

HOUSE BILL No. 2432

By Committee on Taxation

3-11

1 AN ACT concerning sales and compensating use tax; relating to food and
2 food ingredients; implementing a formulaic adjustment to the rate of
3 tax; amending K.S.A. 79-3602, 79-3620 and 79-3710 and K.S.A. 2020
4 Supp. 79-3603 and 79-3703 and repealing the existing sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) There is hereby levied and there shall be collected
8 and paid a tax upon the gross receipts from the sale of food and food
9 ingredients. The rate of tax shall be 6.5%, except as otherwise provided
10 pursuant to section 2, and amendments thereto.

11 (b) The provisions of this section shall not apply to prepared food,
12 unless sold without eating utensils provided by the seller and described
13 below:

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

16 (2) (A) food sold in an unheated state by weight or volume as a single
17 item; or

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

20 (3) bakery items, including, but not limited to, bread, rolls, buns,
21 biscuits, bagels, croissants, pastries, donuts, danish, cakes, tortes, pies,
22 tarts, muffins, bars, cookies and tortillas;

23 (4) food sold that ordinarily requires additional cooking, as opposed
24 to just reheating, by the consumer prior to consumption; or

25 (5) bottled water that is not otherwise sold as prepared food.

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

28 New Sec. 2. (a) Commencing with fiscal year 2021, in any fiscal year
29 in which an increase in revenue attributable to the Kansas compensating
30 use tax provided in K.S.A. 79-3703, and amendments thereto, exceeds the
31 revenue of the base year amount plus 3% annually, the director of
32 legislative research shall certify such excess amount by September 1 to the
33 secretary of revenue and the director of the budget. Upon receipt of such
34 certified amount, the secretary shall compute as follows:

35 For calculating a reduction in the state rate for sales and compensating
36 use taxes on food and food ingredients, the certified amount from

1 subsection (a) in dollars shall be computed by the secretary for a reduction
2 rounded down to the nearest 0.1% in the sales and compensating use tax
3 rates on food and food ingredients, if any, to go into effect for the next
4 calendar year that would reduce the revenue from sales and compensating
5 use taxes on food and food ingredients in an amount approximately equal
6 to the amount computed by the secretary. Such rate reductions shall remain
7 in effect unless further reduced pursuant to this section. The rate
8 reductions pursuant to this section shall be applied until the state rates for
9 sales and compensating use taxes on food and food ingredients are reduced
10 to 0%. The secretary shall publish the new sales and compensating use tax
11 rates to take effect on July 1 for calendar year 2021, and on January 1 for
12 all calendar years thereafter, by October 1 of the preceding year. In the
13 event that the amount provided in subsection (a) does not exceed the base
14 year amount, the reduction in the state rate for sales and compensating use
15 tax on food and food ingredients is 0%. The state rate for sales and
16 compensating use taxes shall not increase when revenue pursuant to
17 subsection (a) is less than the base year amount.

18 (b) As used in this section, "base year amount" means the revenue
19 attributable to the Kansas compensating use tax provided in K.S.A. 79-
20 3703, and amendments thereto, for fiscal year 2018.

21 Sec. 3. K.S.A. 79-3602 is hereby amended to read as follows: 79-
22 3602. Except as otherwise provided, as used in the Kansas retailers' sales
23 tax act:

24 (a) "Agent" means a person appointed by a seller to represent the
25 seller before the member states.

26 (b) "Agreement" means the multistate agreement entitled the
27 streamlined sales and use tax agreement approved by the streamlined sales
28 tax implementing states at Chicago, Illinois on November 12, 2002.

29 (c) "Alcoholic beverages" means beverages that are suitable for
30 human consumption and contain 0.05% or more of alcohol by volume.

31 (d) "Certified automated system (CAS)" means software certified
32 under the agreement to calculate the tax imposed by each jurisdiction on a
33 transaction, determine the amount of tax to remit to the appropriate state
34 and maintain a record of the transaction.

35 (e) "Certified service provider (CSP)" means an agent certified under
36 the agreement to perform all the seller's sales and use tax functions, other
37 than the seller's obligation to remit tax on its own purchases.

38 (f) "Computer" means an electronic device that accepts information
39 in digital or similar form and manipulates it for a result based on a
40 sequence of instructions.

41 (g) "Computer software" means a set of coded instructions designed
42 to cause a computer or automatic data processing equipment to perform a
43 task.

1 (h) "Delivered electronically" means delivered to the purchaser by
2 means other than tangible storage media.

3 (i) "Delivery charges" means charges by the seller of personal
4 property or services for preparation and delivery to a location designated
5 by the purchaser of personal property or services including, but not limited to,
6 transportation, shipping, postage, handling, crating and packing.
7 Delivery charges shall not include charges for delivery of direct mail if the
8 charges are separately stated on an invoice or similar billing document
9 given to the purchaser.

10 (j) "Direct mail" means printed material delivered or distributed by
11 United States mail or other delivery services to a mass audience or to
12 addressees on a mailing list provided by the purchaser or at the direction of
13 the purchaser when the cost of the items are not billed directly to the
14 recipients. Direct mail includes tangible personal property supplied
15 directly or indirectly by the purchaser to the direct mail seller for inclusion
16 in the package containing the printed material. Direct mail does not
17 include multiple items of printed material delivered to a single address.

18 (k) "Director" means the state director of taxation.

