

HOUSE BILL No. 2616

By Committee on Taxation

2-7

1 AN ACT concerning sales and compensating use tax; reducing the rate of
2 tax imposed on sales of food and food ingredients; amending K.S.A.
3 79-3620 and 79-3710 and K.S.A. 2021 Supp. 79-3602, 79-3603 and
4 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
8 collected and paid a tax upon the gross receipts from the sale of food and
9 food ingredients. The rate of tax shall be 4.3%, except as otherwise
10 provided pursuant to section 2, and amendments thereto.

11 (b) The provisions of this subsection 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 subsector 3118 (bakeries);

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 bread, rolls, buns, biscuits, bagels,
21 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,
22 cookies and tortillas; or

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

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

27 New Sec. 2. (a) For fiscal year 2023, if the ending balance
28 requirement set forth in K.S.A. 75-6702(b), and amendments thereto, is
29 not suspended by further legislative enactment, on July 1, 2023, the
30 director of legislative research shall certify to the secretary of revenue and
31 the director of the budget that such ending balance requirement was
32 satisfied. Upon receipt of such certification, the secretary of revenue shall
33 reduce by 2.2% the state rate for sales and compensating use taxes on food
34 and food ingredients set forth in section 1, and amendments thereto. Such
35 new rate shall go into effect on October 1, 2023. The secretary shall
36 publish the new rate for sales and compensating use taxes to take effect

1 pursuant to law. The rate established pursuant to this subsection shall
2 remain in effect unless further reduced pursuant to subsection (b).

3 (b) For fiscal year 2024, if the ending balance requirement set forth in
4 K.S.A. 75-6702(b), and amendments thereto, is not suspended by further
5 legislative enactment, on July 1, 2024, the director of legislative research
6 shall certify to the secretary of revenue and the director of the budget that
7 such ending balance requirement was satisfied. Upon receipt of such
8 certification, the secretary of revenue shall reduce by 2.1% the state rate
9 for sales and compensating use taxes on food and food ingredients set
10 forth in section 1, and amendments thereto, and subsection (a). Such new
11 rate shall go into effect on October 1, 2024. The secretary shall publish the
12 new rate for sales and compensating use taxes to take effect pursuant to
13 law. The rate established pursuant to this subsection shall remain in effect
14 thereafter.

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

17 Sec. 3. K.S.A. 2021 Supp. 79-3602 is hereby amended to read as
18 follows: 79-3602. Except as otherwise provided, as used in the Kansas
19 retailers' sales tax act:

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

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

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

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

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

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

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

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

42 (i) "Delivery charges" means charges by the seller of personal
43 property or services for preparation and delivery to a location designated

1 by the purchaser of personal property or services including, but not limited
2 to, transportation, shipping, postage, handling, crating and packing.
3 Delivery charges shall not include charges for delivery of direct mail if the
4 charges are separately stated on an invoice or similar billing document
5 given to the purchaser.

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

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

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

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

37 (n) "Food and food ingredients" means substances, whether in liquid,
38 concentrated, solid, frozen, dried or dehydrated form, that are sold for
39 ingestion or chewing by humans and are consumed for their taste or
40 nutritional value. "Food and food ingredients" does not include alcoholic
41 beverages, *bottled water*, *candy*, *dietary supplements*, *food sold through*
42 *vending machines*, *soft drinks* or tobacco.

43 (o) "Gross receipts" means the total selling price or the amount

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

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

19 (1) Containers, labels and shipping cases used in the distribution of
20 property produced, manufactured or compounded for sale that are not to be
21 returned to the producer, manufacturer or compounder for reuse.

22 (2) Containers, labels, shipping cases, paper bags, drinking straws,
23 paper plates, paper cups, twine and wrapping paper used in the distribution
24 and sale of property taxable under the provisions of this act by wholesalers
25 and retailers and that is not to be returned to such wholesaler or retailer for
26 reuse.

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

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

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

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

38 (q) "Isolated or occasional sale" means the nonrecurring sale of
39 tangible personal property, or services taxable hereunder by a person not
40 engaged at the time of such sale in the business of selling such property or
41 services. Any religious organization that makes a nonrecurring sale of
42 tangible personal property acquired for the purpose of resale shall be
43 deemed to be not engaged at the time of such sale in the business of selling

1 such property. Such term shall include:

2 (1) Any sale by a bank, savings and loan institution, credit union or
3 any finance company licensed under the provisions of the Kansas uniform
4 consumer credit code of tangible personal property that has been
5 repossessed by any such entity; and

6 (2) any sale of tangible personal property made by an auctioneer or
7 agent on behalf of not more than two principals or households if such sale
8 is nonrecurring and any such principal or household is not engaged at the
9 time of such sale in the business of selling tangible personal property.

