

## HOUSE BILL No. 2277

By Representatives Sawyer Clayton and Corbet

2-5

1 AN ACT concerning sales and compensating use tax; relating to sales of  
2 food, food ingredients and prepared food; reducing the rate of tax  
3 imposed for prepared food; increasing the percent credited to the state  
4 highway fund from revenue collected; amending K.S.A. 2024 Supp.  
5 79-3603, 79-3603d, 79-3620, 79-3703 and 79-3710 and repealing the  
6 existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1. K.S.A. 2024 Supp. 79-3603 is hereby amended to read as  
10 follows: 79-3603. For the privilege of engaging in the business of selling  
11 tangible personal property at retail in this state or rendering or furnishing  
12 any of the services taxable under this act, there is hereby levied and there  
13 shall be collected and paid a tax at the rate of 6.5%. ~~On and after January~~  
14 ~~1, 2023, 17% and~~ On and after January 1, 2025, 18% *and on and after*  
15 *July 1, 2025, 19.736%* of the tax rate imposed pursuant to this section and  
16 the rate provided in K.S.A. 2024 Supp. 79-3603d, and amendments  
17 thereto, shall be levied for the state highway fund, the state highway fund  
18 purposes and those purposes specified in K.S.A. 68-416, and amendments  
19 thereto, and all revenue collected and received from such tax levy shall be  
20 deposited in the state highway fund.

21 Within a redevelopment district established pursuant to K.S.A. 74-  
22 8921, and amendments thereto, there is hereby levied and there shall be  
23 collected and paid an additional tax at the rate of 2% until the earlier of the  
24 date the bonds issued to finance or refinance the redevelopment project  
25 have been paid in full or the final scheduled maturity of the first series of  
26 bonds issued to finance any part of the project.

27 Such tax shall be imposed upon:

28 (a) The gross receipts received from the sale of tangible personal  
29 property at retail within this state;

30 (b) the gross receipts from intrastate, interstate or international  
31 telecommunications services and any ancillary services sourced to this  
32 state in accordance with K.S.A. 79-3673, and amendments thereto, except  
33 that telecommunications service does not include: (1) Any interstate or  
34 international 800 or 900 service; (2) any interstate or international private  
35 communications service as defined in K.S.A. 79-3673, and amendments  
36 thereto; (3) any value-added nonvoice data service; (4) any

1 telecommunication service to a provider of telecommunication services  
2 which will be used to render telecommunications services, including  
3 carrier access services; or (5) any service or transaction defined in this  
4 section among entities classified as members of an affiliated group as  
5 provided by section 1504 of the federal internal revenue code of 1986, as  
6 in effect on January 1, 2001;

7 (c) the gross receipts from the sale or furnishing of gas, water,  
8 electricity and heat, which sale is not otherwise exempt from taxation  
9 under the provisions of this act, and whether furnished by municipally or  
10 privately owned utilities, except that, on and after January 1, 2006, for  
11 sales of gas, electricity and heat delivered through mains, lines or pipes to  
12 residential premises for noncommercial use by the occupant of such  
13 premises, and for agricultural use and also, for such use, all sales of  
14 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP  
15 gas, coal, wood and other fuel sources for the production of heat or  
16 lighting for noncommercial use of an occupant of residential premises, the  
17 state rate shall be 0%, but such tax shall not be levied and collected upon  
18 the gross receipts from: (1) The sale of a rural water district benefit unit;  
19 (2) a water system impact fee, system enhancement fee or similar fee  
20 collected by a water supplier as a condition for establishing service; or (3)  
21 connection or reconnection fees collected by a water supplier;

22 (d) the gross receipts from the sale of meals or drinks furnished at any  
23 private club, drinking establishment, catered event, restaurant, eating  
24 house, dining car, hotel, drugstore or other place where meals or drinks are  
25 regularly sold to the public;

26 (e) the gross receipts from the sale of admissions to any place  
27 providing amusement, entertainment or recreation services including  
28 admissions to state, county, district and local fairs, but such tax shall not  
29 be levied and collected upon the gross receipts received from sales of  
30 admissions to any cultural and historical event which occurs triennially;

31 (f) the gross receipts from the operation of any coin-operated device  
32 dispensing or providing tangible personal property, amusement or other  
33 services except laundry services, whether automatic or manually operated;