19 (l) "Educational institution" means any nonprofit school, college and
20 university that offers education at a level above the 12th grade, and
21 conducts regular classes and courses of study required for accreditation by,
22 or membership in, the higher learning commission, the state board of
23 education, or that otherwise qualify as an "educational institution," as
24 defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall
25 include: (1) A group of educational institutions that operates exclusively
26 for an educational purpose; (2) nonprofit endowment associations and
27 foundations organized and operated exclusively to receive, hold, invest
28 and administer moneys and property as a permanent fund for the support
29 and sole benefit of an educational institution; (3) nonprofit trusts,
30 foundations and other entities organized and operated principally to hold
31 and own receipts from intercollegiate sporting events and to disburse such
32 receipts, as well as grants and gifts, in the interest of collegiate and
33 intercollegiate athletic programs for the support and sole benefit of an
34 educational institution; and (4) nonprofit trusts, foundations and other
35 entities organized and operated for the primary purpose of encouraging,
36 fostering and conducting scholarly investigations and industrial and other
37 types of research for the support and sole benefit of an educational
38 institution.

39 (m) "Electronic" means relating to technology having electrical,
40 digital, magnetic, wireless, optical, electromagnetic or similar capabilities.

41 (n) "Food and food ingredients" means substances, whether in liquid,
42 concentrated, solid, frozen, dried or dehydrated form, that are sold for
43 ingestion or chewing by humans and are consumed for their taste or

1 nutritional value. *"Food and food ingredients" does include bottled water,*
2 *candy, food sold through vending machines or soft drinks.* "Food and food
3 ingredients" does not include alcoholic beverages, *dietary supplements* or
4 tobacco.

5 (o) "Gross receipts" means the total selling price or the amount
6 received as defined in this act, in money, credits, property or other
7 consideration valued in money from sales at retail within this state; and
8 embraced within the provisions of this act. The taxpayer, may take credit
9 in the report of gross receipts for: (1) An amount equal to the selling price
10 of property returned by the purchaser when the full sale price thereof,
11 including the tax collected, is refunded in cash or by credit; and (2) an
12 amount equal to the allowance given for the trade-in of property.

13 (p) "Ingredient or component part" means tangible personal property
14 which is necessary or essential to, and which is actually used in and
15 becomes an integral and material part of tangible personal property or
16 services produced, manufactured or compounded for sale by the producer,
17 manufacturer or compounder in its regular course of business. The
18 following items of tangible personal property are hereby declared to be
19 ingredients or component parts, but the listing of such property shall not be
20 deemed to be exclusive nor shall such listing be construed to be a
21 restriction upon, or an indication of, the type or types of property to be
22 included within the definition of "ingredient or component part" as herein
23 set forth:

24 (1) Containers, labels and shipping cases used in the distribution of
25 property produced, manufactured or compounded for sale which are not to
26 be returned to the producer, manufacturer or compounder for reuse.

27 (2) Containers, labels, shipping cases, paper bags, drinking straws,
28 paper plates, paper cups, twine and wrapping paper used in the distribution
29 and sale of property taxable under the provisions of this act by wholesalers
30 and retailers and which is not to be returned to such wholesaler or retailer
31 for reuse.

32 (3) Seeds and seedlings for the production of plants and plant
33 products produced for resale.

34 (4) Paper and ink used in the publication of newspapers.

35 (5) Fertilizer used in the production of plants and plant products
36 produced for resale.

37 (6) Feed for animals, fowl and aquatic plants and animals, the
38 primary purpose of which is use in agriculture or aquaculture, as defined in
39 K.S.A. 47-1901, and amendments thereto, the production of food for
40 human consumption, the production of animal, dairy, poultry or aquatic
41 plant and animal products, fiber, fur, or the production of offspring for use
42 for any such purpose or purposes.

43 (q) "Isolated or occasional sale" means the nonrecurring sale of

1 tangible personal property, or services taxable hereunder by a person not
 2 engaged at the time of such sale in the business of selling such property or
 3 services. Any religious organization which makes a nonrecurring sale of
 4 tangible personal property acquired for the purpose of resale shall be
 5 deemed to be not engaged at the time of such sale in the business of selling
 6 such property. Such term shall include: (1) Any sale by a bank, savings and
 7 loan institution, credit union or any finance company licensed under the
 8 provisions of the Kansas uniform consumer credit code of tangible
 9 personal property which has been repossessed by any such entity; and (2)
 10 any sale of tangible personal property made by an auctioneer or agent on
 11 behalf of not more than two principals or households if such sale is
 12 nonrecurring and any such principal or household is not engaged at the
 13 time of such sale in the business of selling tangible personal property.

14 (r) "Lease or rental" means any transfer of possession or control of
 15 tangible personal property for a fixed or indeterminate term for
 16 consideration. A lease or rental may include future options to purchase or
 17 extend.

18 (1) Lease or rental does not include:

19 (A) A transfer of possession or control of property under a security
 20 agreement or deferred payment plan that requires the transfer of title upon
 21 completion of the required payments;

22 (B) a transfer or possession or control of property under an agreement
 23 that requires the transfer of title upon completion of required payments and
 24 payment of an option price does not exceed the greater of \$100 or 1% of
 25 the total required payments; or

26 (C) providing tangible personal property along with an operator for a
 27 fixed or indeterminate period of time. A condition of this exclusion is that
 28 the operator is necessary for the equipment to perform as designed. For the
 29 purpose of this subsection, an operator must do more than maintain,
 30 inspect or set-up the tangible personal property.