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

14 (1) Lease or rental does not include:

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

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

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

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

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

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

39 (s) "Load and leave" means delivery to the purchaser by use of a
40 tangible storage media where the tangible storage media is not physically
41 transferred to the purchaser.

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

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

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

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

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

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

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

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

38 (bb) "Prescription" means an order, formula or recipe issued in any
39 form of oral, written, electronic or other means of transmission by a duly
40 licensed practitioner authorized by the laws of this state.

41 (cc) "Prewritten computer software" means computer software,
42 including prewritten upgrades, that is not designed and developed by the
43 author or other creator to the specifications of a specific purchaser. The

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

17 (dd) "Property which is consumed" means tangible personal property
18 that is essential or necessary to and that is used in the actual process of and
19 consumed, depleted or dissipated within one year in:

20 (1) The production, manufacture, processing, mining, drilling,
21 refining or compounding of tangible personal property;

22 (2) the providing of services;

23 (3) the irrigation of crops, for sale in the regular course of business;
24 or

25 (4) the storage or processing of grain by a public grain warehouse or
26 other grain storage facility, and which is not reusable for such purpose.
27 The following is a listing of tangible personal property, included by way of
28 illustration but not of limitation, that qualifies as property that is
29 consumed:

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

35 (B) electricity, gas and water; and

36 (C) petroleum products, lubricants, chemicals, solvents, reagents and
37 catalysts.

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

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

42 (gg) "Quasi-municipal corporation" means any county, township,
43 school district, drainage district or any other governmental subdivision in

1 the state of Kansas having authority to receive or hold moneys or funds.

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

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

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

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

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

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

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

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

34 (D) delivery charges; and

35 (E) installation charges.

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

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

41 (B) the seller has an obligation to pass the price reduction or discount
42 through to the purchaser;

43 (C) the amount of the consideration attributable to the sale is fixed

1 and determinable by the seller at the time of the sale of the item to the
2 purchaser; and

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

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

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

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

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

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

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

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

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

30 (E) commencing on July 1, 2018, and ending on June 30, 2024, cash
31 rebates granted by a manufacturer to a purchaser or lessee of a new motor
32 vehicle if paid directly to the retailer as a result of the original sale.

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

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

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

42 (pp) "Tangible personal property" means personal property that can
43 be seen, weighed, measured, felt or touched, or that is in any other manner

1 perceptible to the senses. Tangible personal property includes electricity,
2 water, gas, steam and prewritten computer software.

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

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

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

11 (tt) "Over-the-counter drug" means a drug that contains a label that
12 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
13 over-the-counter drug label includes:

14 (1) A drug facts panel; or

15 (2) a statement of the active ingredients with a list of those
16 ingredients contained in the compound, substance or preparation. Over-
17 the-counter drugs do not include grooming and hygiene products such as
18 soaps, cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
19 lotions and screens.

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

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

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

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

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

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

43 (aaa) "Telecommunications service" means the electronic

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

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

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

17 (3) tangible personal property;

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

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

20 (6) internet access service;

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

28 (8) ancillary services; or

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

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

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

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

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

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

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

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

24 (iii) "Nonprofit integrated community care organization" means an
 25 entity that is:

26 (1) Exempt from federal income taxation pursuant to section 501(c)
 27 (3) of the federal internal revenue code of 1986;

28 (2) certified to participate in the medicare program as a hospice under
 29 42 C.F.R. § 418 et seq. and focused on providing care to the aging and
 30 indigent population at home and through inpatient care, adult daycare or
 31 assisted living facilities and related facilities and services across multiple
 32 counties; and

33 (3) approved by the Kansas department for aging and disability
 34 services as an organization providing services under the program of all-
 35 inclusive care for the elderly as defined in 42 U.S.C. § 1396u-4 and
 36 regulations implementing such section.

