

Fiscal Year	State	Percent Increase	Local	Percent Increase	State and Local	Percent Increase
1984	\$1,919,118	16.4%	\$1,385,487	8.6%	\$3,304,605	13.0%
1985	2,036,145	6.1	1,479,594	6.8	3,515,739	6.4
1986	2,020,890	(0.7)	1,621,987	9.6	3,642,877	3.6
1987	2,184,215	8.1	1,714,231	5.7	3,898,446	7.0
1988	2,534,020	16.0	1,844,345	7.6	4,378,365	12.3
1989	2,597,137	2.5	1,964,758	6.5	4,561,895	4.2
1990	2,780,807	7.1	2,087,623	6.3	4,868,430	6.7
1991	2,906,692	4.5	2,218,328	6.3	5,125,020	5.3
1992	3,018,644	3.9	2,348,535	5.9	5,367,179	4.7
1993	3,525,200	16.8	2,161,895	(7.9)	5,687,095	6.0
Increase, 1983-1993	\$1,876,658	113.8%	\$ 885,632	69.4%	\$2,762,290	94.4%

State Tax Revenue Given to Local Units

Presented in Table IX are the amounts of state collected taxes allocated to or shared with local units of government in selected fiscal years, 1930-1993. The growth in such state aid has been remarkable in absolute terms, rising from only \$3.6 million in FY 1930 and \$14.6 million in FY 1940 to \$1.525 billion in FY 1993. Approximately 43 percent of all state tax revenue was distributed to local units in FY 1993.

Most state aid now goes for a wide variety of education programs (82 percent of the total in FY 1993), which was not always the case. The second largest category of aid is the sharing of state highway-user taxes with counties and cities. Ranking third is aid for community mental health and retardation and associated community assistance grants (\$43.5 million), which is included in "Other" aid from the General Fund.

The reader should be aware that Table IX does not include all state aid to local units; they receive other forms of aid from nontax sources. Nor, of course, are federal aids included.

State and Local Tax Revenue -- Selected Relationships

Table X shows how much state and local tax revenue has increased since FY 1930; per capita taxes, both state and local; and tax revenue in relation to Kansas personal income.

Just since FY 1970, for instance, total tax revenue rose from \$924 million to \$5.687 billion, an increase of 516 percent. But in real terms, *i.e.*, discounting inflation as measured by the Consumer Price Index (CPI-U), the increase was 63 percent.

Another way to provide some perspective on the growth of tax revenue is to measure it against the increase in Kansas personal income. Again using the period since FY 1970 for illustrative purposes, total tax revenue rose by 516 percent while personal income increased by 522 percent; thus, tax revenue as a percentage of personal income declined from 11.77 in FY 1970 to 11.65 in FY 1993.

During the last ten years, the ratio of state and local tax revenue to Kansas personal income has ranged between 10.81 percent in FY 1986 to 11.92 percent in FY 1990, as shown by the following tabulation. The ratios for each year would be slightly higher if annual data were available on revenue from city franchise and occupation taxes.

	Kansas Personal Income (\$000)*		State and Local Tax Revenue (\$000)		Ratio of Tax Revenue To Income
CY 1983	\$ 29,453,700	CY 1984	\$ 3,304,605		11.22%
CY 1984	31,759,400	CY 1985	3,515,739		11.07
CY 1985	33,684,800	CY 1986	3,642,877		10.81
CY 1986	35,309,400	CY 1987	3,898,446		11.04
CY 1987	36,897,500	CY 1988	4,378,365		11.87
CY 1988	38,960,300	CY 1989	4,561,895		11.71
CY 1989	40,840,900	CY 1990	4,868,430		11.92
CY 1990	44,121,000	CY 1991	5,125,020		11.62
CY 1991	45,526,500	CY 1992	5,367,179		11.79
CY 1992	48,807,400	CY 1993	5,687,095		11.65

* For the calendar year in which the fiscal year began.

TABLE I -- CHRONOLOGY OF STATE-IMPOSED TAXES

Tax	Year Enacted	Type of Tax by Major Categories*				
		Property	Income, and	Sales, and	Gross Receipt	Payroll
General Purpose Levy ^(a)	1861	X				
Corporation Franchise	1866			X		
Insurance Premiums						
Foreign Companies	1871					X
Firemen's Relief	1895					X
Express Companies ^(a)	1907					X
Inheritance	1909/191		X			
Private Car Companies	1911					X
Insurance Premiums						
Fire Marshal	1913					X
Motor Vehicle Regis.	1913			X		
Dog ^(a)	1913	X				
Mortgage Regis.	1915/192	X				
Soldier's Bonus ^(a)	1923	X				
Intangibles ^{(a),(b)}	1925/193	X				
Gasoline	1925			X		
Cigarette	1927			X		
Motor Carrier	1929	X				
Finance Companies	1930	X				
Ton - Mile ^(a)	1931			X		
Income - Individual	1933		X			
Income - Corporation	1933		X			
Oleomargarine ^(a)	1933			X		
Retail Sales	1937			X		
Use - Consumers	1937			X		
Cereal Malt Beverages	1937			X		
Unemployment Comp.	1937					X
Music - Dramatic Composition	1939					X
Special Fuels and LP Gas	1941			X		
Grain ^(a)	1941	X				
Educational Buildings	1941	X				
Use - Retailers	1945			X		
Liquor Gallonage	1949			X		
Liquor Enforcement (Sales)	1949			X		
State Institutions Buildings	1953	X				
Wheat	1957			X		
Severance	1957/198			X		
Boat Regis.	1959			X		
Financial Institutions	1963		X			
Tobacco Products	1969/197			X		
Insurance Companies -- Domestic	1970		X			
Insurance Premiums -- Domestic	1970					X
Bingo Enforcement -- Call Bingo	1975					X
Correctional Institution Buildings ^(a)	1976	X				
Motor Vehicle Dealers ^(a)	1978			X		
Motor Vehicles	1979	X				
Private Clubs/Liquor Drinking	1979/198			X		
Parimutuel Wagering	1987					X
Parimutuel Admissions	1987			X		
Marijuana and Controlled	1987			X		
New Tires	1990			X		
Motor Vehicle Rental Excise	1991			X		
Bingo -- Instant ^(c)	1993					X

* Based on classifications adopted by the Division of Accounts and Reports of the Department of Administration for state accounting and budgetary purposes or on the type of tax based on the statute imposing the tax.

a) Tax no longer levied or imposed.

b) In 1982, the Legislature repealed the statewide intangibles tax statutes, exempted intangibles from the property tax, and authorized counties, cities, and townships to impose a gross earnings tax on intangibles on a local option basis.

- c) Authorized for FY 1994 only, but the Kansas Attorney General has said that instant bingo is unconstitutional.

Note: In 1976 and 1977, respectively, state property tax levies of 0.25 mill and 0.1 mill were made for the Correctional Institutions Building Fund and the tax levy for the State Institutions Building Fund was reduced correspondingly in those two years. In 1986, 1987, and 1990, a levy of 0.25 mill was made for the Correctional Institutions Building Fund and the levy for the State Institutions Building Fund was reduced correspondingly.

TABLE II -- STATE TAX REVENUE, NET OF REFUNDS

	In Thousands							
	FY 1993	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
Property								
General ⁽¹⁾	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,333	\$ 3,355	\$ 5,308
Soldiers' Bonus ⁽¹⁾	--	--	--	--	--	1,221	1,886	2,123
Educational Bldg. ⁽¹⁾	14,630	14,133	10,050	5,824	4,415	2,694	--	--
Institutional Bldg. ⁽¹⁾	7,315	7,067	5,025	2,900	3,316	--	--	--
Intangibles ⁽¹⁾⁽²⁾	12	14	2	a)	557	430	158	130
Mortgage Regis. ⁽³⁾	532	--	--	--	--	--	--	--
Motor Carrier	9,846	9,689	4,333	1,392	743	213	29	--
Motor Vehicles ⁽⁴⁾	3,145	2,906	--	--	--	--	--	--
Total	35,480	33,809	19,410	10,116	9,031	6,891	5,428	7,561
Income and Privilege								
Individual	1,145,368	862,567	327,581	78,423	23,849	8,312	1,313	--
Corporation	169,118	167,601	141,709	16,646	8,358	3,456	756	--
Financial Inst.	49,504	34,087	16,088	2,611	--	--	--	--
Domestic Ins. Cos.	557	412	682	--	--	--	--	--
Total	1,364,547	1,064,666	486,060	97,680	32,207	11,768	2,069	--
Inheritance ⁽⁵⁾	56,742	43,159	26,246	7,177	3,719	1,081	375	684
Sales, Use, and Excise								
Retail Sales	1,068,996	773,270	360,718	127,203	64,503	32,780	9,635	--
Compensating Use	122,471	99,334	57,672	18,153	8,846	4,650	445	--
Subtotal	1,191,467	872,604	418,390	145,356	73,349	37,430	10,080	--
Motor Fuels	268,044	224,356	118,906	81,402	39,487	26,122	10,054	8,827
Vehicle Regis. ⁽⁶⁾	108,426	92,417	66,388	31,463	20,533	10,036	3,840	6,071
Ton-Mileage	--	--	--	--	--	2,679	1,329	--
Cereal Malt Bev.	2,784	3,166	4,966	2,613	1,656	1,715	496	--
Liquor Gallonage	13,082	12,656	12,287	4,517	2,341	2,877	--	--
Liquor Enforce.	24,386	19,890	7,340	2,803	1,231	726	--	--
Liquor Drink	17,416	14,275	4,932	--	--	--	--	--
Cigarette	51,257	54,348	31,845	20,306	8,753	4,929	1,288	682
Tobacco Prod.	2,227	1,637	826	--	--	--	--	--
Corporation Fran.	10,623	9,446	5,685	861	631	395	317	369
Wheat	1,959	1,328	1,052	546	396	--	--	--
Vehicle Dealers ⁽⁷⁾	--	--	26	--	--	--	--	--
Boat Regis.	501	335	323	77	67	--	--	--
Severance	98,680	83,190	--	--	--	--	--	--
New Tires	1,178	--	--	--	--	--	--	--
Motor Vehicle Rental	1,409	--	--	--	--	--	--	--
Total	1,793,439	1,389,648	672,966	289,944	148,444	86,910	27,404	15,949
								Gross Receipts
Ins. Premiums ⁽⁸⁾								
Foreign Cos.	73,803	57,057	28,028	10,313	5,733	2,598	890	9,566
Domestic Cos.	9,361	7,681	3,998	--	--	--	--	--
Firefighters Relief	4,027	3,719	1,890	645	382	215	76	120
Fire Marshal	2,550	1,857	973	282	164	93	35	54
Subtotal	89,740	70,314	34,889	11,240	6,279	2,906	1,001	1,130
Express Cos.	--	--	--	--	4	13	5	12
Private Car Cos.	162	450	588	300	289	218	104	215
Music-Dramatic	19	15	2	a)	a)	a)	a)	a)
Composition								
Bingo Enforcement	913	815	627	--	--	--	--	--

	FY 1993	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
Transient Guest ⁷	197	141	18	--	--	--	--	--
Parimutuel	7,804	7,993	--	--	--	--	--	--
Illegal Drugs	488	55	--	--	--	--	--	--
Total	99,323	79,783	36,124	11,541	6,572	3,137	1,110	1,357
Unemployment Comp.	175,669	169,742	87,598	16,381	10,586	5,963	4,915	--
TOTAL STATE TAXES	\$3,525,200	\$2,780,807	\$1,328,404	\$432,839	\$210,559	\$115,750	\$ 41,302	\$ 25,551

SOURCES: Financial reports of the Division of Accounts and Reports and records of tax-collecting agencies. Details might not add to totals due to rounding.

1. Taxes levied for collection in the fiscal year as reported by the Department of Revenue, including the state's small share (if any) of certain in-lieu tax levies.
2. The state gave up its one-sixth share of the intangibles tax when the privilege tax on financial institutions was enacted in 1963. Any receipts since then were delinquent taxes or the state's share of the 5-mill tax on finance companies.
3. The state's 1/26 share of the tax.
4. Amount received by the state from the motor vehicle tax levied under the "tax and tags law" which took effect on January 1, 1981.
5. Counties retained 5 percent of receipts from estates of decedents who died prior to January 1, 1979.
6. State receipts only, excluding amounts retained by county treasurers.
7. State's 2 percent share of the tax.
8. The detailed amounts from each of the premium taxes were reported on a calendar year basis in 1940 and 1930.
 - a) Less than \$1,000.

**TABLE III -- TOTAL STATE TAX REVENUE (NET OF REFUNDS)
AND ALLOCATION TO FUNDS**

FY 1993; In Thousands

	Amount	Percent of Total	Cumulative Percent	Revenue Credited to:	
				State General Fund	Other Fund or Funds
Ind. Income Tax	\$ 1,145,368	32.49%	32.49%	\$ 1,144,202 ^(c)	\$ 1,166 ^(d)
Retail Sales Tax	1,068,996	30.33	62.82	1,014,515 ^(c,e)	54,481
Motor Fuels Taxes	268,044	7.60	70.42	--	268,044
Unemployment Comp. Tax	175,669	4.98	75.40	--	175,669
Corp. Income Tax	169,118	4.80	80.20	169,118 ^(c)	--
Comp. Use Taxes	122,471	3.47	83.67	116,134 ^(c,e)	6,336
Motor Vehicle Regis. Tax	108,426	3.08	86.75	--	108,426
Insurance Prem. Taxes	89,740	2.55	89.30	82,194	7,546
Gas Severance Tax	74,142	2.10	91.40	68,952	5,190
Liquor and Beer Taxes	57,668	1.64	93.04	43,994	13,674
Inheritance Tax	56,742	1.61	94.65	56,742	--
Cigarette and Tob. Taxes	53,484	1.52	96.17	53,484	--
Fin. Inst. Priv. Tax	49,504 ^(a)	1.40	97.57	49,504	--
Oil Severance Tax	24,538	0.70	98.27	22,820	1,718
General Property Tax	21,945	0.62	98.89	--	21,945
Corp. Franchise Tax	10,623	0.30	99.19	10,623	--
Motor Carrier Prop. Tax	9,846	0.28	99.47	9,846 ^(f)	--
Parimutuel Taxes	7,804	0.22	99.69	--	7,804
Motor Vehicle Tax	3,145	0.09	99.78	--	3,145
Wheat Tax	1,959	0.05	99.83	60	1,899
Motor Vehicle Rental Excise Tax	1,409	0.04	99.87	--	1,409
New Tires Tax	1,178	0.03	99.90	--	1,178
Other Taxes	3,381 ^(b)	0.10	100.00	1,468	1,913
TOTAL	\$ 3,525,200	100.00%		\$2,843,656^(g)	\$ 681,543
				80.7%	19.3%

- a) Includes revenue from one-time acceleration of tax remittances.
- b) From nine taxes, none of which produced as much as \$1 million.
- c) Revenue attributable to tax increases enacted in 1992 was earmarked for general state aid to school districts in FY 1993. This earmarking was eliminated by 1993 legislation after two of the three scheduled demand transfers from the General Fund were made.
- d) Credited to the SKILL program from income tax withholding receipts as provided by K.S.A. 74-50,107.
- e) Specified percentages of the sales tax were earmarked for transfer to the State Highway Fund and specified percentages of sales and use taxes were earmarked for transfer to the Local Ad Valorem Tax Reduction Fund (state aid) and County-City Revenue Sharing Fund (state aid). Such demand transfers were reduced by 3.0 percent in FY 1993.
- f) All revenue from this tax is earmarked for transfer to the City-County Highway Fund (state aid), but this demand transfer was reduced by 3.0 percent in FY 1993.
- g) Does not include nontax revenue credited to the General Fund, *i.e.*, \$88.454 million from interest earnings, net revenue transfers, and agency earnings and miscellaneous revenue.

Source: With a few exceptions, the data in this table are from a computer run provided by the Division of Accounts and Reports, 7/26/93. Details may not add to total due to rounding to thousands of dollars.

TABLE IV
DISPOSITION OF STATE TAX REVENUE
(After Refunds)

<u>Tax</u>	<u>Distribution</u>
State Property Taxes	

Tax

Distribution

Educational Buildings (1 mill)	All to Educational Building Fund. ⁽¹⁾
State Institutions Buildings (0.5 mill)	All to State Institutions Building Fund. ⁽¹⁾
Motor Carrier	All to State General Fund (amount equal to the tax revenue is transferred to Special City and County Highway Fund). ⁽²⁾⁽⁷⁾
Motor Vehicles (state's share)	Two-thirds to Educational Building Fund and one-third to State Institutions Building Fund. ⁽¹⁾
Mortgage Registration	All of state's 1/26 share to Heritage Trust Fund.

Tax

Distribution

Income and Privilege Taxes

All to State General Fund except, beginning in FY 1992, not to exceed 1.0 percent of receipts from individual income tax withholding may be diverted to the SKILL program as provided under K.S.A. 74-50,107. (Beginning in FY 1993, all revenue attributable to the individual and corporation income tax increases enacted in 1992 was earmarked for transfer from the General Fund to the School District Finance Fund, but that earmarking was eliminated by 1993 legislation after two of the three scheduled transfers were made. From FY 1974 through FY 1992, various percentages of resident individual income tax liability were earmarked for transfer to the School District Income Tax Fund, which was abolished by 1992 legislation.)²

Inheritance Tax

All to State General Fund (5 percent was earmarked for transfer to County Inheritance Tax Fund prior to January 1, 1988).

Sales and Use Taxes

Currently, 5.102 percent to State Highway Fund and 94.898 percent to State General Fund (4.03 percent of CY 1992 receipts and 3.63 percent of receipts in CY 1993 and thereafter are earmarked for transfer from the General Fund to the Local Ad Valorem Tax Reduction Fund (LAVTRF); 3.134 percent of CY 1992 receipts and 2.823 percent of receipts in CY 1993 and thereafter are earmarked for transfer to the County-City Revenue Sharing Fund (CCRSF); for sales tax receipts only, 7.6 percent in the last three quarters of FY 1993 and 7.628 percent in all quarters starting on July 1, 1993 are earmarked for transfer to State Highway Fund (SHF); and beginning in FY 1993 all sales and use tax receipts attributable to the rate and base changes enacted in the 1992 school finance legislation were earmarked for transfer to the School District Finance Fund, but that earmarking was eliminated by 1993 legislation after two of the three scheduled transfers were made.)⁽²⁾⁽⁷⁾

Motor Vehicle Rental Excise Tax

All to Rental Motor Vehicle Excise Tax Fund for distribution to treasurer of the county where taxable transactions took place.

Motor and Special Fuels and LP-Gas Taxes

Except for the \$625,000 per quarter gasohol subsidy in effect from 10/1/87 to 7/1/97, 59.5 percent to State Highway Fund and 40.5 percent to Special City and County Highway Fund from which \$2.5 million is transferred annually to the County Equalization and Adjustment Fund.

Vehicle Registration Tax

All to State Highway Fund, after part of collections retained by counties.⁽³⁾

Boat Registration Tax

All to Boating Fee Fund.

Cereal Malt Beverages Tax

All to State General Fund.

Liquor Gallonage Tax

All to State General Fund, except 10 percent of the tax on alcohol and spirits which is credited to the Community Alcoholism and Intoxication Programs Fund.

Tax

Distribution

Liquor Enforcement Tax

All to State General Fund.

Private Club and Liquor
Drinking
Places Tax25 percent to State General Fund;⁽⁴⁾
70 percent to Local Alcoholic Liquor Fund;
5 percent to Community Alcoholism and Intoxication
Programs Fund.

Tax	Distribution
Cigarette Tax	All to State General Fund.
Tobacco Products Tax	All to State General Fund.
Corporation Franchise Tax	All to State General Fund.
Motor Vehicle Dealers' Stamp Tax	All to State General Fund (state's 2 percent share); tax repealed effective in 1989 tax year.
Wheat Tax	20 percent to State General Fund, subject to limitation; ⁵ remainder to Wheat Commission.
Severance Tax	93 percent to State General Fund; 7 percent to County Mineral Production Tax Fund.
Marijuana and Controlled Substances Taxes	All to State General Fund (except 50 percent of assessments and penalties to cities or counties whose law enforcement agency conducted the investigation).
New Tires	All to Waste Tire Management Fund from which at least 91 percent must be used for making grants to counties, cities, and private companies.
Parimutuel	
Wagering Tax	All to State Racing Fund (excess over amount appropriated for operations and promotion transferred to Gaming Revenues Fund).
General Admissions Tax	Same.
Admissions Tax at Tracks Exempt from Property Tax	All to Local Racing Admissions Tax Fund.
Insurance Premium Taxes	
Domestic and Foreign Companies	All to State General Fund less amounts diverted to a special revenue fund to help finance the Insurance Department. ⁶
Fire Marshal	20 percent to State General Fund (not to exceed \$400,000 in FY 1993 and \$200,000 thereafter); remainder to Fire Marshal Fee Fund.
Firefighters Relief	All to State Firefighters Relief Fund, from which: <ul style="list-style-type: none"> a) amount determined by legislative appropriations for administrative costs; b) 3 percent to State Firefighters Ass'n. for fire prevention education and study; c) 5 percent to State Firefighters Ass'n. for a death benefit fund (not more than the lesser of \$100,000 or the difference between the balance in such fund and \$100,000); and

Tax	Distribution
	d) balance to local firefighters relief associations (see Table IV).
Private Car Companies Tax	All to State General Fund.
Music-Dramatic Composition Tax	All to State General Fund.
Bingo Enforcement Tax (Call and Instant Bingo)	One-third to State General Fund, 1/3 to County and City Bingo Tax Fund, and 1/3 to the Bingo Regulation Fund.
Unemployment Compensation Tax	All to Unemployment Trust Fund.
	1) For 1986, 1987, and 1990 only, the levy for the State Institutions Building Fund was reduced to 0.25 mill and a levy at that rate was made for the Correctional Institutions Building Fund; and for FY 1987, FY 1988, and FY 1991 only, one-sixth of the state's share of the motor vehicle tax was allocated to each of those two funds. For 1983 only, the tax levy for the State Educational Building Fund was 1.1 mill and for the Institutions Building Fund was 0.4 mill. The levy for the State Institutions Building Fund was reduced from 0.5 mill to 0.25 mill in 1976 and to 0.4 mill in 1977 and levies of 0.25 mill and 0.1 mill were made in 1976 and 1977, respectively, for the Correctional Institutions Building Fund.
	2) Transfers to the LAVTRF and CCRSF were reduced by 3.8 percent in CYs 1988 and 1989. Dollar transfers to those two funds and to the School District Income Tax Fund, State Highway Fund, and Special City-County Highway Fund were reduced by 1 percent in FY 1992. A 3.0 percent reduction applied to the LAVTRF, CCRSF, State Highway Fund, and Special City-County Highway Fund in FY 1993, and a 4.0 percent reduction is applicable in FY 1994.
	3) County treasurers retain 75 cents of license and tag transfer application fees and \$2 of each certificate of title fee (K.S.A. 8-145). After December 31, 1982, a 50-cent service fee was paid to the county treasurer at the time of making an application for registration or renewal thereof (K.S.A. 8-145d); this fee was raised to \$1 after December 31, 1985; and to \$2.25 on and after January 1, 1990. Also, county treasurers retain the \$5 fee required for registration of antique vehicles for the purpose of taxation (K.S.A. 8-167(b)). See page 53 for further details.
	4) If total amount distributed to counties and cities in any calendar year is less than the amount distributed in CY 1981, an amount equal to the difference must be transferred from the General Fund for distribution to counties and cities on the next March 15. At present tax revenue levels, this provision is moot.
	5) Total amount credited to General Fund from wheat tax and assessments (marketing fees) on corn, sorghum, and soybeans cannot exceed \$100,000.
	6) In addition, revolving funds not to exceed \$68,000 may be established for the Insurance Company Annual Statement Examination Fund established under K.S.A. 40-223a and the Insurance Company Examiner Training Fund created by K.S.A. 40-223e.
	7) For FY 1991, the dollar amount of the transfer to the Special City-County Highway Fund and the State Highway Fund was reduced by 1.75 percent, for FY 1992 there was a reduction of 1.0 percent, for FY 1993 there was a reduction of 3.0 percent, and for FY 1994 there is a reduction of 4.0 percent.