31 (2) Lease or rental does include agreements covering motor vehicles
 32 and trailers where the amount of consideration may be increased or
 33 decreased by reference to the amount realized upon sale or disposition of
 34 the property as defined in 26 U.S.C. § 7701(h)(1).

35 (3) This definition shall be used for sales and use tax purposes
 36 regardless if a transaction is characterized as a lease or rental under
 37 generally accepted accounting principles, the internal revenue code, the
 38 uniform commercial code, K.S.A. 84-1-101 et seq., and amendments
 39 thereto, or other provisions of federal, state or local law.

40 (4) This definition will be applied only prospectively from the
 41 effective date of this act and will have no retroactive impact on existing
 42 leases or rentals.

43 (s) "Load and leave" means delivery to the purchaser by use of a

1 tangible storage media where the tangible storage media is not physically
2 transferred to the purchaser.

3 (t) "Member state" means a state that has entered in the agreement,
4 pursuant to provisions of article VIII of the agreement.

5 (u) "Model 1 seller" means a seller that has selected a CSP as its
6 agent to perform all the seller's sales and use tax functions, other than the
7 seller's obligation to remit tax on its own purchases.

8 (v) "Model 2 seller" means a seller that has selected a CAS to
9 perform part of its sales and use tax functions, but retains responsibility for
10 remitting the tax.

11 (w) "Model 3 seller" means a seller that has sales in at least five
12 member states, has total annual sales revenue of at least \$500,000,000, has
13 a proprietary system that calculates the amount of tax due each jurisdiction
14 and has entered into a performance agreement with the member states that
15 establishes a tax performance standard for the seller. As used in this
16 subsection a seller includes an affiliated group of sellers using the same
17 proprietary system.

18 (x) "Municipal corporation" means any city incorporated under the
19 laws of Kansas.

20 (y) "Nonprofit blood bank" means any nonprofit place, organization,
21 institution or establishment that is operated wholly or in part for the
22 purpose of obtaining, storing, processing, preparing for transfusing,
23 furnishing, donating or distributing human blood or parts or fractions of
24 single blood units or products derived from single blood units, whether or
25 not any remuneration is paid therefor, or whether such procedures are done
26 for direct therapeutic use or for storage for future use of such products.

27 (z) "Persons" means any individual, firm, copartnership, joint
28 adventure, association, corporation, estate or trust, receiver or trustee, or
29 any group or combination acting as a unit, and the plural as well as the
30 singular number; and shall specifically mean any city or other political
31 subdivision of the state of Kansas engaging in a business or providing a
32 service specifically taxable under the provisions of this act.

33 (aa) "Political subdivision" means any municipality, agency or
34 subdivision of the state which is, or shall hereafter be, authorized to levy
35 taxes upon tangible property within the state or which certifies a levy to a
36 municipality, agency or subdivision of the state which is, or shall hereafter
37 be, authorized to levy taxes upon tangible property within the state. Such
38 term also shall include any public building commission, housing, airport,
39 port, metropolitan transit or similar authority established pursuant to law
40 and the horsethief reservoir benefit district established pursuant to K.S.A.
41 82a-2201, and amendments thereto.

42 (bb) "Prescription" means an order, formula or recipe issued in any
43 form of oral, written, electronic or other means of transmission by a duly

1 licensed practitioner authorized by the laws of this state.

2 (cc) "Prewritten computer software" means computer software,
3 including prewritten upgrades, which is not designed and developed by the
4 author or other creator to the specifications of a specific purchaser. The
5 combining of two or more prewritten computer software programs or
6 prewritten portions thereof does not cause the combination to be other than
7 prewritten computer software. Prewritten computer software includes
8 software designed and developed by the author or other creator to the
9 specifications of a specific purchaser when it is sold to a person other than
10 the purchaser. Where a person modifies or enhances computer software of
11 which the person is not the author or creator, the person shall be deemed to
12 be the author or creator only of such person's modifications or
13 enhancements. Prewritten computer software or a prewritten portion
14 thereof that is modified or enhanced to any degree, where such
15 modification or enhancement is designed and developed to the
16 specifications of a specific purchaser, remains prewritten computer
17 software, except that where there is a reasonable, separately stated charge
18 or an invoice or other statement of the price given to the purchaser for
19 such modification or enhancement, such modification or enhancement
20 shall not constitute prewritten computer software.

21 (dd) "Property which is consumed" means tangible personal property
22 which is essential or necessary to and which is used in the actual process
23 of and consumed, depleted or dissipated within one year in: (1) The
24 production, manufacture, processing, mining, drilling, refining or
25 compounding of tangible personal property; (2) the providing of services;
26 (3) the irrigation of crops, for sale in the regular course of business; or (4)
27 the storage or processing of grain by a public grain warehouse or other
28 grain storage facility, and which is not reusable for such purpose. The
29 following is a listing of tangible personal property, included by way of
30 illustration but not of limitation, which qualifies as property which is
31 consumed:

32 (A) Insecticides, herbicides, germicides, pesticides, fungicides,
33 fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and
34 chemicals for use in commercial or agricultural production, processing or
35 storage of fruit, vegetables, feeds, seeds, grains, animals or animal
36 products whether fed, injected, applied, combined with or otherwise used;

37 (B) electricity, gas and water; and

38 (C) petroleum products, lubricants, chemicals, solvents, reagents and
39 catalysts.