34 (g) the gross receipts from the service of renting of rooms by hotels,  
35 as defined by K.S.A. 36-501, and amendments thereto, or by  
36 accommodation brokers, as defined by K.S.A. 12-1692, and amendments  
37 thereto, but such tax shall not be levied and collected upon the gross  
38 receipts received from sales of such service to the federal government and  
39 any agency, officer or employee thereof in association with the  
40 performance of official government duties;

41 (h) the gross receipts from the service of renting or leasing of tangible  
42 personal property except such tax shall not apply to the renting or leasing  
43 of machinery, equipment or other personal property owned by a city and

1 purchased from the proceeds of industrial revenue bonds issued prior to  
2 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
3 12-1749, and amendments thereto, and any city or lessee renting or leasing  
4 such machinery, equipment or other personal property purchased with the  
5 proceeds of such bonds who shall have paid a tax under the provisions of  
6 this section upon sales made prior to July 1, 1973, shall be entitled to a  
7 refund from the sales tax refund fund of all taxes paid thereon;

8 (i) the gross receipts from the rendering of dry cleaning, pressing,  
9 dyeing and laundry services except laundry services rendered through a  
10 coin-operated device whether automatic or manually operated;

11 (j) the gross receipts from the rendering of the services of washing  
12 and washing and waxing of vehicles;

13 (k) the gross receipts from cable, community antennae and other  
14 subscriber radio and television services;

15 (l) (1) except as otherwise provided by paragraph (2), the gross  
16 receipts received from the sales of tangible personal property to all  
17 contractors, subcontractors or repairmen for use by them in erecting  
18 structures, or building on, or otherwise improving, altering, or repairing  
19 real or personal property.

20 (2) Any such contractor, subcontractor or repairman who maintains  
21 an inventory of such property both for sale at retail and for use by them for  
22 the purposes described by paragraph (1) shall be deemed a retailer with  
23 respect to purchases for and sales from such inventory, except that the  
24 gross receipts received from any such sale, other than a sale at retail, shall  
25 be equal to the total purchase price paid for such property and the tax  
26 imposed thereon shall be paid by the deemed retailer;

27 (m) the gross receipts received from fees and charges by public and  
28 private clubs, drinking establishments, organizations and businesses for  
29 participation in sports, games and other recreational activities, but such tax  
30 shall not be levied and collected upon the gross receipts received from: (1)  
31 Fees and charges by any political subdivision, by any organization exempt  
32 from property taxation pursuant to K.S.A. 79-201 *Ninth*, and amendments  
33 thereto, or by any youth recreation organization exclusively providing  
34 services to persons 18 years of age or younger which is exempt from  
35 federal income taxation pursuant to section 501(c)(3) of the federal  
36 internal revenue code of 1986, for participation in sports, games and other  
37 recreational activities; and (2) entry fees and charges for participation in a  
38 special event or tournament sanctioned by a national sporting association  
39 to which spectators are charged an admission which is taxable pursuant to  
40 subsection (e);

41 (n) the gross receipts received from dues charged by public and  
42 private clubs, drinking establishments, organizations and businesses,  
43 payment of which entitles a member to the use of facilities for recreation

1 or entertainment, but such tax shall not be levied and collected upon the  
2 gross receipts received from: (1) Dues charged by any organization exempt  
3 from property taxation pursuant to K.S.A. 79-201 *Eighth* and *Ninth*, and  
4 amendments thereto; and (2) sales of memberships in a nonprofit  
5 organization which is exempt from federal income taxation pursuant to  
6 section 501(c)(3) of the federal internal revenue code of 1986, and whose  
7 purpose is to support the operation of a nonprofit zoo;

8 (o) the gross receipts received from the isolated or occasional sale of  
9 motor vehicles or trailers but not including: (1) The transfer of motor  
10 vehicles or trailers by a person to a corporation or limited liability  
11 company solely in exchange for stock securities or membership interest in  
12 such corporation or limited liability company; (2) the transfer of motor  
13 vehicles or trailers by one corporation or limited liability company to  
14 another when all of the assets of such corporation or limited liability  
15 company are transferred to such other corporation or limited liability  
16 company; or (3) the sale of motor vehicles or trailers which are subject to  
17 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and  
18 amendments thereto, by an immediate family member to another  
19 immediate family member. For the purposes of paragraph (3), immediate  
20 family member means lineal ascendants or descendants, and their spouses.  
21 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act  
22 on the isolated or occasional sale of motor vehicles or trailers on and after  
23 July 1, 2004, which the base for computing the tax was the value pursuant  
24 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when  
25 such amount was higher than the amount of sales tax which would have  
26 been paid under the law as it existed on June 30, 2004, shall be refunded to  
27 the taxpayer pursuant to the procedure prescribed by this section. Such  
28 refund shall be in an amount equal to the difference between the amount of  
29 sales tax paid by the taxpayer and the amount of sales tax which would  
30 have been paid by the taxpayer under the law as it existed on June 30,  
31 2004. Each claim for a sales tax refund shall be verified and submitted not  
32 later than six months from the effective date of this act to the director of  
33 taxation upon forms furnished by the director and shall be accompanied by  
34 any additional documentation required by the director. The director shall  
35 review each claim and shall refund that amount of tax paid as provided by  
36 this act. All such refunds shall be paid from the sales tax refund fund, upon  
37 warrants of the director of accounts and reports pursuant to vouchers  
38 approved by the director of taxation or the director's designee. No refund  
39 for an amount less than \$10 shall be paid pursuant to this act. In  
40 determining the base for computing the tax on such isolated or occasional  
41 sale, the fair market value of any motor vehicle or trailer traded in by the  
42 purchaser to the seller may be deducted from the selling price;

