

# SALES TAX EROSION IN KANSAS

By

John D. Wong, Principal Investigator  
and Professor of Public Administration

with the assistance of  
Nickolaus Hernandez, Graduate Assistant

Prepared for

Kansas Department of Revenue  
in cooperation with the  
Kansas Advisory Council on Intergovernmental Relations



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**Kansas Public Finance Center**  
**Hugo Wall School of Urban and Public Affairs**  
**Wichita State University**

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## Foreword

Numerous threats to the financing of state and local governments are looming on the horizon throughout the nation. The sales tax represents the largest single revenue source for state and local government in Kansas; however, the tax is vulnerable to forces at play nationally, as well as at the state level. A growing economy and four rate increases in the sales tax over the last thirty years have been required to offset state actions that have substantially narrowed the sales tax base in Kansas.

A study of trends in erosion of the Kansas sales tax base was proposed to Secretary of Revenue Joan Wagnon in her roles as head of the Kansas Department of Revenue and chair of the Kansas Advisory Council on Intergovernmental Relations last summer. In consultation with the Kansas Advisory Council, Secretary Wagnon initiated this study, as one of three undertaken by faculty in the Hugo Wall School of Urban and Public Affairs, Wichita State University, under the auspices of the Kansas Public Finance Center.

Dr. John D. Wong, Professor of Public Administration in the Hugo Wall School, was recruited to serve as principal investigator and primary author of this study on erosion of the sales tax base in Kansas. He was assisted by Graduate Assistant Nickolaus Hernandez, who entered data and created many of the appendices for all the reports in this study. Ms. Jo Turner oversaw final editing and publication of the report.

On behalf of the Hugo Wall School and the Kansas Public Finance Center, we wish to thank Secretary Wagnon for her support of research on local finance and tax policy in Kansas and for her work and interest in improving state-local relations in Kansas.

H. Edward Flentje, Director  
Hugo Wall School of Urban and Public Affairs

W. Bartley Hildreth, Director  
Kansas Public Finance Center

## **Executive Summary**

### **Sales Tax Base Erosion in Kansas**

#### **Principal Findings**

- Although the sales tax is generally perceived by many to be a broad-based tax on final consumption, in most states it is neither broad-based nor limited to final consumption.
  - Economic changes and policy decisions have coalesced to accelerate changes in the sales tax base in recent years.
  - The principal causes of erosion of the sales tax base include:
    - Legislated statutory exemptions,
    - Attempts to tax services,
    - Cross-border shopping, and
    - Technological change.
- One important reason for the erosion of the Kansas sales and use tax base is the passage of a large number of statutory exclusions and exemptions to the tax.
  - Since 1937 there have been 71 original exemptions and exclusions from the sales and use tax, 53 expansions in exemptions or exclusions, 20 restrictions in exemptions and exclusions, and 62 other changes in the sales and use tax statutes, for a total of 206 legislative enactment or changes in the Kansas sales and use tax statutes.
  - In 1938 the total value of exclusions and exemptions from the sales and use tax base was \$121.4 million of sales.
  - By 2005 this had mushroomed to \$68,633.8 million of sales.
  - The value of the exclusions and exemptions is actually nearly twice the size of the actual sales and use tax base in 2005 of \$35,706.0 million.
  - In 1938 the total value of exclusions and exemptions was \$2.4 million.
  - By 2005 this had mushroomed to \$3,637.6 million.
  - The value of the exclusions and exemptions is actually nearly twice the size of the actual sales and use tax collections in 2005 of \$1,892.4 million.
  - The largest increases in exemptions and exclusions in the sales and use tax base occurred during the early 1970s and the early 1990s.
- The most significant exclusion is for component parts and items consumed in the production process.
  - In 2005 this item alone accounted for \$43,787.0 million of sales that were not taxed.
  - The exclusion of component parts and items consumed in production alone amount to a sales and use tax loss of \$2,320.7 million.
  - The second largest exclusion is for government and nonprofit purchases.
  - This exclusion resulted in the loss of approximately \$299.9 million in state sales and use tax revenue in 2005.
- The statutory exemption of specifically enumerated services resulted in the loss of approximately \$258.0 million in state sales and use tax receipts in 2005.
  - One study estimated that extending the sales tax to all readily-taxable services would increase state sales tax revenues by approximately \$500 million or 29 percent.
  - Overall if all services broadly construed were included state sales tax revenue could be increased by as much as \$1,944.6 million.

- This value is actually higher than 2005 sales and use tax receipts which were \$1,892.4 million.
- Almost as significant the exclusion of agricultural and land use related transactions resulted in the loss of approximately \$251.7 million in sales and use tax revenue in 2005.
  - Another significant exemption is the exemption of items otherwise subject to specific excise taxes.
  - In 2005 the total value of this exemption was \$202.6 million in sales and use taxes.
  - Finally the exemption of the transactions of benevolent organizations resulted in the loss of approximately \$181.7 million in sales and use taxes in 2005.

## Policy Choices

- In addition to actual sales and use tax receipts of \$1,892.4 million in FY 2005, the State of Kansas could anticipate as much as:
  - \$3,637.6 million in additional revenue from the elimination of the identified exclusions and exemptions,
  - \$1,994.6 million in additional revenue from the comprehensive taxation of services, broadly defined, and
  - \$286.2 million in additional revenue from the taxation of remote sales.
  - All total, theoretical sales and use taxes for fiscal year 2005 could be as high as \$7,760.8 million, approximately 4.1 times present sales and use tax collections.
- The future of the sales tax is tied to addressing four problems (Fox, 1998):
  - Avoiding proliferation of sales taxes on business inputs,
  - Keeping household purchases of tangible personal property inside the tax base,
  - Bringing household purchases of services into the tax base, and
  - Getting Congress to help states enforce use taxes.
- Problems with legislative statutory exemptions
  - The cumulative fiscal impact of the exemptions is huge.
    - Tax exemptions that may benefit only a few shift the burden, either by taking money away from the vital services or by forcing others to pay higher taxes to compensate for revenue losses.
    - Exemptions are adopted piecemeal, often in response to specific industry requests, without being weighed against each other or against needs for public programs.
    - Once adopted, exemptions are rarely evaluated or repealed, even though economic pressures and needs change dramatically over time.
    - Public revenues are growing more slowly than the demand for public services, since the tax system is based on the economy of the 1930s, rather than on the economy of the twenty-first century.
- The Hodge Committee (1970: 10) recommended that the retail sales tax should remain focused on consumption rather than on production. This is consistent with contributing to the long-run economic development of the state by putting Kansas in a better position competitively in seeking to attract new industry.
  - The committee recommended that the component part rule be retained and refined.
  - The committee suggested that it would be more desirable to exempt “consumables” as a class than to continue the policy of selective exemption through listing specific items.

- However, the committee concluded that a general exemption for machinery and equipment used in production was not warranted.
- Arguments for inclusion of services in the sales tax base
  - The sales tax should be as broadly applicable to consumer expenditures as possible and therefore the tax should be imposed on services as well as tangible property because both satisfy personal needs and wants.
  - Taxation of services makes the sales tax less regressive because expenditures for services tend to increase as personal income rises.
  - Revenue from the sales tax is more responsive to rising levels of personal income and economic activity if services are taxable, because under such conditions expenditures for services increase relatively more than purchases of basic commodities.
  - Administration of the sales tax is simplified if the tax is applicable to services rendered in conjunction with sales of tangible personal property, i.e., it is not necessary to separate the amount charged for services from the amount charged for such property.
- The Hodge Committee (1970: 16) recommended that the sales tax should not be extended to include personal and professional services.
  - The committee concluded that if additional services were to be taxed, the most practical approach would be to start with services associated with the sale of tangible property and performed generally by firms already registered under the sales tax act.
  - One of the difficulties of taxing services is determining the situs of intangible services, their allocation, and the application of the *use* tax to such services.
- Without the use tax, purchases from out-of-state sources would be encouraged to the disadvantage of local suppliers.
- Thus, it would be difficult to apply the use tax to purchases of services.
- The Hodge Committee (1970: 12) recommended that the educational exemption should be retained because to remove it would merely mean an increase in property taxes. Further, the committee suggested that expenditures constituting a legitimate part of the school program should be exempt and that the same rules should apply to public and private non-profit schools at all levels of education.
- The Hodge Committee (1970: 12) recommended that that the exemption of purchases by hospitals operated by religious or other non-profit organizations should be continued. It was concluded that a general exemption of purchases by non-profit hospitals would be consistent with the granting of an exemption for purchases of prescription drugs and prescribed medical devices.
- The Hodge Committee (1970: 11) recommended that the exemption of purchases by religious, charitable, and benevolent organizations should be repealed.

## **“The Day the Sales Tax Died”<sup>1</sup>**

By Billy Hamilton  
Deputy Comptroller, State of Texas

(Sung to the tune of “American Pie.” Apologies to Don McLean.)

A long, long time ago,  
I can still remember  
How the sales tax used to make me smile.  
I can't remember if I cried  
When I watched as the ACEC [Advisory Council on Electronic Commerce] fried,  
But something touched me deep inside  
The day the sales tax died.

And we were singin'  
Bye, bye to the sales tax pie  
Tied our budget to the levy  
But the levy ran dry  
And Budget Committee chairs  
Were heaving dot.com sighs  
The day the sales tax died.

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<sup>1</sup> As originally cited by Bruce and Fox, 2000: 1389.

# **Sales Tax Base Erosion in Kansas**

## **Introduction**

Although the sales tax is generally perceived by many to be a broad-based tax on final consumption, in most states it is neither broad-based nor limited to final consumption. Economic changes and policy decisions have coalesced to accelerate changes in the sales tax base in recent years. The principal causes of erosion of the sales tax base include: (1) legislated statutory exemptions, (2) attempts to tax services, (3) cross-border shopping, and (4) technological change.

This study examines the erosion of the sales and use tax base in Kansas. The study begins with an overview of factors that have contributed to the erosion of sales tax revenues in Kansas and nationally. One important reason for the erosion of the Kansas sales and use tax base is the passage of a large number of statutory exclusions and exemptions to the tax. Since 1937 there have been 71 original exemptions and exclusions from the sales and use tax, 53 expansions in exemptions or exclusions, 20 restrictions in exemptions and exclusions, and 62 other changes in the sales and use tax statutes, for a total of 206 legislative enactment or changes in the Kansas sales and use tax statutes. The study goes on to categorize and assess the fiscal impact of these statutory exclusions and exemptions. Finally, the study concludes with a discussion of policy choices regarding the future of the sales and use tax in Kansas.

## **History of the Sales Tax**

The earliest evidence of sales tax can be traced back to 2000 B.C. in ancient Egypt where taxes were imposed on typical commodities such as cooking oil. Likewise, the Romans levied taxes on everyday commodities such as salt. In fact, the Romans were responsible for spreading sales taxation to the rest of Europe. As early as the year 1342, Spain imposed a national sales tax. In the United States, a precursor to the sales tax—a business license tax—was introduced in Pennsylvania in 1821 (Buehler, 1940).

The most recent incarnation of the retail sales tax in the U.S. developed in response to the precipitous decline in income and property tax revenue during the Great Depression. According to Jensen (1934: 7): “Barring a few license taxes, of minor fiscal importance, which were based upon the sales of the license, there were no sales taxes in the United States prior to 1921, when West Virginia adopted a ‘gross receipts’ tax.” Subsequently, Mississippi transformed its business occupation tax into a two percent retail sales tax in 1932 (Howe and Reeb, 1997: 115). Although the structure of the overall economy has changed significantly over the past 75 years, the general structure of the retail sales tax has not. Presently forty-five states levy retail sales taxes. Although none of the state taxes has the same structure in terms of legal definitions, exemptions, or exclusions:

[M]any sales taxes today continue the patterns of limited coverage of services and incomplete exclusion of purchases of business inputs that characterized the earliest taxes. It is immediately apparent that the economy for which the sales



taxes were initially designed bears little resemblance to the economy of today (Mikesell, 2005b: 129).

### **Breadth of the Sales Tax Base**

Although the sales tax is generally perceived by many to be a broad-based tax on final consumption, in most states it is neither broad-based nor limited to final consumption. According to the Federation of Tax Administrators (*Sales Taxation of Services*, 1996) and Due and Mikesell (1994), many states have narrowed the base by granting a broad range of consumer exemptions including perceived necessities such as:

- Food purchased for off-premise consumption;
- Food purchased and consumed on farms;
- Food furnished to employees;
- Clothing;
- Personal care;
- Medical care;
- Prescription drugs and sundries;
- Ophthalmic products;
- Orthopedic appliances;
- Housing;
- Household utilities;
- Water and wastewater services;
- Transportation;
- Gasoline and oil;
- Religious, charitable, or welfare purchases and/or sales;
- Government, education, and research activities;
- Personal care; and
- Foreign travel.

Although most states also exempt many business-to-business (B2B) or “wholesale” transactions from general sales taxation, nationwide only 59 percent of sales tax revenue is attributable to taxed business-to-consumer (B2C) transactions. The remaining 41 percent of sales tax collections is attributable to B2B transactions (Scott and Derrick, 1998: 190).

Sales taxes may generally be categorized as one of five types:

1. A *retail sales tax* taxes all or substantially all retail sales, but not other types of sales or other kinds of gross receipts;
2. A *general sales tax* applies not only to retail sales but also to sales for resale, and also to the acts of extracting natural resources and manufacturing, but does not apply to professional and other gross incomes not derived from sales, even though it may not apply to all such sales;
3. A *gross receipts tax* applies not only to retail sales and sales for resale, but also to professional incomes such as the incomes of physicians, lawyers, and other persons rendering service;

4. A *gross income tax* or a *gross revenue tax* applies not only to receipts from all sales and services, but also to receipts from all or nearly all other sources; or
5. A *selective sales tax* is a tax upon and measured by the receipts from the sale of a particular article. Gasoline taxes, taxes on beer, amusements and tobacco, and severance taxes are the most common taxes of this type (Jensen, 1934: 1-4).

According to Fox (2003: 10):

The sales tax base, as with all taxes, should be structured to tax the intended target . . . the sales tax is normally viewed as a tax on consumption. Accordingly, the broadest sales tax base would include all household purchases, regardless of how they were paid for and where or how they were purchased. The base would exclude all business purchases. In practice, the base differs dramatically from this ideal. Attempts to increase fairness, stimulate economic development, encourage the purchase of certain items, conform with constitutional restrictions, and allow certain organizations to sell free from tax are among the reasons that the base differs from the conceptual target.

### **Meaning of Taxable Retail Sales**

Most states apply one of two tests, or the two in combination, to determine the taxability of a sale. The first is based on the disposition which the buyer makes or expects to make of the property sold, that is, *whether the item is intended for consumption or use, and not for resale*. If the item is expected or intended to be consumed or used and not resold, the sale is usually considered taxable. The second is based on the characterization of the business of the seller. In that case, some general phrase such as *“regularly organized wholesale business, known to the trade as such,”* would have to be applicable in a description of the seller in order to exempt it from the retail sales tax (Jensen, 1934: 49).

However, attempting to characterize the seller tends to be both unscientific and impracticable. For many products the distinction between retail (B2C) and wholesale (B2B) transactions and parties is not a clear one. Many wholesalers sometimes sell at retail and some retailers may occasionally sell at wholesale. Furthermore for other products there may be few or no intermediaries between the initial producer and the final consumer (Jensen, 1934: 49). In addition, there may be considerable difficulty in characterizing a given sale. Three classes of sales may be distinguished.

- First, sales of property which is normally resold without change in form or character.
- Second, tangible personal property purchased and normally subject to processing or manufacture, appearing physically or chemically as a “component” or “ingredient” in a further processed or manufactured product.
- Third, personal property purchased for use in carrying on business, not appearing chemically or physically as ingredients or component parts of the finished product (Jensen, 1934: 53-54).

Sales classified as being for industrial consumption and not for resale are usually taxable. This is in contrast to the characterization of items which appear subsequently as ingredients or component parts of a finished product for resale which are usually not subject to taxation (Jensen, 1934: 55).

These two rules are based upon the theory that as long as an item is identifiable chemically or physically in a product subsequently resold the transactions is not taxable, but when an item is not so identifiable the transaction is taxable. In the first case there is no tax on the seller because there is a subsequent resale. In the second case the seller is subject to the tax because there is no subsequent resale. Unfortunately, this distinction is not well drawn, difficult to administer, and results in considerable “pyramiding” of the tax (Jensen, 1934: 55).

### **Kansas Retailers’ Sales Tax**

According to Cram and Brunkan (2003), the Retailers’ Sales Tax Act, passed by the 1937 session of the Legislature, imposed a tax at the rate of two percent on the gross receipts from retail sales of tangible personal property or from the furnishing of taxable services, on and after June 1, 1937. The tax was imposed upon the privilege of:

- Selling tangible personal property within the state,
- Rendering certain utility services,
- Serving meals or drinks to the public, and
- Selling admissions to any place of amusement, entertainment, or recreation (*The Kansas Retail Sales Tax Fund*, 1938: 1).

As a companion act to the sales tax the legislature enacted the Compensating Tax, imposed “for the privilege of using within this state any article of tangible personal property” purchased outside the state. The rate was initially set at two percent of the purchase price which included by definition the actual cost of transportation from the place where the article was purchased to the place where it was used in Kansas. Because of the partial cents that the tax generated, tokens valued at two mills (0.2 cents) were provided as a means to pay and collect the tax as accurately as possible. Using tokens for payment of the sales tax was abolished in 1938 as they were considered a nuisance, and a tax rate chart was developed. Subsequently, the sales tax rate has changed several times since the initial enactment:

Effective Date	Percentage Rate
June 1, 1937	2.0
June 1, 1958	2.5
May 1, 1965	3.0
July 1, 1986	4.0
July 1, 1989	4.25
June 1, 1992	4.9
July 1, 2002	5.3

Exemptions were provided for purchases other than at retail, for articles not subject to the sales tax, and for articles upon which a sales tax equal to two percent or greater had been paid

(*The Kansas Retail Sales Tax Fund*, 1938: 1). Since 1937 numerous exclusions and exemptions have been added and some have been rescinded. Currently there are thirteen exclusions from tax, as detailed in K.S.A. 79-3603, and sixty exemptions as detailed in K.S.A 79-3606 including:

- Sales and purchases of electricity, coal, gas, fuel oil, or other petroleum products for use in processing, manufacturing, mining, drilling, refining, irrigation, building, and construction; as well as feed for animals for use in farming;
- Sales of personal property or services used in the business of producing, manufacturing, or compounding in which the service or commodity is actually used in the production, enters into the processing of, or becomes an ingredient or component part of an article;
- Interstate telephone or telegraph services;
- Admissions to state, county, district, and local fairs;
- Gross receipts from educational, religious, or charitable activities;
- Sales of motor vehicle fuel, cigarettes, and other articles which are subject to a sales or excise tax;
- Sales to State of Kansas and political subdivisions, except when engaged in business specifically taxable;
- Sales to the U.S. government; and
- Sales used in or for the performance of a contract for public works.

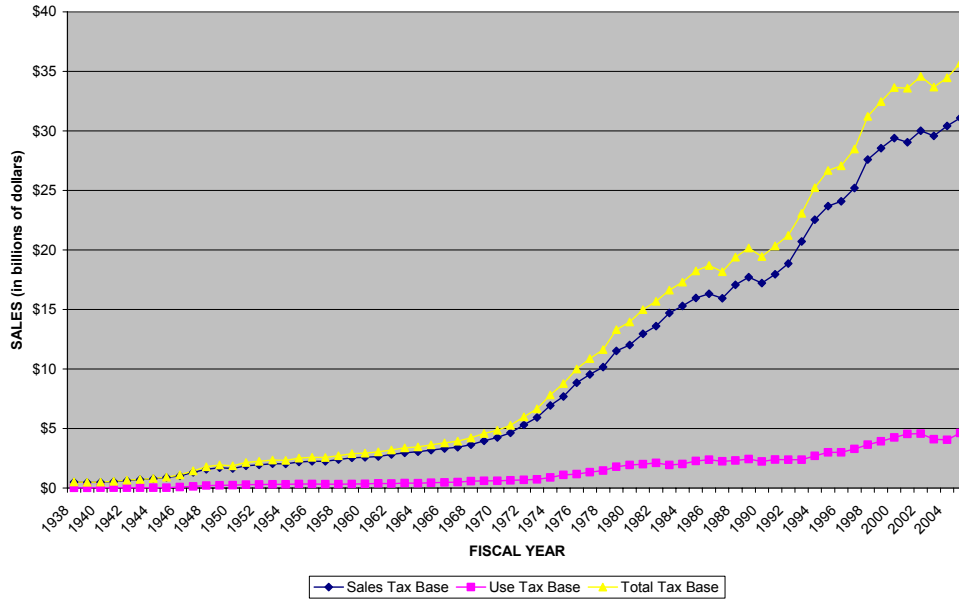
The most recent extensive review of the sales tax laws was done in 1970. At that time a Joint Committee on the State Tax Structure, chaired by Senator Frank S. Hodge, reviewed various aspects of Kansas taxes including sales tax. For the sales tax, the committee reviewed existing statutes, compared neighboring states' statutes, researched the feasibility of taxing professional and business services, and offered recommendations for consideration by the 1970 Legislature. There were significant revisions to the sales tax statute based on the committee's recommendations. Ironically, contrary to many of the committee's recommendations, many of the changes narrowed rather than expanded the sales tax base.

Ring (1989: 171) found that approximately 55 percent of the Kansas general sales tax was paid by consumers, while 45 percent was paid by businesses. In a subsequent analysis, Ring (1999: 81) found that approximately 67 percent of the Kansas general sales tax was paid by consumers, while 33 percent was paid by businesses. Based on Mikesell's (2005b) standards, Kansas' sales tax structure ranks as the ninth best in the United States.

In fiscal year 2005 the total value of the Kansas sales tax base was \$31.1 billion, while the total value of the use tax base was \$4.6 billion. The most significant expansion of the sales and use tax base occurred in the early 1970s. Much of this growth was fueled by the high rates of price inflation during this period. Figure 1 shows historical trends in the Kansas sales and use tax bases from 1938 through 2005.