40 (ee) "Purchase price" applies to the measure subject to use tax and
41 has the same meaning as sales price.

42 (ff) "Purchaser" means a person to whom a sale of personal property
43 is made or to whom a service is furnished.

1 (gg) "Quasi-municipal corporation" means any county, township,
2 school district, drainage district or any other governmental subdivision in
3 the state of Kansas having authority to receive or hold moneys or funds.

4 (hh) "Registered under this agreement" means registration by a seller
5 with the member states under the central registration system provided in
6 article IV of the agreement.

7 (ii) "Retailer" means a seller regularly engaged in the business of
8 selling, leasing or renting tangible personal property at retail or furnishing
9 electrical energy, gas, water, services or entertainment, and selling only to
10 the user or consumer and not for resale.

11 (jj) "Retail sale" or "sale at retail" means any sale, lease or rental for
12 any purpose other than for resale, sublease or subrent.

13 (kk) "Sale" or "sales" means the exchange of tangible personal
14 property, as well as the sale thereof for money, and every transaction,
15 conditional or otherwise, for a consideration, constituting a sale, including
16 the sale or furnishing of electrical energy, gas, water, services or
17 entertainment taxable under the terms of this act and including, except as
18 provided in the following provision, the sale of the use of tangible personal
19 property by way of a lease, license to use or the rental thereof regardless of
20 the method by which the title, possession or right to use the tangible
21 personal property is transferred. The term "sale" or "sales" shall not mean
22 the sale of the use of any tangible personal property used as a dwelling by
23 way of a lease or rental thereof for a term of more than 28 consecutive
24 days.

25 (ll) (1) "Sales or selling price" applies to the measure subject to sales
26 tax and means the total amount of consideration, including cash, credit,
27 property and services, for which personal property or services are sold,
28 leased or rented, valued in money, whether received in money or
29 otherwise, without any deduction for the following:

30 (A) The seller's cost of the property sold;

31 (B) the cost of materials used, labor or service cost, interest, losses,
32 all costs of transportation to the seller, all taxes imposed on the seller and
33 any other expense of the seller;

34 (C) charges by the seller for any services necessary to complete the
35 sale, other than delivery and installation charges;

36 (D) delivery charges; and

37 (E) installation charges.

38 (2) "Sales or selling price" includes consideration received by the
39 seller from third parties if:

40 (A) The seller actually receives consideration from a party other than
41 the purchaser and the consideration is directly related to a price reduction
42 or discount on the sale;

43 (B) the seller has an obligation to pass the price reduction or discount

1 through to the purchaser;

2 (C) the amount of the consideration attributable to the sale is fixed
3 and determinable by the seller at the time of the sale of the item to the
4 purchaser; and

5 (D) one of the following criteria is met:

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

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

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

19 (3) "Sales or selling price" shall not include:

20 (A) Discounts, including cash, term or coupons that are not
21 reimbursed by a third party that are allowed by a seller and taken by a
22 purchaser on a sale;

23 (B) interest, financing and carrying charges from credit extended on
24 the sale of personal property or services, if the amount is separately stated
25 on the invoice, bill of sale or similar document given to the purchaser;

26 (C) any taxes legally imposed directly on the consumer that are
27 separately stated on the invoice, bill of sale or similar document given to
28 the purchaser;

29 (D) the amount equal to the allowance given for the trade-in of
30 property, if separately stated on the invoice, billing or similar document
31 given to the purchaser; and

32 (E) commencing on July 1, 2018, and ending on June 30, 2021, cash
33 rebates granted by a manufacturer to a purchaser or lessee of a new motor
34 vehicle if paid directly to the retailer as a result of the original sale.

35 (mm) "Seller" means a person making sales, leases or rentals of
36 personal property or services.

37 (nn) "Service" means those services described in and taxed under the
38 provisions of K.S.A. 79-3603, and amendments thereto.

39 (oo) "Sourcing rules" means the rules set forth in K.S.A. 79-3670
40 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments thereto,
41 which shall apply to identify and determine the state and local taxing
42 jurisdiction sales or use taxes to pay, or collect and remit on a particular
43 retail sale.

1 (pp) "Tangible personal property" means personal property that can
2 be seen, weighed, measured, felt or touched, or that is in any other manner
3 perceptible to the senses. Tangible personal property includes electricity,
4 water, gas, steam and prewritten computer software.

5 (qq) "Taxpayer" means any person obligated to account to the
6 director for taxes collected under the terms of this act.

7 (rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or
8 any other item that contains tobacco.

9 (ss) "Entity-based exemption" means an exemption based on who
10 purchases the product or who sells the product. An exemption that is
11 available to all individuals shall not be considered an entity-based
12 exemption.

13 (tt) "Over-the-counter drug" means a drug that contains a label that
14 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
15 over-the-counter drug label includes: (1) A drug facts panel; or (2) a
16 statement of the active ingredients with a list of those ingredients
17 contained in the compound, substance or preparation. Over-the-counter
18 drugs do not include grooming and hygiene products such as soaps,
19 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
20 lotions and screens.

21 (uu) "Ancillary services" means services that are associated with or
22 incidental to the provision of telecommunications services, including, but
23 not limited to, detailed telecommunications billing, directory assistance,
24 vertical service and voice mail services.

25 (vv) "Conference bridging service" means an ancillary service that
26 links two or more participants of an audio or video conference call and
27 may include the provision of a telephone number. Conference bridging
28 service does not include the telecommunications services used to reach the
29 conference bridge.