Note: The State General Fund receives 2 percent of transient guest taxes which may be imposed by counties and cities but are collected by the state for them, and the State General Fund also received 2 percent of the motor vehicle dealers' stamp tax (repealed on 1/1/89).

TABLE V**FORMULAS FOR DISTRIBUTION TO LOCAL GOVERNMENTS OF STATE-SHARED
TAXES REFERRED TO IN TABLE III***

*This table pertains only to specific state imposed and collected taxes part or all of the revenue from which is earmarked by law for distribution to local units. In addition to such distributions, various state aid or grant programs are financed by appropriations from the State General Fund and other funds.

<u>Tax Source</u>	<u>Fund</u>	<u>Distribution Formula</u>
Sales and Use	Local Ad Valorem Tax Reduction Fund (K.S.A. 79-2959, 79-2961)	Distributed on January 15 and July 15 proportionately among all counties, 65 percent on the basis of population ⁽¹⁾ and 35 percent on the basis of assessed tangible valuation. Within each county, to each property tax levying subdivision (including the county but excluding unified school districts) proportionately based on tax levies in the preceding year. Each subdivision's share must be credited to one or more tax levy funds of general application, except bond and interest funds. ⁽²⁾
	County and City Revenue Sharing Fund (K.S.A. 79-2964 through 79-2966)	Allocated among counties 65 percent on the basis of population and 35 percent on the basis of assessed tangible valuation, with distributions on July 15 and December 10. Counties retain 50 percent and cities receive 50 percent in proportion to their populations. ⁽²⁾
Motor Vehicle Rental Excise	Rental Motor Vehicle Excise Tax Fund (K.S.A. 79-5117)	Distributed on June 30 and November 30 to counties where a taxable transaction took place. Then allocated among tax levy units in the county in the same manner as the motor vehicle (property) tax is allocated.
Motor and Special Fuels and LP-Gas	Special City and County Highway Fund (K.S.A. 79-3425c)	Quarterly distributions in January, April, July, and October, net of the \$2.5 million annual transfer to the County Equalization and Adjustment Fund. Cities receive directly 43 percent on the basis of city population. Counties receive 57 percent, as follows: \$5,000 to each county; the balance from revenue produced by tax rates in effect prior to July 1, 1989 is distributed 50 percent on the basis of motor vehicle registration fees collected in each county and 50 percent on the basis of average daily vehicle miles traveled in each county, excluding travel on interstate highways. The balance from additional revenue produced by tax rates taking effect on and after July 1, 1989 is distributed 1/3 on the basis of registration fees, 1/3 on the basis of average daily vehicle miles traveled, and 1/3 on the basis of total road miles in the county. Amount received by county is allocated 50 percent to county and 50 percent to cities on basis of city population in Sedgwick and Shawnee counties; 10 percent to the county and 90 percent to cities in Wyandotte County; 90 percent to county and 10 percent to cities in Butler, Cowley, Crawford, Douglas, Leavenworth, Lyon, Montgomery, Reno, Riley, and Saline counties; and 100 percent to county in all other counties.

Tax Source	Fund	Distribution Formula
Motor and Special Fuels and LP-Gas	County Equalization and Adjustment Fund (K.S.A. 79-3425c)	Townships share in the amount retained by counties which have not adopted the county-unit road system. ⁽²⁾ A total of \$2.5 million is transferred annually from the Special City and County Highway Fund to assure that no county will receive less than it and the cities therein received from the Special City and County Highway Fund and three state aid funds abolished in 1970 when compared with the amount the county and cities therein currently receive from the Special City and County Highway Fund. ⁽³⁾ The balance remaining after such "equalization" payments, if any, is distributed to counties, cities, and townships to the same extent they share in the counties' portion of the Special City and County Highway Fund, with the initial payment to counties being made on the basis of motor vehicle registration fees (50%) and average daily vehicle miles traveled in the county (50%).
Private Club and Liquor Drinking Places Tax	Local Alcoholic Liquor Fund (K.S.A. 79-41a04)	Distributed March 15, June 15, September 15, and December 15 to the city or county based on the amount collected from each city or county from clubs or establishments located therein. The city or county is required to credit the moneys received as follows: (1) 1/3 to the general fund; (2) 1/3 to a special parks and recreation fund; and (3) 1/3 to a special alcohol and drug programs fund (this share goes to the county in the case of cities with 6,000 population or less).
Severance Tax	County Mineral Production Tax Fund (K.S.A. 79-4227)	Distributed March 1, June 1, September 1, and December 1 to counties in proportion to severance taxes imposed on production in each county. Within each county, 50 percent to county general fund and 50 percent to school districts on the basis of the assessed valuation of oil, gas, and coal properties in such districts.
Admissions Tax at Race Meetings (Parimutuel) Exempt from Property Tax	Local Racing Admissions Tax Fund (KSA 74-8824)	Distributed at least quarterly, 50 percent to the city where the racing facility is located and 50 percent to the county; 100 percent to county if facility not located in a city.
Firefighters Relief Insurance Premium Tax	Firefighters Relief Fund (K.S.A. 40-1706 and 1707)	Annually, \$1,000 to each firefighters relief association and remainder distributed to each association in proportion to the amount it received in FY 1984 from taxes collected for CY 1983, subject to various adjustments. (See Table III)

<u>Tax Source</u>	<u>Fund</u>	<u>Distribution Formula</u>
Bingo Enforcement (Call and Instant Bingo)	County and City Bingo Tax Fund (K.S.A. 79-4710)	Revenue remitted not less than annually to city in which registered premises are located, or to county if such premises are located in unincorporated area, to be used to assist in bingo enforcement.
Marijuana and Controlled Substances	County Drug Tax Fund (K.S.A. 79-5211)	To treasurer of city or county whose law enforcement agency conducted the investigation, to be used solely for law enforcement. Time of distribution not specified by law.
New Tires Excise Tax	Waste Tire Management Fund (K.S.A. 65-3424f and 3424g)	To counties and cities which, individually or collectively, submit applications for grants to the Secretary of the Department of Health and Environment under plans approved by the Secretary. (Grants also may be made to private companies.)
Mortgage Registration	Heritage Trust Fund (K.S.A. 75-2729 and 79-3107b)	To local units (among others) whose grants have been approved by the State Historical Society.

- 1) K.S.A. 19-2694 establishes a formula designed to prevent counties from receiving less money distributed on the basis of population from the LAVTRF due to changing from state census data to federal census data, effective July 1, 1979.
- 2) Legislation enacted in 1982 provides that persons residing within Ft. Riley shall not be included in determining the population of any city located in Geary or Riley counties and that the population of any military reservation which was annexed to a city after December 31, 1981, shall not be included in the population of such city for the purpose of allocating the cities' 43 percent share of the Special City and County Highway Fund.
- 3) In FY 1985, only two counties received "equalization" payments, totaling \$7,388. In FYs 1986-1993, there were no such payments.

TABLE VI -- LOCAL GOVERNMENT TAX REVENUE**In Thousands**

	FY 1993	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
Counties								
Tangible Property ⁽¹⁾	\$ 414,360	\$ 366,526	\$ 189,908	\$ 99,565	\$ 59,684	\$ 33,638	\$ 18,047	\$ 18,584
Intangibles ⁽²⁾	3,215	3,803	5,732	1,485	557	430	158	130
Mortgage Regis. ⁽³⁾	18,771	12,242	8,638	1,830	1,334	928	302	327
Grain ⁽¹⁾	--	--	681	478	452	389	--	--
Inheritance	--	--	733	381	196	57	20	36
Motor Veh. Regis. ⁽³⁾	9,900	6,045	2,502	830	463	285	201	73
Transient Guest	583	366	136	--	--	--	--	--
Motor Vehicle ⁽⁴⁾	51,740	52,913	--	--	--	--	--	--
Cities								
Tangible Property ⁽¹⁾	272,891	242,734	162,306	80,194	40,090	17,844	10,767	14,717
Intangibles ⁽²⁾	2,881	4,304	13,406	2,644	1,016	637	262	155
Transient Guest	9,080	6,557	740	--	--	--	--	--
Motor Vehicle ⁽⁴⁾	48,281	54,575	--	--	--	--	--	--
Schools⁽⁵⁾								
Tangible Property ⁽¹⁾	813,378	866,282	480,674	283,857	151,186	58,889	26,622	40,446
Intangibles ⁽²⁾	447	639	--	1,485	1,114	860	316	259
Motor Vehicle ⁽⁴⁾	145,959	154,802	--	--	--	--	--	--
Dog ⁽¹⁾	--	--	--	--	260	218	182	201
Townships								
Tangible Property ⁽¹⁾	24,064	21,941	12,347	8,199	8,707	6,816	2,838	6,996
Intangibles ⁽²⁾	2,142	2,437	3,026	325	97	223	55	104
Motor Vehicle ⁽⁴⁾	2,836	2,817	--	--	--	--	--	--
Special Districts								
Tangible Property ⁽¹⁾	65,788	55,988	29,245	9,579	2,475	509	294	361
Motor Vehicles ⁽⁴⁾	7,216	7,502	--	--	--	--	--	--
Intangibles ⁽²⁾	70	77	--	--	--	--	--	--
Taxes Not Allocated								
County and City Sales and Use ⁽⁶⁾	268,293	225,073	30,015	--	--	--	--	--
Vehicle Dealers ⁽⁷⁾	--	--	1,269	--	--	--	--	--
TOTAL LOCAL TAXES	\$,161,895	\$,087,623	\$ 941,358	\$490,852	\$267,631	\$121,723	\$ 60,064	\$ 82,389
Exhibit:								
Tangible Property	\$,590,482	\$,553,472	\$ 874,481	\$481,394	\$262,141	\$117,697	\$ 58,569	\$ 81,103
Motor Vehicle	256,032	272,608	--	--	--	--	--	--
Vehicle Dealers	--	--	1,269	--	--	--	--	--
Total	\$,846,514	\$,826,080	\$ 875,750	\$481,394	\$262,141	\$117,697	\$ 58,569	\$ 81,103

Sources: Reports and records of the Department of Revenue.

1. Taxes levied for collection in the fiscal year. The FY 1993 and 1990 columns for the tangible property tax include certain in-lieu taxes, e.g., on industrial revenue bond property (such taxes were not compiled prior to 1984).

2. Taxes levied for collection in the fiscal year, including the 5-mill tax on finance companies.
3. Calendar year revenue, *e.g.*, the figure in the FY 1993 column is for CY 1992.
4. Tax levied under the 1979 "tax and tags law" which took effect on January 1, 1981 and which replaced the tangible property tax levied on vehicles covered by the 1979 law.
5. Includes school districts, community colleges, and municipal universities.
6. Collections by the Department of Revenue for counties and cities which impose a sales tax.
7. This tax, which was repealed effective mid FY 1989, was allocated by county treasurers among the county and all other property tax levying subdivisions in the county. There was no central compilation of how much each type of local unit received.

Special Note

This table does not include revenue from certain taxes for which annual data are not compiled, *e.g.*, city occupation and franchise taxes. See page 5.

TABLE VII -- COMBINED STATE AND LOCAL TAX REVENUE (NET)**Fiscal Year 1993**

<u>Taxes</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>% Increase From FY 1992</u>
General Property	\$ 1,612,427	28.35 %	(12.3)%
Sales and Use	1,459,760 ^a	25.67	20.4
Income and Privilege	1,364,547	23.99	20.3
Motor Fuels	268,044	4.71	7.3
Motor Vehicles	259,177 ^b	4.56	7.6
Unemployment Comp.	175,669	3.09	1.4
Vehicle Registration	118,326	2.08	3.6
Severance	98,680	1.74	16.1
Insurance Premiums	89,740	1.58	1.3
Liquor and Beer	57,668	1.01	3.7
Inheritance	56,742	1.00	8.0
Cigarette and Tobacco	53,484	0.94	(3.7)
Mortgage Registration	19,303 ^b	0.34	45.1
Corporation Franchise	10,623	0.19	4.3
Transient Guest	9,860	0.17	7.0
Motor Carrier Property	9,846	0.17	(1.3)
Intangibles	8,767	0.15	(7.6)
Parimutuel	7,804	0.14	(11.8)
Wheat	1,959	0.03	(8.2)
All Other	4,670 ^c	0.08	9.3
TOTAL	<u>\$ 5,687,095</u>	<u>100.00</u> <u>%</u>	<u>6.0%</u>

- a) Includes state, county, and city sales and use taxes.
- b) Total tax levied in CY 1992 less state's share plus actual state receipts in FY 1993.
- c) Total revenue from seven taxes, the largest single amount included in that total being \$1.409 million.

TABLE VIII -- PERCENTAGE OF COMBINED STATE AND LOCAL TAX REVENUE**Ranked on the Basis of FY 1993**

	FY 1993	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
General Property ⁽¹⁾	28.35 %	32.34 %	39.19 %	53.06 %	56.44 %	52.19 %	62.95 %	82.02 %
Sales and Use ⁽²⁾	25.67	22.55	19.75	15.74	15.34	15.76	9.94	--
Income and Privilege	23.99	21.87	21.42	10.57	6.73	4.95	2.04	--
Motor Fuels	4.71	4.61	5.24	8.81	8.26	11.00	9.92	8.18
Motor Vehicles	4.56 ^(a)	5.66 ^(a)	--	--	--	--	--	--
Unemployment Comp.	3.09	3.49	3.86	1.77	2.21	2.51	4.85	--
Vehicle Regis.	2.08	2.02	3.03	3.50	4.39	4.35	3.99	5.69
Severance	1.74	1.71	--	--	--	--	--	--
Insurance Prem.	1.58	1.44	1.54	1.22	1.31	1.22	0.99	1.05
Liquor and Beer	1.01	1.03	1.30	1.08	1.09	2.24	0.49	--
Inheritance	1.00	0.89	1.19	0.82	0.82	0.48	0.39	0.67
Cigarette and Tobacco	0.94	1.15	1.44	2.20	1.83	2.08	1.27	0.63
Mortgage Regis.	0.34	0.25	0.38	0.20	0.28	0.39	0.30	0.30
Corp. Franchise	0.19	0.19	0.25	0.09	0.13	0.17	0.31	0.34
Motor Carrier Prop.	0.17	0.20	0.19	0.15	0.16	0.09	0.03	^(b)
Transient Guest	0.17	0.15	0.04	--	--	--	--	--
Intangibles ⁽¹⁾	0.15	0.23	0.98	0.64	0.70	1.09	0.93	0.72
Parimutuel	0.14	0.16	--	--	--	--	--	--
All Other	0.11	0.06	0.20	0.15	0.31	1.48	1.60	0.40
TOTAL	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

1) Taxes levied for collection in the fiscal year.

2) Includes city and county sales taxes, fiscal years 1993, 1990, and 1980.

a) Based on the total tax levied less the state's share plus actual state receipts in the fiscal year. This tax replaced the general property tax on vehicles now subject to the "tax and tag law."

b) Included in the general property tax until the law was changed in 1935.

TABLE IX -- STATE COLLECTED TAXES ALLOCATED TO OR SHARED WITH LOCAL UNITS OF GOVERNMENT FROM TAXES LISTED IN TABLE II

In Thousands

	FY 1993	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
Highway-User Taxes to Counties, Cities, and Townships ⁽¹⁾	\$ 117,552	\$ 96,223	\$ 40,675	\$ 23,990	\$ 11,424	\$ 7,227	\$ 3,670	\$ 3,366
Cigarette Tax to Counties and Cities	--	--	--	4,706	3,259	2,465	386	--
Liquor Enforce. Tax to Counties and Cities	--	--	--	1,542	991	673	--	--
Motor Carrier Tax to School Districts ⁽¹⁾	--	--	--	1,392	743	213	29	--
Firemen's Relief Tax to Local Firemen's Relief Associations ⁽²⁾	3,780	3,478	1,833	550	329	212	75	102
Bingo Enforce. Tax to County or City Based on Licensed Premises	309	264	393	--	--	--	--	--
Liquor by Drink Tax to County or City Based on Collections From Licensees Therein	12,159	9,740	3,876	--	--	--	--	--
Severance Tax to Counties and School Districts ⁽³⁾	6,462	5,928	--	--	--	--	--	--
Racing Admissions Tax to City and/or County Where Racing Facility Located	--	14	--	--	--	--	--	--
Illegal Drug Taxes to Counties	256	27	--	--	--	--	--	--
Mortgage Regis. Tax to Qualifying Local Units ⁽⁴⁾	177	--	--	--	--	--	--	--
Motor Vehicle Excise Tax to Property Tax Levy Units	1,409	--	--	--	--	--	--	--
New Tires Tax to Qualifying Cities or Counties	940	--	--	--	--	--	--	--
From State General Fund ⁽⁵⁾ for Education ⁽⁶⁾	1,239,756	987,857	466,513	125,024	28,687	12,775	1,980	107

for Prop. Tax Reduction ⁷ to Counties and Cities (Revenue Sharing) ⁷ to Counties for Welfare ⁸ Other ⁹	39,324	35,326	18,361	12,500	12,500	12,500	4,426	--
	30,218	26,601	13,753	--	--	--	--	--
	--	--	--	40,175	13,189	13,127	4,017	--
	72,593	40,784	8,781	355	74	71	4	5
Total, Gen. Fund	<u>\$1,381,891</u>	<u>\$1,090,568</u>	<u>\$507,408</u>	<u>\$178,054</u>	<u>\$54,450</u>	<u>\$38,473</u>	<u>\$10,427</u>	<u>\$ 112</u>
GRAND TOTAL	<u>\$1,524,931</u>	<u>\$1,206,242</u>	<u>\$554,185</u>	<u>\$210,234</u>	<u>\$71,196</u>	<u>\$49,263</u>	<u>\$14,587</u>	<u>\$3,580</u>

Sources: Records of the Division of Accounts and Reports and state budget documents.

- 1) Includes city maintenance payments for all years; County and Township Road Fund for 1930-1970; County Road and City Street Fund for 1950-1970; Special City and County Highway Fund for 1970 and thereafter; County Equalization and Adjustment Fund for 1980 and thereafter; County Treasurer's Licensing Fee Fund for 1990 and 1993; and aid for elderly and handicapped transportation for 1990 and 1993. Beginning in FY 1981, an amount equal to annual receipts from the motor carrier tax credited to the State General Fund was earmarked for transfer to the Special City and County Highway Fund.
- 2) Excludes payments to the State Firefighters Association and any amount of the tax used for administration.
- 3) Seven percent of the tax is returned to producing areas.
- 4) Amount distributed from the Heritage Trust Fund.
- 5) Taxes accounted for 97 percent of General Fund receipts in FY 1993. The "Other" category does not include the motor carrier tax transfer to the Special City and County Highway Fund because that amount is included in "Highway-User Taxes."
- 6) In FY 1993, this category included aid to school districts, community colleges, Washburn University (including Public TV), local libraries, and area vocational schools, and the state's contribution for school employees retirement (KPERS-School). Aid to school districts does not include \$11.606 million distributed from local property taxes remitted to the state by certain districts with exceptionally high assessed valuations.
- 7) By law, fixed percentages of state sales and use taxes credited to the General Fund are transferred to the Local Ad Valorem Tax Reduction Fund and the County-City Revenue Sharing Fund. The latter was created in 1978 (effective 1/1/79) and the state now retains the portions of cigarette, liquor enforcement, and domestic insurance comparing privilege taxes formerly distributed to local units.
- 8) The state assumed the local cost of public assistance (welfare) programs in January, 1974, thus eliminating the need for state aid.
- 9) Includes, for FY 1993, community corrections and community conservation camps, emergency medical services, soil conservation districts, local public health, community mental health and retardation, Aging Department programs, arts programs, and mine shaft capping.

**TABLE X -- STATE AND LOCAL GOVERNMENT TAXES IN RELATION TO
POPULATION AND PERSONAL INCOME**

	FY 1993	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
State Taxes (\$000)	\$,525,200	\$,780,807	\$,328,404		\$210,559	\$115,750	\$41,302	\$25,551
Local Taxes (\$000)	2,161,895	2,087,623	941,358	490,852	267,633	121,723	60,064	82,389
Total (\$000)	\$,687,095	\$,868,430	\$,269,762	\$923,691	\$478,193	\$237,476	\$101,366	\$107,940
State Population (000) ¹	2,523	2,478	2,364	2,249	2,179	1,905	1,801	1,881
Personal Income -- Kansas (millions) ²	\$48,807.4	\$40,840.9	\$21,275.4	\$7,850.3	\$4,560.0	\$2,489.0	\$684.0	\$977.0
Per Capita Income ²	19,348	16,516	9,064	3,511	2,111	1,293	375	523
Per Capita Taxes								
State	\$ 1,397	\$ 1,122	\$ 562	\$ 192	\$ 97	\$ 61	\$ 23	\$ 14
Local	857	843	398	218	123	64	33	44
Total	\$ 2,254	\$ 1,965	\$ 960	\$ 411	\$ 219	\$ 125	\$ 56	\$ 57
Ratio of Taxes to Personal Income								
State	7.22	6.81	6.24	5.52	4.62	4.65	6.04	2.62
Local	4.43	5.11	4.43	6.25	5.87	4.89	8.78	8.43
Total	11.65	11.92	10.67	11.77	10.49	9.54	14.82	11.05
	%	%	%	%	%	%	%	%

1) 1930-1990, U.S. Census; 1993, estimated as of July 1, 1992.

2) Estimates of the U.S. Department of Commerce. The income figure in each column is for the calendar year in which the fiscal year began.

PART II -- INFORMATION ON INDIVIDUAL TAXES

Introduction

In general, the following information is presented on each tax: date of enactment; statutory citation; agency or agencies responsible for administration and collection; collection date or period; tax base; present rate or rates; history of tax rates; major changes in the tax base, if any; disposition of revenue; and net collections, after refunds, from fiscal year 1988 through 1993. Some additional information is presented for certain taxes to aid in understanding their particular background and application. As used in this publication, the letters K.S.A. in the statutory citations stand for both *Kansas Statutes Annotated* and Supplements thereto.

The tax summaries are grouped according to major categories, which appear in the following order: state property taxes; income and inheritance taxes; sales, use, severance, and all other excise taxes; gross receipts taxes; payroll taxes; major state taxes no longer in effect; local taxes, including local property taxes, state-imposed locally retained taxes, and nonproperty taxes authorized for local use; and certain local taxes no longer authorized.

Because of the summary nature of the information in this section, some technical details have been omitted except where the omission would materially detract from the description. Individuals desiring a complete description of all elements of the individual taxes should refer to the appropriate statutory citation. It has also become necessary to restrict some of the historical material that was presented in earlier editions. Generally, the detailed description of specific taxes does not present historical material except as it relates to tax rates and collections unless it is necessary to illustrate current relationships between various taxes levied by the state and local governments.