**Figure 1**

**SALES AND USE TAX BASE**

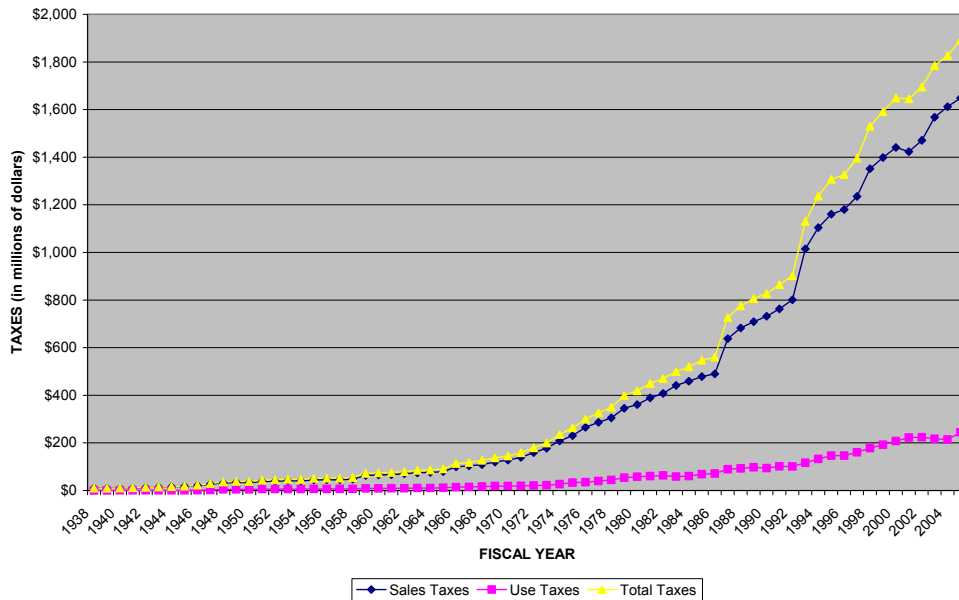


Source: Kansas Department of Revenue, Annual Reports and Comparative Statements of Taxes and Fees

In fiscal year 2005 the State of Kansas collected \$1,647.7 million in retail sales taxes and \$244.8 million in compensating use taxes. Figure 2 shows historical trends in Kansas sales and use taxes from 1938 through 2005. The “stair stepping” apparent in the figure is largely the result of tax rate changes.

**Figure 2**

**SALES AND USE TAX RECEIPTS**



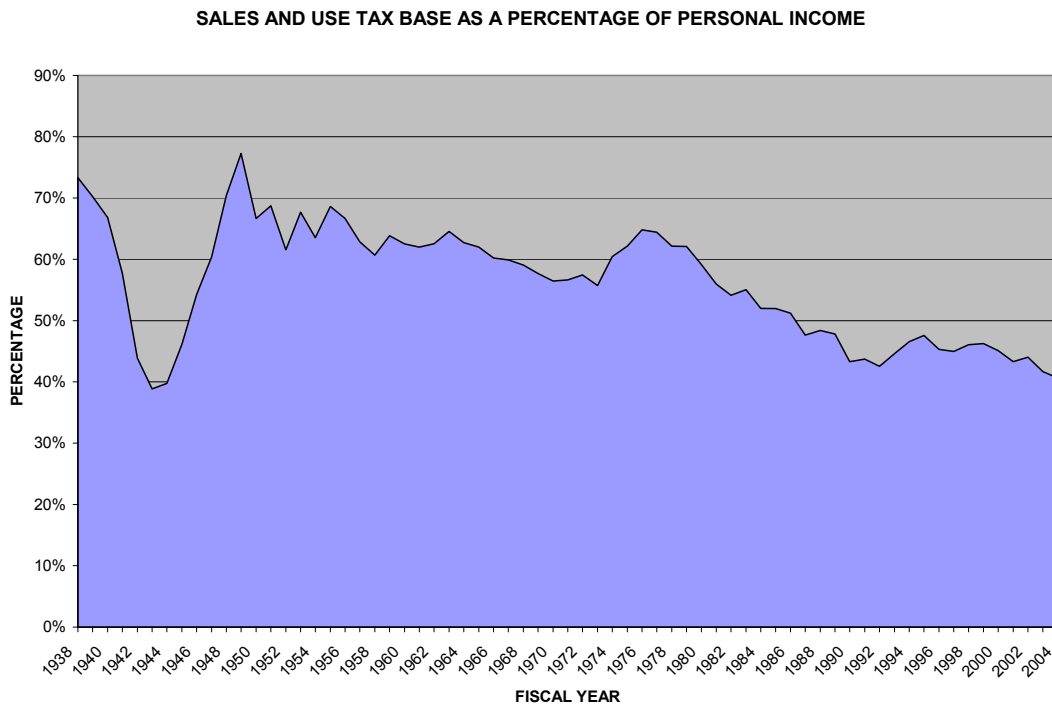
Source: Kansas Department of Revenue, Annual Reports and Comparative Statements of Taxes and Fees

## Relationship Between Base and Rate

According to Fox (2003: 14): “A continued pattern of the sales tax base growing more slowly than the economy will put fiscal pressure on states to raise sales tax rates. Higher rates may be sought both to balance the revenue structure. . . and to offset the base decline and maintain sales tax revenues as a share of the economy. . . .” Merriman and Skidmore (1997) found evidence that part of the reason for the narrowing of the sales tax base is the increase in sales tax rates. They found that in some cases states may simultaneously consciously choose to narrow the tax base and increase the rate in order to replace the revenue lost by narrowing the tax base. However, increases in the sales tax rate increase the incentive to legally avoid or illegally evade the tax. As such consumers would be more prone to try to avoid or evade the sales tax in recent years because of increases in tax rates (Merriman and Skidmore, 1997).

Figure 3 shows the trend in the sales and use tax base as a percentage of personal income from 1938 through 2005. The figure indicates a general downward trend in the percentage of personal income that is captured by the sales and use tax base. In fiscal year 1938, 73.3 percent of personal income was included in the sales or use tax base. By fiscal year 2005 this percentage had fallen to 40.1 percent.

**Figure 3**



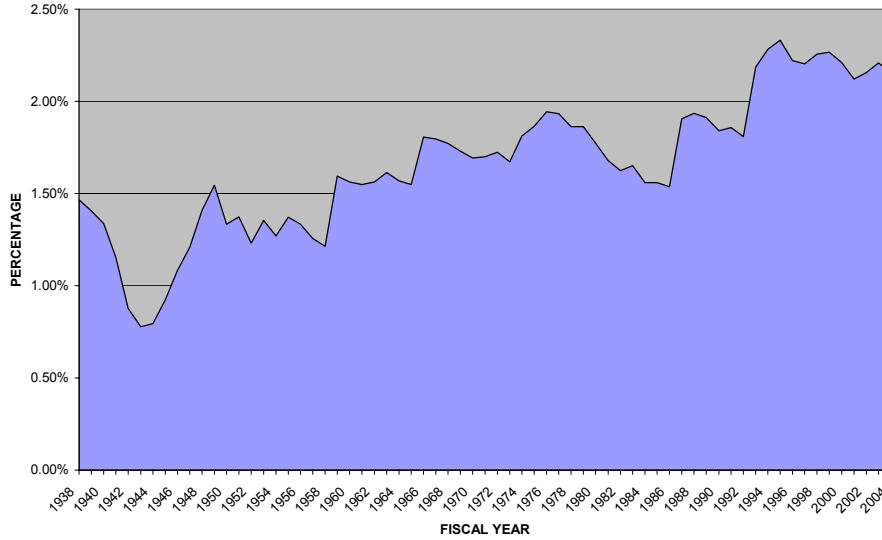
Source: Kansas Department of Revenue, Annual Reports & US Bureau of Economic Analysis, National Income and Product Accounts

While the percentage of personal income captured by the sales and use tax has decreased, the percentage of income devoted to paying sales and use taxes has actually increased over the same period. Figure 4 shows the trend in the sales and use taxes from 1938 through 2005. The figure illustrates the general upward trend in the percentage of personal income that is captured

by the sales and use tax. In fiscal year 1938, 1.5 percent of personal income was paid in sales or use taxes. This percentage had nearly doubled by fiscal year 2005 to 2.9 percent.

**Figure 4**

**SALES AND USE TAXES AS A PERCENTAGE OF PERSONAL INCOME**

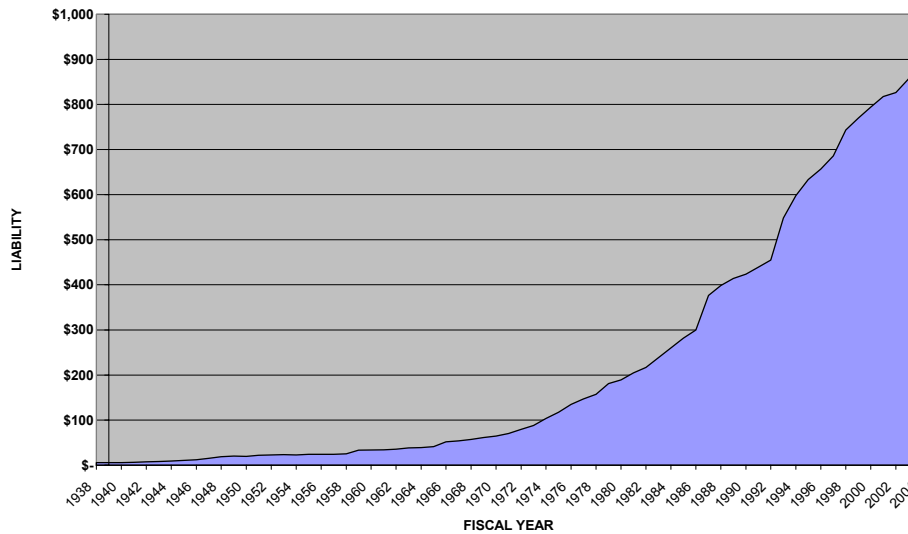


Source: Kansas Department of Revenue, Annual Reports & US Bureau of Economic Analysis, National Income and Product Accounts

Figure 5 presents the trend in per capita state sales and use taxes from 1938 through 2005. The figure shows a marked upward trend in per capita sales and use taxes. In fiscal year 1938 per capita sales and use taxes were \$6. By fiscal year 2005, the per capita sales and use tax liability was \$898. Much of this increase was driven by the high rates of price inflation during the 1970s and 1980s and by tax rate increases.

**Figure 5**

**PER CAPITA STATE SALES AND USE TAX LIABILITY**

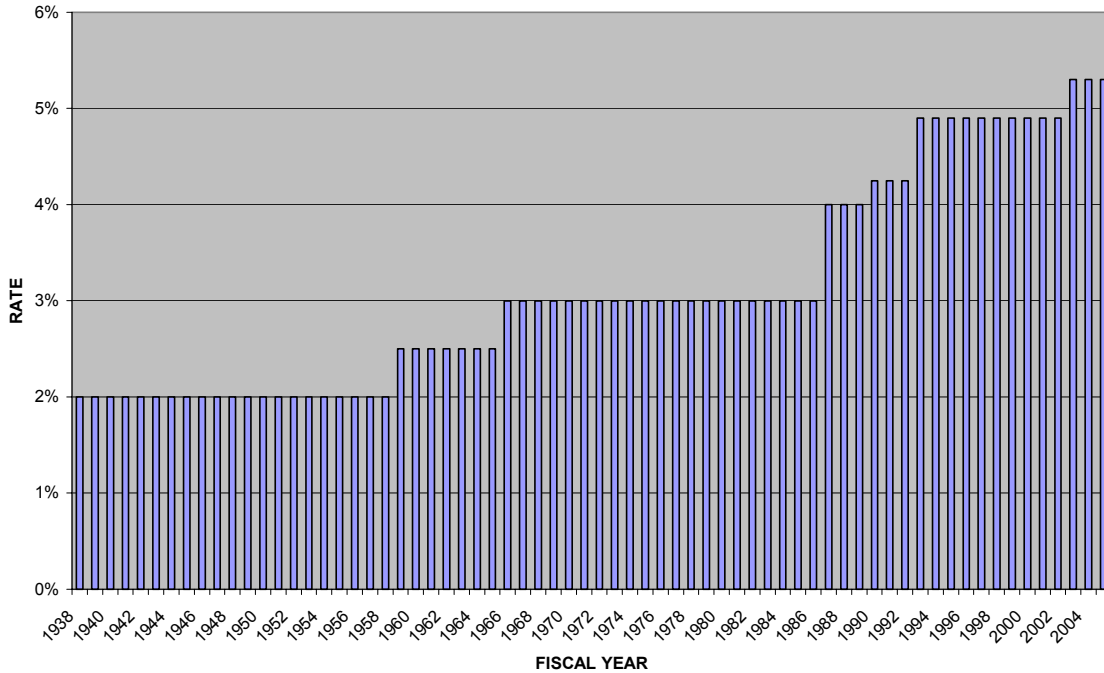


Source: Kansas Department of Revenue, Annual Reports & US Bureau of the Census, Current Population Reports

Figure 6 shows the history of the sales and use tax rate from 1938 through 2005.

**Figure 6**

**TAX RATE**



Source: Kansas Department of Legislative Research, Tax Facts

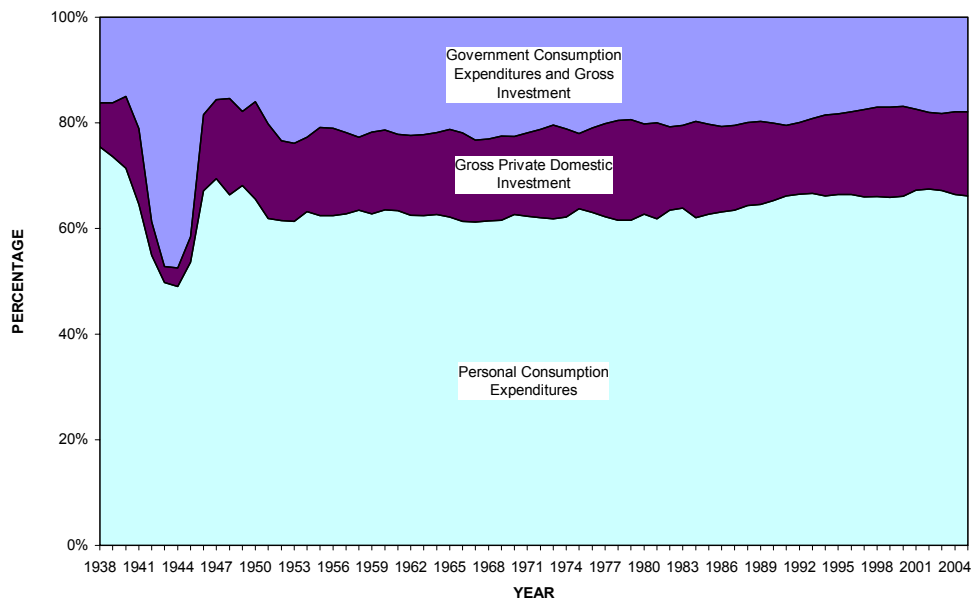
**Structural Economic Changes**

There have been significant structural changes in the U.S. economy since the inception of the sales tax during the 1930s. Figure 7 shows the composition of domestic consumption from 1938 through 2005. In 1938 personal consumption expenditures accounted for 74.7 percent of domestic expenditures. By 2005 this had decreased to 70.0 percent of the total. On the other hand, gross private domestic investment or business spending has increased from 8.2 percent of the total in 1938 to 16.9 percent in 2005. Government spending has also increased from 16.0 percent of the total in 1938 to 18.9 percent in 2005. This is significant because personal consumption is the largest proportion of the sales and use tax base with business and government purchases largely exempt from sales and use taxation.



**Figure 7**

**COMPOSITION OF DOMESTIC CONSUMPTION AND INVESTMENT**

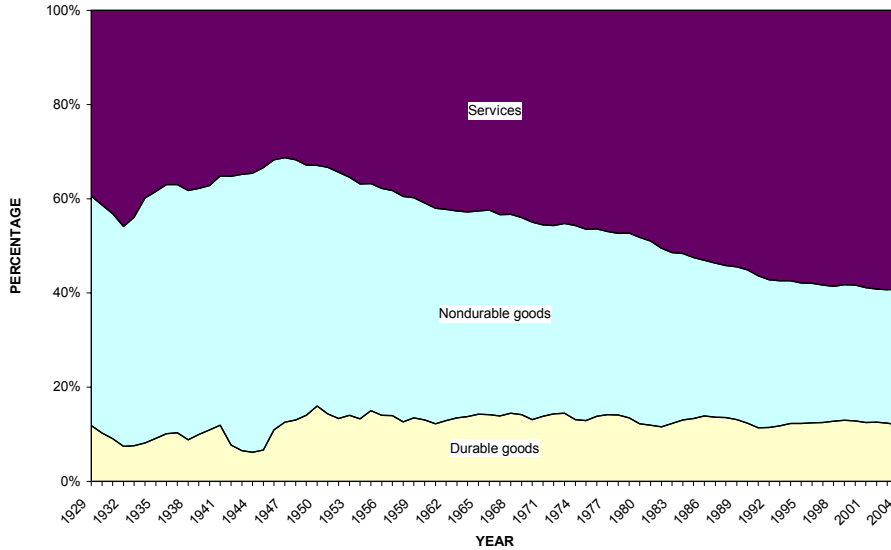


Source: US Bureau of Economic Analysis, National Income and Product Accounts

There have been also been significant changes in the composition of personal consumption expenditures since the 1930s. Figure 8 shows the composition of personal consumption expenditures from 1938 through 2005. In 1938 durable goods expenditures accounted for 11.9 percent of total consumption, while nondurable goods expenditures accounted for 48.7 percent. By 2005 while durable goods expenditures remained relatively steady at 12.0 percent, expenditures for nondurables had fallen to 28.8 percent of total expenditures. Over this same time, expenditures on services expanded significantly from 34.9 percent in 1938 to 59.1 percent in 2005. This is noteworthy because goods consumption is the largest proportion of the sales and use tax base, while services consumption is largely exempt from sales and use taxation.

**Figure 8**

**COMPOSITION OF PERSONAL CONSUMPTION EXPENDITURES BY PRODUCT TYPE**

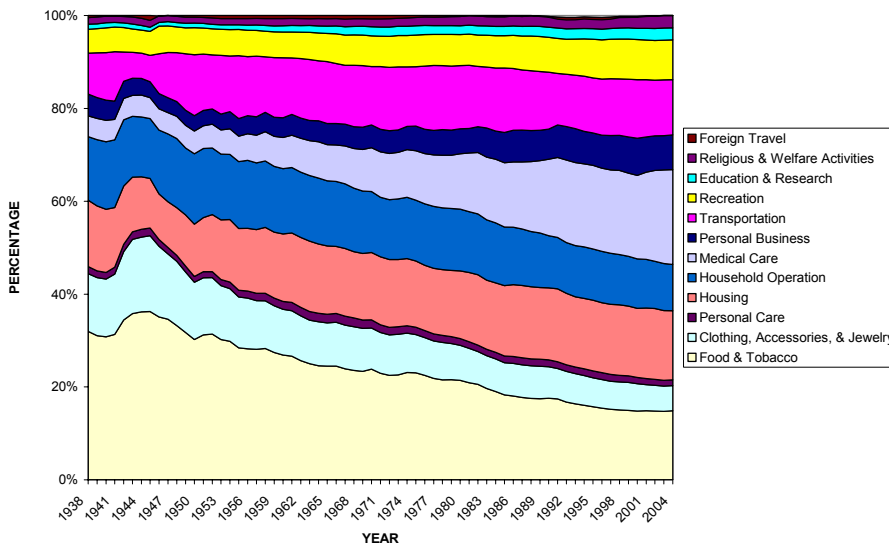


Source: US Bureau of Economic Analysis, National Income and Product Accounts

Figure 9 shows the composition of personal consumption expenditures by type from 1938 through 2004. In 1938 food and clothing expenditures accounted for 44.5 percent of the total. By 2004 food and clothing had fallen to 20.3 percent. Over this same time, medical care expenditures rose from 4.5 percent in 1938 to 20.4 percent in 2004. This is noteworthy because food and clothing expenditures are the largest proportion of the sales and use tax base in Kansas, while medical care expenditures are largely exempt.

**Figure 9**

**COMPOSITION OF PERSONAL CONSUMPTION EXPENDITURES BY TYPE OF EXPENDITURE**



Source: US Bureau of Economic Analysis, National Income and Product Accounts

## Base Erosion

Economic changes and policy decisions have coalesced to accelerate changes in the sales tax base in recent years. According to Fox (2003), the principal causes of erosion of the sales tax base include:

- Legislated statutory exemptions;
- Attempts to tax services;
- Cross-border shopping; and
- Technological change.

Although sales tax collections have been rising in most states, the base may in fact be continuing to shrink. Boyd (2000: 17) concludes that this seeming contradiction is the result of the combination of states continuing to raise sales tax rates, while consumers have been saving far less and spending far more of their incomes. “While states continue to be heavily reliant on the sales tax for revenue, the traditional sales tax base has gradually eroded, requiring ever higher sales tax rates to maintain revenue yields” (Merriman and Skidmore, 1997). Russo and Wei (2004) found that the fraction of total expenditures spent on taxed commodities was only 39.8 percent in 2002.

According to Bruce and Fox (2000), the primary reasons for the long-term decline in the sales tax base are:

- Shifting consumption away from goods toward services, and within services, to medical services and other services that are especially difficult to tax politically, legally, and administratively;
- Remote sales, the general term for mail order sales, sales conducted over the Internet, and other sales where the buyer and seller conduct the transaction at a distance; and
- Narrowing of the tax base through new exemptions.

Russo (2005) contends that several factors that could further contribute to the acceleration of the erosion of the sales and use tax base include:

- The responsiveness of taxed spending to total spending is declining,
- Untaxed medical services spending will increase when the baby-boomers retire,
- The trend away from tax food-for-home-consumption is declining, and
- Purchases at remote vendors appear to be accelerating.

Related, Duncombe (1992: 309) attributes part of the erosion of the sales tax base to general demographic changes related to the aging of the baby-boom generation.

Bruce and Fox (2000) predict that long-term sales tax base erosion will continue due to the ongoing trend toward the consumption of goods and services that are not taxed or for which sales taxes are difficult to collect. Hence Wong, Michael, and Wilson (1990) argue that it is necessary for states to expand the retail sales tax base in order to:

- Stabilize a cyclical revenue source,
- Respond to the increased proportion of total consumption devoted to services, and
- To increase revenue.

However, expanding the sales tax base is also likely to cause the ultimate tax burden on lower income households to increase, creating a more regressive tax system. Thus, one of the most important challenges in sales tax policy will be expanding the base without dramatically decreasing the fairness of the system (Hamilton and Mikesell, 1992).