30 (ww) "Detailed telecommunications billing service" means an
31 ancillary service of separately stating information pertaining to individual
32 calls on a customer's billing statement.

33 (xx) "Directory assistance" means an ancillary service of providing
34 telephone number information or address information, or both.

35 (yy) "Vertical service" means an ancillary service that is offered in
36 connection with one or more telecommunications services, which offers
37 advanced calling features that allow customers to identify callers and to
38 manage multiple calls and call connections, including conference bridging
39 services.

40 (zz) "Voice mail service" means an ancillary service that enables the
41 customer to store, send or receive recorded messages. Voice mail service
42 does not include any vertical services that the customer may be required to
43 have in order to utilize the voice mail service.

1 (aaa) "Telecommunications service" means the electronic
2 transmission, conveyance or routing of voice, data, audio, video or any
3 other information or signals to a point, or between or among points. The
4 term telecommunications service includes such transmission, conveyance
5 or routing in which computer processing applications are used to act on the
6 form, code or protocol of the content for purposes of transmissions,
7 conveyance or routing without regard to whether such service is referred to
8 as voice over internet protocol services or is classified by the federal
9 communications commission as enhanced or value added.
10 Telecommunications service does not include:

11 (1) Data processing and information services that allow data to be
12 generated, acquired, stored, processed or retrieved and delivered by an
13 electronic transmission to a purchaser where such purchaser's primary
14 purpose for the underlying transaction is the processed data or
15 information;

16 (2) installation or maintenance of wiring or equipment on a
17 customer's premises;

18 (3) tangible personal property;

19 (4) advertising, including, but not limited to, directory advertising;

20 (5) billing and collection services provided to third parties;

21 (6) internet access service;

22 (7) radio and television audio and video programming services,
23 regardless of the medium, including the furnishing of transmission,
24 conveyance and routing of such services by the programming service
25 provider. Radio and television audio and video programming services shall
26 include, but not be limited to, cable service as defined in 47 U.S.C. §
27 522(6) and audio and video programming services delivered by
28 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

29 (8) ancillary services; or

30 (9) digital products delivered electronically, including, but not limited
31 to, software, music, video, reading materials or ring tones.

32 (bbb) "800 service" means a telecommunications service that allows a
33 caller to dial a toll-free number without incurring a charge for the call. The
34 service is typically marketed under the name 800, 855, 866, 877 and 888
35 toll-free calling, and any subsequent numbers designated by the federal
36 communications commission.

37 (ccc) "900 service" means an inbound toll telecommunications
38 service purchased by a subscriber that allows the subscriber's customers to
39 call in to the subscriber's prerecorded announcement or live service. 900
40 service does not include the charge for collection services provided by the
41 seller of the telecommunications services to the subscriber, or service or
42 product sold by the subscriber to the subscriber's customer. The service is
43 typically marketed under the name 900 service, and any subsequent

1 numbers designated by the federal communications commission.

2 (ddd) "Value-added non-voice data service" means a service that
3 otherwise meets the definition of telecommunications services in which
4 computer processing applications are used to act on the form, content,
5 code or protocol of the information or data primarily for a purpose other
6 than transmission, conveyance or routing.

7 (eee) "International" means a telecommunications service that
8 originates or terminates in the United States and terminates or originates
9 outside the United States, respectively. United States includes the District
10 of Columbia or a U.S. territory or possession.

11 (fff) "Interstate" means a telecommunications service that originates
12 in one United States state, or a United States territory or possession, and
13 terminates in a different United States state or a United States territory or
14 possession.

15 (ggg) "Intrastate" means a telecommunications service that originates
16 in one United States state or a United States territory or possession, and
17 terminates in the same United States state or a United States territory or
18 possession.

19 (hhh) "Cereal malt beverage" shall have the same meaning as such
20 term is defined in K.S.A. 41-2701, and amendments thereto, except that
21 for the purposes of the Kansas retailers sales tax act and for no other
22 purpose, such term shall include beer containing not more than 6% alcohol
23 by volume when such beer is sold by a retailer licensed under the Kansas
24 cereal malt beverage act.

25 (iii) *"Bottled water" means water that is placed in a safety sealed*
26 *container or package for human consumption. "Bottled water" is calorie*
27 *free and does not contain sweeteners or other additives, except that it may*
28 *contain:*

29 (1) *Antimicrobial agents;*

30 (2) *fluoride;*

31 (3) *carbonation;*

32 (4) *vitamins, minerals and electrolytes;*

33 (5) *oxygen;*

34 (6) *preservatives; or*

35 (7) *only those flavors, extracts or essences derived from a spice or*
36 *fruit.*

37 *"Bottled water" includes water that is delivered to the buyer in a*
38 *reusable container that is not sold with the water.*

39 (jjj) *"Candy" means a preparation of sugar, honey or other natural or*
40 *artificial sweeteners in combination with chocolate, fruits, nuts or other*
41 *ingredients or flavorings in the form of bars, drops or pieces. "Candy"*
42 *does not include any preparation containing flour and shall require no*
43 *refrigeration.*

1 (lll) "Food sold through vending machines" means food dispensed
2 from a machine or other mechanical device that accepts payment.