STATE PROPERTY TAXES

State Property Tax Levies

Enacted:

1. Educational Building Fund levy was authorized by a constitutional amendment (Art. 6, Sec. 10) in 1918 (reorganized by a 1966 amendment as Art. 6, Sec. 6); first levy was made in 1942.
2. State Institutions (formerly Charitable Hospital) Building Fund levy was authorized by a constitutional amendment (Art. 7, Section 6) in 1952; first levy was made in 1953.
3. Correctional Institutions Building Fund levy (temporary) first made in 1976.

Statutory Citation: K.S.A., Ch. 76, Art. 6b.

Administration and Collection: Department of Revenue, Division of Property Valuation; County Clerks or Appraisers; County Treasurers (collection).

Collection Period: Same as local property tax payments, *i.e.*, due November 1, one-half payable no later than December 20 and the other half by the following June 20. If tax is \$10 or less, the entire amount is payable December 20.

Tax Base: Assessed valuation of all taxable tangible property as of January 1 of each year. (For major exemptions, see Local Property Taxes.)

Present Permanent Rates:

1. 1.0 mill -- Educational Building Fund; effective 1955; and
2. 0.5 mill -- State Institutions Building Fund; effective 1965.

History of Permanent Tax Rates:

<u>Year</u>	<u>EBF</u>	<u>SIBF</u>
1942	0.25 mill	
1949	0.50 mill	
1953		0.50 mill
1955	1.00 mill	0.75 mill
1965	1.00 mill	0.50 mill*

* Companion bills enacted in 1965 lowered the SIBF levy by one-fourth mill and authorized counties with approved community mental health centers to levy a like amount for construction of such centers.

Temporary Levies: From time to time the Legislature has modified the state's building fund levies for one year to provide funds for the Correctional Institutions Building Fund (CIBF) or to provide additional funds for the EBF. The total state mill levy of 1.50 mills has not changed since 1965, however. A history of these temporary rates is shown below.

<u>Year</u>	<u>EBF</u>	<u>SIBF</u>	<u>CIBF</u>
1976	1.00 mill	0.25 mill	0.25 mill
1977	1.00 mill	0.40 mill	0.10 mill
1983	1.10 mill	0.40 mill	--
1986	1.00 mill	0.25 mill	0.25 mill
1987	1.00 mill	0.25 mill	0.25 mill
1990	1.00 mill	0.25 mill	0.25 mill

Disposition of Revenue:

1. All of EBF levy is earmarked for the erection, equipment and repair of buildings at the educational institutions under the State Board of Regents.**
2. All of the SIBF levy is earmarked for the use and benefit of state institutions caring for the mentally ill, retarded or handicapped, children, or juvenile offenders, or institutions providing vocational rehabilitation of the handicapped.
3. All of the Correctional Institutions Building Fund was earmarked for the use and benefit of state correctional institutions.

Taxes Levied for Collection: (\$ in thousands)

<u>Fiscal Year</u>	<u>EBF⁽¹⁾</u>	<u>SIBF⁽¹⁾</u>	<u>CIBF⁽¹⁾</u>	<u>Total⁽¹⁾</u>
1993	\$14,630	\$ 7,315	\$ --	\$ 21,945
1992	14,662	7,331	--	21,993
1991	14,285	3,571	3,571	21,427
1990	14,133	7,067	--	21,200
1989	11,383	5,691	--	17,074
1988	11,302	2,825	2,825	16,952

- 1) These data include minor amounts from certain in-lieu tax levies.

Prior Statewide Levies for Other Purposes: From 1861 through 1942, a state property tax was levied for general operating purposes. No such levy was made in the years 1943-1946. A general levy was made again each year from 1947 through 1952, but not in 1953 and 1954. The last

** From 1955, when rate was increased from 3/4 mill to 1 mill, through 1968, 25 percent of EBF was earmarked for state school dormitory fund.

state general purpose levy was made in 1955 for collection in fiscal year 1956 (the rate was 1.99 mills and the amount of the levy was \$8,192,000).

In dollar amounts, the 1955 levy was the second highest ever made for general state purposes. The largest general levy was \$8,504,000 in 1921 and the 2.23 mill rate that year is the highest on record after 1907. In that year, on order of the first state tax commission, which was created in 1907, the state total assessed valuation was increased from \$425.3 million in 1907 to nearly \$2.5 billion in 1908.

From 1923 through 1954, a statewide property tax was levied to retire bonds issued to pay the World War I soldier's bonus.

Motor Carrier Property Tax

Enacted: 1929.

Statutory Citation: K.S.A., Ch. 79, Art. 6a.

Administration and Collection: Department of Revenue, Division of Property Valuation.

Collection Period: Same as other property taxes; due November 1, one-half payable by December 20 and the other half by the following June 20; if tax is less than \$50, the entire amount is due by December 20.

Tax Base: Assessed valuation of over-the-road motor vehicles and rolling equipment owned, used, or operated by persons who, in effect, operate such property in nonlocal intrastate or in interstate business, *i.e.*, motor carriers who are required to secure certain certificates, licenses, or permits from the Kansas Corporation Commission. For interstate operators, valuation is prorated on the basis of mileage traveled in Kansas.

Present Rate: The average rate of property tax levies for all purposes in the taxing districts of the state for the preceding year.

History of Tax Rates: The 1929 law required the assessed values to be certified back to the counties for application of the local tax levies. The present "average state rate" procedure was enacted in 1935, with the revenue earmarked for the Annual School Fund, which has been abolished. The statewide average levy for recent years is as follows:

<u>Tax Year</u>	<u>Mills</u>	<u>Tax Year</u>	<u>Mills</u>
1992	110.11	1989	111.36
1991	125.26	1988	130.40
1990	116.09	1987	123.66

Major Changes in Tax Base: The 1955 Legislature extended the coverage of the tax and expanded the basis for evaluation of motor carrier property as part of a tax package enacted when the ton-mile tax was repealed. The assessment of certain rolling equipment and nonmotorized vehicles was changed starting in 1989 from 30 percent of market value to 20 percent of its retail cost

when new, depreciated (pursuant to Article 11, Section 1 of the *Kansas Constitution*). A subsequent constitutional amendment increased the assessment level to 25 percent starting in 1993 while retaining the retail-cost-when-new valuation procedure.

Disposition of Revenue: Since July 1, 1976, motor carrier tax receipts have been deposited in the State General Fund. Previously, proceeds from this tax were deposited into the former State School Equalization Fund or a predecessor fund and were used to help pay state aid to school districts. Starting in FY 1981, an amount equal to the tax revenue is transferred from the State General Fund to the Special City and County Highway Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	9,846	FY 1990	\$	9,689
FY 1992		9,972	FY 1989		10,726
FY 1991		9,146	FY 1988		9,897

INCOME AND INHERITANCE TAXES

Income Taxes -- Individual and Corporation

Enacted: 1933; constitutional amendment authorizing the tax (Art. 11, Sec. 2) adopted in 1932.

Statutory Citation: K.S.A., Ch. 79, Art. 32.

Administration and Collection: Department of Revenue, Division of Taxation. The 1965 Legislature established a withholding and declaration system for collection of the income tax, including a requirement for advance payments by corporations. The withholding rate was established in 1965 at 15 percent of the federal tax withheld, was reduced to 10 percent in 1967, and was increased to 13 percent in 1976. In 1977, the Secretary of Revenue was authorized to adopt variable rates, based upon adjusted gross income class, by administrative rule and regulation. Legislation enacted in 1983 accelerated remittances of taxes withheld by employers to require that most employers remit monthly or twice monthly. Accelerator legislation enacted in 1992 required employers with annual withholding in excess of \$100,000 to remit four times each month.

Collection Period: Tax is due by April 15 of each year, or the 15th of the fourth month following the end of the tax year.

Tax Base: Individual: Federal adjusted gross income, adjusted, less deductions and exemptions; Corporation: Federal taxable income, adjusted, and then allocated to Kansas.

Present Rates: Applicable starting with tax year 1992.

Individuals				Corporations	
Single Return		Joint Return		Taxable Income	Rate
Taxable Income	Rate	Taxable Income	Rate		
First \$20,000	4.40	First \$30,000	3.50	First \$50,000	4.00
	%		%		%
\$20,001-\$30,000	7.50	\$30,001-\$60,000	6.25	\$50,001 and above	7.35
\$30,001 and above	7.75	\$60,001 and above	6.45		

History of Tax Rates:

Taxable Income	1933- <u>56</u>	1957	1958-64	1965-66	1967-69	1970-76	1977-87	1988	1989- <u>91^(a)</u>
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Individuals^(b)

First \$2,000	1.0%	1.0%	1.5%	2.5%	2.0%	2.0%	2.0%		
\$2,001-3,000	2.0	2.0	2.5	3.5	3.5	3.5	3.5		
\$3,001-5,000	2.5	2.5	3.0	4.0	4.0	4.0	4.0		
\$5,001-7,000	3.0	3.5	4.0	5.0	5.0	5.0	5.0		
\$7,001-10,000	4.0	5.0	5.5	6.5	6.5	6.5	6.5		
\$10,001-20,000	4.0	5.0	5.5	6.5	6.5	6.5	6.5	7.5	
\$20,001-25,000	4.0	5.0	5.5	6.5	6.5	6.5	6.5	8.5	
\$25,001 and above	4.0	5.0	5.5	6.5	6.5	6.5	6.5	9.0	

Joint Individuals

First \$35,000								4.05%	3.65%
\$35,001 and above								5.30	5.15

**Single
Individuals**

First \$27,500								4.80%	4.50%
\$27,501 and above								6.10	5.95

1933- <u>56</u>	1957	1958-64	1965-69	1970-91
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Corporations

First \$25,000	2.0%	3.0%	3.5%	4.5%	4.5%
\$25,001 and above	2.0	3.0	3.5	4.5	2.25

- a) An optional set of rates were available for individuals in tax years 1989-1991 if they elected to deduct their federal income tax liability.
- b) Brackets shown are for single or separate returns; on joint returns, the range of each bracket was doubled.

Conformity With Federal Law. A state-federal conformity statute was enacted in 1967, following adoption in 1966 of a constitutional amendment (Art. 11, Sec. 11) which authorized prospective adoption of federal provisions by reference, that is, continuing conformity to federal law in the absence of further legislative action. Generally, until 1977, Kansas conformed in the areas of federal adjusted gross income, the standard deduction, and itemized deductions, except for a more liberal state medical deduction and deduction of the Social Security tax for persons who itemize deductions. Legislation enacted in 1977, however, froze the Kansas standard and itemized deductions at the 1976 levels, for one year. The 1978 Legislature established permanent deductions, limiting the standard deduction to the 1976 federal level (plus federal income tax) and limiting the itemized deductions (other than special modifications) to those in federal law in effect on December 31, 1977. The 1988 Legislature increased the standard deduction amounts to the tax year 1988 federal level, updated the conformity of itemized deductions, and provided that the itemized deductions would conform prospectively to all future federal changes.

Personal Exemptions. An exemption for a specified amount of income per qualified person in a household has been allowed since enactment of the tax in 1933. The original law authorized one exemption amount for spouses and lower amounts for juveniles or those incapable of self-support. In 1949, the amount of exemption was made uniform for all persons who could be claimed. The 1953 law added an extra exemption for the elderly or blind, and amendments in 1959 extended the dependent exemption to students. The 1967 conformity statute granted one Kansas exemption for each federal exemption. The exemption amount was increased in 1977 and an extra exemption was added for persons qualifying as heads of households. The 1979 Legislature increased the amount of exemption. In 1988, the Legislature again increased the exemption amounts as part of the conformity legislation passed in response to the federal Tax Reform Act of 1986.

The following lists the exemption amounts authorized under the above amendments:

Exemption Amounts Per Authorized Claim

1933	1949	1953	1959	1967	1977	1979	1988	1989
\$750/spouse; \$200 dependent	\$600	\$600	\$600	\$600	\$750	\$1,000	\$1,950	\$2,000

Disallowance of Federal Income Tax as a State Deduction. Effective in 1972, the federal income tax was disallowed for one year as a deduction on state corporation income tax returns. The disallowance of this deduction was extended indefinitely in 1973. The 1983 Legislature limited the federal income tax deduction on individual income taxes to a maximum of \$5,000 (\$10,000 on a joint return), or one-half of the federal income tax liability, whichever was greater, for 1983 and 1984. The 1988 Legislature repealed federal income tax deductibility for individuals. New legislation in 1989 allowed individuals to again deduct their federal liability, provided that they opted to pay under a higher set of state rates. This federal deductibility option was repealed in 1992.

Credits. A number of income tax credits are available under the Kansas Income Tax Act, including:

Child and Dependent Care Expenses. Twenty-five percent of the amount of the credit available under federal law pursuant to 26 U.S.C 21 is allowed to be claimed as a credit against Kansas liability.

Child Day Care Assistance. Credits may be claimed for amounts paid to provide child day care services for employees or for the furnishing of facilities and equipment necessary for child day care services. The maximum amount of credit that normally may be claimed by any taxpayer for a taxable year is \$30,000, except that credits up to \$45,000 may be claimed for the year during which a facility is established. The aggregate amount of all child day care assistance credits claimed in any fiscal year may not exceed \$3 million.

Handicapped Accessibility. Credits are available up to \$1,250 for individuals who make their principal dwelling accessible to persons with a disability; credits are available up to \$10,000 for businesses that make a building or facility accessible to persons with a disability.

Job Expansion and Investment Credits. Eligible businesses within nonmetropolitan regions of the state may claim job credits of \$2,500 per qualified employee and investment credits of \$1,000 per each \$100,000 of investment in qualified business facilities (subject to a limit of 50 percent of liability in the initial year). Eligible businesses in all other regions of the state may claim job credits of \$1,500 per employee and investment credits identical to those for businesses in nonmetropolitan regions. Other businesses also are eligible for job expansion and investment credits if at least two additional employees are added.

Venture Capital and Seed Capital Investments. Credits may be claimed to the extent of 25 percent of the amount invested in certified Kansas venture capital companies and certified local seed capital pools.

Production Credit Associations. Credits may be claimed by production credit associations and agricultural credit associations for making low-interest agricultural production loans.

Recycling Equipment Investments. Credits to the extent of 20 percent of the costs incurred for purchases of qualified recycling equipment may be claimed for tax years 1992 through 1995 up to a maximum of \$100,000 per taxpayer per taxable year.

Research and Development Investments. For tax years 1988 through 1993, credits are available in an amount equal to 6.5 percent of the amount that research and development expenditures exceed such expenditures by the taxpayer in previous years.

Small Employer Health Benefit Plans. Certain small employers making contributions for eligible employees as part of small employer health benefit plans may claim credits pursuant to K.S.A. 1992 Supp. 40-2246.

Other Credits. Other credits against liability include amounts paid pursuant to withholding and declarations of estimated tax. K.S.A. 79-32,111 also allows a credit for income taxes paid to another state.

Disposition of Revenues. To State General Fund, except that up to 1 percent of employer withholding taxes applied to individuals may be diverted to State of Kansas Investments in Lifelong Learning (SKILL) program funds.

Net Collections: (\$ in thousands)

<u>Fiscal Year</u>	<u>Individual</u>	<u>Corporation</u>	<u>Total</u>
1993	\$ 1,145,368	\$ 169,118	1,314,486
1992	939,384	169,118	1,108,502
1991	880,343	185,320	1,065,663
1990	862,567	167,601	1,030,168
1989	844,391	172,927	1,017,318
1988	826,261	171,438	997,699

Privilege (Income) Tax -- Domestic Insurance Companies

Enacted: 1970, effective January 1, 1971, in lieu of intangibles tax and certain local taxes.

Statutory Citation: K.S.A., Ch. 40, Art. 28.

Administration and Collection: Commissioner of Insurance.

Collection Period: Tax is due on same date as the company's federal income tax return is filed (subject to interest if paid after April 15).

Tax Base: Net income, as defined by the law, for the preceding calendar year. The tax does not apply to nonprofit hospital and medical service corporations or to fraternal benefit societies and other companies exempt from state regulation (see K.S.A. 40-202).

Present Rate: 5 percent (established by the 1970 law).

Special Credits: Credits against the privilege tax may be allowed for investments in a certified Kansas venture capital company or in stock of Kansas Venture Capital, Inc. See K.S.A. 74-8304 and 8205, as amended by the 1993 Legislature, for the details.

Disposition of Revenues: To State General Fund. Local sharing in the receipts from this tax was eliminated in 1978 with the creation of the County and City Revenue Sharing Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	557	FY 1990	\$	412
FY 1992		608	FY 1989		1,589
FY 1991		586	FY 1988		823

(Collections in FY 1971 were \$99,400.)

Privilege (Income) Tax -- Financial Institutions

Enacted: 1963, effective January 1, 1964, in lieu of the former 5 mill intangibles tax on banks, savings and loan associations, and trust companies.

Statutory Citation: K.S.A., Ch. 79, Art. 11.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Tax is due by the 15th day of the fourth month following the close of institution's federal tax year, but 1992 legislation required, beginning with tax year 1993, estimated tax payments essentially in the same manner as for corporations that pay income tax.

Tax Base: Net income, as defined by the law, for the preceding calendar year.

Changes in Tax Base: In 1972, the federal income tax deduction on privilege tax returns of financial institutions was disallowed for one tax year. Disallowance of this deduction was extended indefinitely in 1973. Beginning with 1973 returns, a credit against the privilege tax for personal property taxes was eliminated and instead of the direct credit such taxes are now deductible

in computing net income. In 1979, the tax base was expanded to include income earned on state and local bonds.

Present Rates: Banks -- 4.25 percent plus 2.125 percent surtax on taxable income over \$25,000; Savings and Loan Associations and Trust Companies -- 4.5 percent plus 2.25 percent surtax on taxable income over \$25,000.

History of Tax Rates	1963 Law	1970 Law	1972 Law	1979 Law
Banks	5%	5.5%*, plus 2.25% surtax (over \$25,000)	5.0%*, plus 2.25% surtax (over \$25,000)	4.25%** , plus 2.125% surtax (over \$25,000)
Savings and Loan Associations and Trust Companies	5%	5.0%, plus 2.25% surtax (over \$25,000)	4.5%, plus 2.25% surtax (over \$25,000)	4.5%, plus 2.25% surtax (over \$25,000)

* Dividends from bank stock remained exempt from the intangibles tax, while interest on savings and loan accounts was made subject to the intangibles tax.

** Rate was lowered to keep the estimated aggregate liability for banks at virtually the same level as the estimated aggregate liability without the expansion of the tax base, discussed above.

Note: K.S.A. 79-1120 through 79-1122 and 79-1125 impose a recapture tax or a special surtax if the privilege tax or the recapture tax are held to be invalid, but these statutes have not been applied to date.

Special Credits: Taxpayers may be allowed credits against the tax for expenditures for providing child day care assistance and accessibility to the handicapped and for investments in Kansas Venture Capital, Inc. A bank may be eligible for a credit if it made an agricultural production loan with an interest rate write-down.

Disposition of Revenue: To State General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$ 49,504 ^(a)	FY 1990	\$ 34,087
FY 1992	25,171	FY 1989	19,565
FY 1991	24,497	FY 1988	12,375

a) Includes revenue from one-time acceleration of tax remittances.

Note: In 1963, the last year under the 5 mill intangibles tax, the tax levies were \$1,280,292 on banks and trust companies and \$49,683 on savings and loan associations. For the first income year (1963) under the privilege tax, the annual liability was \$1,302,000 for banks and \$345,000 for savings and loan associations.

Inheritance Tax

Enacted: 1909; repealed 1913; re-enacted 1915; revised in 1919; 1978 recodification is the basis of the present law.

Statutory Citation: K.S.A., Ch. 79, Art. 15.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection: Tax is due at the expiration of nine months after the death of the decedent.

Tax Base: The tax is imposed on the interests received by beneficiaries from a decedent's estate, less exemptions, and is based primarily on the relationship of the beneficiary to the decedent. In this, it differs from the federal estate tax which is based on the total value of the estate regardless of the relationship of beneficiaries to the decedent. Kansas also imposes a "pick-up" tax designed to absorb the maximum state death tax credit allowed on the federal estate tax return.

Present Rates, Exemptions and Exclusions: The rates and exemptions for the three classes of distributees are summarized in the following table:

Value of Share Above Exemption*	Class A -- Lineal Relations		Class B -- Brothers and Sisters		Class C -- All Others		
	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	
(1)	(2)						
\$ 0	\$ 25,000	0	1.0%	\$ 0	3.0%	\$ 0	10.0%
25,000	50,000	250	2.0	750	5.0	2,500	10.0
50,000	100,000	750	3.0	2,000	7.5	5,000	10.0
100,000	200,000	2,250	4.0	5,750	10.0	10,000	12.0
200,000	500,000	6,250	4.0	15,750	10.0	22,000	15.0
500,000	--	18,250	5.0	45,750	12.5	67,000	15.0

*** Exemptions:**

Class A -- lineal ancestors and descendants, adopted children, etc., \$30,000 exemption.

Class B -- brothers and sisters, \$5,000 exemption.

Class C -- all others, no exemption.

Property left to a surviving spouse or to a charity is exempt from the inheritance tax.

Note:

Exemptions are prorated when there are assets located outside Kansas. No tax is due on any class if the share is less than \$200, after deduction of the exemptions.

Exclusion: In 1980, a temporary optional graduated exclusion from the tax for qualified farm and closely-held business property was allowed in lieu of use valuation. The exclusion was made permanent in 1983, and was repealed in 1993.

History of Tax Rates: Prior to recodification of the law in 1978, two major changes had been made since the law was rewritten in 1919. In 1958, the special session increased class C rates, effective June 30, 1958. The old rates were 5 percent on the first \$25,000, 7.5 percent on the next \$25,000, 10 percent on the next \$50,000, 12.5 percent on the next \$400,000, and 15 percent on all over \$500,000.

In 1941, the \$75,000 class A exemption formerly allowed only to a surviving wife, and the tax rates applicable thereto, were extended to a surviving husband as well.

The 1978 recodification made substantive changes in procedures for computing the tax, determining responsibility for filing a return and paying the tax, and conformed the Kansas tax to many of the federal definitions concerning what is to be included in the estate for tax purposes. The spouse's exemption was increased from \$75,000 to \$250,000 and the exemption for other class A heirs from \$15,000 to \$30,000. Kansas law was conformed to the federal provision for use value appraisal of farmlands and closely held business property for inheritance tax purposes, but without any recapture provision. Payment of the tax in installments was permitted under certain circumstances, and a Kansas pick-up estate tax equal to the federal credit on the new federal generation skipping estate tax was imposed.

The 1982 Legislature exempted all property left to a surviving spouse; provided that for spousal joint property, the estate of the first spouse to die will include one-half of the value of the property regardless of which spouse furnished the consideration for the property; and clarified that the "pick-up" tax will apply only in cases where a federal estate tax return (as that tax was amended by the federal Economic Recovery Tax Act of 1981) is due and payable, and will apply even if there is an exemption from the Kansas inheritance tax.

In 1993, besides eliminating the alternative use value option previously discussed, the provisions relating to the federal generation-skipping tax were conformed to current federal law. Federal changes had invalidated the state pickup tax imposed in 1978. Treatment of pension plans and annuities were conformed to the current federal law, and it was clarified that property conveyed through qualified terminable interest property (QTIP) elections to surviving spouses would be taxed upon their subsequent deaths.