### **Legislative Statutory Exemptions and Exclusions**

One important reason for the erosion of the Kansas sales and use tax base is the passage of a large number of statutory exclusions and exemptions to the tax. *Exclusions* generally consist of “specified classes of goods purchased for business rather than personal use” while *exemptions* consist of “consumption goods” (Due and Mikesell, 1983: 50). According to Watkins (2004: 5), there are several problems with legislative statutory exemptions generally:

- The cumulative fiscal impact of the exemptions is huge.
- Tax exemptions that may benefit only a few shift the burden, either by taking money away from the vital services or by forcing others to pay higher taxes to compensate for revenue losses.
- Exemptions are adopted piecemeal, often in response to specific industry requests, without being weighed against each other or against needs for public programs.
- Once adopted, exemptions are rarely evaluated or repealed, even though economic pressures and needs change dramatically over time.
- Public revenues are growing more slowly than the demand for public services, since the tax system is based on the economy of the 1930s, rather than on the economy of the twenty-first century.

Figure 10 shows the cumulative number of statutory sales and use tax changes since its inception in 1937. Since 1937, there have been a total of 206 legislative enactment or changes in the Kansas sales and use tax statutes which encompass:

- 71 original exemptions and exclusions from the sales and use tax — includes newly enacted exemptions and exclusions in the sales or use tax bases;
- 53 expansions in exemptions or exclusions — includes statutory changes in sales and use tax provisions that broadened existing exemptions and exclusions to exempt or exclude previously taxed items;
- 20 restrictions in exemptions and exclusions — includes statutory changes in sales and use tax provisions that narrowed existing exemptions and exclusions to tax items previously exempted or excluded; and
- 62 other changes in the sales and use tax statutes — includes administrative and other changes that would not necessarily expand or restrict the sales or use tax bases.<sup>2</sup>

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<sup>2</sup> These numbers are based on a legislative history of the Kansas sales and use tax compiled by H. Edward Flentje, Nickolaus J. Hernandez, and Amanda L. Pankratz, of the Hugo Wall School of Urban and Public Affairs at Wichita State University.

Appendix A contains a chronology of statutory changes in the Kansas Retailers' Sales Tax (K.S.A. 76-3603) from 1937 to the present.

**Figure 10**

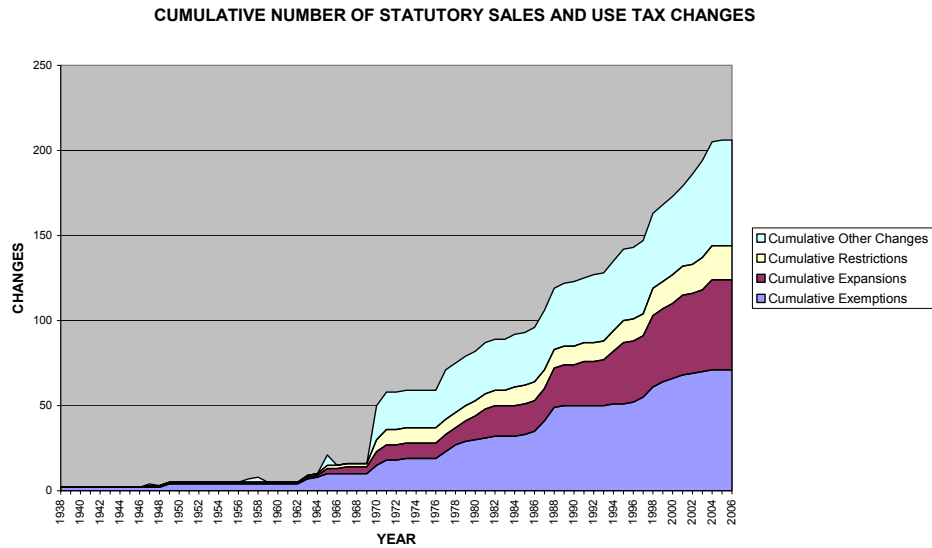


Figure 11 shows the total value of these sales and use tax base exemptions from 1938 to 2005. In 1938 the total value of exclusions and exemptions from the sales and use tax base was \$121.4 million of sales. By 2005 this had mushroomed to \$68,633.8 million of sales. The value of the exclusions and exemptions is actually nearly twice the size of the actual sales and use tax base in 2005 of \$35,706.0 million.

**Figure 11**

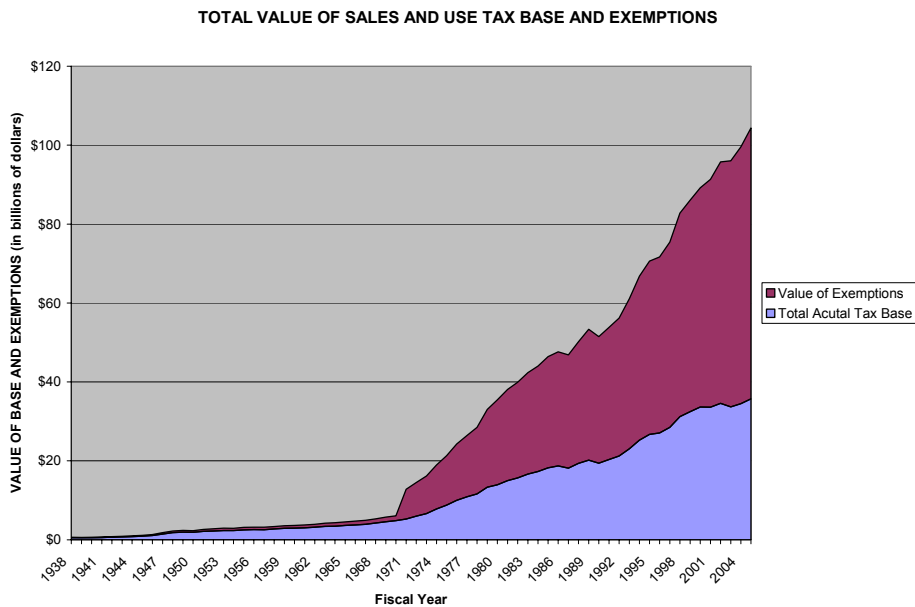


Figure 12 presents the same data adjusted for inflation. The figure indicates the largest increase in exclusions and expansions occurred during the early 1970s and early 1990s. Values in Figures 11 and 12 are based on data from Kansas Sales Tax Exclusions and Exemptions Reports compiled by Richard Cram and Steven Brunkan of the Office of Policy and Research of the Kansas Department of Revenue. The historic value of the exemptions and exclusions were imputed to back years based on the value of the exemption/exclusion as a proportion of actual taxes as reported in the *Kansas Sales Tax Exclusions and Exemptions Reports*. Appendix B shows the value of imputed sales and use tax exemptions from 1938 through 2005.

**Figure 12**

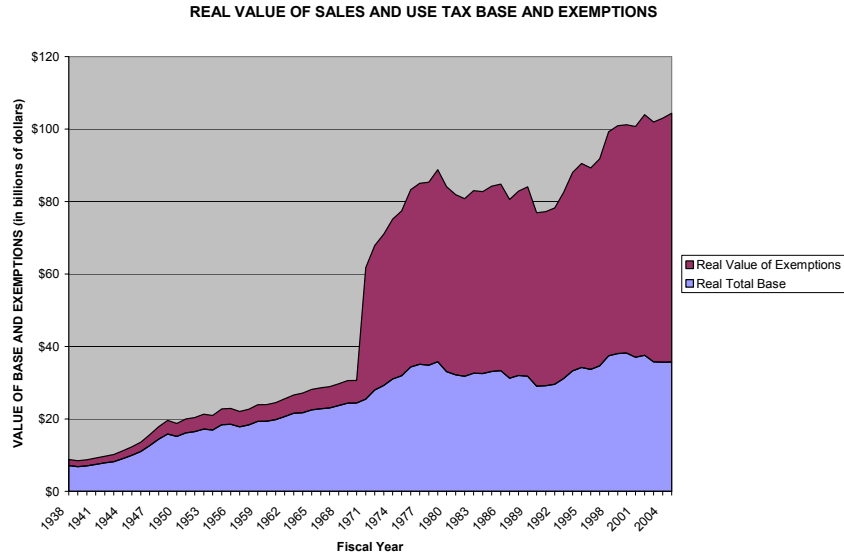


Figure 13 shows the total value of sales and use taxes exemptions from 1938 to 2005. In 1938 the total value of exclusions and exemptions was \$2.4 million. By 2005 this had mushroomed to \$3,637.6 million. The value of the exclusions and exemptions is nearly twice the size of the actual sales and use tax collections in 2005 of \$1,892.4 million.

**Figure 13**

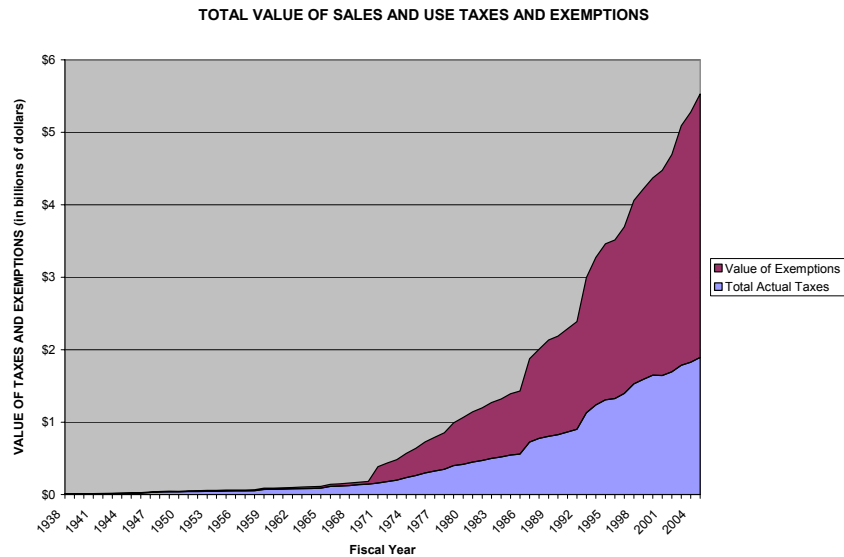
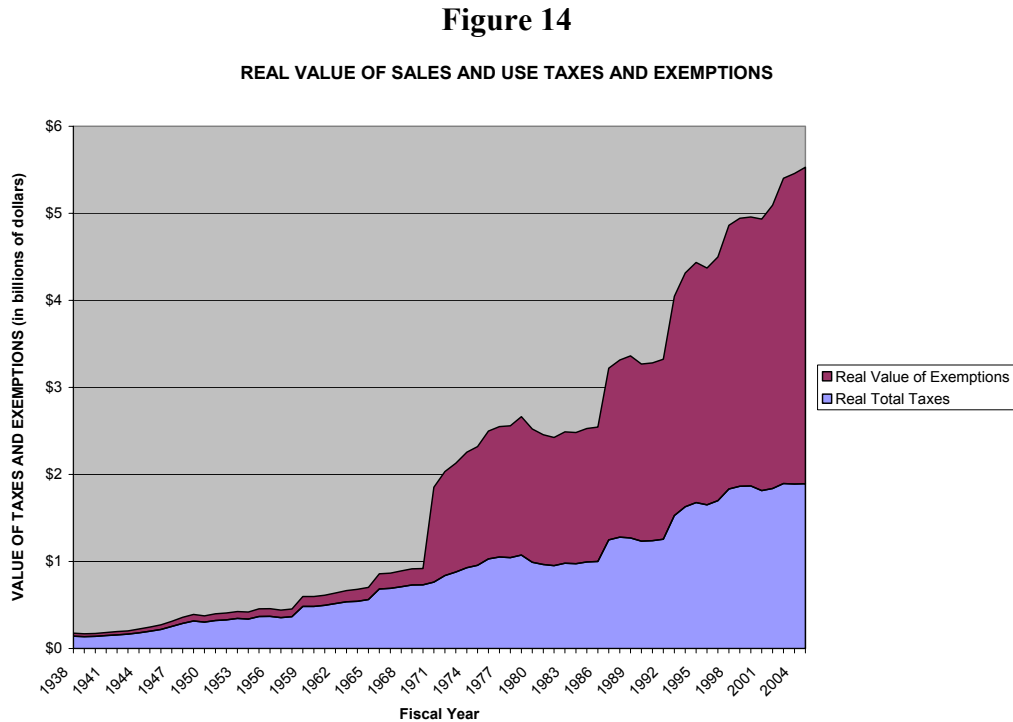


Figure 14 presents the same information adjusted for inflation.



### Categorization of Exemptions and Exclusions<sup>3</sup>

The Joint Committee on the State Tax Structure adopted a categorization of exemptions and exclusions based on a Texas study. The categorization groups exemptions and exclusions into four broad categories.

- *Conceptual exemptions* are designed to prevent the sales tax from becoming a turn-over or gross receipts tax by exempting all sales other than those made to the ultimate consumer. For example, exemptions or exclusions for business-to-business transactions, items already subject to specific excise tax such as motor fuels or alcoholic beverages, items involved in transportation or in transit, or the provisions of services.
- *Administrative exemptions* are written into the sales tax law to simplify and expedite administration. For example, the exemption of family transactions or occasional sales such as garage sales.
- *Policy exemptions* are granted by the legislature as a matter of public policy, usually on the basis that the exemption makes the tax more equitable. They may also be granted on the basis that the activity benefited deserves the protection and encouragement of government. For example, exclusions or exemptions for religious,

<sup>3</sup> Based on typology used by Joint Committee on the State Tax Structure, Appendix B, 1970: ix.

educational, literary, scientific, or benevolent activities. Or exclusions related to agriculture, land use, or economic development purposes.

- *Legal exemptions* are required to comply with the limitations on the taxing power of the state. For example, Constitutional restrictions on State governments taxing the Federal government.

Figure 15 shows the real (adjusted for inflation, using the consumer price index) value of sales and use tax base exemptions by type from 1938 to 2005. The figure indicates that the largest increases in exemptions and exclusions in the sales and use tax base occurred during the early 1970s and the early 1990s. The most significant exclusion is for component parts and items consumed in the production process. In 2005 this item alone accounted for \$43,787.0 million of sales that were not taxed.

**Figure 15**

**REAL VALUE OF SALES AND USE TAX BASE EXEMPTIONS BY TYPE**

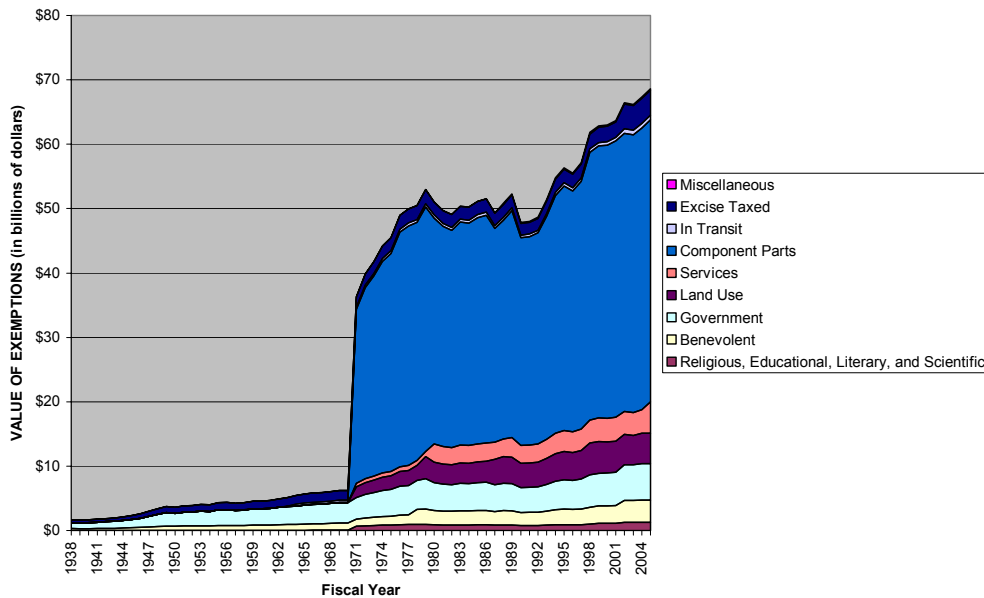
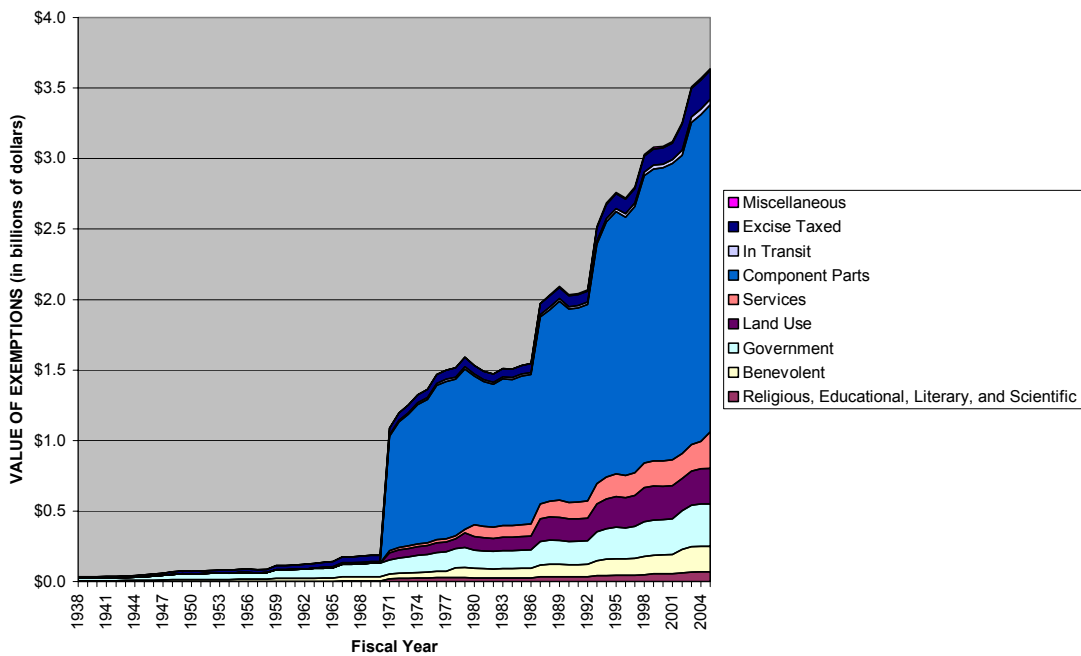


Figure 16 shows the real (adjusted for inflation) value of sales and use tax exclusions and exemptions by type from 1938 to 2005. In 2005 the exclusion of component parts and items consumed in production alone amount to a sales and use tax loss of \$2,320.7 million.



**Figure 16**

**REAL VALUE OF SALES AND USE TAX EXEMPTIONS BY TYPE**



### *Conceptual Exemptions*

### **Consumer Exemptions**

The argument against exempting consumer goods from the sales tax base is parallel to the case in favor of taxing services. The consumption of most goods and services is regressive so it is very difficult to design a sales tax that is not regressive even if the base is narrowed. Further exemptions increase the costs of administration and compliance, give incentives for consumers to purchase non-taxed alternatives over taxed ones, and require higher tax rates to raise a given amount of revenue.

### **Business Exclusions**

According to Due and Mikesell (1983: 50): “In principle, sales taxes are designed to be levies on consumer expenditures. If goods used in production are taxed as well as the final products, an element of multiple taxation of the same consumer expenditures is introduced.” More specifically there are four major problems with the taxation of intermediate goods (Due and Mikesell, 1983: 50):

- The tax will not constitute a uniform percentage of consumer expenditures, since some goods require more taxable producer goods than others, per dollar of sales.
- The tax will affect the choice among various methods of production, since the tax liability will not be uniform with all methods, thus causing loss of efficiency in production processes.

- Firms will be given incentive for their own use goods that are subject to tax, since they can reduce tax liability by so doing.
- Firms in the state will be placed at a competitive disadvantage in competing with firms in states not taxing producer goods and in selling in world markets.

Scott and Derrick (1998: 190) have postulated that: “Businesses are often ignored in discussions of the sales tax since the sales tax is frequently viewed as a broad-based tax on final consumption. Exemptions of purchases for resale, direct inputs, and production machinery remove taxes on many intermediate purchases.”

On the one hand including B2B transactions in the sales tax base may appear to be an attractive option for states because (Fox, 2003: 10 and Mikesell, 1992: 90):

- The burden on individuals is concealed thus facilitating higher revenue without requiring a higher advertised or statutory tax rate,
- The myth of taxes on business versus taxes on individuals provides an opportune political advantage,
- The belief that sales taxes paid on business purchases will be embedded in operating costs and then exported to nonresidents or business owners, and
- Applying the tax to business may be considered closing a loophole that makes for an unfair business advantage or provides for better balance between taxes on business and individuals.

However, there are many undesirable effects to taxation of B2B transactions. According to Fox (2003: 9) and Mikesell (1996: 558 and 1992: 90):

- There is no fundamental logic for adding these transactions to the base; business purchases do not provide a rough index of affluence in the manner that household purchases may;
- The overall structure is inconsistent with a tax base equal to consumption, which would exempt all B2B purchases;
- The tax will influence the choice among methods of production because state tax treatment will not be neutral;
- Businesses have an incentive to vertically integrate, i.e., businesses will have an incentive to produce for their own use, rather than outsource, because their own production entails tax only on materials purchased;
- Businesses will be at economic disadvantage in competition with sales providing broader producer input exemption;
- Because states do have some idea of the development impact but are not willing to provide broad exemption, they provide special and narrow exemptions;
- The tax will ultimately be borne by individuals; and
- The total tax actually implicit in goods depends on the degree of cascading.

According to Fox (2003: 10): “Exemption of business transactions generally receives high marks from economists who believe that all business-to-business transactions should be free from taxation.” It is argued that the selective taxation of business inputs distort business

operations and interferes with the efficient operation of the overall economy. This may effect both the location decision of business and the operational structure of businesses. Mikesell (2005b: 134) says that:

The sales tax should exclude business purchases from the base. If they are not excluded, the true burden of the tax is not transparent to the public and the economy is less attractive to economic development in comparison with both international and domestic competitors.

Fox (2003: 10) posits that the exemption of business purchases is efficient as long as the exemption is targeted broadly across all businesses. Narrowly targeted exemptions will cause some economic activities to be preferred over others. Scott and Derrick (1998: 191) found that selective business sales tax exemptions lead to uneven business and employment consequences, with some sectors and occupations bearing a disproportionate share of the burden. According to Brunori (1998):

Business purchases should be exempt from a consumption tax structure, but the means through which many exemptions for business have been granted and the specific applications thereof are often questionable. It appears that the tendency to grant special-purpose exemptions in an attempt to attract economic activity is spreading from the corporate income tax to the sales tax, as evidenced by other selected activities routinely being added to the exemption list in every state.

Mikesell (2005b: 134-5) also argues that purchases of agricultural inputs and not-for-profit organizations should be exempt and their sales should not be taxed.