3 (mmm) "Prepared food" means:

4 (1) Food sold in a heated state or heated by the seller;

5 (2) two or more food ingredients mixed or combined by the seller for
6 sale as a single item; or

7 (3) food sold with eating utensils provided by the seller, including,
8 but not limited to, plates, knives, forks, spoons, glasses, cups, napkins or
9 straws. A plate does not include a container or packaging used to
10 transport the food.

11 "Prepared food" does not include food that is only cut, repackaged or
12 pasteurized by the seller, and eggs, fish, meat, poultry and foods
13 containing these raw animal foods requiring cooking by the consumer as
14 recommended by the food and drug administration in chapter 3, part
15 401.11 of the food and drug administration food code so as to prevent food
16 borne illnesses.

17 (nnn) "Soft drinks" means nonalcoholic beverages that contain
18 natural or artificial sweeteners. "Soft drinks" does not include beverages
19 that contain milk or milk products, soy, rice or similar milk substitutes, or
20 greater than 50% of vegetable or fruit juice by volume.

21 (ooo) "Dietary supplement" shall have the same meaning ascribed to
22 it as in K.S.A. 79-3606(jjj), and amendments thereto.

23 Sec. 4. K.S.A. 2020 Supp. 79-3603 is hereby amended to read as
24 follows: 79-3603. For the privilege of engaging in the business of selling
25 tangible personal property at retail in this state or rendering or furnishing
26 any of the services taxable under this act, there is hereby levied and there
27 shall be collected and paid a tax at the rate of 6.5%, *except as otherwise*
28 *provided in section 1, and amendments thereto*. On and after July 1, 2021,
29 16.154% of the ~~6.5%~~ rate imposed *pursuant to this section* shall be levied
30 for the state highway fund, the state highway fund purposes and those
31 purposes specified in K.S.A. 68-416, and amendments thereto, and all
32 revenue collected and received from such tax levy shall be deposited in the
33 state highway fund. Within a redevelopment district established pursuant
34 to K.S.A. 74-8921, and amendments thereto, there is hereby levied and
35 there shall be collected and paid an additional tax at the rate of 2% until
36 the earlier of the date the bonds issued to finance or refinance the
37 redevelopment project have been paid in full or the final scheduled
38 maturity of the first series of bonds issued to finance any part of the
39 project. *Such tax shall be imposed* upon:

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

42 (b) the gross receipts from intrastate, interstate or international
43 telecommunications services and any ancillary services sourced to this

1 state in accordance with K.S.A. 79-3673, and amendments thereto, except
2 that telecommunications service does not include: (1) Any interstate or
3 international 800 or 900 service; (2) any interstate or international private
4 communications service as defined in K.S.A. 79-3673, and amendments
5 thereto; (3) any value-added nonvoice data service; (4) any
6 telecommunication service to a provider of telecommunication services
7 which will be used to render telecommunications services, including
8 carrier access services; or (5) any service or transaction defined in this
9 section among entities classified as members of an affiliated group as
10 provided by section 1504 of the federal internal revenue code of 1986, as
11 in effect on January 1, 2001;

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

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

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

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

39 (g) the gross receipts from the service of renting of rooms by hotels,
40 as defined by K.S.A. 36-501, and amendments thereto, or by
41 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
42 thereto, but such tax shall not be levied and collected upon the gross
43 receipts received from sales of such service to the federal government and

1 any agency, officer or employee thereof in association with the
2 performance of official government duties;

3 (h) the gross receipts from the service of renting or leasing of tangible
4 personal property except such tax shall not apply to the renting or leasing
5 of machinery, equipment or other personal property owned by a city and
6 purchased from the proceeds of industrial revenue bonds issued prior to
7 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
8 12-1749, and amendments thereto, and any city or lessee renting or leasing
9 such machinery, equipment or other personal property purchased with the
10 proceeds of such bonds who shall have paid a tax under the provisions of
11 this section upon sales made prior to July 1, 1973, shall be entitled to a
12 refund from the sales tax refund fund of all taxes paid thereon;

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

16 (j) the gross receipts from the rendering of the services of washing
17 and washing and waxing of vehicles;

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

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

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

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

1 to which spectators are charged an admission which is taxable pursuant to
2 subsection (e);

3 (n) the gross receipts received from dues charged by public and
4 private clubs, drinking establishments, organizations and businesses,
5 payment of which entitles a member to the use of facilities for recreation
6 or entertainment, but such tax shall not be levied and collected upon the
7 gross receipts received from: (1) Dues charged by any organization exempt
8 from property taxation pursuant to K.S.A. 79-201 *Eighth* and *Ninth*, and
9 amendments thereto; and (2) sales of memberships in a nonprofit
10 organization which is exempt from federal income taxation pursuant to
11 section 501(c)(3) of the federal internal revenue code of 1986, and whose
12 purpose is to support the operation of a nonprofit zoo;

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

1 for an amount less than \$10 shall be paid pursuant to this act. In
2 determining the base for computing the tax on such isolated or occasional
3 sale, the fair market value of any motor vehicle or trailer traded in by the
4 purchaser to the seller may be deducted from the selling price;

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

15 For the purposes of this subsection:

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

27 (2) "building" ~~shall mean~~ *means* only those enclosures within which
28 individuals customarily are employed, or which are customarily used to
29 house machinery, equipment or other property, and including the land
30 improvements immediately surrounding such building;

31 (3) "facility" ~~shall mean~~ *means* a mill, plant, refinery, oil or gas well,
32 water well, feedlot or any conveyance, transmission or distribution line of
33 any cooperative, nonprofit, membership corporation organized under or
34 subject to the provisions of K.S.A. 17-4601 et seq., and amendments
35 thereto, or municipal or quasi-municipal corporation, including the land
36 improvements immediately surrounding such facility;