Disposition of Revenue: To State General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$ 56,742	FY 1990	\$ 43,159
FY 1992	52,540	FY 1989	44,576
FY 1991	51,185	FY 1988	44,505

SALES, USE, SEVERANCE, AND OTHER EXCISE TAXES

Retail Sales Tax

Enacted: 1937

Statutory Citation: K.S.A., Ch. 79, Art. 36.

Administration and Collection: Department of Revenue, Division of Taxation; County Treasurer (certain motor vehicles).

Collection Period: K.S.A. 79-3607 and 75-5151 provide for collections as follows:

Retailer's Annual Collections	Filing Requirement
\$80 or less	Annually, on or before January 25.
\$80.01 to \$1,600	Quarterly, on or before the 25th of next succeeding month.
\$1,600.01 to \$32,000	Monthly, on or before the 25th of next succeeding month.
\$32,000.01 to \$100,000	Monthly, on or before the 25th of next succeeding month and must include liability of first 15 days of current month.
\$100,000.01 and above	Same schedule as filers with annual liability in excess of \$32,000, except that electronic funds transfers may be required by the Secretary of Revenue.

Tax Base: Gross receipts from retail sales of tangible personal property and certain services.

Present Rate: 4.90 percent on most taxable transactions, effective June 1, 1992. (The rate on original construction labor services and on utilities consumed in the production or manufacture of tangible personal property is 2.50 percent. Also, since 40 percent of the gross receipts from the sale of new mobile homes and manufactured homes are exempt, the effective rate on such sales is 2.94 percent.)

History of Tax Rates: 2 percent from enactment in 1937 until increased to 2.5 percent by 1958 Special Session; increased to 3 percent in 1965; to 4 percent in 1986; to 4.25 percent in 1989; and to 4.90 percent in 1992.

Major Changes in Tax Base:

1. The 1957 Legislature extended tax to hotel and motel rentals and to isolated sales of motor vehicles and trailers.
2. In 1961 the tax was extended to cigarettes and cereal malt beverages.

3. 1970 and 1971 legislation included intrastate delivery charges as a part of selling price (interstate charges had been included); taxed admissions to fairs and to sports participation and recreational activities (including country club and similar dues); taxed receipts from all coin-operated devices (except laundromats); made laundry (except coin-operated), dry cleaning and car washing and waxing services subject to the tax; taxed cable TV and radio services and newspaper sales; applied the tax to charges for installation, maintenance, servicing, and repairing of tangible personal property (except in the original construction of buildings); made purchases by religious, benevolent, or charitable organizations (other than hospitals) subject to the tax; and exempted tangible personal property directly and immediately consumed in production of goods or services as a class rather than by listing of specifically exempt "consumables."
4. 1971 legislation provided a procedure for exempt purchases by contractors on federal projects.
5. The 1977 Legislature clarified and reenacted the sections taxing certain labor services and exempted prescription drugs, insulin, and prosthetic and orthopedic appliances from the tax.
6. A three-year exemption for sales of used farm machinery and equipment, parts, and repair services thereon was enacted in 1978, and was made permanent in 1980.
7. Sales of electric, gas, and water utilities and heating fuel for residential and agricultural use, along with local intrastate telephone and telegraph charges for noncommercial use were exempted from the state (but not local) sales tax in 1979.
8. Legislation in 1980 exempted sales of materials and services used in repairing or manufacturing railroad rolling stock used in interstate commerce.
9. The 1981 Legislature specified that the sales tax shall apply to the gross receipts from the sale of computer software and redefined the exemption for projects of political subdivisions to allow either an exemption for projects fully funded by the subdivision or a partial refund of sales tax paid on projects only partially funded by a political subdivision, *e.g.*, a project partly financed with industrial revenue bonds.
10. A refund for the amount of tax paid on property or services purchased for the construction, equipping, or reconstructing of a new business facility in an enterprise zone was enacted in 1982 and modified in 1983. The 1986 Legislature changes this refund to an exemption.
11. The 1984 Legislature enacted an exemption for certain manufacturing machinery and equipment expenditures of at least \$50,000 that created two full-time production jobs.
12. In 1985 an exemption for used mobile homes was enacted.
13. Food purchased with food stamps was exempted in 1986.
14. A number of new exemptions were enacted in 1987, including sales and repair of used farm machinery and equipment used in the operation of feedlots; sales of property purchased by nonprofit tissue and organ banks; property purchased with federal vouchers under the supplemental women, infants, and children (WIC) food

program; medical supplies and equipment not used for human habitation purposes purchased directly by nonprofit nursing homes; property not used for human habitation purposes purchased by nonprofit organizations for nonsectarian comprehensive multidiscipline youth development programs; property not used for human habitation purposes purchased by qualifying mental health and mental retardation centers; the sale and installation of machinery and equipment purchased for installation at qualifying facilities within enterprise zones; lottery tickets; and, to the extent of 40 percent of total selling price, the sale of new mobile homes.

15. The 1988 Legislature exempted all sales of: manufacturing machinery and equipment, effective January 1, 1989; new farm machinery, repair, and replacement parts from July 1, 1988 through June 30, 1989; seeds and tree seedlings and certain other property and services purchased for use on land devoted to agricultural use; food products for use in preparing meals for consumption by indigent or homeless individuals on or off the premises; admissions to certain cultural and historical events occurring triennially; tangible personal property purchased by a community action group or agency for the exclusive purpose of repairing or weatherizing housing occupied by low-income individuals; certain educational materials purchased by nonprofit corporations organized for the purpose of encouraging, fostering, and conducting programs for the improvement of public health; drill bits and explosives used in the exploration and production of oil or gas; and certain advertising agency and licensed broadcasting station services. The exemption for labor services for restoration or replacement of facilities or buildings damaged or destroyed by windstorm, hailstorm, rainstorm, or snowstorm was replaced by an exemption for restoration or replacement of facilities or buildings damaged or destroyed by tornado. The application of the tax to computer software was clarified by taxing all sales of software, including services in the modification of software, except custom software developed exclusively for a single end user. Nonrecurring auction sales were exempted if conducted for a single principal not in the business of selling personal property. The tax was extended to telephone answering services, including mobile phone and beeper services. Refunds were authorized on purchases of property and services for use on land in the federal Conservation Reserve Program.
16. The exemption for new farm machinery, repair, and replacement parts was made permanent in 1989 and was expanded to include machinery and equipment used in farm and ranch work for hire. Other new exemptions enacted in 1989 included all sales of tangible personal property which admit the purchaser to an annual event sponsored by a 501(c)(3) nonprofit organization and nonprescription drugs purchased pursuant to prescription orders.
17. Water protection fees were exempted in 1990.
18. In 1991, the exemption for used mobile homes was amended to include "manufactured homes."
19. School finance legislation in 1992 repealed six sales tax exemptions. Certain interstate telephone and telegraph services, residential intrastate telephone and telegraph services, trade fixtures, and hotel and motel rooms rented for more than 28 consecutive days were made subject to the new 4.90 percent rate, and original construction labor services and utilities consumed in the production process were made subject to a special 2.50 percent rate. Other base changes in 1992 included new exemptions for purchases of certain public broadcasting stations and for

machinery and equipment used for aquaculture and Christmas tree farming. Also, the definition of "isolated or occasional sale" was expanded to include auction sales on behalf of two principals or households.

Food Sales Tax Refund: In 1978, a program was enacted to refund \$20 per person to resident individuals who are disabled or age 59 or above (decreasing to age 55 or above in 1982 and thereafter) and who are members of a household having an income of not over \$10,000 in the calendar year for which the claim is filed, for the purpose of refunding the sales tax upon food to such persons. The program was expanded in 1986 by raising the eligible income limitation from \$10,000 to \$13,000, extending participation to persons with a dependent under age 18 and to other persons who are members of a household of an eligible claimant, and changing the amount of the refund from \$20 for each eligible participant to an amount that ranges between \$15 and \$40 depending on income. Refunds after set-offs totaled \$2.6 million in FY 1993, according to the Department of Revenue.

Disposition of Revenue: 94.898 percent to State General Fund; 5.102 percent to State Highway Fund (SHF). Of the amount deposited in the SGF, 7.628 percent is earmarked for subsequent transfer to the SHF; 3.630 percent is earmarked for subsequent transfer to the Local Ad Valorem Tax Reduction Fund; and 2.823 percent is earmarked for subsequent transfer to the County and City Revenue Sharing Fund. Legislation enacted in 1937 originally provided for devoting part of state sales tax receipts for local property tax reduction, and legislation enacted in 1978 provided for the CCRSF demand transfer; and the initial demand transfer to the SHF was enacted in 1983. School finance legislation in 1992 earmarked 13/98 of the 4.90 percent sales tax, plus an additional amount attributable to the sales of specified goods and services for transfer to the State School District Finance Fund (SSDFF), but that earmarking was repealed in 1993.

Net Collections: (\$ in thousands)

FY 1993	\$	1,068,996	FY 1990	\$	773,270
FY 1992		851,252	FY 1989		708,823
FY 1991		810,487	FY 1988		682,870

Compensating (Use) Tax -- Consumer's and Retailer's

Enacted: 1937 (Consumer's); and 1945 (Retailer's).

Statutory Citation: K.S.A., Ch. 79, Art. 37.

Administration and Collection: Department of Revenue, Division of Taxation; County Treasurer (certain motor vehicles and watercraft).

Collection Period: Same as retail sales tax.

Tax Base: Tangible personal property used, stored, or consumed in Kansas. The law provides that all property purchased or leased within or without Kansas and subsequently used, stored, or consumed in Kansas shall be subject to the compensating tax if the same property or transaction would have been subject to the state retail sales tax had the transaction been made wholly in Kansas. In effect, the consumer's use tax is imposed on Kansas consumers who make retail purchases from nonregistered, out-of-state retailers, while the retailer's use tax is collected by registered out-of-state retailers.

If the property has already been subjected to a sales tax in another state, use tax is due only for the difference between the other state's sales tax (if lower than the Kansas rate) and the Kansas use tax. Exemption of property purchased during any month, with a total price of less than \$20, unless purchased from a registered retailer, was repealed in 1967.

Legislation enacted in 1990 redefined "retailer doing business in this state" to include those "engaging in regular or systematic solicitation of sales of tangible personal property in this state by the distribution of catalogs, periodicals, advertising flyers, or other advertising, by means of print, radio, or television media, or by mail, telegraph, telephone, computer database, cable, optic, microwave, or other communication system for the purpose of effecting retail sales of tangible personal property."

Present Rate: 4.90 percent, effective June 1, 1992. (Except that the rate is 2.50 percent on the privilege of using, storing, or consuming utilities used in the production or manufacture of tangible personal property.)

History of Tax Rates: 2 percent from date of enactment until increased to 2.5 percent by 1958 Special Session; increased to 3 percent in 1965; to 4 percent in 1986; to 4.25 percent in 1989; and to 4.90 percent in 1992.

Exemptions: Besides the sales tax exemptions, other exemptions from the compensating tax include tangible personal property brought into the state by nonresidents who remain for 60 days or less; and tangible personal property brought into the state by railroads and public utilities for consumption or movement in interstate commerce.

Disposition of Revenue: 94.898 percent to State General Fund with same special earmarking provisions as retail sales tax for the Local Ad Valorem Tax Reduction Fund and the County and City Revenue Sharing Fund (but no transfers to State Highway Fund). 5.102 percent deposited directly in State Highway Fund.

Net Collections: (\$ in thousands)

FY 1993	\$ 122,471	FY 1990	\$ 99,334
FY 1992	106,912	FY 1989	97,406
FY 1991	107,724	FY 1988	92,908

Severance Tax

Enacted: 1957 tax on oil and gas held invalid by Kansas Supreme Court in January, 1958, on the grounds that the title of the enacted bill was defective (182 Kan. 437). Tax on oil, gas, coal, and salt enacted in 1983, effective May 1, 1983. Tax on salt repealed in 1987.

Statutory Citation: *1957 Session Laws*, Ch. 516; K.S.A., Ch. 79, Art. 42.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Monthly; payment due by 20th day of second following month in which tax liability was incurred.

Tax Base: Gross value of oil and gas (sale price at time of removal from production unit); volume of production of coal.

Present Tax Rates: 8 percent on oil and gas, less property tax credits of 3.67 percent on oil properties and 1 percent on gas properties; \$1 per ton on coal.

History of Tax Rates: 1957 Law: 1 percent on oil and gas.
 1983 Law: 4 cents per ton on salt (until 1987).

Major Changes in Tax Base: The 1987 Legislature amended the severance tax to:

1. change, for oil, the qualifying amount for the low production exemption for a lease or production unit deeper than 2,000 feet from three barrels or less daily (four barrels from a water-flood process) to an amount based on the average price paid per barrel during July-December of the preceding year, effective on May 1, 1988 and each year thereafter; the exemption ranges between three barrels (four for water-flood) at a \$30 price to seven barrels (eight for water-flood) at a \$10 price;
2. exempt salt from the tax effective July 1, 1987; and
3. change the coal exemption to the first 350,000 tons produced annually from each mine instead of exempting only mines that produce less than that amount, effective in 1988 and thereafter.

Exemptions: 1957 Law: No exemptions. Current law: Oil -- wells less than 2,000 feet deep on a lease producing an average of two barrels or less per day; the qualifying amount for the low production exemption for a lease or production unit deeper than 2,000 feet is based on the average price paid per barrel from July to December of the preceding year:

Price bbl.	Low Production	Water- Flood
Over \$30	3 bbl.	4 bbl.
\$30 or less	4	5
\$24 or less	5	6
\$16 or less	6	7
\$10 or less	7	8

(This exemption had been three barrels per day (four for water-flood) prior to May 1, 1988.)

All production from a tertiary recovery process is exempt, as is production from any new pool for the first two years.

Gas -- wells having an average daily production valued at \$81 or less; gas used for domestic or agricultural purposes on the production unit from which it is severed; gas from any new pool for a period of two years.

Coal -- first 350,000 tons of coal from each mine.

Disposition of Revenue: 1957 Law: To State General Fund; 1983 Law: 93 percent to State General Fund, 7 percent to Special County Mineral Production Tax Fund for distribution to counties and unified school districts in producing areas.

Net Collections: 1957 Law: \$2.0 million was collected during the six-month period of FY 1958 that the tax was operative. At that time, the annual revenue estimate was \$4.1 million.

	\$ in Thousands				
	Oil	Gas	Coal	Salt	Total
FY 1984	\$ 70,768	\$ 42,926	\$ 306	\$ 99	\$114,099
FY 1985	66,490	41,912	427	86	108,914
FY 1986	56,457	41,713	680	87	98,936
FY 1987	28,273	32,018	1,044	81	61,376
FY 1988	34,336	43,319	1,025*	10*	78,690*
FY 1989	24,031*	51,971	0*	--*	76,002*
FY 1990	25,454*	57,737 ^a	0*	--*	83,190*
FY 1991	36,819*	59,242 ^b	29*	--*	96,090*
FY 1992	29,491*	55,477 ^b	0*	--*	84,969*
FY 1993	24,538*	74,142	0*	--*	98,680*

* Legislation enacted in 1987 repealed the tax on salt and changed the exemptions for oil and coal.

a) Includes \$2.3 million in receipts attributable to previous years' liability.

b) Includes \$1.4 million in receipts attributable to previous years' liability.

Motor Fuels Taxes

Enacted: 1925 -- gasoline tax; 1941 -- special fuels tax, (included LP-gas); 1959 -- LP gas tax; 1979 -- gasohol tax.

Statutory Citation: K.S.A., Chapter 79, Article 34.

Administration and Collection: Department of Revenue, Division of Taxation, and Division of Vehicles.

Collection Period: Gasoline: Tax is due by the 25th day of each month on fuels received by distributors, manufacturers, or importers during the preceding month. Special Fuel: Same. Liquefied Petroleum (LP) Gas: Same, except paid by user-dealer. Interstate Motor Fuel User Tax: Tax is paid quarterly.

Tax Base: Gallons of fuel received, delivered, or used. Distributors are allowed to deduct a 2.5 percent handling allowance on gasoline and special fuels received. No allowances are made on gasoline and special fuels exported from the state or sold to the federal government or its agencies; nor are allowances made on gasoline or special fuels sold or disposed of to consumers in tank cars, transport, or pipeline lots.

No motor fuel tax is imposed on gasoline or special fuel for the following transactions: export from the state to any other state or territory; sale to the federal government or its agencies; sale to a contractor who performs work for the federal government or its agencies; sale which is aviation fuel; first sale or delivery to a duly licensed distributor who resells to another duly licensed distributor; and sale to a person with a valid motor fuel exemption certificate. Kansas law provides that, unless

specifically exempt from sales tax, sale of motor fuels will be subject to the Kansas sales tax if no Kansas excise tax has been imposed.

Present Rates: Eighteen cents per gallon on motor vehicle fuels (gasoline and gasohol); 18 cents per gallon on motor vehicle fuels containing 10 percent or more of agricultural ethyl alcohol by weight (gasohol); 20 cents per gallon on special fuels including diesel fuels and fuels not defined as motor vehicle or LP gas fuels; and 17 cents per gallon on LP gas.

Operators of commercial motor vehicles that are qualified vehicles under either the International Fuel Tax Agreement or the Interstate Motor Fuel User Tax Law pay tax on fuel used in Kansas. Based on total miles operated in all states and total gallons of fuel used in all states, the average miles per gallon figure is applied to miles operated in Kansas to obtain taxable gallons in Kansas. A \$10 trip permit may be purchased by any interstate motor fuel user in lieu of payment of the motor fuel tax (gasoline, gasohol, special fuel, or LP-gas).

History of Motor Fuel Tax Rates

(Per Gallon or Unit -- Boxed Figures Indicate a Change in the Law)

Legislative Session Year	Effective Date	Gasoline	Gasohol	Special Fuel	LP-Gas	Compressed Natural Gas ^h	Motor Carrier Trip Permits	Inv. Tax ⁱ
1925	May 1, 25	\$0.02	\$	\$	\$	\$	\$	\$
1929	Apr. 1, 29	0.03						
1941	July 1, 41	0.03		0.03	0.03			
1945	Mar. 1, 46	0.04		0.04	0.04			
1949	July 1, 49	0.05		0.05	0.05			
1955	Jan. 1, 56	0.05		0.07	0.07			
1956	July 1, 56	0.05		0.07	0.05			
1957	July 1, 57	0.05		0.07	0.07			
1958	Mar. 1, 58	0.05		0.07	0.05			
1969	July 1, 69	0.07		0.08	0.05			0.02
1971	Mar. 1, 72	0.07		0.08	0.05		3.00	
1976	July 1, 76	0.08		0.10	0.07		3.00	0.01
1977	July 1, 77	0.08		0.10	0.07		5.00	
1979	July 1, 79	0.08	0.03	0.10	0.07		5.00	0.01
1979	July 1, 80	0.08	0.04	0.10	0.07		5.00	0.01
1979	July 1, 81	0.08	0.05	0.10	0.07		5.00	0.01
KAR	May 1, 82					0.07		
1979	July 1, 82	0.08	0.06	0.10	0.07	0.07	5.00	0.01
1983	July 1, 83	0.10	0.06	0.12	0.09	0.09	6.00	0.02
1983	Jan. 1, 84	0.11	0.06	0.13	0.10	0.10	6.50	0.01
1985	July 1, 85	0.11	0.07	0.13	0.10	0.10	6.50	0.01
1985	July 1, 85	0.11	0.08	0.13	0.10	0.10	6.50	0.01

1987	July 1, 87	0.11	0.11 ^f	0.13	0.10	0.10	6.50	0.03
1989	July 1, 89 ^g	0.15	0.15	0.17	0.14	0.14	8.50	0.04
1989	July 1, 90	0.16	0.16	0.18	0.15	0.15	9.00	0.01
1989	July 1, 91	0.17	0.17	0.19	0.16	0.16	9.50	0.01
1989	July 1, 92	0.18	0.18	0.20	0.17	0.17	10.00	0.01

- a) LP-gas was included in the definition of special fuels.
- b) The 1955 increase was intended to apply only to diesel fuels. Because LP-gas was included in the definition of special fuels, LP-gas was unintentionally included.
- c) This was an inadvertent increase of 2 cents which was lowered in 1958 to 5 cents.
- d) The law froze the tax rate on gasohol at 6 cents. Under prior law, the tax would have increased to 7 cents on July 1, 1983 and to 8 cents on July 1, 1984.
- e) Under the 1985 law, the increases were 1 cent for 1985, 1 cent for 1986, and a scheduled 1 cent in 1987. The 1987 increase was, however, superseded by the 1987 law.
- f) Effective July 1, 1987, the law was changed, eliminating the differential between the tax rate on gasoline and gasohol.
- g) The changes from 1989 to 1992 were the result of the 1989 comprehensive highway program.
- h) Kansas Administrative Regulations, 92-14-9; 120 cubic feet of compressed natural gas equals one gallon.
- i) The inventory tax is applied to motor fuel owned by a licensed distributor whenever the tax rate changes.

Disposition of Revenue: Except for refunds for nonhighway fuel use and the \$625,000 per quarter for the Agricultural Ethyl Alcohol Incentive Fund in effect until 7/1/97, 59.5 percent to the State Highway Fund and 40.5 percent to the Special City and County Highway Fund from which \$2.5 million is transferred annually to the County Equalization and Adjustment Fund.

Net Collections: (\$ in thousands)

FY 1993	\$ 268,044	FY 1990	\$ 224,356
FY 1992	249,794	FY 1989	171,113
FY 1991	234,793	FY 1988	170,029

Note: Revenue from the tax enacted in 1925 was returned to the county of origin for the general road fund. In 1928, the *Kansas Constitution* was amended to authorize the state to construct

and maintain a state highway system and to levy special taxes on motor vehicles and motor fuels for road and highway purposes (Art. 11, Secs. 9 and 10). Consequently, the 1929 law, which increased the tax rate to 3 cents, credited the net revenue to the state gasoline tax fund to be used for the construction and maintenance of roads and highways.

Motor Vehicle Registration Tax

Enacted: 1913.

Statutory Citation: K.S.A., Ch. 8, Art. 1.

Administration and Collection: Department of Revenue, Division of Vehicles; County Treasurers (collection).

Collection Period: The following motor vehicles are registered under a monthly staggered registration schedule based on the first letter of the vehicle owner's last name: all passenger vehicles; all trucks with a gross weight of 12,000 pounds and under; and all motorcycles and motorized bicycles. Trucks over 12,000 pounds are registered annually in January (payable by February 15); truck or truck tractor fees in excess of \$100 may be paid in quarterly installments.

Tax Base: Gross weight of vehicle.

Present Rates (illustrative, not all inclusive):

Passenger Vehicles	4,500 pounds or less	\$25.00
	Over 4,500 pounds	35.00
Motorcycles		15.00
Motorized Bicycles		10.00

Trucks and Truck Tractors: Range is from \$35 for 12,000 pounds or less to \$1,925 for 80,001 to 85,000 pounds.

Local Trucks: Range is from \$35 for 12,000 pounds or less to \$1,000 for 80,001 to 85,500 pounds.

Farm Trucks: Range is from \$35 for 12,000 pounds or less to \$600 for more than 66,000 pounds.

6,000 Mile Trucks: Range is from \$35 for 12,000 pounds or less to \$1,000 for 80,001 to 85,500 pounds, plus additional fee if operated more than 6,000 miles.