43 (p) the gross receipts received for the service of installing or applying

1 tangible personal property which when installed or applied is not being  
2 held for sale in the regular course of business, and whether or not such  
3 tangible personal property when installed or applied remains tangible  
4 personal property or becomes a part of real estate, except that no tax shall  
5 be imposed upon the service of installing or applying tangible personal  
6 property in connection with the original construction of a building or  
7 facility, the original construction, reconstruction, restoration, remodeling,  
8 renovation, repair or replacement of a residence or the construction,  
9 reconstruction, restoration, replacement or repair of a bridge or highway.

10 For the purposes of this subsection:

11 (1) "Original construction" means the first or initial construction of a  
12 new building or facility. The term "original construction" shall include the  
13 addition of an entire room or floor to any existing building or facility, the  
14 completion of any unfinished portion of any existing building or facility  
15 and the restoration, reconstruction or replacement of a building, facility or  
16 utility structure damaged or destroyed by fire, flood, tornado, lightning,  
17 explosion, windstorm, ice loading and attendant winds, terrorism or  
18 earthquake, but such term, except with regard to a residence, shall not  
19 include replacement, remodeling, restoration, renovation or reconstruction  
20 under any other circumstances;

21 (2) "building" means only those enclosures within which individuals  
22 customarily are employed, or which are customarily used to house  
23 machinery, equipment or other property, and including the land  
24 improvements immediately surrounding such building;

25 (3) "facility" means a mill, plant, refinery, oil or gas well, water well,  
26 feedlot or any conveyance, transmission or distribution line of any  
27 cooperative, nonprofit, membership corporation organized under or subject  
28 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or  
29 municipal or quasi-municipal corporation, including the land  
30 improvements immediately surrounding such facility;

31 (4) "residence" means only those enclosures within which individuals  
32 customarily live;

33 (5) "utility structure" means transmission and distribution lines  
34 owned by an independent transmission company or cooperative, the  
35 Kansas electric transmission authority or natural gas or electric public  
36 utility; and

37 (6) "windstorm" means straight line winds of at least 80 miles per  
38 hour as determined by a recognized meteorological reporting agency or  
39 organization;

40 (q) the gross receipts received for the service of repairing, servicing,  
41 altering or maintaining tangible personal property which when such  
42 services are rendered is not being held for sale in the regular course of  
43 business, and whether or not any tangible personal property is transferred

1 in connection therewith. The tax imposed by this subsection shall be  
 2 applicable to the services of repairing, servicing, altering or maintaining an  
 3 item of tangible personal property which has been and is fastened to,  
 4 connected with or built into real property;

5 (r) the gross receipts from fees or charges made under service or  
 6 maintenance agreement contracts for services, charges for the providing of  
 7 which are taxable under the provisions of subsection (p) or (q);

8 (s) on and after January 1, 2005, the gross receipts received from the  
 9 sale of prewritten computer software and the sale of the services of  
 10 modifying, altering, updating or maintaining prewritten computer  
 11 software, whether the prewritten computer software is installed or  
 12 delivered electronically by tangible storage media physically transferred to  
 13 the purchaser or by load and leave;

14 (t) the gross receipts received for telephone answering services;

15 (u) the gross receipts received from the sale of prepaid calling service  
 16 and prepaid wireless calling service as defined in K.S.A. 79-3673, and  
 17 amendments thereto;

18 (v) all sales of bingo cards, bingo faces and instant bingo tickets by  
 19 licensees under K.S.A. 75-5171 et seq., and amendments thereto, shall be  
 20 exempt from taxes imposed pursuant to this section;

21 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-  
 22 5171 et seq., and amendments thereto, shall be exempt from taxes imposed  
 23 pursuant to this section; and

24 (x) commencing on January 1, 2023, and thereafter, the state rate on  
 25 the gross receipts from the sale of food and food ingredients shall be as set  
 26 forth in K.S.A. 2024 Supp. 79-3603d, and amendments thereto.