37 (4) "residence" ~~shall mean~~ *means* only those enclosures within which
38 individuals customarily live;

39 (5) "utility structure" ~~shall mean~~ *means* transmission and distribution
40 lines owned by an independent transmission company or cooperative, the
41 Kansas electric transmission authority or natural gas or electric public
42 utility; and

43 (6) "windstorm" ~~shall mean~~ *means* straight line winds of at least 80

1 miles per hour as determined by a recognized meteorological reporting
2 agency or organization;

3 (q) the gross receipts received for the service of repairing, servicing,
4 altering or maintaining tangible personal property which when such
5 services are rendered is not being held for sale in the regular course of
6 business, and whether or not any tangible personal property is transferred
7 in connection therewith. The tax imposed by this subsection shall be
8 applicable to the services of repairing, servicing, altering or maintaining an
9 item of tangible personal property which has been and is fastened to,
10 connected with or built into real property;

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

14 (s) on and after January 1, 2005, the gross receipts received from the
15 sale of prewritten computer software and the sale of the services of
16 modifying, altering, updating or maintaining prewritten computer
17 software, whether the prewritten computer software is installed or
18 delivered electronically by tangible storage media physically transferred to
19 the purchaser or by load and leave;

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

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

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

27 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
28 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
29 pursuant to this section.

30 Sec. 5. K.S.A. 79-3620 is hereby amended to read as follows: 79-
31 3620. (a) All revenue collected or received by the director of taxation from
32 the taxes imposed by this act shall be remitted to the state treasurer in
33 accordance with the provisions of K.S.A. 75-4215, and amendments
34 thereto. Upon receipt of each such remittance, the state treasurer shall
35 deposit the entire amount in the state treasury, less amounts withheld as
36 provided in subsection (b) and amounts credited as provided in subsections
37 (c), (d) and (e), to the credit of the state general fund.

38 (b) A refund fund, designated as "sales tax refund fund" not to exceed
39 \$100,000 shall be set apart and maintained by the director from sales tax
40 collections and estimated tax collections and held by the state treasurer for
41 prompt payment of all sales tax refunds. Such fund shall be in such
42 amount, within the limit set by this section, as the director shall determine
43 is necessary to meet current refunding requirements under this act. In the

1 event such fund as established by this section is, at any time, insufficient to
2 provide for the payment of refunds due claimants thereof, the director shall
3 certify the amount of additional funds required to the director of accounts
4 and reports who shall promptly transfer the required amount from the state
5 general fund to the sales tax refund fund, and notify the state treasurer,
6 who shall make proper entry in the records.

7 ~~(c)(1) On July 1, 2010, the state treasurer shall credit 11.427% of the~~
8 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
9 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
10 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
11 ~~the state highway fund.~~

12 ~~(2) On July 1, 2011, the state treasurer shall credit 11.26% of the~~
13 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
14 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
15 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
16 ~~the state highway fund.~~

17 ~~(3) On July 1, 2012, the state treasurer shall credit 11.233% of the~~
18 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
19 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
20 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
21 ~~the state highway fund.~~

22 ~~(4) On July 1, 2013, the state treasurer shall credit 17.073% of the~~
23 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
24 ~~and amendments thereto, at the rate of 6.15%, and deposited as provided~~
25 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~
26 ~~(d), in the state highway fund.~~

27 ~~(5) On July 1, 2015, the state treasurer shall credit 16.226% of the~~
28 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
29 ~~and amendments thereto, at the rate of 6.5%, and deposited as provided by~~
30 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
31 ~~the state highway fund.~~

32 ~~(6) On July 1, 2016, and thereafter, the state treasurer shall credit~~
33 ~~16.154% of the revenue collected and received from the tax imposed by~~
34 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.5% and section~~
35 ~~1, and amendments thereto, at the rates prescribed in K.S.A. 79-3603, and~~
36 ~~amendments thereto, and section 1 or 2, and amendments thereto, and~~
37 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
38 ~~pursuant to subsection (d), in the state highway fund.~~

39 (d) The state treasurer shall credit all revenue collected or received
40 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
41 certified by the director, from taxpayers doing business within that portion
42 of a STAR bond project district occupied by a STAR bond project or
43 taxpayers doing business with such entity financed by a STAR bond

1 project as defined in K.S.A. 2020 Supp. 12-17,162, and amendments
2 thereto, that was determined by the secretary of commerce to be of
3 statewide as well as local importance or will create a major tourism area
4 for the state or the project was designated as a STAR bond project as
5 defined in K.S.A. 2020 Supp. 12-17,162, and amendments thereto, to the
6 city bond finance fund, which fund is hereby created. The provisions of
7 this subsection shall expire when the total of all amounts credited
8 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is
9 sufficient to retire the special obligation bonds issued for the purpose of
10 financing all or a portion of the costs of such STAR bond project.