Figure 17 presents the total value of component exclusions. The figure indicates that the most significant exclusions/exemptions are those for component parts and items consumed in the production process. K.S.A. 79-3606(m) excludes the sales of tangible personal property that becomes an ingredient or component part of tangible personal property or services produced, manufactured, or compounded for sale at retail. In 2005 the total value of this exclusion/exemption was \$1,959.1 million in sales and use taxes. K.S.A. 79-3606(n) excludes sales of tangible personal property consumed in the manufacturing, processing, mining, drilling, refining, or compounding of tangible personal property, the treating by-products derived from any such production process, the providing of services, or the irrigation of crops produced for sale at retail. In 2005 the total value of this exclusion/exemption was \$257.0 million in sales and use taxes.

Kansas, as do other states, exempts in one form or another, purchases of items that become a component part or physical ingredient of a product that will be resold. Kansas also exempts certain services and materials consumed in the process of manufacturing or other production. Some states also exempt machinery and equipment directly used in production (*Final Report and Recommendations*, 1970: 10).

**Figure 17**

**TOTAL VALUE OF COMPONENT PART EXEMPTIONS**

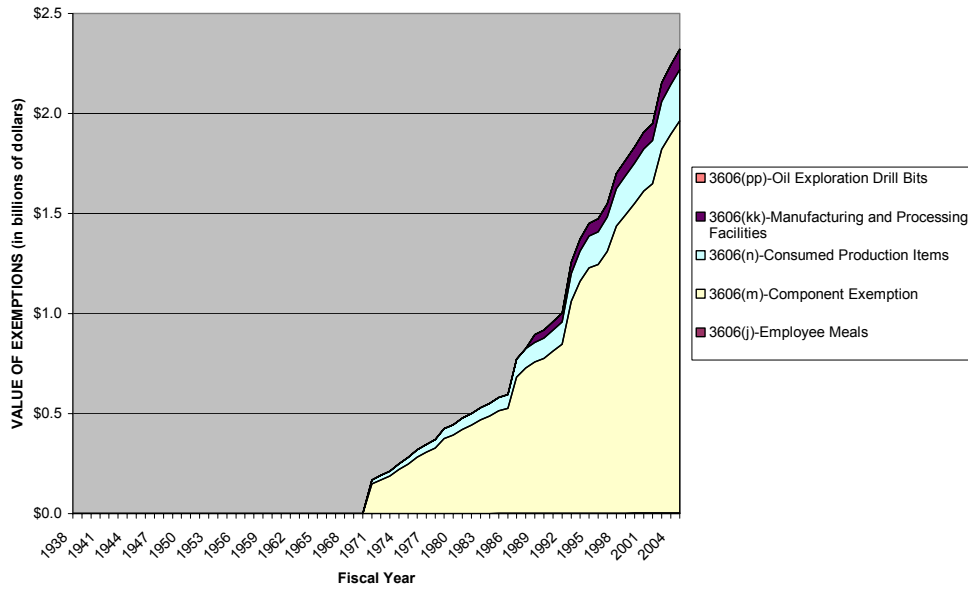


Figure 18 presents the total value of exemptions for items otherwise subject to specific excise taxes. The figure shows that the most significant exemption is for motor fuel and liquor excise taxes. In 2005 the total value of this exemption was \$202.6 million in sales and use taxes.

**Figure 18**

**TOTAL VALUE OF EXCISE TAXED EXEMPTIONS**

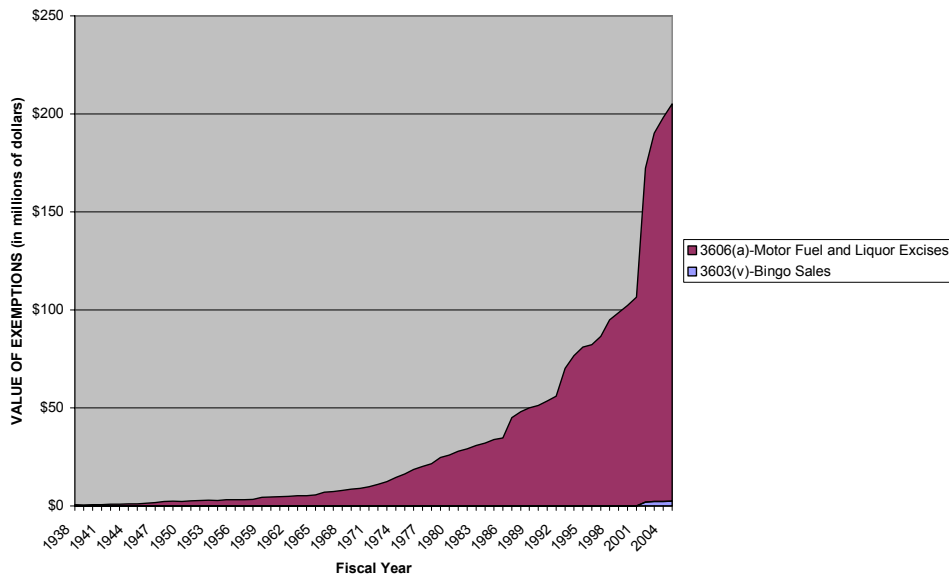


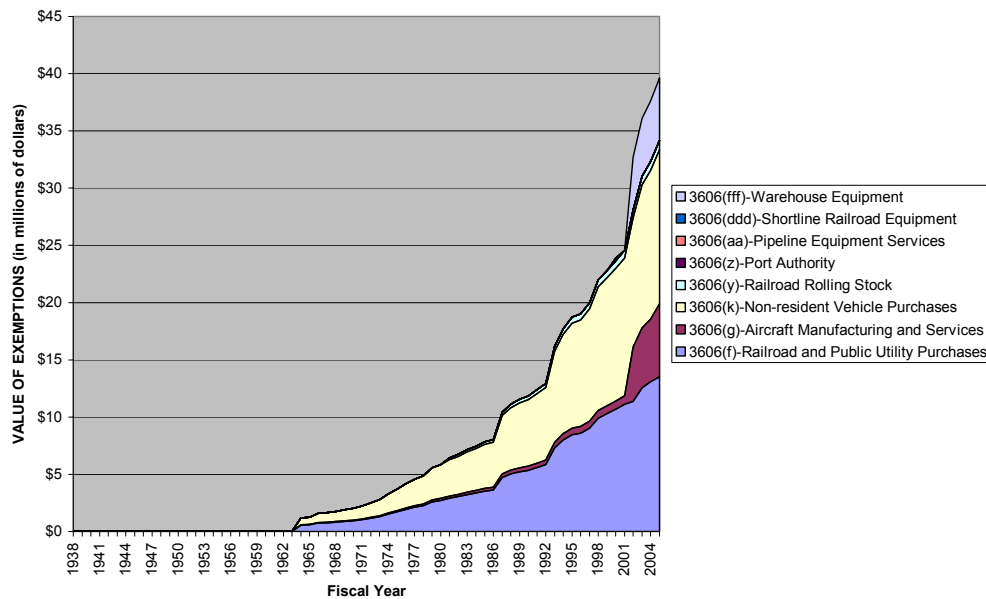
Figure 19 presents the total value of transportation-related exclusions and exemptions. The figure shows that the most significant exclusions are those for railroads and public utilities, non-resident vehicle purchases, and aircraft manufacturing and service. K.S.A. 79-3606(f)

excludes purchases of tangible personal property by a railroad or public utility for direct and immediate consumption in interstate commerce. In 2005 the total value of this exclusion was \$13.5 million in sales and use taxes.

K.S.A. 79-3606(k) exempts sales of a motor vehicle, semi-trailer, pole trailer, or aircraft purchased in Kansas by a bona fide resident of another state, not registered in Kansas, and moved out of state within 10 days. In 2005 the total value of this exemption was \$13.5 million in sales and use taxes. K.S.A. 79-3606(g) excludes sales of new and remanufactured aircraft used in interstate or foreign commerce, including aircraft repair, replacement parts, and services employed in the remanufacture and modification of aircraft. In 2005 the total value of this exclusion was \$6.4 million in sales and use taxes. Kansas, like most states, exempts purchases by public utilities for consumption or movement in interstate commerce. While some such purchases could be taxed under the use tax if delivered and stored, even temporarily, in Kansas prior to actual use in interstate commerce, it was concluded by the Hodge Committee that as long as such purchases would be exempt if made in another state, an attempt to tax them in Kansas would encourage purchases elsewhere and tend to adversely affect the Kansas economy (*Final Report and Recommendations*, 1970: 11).

**Figure 19**

**TOTAL VALUE OF IN TRANSIT EXEMPTIONS**



## Taxation of Services

The primary arguments for inclusion of services in the sales tax base are (*Final Report and Recommendations*, 1970: 14-15):

- The sales tax should be as broadly applicable to consumer expenditures as possible and therefore the tax should be imposed on services as well as tangible property because both satisfy personal needs and wants.

- Taxation of services makes the sales tax less regressive because expenditures for services tend to increase as personal income rises.
- Revenue from the sales tax is more responsive to rising levels of personal income and economic activity if services are taxable, because under such conditions expenditures for services increase relatively more than purchases of basic commodities.
- Administration of the sales tax is simplified if the tax is applicable to services rendered in conjunction with sales of tangible personal property, i.e., it is not necessary to separate the amount charged for services from the amount charged for such property.

Russo (2005) concludes that: “One reason for the view that the sales and use tax base is eroding has been a fairly steady trend upward in spending on services measured as a fraction of personal income.” Similarly the Federation of Tax Administrators (*Sales Taxation of Services*, 1996) finds that: “The long-term viability of state and local retail sales taxes continues to be threatened by a variety of economic and technological trends. One of the primary threats is the increasing proportion of economic activity related to the provision of services as opposed to goods.” According to Fox (2003: 10) this result derives because: “State tax legislation is normally written so that all tangible goods are taxable unless they are otherwise exempted, and no services are taxable unless they are specifically enumerated.” It is argued that services should be included in the sales tax base to ensure that the tax burden on goods and services is similar. Fox (2003: 11) posits that:

Imposing the same tax burden on goods and services increases the horizontal equity of the tax and lessens the role that taxes play in affecting people’s choices between goods and services. Taxation of services may make the tax base less regressive, though the consumption of most goods and services is regressive. . . . Taxation of services will allow more rapid tax revenue growth than taxation of goods because U.S. consumers are dramatically increasing their consumption of services relative to goods. . . . Further, taxation of services could allow the same revenue to be collected with a lower tax rate. Lower rates reduce the extent to which the economy is distorted by people seeking to make non-taxable purchases, who engage in cross-border shopping.

In 2002 a Tax Structure Committee in the State of Washington headed by Bill Gates, Sr. recommended that the state add consumer services such as movie theaters, sports, beauticians, and cable television to the sales tax base (Watkins, 2004). However, there are also disadvantages to taxing services. According to Fox (2003):

Many professional services, such as legal and accounting services, are primarily purchased by businesses and expansion of the base to include these services could increase the extent to which the sales tax base is composed of B2B transactions. Administrative and compliance costs will rise as more services are taxed, because service vendors tend to be smaller on average than goods vendors. Also, taxation of services that can be remotely provided can be difficult to enforce, increasing the chance that the tax will disadvantage in-state

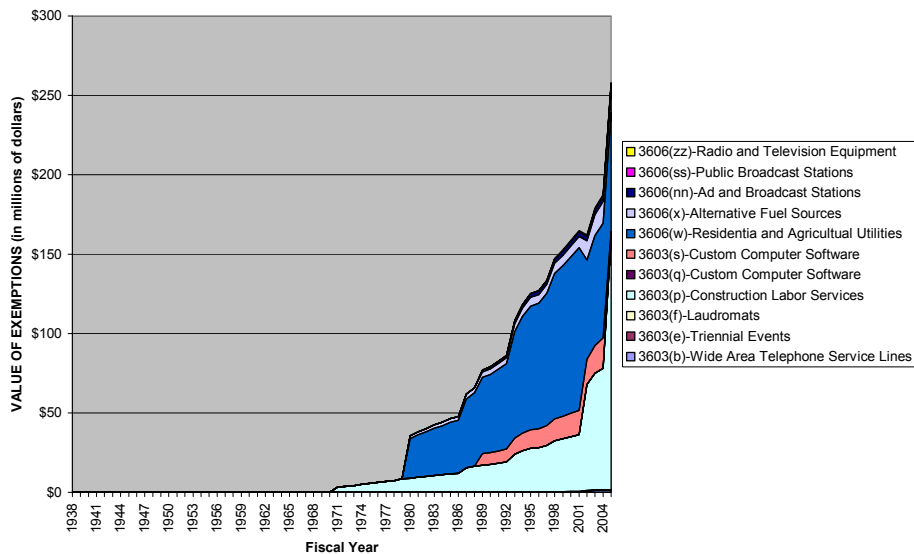
service providers relative to out-of-state providers. Concerns about equity also arise with taxation of some services, such as some forms of health care.

Thus, Fox (2003: 11) recommends that: “Decisions on expanding the base should be made on a service-by-service basis, [because] some services belong in the tax base and others do not.” However, “[f]ew states have successfully added sales tax to business, professional, or financial services, due in large part to the opposition and strength of organizational lobbies” (Watkins, 2004: 6).

Figure 20 presents the total value of services related exemptions. The figure shows that the most significant exclusions/exemptions are those for labor used in construction and residential and agricultural utility services. K.S.A. 79-3603(p) exempts the service of installing or applying tangible personal property in connection with the original construction of a building or facility, the original construction, reconstruction, restoration, remodeling, renovation, repair, or replacement of a residence, or the construction, reconstruction, restoration, replacement, or repair of a bridge or highway. In 2005 the total value of this exemption was \$158.4 million in sales and use taxes. K.S.A. 79-3606(w) excludes sales of propane gas for agricultural use and sales of water delivered for noncommercial, residential use, agricultural use, and use in the severing of oil, and delivered to property exempt from property taxation by K.S.A. 79-201b Second through Sixth, generally any property used exclusively for literary, educational, scientific, religious, benevolent, or charitable purposes. In 2005 the total value of this exclusion was \$74.7 million in sales and use taxes. Mazerov (2003) estimates extending the sales tax to all “readily-taxable” services would increase sales tax revenues in Kansas by approximately \$500 million or 29 percent. If all services, broadly construed, were included in this computation, the value of the exclusion/exemption could be as high as \$1,944.6 million.

**Figure 20**

**TOTAL VALUE OF SERVICE EXEMPTIONS**



## Policy Exemptions

Figure 21 presents the total value of agricultural and land use related exclusions and exemptions. The figure shows that the most significant exclusions/exemptions are those for livestock, farm equipment and machinery, and enterprise zones. K.S.A. 79-3606(o) excludes sales of animals, fowl, and aquatic plants and animals used in the production of food for human consumption, production of animal products, or production of offspring. In 2005, the total value of this exclusion/exemption was \$144.7 million in sales and use taxes.

K.S.A. 79-3606(t) excludes sales of farm and aquaculture equipment and machinery and repair and service of such equipment and machinery, including feedlots, Christmas tree farming, and nursery operations in the definition of farming and ranching. In 2005, the total value of this exclusion/exemption was \$41.7 million in sales and use taxes. K.S.A. 79-3606(cc) excludes sales of tangible personal property and services purchased for constructing, reconstructing, enlarging, or remodeling a qualified business facility within an enterprise zone, as defined in K.S.A. 74-50,115, and sales of machinery and equipment purchased for installation at the facility. In 2005, the total value of this exclusion/exemption was \$57.1 million in sales and use taxes.

**Figure 21**

**TOTAL VALUE OF AGRICULTURAL AND LAND USE EXEMPTIONS**

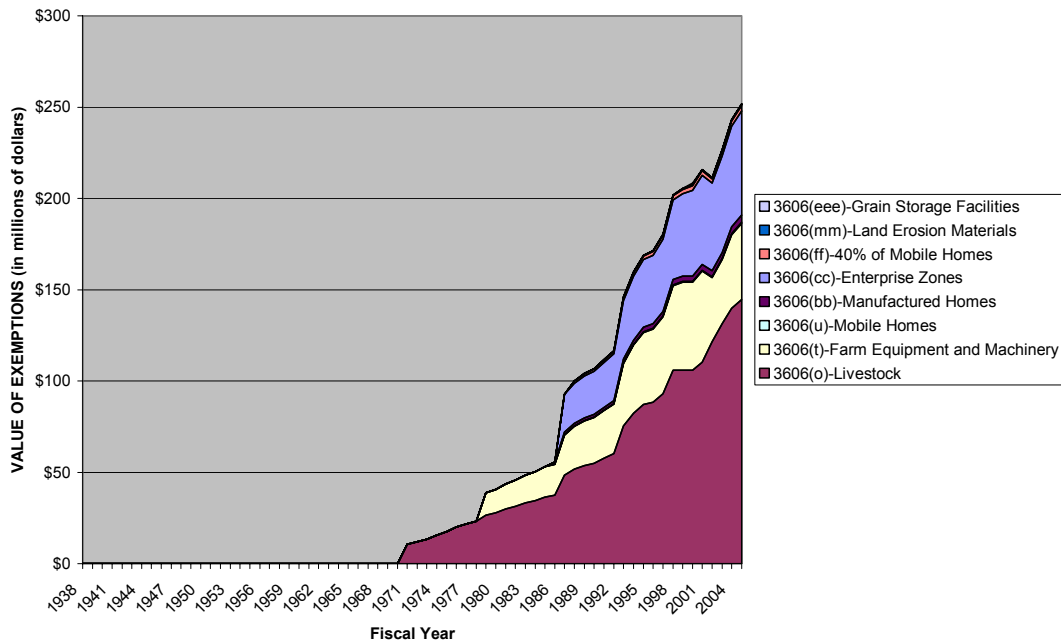


Figure 22 presents the total value of benevolent exclusions and exemptions. The figure shows that the most significant exclusions/exemptions are those for contractor work at governmental and benevolent organizations and prescriptions drugs. K.S.A. 79-3606(d) exempts sales of tangible personal property and services by a contractor for improvement projects of any political subdivision, public or private school, public or private nonprofit educational institution,



or public or private nonprofit hospital that would be exempt if purchased directly by these entities. In 2005 the total value of this exclusion/exemption was \$103.7 million in sales and use taxes. K.S.A. 79-3606(p) exempts sales of drugs dispensed through a prescription order by medical practitioners as defined by K.S.A. 65-1626. In 2005 the total value of this exclusion/exemption was \$61.3 million in sales and use taxes.

**Figure 22**

**TOTAL VALUE OF BENEVOLENT EXEMPTIONS**

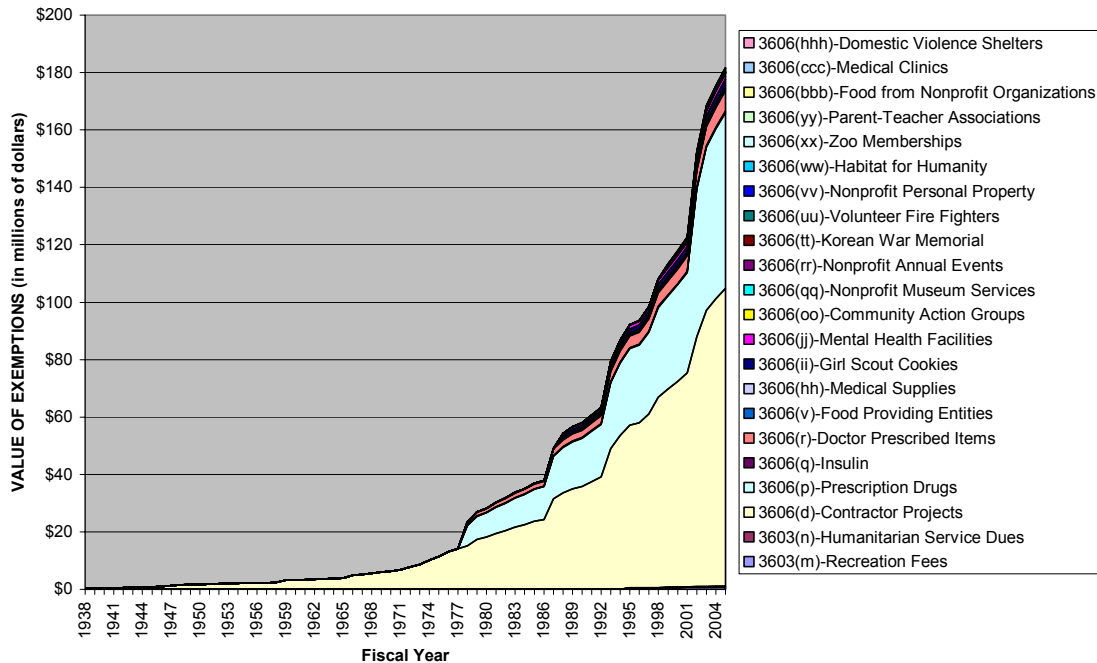
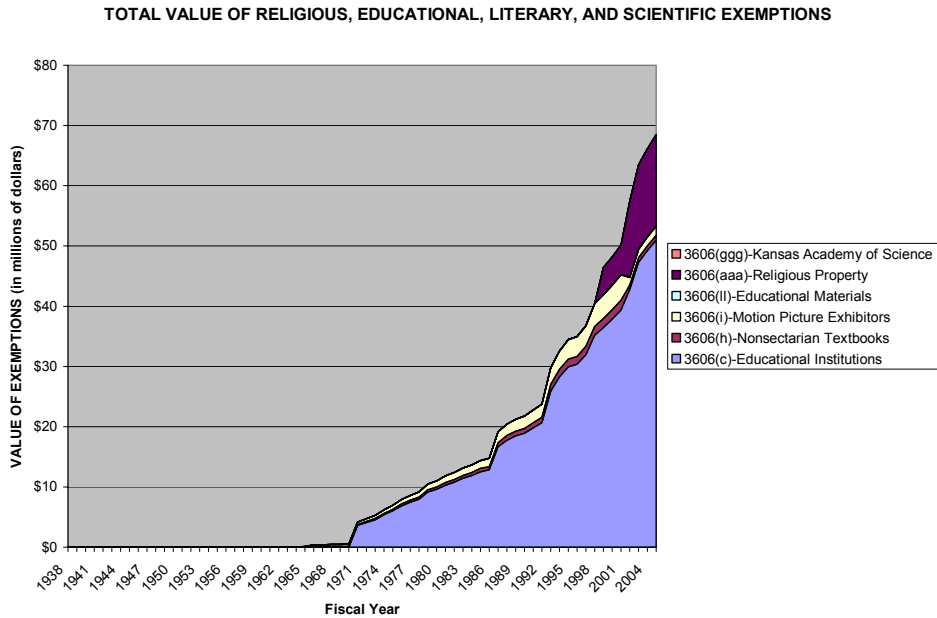


Figure 23 presents the total value of religious, educational, literary, and scientific exclusions and exemptions. The figure shows that the most significant exclusions/exemptions are those for educational institutions and religious properties. K.S.A. 79-3606(c) exempts sales of tangible personal property and services, including the renting and leasing of property, purchased by a public or private elementary or secondary school or public or private nonprofit educational institution and used primarily for nonsectarian programs and activities provided or sponsored by such school or institution or in the erection, repair, or enlargement of buildings to be used for such purposes, except that sales tied to improvements in buildings used for human habitation are not exempted. In 2005 the total value of this exclusion/exemption was \$51.0 million in sales and use taxes. K.S.A. 79-3606(aaa) exempts all sales of tangible personal property and services used exclusively for religious purposes and purchased by a religious organization which is exempt from federal income tax under section 501(c)(3). In 2005 the total value of this exclusion/exemption was \$15.1 million in sales and use taxes.