27 Sec. 2. K.S.A. 2024 Supp. 79-3603d is hereby amended to read as  
 28 follows: 79-3603d. (a) There is hereby levied and there shall be collected  
 29 and paid a tax upon the gross receipts from the sale of food and food  
 30 ingredients. The rate of tax shall be as follows:

31 ~~(1) Commencing on January 1, 2023, at the rate of 4%;~~

32 ~~(2) commencing on January 1, 2024, at the rate of 2%; and~~

33 ~~(3) commencing on January 1, 2025, and thereafter, at the rate of 0%.~~

34 (b) The provisions of this section shall ~~not~~ apply to prepared food  
 35 ~~unless sold without eating utensils provided by the seller and described~~  
 36 ~~below:~~

37 ~~(1) Food sold by a seller whose proper primary NAICS classification~~  
 38 ~~is manufacturing in sector 311, except subsector 3118 (bakeries);~~

39 ~~(2) (A) food sold in an unheated state by weight or volume as a single~~  
 40 ~~item; or~~

41 ~~(B) only meat or seafood sold in an unheated state by weight or~~  
 42 ~~volume as a single item;~~

43 ~~(3) bakery items, including bread, rolls, buns, biscuits, bagels,~~

1 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,  
2 cookies and tortillas; or

3 ~~(4) food sold that ordinarily requires additional cooking, as opposed to~~  
4 ~~just reheating, by the consumer prior to consumption.~~

5 (c) The provisions of this section shall be a part of and supplemental  
6 to the Kansas retailers' sales tax act.

7 Sec. 3. K.S.A. 2024 Supp. 79-3620 is hereby amended to read as  
8 follows: 79-3620. (a) All revenue collected or received by the director of  
9 taxation from the taxes imposed by this act shall be remitted to the state  
10 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
11 amendments thereto. Upon receipt of each such remittance, the state  
12 treasurer shall deposit the entire amount in the state treasury, less amounts  
13 withheld as provided in subsection (b) and amounts credited as provided in  
14 subsections (c), (d) and (e), to the credit of the state general fund.

15 (b) A refund fund, designated as "sales tax refund fund" not to exceed  
16 \$100,000 shall be set apart and maintained by the director from sales tax  
17 collections and estimated tax collections and held by the state treasurer for  
18 prompt payment of all sales tax refunds. Such fund shall be in such  
19 amount, within the limit set by this section, as the director shall determine  
20 is necessary to meet current refunding requirements under this act. In the  
21 event such fund as established by this section is, at any time, insufficient to  
22 provide for the payment of refunds due claimants thereof, the director shall  
23 certify the amount of additional funds required to the director of accounts  
24 and reports who shall promptly transfer the required amount from the state  
25 general fund to the sales tax refund fund, and notify the state treasurer,  
26 who shall make proper entry in the records.

27 (c) (1) On January 1, ~~2023~~ 2025, the state treasurer shall credit ~~17%~~  
28 18% of the revenue collected and received from the tax imposed by K.S.A.  
29 79-3603, and amendments thereto, at the rates provided in K.S.A. 79-  
30 3603, and amendments thereto, and K.S.A. 2024 Supp. 79-3603d, and  
31 amendments thereto, and deposited as provided by subsection (a),  
32 exclusive of amounts credited pursuant to subsection (d), in the state  
33 highway fund.

34 (2) On ~~January~~ July 1, 2025, and thereafter, the state treasurer shall  
35 credit ~~18%~~ 19.736% of the revenue collected and received from the tax  
36 imposed by K.S.A. 79-3603, and amendments thereto, at the rates  
37 provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2024  
38 Supp. 79-3603d, and amendments thereto, and deposited as provided by  
39 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
40 the state highway fund.