Trailers, Semitrailers, Mobile Homes, Travel Trailers, Pole Trailers:

2,000 or less	option of the owner	\$15
2,001-8,000 pounds		15
8,001-12,000 pounds		15
over 12,000 pounds		35

Motor vehicles, trailers, or semitrailer owned by any political or taxing subdivision of the state and used exclusively for governmental purposes: \$2.

History of Tax Rates (illustrative, not all inclusive):

1913 law -- \$5 for passenger cars.

1929 law -- \$8 plus 50 cents per 100 pounds over 2,000.

1933 law -- \$4 plus 25 cents per 100 pounds over 2,000.

1949 law -- \$6.50 plus 35 cents per 100 pounds over 2,000.

1961 law -- fees ranged from \$10.00 to \$20.00 on automobiles; from \$15.00 to \$1,350 on regular trucks; from \$15.00 to \$650.00 on local trucks; from \$8.50 to \$50.00 on farm trucks; from \$5.00 to \$20.00 on trailers; and \$5.00 on motorcycles; based on gross weight of vehicle.

1976 law -- fees ranged from \$13.00 to \$26.00 on automobiles; from \$27.50 to \$1,475.00 on regular trucks; from \$25.00 to \$775.00 on local trucks; from \$15.00 to \$62.00 for farm trucks; from \$10.00 to \$25.00 on trailers; \$10.00 on motorcycles; and \$5.00 for motorized bicycles.

1983 law -- fees for regular trucks 12,000 pounds and under lowered from \$27.50 to \$25.00; fees for farm trucks 12,000 pounds and under raised from \$15.00 to \$25.00; and for farm trucks 12,001 to 16,000 pounds fee is raised from \$21.00 to \$25.00.

1989 law -- fees were increased generally as follows: fees on automobiles 4,500 pounds or less were increased by \$12.00, \$8.75, or \$5.50 (from \$13.00, \$16.25, and \$19.50 to \$25.00); fees on automobiles over 4,500 pounds were increased by \$9.00 (from \$26.00 to \$35.00); fees on pickup trucks were increased by \$10.00 (from \$25.00 to \$35.00); all fees on regular trucks were increased, with the increases ranging from \$25 (from \$75 to \$100) on the lightest class of regular trucks (12,001 to 16,000 pounds) to \$450 (from \$1,475 to \$1,925) on the heaviest class of regular trucks (80,001 to 85,000 pounds); all fees on farm trucks were increased, with the increases ranging from \$10 (from \$25 to \$35) on farm pickups (less than 16,000 pounds) to \$100 (from \$500 to \$600) on the heaviest class of farm trucks (66,001 pounds or more); all fees on local and 6,000-mile trucks were increased, with the increases ranging from \$13 (\$47 to \$60) on the lightest class of such vehicles (12,001 to 16,000 pounds) to \$225 (\$775 to \$1,000) on the heaviest class of such vehicles (80,000 to 85,500 pounds).

Other types of vehicle and permit fees were raised, including motorized bicycles (fee raised from \$5 to \$10); motorcycles (from \$10 to \$15); certain motorized bicycles (from \$5 to \$10); motorcycles (from \$10 to \$15); certain electrically propelled vehicles (from \$6.50 to \$13); license plate fees for vehicles being delivered by the drive-away method (from \$39 to \$44 for the first set and \$13 to \$18 for additional sets); trailers (from \$10 to \$15 for 8,000 pounds or less, \$15 to \$25 for 8,001 to 12,000 pounds, and \$25 to \$35 for 12,001 pounds and over); 30-day temporary registrations (from \$2 to \$3); intrastate 30-day truck operator permits (from \$20 to \$26); nonreciprocal 72-hour truck permits (from \$20 to \$26); 72-hour truck sales demonstration permits (from \$20 to \$26); farm truck 30-day intrastate permits (from \$20 to \$26); initial antique vehicle registration (from \$15 to \$40); special interest vehicles and street rods (from \$20 to \$26 first dealer license plates from \$250 to \$275 and additional such plates from \$16.25 to \$25); and 30-day temporary dealer registration permits (from \$2 to \$3).

Registration fees not increased included vehicles owned by political subdivisions (other than a city, county, or township) used exclusively for governmental purposes and not for private or utility purposes and not otherwise exempt from registration; and local urban transit buses used in local transit operations.

Another 1989 law exempted mobile home or travel trailers used for living quarters and not operated on highways from registration.

A general revision of the truck registration schedules was enacted by the 1955 Legislature. Fees were increased as part of an overall tax package designed to replace the ton-mile tax, a special trip fee of \$10.00 was enacted, and proration of registration fees was authorized for fleets of interstate vehicles which qualify under the law or under agreements approved by the former state motor vehicle reciprocity commission. In 1981, the state became a member of the International Registration Plan. This agreement allows reciprocity between jurisdictions without requiring separate jurisdiction agreement.

Disposition of Revenue: County treasurers retain all of the \$5.00 annual fee for registration of antique vehicles; 75 cents for each license registration fee, duplicate license fee, and transfer of license plate fee; \$2.00 of each certificate of title fee; \$2.25 service fee; and 50 cents mailing fee for a license plate. In addition, county treasurers are authorized to retain \$60.00 per 100 registrations for the first 5,000 registrations; \$45.00 per hundred registrations for the next 5,000 registrations; and \$2.00 per 100 registrations for all registrations thereafter. County treasurers are not entitled to receive more than \$9,800 in additional annual compensation. These amounts are to be determined in December of each year. The balance is remitted to the Department of Revenue to be deposited in the State Highway Fund.

Net Collections: (\$ in thousands)

FY 1993	\$ 108,426	FY 1990	\$ 92,417
FY 1992	104,716	FY 1989	75,749
FY 1991	101,823	FY 1988	73,515

Boat Registration Tax

Enacted: 1959.

Statutory Citation: K.S.A., Ch. 32, Art. 11.

Administration and Collection: Department of Wildlife and Parks.

Collection Period: At the time of filing application for a certificate of number, which is valid for three years.

Tax Base: Vessels required to be numbered under the law (mechanically propelled or sailing vessels). Certain exemptions are prescribed by K.S.A. 32-1113.

Present Rates: \$15 for three years if under 16 feet in length; \$18 for three years if 16 feet or longer; plus sellers may charge a 50 cent service fee.

History of Tax Rates:

1959 law -- \$5 for three years
 1970 law -- \$3 for three years; \$2 for ten-day temporary permit
 1975 law -- \$9 for three years; no change in temporary permit
 1982 law -- current provision for temporary permit enacted
 1989 law -- Department authorized to set rates by regulation, within specified limits.

The current schedule began in 1993.

Major Changes in Tax Base: The 1959 law applied to motorboats, excluding those propelled by machinery of less than ten horsepower. The law was amended in 1970 to require numbering of all mechanically propelled or sailing vessels unless exempted by K.S.A. 32-1113.

Disposition of Revenue: To the Boating Fee Fund of the Department of Wildlife and Parks to be used to administer and enforce Article 11, Chapter 32 of K.S.A. (regulation of watercraft and other activities). When sufficient moneys are available from taxes collected, they may be used to construct or repair boating facilities, ramps, and docks at public waters in Kansas.

Net Collections: (\$ in thousands)

FY 1993	\$	501	FY 1990	\$	335
FY 1992		342	FY 1989		341
FY 1991		336	FY 1988		326

New Tire Excise Tax

Enacted: 1990

Statutory Citation: K.S.A. 65-3424 *et seq.*

Administration and Collection: Department of Revenue

Collection Period: Retailers are required to remit collections as follows:

<u>Annual Collections</u>	<u>Filing Requirement</u>
\$80 or less	Annually, on or before January 25
\$80.01 to \$1,600	Quarterly, on or before 25th of next succeeding month
More than \$1,600	Monthly, on or before 25th of next succeeding month

Tax Base: Retail sale of all new tires, including new tires mounted on vehicles sold at retail for the first time. Tax must be paid by purchaser and collected by retailer.

Present Rate: 50 cents per tire (in addition to state and applicable local sales taxes).

Disposition of Revenue: All to Waste Tire Management Fund

Net Collections: (\$ in thousands)

FY 1993	\$	1,178
FY 1992		1,105
FY 1991		736

Corporation Franchise Tax

Enacted: 1866.

Statutory Citation: K.S.A., Ch. 17, Art. 75. (Limited Liability Companies -- K.S.A., Ch. 17, Art. 76.)

Administration and Collection: Secretary of State.

Collection Period: Annual; due at time of filing annual report (when income tax return is due).

Tax Base: Shareholder's equity attributable to Kansas by three-factor formula using property, payroll, and sales. (Limited Liability Companies (LLCs) pay based on net capital accounts located in or used in Kansas, pursuant to K.S.A. 17-7647.)

Present Rates: The current tax rate, adopted in 1972, is \$1 per \$1,000 of corporation's shareholder's equity attributable to Kansas, with a minimum tax of \$20 and a maximum of \$2,500. (LLCs pay \$1 per \$1,000 of net capital accounts located in or used in the state, with a minimum tax of \$20 and a maximum of \$2,500.)

History of Tax Rates: From 1866 to 1913, charter and miscellaneous fees were required; from 1913 to 1972 the tax ranged from \$10 for not over \$10,000 paid up capital stock to \$2,500 for over \$5,000,000 paid up capital stock with a minimum charge of \$10. The Limited Liability Company Act was enacted in 1990.

Disposition of Revenue: To State General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	10,623	FY 1990	\$	9,446
FY 1992		10,183	FY 1989		9,207
FY 1991		9,552	FY 1988		8,672

(Receipts increased from \$1,072,000 in FY 1972 to \$2,406,000 in FY 1973 following the 1972 amendments.)

Cereal Malt Beverage and Malt Products Taxes

Enacted: 1937.

Statutory Citation: K.S.A., Ch. 79, Art. 38.

Administration and Collection: Department of Revenue, Division of Alcoholic Beverage Control.

Collection Period: Prior to 1962, the tax was paid upon purchase of tax stamps or crowns by the wholesaler, retailer, or distributor. Section 79-3824 was amended in 1962 to authorize a report system for paying and collecting the tax, such system to provide that the tax shall be paid by the 15th day of the month following the month in which the distributor acquired possession of the taxable beverages; effective in June and July of 1962.

Tax Base: Quantity sold, distributed, or transferred (in gallons or pounds).

Present Rates: Effective since July 1, 1977, the rates are:

Beer of not more than 3.2 percent alcohol	\$.18 per gal.
Wort or liquid malt	.20 per gal.
Malt syrup or extract	.10 per lb.

History of Tax Rates:

	<u>1937 Law</u>	<u>1941 Law</u>	<u>1947 Law</u>	<u>1970 Law</u>
3.2% Beer	\$.05 gal.	Same	\$.10 gal.	\$.15 gal.
Wort or liquid malt	.10 gal.	Same	.20 gal.	.20 gal.
Malt syrup or extract	.02 lb.	\$.05 lb.	.10 lb.	.10 lb.

Disposition of Revenue: To State General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	2,784	FY 1990	\$	3,166
FY 1992		2,939	FY 1989		3,320
FY 1991		3,091	FY 1988		3,570

Note: The 1961 Legislature extended the sales tax to retail sales of cereal malt beverages and malt products, effective June 1, 1961. A 1985 law made 3.2 percent beer sold in private clubs subject to the 10 percent liquor excise tax and exempted such sales from the sales tax (exemption now also applies to sales by drinking establishments). Also in 1985, legislation was enacted to raise the legal age for consumption from 18 to 21.

Liquor Gallonage Taxes

Enacted: 1949; constitutional amendment authorizing Legislature to regulate sale of liquor adopted in 1948 (Art. 15, Sec. 10).

Statutory Citation: K.S.A., Ch. 41, Art. 5.

Administration and Collection: Department of Revenue, Division of Alcoholic Beverage Control.

Collection Period: Director has prescribed a system of reporting, paying, and collecting the tax under which the tax is due on or before the 15th day of the month (10th day for beer) following which the distributor acquired possession of taxable liquor; except tax stamp procedure is used for certain military orders.

Tax Base: Quantity (gallons) of alcoholic beverages manufactured, used, sold, stored, or purchased in Kansas. Exemptions are provided for amounts of one gallon or less purchased outside the United States by a private citizen and brought into the state for personal use and not sale or resale; liquors manufactured in Kansas and shipped out of state for sale and consumption out of state; sacramental wines; and certain alcohol and wine sold for use in the manufacture of patent and proprietary medicines, flavoring extracts, syrups, and food products; or scientific, industrial, and chemical products or purposes.

Present Rates: Effective July 1, 1977, the rates are:

Beer, over 3.2%	\$.18 per gal.
Wine, 14% or less	\$.30 per gal.
Wine over 14%	\$.75 per gal.
Alcohol and Spirits	\$2.50 per gal.

(**Note:** From 1983 to 1986, the rate on all domestic table wine was lowered to \$.15 per gallon.)

History of Tax Rates:

	<u>1949 Law</u>	<u>1961 Law</u>	<u>1964 Law</u>	<u>1971 Law</u>
Beer, over 3.2%	\$.10 gal.	\$.12 gal.	Same	\$.15 gal.
Light Wine	\$.15 gal.	\$.20 gal.	Same	Same
Alcohol and Spirits, 100 proof or less	\$1.00 gal.	\$1.20 gal.	\$1.50 gal.	Same
Alcohol and Spirits, 100 proof	\$2.00 gal.	\$2.40 gal.	\$1.50 gal.	Same

Disposition of Revenue: Beer and Wine -- to State General Fund. Alcohol and Spirits -- 90 percent to State General Fund, and 10 percent to the Community Alcoholism and Intoxication Programs Fund (CAIPF).

Net Collections: (\$ in thousands)

FY 1993	\$	13,082	FY 1990	\$	12,656
FY 1992		13,064	FY 1989		12,627
FY 1991		12,773	FY 1988		12,684

Tax Collections by Product, Fiscal Year 1993: (\$ in thousands)

	<u>Amount</u>	<u>Percent of Total</u>
Beer, over 3.2%	\$ 6,029	46.09%
Light Wine	584	4.46
Fortified Wine	77	0.59
Alcohol and Spirits	6,392	48.86
TOTAL	<u>\$ 13,082</u>	<u>100.00%</u>

(**Note:** SGF receipts for FY 1993 were \$12.443 million. Ten percent of the receipts from alcohol and spirits, or \$0.639 million, was deposited in the CAIPF.)

Liquor Enforcement Tax

Enacted: 1949 (see Liquor Gallonage Taxes).

Statutory Citation: K.S.A., Ch. 79, Art. 41.

Administration and Collection: Department of Revenue, Divisions of Taxation and Alcoholic Beverage Control.

Collection Period: Monthly; tax must be remitted by liquor retailers on or before the 25th day for prior month's collections.

Tax Base: Gross receipts from the sale of liquor to consumers by retailers, microbreweries, and farm wineries. Also on the gross receipts from the sale of liquor and cereal malt beverage to clubs, drinking establishments, and caterers by distributors.

Present Rate: 8 percent, effective July 1, 1983.

History of Tax Rates: 1949 law -- 2 percent
1958 Special Session -- 2.5 percent
1965 Law -- 4 percent
1983 law -- 8 percent.

Disposition of Revenue: To State General Fund. The 2 percent tax was allocated 3 percent to the Administration Fee Fund and 97 percent to counties and cities until FY 1958 when all revenue was distributed to counties and cities. The 2.5 percent tax was allocated 20 percent to the State General Fund and 80 percent to counties and cities. The 4 percent tax was distributed 40 percent to the State General Fund and 60 percent to counties and cities until January 1, 1979, when county and city sharing in this tax was eliminated with the creation of the County and City Revenue Sharing Fund.

Net Collections: (\$ in thousands)

FY 1993	\$ 24,386	FY 1990	\$ 19,890
FY 1992	23,403	FY 1989	19,112
FY 1991	21,225	FY 1988	19,146

Liquor Drink (Excise) Tax

Enacted: 1979.

Statutory Citation: K.S.A., Ch. 79, Art. 41a.

Administration and Collection: Department of Revenue, Divisions of Taxation and Alcoholic Beverage Control.

Collection Period: Monthly; tax must be remitted by drinking places on or before the 25th day of the month following collection.

Tax Base: Gross receipts from the sale of alcoholic liquor as defined by K.S.A. 41-102 by clubs, caterers, drinking establishments, and temporary permit holders.

Present Rate: 10 percent.

History of Tax Rates: Unchanged since enactment.

Disposition of Revenue: 25 percent to State General Fund, 5 percent to Community Alcoholism and Intoxication Programs Fund, 70 percent to Local Alcoholic Liquor Fund, for return to cities and counties where collected.

Prior Law: From imposition in 1979 until July 1, 1982, all revenues were returned to the city or county of origin.

Net Collections: (\$ in thousands)

FY 1993	\$	17,416	FY 1990	\$	14,275
FY 1992		16,184	FY 1989		12,717
FY 1991		15,076	FY 1988		11,904

Cigarette Tax

Enacted: 1927.

Statutory Citations: K.S.A., Ch. 79, Art. 33.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Tax paid upon purchase of tax stamps, or within 30 days after purchase in case of bonded wholesale dealers. Dealers receive a 2.65 percent discount on the face value of the stamps for expenses involved in affixing the stamps.

Tax Base: Amount of cigarettes sold or distributed.

Present Rate: 24 cents on each 20 cigarettes or fractional part thereof (or 30 cents on each 25 cigarettes), effective October 1, 1985.

History of Tax Rates: 2-cent rate imposed in 1927; increased to 3 cents in 1947, to 4 cents in 1957, to 6 cents in 1964, to 8 cents in 1965, to 11 cents in 1970, to 16 cents in 1983, and to 24 cents in 1985.

Disposition of Revenue: To State General Fund (effective January 1, 1979).

History of Disposition of Revenue:

1927	100 percent to State General Fund.
1931	85 percent to State General Fund; 15 percent to counties and cities.
1933	72 percent to State General Fund; 25 percent to counties and cities; 3 percent to Administration Fee Fund.
1935	70 percent to State General Fund; 25 percent to counties and cities; 5 percent to Administration Fee Fund.
1939	65 percent to State General Fund; 30 percent to counties and cities; 5 percent to Administration Fee Fund.
1943	20 percent to State General Fund; 75 percent to counties and cities; 5 percent to Administration Fee Fund.
1947	15 percent to State General Fund; 50 percent to counties and cities; 32 percent to Retail Sales Tax Fund; 3 percent to Administration Fee Fund.
1957	38.5 percent to State General Fund; 37.5 percent to counties and cities; 24 percent to Retail Sales Tax Fund.
1964	60 percent to State General Fund; 25 percent to counties and cities; 15 percent to Retail Sales Tax Fund.
1965	75 percent to State General Fund and 25 percent to counties and cities.
1978	Effective January 1, 1979, county and city sharing in the receipts from this tax was eliminated with the creation of the County and City Revenue Sharing Fund.

Net Collections: (\$ in thousands)

FY 1993	\$ 51,257	FY 1990	\$ 54,348
FY 1992	53,486	FY 1989	55,893
FY 1991	52,776	FY 1988	58,203

Note: The sales tax was expanded to include the retail sales of cigarettes in 1961.

Tobacco Products Tax

Enacted: First enactment 1969, effective June 1, 1969; held invalid by Shawnee County District Court because of defective title. Reenacted in 1972, effective July 1, 1972; second law held valid by courts.

Statutory Citation: K.S.A., Ch. 79, Art. 33.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Monthly, payment due on or before the 20th day for tobacco products brought into or produced in state for sale during preceding calendar month, less 4 percent retained by distributors as reimbursement for expenses.

Tax Base: Wholesale sales price.

Tax Rate: 10 percent.

Disposition of Revenue: To State General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	2,227	FY 1990	\$	1,637
FY 1992		2,063	FY 1989		1,564
FY 1991		1,808	FY 1988		1,456

Note: Tobacco products are also subject to the retail sales tax.

Marijuana and Controlled Substance Taxes

Enacted: 1987

Statutory Citation: K.S.A., Ch. 79, Art. 52

Administration and Collection: Department of Revenue, Division of Taxation

Collection Period: Each "dealer" is responsible for paying the tax as soon as the marijuana or controlled substance is acquired. Persons may purchase tax stamps from the Department of Revenue without revealing their identities.

Tax Base: Tax is imposed on "dealers" who in violation of Kansas law manufacture, produce, ship, transport, import, or possess more than 28 grams of marijuana, more than one gram of any controlled substance, or ten or more dosage units of any controlled substance not sold by weight.

Present Rates:

Marijuana	\$3.50 per gram
Wet Domestic Marijuana Plant	\$0.40 per gram
Dry Domestic Marijuana Plant	\$0.90 per gram
Controlled Substance	\$200 per gram
Controlled Substance Not Sold by Weight	\$2,000 per each 50 dosage units

(**Note:** Taxes on wet and dry domestic marijuana plants were imposed in 1990.)

Disposition of Revenue: All receipts from the sale of tax stamps -- to State General Fund. Collections from assessments of delinquent taxes and penalties are credited 50 percent to the State General Fund and 50 percent to special law enforcement trust funds of county and city agencies conducting the investigations.

Net Collections: (\$ in thousands)

FY 1993	\$	488	FY 1990	\$	55
FY 1992		335	FY 1989		5
FY 1991		228	FY 1988		2

Wheat Tax

Enacted: 1957.

Statutory Citation: K.S.A., Ch. 2, Art. 26.

Administration and Collection: Kansas Wheat Commission.

Collection Period: Tax must be paid to the Commission on or before the 20th day of the month following the date of settlement between the purchaser and grower. (Tax is deducted by first purchaser from the price paid to the grower.)

Tax Base: Wheat marketed through commercial channels in Kansas, including wheat acquired by a grower under the provisions of a federal payment-in-kind (PIK) program.

Present Rate: 7 mills per bushel, effective June 1, 1988 (established by Wheat Commission).

History of Tax Rates: June 1, 1957 -- 2 mills per bushel (statutory)
 June 1, 1979 -- 3 mills per bushel (statutory)
 June 1, 1982 -- 4 mills per bushel (statutory)
 June 1, 1988 -- 7 mills per bushel (established by Wheat Commission)

(**Note:** The Legislature, in 1988, authorized the Wheat Commission to set the levy at not more than 10 mills per bushel.)

Disposition of Revenue: Effective July 1, 1988 -- to State General Fund, that portion of \$100,000 which equals the Wheat Commission's proportion of the total amounts credited to the wheat, corn, grain, sorghum, and soybean commissions in the preceding fiscal year; remainder to Wheat Commission.

History of Disposition of Revenue: June 1, 1957 to June 30, 1978 -- 20 percent to the State General Fund; 80 percent to Wheat Commission. July 1, 1978 to June 30, 1982 -- 20 percent or a maximum of \$200,000 to the State General Fund; remainder to Wheat Commission. July 1, 1982 to June 30, 1988 to the State General Fund, that portion of \$200,000 which equals the Wheat Commission's proportion of the total amounts credited to the wheat, corn, grain sorghum, and soybean commissions in the preceding fiscal year; remainder to Wheat Commission.

Net Collections (after refunds): (\$ in thousands)

FY 1993	\$	1,959	FY 1990	\$	1,328
FY 1992		2,134	FY 1989		1,908
FY 1991		2,654	FY 1988		1,144

Note: Growers may secure a refund of the entire amount of the tax upon submission of a request therefor to the Wheat Commission within one year after sale of the wheat.

Motor Vehicle Rental Excise Tax

Enacted: 1991; imposed in lieu of motor vehicle tax.

Statutory Citation: K.S.A. 79-5117.