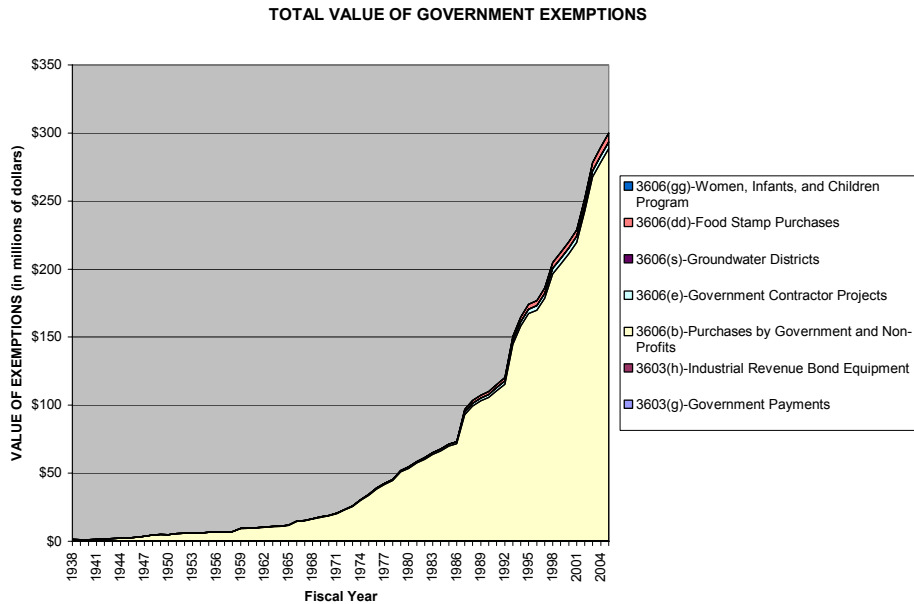
**Figure 23**



**Legal Exemptions**

Figure 24 presents the total value of governmental exemptions. The figure shows that the figure the most significant exclusion is that for government and nonprofit purchases. K.S.A. 79-3606(b) excludes sales of tangible personal property or service, including leases and rentals of property, purchased directly and used exclusively by the state, a political subdivision (other than a school or educational institution), a public or private nonprofit hospital, or a nonprofit blood bank. In 2005 the total value of this exclusion was \$288.3 million in sales and use taxes.

**Figure 24**



## Taxation of Remote Sales

Bruce and Fox (2001) estimate that Kansas lost \$134.4 million in state and local sales taxes due to electronic commerce (e-commerce) in 2001 (see Table 1). However, they go on to point out that “much of this revenue would not have been collected even without e-commerce, as consumers and businesses would have made some of these purchases through other remote means” (Bruce and Fox, 2001: 7). Only \$71.2 million of this loss is new. The estimated loss of Kansas state and local sales taxes due to e-commerce for 2006 is \$451.5 million and the loss for 2011 is projected to be \$542.2 million. These losses amount to 2.15 percent of total state taxes in 2001, 5.84 percent of total state taxes in 2006, and 5.63 percent of total state taxes in 2011. Based on these estimates, Kansas lost approximately \$286.2 million in state sales tax revenues in 2005. The state would have to increase the state sales tax rate by 1.35 percentage points to replace the lost revenue in 2006.

**Table 1**  
**Impact of Electronic Commerce (E-Commerce)**  
**on State and Local Sales Taxes**

Year	Combined State and Local Revenue Loss	State Revenue Loss as Percent of Total State Taxes	State Tax Rate Change to Replace Lost Revenue	Local Revenue Loss as Percent of Total State Taxes
2001	\$134,400,000	2.15%	----	0.99%
2006 (projected)	451,500,000	5.84	1.35%	2.68
2011 (projected)	542,200,000	5.63	1.34	2.59

As early as 1934 it was recognized that interstate commerce would complicate administration of state sales taxes.

Obviously, states cannot tax sales in interstate commerce, since such sales are tax exempt under the commerce clause of the Federal Constitution (Art. I, p. 8, cl. 3). Inasmuch as a state is legally forbidden to tax such sales, the problems which arise are concerned with the administrative determination of what is an interstate sale (Jensen, 1934: 78).

According to Jensen (1934: 74), various proposals looked toward federal aid or cooperation in remedying some of the difficulties associated with administering state sales taxes. The proposals were generally of two types:

- The first type was to secure the passage of a federal statute which would permit the states to tax interstate commerce on par with intrastate commerce.
- The second type of proposals would replace all states’ sales taxes with a federal manufacturers’ sales tax, the proceeds of which were to be shared with the states on a basis of population.

This latter type of proposal, it was claimed, would kill two birds with one stone; it would relieve the states of the difficult and expensive task of administering retail sales taxes, substitute for such taxes the more economical manufacturers' sales tax, and also, it would automatically eliminate interstate tax competition (Jensen, 1934: 74).

## **Principal Findings**

Although the sales tax is generally perceived by many to be a broad-based tax on final consumption, in most states it is neither broad-based nor limited to final consumption. Economic changes and policy decisions have coalesced to accelerate changes in the sales tax base in recent years. The principal causes of erosion of the sales tax base include:

- Legislated statutory exemptions,
- Attempts to tax services,
- Cross-border shopping, and
- Technological change.

One important reason for the erosion of the Kansas sales and use tax base is the passage of a large number of statutory exclusions and exemptions to the tax. Since 1937 there have been 71 original exemptions and exclusions from the sales and use tax, 53 expansions in exemptions or exclusions, 20 restrictions in exemptions and exclusions, and 62 other changes in the sales and use tax statutes, for a total of 206 legislative enactment or changes in the Kansas sales and use tax statutes. In 1938 the total value of exclusions and exemptions from the sales and use tax base was \$121.4 million of sales. By 2005, this had mushroomed to \$68,633.8 million of sales. The value of the exclusions and exemptions is nearly twice the size of the actual sales and use tax base in 2005 of \$35,706.0 million. In 1938, the total value of exclusions and exemptions was \$2.4 million. By 2005, this had mushroomed to \$3,637.6 million. The value of the exclusions and exemptions is nearly twice the size of the actual sales and use tax collections in 2005 of \$1,892.4 million. The largest increases in exemptions and exclusions in the sales and use tax base occurred during the early 1970s and the early 1990s.

The most significant exclusion is for component parts and items consumed in the production process. In 2005, this item alone accounted for \$43,787 million of sales that were not taxed. The exclusion of component parts and items consumed in production alone amount to a sales and use tax loss of \$2,320.7 million. The second largest exclusion is for government and nonprofit purchases. This exclusion resulted in the loss of approximately \$299.9 million in state sales and use tax revenue in 2005.

The statutory exemption of specifically enumerated services resulted in the loss of approximately \$258.0 million in state sales and use tax receipts in 2005. One study estimated that extending the sales tax to all readily-taxable services would increase state sales tax revenues by approximately \$500 million or 29 percent. Overall if all services broadly construed were included, state sales tax revenue could be increased by as much as \$1,944.6 million. This value is actually higher than 2005 sales and use tax receipts which were \$1,892.4 million.

Almost as significant, the exclusion of agricultural and land use related transactions resulted in the loss of approximately \$251.7 million in sales and use tax revenue in 2005. Another significant exemption is the exemption of items otherwise subject to specific excise taxes. In 2005, the total value of this exemption was \$202.6 million in sales and use taxes. Finally, the exemption of the transactions of benevolent organizations resulted in the loss of approximately \$181.7 million in sales and use taxes in 2005.

### Policy Choices

According to Fox (1997: 4):

The role of the sales tax as the primary revenue instrument of state governments and as a significant source for local governments is long established, but its contribution in the 21<sup>st</sup> century depends on growth in tax revenues in response to economic increases and from policy decisions made by the federal, state, and local governments.

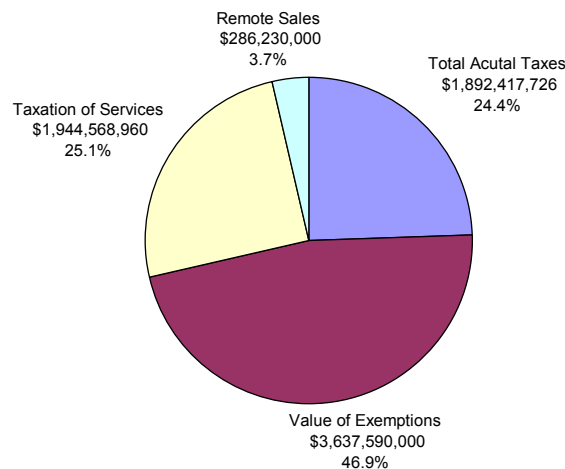
Figure 25 presents total theoretical sales and use taxes for fiscal year 2005. In addition to actual sales and use tax receipts of \$1,892.4 million in fiscal year 2005, the State of Kansas could anticipate as much as:

- \$3,637.6 million in additional revenue from the elimination of the identified exclusions and exemptions,
- \$1,994.6 million in additional revenue from the comprehensive taxation of services, broadly defined, and
- \$286.2 million in additional revenue from the taxation of remote sales.

All together, theoretical sales and use taxes for fiscal year 2005 could be as high as \$7,760.8 million, approximately 4.1 times present sales and use tax collections.

**Figure 25**

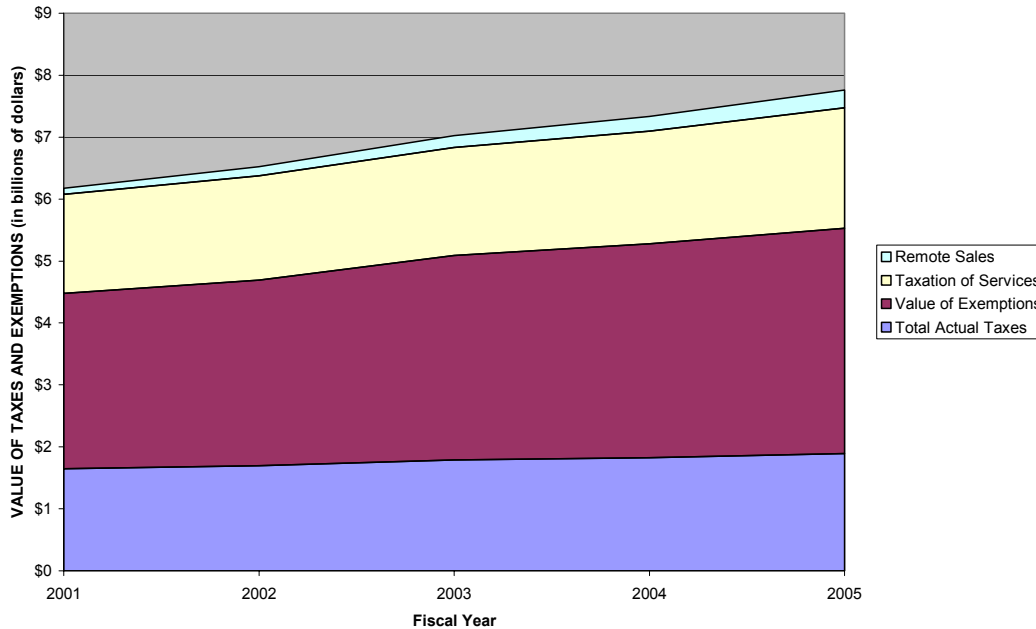
TOTAL THEORETICAL SALES AND USE TAXES, FY 2005



Similarly Figure 26 shows total theoretical sales and use taxes for fiscal years 2001 through 2005.

**Figure 26**

**TOTAL THEORETICAL SALES AND USE TAXES**



Fox (1998) concludes that the future of the sales tax is tied to addressing four problems:

- Avoiding proliferation of sales taxes on business inputs,
- Keeping household purchases of tangible personal property inside the tax base,
- Bringing household purchases of services into the tax base, and
- Getting Congress to help states enforce use taxes.

The Hodge Committee found that:

Business groups. . . recommended expansion of the exemption of production items in keeping with the concept of the sales tax as a tax on consumption rather than on production, and as contributing to the long-run economic development of the state by putting Kansas in a better position competitively in seeking to attract new industry (*Final Report and Recommendations*, 1970: 10).

The Hodge Committee concluded that the component part rule should be retained and refined, and that it would be more desirable to exempt “consumables” as a class than to continue the present policy of selective exemption through listing specific items. However, the Committee did not feel that a general exemption for machinery and equipment used in production was warranted. Ironically, the Committee felt that to exempt production equipment

would encourage requests for further exemptions resulting in the further erosion of the sales tax base (*Final Report and Recommendations*, 1970: 10).

The Hodge Committee did not recommend extension of the sales tax to include all personal and professional services. The Committee felt that if additional services were to be taxed, the most practical approach would be to start with services associated with the sale of tangible property and performed generally by firms already registered under the sales tax act (*Final Report and Recommendations*, 1970: 16).

Among problems considered by the Committee were those of determining the situs of intangible services, their allocation, and the application of the use tax to such services. Without the use tax, purchases from out-of-state sources would be encouraged to the disadvantage of local suppliers. The Committee concluded that it would be difficult to apply the use tax to purchases of services (*Final Report and Recommendations*, 1970: 16).

The Hodge Committee concluded that the educational exemption should be retained because to remove it would merely mean an increase in property taxes. The Committee also felt that the exemption of purchases by hospitals operated by religious or other non-profit organizations should be continued. It was felt that this would prevent a situation in which purchases by a publicly supported hospital would be exempt, while purchases by other hospitals were subject to the tax. Also, the Committee felt that a general exemption of purchases by non-profit hospitals would be consistent with the granting of an exemption for purchases of prescription drugs and prescribed medical devices (*Final Report and Recommendations*, 1970: 12).

The majority of the Committee drew a distinction, however, between purchases by charitable and related institutions supported by donations from income and the majority of the schools which are supported by local property taxes. Within the educational field, the feeling was that any expenditure constituting a legitimate part of the school program should be exempt and that the same rules should apply to public and private non-profit schools at all levels of education (*Final Report and Recommendations*, 1970: 12).

On the other hand, the Hodge Committee decided that the exemption of purchases by religious, charitable, and benevolent organizations should be repealed (*Final Report and Recommendations*, 1970: 11). Also the Committee did not recommend extending the exemption to food, partly because the revenue effect would be so substantial as to require an offsetting rate increase and the majority felt that there is a conceptual difference between food, a standard item, and the unexpected impact of medical costs resulting from a serious illness or accident (*Final Report and Recommendations*, 1970: 12).

### **Conclusion**

This study examined the erosion of the sales and use tax base in Kansas. The study began with an overview of factors that have contributed to the erosion of sales tax revenues in Kansas and nationally. One important reason for the erosion of the Kansas sales and use tax base has been the passage of a large number of statutory exclusions and exemptions to the tax.

In 2005, the value of statutory exclusions and exemptions totaled over \$3.6 billion, nearly twice the size of the actual sales and use tax collections of nearly \$1.9 billion. The most significant exclusion is for component parts and items consumed in the production process. This item alone amounted to a sales and use tax loss of \$2,320.7 million in 2005. The second largest exclusion is for government and nonprofit purchases. In 2005, this exclusion resulted in the loss of approximately \$299.9 million in state sales and use tax revenue. The statutory exemption of specifically enumerated services resulted in the loss of approximately \$258.0 million in state sales and use tax receipts in 2005.

One study estimated that extending the sales tax to all readily-taxable services would increase state sales tax revenues by approximately \$500 million or 29 percent. Overall, if all services broadly construed were included, state sales tax revenue could be increased by as much as \$1,944.6 million. Other significant exemptions included the exclusion of agricultural and land use related transactions which resulted in the loss of approximately \$251.7 million in sales and use tax revenue in 2005, and the exemption of items otherwise subject to specific excise taxes which had a total value of \$202.6 million in sales and use taxes. Finally, the exemption of the transactions of benevolent organizations resulted in the loss of approximately \$181.7 million in sales and use taxes in 2005.

Statutory exclusions and exemptions are problematical for several reasons: (1) their cumulative fiscal impact is large, (2) they tend to benefit only a few, (3) they are often adopted piecemeal, (3) they are rarely evaluated or repealed, and (4) public revenues increase slower than the demand for public services. In conclusion, Snell (2004) suggests that a sound state tax system should:

- Distribute burdens equitably;
- Provide appropriate and timely revenues;
- Promote economic efficiency and growth;
- Be easy to comply with and administer; and
- Ensure accountability.

In keeping, Russo (2006) recommends that tax policy guidelines should:

- Start with principles;
- Push for broader bases and lower rates;
- Strive for neutrality;
- Apply principles to the whole, not the parts;
- Listen to the advice of tax administrators;
- Acknowledge that reform involve losers; and
- Educate policymakers.



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**Appendix A**  
**Chronology of Statutory Changes in the Kansas Retailers' Sales Tax (K.S.A. 76-3603)**  
**1937 to Present**

<b>Year</b>	<b>Change</b>	<b>Nature of Exemption</b>
1937	Section (a)	Exempts sales of motor fuels and cigarettes and other items subject to sales or excise taxes.
1937	Section (b)	Exempts sales to the state of Kansas and political subdivisions except when engaged in taxable business.
1937	Section (d)	Exempts sales of tangible personal property or service used in performing public works.
1937	Section (e)	Exempts sales precluded from taxation by the constitution or laws of the U.S. government.
1947	Section (b)	Expands exemption to include sales of tangible personal property or service to educational, religious, benevolent, and charitable institutions except when engaged in taxable business.
1949	Section (d)	Exempts sales of tangible personal property, which becomes a component part of property titled to the state, a political subdivision, or an educational, religious, benevolent, or charitable institution.
1949	Section (g)	Exempts sales of aircraft, aircraft repair, and replacement parts for aircraft used in interstate or foreign commerce.
1963	Section (a)	Restricts exemption by making sales of cigarettes as defined in K.S.A. 79-3301 and malt beverages and products as defined in K.S.A. 79-3817 subject to taxation.
1963	Section (f)	Exempts purchases of tangible personal property by a railroad or public utility for consumption in interstate commerce.
1963	Section (h)	Exempts rentals of school textbooks by school boards.
1963	Section (k)	Exempts sales of an automobile or truck sold and delivered to a bona fide resident of another state, and not remaining in the state more than 10 days.
1965	Section (b)	Expands exemption to include purchases by contractors constructing improvements on behalf of exempt organizations and sales for construction and improvement of buildings for human habitation used exclusively for the purposes of exempt organization.
1965	Section (i)	Exempts lease or rental of films, records, and tapes used by motion picture exhibitors and all proceedings pending at the time of act.
1965	Section (j)	Exempts meals served without charge to employees of restaurants and other businesses that serve food to the public when employees' duties involve furnishing or selling meals or drinks.
1967	Section (b)	Expands exemption for purchases related to school buildings or school property used in school activities that charge a fee.

1970	Section (a)	Restricts exemption by making sales upon which a tax has been paid, not subject to refund.
1970	Section (b)	expands exemption to include the renting and leasing tangible property by exempt organizations and redefines exempt organizations to be the state of Kansas, political subdivisions (other than a school or education institution), or private nonprofit hospitals
1970	Section (c)	exempts sales of tangible personal property and services, including the renting and leasing of property, purchased by a public or private elementary or secondary school or public or private nonprofit educational institution and used primarily for nonsectarian
1970	Section (d)	exempts sales of tangible personal property and services purchased by a contractor for the erection, repair, or enlargement of buildings or other projects for exempt organizations, redefines exempt organizations to be political subdivisions of the state,
1970	Section (d)	Expands exemption by allowing purchases by contractor on behalf of exempt organizations.
1970	Section (f)	restricts exemption to purchases used directly and immediately in interstate commerce
1970	Section (g)	Expands exemption to include sales of remanufactured and modified aircraft.
1970	Section (h)	Exempts rentals of nonsectarian books rented by public or private elementary or secondary schools.
1970	Section (i)	Removes language concerning pending proceedings from statute.
1970	Section (k)	Expands exemption to include sales of motor vehicles and aircraft.
1970	Section (l)	Exempts isolated or occasional sales of tangible personal property, services, substances, or things, except sales of motor vehicles.
1970	Section (m)	Exempts sales of tangible personal property that becomes an ingredient or component part of tangible personal property or services produced, manufactured, or compounded for sale at retail.
1970	Section (n)	Exempts sales of tangible personal property or services consumed in the manufacturing, processing, mining, drilling, refining, or compounding of tangible personal property, the providing of services, or the irrigation of crops produced for sale at retail.
1970	Section (o)	Exempts sales of animals, fowl, and fish used in the production of food for human consumption, production of animal products, or used in production of offspring.
1971	Section (b)	Restricts exemption to exclude exempt organizations who propose to engage in taxable business.
1971	Section (c)	Specifies that exemption does not apply to erection, construction, repair, enlargement, or equipment of buildings used for human habitation.
1971	Section (e)	Exempts sales of tangible personal property and services by a contractor for improvement projects of the U.S. government that would be exempt if purchased directly by the government.
1971	Section (n)	Restricts exemption by removing the sales of services consumed in production.