41 (d) The state treasurer shall credit all revenue collected or received  
42 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
43 certified by the director, from taxpayers doing business within that portion

1 of a STAR bond project district occupied by a STAR bond project or  
2 taxpayers doing business with such entity financed by a STAR bond  
3 project as defined in K.S.A. 12-17,162, and amendments thereto, that was  
4 determined by the secretary of commerce to be of statewide as well as  
5 local importance or will create a major tourism area for the state or the  
6 project was designated as a STAR bond project as defined in K.S.A. 12-  
7 17,162, and amendments thereto, to the city bond finance fund, which fund  
8 is hereby created. The provisions of this subsection shall expire when the  
9 total of all amounts credited hereunder and under K.S.A. 79-3710(d), and  
10 amendments thereto, is sufficient to retire the special obligation bonds  
11 issued for the purpose of financing all or a portion of the costs of such  
12 STAR bond project.

13 (e) All revenue certified by the director of taxation as having been  
14 collected or received from the tax imposed by K.S.A. 79-3603(c), and  
15 amendments thereto, on the sale or furnishing of gas, water, electricity and  
16 heat for use or consumption within the intermodal facility district  
17 described in this subsection, shall be credited by the state treasurer to the  
18 state highway fund. Such revenue may be transferred by the secretary of  
19 transportation to the rail service improvement fund pursuant to law. The  
20 provisions of this subsection shall take effect upon certification by the  
21 secretary of transportation that a notice to proceed has been received for  
22 the construction of the improvements within the intermodal facility  
23 district, but not later than December 31, 2010, and shall expire when the  
24 secretary of revenue determines that the total of all amounts credited  
25 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is  
26 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all  
27 revenues shall be collected and distributed in accordance with applicable  
28 law. For all tax reporting periods during which the provisions of this  
29 subsection are in effect, none of the exemptions contained in K.S.A. 79-  
30 3601 et seq., and amendments thereto, shall apply to the sale or furnishing  
31 of any gas, water, electricity and heat for use or consumption within the  
32 intermodal facility district. As used in this subsection, "intermodal facility  
33 district" shall consist of an intermodal transportation area as defined by  
34 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county  
35 within the polygonal-shaped area having Waverly Road as the eastern  
36 boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the  
37 western boundary, and Highway 56 as the northern boundary, and the  
38 polygonal-shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup>  
39 Street as the southern boundary, Waverly Road as the western boundary,  
40 and the BNSF mainline track as the northern boundary, that includes  
41 capital investment in an amount exceeding \$150 million for the  
42 construction of an intermodal facility to handle the transfer, storage and  
43 distribution of freight through railway and trucking operations.

1       Sec. 4. K.S.A. 2024 Supp. 79-3703 is hereby amended to read as  
2 follows: 79-3703. (a) There is hereby levied and there shall be collected  
3 from every person in this state a tax or excise for the privilege of using,  
4 storing, or consuming within this state any article of tangible personal  
5 property. Such tax shall be levied and collected in an amount equal to the  
6 consideration paid by the taxpayer multiplied by the rate of 6.5%.

7       (b) Commencing on January 1, 2023, and thereafter, the state rate on  
8 the amount equal to the consideration paid by the taxpayer from the sale of  
9 food and food ingredients as provided in K.S.A. 79-3603, and amendments  
10 thereto, shall be as set forth in K.S.A. 2024 Supp. 79-3603d, and  
11 amendments thereto.

12       (c) ~~On and after January 1, 2023, 17% and~~ On and after January 1,  
13 2025, 18% *and on and after July 1, 2025, 19.736%* of the tax rate  
14 imposed pursuant to this section and the rate provided in K.S.A. 2024  
15 Supp. 79-3603d, and amendments thereto, shall be levied for the state  
16 highway fund, the state highway fund purposes and those purposes  
17 specified in K.S.A. 68-416, and amendments thereto, and all revenue  
18 collected and received from such tax levy shall be deposited in the state  
19 highway fund.

20       (d) Within a redevelopment district established pursuant to K.S.A.  
21 74-8921, and amendments thereto, there is hereby levied and there shall be  
22 collected and paid an additional tax of 2% until the earlier of: (1) The date  
23 the bonds issued to finance or refinance the redevelopment project  
24 undertaken in the district have been paid in full; or (2) the final scheduled  
25 maturity of the first series of bonds issued to finance the redevelopment  
26 project.

27       (e) All property purchased or leased within or without this state and  
28 subsequently used, stored or consumed in this state shall be subject to the  
29 compensating tax if the same property or transaction would have been  
30 subject to the Kansas retailers' sales tax had the transaction been wholly  
31 within this state.