Administration and Collection: Department of Revenue, Division of Taxation

Collection Period: Remitted along with retailers' sales tax.

Tax Base: Gross receipts received from the rental or lease for 28 days or less of motor vehicles which would otherwise be subject to the motor vehicle tax and are owned by a car rental company. The Department of Revenue has determined administratively that those groups and entities with sales tax exemptions also are exempt from the rental car excise tax.

Rate: 3.5 percent (the state and applicable local sales taxes also apply to rental car transactions).

Disposition of Revenue: All receipts are remitted twice annually to the county treasurers where the taxable transactions took place for subsequent distribution to all taxing units in the same manner as motor vehicle tax receipts.

Net Collections: (\$ in thousands)

FY 1993 \$ 1,409

FY 1992 \$ 1,394

GROSS RECEIPTS TAXES

Insurance Premiums Tax -- Foreign Companies

Enacted: 1871.

Statutory Citation: K.S.A., Ch. 40, Art. 2.

Administration and Collection: Insurance Commissioner.

Collection Period: Annual; tax computation is based on companies' annual statement, which is due within 60 days of January 1. Beginning in 1985, semi-annual payments of estimated tax, based on prior year's liability, are due each June 15 and December 15.

Tax Base: Gross premiums collected from business done in Kansas during preceding calendar year.

Present Rate: 2 percent, or retaliatory tax if company is organized under the laws of a state which imposes a higher rate on Kansas companies.

History of Tax Rates: 1871 law imposed 2 percent tax on companies organized under a foreign government; 1898 law imposed the 2 percent rate on companies not organized under Kansas law.

Major Changes in Tax Base: 1970 Legislature extended application of the 2 percent tax to include foreign nonprofit hospital and medical service corporations, and excluded from the tax premiums received in connection with the funding of qualified pension, annuity, or profit-sharing plans.

Excess Lines Insurance: A premiums tax is also imposed on excess lines insurance coverage, that is, fire or casualty insurance written by a company not authorized to do business in Kansas. The tax rate is 6 percent (increased from 2 percent in 1982 and from 4 percent in 1992) of the premiums from such coverage for the preceding calendar year, and is due by March 1 from each insurance agent who writes such coverage.

Disposition of Revenue: To State General Fund, after an amount not to exceed \$28,000 is credited to Annual Statement Examination Fund (K.S.A. 40-223a) and \$40,000 is credited to Examiner Training Fund (K.S.A. 40-223e) from foreign or domestic premiums taxes.

Net Collections: (\$ in thousands)

FY 1993	\$ 73,803	FY 1990	\$ 57,057
FY 1992	73,108	FY 1989	56,939
FY 1991	63,580	FY 1988	56,316

Insurance Premiums Tax -- Domestic Companies

Enacted: 1970, effective July 1, 1970.

Statutory Citation: K.S.A., Ch. 40, Art. 2.

Administration and Collection: Insurance Commissioner.

Collection Period: Same as foreign companies.

Tax Base: Gross premiums collected from business done in Kansas in preceding calendar year, excluding premiums received in connection with the funding of qualified pension, annuity, deferred compensation, or profit-sharing plans. The tax also applies to nonprofit health care related service corporations, risk retention and risk purchasing groups, and captive insurance companies (including aircraft captives). Exemptions are provided for fraternal benefit societies, small employer health benefit plans, premiums written pursuant to the Small Employer Reinsurance Program, policies providing death or disability benefits sold to the KPERS Board of Trustees, and self-insured companies exempt from state law under the federal ERISA preemption.

Though not directly subject to the premiums tax provisions of K.S.A. 40-252, a separate 1 percent premiums tax is imposed on the following entities: certain multiple-employer association trusts otherwise exempt from state insurance regulation pursuant to K.S.A. 40-2222; group-funded workers' compensation pools pursuant to K.S.A. 44-588; and municipal group-funded insurance pools pursuant to K.S.A. 12-2624.

Present Rate: 1 percent, less credits for Firefighter's Relief and Fire Marshal taxes paid. A credit of 25 percent of the tax due is allowed if at least 30 percent of the company's admitted assets are invested in Kansas securities. Credits may also be claimed for up to 80 percent of assessments made by the Kansas Health Insurance Association.

Disposition of Revenue: To State General Fund (after amounts credited to Insurance Department Service Regulation Fund, beginning in FY 1993).

Net Collections: (\$ in thousands)

FY 1993	\$	9,361	FY 1990	\$	7,681
FY 1992		9,049	FY 1989		6,955
FY 1991		9,208	FY 1988		6,519

Insurance Premiums Tax -- Firefighter's Relief

Enacted: 1895.

Statutory Citation: K.S.A., Ch. 40, Art. 17.

Administration and Collection: Insurance Commissioner.

Collection Period: Annual; tax is due on or before April 1.

Tax Base: Amount of fire or lightning insurance written during preceding calendar year in Kansas.

Present Rate: 2 percent of such insurance premiums.

History of Tax Rates: 1895 law established the 2 percent rate.

Major Changes in Tax Base: 1957 Legislature repealed former exemption of Kansas companies from the tax, but the tax was later made deductible from the domestic insurance companies' premiums tax. 1984 law expanded the base from cities, counties, townships, and fire districts with organized fire departments with firefighting equipment valued at a minimum value and organized firefighter's relief associations, to all of Kansas.

Disposition of Revenue: After amounts appropriated from the fund for administration of the Firefighter's Relief Act; 3 percent to the Kansas State Firefighter's Association for education and study; 5 percent to the Kansas State Firefighter's Association for a death benefit fund (but limited to the amount necessary to replenish the fund to \$100,000); balance to the firemen's relief associations of cities, counties, townships, or fire districts.

Net Collections: (\$ in thousands)

FY 1993	\$	4,027	FY 1990	\$	3,719
FY 1992		3,955	FY 1989		3,558
FY 1991		3,924	FY 1988		3,823

Insurance Premiums Tax -- Fire Marshal

Enacted: 1913.

Statutory Citation: K.S.A., Ch. 75, Art. 15.

Administration and Collection: Insurance Commissioner.

Collection Period: Same as foreign companies.

Tax Base: Gross premiums collected by fire insurance companies from all fire insurance business transacted in Kansas during preceding year.

Present Rate: Levy is determined by Fire Marshal, but may not exceed 1.25%. Present rate levied is 1.2% (and is deductible from the domestic insurance companies' premiums tax).

History of Maximum Tax Rates:

1913 law	.375%
1917 law	.500%
1957 law	.750%
1983 law	1.25%

Disposition of Revenue: 20 percent (not to exceed \$200,000) deposited in State General Fund and the remainder deposited in the Fire Marshal Fee Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	2,550	FY 1990	\$	1,857
FY 1992		2,500	FY 1989		1,950
FY 1991		1,989	FY 1988		1,957

Private Car Companies Tax

Enacted: 1911.

Statutory Citation: K.S.A., Ch. 79, Art. 9.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Annual; railroad companies using or leasing private cars withhold the tax from payments they make therefor to the private car companies and remit the tax on or before March 1.

Tax Base: Gross earnings from operation of private cars (passenger, sleeping, refrigerator, tank, etc.) in Kansas during the preceding calendar year; tax in lieu of property taxes.

Present Rate: 2.5 percent.

History of Tax Rates: The rate was established as the average of all local property tax levies in 1911; present 2.5 percent rate was enacted in 1937.

Disposition of Revenue: To State General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	162	FY 1990	\$	450
FY 1992		179	FY 1989		736
FY 1991		105	FY 1988		704

Note: In recent years, the Department of Revenue has refunded 80 percent of the tax collected to satisfy the requirements of the federal Railroad Revitalization and Regulatory Reform Act of 1976 (the "4-R" Act).

Musical and Dramatic Composition Tax

Enacted: 1939.

Statutory Citation: K.S.A., Ch. 57, Art. 2.

Administration and Collection: State Treasurer.

Collection Period: Annual, on or before March 15.

Tax Base: Privilege of selling, licensing, or otherwise disposing of performing rights (public performances for profit) in musical and dramatic-musical compositions, gross receipts therefrom during preceding year.

Present Rate: 3 percent.

History of Tax Rates: No change since tax enacted.

Disposition of Revenue: To State General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	19	FY 1990	\$	15
FY 1992		18	FY 1989		15
FY 1991		20	FY 1988		14

Bingo Enforcement Tax

(Call Bingo and Instant Bingo)

Enacted: Call Bingo: 1975.
Instant Bingo: 1993.

Statutory Citation: K.S.A., Ch. 79, Art. 47.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Monthly, tax must be remitted by call bingo operator or instant bingo distributor on or before the last day of the month for the prior month's collections.

Tax Base: Gross receipts from charges for admission to and participation in call bingo games; printed retail sales price of instant bingo cards.

Present Rate: 3 percent on call bingo; 1 percent on instant bingo cards. (Gross receipts from operations of call bingo games and sales of instant bingo cards are also subject to the sales tax.)

History of Tax Rates: Under 1975 law, call bingo rate was 2 percent with the revenue returned entirely to cities and counties in which licensed bingo premises were located. In 1977, the call bingo rate was increased to 3 percent with the added revenue deposited in the State General Fund. In 1984, the current disposition of revenue was established. Instant bingo was authorized and the 1 percent rate established in 1993.

Disposition of Revenue: One-third to State General Fund; one-third to State Bingo Regulation Fund; and one-third remitted to cities and counties in which licensed bingo premises are located for use in enforcement of the bingo law. Payments to cities and counties are to be made at least once annually. Present practice is to distribute these funds on February 1 of each year.

Net Collections: (\$ in thousands)

FY 1993	\$	913	FY 1990	\$	815
FY 1992		899	FY 1989		795
FY 1991		843	FY 1988		767

Note: The first year of collection for instant bingo will be FY 1994.

Parimutuel Tax -- Wagers and Admissions

Enacted: 1987; following approval in 1986 of a constitutional amendment (Art. 15, Sec. 3b) authorizing horse and dog racing and parimutuel wagering thereon.

Statutory Citation: K.S.A., Ch. 74, Art. 88.

Administration and Collection: State Racing Commission.

Collection Period: Daily, on day following the day of wagering or collection of admissions.

Tax Base: Wagers: Takeout (18-22 percent of each parimutuel pool which is withheld for payment of purses, taxes and the share to be kept by the organization licensee). Takeout does not include "breakage" (odd cents by which the amount payable on each dollar wagered exceeds a multiple of \$.10). **Admissions:** Amount paid for admissions plus value of complementary admissions, excluding taxes paid thereon; for property-tax exempt racetracks, number of admissions. (**Note:** A 1993 enactment (Ch. 79, L. 1993) inadvertently changed the base of some rates from the takeout to the amount wagered.)

Present Rate: Wagers: 3/18 of daily takeout from parimutuel pools on all horse races and for the first four years of dog racing and wagering at a dog-only track. In the fifth and subsequent years of dog racing and wagering at a dog-only track, the tax per performance is 3/18 of the takeout from the first \$400,000 wagered, 4/18 of the takeout for the next \$200,000 wagered, and 5/18 of the takeout for any amounts wagered in excess of \$600,000. For dual horse-dog racetracks the tax rate is 3/18 of the takeout from wagers on dog races for the first seven years of dog racing with wagering. In the eighth and subsequent years the tax per performance is 3/18 of the takeout from the first \$600,000 wagered, 4/18 of the takeout from the next \$200,000 wagered, and 5/18 of the takeout from any amounts wagered in excess of \$800,000. The parimutuel tax on all simulcast races, regardless of whether they are horse or dog races, is 3/18 of daily takeout. (**Note:** The *Kansas Constitution* requires that the parimutuel tax cannot be less than 3 percent, nor more than 6 percent of the total amount wagered. The Parimutuel Racing Act requires that the parimutuel tax be no less than 3 percent nor more than 6 percent of the total amount wagered each day.) **Admissions:** 10 percent of amount received for admissions, excluding taxes, plus the value of free or complementary passes. An additional tax of \$.20 per admission applies at racetracks which are exempt from local ad valorem property taxes.

History of Tax Rates: A 1993 amendment changed the basis for tax rate increase from the number of years of dog racing at dog-only and dual tracks to the amount wagered per performance.

Disposition of Revenue: Tax on Wagering and 10% Tax on Admissions: To State Racing fund. **\$.20 Tax on Admissions:** To Local Racing Admissions Tax Fund.

Net Collections: (\$ in thousand)

FY 1993	\$	7,804	FY 1990	\$	7,993
FY 1992		8,853	FY 1989		154 ^(a)
FY 1991		8,767			

a) First year of tax collections.

PAYROLL TAXES

Unemployment Compensation Tax

Enacted: 1937.

Statutory Citation: K.S.A., Ch. 44, Art. 7.

Administration and Collection: Department of Human Resources, Division of Employment Security.

Collection Period: Quarterly -- reports are due by the 25th day of January, April, July, and October.

Coverage: The law covers both public and private employment. Exemptions exclude a limited number of types of employers from coverage:

1. employing units which did not in either the current or preceding calendar year pay for service in employment wages of \$1,500 or more or did not in each of 20 different calendar weeks in either the current or preceding calendar year employ at least one individual;
2. agricultural labor employers who did not during any calendar quarter in the current or preceding year pay wages of \$20,000 or more to workers or who did not employ ten or more workers for some portion of a day in 20 calendar weeks in either the current or preceding calendar year;
3. employers for domestic services which did not pay cash remuneration of \$1,000 or more in any calendar quarter in the current or preceding calendar year; and
4. employers exempt from income tax under section 501(a) of the Federal Internal Revenue Code who did not have four or more persons in employment for some portion of a day in each of 20 different weeks in the current or preceding calendar year.

In addition, several specific types of services are excluded from the definition of the term "employment" under this law.

Taxable Wage Base: Taxable wages paid by employers subject to the act; taxes currently applicable to the first \$8,000 of annual earnings paid each employee. A history of the taxable wage base is listed below:

<u>Tax Base</u>	<u>Calendar Year</u>
Total Wages	1937-1939
\$ 3,000	1940-1971
4,200	1972-1977
6,000	1978-1982
7,000	1983
8,000	1984-Present

Contribution Rates: Basic contribution rates range from less than 1.0 percent to 5.4 percent. Rates for individual employers are determined by an experience-rating formula under which eligible employers with sufficiently favorable experience qualify for rates below the maximum. In addition, the law requires negative account balance employers to pay a surcharge ranging from 0.1 percent to 1.0 percent, depending upon the size of the employer's negative reserve ratio. For 1983, the rates of contributing employers and rated governmental employers as otherwise determined were increased by 20 percent.

A uniform contribution rate of 1.80 percent of total wages prevailed in 1937; the rate was raised to 2.70 percent in 1938.

Experience Rating: An experience rating system was adopted in 1941, thus permitting the assignment of contribution rates less than the maximum to qualifying employers. Experience rating, with some modifications, continues to be an essential feature of this program. The contribution rate schedule effective in 1941 was 2.70 percent, 1.80 percent, and 0.90 percent. In 1945, the schedule was changed to 2.70 percent, 2.20 percent, 1.70 percent, 1.20 percent, and 0.70 percent. In 1949, the schedule was changed to 2.70 percent, 1.10 percent, 0.85 percent, 0.60 percent, and 0.35 percent. In 1956, a standard contribution rate schedule became effective containing 15 rates ranging from 2.70 percent to 0 percent. The number of rate groups was increased to 21 in 1974 and to 51 in 1991. The standard rate schedule was made subject to annual adjustments as determined through a formula involving the relationship of the reserves for the payment of benefits to taxable wages.

In 1972 a law was enacted providing for a temporary emergency tax increase in 1972 and 1973 in an amount equal to one-third of each employers' contributions otherwise due. The temporary increase to a 3.6 percent maximum rate was made permanent in 1974. Experience rating, with procedural revisions, was retained.

In 1979, the 0 percent contribution interval was eliminated. All employers are now required to make at least a nominal annual contribution. The maximum tax rate increased to 3.8 percent in 1981. A standard rate was legislated in 1983 whereby employers could reach a maximum of 5.4 percent. Also, beginning in 1983, the law requires negative account balance employers to pay a surcharge which ranges from 0.1 percent to 1.0 percent, depending upon the magnitude of the employer's negative reserve ratio. For 1980, 1981, and 1982, the Secretary of Human Resources was authorized to adjust the maximum rate in increments of 0.1 percent up to a maximum of 4.3 percent if any rate group other than 19-21 would have been required to pay contributions at the maximum rate prescribed by law (3.6 percent in 1980 and 3.8 percent in 1981 and 1982). An emergency measure enacted in 1983 imposed a surcharge equal to a 20 percent increase in the rates of contributing employers and rated governmental employers for calendar year 1983. A similar surcharge could have been effective in 1984 if the balance in the Employment Security Fund on April 30, 1984, was less than \$80 million. During 1983 and 1984, additional surcharges could have been assessed against employers, as necessary, to ensure that there would have been a \$35 million balance in the Fund at the beginning of each month during each ensuing calendar quarter.

Employers not eligible for an experience rating, whereby two years' experience under the act is necessary, pay 1 percent plus the greater of the average rate for the industry division for the preceding calendar year or the average rate for all covered employers for the preceding year but not less than 2 percent.

Disposition of Revenue: Collections, other than penalties and interest, are deposited in the Unemployment Trust Fund account of the Employment Security Fund, which is maintained by the Secretary of the United States Treasury under Section 903 of the Social Security Act. Except for Reed Act funds, withdrawals from the Unemployment Trust Fund account are permitted only for the payment of unemployment compensation benefits; withdrawals are not permitted for administrative purposes. Penalties and interest collected are deposited in the Special Employment Security Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	175,669	FY 1990	\$	169,742
FY 1992		173,319	FY 1989		166,453
FY 1991		170,994	FY 1988		163,842

MAJOR STATE TAXES NO LONGER IN EFFECT

Ton-Mile Tax (Motor Carriers)

Enacted: 1931; (1925 law had required certificated carriers to pay additional annual fees to county treasurer, based on carrying capacity).

Statutory Citation: G.S. 1949 and 1953 Supp., Ch. 66, Art. 1; repealed in 1955, effective January 1, 1956.

Administration and Collection: Kansas Corporation Commission (regular carriers); Ports of Entry (irregular carriers).

Collection Period: Annual deposits were required to be made with KCC as a credit against the tax. When the tax charged had equaled such credit, the motor carriers were required to make monthly payments, on or before the 15th day, of the amount due for preceding month.

Tax Base: Gross ton-miles operated by public or contract carriers of property or passengers and by private carriers of property.

Tax Rate at Time Law Repealed: 0.5 mill per gross ton-mile.

History of Tax Rates: No changes made.

Disposition of Revenue: 10 percent to KCC for administration; fixed amount as determined by the Legislature from time-to-time to State Highway Patrol; balance to State Highway Fund.

Net Collections: \$3.5 million in FY 1955, the last full year the tax was in effect.

Note: The 1955 Legislature replaced the ton-mile tax with a tax package which increased truck registration fees and the special fuels tax, extended the coverage and expanded the basis for determining the valuation of motor carrier property under the motor carrier tax, enacted the importer-for-use fuel tax, and established trip and short-term operating fees and a special regulatory fee.

Corporation Alternative Minimum Tax (AMT)

Enacted: 1988 (but first year of imposition was to be tax year 1989).

Statutory Citation: K.S.A. 1988 Supp. 79-32,183 to 79-32,187, inclusive; repealed in 1989.

Administration and Collection: Department of Revenue, Division of Taxation.

Collection Period: Tax was to be imposed for each taxable year subject to rules and regulations promulgated by the Secretary of Revenue.

Tax Base: The Kansas alternative minimum taxable income of a corporation, which was to be computed by taking a corporation's federal alternative minimum taxable income and making certain deductions and modifications.

Tax Rate: 4 percent, with a credit allowed against the "regular" corporation income tax.

Disposition of Revenue: To State General Fund.

Net Collections: No revenues received prior to repeal of the law. Estimates were that the tax would have raised approximately \$6.0 million annually.

LOCAL TAXES

Local Property Taxes

Enacted: Local property taxes predate statehood; basic statewide requirements enacted in 1868.

Statutory Citation: K.S.A., Ch. 79, Articles 1-6a, 10, 14, 16-21, 23, 24, 26-29, 40, 45, 50; other chapters of K.S.A., particularly those applicable to the various political subdivisions, also deal with local tax levies.

Administration and Collection: County Appraisers, County Clerks, County Boards of Equalization, and County Treasurers (collection); Department of Revenue, Division of Property Valuation; State Board of Tax Appeals.

Collection Period: Due November 1, one-half payable no later than December 20 and the other half by the following June 20, but if the bill is \$10 or less, the entire amount is payable December 20.

Tax Base: Assessed valuation of taxable real and tangible personal property. Prior to the adoption of classification amendments by voters in 1986 (effective in tax year 1989) and 1992 (effective in tax year 1993), the *Kansas Constitution* required that all taxable real and tangible personal property be assessed on a uniform basis at 30 percent of fair market value. Over the years, various amendments have allowed intangibles (1924 amendment), motor vehicles (1974 amendment), and recreational vehicles (1992 amendment) to be separately classified and taxed. A 1976 amendment authorized the taxation of agricultural land based on its productivity and income (use-value) rather than its market value, but use-value was not implemented until tax year 1989 (pursuant to the 1986 classification amendment). The following table outlines the assessment levels provided by the classification amendments:

ASSESSMENT LEVELS IN CLASSIFICATION AMENDMENTS

(Article 11, Section 1 -- *Kansas Constitution*)

Property Class	(1986 Amendment) Tax Years 1989-1992	(1992 Amendment) Tax Years 1993 and Thereafter
Residential Real	12.0%	11.5% ^(a)
Agricultural Land	30.0% ^(b)	30.0% ^(b)
Vacant Lots	12.0%	12.0%
Commercial and Industrial Real	30.0%	25.0%
Agricultural Improvements	30.0%	25.0%
Certain Not-for-Profit Real	30.0%	12.0% ^(c)
Utility Real	30.0%	33.0% ^(d)
Other Real	30.0%	30.0%
Mobile Homes Used as Residences	12.0%	11.5%
Low Production Mineral Leaseholds	30.0%	25.0% ^(e)
All Other Mineral Leaseholds	30.0%	30.0%
Utility Personal	30.0%	33.0% ^(d)
Utility Inventories	exempt	33.0%
Motor Vehicles	30.0%	30.0%
Commercial and Industrial Machinery and Equipment Inventory	20.0% ^(f)	25.0% ^(f)
Merchants	exempt	exempt
Manufacturers	exempt	exempt
Livestock	exempt	exempt
Other Personal	30.0%	30.0% ^(g)

a) Includes mobile home parks.

b) Valued based on its agricultural income or productivity (use-value) rather than its market value.

c) Includes only property owned and operated by those not-for-profit organizations included in this subclass by law.

d) Railroad property at average of commercial and industrial.

e) Oil leaseholds with average daily production of five barrels or less and gas leaseholds with average daily production of 100 mcf or less.

f) Valued by retail cost when new, depreciated.

g) Legislature may separately classify "recreational vehicles."

Exemptions: Article 11, Section 1 of the Kansas Constitution exempts all property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and

charitable purposes; farm machinery and equipment; merchants' and manufacturers' inventories, other than certain public utility inventories; livestock; and all household goods and personal effects not used for the production of income. The Kansas Supreme Court has ruled that the Legislature may grant other exemptions if they have a public purpose and are designed to promote the public welfare. Statutory exemptions include (but are not limited to) nonprofit college and university union buildings and dormitories, alumni association property, parsonages, hospitals, nursing homes, housing for the elderly, airports operated by political subdivisions, licensed children's care homes, property used to provide humanitarian services, working interests in low-producing oil leases, hand tools and hand tool boxes, and business aircraft.