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

42 Sec. 6. K.S.A. 2020 Supp. 79-3703 is hereby amended to read as
43 follows: 79-3703. There is hereby levied and there shall be collected from

1 every person in this state a tax or excise for the privilege of using, storing,
2 or consuming within this state any article of tangible personal property.
3 Such tax shall be levied and collected in an amount equal to the
4 consideration paid by the taxpayer multiplied by the rate of 6.5% *and on*
5 *and after October 1, 2021, the rates on food and food ingredients provided*
6 *in section 1, and amendments thereto.* On and after July 1, 2021, 16.154%
7 at the ~~6.5%~~ rate imposed *pursuant to this section* shall be levied for the
8 state highway fund, the state highway fund purposes and those purposes
9 specified in K.S.A. 68-416, and amendments thereto, and all revenue
10 collected and received from such tax levy shall be deposited in the state
11 highway fund. Within a redevelopment district established pursuant to
12 K.S.A. 74-8921, and amendments thereto, there is hereby levied and there
13 shall be collected and paid an additional tax of 2% until the earlier of: (1)
14 The date the bonds issued to finance or refinance the redevelopment
15 project undertaken in the district have been paid in full; or (2) the final
16 scheduled maturity of the first series of bonds issued to finance the
17 redevelopment project. All property purchased or leased within or without
18 this state and subsequently used, stored or consumed in this state shall be
19 subject to the compensating tax if the same property or transaction would
20 have been subject to the Kansas retailers' sales tax had the transaction been
21 wholly within this state.

22 Sec. 7. K.S.A. 79-3710 is hereby amended to read as follows: 79-
23 3710. (a) All revenue collected or received by the director under the
24 provisions of this act shall be remitted to the state treasurer in accordance
25 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
26 receipt of each such remittance, the state treasurer shall deposit the entire
27 amount in the state treasury, less amounts set apart as provided in
28 subsection (b) and amounts credited as provided in subsection (c), (d) and
29 (e), to the credit of the state general fund.

30 (b) A revolving fund, designated as "compensating tax refund fund"
31 not to exceed \$10,000 shall be set apart and maintained by the director
32 from compensating tax collections and estimated tax collections and held
33 by the state treasurer for prompt payment of all compensating tax refunds.
34 Such fund shall be in such amount, within the limit set by this section, as
35 the director shall determine is necessary to meet current refunding
36 requirements under this act.

37 ~~(c)(1) On July 1, 2010, the state treasurer shall credit 11.427% of the~~
38 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
39 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
40 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
41 ~~the state highway fund.~~

42 ~~(2) On July 1, 2011, the state treasurer shall credit 11.26% of the~~
43 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~

1 and amendments thereto, at the rate of 6.3%, and deposited as provided by
2 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
3 the state highway fund.

4 ~~(3) On July 1, 2012, the state treasurer shall credit 11.233% of the~~
5 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
6 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
7 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
8 ~~the state highway fund.~~

9 ~~(4) On July 1, 2013, the state treasurer shall credit 17.073% of the~~
10 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
11 ~~and amendments thereto, at the rate of 6.15%, and deposited as provided~~
12 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~
13 ~~(d), in the state highway fund.~~

14 ~~(5) On July 1, 2015, the state treasurer shall credit 16.226% of the~~
15 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
16 ~~and amendments thereto, at the rate of 6.5%, and deposited as provided by~~
17 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
18 ~~the state highway fund.~~

19 (6) On July 1, 2016, and thereafter, the state treasurer shall credit
20 16.154% of the revenue collected and received from the tax imposed by
21 K.S.A. 79-3703, and amendments thereto, at the ~~rate of 6.5% rates~~
22 ~~provided in K.S.A. 79-3703, and amendments thereto, and section 1 or 2,~~
23 ~~and amendments thereto,~~ and deposited as provided by subsection (a),
24 exclusive of amounts credited pursuant to subsection (d), in the state
25 highway fund.

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

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

40 (e) All revenue certified by the director of taxation as having been
41 collected or received from the tax imposed by K.S.A. 79-3603(c), and
42 amendments thereto, on the sale or furnishing of gas, water, electricity and
43 heat for use or consumption within the intermodal facility district

1 described in this subsection, shall be credited by the state treasurer to the
2 state highway fund. Such revenue may be transferred by the secretary of
3 transportation to the rail service improvement fund pursuant to law. The
4 provisions of this subsection shall take effect upon certification by the
5 secretary of transportation that a notice to proceed has been received for
6 the construction of the improvements within the intermodal facility
7 district, but not later than December 31, 2010, and shall expire when the
8 secretary of revenue determines that the total of all amounts credited
9 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
10 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
11 revenues shall be collected and distributed in accordance with applicable
12 law. For all tax reporting periods during which the provisions of this
13 subsection are in effect, none of the exemptions contained in K.S.A. 79-
14 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
15 of any gas, water, electricity and heat for use or consumption within the
16 intermodal facility district. As used in this subsection, "intermodal facility
17 district" shall consist of an intermodal transportation area as defined by
18 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
19 within the polygonal-shaped area having Waverly Road as the eastern
20 boundary, 191st Street as the southern boundary, Four Corners Road as the
21 western boundary, and Highway 56 as the northern boundary, and the
22 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
23 Street as the southern boundary, Waverly Road as the western boundary,
24 and the BNSF mainline track as the northern boundary, that includes
25 capital investment in an amount exceeding \$150 million for the
26 construction of an intermodal facility to handle the transfer, storage and
27 distribution of freight through railway and trucking operations.

28 Sec. 8. K.S.A. 79-3602, 79-3620 and 79-3710 and K.S.A. 2020 Supp.
29 79-3603 and 79-3703 are hereby repealed.

30 Sec. 9. This act shall take effect and be in force from and after its
31 publication in the statute book.