32       Sec. 5. K.S.A. 2024 Supp. 79-3710 is hereby amended to read as  
33 follows: 79-3710. (a) All revenue collected or received by the director  
34 under the provisions of this act shall be remitted to the state treasurer in  
35 accordance with the provisions of K.S.A. 75-4215, and amendments  
36 thereto. Upon receipt of each such remittance, the state treasurer shall  
37 deposit the entire amount in the state treasury, less amounts set apart as  
38 provided in subsection (b) and amounts credited as provided in subsection  
39 (c), (d) and (e), to the credit of the state general fund.

40       (b) A revolving fund, designated as "compensating tax refund fund"  
41 not to exceed \$10,000 shall be set apart and maintained by the director  
42 from compensating tax collections and estimated tax collections and held  
43 by the state treasurer for prompt payment of all compensating tax refunds.

1 Such fund shall be in such amount, within the limit set by this section, as  
2 the director shall determine is necessary to meet current refunding  
3 requirements under this act.

4 (c) (1) On January 1, ~~2023~~ 2025, the state treasurer shall credit ~~17%~~  
5 18% of the revenue collected and received from the tax imposed by K.S.A.  
6 79-3703, and amendments thereto, at the rates provided in K.S.A. 79-  
7 3703, and amendments thereto, and K.S.A. 2024 Supp. 79-3603d, and  
8 amendments thereto, and deposited as provided by subsection (a),  
9 exclusive of amounts credited pursuant to subsection (d), in the state  
10 highway fund.

11 (2) On ~~January~~ July 1, 2025, and thereafter, the state treasurer shall  
12 credit ~~18%~~ 19.736% of the revenue collected and received from the tax  
13 imposed by K.S.A. 79-3703, and amendments thereto, at the rates  
14 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2024  
15 Supp. 79-3603d, and amendments thereto, and deposited as provided by  
16 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
17 the state highway fund.

18 (d) The state treasurer shall credit all revenue collected or received  
19 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
20 certified by the director, from taxpayers doing business within that portion  
21 of a redevelopment district occupied by a redevelopment project that was  
22 determined by the secretary of commerce to be of statewide as well as  
23 local importance or will create a major tourism area for the state as defined  
24 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance  
25 fund created by K.S.A. 79-3620(d), and amendments thereto. The  
26 provisions of this subsection shall expire when the total of all amounts  
27 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,  
28 is sufficient to retire the special obligation bonds issued for the purpose of  
29 financing all or a portion of the costs of such redevelopment project.

30 This subsection shall not apply to a project designated as a special bond  
31 project as defined in K.S.A. 12-1770a(z), and amendments thereto.

32 (e) All revenue certified by the director of taxation as having been  
33 collected or received from the tax imposed by K.S.A. 79-3603(c), and  
34 amendments thereto, on the sale or furnishing of gas, water, electricity and  
35 heat for use or consumption within the intermodal facility district  
36 described in this subsection, shall be credited by the state treasurer to the  
37 state highway fund. Such revenue may be transferred by the secretary of  
38 transportation to the rail service improvement fund pursuant to law. The  
39 provisions of this subsection shall take effect upon certification by the  
40 secretary of transportation that a notice to proceed has been received for  
41 the construction of the improvements within the intermodal facility  
42 district, but not later than December 31, 2010, and shall expire when the  
43 secretary of revenue determines that the total of all amounts credited

1 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is  
2 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all  
3 revenues shall be collected and distributed in accordance with applicable  
4 law. For all tax reporting periods during which the provisions of this  
5 subsection are in effect, none of the exemptions contained in K.S.A. 79-  
6 3601 et seq., and amendments thereto, shall apply to the sale or furnishing  
7 of any gas, water, electricity and heat for use or consumption within the  
8 intermodal facility district. As used in this subsection, "intermodal facility  
9 district" shall consist of an intermodal transportation area as defined by  
10 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county  
11 within the polygonal-shaped area having Waverly Road as the eastern  
12 boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the  
13 western boundary, and Highway 56 as the northern boundary, and the  
14 polygonal-shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup>  
15 Street as the southern boundary, Waverly Road as the western boundary,  
16 and the BNSF mainline track as the northern boundary, that includes  
17 capital investment in an amount exceeding \$150 million for the  
18 construction of an intermodal facility to handle the transfer, storage and  
19 distribution of freight through railway and trucking operations.

20 Sec. 6. K.S.A. 2024 Supp. 79-3603, 79-3603d, 79-3620, 79-3703 and  
21 79-3710 are hereby repealed.

22 Sec. 7. This act shall take effect and be in force from and after its  
23 publication in the statute book.