Present Rates: Rates vary markedly among the numerous local taxing units (counties, cities, townships, school and community college districts, special purpose districts), in accordance with the ad valorem requirements of their locally-adopted budgets.

The statewide average property tax rate (calculated by dividing the total of all tangible taxes levied by the tangible assessed valuation of the state) for all purposes in 1992 was 110.1 mills. In some communities, the actual total tax rate applicable to property therein was much higher than the state average; in others the actual rate was considerably lower. For example, in 1992 the countywide average tax rate varied from 61.8 mills to 156.8 mills.

History of Levy Limitations: Tax levy limits were adopted as early as 1868 and a graduated scale of levy limits was enacted in 1909. In 1933 the legislature established an overall aggregate levy limitation system for all local units of the state. The limitation laws were rewritten in 1941, and subsequently amended on numerous occasions. Limitations on levies of counties, cities, and townships were recodified in the 1970 Session and further amended in 1973 and 1975.

Legislation enacted in 1970 imposed a temporary "lid" on property tax levies and operating budgets of counties, cities, unified school districts and community colleges in tax years 1970, 1971, and 1972. As reenacted in 1973 with no expiration date, the tax lid law applied to counties, cities, and community colleges; there were no budget controls in the 1973 law, but school districts and community colleges were made subject to budget controls in other laws. Community colleges were exempted from the tax lid in 1977, and their budget controls were eliminated in 1981.

In 1977 the Attorney General issued two opinions which held that, because of nonuniformity of application of the tax lid law, both cities and counties could, by charter ordinance or resolution procedure, exempt themselves from all or part of the tax lid law.

An exemption from the lid sufficient to replace intangibles taxes repealed or reduced by an election was enacted in 1979. The tax lid was further amended in 1983 to prevent a loss of tax authority following the exemption of farm machinery and business aircraft. A reappraisal tax lid was enacted to prohibit taxing subdivisions from levying, in dollars, more taxes following reappraisal than they had levied in the year prior to reappraisal, except for levies made for certain purposes.

The current tax lid is a limitation on the aggregate amount (in dollars) which may be levied for funds or purposes that are not expressly exempted from the lid by counties, cities, townships, community colleges, and municipal universities. With certain exceptions, the aggregate tax levy may not exceed the amount levied for the base year (1989 or 1990, as selected by the taxing subdivision). The rate (mills) of property tax computed under the aggregate limitation may be applied to increased valuations from new improvements on real estate and added personal property over the amount of such valuations in the base year. Other taxing subdivisions are subject to fund levy limits determined by the amounts authorized to have been levied in 1988, adjusted for added valuations since 1989. Taxing subdivisions may elect to exempt themselves from the lid law by charter ordinance for cities or similar procedures for other taxing subdivisions.

Disposition of Revenue: To the local unit which made the levy, *e.g.*, taxes from a school district's levy are collected by the county treasurer along with other local taxes and the revenue from that levy is remitted to the school district for expenditure.

Total Local Tangible Property Tax Levied for Collection in: (\$ in thousands)*

FY 1993	\$,590,482	FY 1990	\$,553,472
FY 1992	1,815,829	FY 1989	1,467,872
FY 1991	1,638,087	FY 1988	1,380,651

* Includes certain payments in lieu of tangible property tax.

(See Table VI in Part I for local property tax levies for selected years prior to 1988.)

Tangible Taxes Levied, by Type of Local Unit, for Fiscal Year 1993

	Amount (000)	Percent of Total
Schools	\$ 813,378 ^a	51.14%
Counties	414,360	26.05
Cities	272,891	17.16
Special Districts	65,788	4.14
Townships	24,064	1.51
TOTAL	\$ 1,590,482	100.00%

a) Includes levies for school districts, community colleges, and municipal universities. Does not include their shares of the motor vehicle tax.

Homestead Property Tax Refund: In 1970, a system of income tax credits or refunds was established for low-income homeowners who were age 65 or older or disabled (K.S.A. Ch. 79, Art. 45). The current program, which has been modified several times since then, authorizes direct refunds of or credits against property tax for low-income homeowners or renters who are age 55 or older, disabled, or who have dependent children under age 18. Renters may claim as property tax paid 15 percent of rent paid for occupancy only. The maximum property tax that may be counted in determining the refund is \$600, and the maximum income that can qualify for some benefit is \$17,200. Homestead property tax refunds are now paid from the State General Fund.

Homestead Property Tax Relief Claims Paid

<u>Calendar Year*</u>	<u>Number of Claims Paid</u>	<u>Amount of Claims Paid (000)</u>	<u>Average Claims Paid</u>
1992	49,083	\$ 9,589	\$ 196
1991	44,684	8,551	191
1990	46,680	9,035	191
1989	44,255	6,958	158
1988	46,628	7,329	157

* Designates year in which claim was paid. 1991 claims were paid in 1992, etc.

Reappraisal Circuit Breaker: Following the application of reappraised values in 1989, a temporary circuit breaker was available to certain owners of residences whose property taxes had increased. The refunds were available only for taxes paid in 1989 and 1990. Refunds under the program totaled \$1.75 million.

Motor Vehicle Tax

Enacted: 1979

Statutory Citation: K.S.A., Ch. 79, Art. 51.

Administration and Collection: Department of Revenue, Division of Vehicles, County Treasurers, County Appraisers.

Collection Period: Tax paid prior to registration of vehicles.

Tax Base: For 1981 and later model years, 30 percent of trade-in value when new. (For 1980 and prior model years, trade-in value in 1980.) Vehicles are placed in value classes specified in K.S.A. 1982 Supp. 79-5104. Tax is calculated based on the midpoint of the value class, depreciated 16 percent per year from the model year (or 1980, for vehicles valued in 1980). The minimum tax on any vehicle is \$12. Vehicles at least 15 years old also pay a tax of \$12. Tax is in lieu of the annual general property tax.

Tax Rate: The countywide average mill levy for the second preceding tax year is applied to 30 percent of the depreciated value of the midpoint of the vehicle's value class, prorated for the number of months of each calendar year within the registration year.

Disposition of Revenue: To property tax levying entities and subdivisions in proportion to the number of mills levied in the taxpayer's tax levy unit.

Net Collections: (\$ in thousands)

<u>Fiscal Year</u>	<u>State*</u>	<u>Local**</u>
1993	\$ 3,145	\$ 256,032

1992	2,988	237,988
1991	3,105	303,427
1990	2,906	272,608
1989	2,769	240,205
1988	2,527	214,150

* Amount actually received in the fiscal year.

** Amount levied in the preceding calendar year, excluding the state's share.

Mortgage Registration Tax

Enacted: 1915; tax held unconstitutional in 1915; re-enacted in 1925 following 1924 constitutional amendment authorizing classification of certain property, including mortgages (Art. 11, Sec. 1).

Statutory Citation: K.S.A., Ch. 79, Art. 31.

Administration and Collection: County Register of Deeds.

Collection Period: Tax due when mortgage filed for recording.

Tax Base: Principal debt or obligation secured by a mortgage on real property, or renewal or extension thereof.

Present Rate: 26 cents per \$100 or major fraction thereof; tax is in lieu of other taxes.

History of Tax Rates: Original 1915 law -- 15 cents per \$100, with a limit of \$5,000 on the tax obligation; 1925 law -- 25 cents per \$100, no limitation on tax; 1990 law -- 26 cents per \$100, no limitation on tax.

Disposition of Revenue: Revenue from 1 cent of the tax (but not more than \$100,000 per year in any county) to Heritage Trust Fund administered by State Historical Society; balance to County General Fund.

Net Collections: (\$ in thousands)

FY 1993	\$	19,303	FY 1990	\$	12,242
FY 1992		13,299	FY 1989		14,433
FY 1991		12,184	FY 1988		17,863

Local Sales and Compensating (Use) Tax

Enacted: Authority for cities and counties to levy local sales taxes was enacted in 1970. Local use tax for motor vehicles purchased outside the state was enacted in 1982 and was expanded to include watercraft in 1987.

Statutory Citation: K.S.A., Ch. 12, Art. 1.

Administration and Collection: Department of Revenue collects and State Treasurer remits to levying units monthly.

Collection Period: Same as state sales and use tax.

Tax Base: Sales tax -- same application and exemptions as state sales tax, with the exception of most residential utility services, which are subject to local taxes but exempt from the state tax.

Cities and counties may not normally alter the application of local sales taxes, but the Attorney General opined in 1992 that cities could pass charter ordinances attempting to remove original construction services from the local sales tax base. Though several cities passed such ordinances, the Department of Revenue was unable to implement them because it lacked the statutory authority to do so.

Use tax -- local use tax applies only to motor vehicles and watercraft purchased outside the state and used within the taxing subdivision.

Present Authorized Tax Rates: Cities and counties may levy a tax in 0.25 percent increments up to a normal maximum of 2.0 percent, subject to several exceptions. Sales taxes of up to 1.0 percent may be used for general purposes, but the additional authority (up to 1.0 percent) normally must be used only for the financing of "health care services." A city may impose a tax earmarked for health care only if the county has no such tax. Moreover, any such city tax expires immediately upon the imposition of a county health care sales tax.

Elections are required to be held prior to the imposition of or increase in any local sales tax, and a statement describing the purposes for which the taxes will be used must be part of the ballot proposition. Use tax rates are the same as the local sales tax.

Prior to the enactment of the health care sales tax authority in 1992, the normal maximum rate was 1.0 percent for cities and counties. Exceptions from the normal maximum rate have been enacted for the following jurisdictions:

SPECIAL RATE PROVISIONS

<u>Local Units</u>	<u>Maximum Additional Authority</u>	<u>Earmarking and Other Restrictions</u>	<u>Implemented by October 1, 1993</u>
Jackson	1.0	County's share earmarked exclusively for Banner Creek Reservoir Project; Sunsets on July 1, 1994	Yes
Barton Wyandotte & Saline	1.0 0.5	Earmarked for courthouse, jail, law enforcement or county administrative facility; not shared with cities; sunsets when all financing costs are paid	Saline only
All Counties	0.1	Earmarked for stormwater management; not shared with cities; had to be imposed prior to end of 1990; Subject to protest petition and not mandatory election	Johnson only
Johnson and other counties within 60 miles	0.25	Earmarked for Kansas and Missouri Metropolitan Culture District Compact Fund if Compact becomes effective; Johnson County must participate for Compact to become effective.	No
City of Rossville	1.0	Earmarked for flood control projects; election to impose tax had to be held prior to end of 1992	No
Montgomery County cities	0.75	Earmarked for economic development or public infrastructure projects; required to sunset after five years	City of Caney only

Disposition of Revenue: Revenue from a countywide sales tax not earmarked for health care is apportioned among the county and cities, 50 percent in proportion to total, unitwide property tax levies and 50 percent in proportion to urban and nonurban population. This distribution formula is also subject to several exceptions.

SPECIAL DISTRIBUTION PROVISIONS

Local Units	Alternative Distribution Formula	Implemented by October 1, 1993
Johnson	The normal distribution formula for was modified in 1993 relative to fire protection service property tax levies within cities.	Yes
Johnson	An optional apportionment formula is available should the county raise its rate under the general authority by an additional 0.5 percent.	No
Jefferson, Montgomery, Wyandotte, Saline, Riley, Lyon, Butler, Barton	Cities do not share in revenues, all of which must be earmarked for jail, courthouse, law enforcement, or county administrative facilities. Tax sunsets when costs are paid.	Saline and Lyon in effect by October 1, 1993; Montgomery County's tax sunset on July 30, 1990
Ford, Finney	Cities do not share in revenues, all of which must be earmarked for system enhancement highway projects. Tax sunsets when costs are paid.	Both effective on July 1, 1991, but Finney County's tax sunset on September 30, 1992
Johnson and other counties within 60 miles	Neither cities nor counties would share directly in revenues, all of which would be expended by Metropolitan Culture Commission.	No
All counties with Stormwater Management Sales Tax	Cities do not share in revenues, all of which must be earmarked for stormwater management.	Johnson only
All counties with Sales Tax for Health Care Services	Cities do not share in revenues, all of which must be earmarked for health care services, unless cities previously were imposing a health care tax of their own which was preempted by the county tax. Under such circumstances, such cities would retain that portion of the county collections from within the city limits.	Geary, Sherman, and Franklin counties

Extent of Use: As of October 1, 1993, 135 cities and 64 counties were imposing local sales taxes. Of the 135 cities, 44 impose the tax at the 0.5 percent rate, 88 impose the tax at the 1.0 percent rate, two (Caney and Wamego) impose a 1.75 percent rate, and one (Neodesha) imposes a 2.0 percent rate. Of the 64 counties, eight impose the 0.5 percent rate, 49 impose the 1.0 percent rate, Jackson County imposes a 2.0 percent rate, Johnson County imposes a 0.6 percent rate, Ford County imposes a 0.75 percent rate, Geary and Sherman counties impose a 1.25 percent rate, and Saline and Franklin counties impose a 1.5 percent rate.

Three cities in 1971 -- Lawrence, Topeka, and Manhattan -- became the first local units to implement local sales tax authority by imposing 0.5 percent taxes. By 1981, 35 cities and five counties were imposing taxes. The numbers had grown to 100 cities and 57 counties by 1985.

Junction City features the highest combined state and local sales tax rate at 7.15 percent (4.9 percent, state; 1.25 percent, Geary County; 1.0 percent, Junction City). The combined state and local rate is at least 6.5 percent in 40 cities and the entirety of one county (Jackson).

The following tables provide the city and county sales tax rates in effect on October 1, 1993:

Rates as of October 1, 1993

LOCAL SALES TAXES -- CITY

City (135) (County Where Located)	Rate	Effective Date	City (135) (County Where Located)	Rate	Effective Date
Abilene ¹ (Dickinson)	0.5%	May 1, 1983	Hays ⁷ (Ellis)	1.0%	July 1, 1992
Americus ¹ (Lyon)	0.5	April 1, 1987	Herington ¹ (Dickinson)	0.5	July 1, 1980
Anthony (Harper)	0.5	November 1, 1984	Hiawatha ¹ (Brown)	0.5	November 1, 1980
Argonia (Sumner)	1.0	January 1, 1991	Hill City (Graham)	1.0	July 1, 1985
Arkansas City ⁹ (Cowley)	1.0	April 1, 1985	Hillsboro ¹ (Marion)	0.5	May 1, 1985
Arma ¹ (Crawford)	0.5	November 1, 1982	Horton ^{1,2} (Brown)	1.0	July 1, 1987
Atchison ⁹ (Atchison)	1.0	August 1, 1983	Hugoton (Stevens)	0.5	November 1, 1980
Auburn (Shawnee)	1.0	July 1, 1984	Humboldt ¹ (Allen)	0.5	January 1, 1982
Augusta (Butler)	0.5	October 1, 1991	Hutchinson ¹ (Reno)	0.5	July 1, 1986
Baldwin ²⁴ (Douglas)	1.0	July 1, 1991	Independence ³ (Montgomery)	1.0	April 1, 1986
Basehor (Leavenworth)	0.5	July 1, 1982	Iola ^{1,23} (Allen)	1.0	January 1, 1990
Baxter Springs ^{1,14} (Cherokee)	1.0	July 1, 1985	Junction City ¹ (Geary)	1.0	November 1, 1982
Belle Plaine (Sumner)	1.0	October 1, 1989	Kanopolis (Ellsworth)	1.0	July 1, 1985
Bonner Springs ^{1,18} (Wyandotte)	1.0	January 1, 1986	Kansas City ^{1,2} (Wyandotte)	1.0	January 1, 1984
Caldwell ² (Sumner)	1.0	November 1, 1982	LaCygne (Linn)	1.0	October 1, 1988
Caney ^{2,26} (Montgomery)	1.75	January 1, 1993	Lakin (Kearny)	1.0	July 1, 1983
Chanute ²¹ (Neosho)	1.0	November 1, 1987	Lansing ¹⁴ (Leavenworth)	1.0	January 1, 1989
Cherryvale ³ (Montgomery)	1.0	November 1, 1982	Lawrence ⁴ (Douglas)	1.0	October 1, 1990
Chetopa ¹ (Labette)	1.0	July 1, 1985	Leavenworth ¹⁹ (Leavenworth)	1.0	March 1, 1985
Clay Center ^{1,2} (Clay)	1.0	November 1, 1984	Leawood ^{1,6} (Johnson)	1.0	January 1, 1984
Coffeyville ² (Montgomery)	1.0	May 1, 1984	Lenexa ^{1,10} (Johnson)	1.0	February 1, 1984
Columbus ^{1,14} (Cherokee)	1.0	April 1, 1987	Lindsborg ¹ (McPherson)	0.5	July 1, 1991
Concordia ⁵ (Cloud)	1.0	February 1, 1983	Longford ¹ (Clay)	1.0	January 1, 1989
Conway Springs (Sumner)	1.0	October 1, 1989	Louisburg ¹ (Miami)	0.5	July 1, 1982
Cottonwood Falls (Chase)	1.0	January 1, 1991			

City (135) (County Where Located)	Rate	Effective Date	City (135) (County Where Located)	Rate	Effective Date
Delphos ¹ (Ottawa)	1.0	November 1, 1984	Manhattan ^{1,4} (Riley & Pottawatomie)	1.0	November 1, 1982
DeSoto ^{1,14} (Johnson)	1.0	January 1, 1991	Mayfield (Sumner)	0.5	November 1, 1982
Dighton (Lane)	1.0	July 1, 1983	Medicine Lodge ¹ (Barber)	0.5	July 1, 1991
Dodge City ¹ (Ford)	0.5	December 1, 1981	Merriam ^{1,11} (Johnson)	1.0	February 1, 1984
Easton (Leavenworth)	1.0	July 1, 1985	Miltonvale (Cloud)	1.0	July 1, 1987
Edgerton ^{1,14} (Johnson)	1.0	July 1, 1985	Mission ^{1,8} (Johnson)	1.0	July 1, 1985
Edna ¹ (Labette)	1.0	January 1, 1989	Moran ¹ (Allen)	0.5	July 1, 1984
Edwardsville ¹ (Wyandotte)	1.0	January 1, 1986	Mound City (Linn)	1.0	July 1, 1993
Effingham (Atchison)	1.0	November 1, 1983	Neodesha ^{2,25} (Wilson)	2.0	October 1, 1992
El Dorado (Butler)	1.0	October 1, 1989	Norton (Norton)	0.5	April 1, 1993
Elkhart (Morton)	0.5	November 1, 1981	Ogden ^{1,2} (Riley)	1.0	November 1, 1982
Ellis (Ellis)	1.0	November 1, 1983	Olathe ^{1,12} (Johnson)	1.0	February 1, 1984
Ellsworth (Ellsworth)	1.0	July 1, 1983	Onaga (Pottawatomie)	1.0	November 1, 1982
Elwood (Doniphan)	1.0	November 1, 1984	Osawatomie ¹ (Miami)	0.5	July 1, 1981
Emporia ¹ (Lyon)	0.5	September 1, 1984	Ottawa ¹ (Franklin)	0.5	February 1, 1979
Erie ⁷ (Neosho)	1.0	January 1, 1988	Overland Park ^{1,13} (Johnson)	1.0	February 1, 1984
Eudora (Douglas)	0.5	November 1, 1982	Oxford (Sumner)	1.0	November 1, 1984
Eureka (Greenwood)	1.0	January 1, 1991	Paola ¹ (Miami)	0.5	July 1, 1981
Fairway ^{1,20} (Johnson)	1.0	July 1, 1986	Parsons ¹ (Labette)	0.5	January 1, 1993
Fort Scott (Bourbon)	1.0	January 1, 1984	Perry ¹ (Jefferson)	0.5	July 1, 1981
Fredonia (Wilson)	1.0	January 1, 1986	Pittsburg ¹ (Crawford)	0.5	February 1, 1981
Frontenac ¹ (Crawford)	0.5	November 1, 1982	Plainville (Rooks)	0.5	February 1, 1985
Galena ^{1,17} (Cherokee)	1.0	July 1, 1984	Pomona ¹ (Franklin)	0.5	July 1, 1981
Garden City ¹ (Finney)	0.5	February 1, 1983	Prairie Village ^{1,9} (Johnson)	1.0	February 1, 1984
Gardner ^{1,7} (Johnson)	1.0	January 1, 1989			

City (135) (County Where Located)	Rate	Effective Date	City (135) (County Where Located)	Rate	Effective Date
Gas ¹ (Allen)	1.0	January 1, 1991	Ransom (Ness)	0.5	October 1, 1993
Girard ¹ (Crawford)	0.5	November 1, 1982	Riley ¹ (Riley)	1.0	July 1, 1992
Glasco (Cloud)	1.0	July 1, 1983	Roeland Park ^{1,14} (Johnson)	1.0	March 1, 1984
			Rossville (Shawnee)	1.0	October 1, 1986
			Sabetha ¹ (Nemaha)	0.5%	July 1, 1991
			WaKeeney (Trego)	1.0%	February 1, 1983
St. Marys ⁷ (Pottawatomie)	1.0	November 1, 1984	Wakefield ^{1,2} (Clay)	1.0	November 1, 1982
Salina ¹ (Saline)	0.5	January 1, 1991	Wamego ^{7,27} (Pottawatomie)	1.75	January 1, 1993
Satanta ¹ (Haskell)	0.5	January 1, 1987	Weir ¹ (Cherokee)	1.0	November 1, 1984
Scammon ¹ (Cherokee)	1.0	April 1, 1988	Wellington ⁸ (Sumner)	1.0	July 1, 1983
Sedan ¹ (Chautauqua)	0.5	November 1, 1981	Wellsville ¹ (Franklin)	0.5	January 1, 1993
Shawnee ^{1,2} (Johnson)	1.0	July 1, 1985	Westmoreland ²⁵ (Pottawatomie)	1.0	January 1, 1993
South Hutchinson ¹ (Reno)	0.5	January 1, 1993	Westwood ^{1,15} (Johnson)	1.0	February 1, 1984
Spivey (Kingman)	0.5	January 1, 1979	Westwood Hills ^{1,16} (Johnson)	1.0	February 1, 1984
Spring Hill ^{1,14} (Miami & Johnson)	1.0	February 1, 1984	Williamsburg ¹ (Franklin)	0.5	July 1, 1982
Strong City (Chase)	1.0	January 1, 1990	Wilson (Ellsworth)	1.0	September 1, 1983
Sublette ¹ (Haskell)	0.5	January 1, 1983	Winfield ¹⁸ (Cowley)	1.0	November 1, 1984
Syracuse ¹ (Hamilton)	1.0	June 1, 1984	Yates Center ⁷ (Woodson)	1.0	January 1, 1986
Tonganoxie ²² (Leavenworth)	1.0	July 1, 1989			
Topeka ⁴ (Shawnee)	1.0	November 1, 1982			
Toronto (Woodson)	0.5	November 1, 1982			
Ulysses (Grant)	1.0	November 1, 1983			

Footnotes:

- 1) City sales tax is in addition to the county sales tax; see "Local Sales Taxes -- County."
- 2) Rate of 0.5% had been effective November 1, 1980.