1977	Section (d)	Revises certification requirement by allowing a sworn statement by contractor rather than copies of invoices.
1977	Section (e)	Changes requirements for certification of purchases.
1977	Section (g)	Expands exemption to include sales of services in remanufacture, modification, and repair of aircraft.
1977	Section (p)	Exempts sales of prescription drugs by medical practitioners as defined by K.S.A. 65-1626.
1977	Section (q)	Exempts sales of insulin.
1977	Section (r)	Exempts sales of prosthetic and orthopedic appliances prescribed by a licensed medical professional.
1977	Section (s)	Exempts sales of tangible personal property or services used in the operation and maintenance of a groundwater management district.
1978	Section (t)	Exempts sales of used farm machinery and equipment and repair and service of such equipment and machinery (exemption to expire on July 1, 1981).
1978	Section (u)	Exempts the rental of tangible personal property used as a dwelling for more than 28 consecutive days.
1978	Section (v)	Exempts sales of tangible personal property for use in preparing meals for elderly persons over 60 years of age and disabled persons.
1979	Section (w)	Exempts sales of natural gas, electricity, heat, and water delivered to residential premises for noncommercial use and delivered for agricultural use.
1979	Section (x)	Exempts sales of propane, LP gas, coal, wood, and other fuels for noncommercial heat or lighting in a residence.
1980	Section (b)	Expands exemption to include nonprofit blood banks as exempt organizations.
1980	Section (t)	Expands exemption by removing expiration date.
1980	Section (y)	Exempts sales of materials and services used in repairing, servicing, altering, maintaining, manufacturing, remanufacturing, and modifying railroad rolling stock used in interstate and foreign commerce.
1981	Section (a)	Restricts exemption by making sales of motor vehicles defined by K.S.A. 79-1017 subject to taxation.
1981	Section (d)	Restricts exemption to improvement projects paid for from general tax revenues, bond proceeds, certain gifts, or grants-in-aid and clarifies language defining improvement projects.
1981	Section (z)	Exempts sales of tangible personal property and services purchased directly by or in behalf of a port authority, as prescribed in K.S.A. 12-3418.
1982	Section (k)	Expands exemption to include sales of semi trailers and pole trailers.
1982	Section (aa)	exempts sales of materials and services applied to liquid and natural gas pipeline equipment that is brought into Kansas for repair, service, alteration, maintenance, remanufacture, or modification and subsequently transported back out of state for use in
1984	Section (b)	Revises language-precluding sales applied to business use by exempt organizations to restrict exemption of a political subdivision engaged or proposing to engage in furnishing gas, water, electricity, or heat to others.

1985	Section (bb)	Exempts sales of used mobile homes.
1986	Section (cc)	exempts sales of tangible personal property and services purchased for constructing, reconstructing, enlarging, or remodeling a qualified business facility within an enterprise zone, as defined in K.S.A. 74-50,115, and sales of machinery and equipment in
1986	Section (dd)	Exempts sales of tangible personal property purchased with food stamps issued by the U.S. Department of Agriculture.
1987	Section (t)	Expands exemption by including feedlots in the definition of farming and ranching.
1987	Section (cc)	Expands exemption to include sales of machinery and equipment purchased for installation at the facility.
1987	Section (ee)	Exempts sales of lottery tickets sold through the state of Kansas.
1987	Section (ff)	Exempts sales of mobile homes, up to 40 percent of the gross receipts, excluding trade-in allowance, from such sales.
1987	Section (gg)	Exempts sales of tangible personal property purchased with vouchers issued through the special supplemental food program for women, infants, and children.
1987	Section (hh)	Exempts sales of medical supplies and equipment, not including property used for human habitation, by a nonprofit skilled nursing home or intermediate nursing care home.
1987	Section (ii)	Exempts sales of tangible personal property, not including property used for human habitation, purchased by or on behalf of nonprofit organizations engaged in youth development, such as boy scouts, girl scouts, 4-H clubs, and boys and girls clubs.
1987	Section (jj)	exempts sales of tangible personal property or services, including renting and leasing of tangible personal property, by a community-based mental retardation facility or mental health center
1988	Section (v)	Expands exemption to include sales of food products for use in preparing meals for indigent or homeless.
1988	Section (cc)	Expands exemption to allow sales tax refunds for qualified purchases not filed timely and certified.
1988	Section (kk)	Exempts sales of machinery and equipment used directly and primarily for manufacturing, assembling, processing, finishing, storing, warehousing, distributing articles of tangible personal property intended for resale.
1988	Section (ll)	Exempts sales of educational materials purchased for distribution at no charge to the public by a nonprofit corporation organized for the purpose of improving public health and exempt from federal income tax under section 501(c) (3).
1988	Section (mm)	Exempts sales of seed, tree seedlings, fertilizers, insecticides, herbicides, germicides, pesticides, and fungicides purchased to grow plants to prevent soil erosion on land devoted to agricultural use.
1988	Section (nn)	exempts sales of services performed by an advertising agency or licensed broadcast station
1988	Section (oo)	exempts sales of tangible personal property purchased by a community action group for repairing or weatherizing housing for low income individuals



1988	Section (pp)	exempts sales of drill bits and explosives used in exploration and production of oil or gas
1988	Section (qq)	Exempts sales of tangible personal property and services purchased by a nonprofit museum or historical society, including any nonprofit organization which has the purpose of stimulating public interest in space exploration, that is exempt from federal in
1989	Section (p)	Removes "prescription only" from exemption and refers to drugs defined by K.S.A. 65-1626.
1989	Section (t)	Expands exemption to include new, as well as used, farm equipment and machinery and to include farm and ranch work for hire in the definition of farming and ranching.
1989	Section (rr)	Exempts sales of tangible personal property, including a button that will admit the purchaser to an annual event sponsored by a nonprofit organization exempt from federal income tax under section 501(c) (3).
1991	Section (bb)	Expands exemption to include manufactured homes.
1991	Section (ff)	Expands exemption to include manufactured homes.
1994	Section (o)	Expands exemption to include aquatic plants and animals.
1994	Section (t)	Expands exemption to include sales of machinery and equipment used for aquaculture and Christmas tree farming.
1994	Section (w)	Expands exemption to include sales of natural gas, electricity, heat, and water used in the severing of oil.
1994	Section (cc)	Expands exemption to include sales of any person constructing, reconstructing, enlarging, or remodeling a business facility and leasing facility to a qualified business.
1994	Section (ss)	Exempts sales of tangible personal property and services purchased by public broadcasting television and radio stations licensed by the federal communications commission.
1995	Section (n)	Expands exemption to include sales consumed in the treating by-products or wastes from production processes.
1995	Section (r)	Expands exemption to include accessories attached to motor vehicles.
1995	Section (t)	Expands exemption to include nursery operations in the definition of farming and ranching.
1995	Section (w)	expands exemption to include sales of propane gas for agricultural use and sales of natural gas, electricity, heat, and water delivered to any property exempt from property taxation by K.S.A. 79-201b Second through Sixth, generally any property used exclusively
1996	Section (tt)	Exempts sales of tangible personal property and services purchased for the construction of a Kansas Korean War memorial by a nonprofit corporation exempt from federal income tax under section 501(c) (3).
1997	Section (uu)	Exempts sales of tangible personal property and services purchased by rural volunteer fire-fighting organizations and used in the performance of their duties.
1997	Section (vv)	exempts sales of tangible personal property purchased by American Heart Association, Kansas Affiliate, Inc., Kansas Alliance for the Mentally Ill, Inc., Kansas Mental Illness Awareness Council, American Diabetes Association Kansas Affiliate, Inc., America

1997	Section (ww)	Exempts sales of tangible personal property purchased by the Habitat for Humanity for exclusive use in housing projects constructed by the organization.
1998	Section (a)	Expands exemption by excluding sales of tires taxed by K.S.A. 65-3424d and dry cleaning and laundry services taxed by K.S.A. 65-34,150.
1998	Section (b)	Expands exemption to include public hospital authority as an exempt organization.
1998	Section (d)	Expands exemption to include public hospital authority as an exempt organization.
1998	Section (g)	Expands exemption to include sales to persons directly or through an authorized agent.
1998	Section (kk)	Expands exemption by precluding the definition of machinery and equipment used for federal income tax purposes.
1998	Section (xx)	Exempts sales of tangible personal property and services purchased by or on behalf of a zoo exempt from federal income tax under section 501(c) (3).
1998	Section (yy)	Exempts purchases of tangible personal property and services by a parent-teacher association and sales of tangible personal property by or on behalf of such association.
1998	Section (zz)	Exempts sales of machinery and equipment purchased by over-the-air, free access radio or television stations and used directly and primarily in producing a broadcast signal and sales of electricity essential to producing a broadcast signal.
1998	Section (aaa)	exempts sales of tangible personal property and services used exclusively for religious purposes and purchased by a religious organization exempt under section 501 (c) (3).
1998	Section (bbb)	Exempts sales of food by 501(c) (3) exempt organizations pursuant to food distribution programs, which offer food at a price below cost in exchange for community service.
1999	Section (aaa)	Expands exemption to include sales of property and services, but not equipment or machinery, purchased by contractors making facility improvements for religious organizations.
1999	Section (ccc)	Exempts sales of tangible personal property and services purchased by primary care clinics and health centers that primarily serve the medically underserved, including purchases by contractors for improving facilities of such clinics and centers.
1999	Section (ddd)	exempts materials and services purchased in calendar year 1999 for railroad tracks and facilities used in interstate commerce by short line railroads defined Class II or III by the federal surface transportation board
1999	Section (eee)	exempts materials and services purchased in calendar year 1999 for construction, reconstruction, repair, or replacement of grain storage facilities, including railroad sidings
2000	Section (kk)	Expands exemption through expansive definitions of equipment and machinery used in manufacturing and processing.
2000	Section (eee)	Extends exemption to include calendar year 2000.
2000	Section (fff)	exempts sales of material handling equipment, racking systems, and other machinery used for handling, moving, storing property in a warehouse or distribution facility, including sales of installation, repair, and maintenance of such equipment and machinery

2000	Section (ggg)	exempts sales of tangible personal property and services purchased by or on behalf of the Kansas Academy of Science, a 501(c)3 exempt organization, and used for educational materials.
2001	Section (s)	expands exemption to include sales of tangible personal property and services used in the operation and maintenance of rural water districts and water supply districts and sales of tangible personal property and services used in construction for groundwater
2001	Section (vv)	Expands exemption to include Kansas chapters of Parkinson's disease association and National Kidney Foundation of Kansas and Western Missouri.
2003	Section (p)	Defines prescription drugs by reference to national standards of pharmacology.
2003	Section (r)	Expands exemption to include mobility enhancing equipment.
2003	Section (w)	eliminates exemption for sales of natural gas, electricity, and heat, effective after December 31, 2005
2003	Section (x)	Restricts exemption to sales that occur prior to Jan. 1, 2006.
2003	Section (hh)	Expands exemption to include durable medical equipment including repair and replacement parts for such equipment.
2004	Section (r)	Expands exemption to include sales of hearing aids and replacement parts for hearing aids.
2004	Section (s)	Restricts exemption by requiring districts to either pay a clean drinking water fee, as provided in KSA 82a-2101, or lose exemption from sales taxes.
2004	Section (v)	Expands exemption to include sales of tangible personal property, not just food products.
2004	Section (jj)	expands exemption to include sales of tangible personal property and services purchased by contractors from July 2003 to June 2004 for constructing, equipping, maintaining, or furnishing a community mental health or retardation facility in Riverton
2004	Section (vv)	Expands exemption to include the heartstrings community foundation, Cystic Fibrosis Foundation, Heart of America Chapter, and spina bifida association of Kansas.
2004	Section (hhh)	Exempts sales of tangible personal property and services purchased by or on behalf of domestic violence shelters that are member agencies of the Kansas coalition against sexual and domestic violence.
2005	Section (r)	Expands exemption to include repair of hearing aids.

## Appendix B Value of Sales and Use Tax Exemptions

Fiscal Year	1938	1939	1940	1941	1942	1943
<b>Tax Rate</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Sales Taxes</b>	\$ 9,954,343	\$ 9,473,799	\$ 9,635,135	\$ 10,663,074	\$ 12,478,616	\$ 14,055,298
<b>Use Taxes</b>	332,366	253,800	444,466	526,298	631,506	497,834
<b>Total Actual Taxes</b>	\$ 10,286,709	\$ 9,727,599	\$ 10,079,601	\$ 11,189,372	\$ 13,110,122	\$ 14,553,132
<b>Exemptions</b>						
3602(e)	-	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	1,746	1,651	1,711	1,900	2,226	2,471
3603(e)-Triennial Events	-	-	-	-	-	-
3603(f)-Laudromats	-	-	-	-	-	-
3603(g)-Government Payments	-	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-	-
3603(p)-Construction Labor Services	-	-	-	-	-	-
3603(q)-Custom Computer Software	-	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	637,741	603,078	624,901	693,703	812,783	902,244
3606(b)-Purchases by Government and Non-Profits	1,316,107	1,244,573	1,289,609	1,431,596	1,677,341	1,861,963
3606(c)-Educational Institutions	-	-	-	-	-	-
3606(d)-Contractor Projects	446,095	421,849	437,114	485,240	568,536	631,113
3606(e)-Government Contractor Projects	26,519	25,077	25,985	28,846	33,797	37,517
3606(f)-Railroad and Public Utility Purchases	-	-	-	-	-	-
3606(g)-Aircraft Manufacturing and Services	-	-	-	-	-	-
3606(h)-Nonsectarian Textbooks	-	-	-	-	-	-
3606(i)-Motion Picture Exhibitors	-	-	-	-	-	-
3606(j)-Employee Meals	-	-	-	-	-	-
3606(k)-Non-resident Vehicle Purchases	-	-	-	-	-	-
3606(l)-Isolated Sales	-	-	-	-	-	-
3606(m)-Component Exemption	-	-	-	-	-	-
3606(n)-Consumed Production Items	-	-	-	-	-	-
3606(o)-Livestock	-	-	-	-	-	-
3606(p)-Prescription Drugs	-	-	-	-	-	-
3606(q)-Insulin	-	-	-	-	-	-
3606(r)-Doctor Prescribed Items	-	-	-	-	-	-
3606(s)-Groundwater Districts	-	-	-	-	-	-
3606(t)-Farm Equipment and Machinery	-	-	-	-	-	-
3606(u)-Mobile Homes	-	-	-	-	-	-
3606(v)-Food Providing Entities	-	-	-	-	-	-
3606(w)-Residential and Agricultural Utilities	-	-	-	-	-	-
3606(x)-Alternative Fuel Sources	-	-	-	-	-	-
3606(y)-Railroad Rolling Stock	-	-	-	-	-	-
3606(z)-Port Authority	-	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-	-
<b>Value of Exemptions</b>	2,428,207	2,296,228	2,379,319	2,641,284	3,094,682	3,435,309
<b>Theoretical Taxes</b>	12,714,916	12,023,827	12,458,920	13,830,656	16,204,804	17,988,441

Fiscal Year	1944	1945	1946	1947	1948	1949
Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Sales Taxes	\$ 15,576,072	\$ 17,726,887	\$ 20,445,131	\$ 26,259,278	\$ 31,468,379	\$ 34,051,313
Use Taxes	711,930	637,506	1,501,720	2,548,744	4,171,423	4,541,765
<b>Total Actual Taxes</b>	<b>\$ 16,288,002</b>	<b>\$ 18,364,393</b>	<b>\$ 21,946,851</b>	<b>\$ 28,808,022</b>	<b>\$ 35,639,802</b>	<b>\$ 38,593,078</b>
<b>Exemptions</b>						
3602(e)	-	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	2,765	3,118	3,726	4,891	6,050	6,552
3603(e)-Triennial Events	-	-	-	-	-	-
3603(f)-Laudromats	-	-	-	-	-	-
3603(g)-Government Payments	-	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-	-
3603(p)-Construction Labor Services	-	-	-	-	-	-
3603(q)-Custom Computer Software	-	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	1,009,800	1,138,529	1,360,630	1,785,999	2,209,546	2,392,639
3606(b)-Purchases by Government and Non-Profits	2,083,927	2,349,585	2,807,934	3,685,769	4,559,843	4,937,693
3606(c)-Educational Institutions	-	-	-	-	-	-
3606(d)-Contractor Projects	706,348	796,393	951,751	1,249,293	1,545,561	1,673,634
3606(e)-Government Contractor Projects	41,990	47,343	56,578	74,266	91,878	99,491
3606(f)-Railroad and Public Utility Purchases	-	-	-	-	-	-
3606(g)-Aircraft Manufacturing and Services	-	-	-	-	-	-
3606(h)-Nonsectarian Textbooks	-	-	-	-	-	-
3606(i)-Motion Picture Exhibitors	-	-	-	-	-	-
3606(j)-Employee Meals	-	-	-	-	-	-
3606(k)-Non-resident Vehicle Purchases	-	-	-	-	-	-
3606(l)-Isolated Sales	-	-	-	-	-	-
3606(m)-Component Exemption	-	-	-	-	-	-
3606(n)-Consumed Production Items	-	-	-	-	-	-
3606(o)-Livestock	-	-	-	-	-	-
3606(p)-Prescription Drugs	-	-	-	-	-	-
3606(q)-Insulin	-	-	-	-	-	-
3606(r)-Doctor Prescribed Items	-	-	-	-	-	-
3606(s)-Groundwater Districts	-	-	-	-	-	-
3606(t)-Farm Equipment and Machinery	-	-	-	-	-	-
3606(u)-Mobile Homes	-	-	-	-	-	-
3606(v)-Food Providing Entities	-	-	-	-	-	-
3606(w)-Residential and Agricultural Utilities	-	-	-	-	-	-
3606(x)-Alternative Fuel Sources	-	-	-	-	-	-
3606(y)-Railroad Rolling Stock	-	-	-	-	-	-
3606(z)-Port Authority	-	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-	-
Value of Exemptions	3,844,830	4,334,968	5,180,618	6,800,217	8,412,878	9,110,008
<b>Theoretical Taxes</b>	<b>20,132,832</b>	<b>22,699,361</b>	<b>27,127,469</b>	<b>35,608,239</b>	<b>44,052,680</b>	<b>47,703,086</b>

Fiscal Year	1950	1951	1952	1953	1954
<b>Tax Rate</b>	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Sales Taxes</b>	\$ 32,779,970	\$ 37,427,437	\$ 38,845,064	\$ 40,944,377	\$ 40,624,220
<b>Use Taxes</b>	4,650,360	5,540,808	5,839,000	6,112,517	6,051,375
<b>Total Actual Taxes</b>	\$ 37,430,330	\$ 42,968,245	\$ 44,684,064	\$ 47,056,894	\$ 46,675,595
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	6,354	7,295	7,586	7,989	7,924
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	-	-	-	-	-
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	-	-	-	-	-
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	2,320,552	2,663,884	2,770,259	2,917,366	2,893,727
3606(b)-Purchases by Government and Non-Profits	4,788,928	5,497,462	5,716,988	6,020,574	5,971,790
3606(c)-Educational Institutions	-	-	-	-	-
3606(d)-Contractor Projects	1,623,210	1,863,368	1,937,776	2,040,677	2,024,141
3606(e)-Government Contractor Projects	96,494	110,770	115,193	121,310	120,327
3606(f)-Railroad and Public Utility Purchases	-	-	-	-	-
3606(g)-Aircraft Manufacturing and Services	16,310	18,723	19,470	20,504	20,338
3606(h)-Nonsectarian Textbooks	-	-	-	-	-
3606(i)-Motion Picture Exhibitors	-	-	-	-	-
3606(j)-Employee Meals	-	-	-	-	-
3606(k)-Non-resident Vehicle Purchases	-	-	-	-	-
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	-	-	-	-	-
3606(n)-Consumed Production Items	-	-	-	-	-
3606(o)-Livestock	-	-	-	-	-
3606(p)-Prescription Drugs	-	-	-	-	-
3606(q)-Insulin	-	-	-	-	-
3606(r)-Doctor Prescribed Items	-	-	-	-	-
3606(s)-Groundwater Districts	-	-	-	-	-
3606(t)-Farm Equipment and Machinery	-	-	-	-	-
3606(u)-Mobile Homes	-	-	-	-	-
3606(v)-Food Providing Entities	-	-	-	-	-
3606(w)-Residential and Agricultural Utilities	-	-	-	-	-
3606(x)-Alternative Fuel Sources	-	-	-	-	-
3606(y)-Railroad Rolling Stock	-	-	-	-	-
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
<b>Value of Exemptions</b>	8,851,847	10,161,501	10,567,273	11,128,420	11,038,248
<b>Theoretical Taxes</b>	46,282,177	53,129,746	55,251,337	58,185,314	57,713,843

Fiscal Year	1955	1956	1957	1958	1959
Tax Rate	2.00%	2.00%	2.00%	2.00%	2.50%
Sales Taxes	\$ 43,833,867	\$ 44,813,557	\$ 44,731,891	\$ 47,841,764	\$ 63,421,976
Use Taxes	6,668,582	6,771,542	6,536,625	6,408,237	8,600,033
Total Actual Taxes	\$ 50,502,449	\$ 51,585,099	\$ 51,268,516	\$ 54,250,001	\$ 72,022,009
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	8,574	8,757	8,704	9,210	12,227
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	-	-	-	-	-
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	-	-	-	-	-
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	3,130,979	3,198,099	3,178,472	3,363,314	4,465,118
3606(b)-Purchases by Government and Non-Profits	6,461,407	6,599,923	6,559,419	6,940,878	9,214,672
3606(c)-Educational Institutions	-	-	-	-	-
3606(d)-Contractor Projects	2,190,097	2,237,048	2,223,319	2,352,614	3,123,318
3606(e)-Government Contractor Projects	130,193	132,984	132,168	139,854	185,669
3606(f)-Railroad and Public Utility Purchases	-	-	-	-	-
3606(g)-Aircraft Manufacturing and Services	22,006	22,478	22,340	23,639	31,383
3606(h)-Nonsectarian Textbooks	-	-	-	-	-
3606(i)-Motion Picture Exhibitors	-	-	-	-	-
3606(j)-Employee Meals	-	-	-	-	-
3606(k)-Non-resident Vehicle Purchases	-	-	-	-	-
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	-	-	-	-	-
3606(n)-Consumed Production Items	-	-	-	-	-
3606(o)-Livestock	-	-	-	-	-
3606(p)-Prescription Drugs	-	-	-	-	-
3606(q)-Insulin	-	-	-	-	-
3606(r)-Doctor Prescribed Items	-	-	-	-	-
3606(s)-Groundwater Districts	-	-	-	-	-
3606(t)-Farm Equipment and Machinery	-	-	-	-	-
3606(u)-Mobile Homes	-	-	-	-	-
3606(v)-Food Providing Entities	-	-	-	-	-
3606(w)-Residential and Agricultural Utilities	-	-	-	-	-
3606(x)-Alternative Fuel Sources	-	-	-	-	-
3606(y)-Railroad Rolling Stock	-	-	-	-	-
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
Value of Exemptions	11,943,255	12,199,289	12,124,421	12,829,508	17,032,386
Theoretical Taxes	62,445,704	63,784,388	63,392,937	67,079,509	89,054,395

Fiscal Year	1960	1961	1962	1963	1964
Tax Rate	2.50%	2.50%	2.50%	2.50%	2.50%
Sales Taxes	\$ 64,503,026	\$ 66,146,562	\$ 70,552,544	\$ 73,899,456	\$ 76,057,484
Use Taxes	8,845,960	9,681,545	9,212,638	10,433,771	10,083,000
Total Actual Taxes	\$ 73,348,986	\$ 75,828,107	\$ 79,765,182	\$ 84,333,227	\$ 86,140,484
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	12,452	12,873	13,542	14,317	14,624
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	-	-	-	-	-
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	-	-	-	-	-
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	4,547,386	4,701,083	4,945,168	5,228,371	5,340,415
3606(b)-Purchases by Government and Non-Profits	9,384,448	9,701,633	10,205,352	10,789,799	11,021,024
3606(c)-Educational Institutions	-	-	-	-	-
3606(d)-Contractor Projects	3,180,864	3,288,374	3,459,110	3,657,208	3,735,582
3606(e)-Government Contractor Projects	189,090	195,481	205,631	217,407	222,066
3606(f)-Railroad and Public Utility Purchases	-	-	-	-	557,873
3606(g)-Aircraft Manufacturing and Services	31,961	33,041	34,757	36,747	37,535
3606(h)-Nonsectarian Textbooks	-	-	-	-	83,410
3606(i)-Motion Picture Exhibitors	-	-	-	-	-
3606(j)-Employee Meals	-	-	-	-	-
3606(k)-Non-resident Vehicle Purchases	-	-	-	-	605,428
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	-	-	-	-	-
3606(n)-Consumed Production Items	-	-	-	-	-
3606(o)-Livestock	-	-	-	-	-
3606(p)-Prescription Drugs	-	-	-	-	-
3606(q)-Insulin	-	-	-	-	-
3606(r)-Doctor Prescribed Items	-	-	-	-	-
3606(s)-Groundwater Districts	-	-	-	-	-
3606(t)-Farm Equipment and Machinery	-	-	-	-	-
3606(u)-Mobile Homes	-	-	-	-	-
3606(v)-Food Providing Entities	-	-	-	-	-
3606(w)-Residential and Agricultural Utilities	-	-	-	-	-
3606(x)-Alternative Fuel Sources	-	-	-	-	-
3606(y)-Railroad Rolling Stock	-	-	-	-	-
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
Value of Exemptions	17,346,201	17,932,485	18,863,559	19,943,849	21,617,956
Theoretical Taxes	90,695,187	93,760,592	98,628,741	104,277,076	107,758,440



Fiscal Year	1965	1966	1967	1968	1969
Tax Rate	2.50%	3.00%	3.00%	3.00%	3.00%
Sales Taxes	\$ 79,559,034	\$ 99,312,280	\$ 103,051,654	\$ 109,308,978	\$ 119,060,960
Use Taxes	11,149,471	14,087,527	15,057,839	17,241,228	18,261,660
<b>Total Actual Taxes</b>	<b>\$ 90,708,505</b>	<b>\$ 113,399,807</b>	<b>\$ 118,109,493</b>	<b>\$ 126,550,206</b>	<b>\$ 137,322,620</b>
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	15,399	19,252	20,051	21,484	23,313
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	-	-	-	-	-
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	-	-	-	-	-
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	5,623,616	7,030,399	7,322,384	7,845,679	8,513,532
3606(b)-Purchases by Government and Non-Profits	11,605,467	14,508,648	15,111,217	16,191,142	17,569,391
3606(c)-Educational Institutions	-	-	-	-	-
3606(d)-Contractor Projects	3,933,880	4,917,714	5,121,955	5,487,997	5,955,155
3606(e)-Government Contractor Projects	233,842	292,339	304,480	326,240	354,011
3606(f)-Railroad and Public Utility Purchases	587,457	734,413	764,914	819,579	889,345
3606(g)-Aircraft Manufacturing and Services	39,525	49,412	51,465	55,143	59,836
3606(h)-Nonsectarian Textbooks	87,833	109,805	114,366	122,539	132,970
3606(i)-Motion Picture Exhibitors	-	276,724	288,217	308,814	335,102
3606(j)-Employee Meals	-	185,386	193,085	206,884	224,495
3606(k)-Non-resident Vehicle Purchases	637,533	797,016	830,118	889,442	965,155
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	-	-	-	-	-
3606(n)-Consumed Production Items	-	-	-	-	-
3606(o)-Livestock	-	-	-	-	-
3606(p)-Prescription Drugs	-	-	-	-	-
3606(q)-Insulin	-	-	-	-	-
3606(r)-Doctor Prescribed Items	-	-	-	-	-
3606(s)-Groundwater Districts	-	-	-	-	-
3606(t)-Farm Equipment and Machinery	-	-	-	-	-
3606(u)-Mobile Homes	-	-	-	-	-
3606(v)-Food Providing Entities	-	-	-	-	-
3606(w)-Residential and Agricultural Utilities	-	-	-	-	-
3606(x)-Alternative Fuel Sources	-	-	-	-	-
3606(y)-Railroad Rolling Stock	-	-	-	-	-
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
<b>Value of Exemptions</b>	<b>22,764,354</b>	<b>28,921,109</b>	<b>30,122,252</b>	<b>32,274,943</b>	<b>35,022,304</b>
<b>Theoretical Taxes</b>	<b>113,472,859</b>	<b>142,320,916</b>	<b>148,231,745</b>	<b>158,825,149</b>	<b>172,344,924</b>

Fiscal Year	1970	1971	1972	1973	1974
Tax Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Sales Taxes	\$ 127,203,314	\$ 139,149,000	\$ 159,092,000	\$ 177,835,000	\$ 208,091,000
Use Taxes	18,153,021	19,244,000	20,396,000	21,759,000	26,551,000
<b>Total Actual Taxes</b>	<b>\$ 145,356,335</b>	<b>\$ 158,393,000</b>	<b>\$ 179,488,000</b>	<b>\$ 199,594,000</b>	<b>\$ 234,642,000</b>
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	24,677	26,890	30,471	33,885	39,835
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	-	-	27,424	30,496	35,851
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	-	3,298,504	3,737,804	4,156,508	4,886,376
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	9,011,595	9,819,823	11,127,641	12,374,144	14,547,000
3606(b)-Purchases by Government and Non-Profits	18,597,244	20,265,187	22,964,133	25,536,543	30,020,670
3606(c)-Educational Institutions	-	3,628,355	4,111,584	4,572,158	5,375,013
3606(d)-Contractor Projects	6,303,546	6,868,897	7,783,706	8,655,626	10,175,523
3606(e)-Government Contractor Projects	374,721	408,329	462,711	514,544	604,896
3606(f)-Railroad and Public Utility Purchases	941,373	1,025,803	1,162,421	1,292,634	1,519,616
3606(g)-Aircraft Manufacturing and Services	63,337	69,018	78,209	86,970	102,242
3606(h)-Nonsectarian Textbooks	140,749	153,372	173,799	193,268	227,205
3606(i)-Motion Picture Exhibitors	354,706	386,519	437,996	487,059	572,585
3606(j)-Employee Meals	237,628	258,941	293,427	326,296	383,592
3606(k)-Non-resident Vehicle Purchases	1,021,619	1,113,245	1,261,509	1,402,821	1,649,152
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	-	148,472,539	168,246,318	187,093,040	219,945,916
3606(n)-Consumed Production Items	-	19,480,298	22,074,711	24,547,490	28,857,943
3606(o)-Livestock	-	10,556,808	11,962,778	13,302,832	15,638,762
3606(p)-Prescription Drugs	-	-	-	-	-
3606(q)-Insulin	-	-	-	-	-
3606(r)-Doctor Prescribed Items	-	-	-	-	-
3606(s)-Groundwater Districts	-	-	-	-	-
3606(t)-Farm Equipment and Machinery	-	-	-	-	-
3606(u)-Mobile Homes	-	-	-	-	-
3606(v)-Food Providing Entities	-	-	-	-	-
3606(w)-Residential and Agricultural Utilities	-	-	-	-	-
3606(x)-Alternative Fuel Sources	-	-	-	-	-
3606(y)-Railroad Rolling Stock	-	-	-	-	-
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
Value of Exemptions	37,071,196	225,832,528	255,936,642	284,606,315	334,582,176
Theoretical Taxes	182,427,531	384,225,528	435,424,642	484,200,315	569,224,176

Fiscal Year	1975	1976	1977	1978	1979
Tax Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Sales Taxes	\$ 230,437,327	\$ 265,167,087	\$ 286,337,751	\$ 304,819,197	\$ 345,607,134
Use Taxes	33,088,454	34,887,259	39,912,879	43,959,059	53,491,837
<b>Total Actual Taxes</b>	<b>\$ 263,525,781</b>	<b>\$ 300,054,346</b>	<b>\$ 326,250,630</b>	<b>\$ 348,778,256</b>	<b>\$ 399,098,971</b>
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	44,738	50,939	55,387	59,211	67,754
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	40,264	45,846	49,848	53,290	60,979
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	5,487,875	6,248,575	6,794,108	7,263,242	8,311,161
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	16,337,895	18,602,341	20,226,421	21,623,057	24,742,768
3606(b)-Purchases by Government and Non-Profits	33,716,132	38,389,685	41,741,302	44,623,541	51,061,696
3606(c)-Educational Institutions	6,036,662	6,873,433	7,473,519	7,989,566	9,142,277
3606(d)-Contractor Projects	11,428,102	13,012,206	14,148,238	15,125,175	17,307,391
3606(e)-Government Contractor Projects	679,356	773,525	841,058	899,133	1,028,858
3606(f)-Railroad and Public Utility Purchases	1,706,676	1,943,247	2,112,902	2,258,798	2,584,691
3606(g)-Aircraft Manufacturing and Services	114,828	130,745	142,159	151,975	173,902
3606(h)-Nonsectarian Textbooks	255,173	290,544	315,910	337,723	386,449
3606(i)-Motion Picture Exhibitors	643,069	732,208	796,133	851,106	973,901
3606(j)-Employee Meals	430,811	490,528	533,354	570,182	652,446
3606(k)-Non-resident Vehicle Purchases	1,852,158	2,108,894	2,293,011	2,451,344	2,805,017
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	247,020,650	281,261,360	305,816,920	326,933,597	374,102,628
3606(n)-Consumed Production Items	32,410,276	36,902,819	40,124,624	42,895,232	49,084,031
3606(o)-Livestock	17,563,851	19,998,460	21,744,428	23,245,882	26,599,731
3606(p)-Prescription Drugs	-	-	-	7,116,310	8,143,031
3606(q)-Insulin	-	-	-	78,948	90,339
3606(r)-Doctor Prescribed Items	-	-	-	1,089,486	1,246,674
3606(s)-Groundwater Districts	-	-	-	6,140	7,026
3606(t)-Farm Equipment and Machinery	-	-	-	-	12,050,180
3606(u)-Mobile Homes	-	-	-	-	121,204
3606(v)-Food Providing Entities	-	-	-	-	138,017
3606(w)-Residentia and Agricultural Utilities	-	-	-	-	-
3606(x)-Alternative Fuel Sources	-	-	-	-	-
3606(y)-Railroad Rolling Stock	-	-	-	-	-
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
<b>Value of Exemptions</b>	<b>375,768,316</b>	<b>427,855,354</b>	<b>465,209,322</b>	<b>505,622,939</b>	<b>590,882,152</b>
<b>Theoretical Taxes</b>	<b>639,294,097</b>	<b>727,909,700</b>	<b>791,459,952</b>	<b>854,401,195</b>	<b>989,981,123</b>

Fiscal Year	1980	1981	1982	1983	1984
Tax Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Sales Taxes	\$ 360,724,364	\$ 388,972,639	\$ 407,616,573	\$ 441,140,503	\$ 458,547,255
Use Taxes	57,671,639	60,239,963	63,144,853	57,815,454	60,359,604
<b>Total Actual Taxes</b>	<b>\$ 418,396,003</b>	<b>\$ 449,212,602</b>	<b>\$ 470,761,426</b>	<b>\$ 498,955,957</b>	<b>\$ 518,906,859</b>
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	71,030	76,262	79,920	84,707	88,094
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	63,927	68,636	71,928	76,236	79,284
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	8,713,018	9,354,768	9,803,518	10,390,664	10,806,138
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	-
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	25,939,118	27,849,642	29,185,595	30,933,559	32,170,447
3606(b)-Purchases by Government and Non-Profits	53,530,606	57,473,357	60,230,366	63,837,643	66,390,210
3606(c)-Educational Institutions	9,584,320	10,290,245	10,783,870	11,429,731	11,886,752
3606(d)-Contractor Projects	18,144,229	19,480,627	20,415,116	21,637,805	22,502,999
3606(e)-Government Contractor Projects	1,078,604	1,158,048	1,213,600	1,286,284	1,337,716
3606(f)-Railroad and Public Utility Purchases	2,709,664	2,909,242	3,048,799	3,231,396	3,360,604
3606(g)-Aircraft Manufacturing and Services	182,310	195,738	205,128	217,413	226,107
3606(h)-Nonsectarian Textbooks	405,134	434,974	455,840	483,141	502,459
3606(i)-Motion Picture Exhibitors	1,020,991	1,096,191	1,148,776	1,217,578	1,266,263
3606(j)-Employee Meals	683,993	734,372	769,600	815,692	848,308
3606(k)-Non-resident Vehicle Purchases	2,940,644	3,157,234	3,308,687	3,506,849	3,647,072
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	392,191,049	421,077,545	441,276,724	467,705,377	486,406,715
3606(n)-Consumed Production Items	51,457,318	55,247,362	57,897,590	61,365,154	63,818,858
3606(o)-Livestock	27,885,867	29,939,777	31,375,995	33,255,145	34,584,862
3606(p)-Prescription Drugs	8,536,758	9,165,526	9,605,198	10,180,467	10,587,535
3606(q)-Insulin	94,707	101,682	106,560	112,942	117,458
3606(r)-Doctor Prescribed Items	1,306,953	1,403,215	1,470,528	1,558,600	1,620,921
3606(s)-Groundwater Districts	7,366	7,909	8,288	8,784	9,136
3606(t)-Farm Equipment and Machinery	12,632,824	13,563,284	14,213,918	15,065,208	15,667,595
3606(u)-Mobile Homes	127,065	136,424	142,968	151,531	157,590
3606(v)-Food Providing Entities	144,691	155,348	162,800	172,550	179,450
3606(w)-Residential and Agricultural Utilities	24,941,015	26,778,024	28,062,571	29,743,276	30,932,570
3606(x)-Alternative Fuel Sources	1,742,604	1,870,954	1,960,704	2,078,133	2,161,228
3606(y)-Railroad Rolling Stock	-	175,402	183,816	194,825	202,615
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	-	-	-	-	-
3606(cc)-Enterprise Zones	-	-	-	-	-
3606(dd)-Food Stamp Purchases	-	-	-	-	-
3606(ee)-Lottery Tickets	-	-	-	-	-
3606(ff)-40% of Mobile Homes	-	-	-	-	-
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	-	-
3606(ii)-Girl Scout Cookies	-	-	-	-	-
3606(jj)-Mental Health Facilities	-	-	-	-	-
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	-
3606(ll)-Educational Materials	-	-	-	-	-
3606(mm)-Land Erosion Materials	-	-	-	-	-
3606(nn)-Ad and Broadcast Stations	-	-	-	-	-
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	-
3606(qq)-Nonprofit Museum Services	-	-	-	-	-
3606(rr)-Nonprofit Annual Events	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
Value of Exemptions	646,135,806	693,901,787	727,188,403	770,740,689	801,558,984
Theoretical Taxes	1,064,531,809	1,143,114,389	1,197,949,829	1,269,696,646	1,320,465,843

Fiscal Year	1985	1986	1987	1988	1989
Tax Rate	3.00%	3.00%	4.00%	4.00%	4.00%
Sales Taxes	\$ 478,770,378	\$ 489,591,676	\$ 637,608,160	\$ 682,869,793	\$ 708,822,880
Use Taxes	68,163,142	71,126,399	89,369,646	92,761,391	97,406,394
<b>Total Actual Taxes</b>	<b>\$ 546,933,520</b>	<b>\$ 560,718,075</b>	<b>\$ 726,977,806</b>	<b>\$ 775,631,184</b>	<b>\$ 806,229,274</b>
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	92,852	95,192	123,417	131,677	136,872
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	83,566	85,673	111,075	118,509	123,184
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	11,389,788	11,676,849	15,139,176	16,152,374	16,789,573
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	-	-	-	-	7,240,503
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	33,908,004	34,762,599	45,070,132	48,086,475	49,983,452
3606(b)-Purchases by Government and Non-Profits	69,976,009	71,739,639	93,011,315	99,236,146	103,150,941
3606(c)-Educational Institutions	12,528,767	12,844,534	16,653,094	17,767,611	18,468,531
3606(d)-Contractor Projects	23,718,408	24,316,191	31,526,238	33,636,148	34,963,070
3606(e)-Government Contractor Projects	1,409,968	1,445,504	1,874,113	1,999,539	2,078,419
3606(f)-Railroad and Public Utility Purchases	3,542,114	3,631,387	4,708,138	5,023,232	5,221,395
3606(g)-Aircraft Manufacturing and Services	238,319	244,325	316,771	337,971	351,304
3606(h)-Nonsectarian Textbooks	529,598	542,945	703,935	751,046	780,675
3606(i)-Motion Picture Exhibitors	1,334,655	1,368,293	1,774,008	1,892,734	1,967,401
3606(j)-Employee Meals	894,126	916,661	1,188,462	1,268,000	1,318,022
3606(k)-Non-resident Vehicle Purchases	3,844,053	3,940,936	5,109,472	5,451,426	5,666,481
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	512,678,012	525,599,214	681,445,775	727,051,898	755,733,570
3606(n)-Consumed Production Items	67,265,776	68,961,099	89,408,904	95,392,642	99,155,813
3606(o)-Livestock	36,452,824	37,371,557	48,452,678	51,695,399	53,734,745
3606(p)-Prescription Drugs	11,159,379	11,440,632	14,832,919	15,825,620	16,449,929
3606(q)-Insulin	123,802	126,922	164,556	175,569	182,495
3606(r)-Doctor Prescribed Items	1,708,468	1,751,527	2,270,876	2,422,856	2,518,436
3606(s)-Groundwater Districts	9,629	9,872	12,799	13,655	14,194
3606(t)-Farm Equipment and Machinery	16,513,817	16,930,020	21,949,977	23,418,991	24,342,854
3606(u)-Mobile Homes	166,101	170,287	220,780	235,555	244,848
3606(v)-Food Providing Entities	189,142	193,909	251,405	268,231	278,812
3606(w)-Residential and Agricultural Utilities	32,603,268	33,424,979	43,335,892	46,236,170	48,060,153
3606(x)-Alternative Fuel Sources	2,277,958	2,335,370	3,027,835	3,230,475	3,357,915
3606(y)-Railroad Rolling Stock	213,559	218,941	283,860	302,857	314,804
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	-	1,036,532	1,343,876	1,433,816	1,490,379
3606(cc)-Enterprise Zones	-	-	20,617,529	21,997,368	22,865,148
3606(dd)-Food Stamp Purchases	-	-	1,987,017	2,119,999	2,203,631
3606(ee)-Lottery Tickets	-	-	-	4,755,001	4,942,583
3606(ff)-40% of Mobile Homes	-	-	-	1,161,196	1,207,004
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	-	-	-	336,508	349,783
3606(ii)-Girl Scout Cookies	-	-	-	849,560	883,075
3606(jj)-Mental Health Facilities	-	-	-	780,308	811,090
3606(kk)-Manufacturing and Processing Facilities	-	-	-	-	38,930,823
3606(ll)-Educational Materials	-	-	-	-	27,374
3606(mm)-Land Erosion Materials	-	-	-	-	321,395
3606(nn)-Ad and Broadcast Stations	-	-	-	-	1,416,874
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	-	-	-	-	135,351
3606(qq)-Nonprofit Museum Services	-	-	-	-	132,816
3606(rr)-Nonprofit Annual Events	-	-	-	-	-
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
<b>Value of Exemptions</b>	<b>844,851,959</b>	<b>867,181,588</b>	<b>1,146,916,024</b>	<b>1,231,556,565</b>	<b>1,328,345,718</b>
<b>Theoretical Taxes</b>	<b>1,391,785,479</b>	<b>1,427,899,663</b>	<b>1,873,893,830</b>	<b>2,007,187,749</b>	<b>2,134,574,992</b>