3)	Rate of 0.5% had been effective February 1, 1981.)
4)	Rate of 0.5% had been effective July 1, 1971.)
5)	Rate of 0.5% had been effective September 1, 1981.)
6)	Rate of 0.5% had been effective January 1, 1979.)
7)	Rate of 0.5% had been effective November 1, 1982.)
8)	Rate of 0.5% had been effective February 1, 1979.)
9)	Rate of 0.5% had been effective October 1, 1978.)
1		0)
	Rate of 0.5% had been effective February 1, 1980.)
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	Rate of 0.5% had been effective July 1, 1979.)
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	Rate of 0.5% had been effective June 1, 1980.)
1		3)
	Rate of 0.5% had been effective January 1, 1978.)
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	Rate of 0.5% had been effective July 1, 1982.)
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	Rate of 0.5% had been effective July 1, 1981.)
1		6)
	Rate of 0.5% had been effective July 1, 1980.)
1		7)
	Rate of 0.5% had been effective February 1, 1977.)
1		8)
	Rate of 0.5% had been effective October 1, 1981.)
1		9)
	Rate of 0.5% had been effective July 1, 1977.)
2		0)
	Rate of 0.5% had been effective September 1, 1983.)
2		1)
	Rate of 0.5% had been effective October 1, 1979.)
2		2)
	Rate of 0.5% had been effective November 1, 1984.)
23	Rate of 0.5% had been effective November 1, 1981.)
2		4)
	Rate of 0.5% had been effective January 1, 1981.)
2		5)
	Rate of 1.0% had been effective February 1, 1983.)
2		6)
	Rate of 1.0% had been effective November 1, 1982.)
2		7)
	Rate of 1.0% had been effective September 1, 1983.)

LOCAL SALES TAXES -- COUNTY

<u>County</u>	<u>Rate</u>	<u>Effective Date</u>	<u>County</u>	<u>Rate</u>	<u>Effective Date</u>	<u>County</u>	<u>Rate</u>	<u>Effective Date</u>
Allen	0.5%	November 1,	Hamilton	0.5%	January 1, 1993	Pawnee	1.0%	July 1, 1983
Anderson	1.0	January 1, 1983	Harvey	1.0	July 1, 1986	Pratt	1.0	July 1, 1982
Atchison	1.0	October 1,	Haskell	0.5	January 1, 1983	Rawlins	1.0	February 1,
Barber	1.0	February 1,	Jackson ²	2.0	July 1, 1989	Reno ⁵	1.0	July 1, 1986
Barton	1.0	November 1,	Jefferson	1.0	May 1, 1983	Republic	1.0	November 1,
Brown	1.0	November 1,	Jewell	1.0	February 1,	Rice	1.0	November 1,
Chautauqu	1.0	February 1,	Johnson ^{3,4}	0.6	July 1, 1990	Riley	0.5	February 1,
Cherokee	1.0	November 1,	Kiowa	1.0	November 1,	Russell	1.0	April 1, 1988
Cheyenne	1.0	July 1, 1986	Labette	1.0	September 1,	Saline ²	1.5	January 1, 1993
Clay	0.5	November 1,	Lincoln	1.0	February 1,	Scott	1.0	May 1, 1982
Crawford	1.0	November 1,	Logan	1.0	November 1,	Sedgwick	1.0	October 1,
Decatur	1.0	November 1,	Lyon	0.5	October 1,	Seward ³	1.0	November 1,
Dickinson	1.0	July 1, 1983	Marion	1.0	July 1, 1987	Sherman ⁸	1.25	October 1,
Edwards	1.0	November 1,	McPherson	1.0	July 1, 1982	Stafford	1.0	November 1,
Elk	1.0	November 1,	Meade	1.0	November 1,	Stanton	1.0	November 1,
Finney ⁷	0.5	October 1,	Miami	1.0	July 1, 1983	Thomas	1.0	November 1,
Ford ⁷	0.75	July 1, 1991	Mitchell	1.0	November 1,	Wabaunsee	1.0	February 1,
Franklin ⁶	1.5	January 1, 1993	Morris	1.0	November 1,	Washingto	1.0	February 1,
Geary ¹	1.25	April 1, 1993	Nemaha	1.0	November 1,	Wichita	1.0	November 1,
Gove	1.0	November 1,	Osage	1.0	November 1,	Wyandotte ³	1.0	January 1, 1984
Gray	1.0	February 1,	Osborne	0.5	January 1, 1983			
Greeley	1.0	November 1,	Ottawa	1.0	February 1,			

- 1) Rate of 0.5 percent was effective November 1, 1974, and rate of 1.0 percent was effective October 1, 1978.
- 2) Rate of 1.0 percent was effective November 1, 1982.
- 3) Rate of 0.5 percent was effective October 1, 1975.
- 4) Combined rate of 0.6 percent includes 0.5 percent county tax plus 0.1 percent for stormwater management.
- 5) Rate of 0.5 percent was effective November 1, 1977.
- 6) Rate of 1.0 percent was effective July 1, 1983.
- 7) Combined rate of 0.75 percent includes 0.5 percent county tax plus 0.25 percent which became effective July 1, 1991. Finney County had been at 0.5 percent since November 1, 1981, and Ford County had been at 0.5 percent since January 1, 1983. Finney County's 0.25 percent tax expired on September 30, 1992.
- 8) Rate of 1.0 percent was effective February 1, 1983.

Note: Currently, eight counties impose the tax at the rate of 0.5 percent, one county imposes the tax at a rate of 0.6 percent, one county imposes the tax at the rate of 0.75 percent, 49 counties impose the tax at the rate of 1.0 percent, two counties impose the tax at the rate of 1.25 percent, two counties impose the tax at the rate of 1.5 percent, and one county imposes the tax at the rate of 2.0 percent. County tax may be in addition to a city sales tax.

COMBINED LOCAL SALES TAX RATES**1.25% Rate** (1 city and 2 counties)

- Dodge City (0.5) in Ford County (0.75)
- Geary County (1.25) other than Junction City
- Sherman County (1.25). (No cities in Sherman County currently impose a local sales tax.)

1.5% Rate (28 cities and parts of 2 counties)

- Gas (1.0) and Iola (1.0) in Allen County (0.5)
- Medicine Lodge (0.5) in Barber County (1.0)
- Hiawatha (0.5) in Brown County (1.0)
- Sedan (0.5) in Chautauqua County (1.0)
- Clay Center (1.0), Longford (1.0), and Wakefield (1.0) in Clay County (0.5)
- Arma (0.5), Frontenac (0.5), Girard (0.5), and Pittsburg (0.5) in Crawford County (1.0)
- Abilene (0.5) and Herington (0.5) in Dickinson County (1.0)
- Syracuse (1.0) in Hamilton County (0.5)
- Perry (0.5) in Jefferson County (1.0)
- Parsons (0.5) in Labette County (1.0)
- Hillsboro (0.5) in Marion County (1.0)
- Lindsborg (0.5) in McPherson County (1.0)
- Louisburg (0.5), Osawatomie (0.5), and Paola (0.5) in Miami County (1.0)
- Sabetha (0.5) in Nemaha County (1.0)
- Hutchinson (0.5) and South Hutchinson (0.5) in Reno County (1.0)
- Manhattan (part) (1.0), Ogden (1.0), and Riley (1.0) in Riley County (0.5)
- Franklin County (1.5) other than Ottawa, Pomona, Wellsville, and Williamsburg
- Saline County (1.5) other than Salina

1.6% Rate (16 cities)

- DeSoto (1.0), Edgerton (1.0), Fairway (1.0), Gardner (1.0), Leawood (1.0), Lenexa (1.0), Merriam (1.0), Mission (1.0), Olathe (1.0), Overland Park (1.0), Prairie Village (1.0), Roeland Park (1.0), Shawnee (1.0), Spring Hill (part) (1.0), Westwood (1.0), and Westwood Hills (1.0) in Johnson County (0.6)

1.75% Rate (2 cities)

- Caney (1.75) in Montgomery County (Montgomery County currently has no local sales tax)
- Wamego (1.75) in Pottawatomie County (Pottawatomie County currently has no local sales tax)

2% Rate (21 cities and 1 county)

- Atchison (1.0) and Effingham (1.0) in Atchison County (1.0)
- Horton (1.0) in Brown County (1.0)
- Baxter Springs (1.0), Columbus (1.0), Galena (1.0), Scammon (1.0), and Weir (1.0) in Cherokee County (1.0)
- Ottawa (0.5), Pomona (0.5), Wellsville (0.5), and Williamsburg (0.5) in Franklin County (1.5)
- Chetopa (1.0) and Edna (1.0) in Labette County (1.0)
- Spring Hill (part) (1.0) in Miami County (1.0)
- Delphos (1.0) in Ottawa County (1.0)
- Salina (0.5) in Saline County (1.5)
- Bonner Springs (1.0), Edwardsville (1.0), and Kansas City (1.0) in Wyandotte County (1.0)
- Neodesha (2.0) in Wilson County. (Wilson County currently has no local sales tax.)

- Jackson County (2.0). (No cities in Jackson County currently impose a local sales tax.)

2.25% Rate (1 city)

- Junction City (1.0) in Geary County (1.25)

Net Collections: (\$ in thousands)

FY 1993	\$ 268,293	FY 1990	\$ 225,073
FY 1992	253,939	FY 1989	217,411
FY 1991	237,324	FY 1988	205,384

Local Intangibles Tax

Enacted: 1925; 1924 constitutional amendment authorized classification of certain property, including intangibles (Art. 11, Sec. 1); 1925 law held invalid late in 1929 and was repealed in 1930; law reenacted in 1931; banks and savings and loan associations were made subject to a privilege (income) tax in lieu of the intangibles tax effective January 1, 1964; domestic insurance companies were made subject to a privilege (income) tax in lieu of the intangibles tax effective January 1, 1971.

Following a Kansas Supreme Court opinion (231 Kan. 1) that the authority of local units to eliminate or reduce the tax was invalid, the tax was repealed statewide in 1982 and intangibles were exempted from ad valorem and other property taxes. Cities, counties, and townships, however, were authorized to impose and administer a local tax on earnings from intangibles.

Statutory Citation: K.S.A. 12-1,101 through 12-1,110, 79-1103, 79-1105a, and 79-1113.

Administration and Collection: Tax years 1982 and 1983, returns filed with county treasurer; 1984 and thereafter, returns filed with Department of Revenue, earnings certified to county clerk who computes tax and certifies amount due to county treasurer; Division of Property Valuation (public utilities); county appraiser (finance companies).

Collection Period: Tax due at the same time required of the tangible property tax payment, *i.e.*, November 1, one-half payable no later than December 20 and the other half by the following June 20.

Individuals and certain corporations must file intangibles returns along with the state income tax return by April 15 in 1984 and thereafter.

Tax Base: Local Intangibles Earnings -- Income from money, notes, and other evidence of debt owned during preceding year, except property exempt by federal or state law, such as federal obligations and state and local bonds. **Finance Companies** -- Value of shares of stock or average capital employed.

Present Rates: Cities and townships may impose the local intangibles earnings tax at any rate up to 2.25 percent, and counties may impose the tax at any rate up to 0.75 percent, in increments of 1/8 of 1 percentage point. Finance companies are taxed at the rate of 5 mills on the value of their shares of stock or average capital employed in business, less certain deductions.

History of Tax Rates: 1925 law set the rate at 2.5 mills on dollar value; 1927 Legislature increased rate to 5 mills; 1931 law reenacted 5-mill rate; 1958 Special Session authorized optional gross earnings method at 3 percent rate for individuals and certain businesses, first applicable in 1959 or fiscal year 1960; 1970 Legislature eliminated 5-mill option and made 3 percent tax on earnings applicable to intangibles owned at any time during preceding calendar year. A 1976 law authorized county commissioners to reduce or eliminate the county's one-fourth share of the 3 percent intangibles tax and city or township governing bodies to reduce or eliminate their three-fourths share of the tax for the year 1977 and thereafter. Legislation in 1979 allowed 5 percent of the electors of a county, city, or township to petition for an election to eliminate that unit's share of the tax and to authorize replacement of the revenue loss by imposition of any lawful tax, including property tax. The tax was repealed statewide in 1982 and cities, townships, and counties were authorized to impose the tax locally at up to the former maximum rates. Electors may petition for a referendum, which is to be held at a general election of that governing body or at a state general election, on eliminating or imposing the tax.

Major Changes in Tax Base: As noted above, privilege taxes imposed on financial institutions and insurance companies are in lieu of the intangibles tax previously assessed locally. The 1970 Legislature made interest on savings and loan shares subject to the intangibles tax, and eliminated an exemption of shares of stock in corporations with principal office in Kansas. Exemption of bank stock dividends was continued. The 1971 Legislature assigned a tax situs in Kansas for "accounts receivable" arising out of business conducted within the state.

A 1975 law exempted from the tax (effective with returns filed in 1976) the first \$50 of tax on intangibles owned by a taxpayer 60 or older or disabled and with household income not exceeding \$8,100. In 1978 the maximum household income was increased from \$8,100 to \$10,000 and the \$50 exemption was replaced with an exclusion of \$3,000 (the equivalent of a \$90 exemption at the full 3 percent rate). In 1979, the qualifying household income was raised from \$10,000 to \$12,500, and an exemption in declining amounts was also made available to households with income of up to \$15,500. The 1982 Legislature continued the exemptions from the former statewide tax, and enacted a new exemption for stock dividends from savings and loan association stock, and for tax year 1983 and thereafter, an increase in the exemption for elderly or disabled of up to \$5,000 of earnings from intangibles, with exemption reduced by the amount of household income in excess of \$15,000, and an exemption for earnings from notes to the extent such earnings are reimbursement of interest paid on another note, the proceeds of which were a source of funds for the first note. The tax is canceled and no return need be filed if the tax otherwise due is less than \$5.

Disposition of Revenue: Local Intangibles Earnings -- To city, township, or county imposing the tax. Under a proviso enacted in 1970, amended in 1971, and reenacted and revised in 1983, townships in a county with the county unit road system are allowed to receive intangibles tax collections sufficient to fund their budgets and excess collections are credited one-half to the county general fund and one-half to the county road and bridge fund. **Finance Companies**-- Current practice is to distribute the proceeds proportionately with the general property tax levies which apply at the situs of the finance company.

Extent of Use: According to the Department of Revenue, in calendar year 1993 (for earnings in 1992), 147 cities, 541 townships, and 40 counties imposed the tax, but approximately 88 percent of the state's population had a zero tax rate.

Amount of Taxes Levied for Collection*: (\$ in thousands)

FY 1993	\$	8,755	FY 1990	\$	11,260
FY 1992		9,475	FY 1989		9,944
FY 1991		9,934	FY 1988		11,234

* Includes 5-mill tax on finance companies.

City Franchise Tax

Enacted: 1972 (temporary), reenacted in 1973 and 1978 (franchise taxes predate city constitutional home rule powers and the current statutory limitations on such taxes).

Statutory Citation: K.S.A. 12-194 and 12-2001 *et seq.*

Administration and Collection: Local, as provided by home rule ordinance.

Tax Base: Locally determined, by home rule ordinance. K.S.A. 12-194 allows utility franchise taxes to be based upon "a percentage of gross receipts derived from the service permitted by grant, right, privilege or franchise to such utility," but utilities subject to a city franchise tax may not be made subject to a city occupation tax or license fee.

Rate of Tax: Locally determined, by home rule ordinance.

Disposition of Revenue: Locally determined, by home rule ordinance.

Extent of Use: There is no central collection or reporting of franchise tax collections, so no official collection data exists. According to a 1991 survey by the League of Kansas Municipalities, the responding cities collected \$56.3 million in CY 1990 (all of the large cities and many others responded).

City Occupation Tax

Enacted: 1972 (temporary), reenacted in 1973 and 1978 (occupation taxes predate city constitutional home rule powers and the current statutory limitations on such taxes).

Statutory Citation: K.S.A. 12-194 allows occupation taxes, within specified limits, enacted under constitutional city home rule authority (Art. 12, Sec. 5).

Administration and Collection: Local, as provided by home rule ordinance.

Tax Base: Locally determined, by home rule ordinance, but K.S.A. 12-194 prohibits any occupation tax or license fee from being based "upon any amount the licensee has received from the sale or transfer of personal or real property, or for the rendering or furnishing of a service, or on the income of the licensee, and such a tax may not be imposed on a utility subject to a city franchise tax."

Rate of Tax: Locally determined, by home rule ordinance.

Disposition of Revenue: Locally determined, by home rule ordinance.

Extent of Use: 32 cities, as reported by the League of Kansas Municipalities, received approximately \$1.4 million from such taxes in 1990.

Transient Guest Tax

Enacted: 1975, only for Sedgwick County and cities therein; 1977, for all cities and counties.

Statutory Citation: K.S.A. Ch. 12, Art. 16.

Administration and Collection: Department of Revenue, Division of Taxation. State retains 2 percent of gross receipts as administration fee. State Treasurer remits net proceeds at least quarterly.

Collection Period: Monthly by 25th day of month following collection.

Tax Base: Gross receipts derived from or paid by transient guests for sleeping accommodations in any hotel, motel, or tourist court.

Tax Rate: Not to exceed 2 percent; however, two cities impose a 6 percent tax, and two counties and eight cities impose a 5 percent tax, under home rule authority.

Disposition of Revenue: To the "tourism and convention promotion fund" of the jurisdiction levying tax, less 2 percent retained by the state for administration. Expenditures for tourism promotion from taxes levied under the 1975 law are limited to 20 percent of net proceeds.

Extent of Use: As of July 1, 1993, 52 cities and 21 counties had imposed the tax.

Net Collections*: (\$ in thousands)

FY 1993	\$	9,860	FY 1990	\$	7,064
FY 1992		9,217	FY 1989		6,229
FY 1991		8,404	FY 1988		5,552

* Includes state's 2 percent share.

Emergency Telephone Service (911) Tax

Enacted: 1980; imposition of the tax by a county or city is subject to a protest petition and referendum.

Statutory Citation: K.S.A., Ch. 12, Art. 53.

Administration: Tax collected by telephone service supplier and remitted to city or county imposing the tax.

Collection Period: Tax due quarterly; telephone service supplier is required to remit tax to city or county no later than 60 days after the close of a calendar quarter, and is entitled to retain a 2 percent administrative fee.

Tax Base: Exchange access lines or their equivalent; no tax on more than 100 exchange access facilities or their equivalent per person per location.

Present Rate: Not to exceed \$0.75 per month per exchange access line or its equivalent; effective July 1, 1990.

History of Tax Rates: Not to exceed 2 percent of the telephone tariff rate; effective July 1, 1980.

Disposition of Revenue: To city or county imposing the tax; must be used only for funding emergency telephone service and associated expenses.

Extent of Use: According to industry sources, 77 counties and eight cities were imposing the tax as of November 1, 1993.

City Vehicle Tax

Enacted: 1967 law authorized cities to impose, subject to voter approval.

Statutory Citation: K.S.A., Ch. 12, Art. 1.

Administration and Collection: Local, as provided by ordinance.

Tax Base: Motor vehicles usually kept, garaged, or stored within the city during night, weekends, and holidays, irrespective of legal residence of owner.

Rate of Tax: \$5 or \$10 per vehicle.

Disposition of Revenue: Earmarked for improvement of highways and regulation of vehicular traffic thereon.

Extent of Use: None as of November, 1993.

MAJOR LOCAL TAXES NO LONGER AUTHORIZED

Local Earnings Tax

Enacted: 1970 Legislature authorized imposition by counties or cities, subject to voter approval. City could not impose if countywide tax was in effect. Subsequent countywide tax would have suspended city-imposed tax.

Statutory Citation: K.S.A., Ch. 79, Art. 44.

Administration and Collection: Department of Revenue was to collect and State Treasurer was to remit to levying units at least quarterly.

Collection Period: Same as state income and privilege taxes. State withholding and declaration requirements would have applied.

Tax Base: Kansas taxable income of resident and nonresident individuals, corporations, and financial institutions (privilege tax measured by net income) as defined in state income and financial institution privilege tax laws. Law included provision for apportionment if business income could be subject to more than one local earnings tax, and for credit where individual earnings were subject to more than one local earnings tax, *e.g.*, where tax was imposed at both place of residence and place of work.

Rate of Tax: 2 percent.

Disposition of Revenue: Revenue from countywide tax was to be apportioned among the county, cities, school districts, and community junior colleges in proportion to their tangible property tax levies (excluding bond and interest) for previous year. Revenue from city tax was to be remitted to the city levying the tax.

Extent of Use: None.

Repealed effective April 11, 1972.

Home Rule Tax Powers Limited: Cities, by constitutional amendment (Art. 12, Sec. 5), and counties, by statute (K.S.A. 19-101 *et seq.*), have home rule powers which enable them to impose taxes and other charges, subject, however, to limitations imposed by legislative enactments applicable uniformly to all cities (or classes of cities) or counties. Cities are prohibited from levying and collecting taxes on income by the terms of K.S.A. 12-140 (enacted in 1961) and counties are similarly prohibited from imposing income taxes under the terms of K.S.A. 19-101a, subsection (a) 13 (enacted in 1980).

Motor Vehicle Dealers' Stamp Tax

Enacted: 1978, effective January 1, 1979.

Repealed: January 1, 1989.

Statutory Citation: K.S.A., Ch. 79, Art. 10.

Administration and Collection: Department of Revenue, Division of Vehicles; County Treasurers; State Treasurer.

Collection Period: Dealers purchased the stamps from county treasurers, as needed, for attachment to the statement of origin (for new vehicles) or assigned title (for used vehicles).

Tax Base: Gross vehicle weight of motor vehicles sold by dealers, except flat rate for motorcycles and motorized bicycles, in lieu of the annual general property tax on dealers' vehicle inventories.

Rate of Tax: Effective July 1, 1985, rates were as follows:

	<u>New</u>	<u>Used</u>
Motorcycles and Motorized Bicycles	\$ 2.00	\$ 2.00
Other Vehicles by Gross Weight:		
3,000 lbs or less	9.00	7.00
3,000-4,000	11.00	8.00
4,000-4,500	14.00	11.00
4,500-8,000	16.00	14.00
8,000 and over	45.00	25.00

Disposition of Revenues: 2 percent to State General Fund; balance among all property tax-levying entities and political subdivisions in the county, in proportion to the amount levied within the county by each.

Collections: In FY 1988, the last full year the tax was imposed, totaled \$2.9 million for state and local shares.

Grain Tax

Enacted: 1941.

Repealed: January 1, 1989.

Statutory Citation: K.S.A., Ch. 79, Art. 39.

Administration and Collection: County Appraisers, County Clerks, County Treasurers (collection).

Collection Period: Same as other personal property taxes, *i.e.*, due November 1, one-half payable by December 20 and other half by June 20.

Tax Base: For privilege of engaging in business as a grain dealer -- amount of grain received by dealer during preceding year. For privilege of harvesting grain -- amount of grain harvested. Tax is in lieu of general property tax on grain.

Rate: For many years prior to repeal of the tax the rates had been as follows:

Dealers -- 0.5 mill per bushel.

Producers -- 50 cents, plus 0.5 mills per bushel on all grain in excess of 1,000 bushels.

History of Tax Rates:

Dealers -- no change since tax enacted.

Producers -- 1941 law provided for 0.5 mill levy on total bushels; 1945 law added 50-cent minimum tax.

Disposition of Revenue: To county general fund. (Original law provided for proportionate allocation of the revenue among the taxing units which made general tax levies applicable to grain producing lands and grain-dealer establishments. The 1943 Legislature changed the allocation to the county general fund.)

Net Collections: Collections in FY 1989, the last year of full collections, were \$0.84 million.