Fiscal Year	1990	1991	1992	1993	1994
Tax Rate	4.25%	4.25%	4.25%	4.90%	4.90%
Sales Taxes	\$ 731,710,703	\$ 762,926,042	\$ 801,200,277	\$ 1,014,515,192	\$ 1,103,937,308
Use Taxes	94,245,313	101,439,428	100,615,914	116,134,400	132,330,307
<b>Total Actual Taxes</b>	<b>\$ 825,956,016</b>	<b>\$ 864,365,470</b>	<b>\$ 901,816,191</b>	<b>\$ 1,130,649,592</b>	<b>\$ 1,236,267,615</b>
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	140,220	146,741	153,099	191,948	209,878
3603(e)-Triennial Events	-	-	-	-	-
3603(f)-Laudromats	126,198	132,067	137,789	172,753	188,890
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	-	-	-	-	-
3603(n)-Humanitarian Service Dues	-	-	-	-	-
3603(o)-Family and Corporate Transfers	-	-	-	-	-
3603(p)-Construction Labor Services	17,200,379	18,000,249	18,780,153	23,545,565	25,745,041
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	7,417,663	7,762,607	8,098,941	10,154,025	11,102,549
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	51,206,442	53,587,697	55,909,513	70,096,400	76,644,355
3606(b)-Purchases by Government and Non-Profits	105,674,828	110,589,028	115,380,564	144,658,068	158,171,096
3606(c)-Educational Institutions	18,920,417	19,800,274	20,658,168	25,900,122	28,319,545
3606(d)-Contractor Projects	35,818,543	37,484,213	39,108,307	49,031,934	53,612,182
3606(e)-Government Contractor Projects	2,129,274	2,228,292	2,324,838	2,914,759	3,187,037
3606(f)-Railroad and Public Utility Purchases	5,349,152	5,597,903	5,840,446	7,322,443	8,006,459
3606(g)-Aircraft Manufacturing and Services	359,899	376,636	392,954	492,665	538,687
3606(h)-Nonsectarian Textbooks	799,776	836,968	873,232	1,094,812	1,197,082
3606(i)-Motion Picture Exhibitors	2,015,540	2,109,268	2,200,657	2,759,068	3,016,803
3606(j)-Employee Meals	1,350,271	1,413,063	1,474,287	1,848,384	2,021,048
3606(k)-Non-resident Vehicle Purchases	5,805,128	6,075,084	6,338,302	7,946,628	8,688,951
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	774,224,788	810,228,583	845,333,693	1,059,834,814	1,158,837,775
3606(n)-Consumed Production Items	101,581,948	106,305,816	110,911,772	139,055,332	152,044,988
3606(o)-Livestock	55,049,522	57,609,491	60,105,562	75,357,184	82,396,568
3606(p)-Prescription Drugs	16,852,424	17,636,113	18,400,240	23,069,251	25,224,232
3606(q)-Insulin	186,961	195,655	204,132	255,930	279,837
3606(r)-Doctor Prescribed Items	2,580,057	2,700,037	2,817,023	3,531,835	3,861,756
3606(s)-Groundwater Districts	14,541	15,218	15,877	19,906	21,765
3606(t)-Farm Equipment and Machinery	24,938,472	26,098,187	27,228,954	34,138,226	37,327,200
3606(u)-Mobile Homes	250,839	262,504	273,877	343,373	375,449
3606(v)-Food Providing Entities	285,634	298,917	311,868	391,004	427,529
3606(w)-Residential and Agricultural Utilities	49,236,085	51,525,712	53,758,188	67,399,181	73,695,180
3606(x)-Alternative Fuel Sources	3,440,076	3,600,050	3,756,031	4,709,113	5,149,008
3606(y)-Railroad Rolling Stock	322,507	337,505	352,128	441,479	482,720
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	1,526,845	1,597,848	1,667,079	2,090,095	2,285,339
3606(cc)-Enterprise Zones	23,424,610	24,513,926	25,576,051	32,065,904	35,061,294
3606(dd)-Food Stamp Purchases	2,257,550	2,362,533	2,464,895	3,090,355	3,379,037
3606(ee)-Lottery Tickets	5,063,517	5,298,986	5,528,578	6,931,439	7,578,930
3606(ff)-40% of Mobile Homes	1,236,537	1,294,040	1,350,107	1,692,693	1,850,813
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	358,341	375,005	391,253	490,533	536,355
3606(ii)-Girl Scout Cookies	904,682	946,752	987,773	1,238,417	1,354,102
3606(jj)-Mental Health Facilities	830,936	869,577	907,254	1,137,467	1,243,722
3606(kk)-Manufacturing and Processing Facilities	39,883,379	41,738,077	43,546,479	54,596,280	59,696,314
3606(ll)-Educational Materials	28,044	29,348	30,620	38,390	41,976
3606(mm)-Land Erosion Materials	329,258	344,570	359,499	450,721	492,825
3606(nn)-Ad and Broadcast Stations	1,451,542	1,519,043	1,584,859	1,987,013	2,172,626
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	138,662	145,111	151,398	189,815	207,546
3606(qq)-Nonprofit Museum Services	136,066	142,393	148,563	186,260	203,659
3606(rr)-Nonprofit Annual Events	10,387	10,870	11,341	14,218	15,547
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	-	-
3606(ww)-Habitat for Humanity	-	-	-	-	-
3606(xx)-Zoo Memberships	-	-	-	-	-
3606(yy)-Parent-Teacher Associations	-	-	-	-	-
3606(zz)-Radio and Television Equipment	-	-	-	-	-
3606(aaa)-Religious Property	-	-	-	-	-
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
<b>Value of Exemptions</b>	<b>1,360,857,942</b>	<b>1,424,141,954</b>	<b>1,485,846,343</b>	<b>1,862,875,804</b>	<b>2,036,893,697</b>
<b>Theoretical Taxes</b>	<b>2,186,813,958</b>	<b>2,288,507,424</b>	<b>2,387,662,534</b>	<b>2,993,525,396</b>	<b>3,273,161,312</b>

Fiscal Year	1995	1996	1997	1998	1999
Tax Rate	4.90%	4.90%	4.90%	4.90%	4.90%
Sales Taxes	\$ 1,160,715,784	\$ 1,179,694,894	\$ 1,235,001,146	\$ 1,351,590,569	\$ 1,398,527,359
Use Taxes	146,396,024	146,838,581	160,585,839	178,528,000	191,883,137
<b>Total Actual Taxes</b>	<b>\$ 1,307,111,808</b>	<b>\$ 1,326,533,475</b>	<b>\$ 1,395,586,985</b>	<b>\$ 1,530,118,569</b>	<b>\$ 1,590,410,496</b>
<b>Exemptions</b>					
3602(e)	-	-	-	-	-
3603(b)-Wide Area Telephone Service Lines	221,905	225,202	236,925	261,000	270,000
3603(e)-Triennial Events	4,000	-	-	4,000	-
3603(f)-Laudromats	199,715	202,682	213,233	235,000	243,000
3603(g)-Government Payments	-	-	-	-	-
3603(h)-Industrial Revenue Bond Equipment	-	-	-	-	-
3603(m)-Recreation Fees	493,122	500,449	526,501	600,000	600,000
3603(n)-Humanitarian Service Dues	-	-	-	-	221,000
3603(o)-Family and Corporate Transfers	-	95,085	100,035	110,000	114,000
3603(p)-Construction Labor Services	27,220,358	27,624,811	29,062,837	32,000,000	33,120,000
3603(q)-Custom Computer Software	-	-	-	-	-
3603(s)-Custom Computer Software	11,738,779	11,913,200	12,533,348	13,800,000	14,283,000
3603(v)-Bingo Sales	-	-	-	-	-
3606(a)-Motor Fuel and Liquor Excises	81,036,452	82,240,529	86,521,610	94,862,107	98,600,000
3606(b)-Purchases by Government and Non-Profits	167,235,075	169,719,930	178,554,805	196,600,000	203,481,000
3606(c)-Educational Institutions	29,942,394	30,387,292	31,969,121	35,200,000	36,432,000
3606(d)-Contractor Projects	56,684,423	57,526,666	60,521,252	66,355,370	68,970,000
3606(e)-Government Contractor Projects	3,369,670	3,419,738	3,597,755	3,944,570	4,100,000
3606(f)-Railroad and Public Utility Purchases	8,465,268	8,591,049	9,038,261	9,909,530	10,300,000
3606(g)-Aircraft Manufacturing and Services	569,556	578,019	608,108	670,000	693,000
3606(h)-Nonsectarian Textbooks	1,265,681	1,284,487	1,351,352	1,481,619	1,540,000
3606(i)-Motion Picture Exhibitors	3,189,680	3,237,074	3,405,582	3,750,000	3,881,000
3606(j)-Employee Meals	2,136,864	2,168,614	2,281,503	2,501,435	2,600,000
3606(k)-Non-resident Vehicle Purchases	9,186,871	9,323,374	9,808,707	10,800,000	11,178,000
3606(l)-Isolated Sales	-	-	-	-	-
3606(m)-Component Exemption	1,225,244,859	1,243,450,109	1,308,178,664	1,434,284,273	1,490,800,000
3606(n)-Consumed Production Items	160,757,911	163,146,526	171,639,218	188,184,870	195,600,000
3606(o)-Livestock	87,118,296	88,412,739	93,015,118	106,000,000	106,000,000
3606(p)-Prescription Drugs	26,669,705	27,065,975	28,474,911	31,219,831	32,450,000
3606(q)-Insulin	295,873	300,270	315,900	348,000	360,000
3606(r)-Doctor Prescribed Items	4,083,054	4,143,722	4,359,426	4,800,000	4,968,000
3606(s)-Groundwater Districts	23,012	23,354	24,570	27,000	28,000
3606(t)-Farm Equipment and Machinery	39,466,232	40,052,639	42,137,604	46,199,578	48,020,000
3606(u)-Mobile Homes	396,964	402,862	423,833	467,000	483,000
3606(v)-Food Providing Entities	452,029	458,745	482,626	529,150	550,000
3606(w)-Residential and Agricultural Utilities	77,918,275	79,076,020	83,192,371	91,600,000	94,806,000
3606(x)-Alternative Fuel Sources	5,444,072	5,524,962	5,812,567	6,400,000	6,624,000
3606(y)-Railroad Rolling Stock	510,382	517,965	544,928	600,000	621,000
3606(z)-Port Authority	-	-	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-	-	-
3606(bb)-Manufactured Homes	2,416,300	2,452,202	2,579,853	2,828,546	2,940,000
3606(cc)-Enterprise Zones	37,070,479	37,621,289	39,579,688	43,580,000	45,105,000
3606(dd)-Food Stamp Purchases	3,572,672	3,625,756	3,814,497	4,200,000	4,347,000
3606(ee)-Lottery Tickets	8,013,239	8,132,304	8,555,636	9,380,381	9,750,000
3606(ff)-40% of Mobile Homes	1,956,874	1,985,950	2,089,330	2,300,000	2,381,000
3606(gg)-Women, Infants, and Children Program	-	-	-	-	-
3606(hh)-Medical Supplies	567,091	575,517	605,476	667,000	690,000
3606(ii)-Girl Scout Cookies	1,431,699	1,452,972	1,528,607	1,683,000	1,742,000
3606(jj)-Mental Health Facilities	1,314,993	1,334,532	1,404,002	1,539,345	1,600,000
3606(kk)-Manufacturing and Processing Facilities	63,117,205	64,055,030	67,389,453	74,200,000	76,797,000
3606(ll)-Educational Materials	44,381	45,040	47,385	52,000	54,000
3606(mm)-Land Erosion Materials	521,066	528,808	556,336	613,000	634,000
3606(nn)-Ad and Broadcast Stations	2,297,129	2,331,260	2,452,616	2,700,000	2,795,000
3606(oo)-Community Action Groups	-	-	-	-	-
3606(pp)-Oil Exploration Drill Bits	219,439	222,700	234,293	258,000	267,000
3606(qq)-Nonprofit Museum Services	215,330	218,530	229,905	253,000	262,000
3606(rr)-Nonprofit Annual Events	16,437	16,682	17,550	19,242	20,000
3606(ss)-Public Broadcast Stations	-	-	-	-	-
3606(tt)-Korean War Memorial	-	-	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-	-	-
3606(vv)-Nonprofit Personal Property	-	-	-	59,000	61,000
3606(ww)-Habitat for Humanity	-	-	-	74,000	76,000
3606(xx)-Zoo Memberships	-	-	-	-	400,000
3606(yy)-Parent-Teacher Associations	-	-	-	-	375,000
3606(zz)-Radio and Television Equipment	-	-	-	-	630,000
3606(aaa)-Religious Property	-	-	-	-	4,500,000
3606(bbb)-Food from Nonprofit Organizations	-	-	-	-	-
3606(ccc)-Medical Clinics	-	-	-	-	-
3606(ddd)-Shortline Railroad Equipment	-	-	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-	-	-
3606(fff)-Warehouse Equipment	-	-	-	-	-
3606(ggg)-Kansas Academy of Science	-	-	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-	-	-
<b>Value of Exemptions</b>	<b>2,154,114,810</b>	<b>2,186,212,662</b>	<b>2,300,017,297</b>	<b>2,528,150,847</b>	<b>2,627,362,000</b>
<b>Theoretical Taxes</b>	<b>3,461,226,618</b>	<b>3,512,746,137</b>	<b>3,695,604,282</b>	<b>4,058,269,416</b>	<b>4,217,772,496</b>

Fiscal Year	2000	2001	2002
Tax Rate	4.90%	4.90%	4.90%
Sales Taxes	\$ 1,440,295,399	\$ 1,423,059,270	\$ 1,470,606,510
Use Taxes	207,676,321	222,253,376	223,562,295
<b>Total Actual Taxes</b>	<b>\$ 1,647,971,720</b>	<b>\$ 1,645,312,646</b>	<b>\$ 1,694,168,805</b>
<b>Exemptions</b>			
3602(e)	-	-	-
3603(b)-Wide Area Telephone Service Lines	280,000	292,000	1,058,000
3603(e)-Triennial Events	-	4,000	-
3603(f)-Laudromats	252,000	263,000	268,000
3603(g)-Government Payments	-	-	87,000
3603(h)-Industrial Revenue Bond Equipment	-	-	-
3603(m)-Recreation Fees	623,000	648,000	662,000
3603(n)-Humanitarian Service Dues	229,000	239,000	244,000
3603(o)-Family and Corporate Transfers	118,000	123,000	153,000
3603(p)-Construction Labor Services	34,379,000	35,754,000	66,540,000
3603(q)-Custom Computer Software	-	-	-
3603(s)-Custom Computer Software	14,826,000	15,419,000	15,766,000
3603(v)-Bingo Sales	-	-	2,000,000
3606(a)-Motor Fuel and Liquor Excises	102,347,000	106,441,000	170,200,000
3606(b)-Purchases by Government and Non-Profits	211,213,000	219,662,000	242,200,000
3606(c)-Educational Institutions	37,816,000	39,329,000	42,800,000
3606(d)-Contractor Projects	71,591,000	74,454,000	87,070,000
3606(e)-Government Contractor Projects	4,256,000	4,426,000	4,052,000
3606(f)-Railroad and Public Utility Purchases	10,691,000	11,119,000	11,369,000
3606(g)-Aircraft Manufacturing and Services	720,000	749,000	4,753,000
3606(h)-Nonsectarian Textbooks	1,599,000	1,662,000	700,000
3606(i)-Motion Picture Exhibitors	4,029,000	4,190,000	1,250,000
3606(j)-Employee Meals	2,699,000	2,807,000	2,770,000
3606(k)-Non-resident Vehicle Purchases	11,569,000	12,032,000	11,300,000
3606(l)-Isolated Sales	-	-	-
3606(m)-Component Exemption	1,547,450,000	1,609,348,000	1,645,559,000
3606(n)-Consumed Production Items	203,033,000	211,154,000	215,905,000
3606(o)-Livestock	106,000,000	110,240,000	121,520,000
3606(p)-Prescription Drugs	33,683,000	35,030,000	51,500,000
3606(q)-Insulin	374,000	389,000	398,000
3606(r)-Doctor Prescribed Items	5,157,000	5,363,000	5,990,000
3606(s)-Groundwater Districts	29,000	30,000	31,000
3606(t)-Farm Equipment and Machinery	48,020,000	49,941,000	35,035,000
3606(u)-Mobile Homes	502,000	522,000	534,000
3606(v)-Food Providing Entities	571,000	594,000	608,000
3606(w)-Residential and Agricultural Utilities	98,409,000	102,345,000	62,748,000
3606(x)-Alternative Fuel Sources	6,876,000	7,151,000	11,952,000
3606(y)-Railroad Rolling Stock	645,000	670,000	685,000
3606(z)-Port Authority	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-
3606(bb)-Manufactured Homes	3,052,000	3,174,000	3,245,000
3606(cc)-Enterprise Zones	46,819,000	48,692,000	48,000,000
3606(dd)-Food Stamp Purchases	4,512,000	4,693,000	5,550,000
3606(ee)-Lottery Tickets	10,121,000	10,525,000	9,124,000
3606(ff)-40% of Mobile Homes	2,471,000	2,570,000	2,380,000
3606(gg)-Women, Infants, and Children Program	-	-	-
3606(hh)-Medical Supplies	717,000	745,000	762,000
3606(ii)-Girl Scout Cookies	1,808,000	1,880,000	1,923,000
3606(jj)-Mental Health Facilities	1,661,000	1,727,000	1,766,000
3606(kk)-Manufacturing and Processing Facilities	79,715,000	82,904,000	84,769,000
3606(ll)-Educational Materials	56,000	58,000	59,000
3606(mm)-Land Erosion Materials	658,000	684,000	700,000
3606(nn)-Ad and Broadcast Stations	2,901,000	3,017,000	3,100,000
3606(oo)-Community Action Groups	-	-	-
3606(pp)-Oil Exploration Drill Bits	277,000	288,000	295,000
3606(qq)-Nonprofit Museum Services	272,000	283,000	289,000
3606(rr)-Nonprofit Annual Events	21,000	22,000	24,000
3606(ss)-Public Broadcast Stations	-	-	-
3606(tt)-Korean War Memorial	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-
3606(vv)-Nonprofit Personal Property	64,000	66,000	69,000
3606(ww)-Habitat for Humanity	79,000	82,000	84,000
3606(xx)-Zoo Memberships	415,000	432,000	442,000
3606(yy)-Parent-Teacher Associations	390,000	406,000	415,000
3606(zz)-Radio and Television Equipment	655,000	681,000	697,000
3606(aaa)-Religious Property	4,680,000	4,867,000	12,700,000
3606(bbb)-Food from Nonprofit Organizations	-	-	-
3606(ccc)-Medical Clinics	260,000	270,000	276,000
3606(ddd)-Shortline Railroad Equipment	250,000	-	-
3606(eee)-Grain Storage Facilities	1,000,000	-	-
3606(fff)-Warehouse Equipment	-	-	4,590,000
3606(ggg)-Kansas Academy of Science	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	-
<b>Value of Exemptions</b>	<b>2,722,840,000</b>	<b>2,830,456,000</b>	<b>2,998,966,000</b>
<b>Theoretical Taxes</b>	<b>4,370,811,720</b>	<b>4,475,768,646</b>	<b>4,693,134,805</b>



Fiscal Year	2003	2004	2005
Tax Rate	5.30%	5.30%	5.30%
Sales Taxes	\$ 1,567,721,763	\$ 1,612,066,627	\$ 1,647,663,056
Use Taxes	217,156,665	214,503,104	244,754,670
Total Actual Taxes	\$ 1,784,878,428	\$ 1,826,569,731	\$ 1,892,417,726
<b>Exemptions</b>			
3602(e)	-	-	-
3603(b)-Wide Area Telephone Service Lines	1,168,000	1,217,000	1,260,000
3603(e)-Triennial Events	-	4,000	-
3603(f)-Laudromats	296,000	309,000	320,000
3603(g)-Government Payments	96,000	100,000	104,000
3603(h)-Industrial Revenue Bond Equipment	-	-	-
3603(m)-Recreation Fees	731,000	762,000	788,000
3603(n)-Humanitarian Service Dues	269,000	281,000	290,000
3603(o)-Family and Corporate Transfers	169,000	176,000	182,000
3603(p)-Construction Labor Services	73,486,000	76,539,000	158,436,000
3603(q)-Custom Computer Software	-	-	-
3603(s)-Custom Computer Software	17,411,000	19,229,000	4,500,000
3603(v)-Bingo Sales	2,209,000	2,301,000	2,381,000
3606(a)-Motor Fuel and Liquor Excises	187,967,000	195,777,000	202,629,000
3606(b)-Purchases by Government and Non-Profits	267,483,000	278,597,000	288,348,000
3606(c)-Educational Institutions	47,268,000	49,232,000	50,955,000
3606(d)-Contractor Projects	96,159,000	100,155,000	103,660,000
3606(e)-Government Contractor Projects	4,475,000	4,661,000	4,824,000
3606(f)-Railroad and Public Utility Purchases	12,556,000	13,078,000	13,535,000
3606(g)-Aircraft Manufacturing and Services	5,249,000	5,467,000	6,359,000
3606(h)-Nonsectarian Textbooks	773,000	805,000	833,000
3606(i)-Motion Picture Exhibitors	1,380,000	1,438,000	1,488,000
3606(j)-Employee Meals	3,059,000	3,186,000	3,298,000
3606(k)-Non-resident Vehicle Purchases	12,480,000	12,998,000	13,453,000
3606(l)-Isolated Sales	-	-	-
3606(m)-Component Exemption	1,817,335,000	1,892,846,000	1,959,096,000
3606(n)-Consumed Production Items	238,443,000	248,350,000	257,043,000
3606(o)-Livestock	131,440,000	139,782,000	144,674,000
3606(p)-Prescription Drugs	56,876,000	59,239,000	61,313,000
3606(q)-Insulin	439,000	457,000	473,000
3606(r)-Doctor Prescribed Items	6,615,000	6,890,000	7,210,000
3606(s)-Groundwater Districts	34,000	35,000	37,000
3606(t)-Farm Equipment and Machinery	35,035,000	40,300,000	41,710,000
3606(u)-Mobile Homes	589,000	614,000	635,000
3606(v)-Food Providing Entities	671,000	699,000	725,000
3606(w)-Residentia and Agricultural Utilities	69,298,000	72,178,000	74,704,000
3606(x)-Alternative Fuel Sources	13,200,000	13,748,000	14,229,000
3606(y)-Railroad Rolling Stock	757,000	788,000	816,000
3606(z)-Port Authority	-	-	-
3606(aa)-Pipeline Equipment Services	-	-	-
3606(bb)-Manufactured Homes	3,334,000	3,733,000	3,864,000
3606(cc)-Enterprise Zones	53,011,000	55,213,000	57,146,000
3606(dd)-Food Stamp Purchases	6,129,000	6,384,000	6,607,000
3606(ee)-Lottery Tickets	10,076,000	11,883,000	12,298,000
3606(ff)-40% of Mobile Homes	2,628,000	2,737,000	2,833,000
3606(gg)-Women, Infants, and Children Program	-	-	-
3606(hh)-Medical Supplies	842,000	877,000	907,000
3606(ii)-Girl Scout Cookies	2,123,000	2,212,000	2,289,000
3606(jj)-Mental Health Facilities	1,950,000	2,031,000	2,103,000
3606(kk)-Manufacturing and Processing Facilities	93,618,000	97,508,000	100,921,000
3606(ll)-Educational Materials	66,000	68,000	71,000
3606(mm)-Land Erosion Materials	773,000	805,000	833,000
3606(nn)-Ad and Broadcast Stations	3,424,000	3,566,000	3,691,000
3606(oo)-Community Action Groups	-	-	-
3606(pp)-Oil Exploration Drill Bits	326,000	339,000	351,000
3606(qq)-Nonprofit Museum Services	319,000	332,000	344,000
3606(rr)-Nonprofit Annual Events	27,000	28,000	29,000
3606(ss)-Public Broadcast Stations	-	-	-
3606(tt)-Korean War Memorial	-	-	-
3606(uu)-Volunteer Fire Fighters	-	-	-
3606(vv)-Nonprofit Personal Property	76,000	79,000	82,000
3606(ww)-Habitat for Humanity	93,000	97,000	100,000
3606(xx)-Zoo Memberships	488,000	508,000	526,000
3606(yy)-Parent-Teacher Associations	458,000	477,000	494,000
3606(zz)-Radio and Television Equipment	769,000	801,000	829,000
3606(aaa)-Religious Property	14,026,000	14,609,000	15,120,000
3606(bbb)-Food from Nonprofit Organizations	-	-	-
3606(ccc)-Medical Clinics	305,000	318,000	329,000
3606(ddd)-Shortline Railroad Equipment	-	-	-
3606(eee)-Grain Storage Facilities	-	-	-
3606(fff)-Warehouse Equipment	5,069,000	5,280,000	5,465,000
3606(ggg)-Kansas Academy of Science	-	-	-
3606(hhh)-Domestic Violence Shelters	-	-	50,000
Value of Exemptions	3,305,346,000	3,452,123,000	3,637,590,000
Theoretical Taxes	5,090,224,428	5,278,692,731	5,530,007,726