37 (jjj) (1) *"Bottled water" means water that is placed in a safety sealed*
 38 *container or package for human consumption. "Bottled water" is calorie*
 39 *free and does not contain sweeteners or other additives, except that it may*
 40 *contain:*

- 41 (A) *Antimicrobial agents;*
- 42 (B) *fluoride;*
- 43 (C) *carbonation;*

- 1 (D) vitamins, minerals and electrolytes;
2 (E) oxygen;
3 (F) preservatives; or
4 (G) only those flavors, extracts or essences derived from a spice or
5 fruit.

6 (2) "Bottled water" includes water that is delivered to the buyer in a
7 reusable container that is not sold with the water.

8 (lll) (1) "Candy" means a preparation of sugar, honey or other
9 natural or artificial sweeteners in combination with chocolate, fruits, nuts
10 or other ingredients or flavorings in the form of bars, drops or pieces.

11 (2) "Candy" does not include any preparation containing flour and
12 shall require no refrigeration.

13 (mmm) "Dietary supplement" means the same as defined in K.S.A.
14 79-3606(jjj), and amendments thereto.

15 (nnn) "Food sold through vending machines" means food dispensed
16 from a machine or other mechanical device that accepts payment.

17 (ooo) (1) "Prepared food" means:

18 (A) Food sold in a heated state or heated by the seller;

19 (B) two or more food ingredients mixed or combined by the seller for
20 sale as a single item; or

21 (C) food sold with eating utensils provided by the seller, including,
22 but not limited to, plates, knives, forks, spoons, glasses, cups, napkins or
23 straws. A plate does not include a container or packaging used to
24 transport the food.

25 (2) "Prepared food" does not include:

26 (A) Food that is only cut, repackaged or pasteurized by the seller; or

27 (B) eggs, fish, meat, poultry or foods containing these raw animal
28 foods that require cooking by the consumer as recommended by the food
29 and drug administration in chapter 3, part 401.11 of the food and drug
30 administration food code so as to prevent food borne illnesses.

31 (ppp) (1) "Soft drinks" means nonalcoholic beverages that contain
32 natural or artificial sweeteners.

33 (2) "Soft drinks" does not include beverages that contain milk or milk
34 products, soy, rice or similar milk substitutes or beverages that are greater
35 than 50% vegetable or fruit juice by volume.

36 Sec. 4. K.S.A. 2021 Supp. 79-3603 is hereby amended to read as
37 follows: 79-3603. For the privilege of engaging in the business of selling
38 tangible personal property at retail in this state or rendering or furnishing
39 any of the services taxable under this act, there is hereby levied and there
40 shall be collected and paid a tax at the rate of 6.5%. On and after July 1,
41 2021, 16.154% of the 6.5% ~~rate imposed~~ rate provided in this section and
42 the rates provided in sections 1 and 2, and amendments thereto, shall be
43 levied for the state highway fund, the state highway fund purposes and

1 those purposes specified in K.S.A. 68-416, and amendments thereto, and
2 all revenue collected and received from such tax levy shall be deposited in
3 the state highway fund.

4 Within a redevelopment district established pursuant to K.S.A. 74-
5 8921, and amendments thereto, there is hereby levied and there shall be
6 collected and paid an additional tax at the rate of 2% until the earlier of the
7 date the bonds issued to finance or refinance the redevelopment project
8 have been paid in full or the final scheduled maturity of the first series of
9 bonds issued to finance any part of the project.

10 *Such tax shall be imposed upon:*

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

13 (b) the gross receipts from intrastate, interstate or international
14 telecommunications services and any ancillary services sourced to this
15 state in accordance with K.S.A. 79-3673, and amendments thereto, except
16 that telecommunications service does not include: (1) Any interstate or
17 international 800 or 900 service; (2) any interstate or international private
18 communications service as defined in K.S.A. 79-3673, and amendments
19 thereto; (3) any value-added nonvoice data service; (4) any
20 telecommunication service to a provider of telecommunication services
21 which will be used to render telecommunications services, including
22 carrier access services; or (5) any service or transaction defined in this
23 section among entities classified as members of an affiliated group as
24 provided by section 1504 of the federal internal revenue code of 1986, as
25 in effect on January 1, 2001;

26 (c) the gross receipts from the sale or furnishing of gas, water,
27 electricity and heat, which sale is not otherwise exempt from taxation
28 under the provisions of this act, and whether furnished by municipally or
29 privately owned utilities, except that, on and after January 1, 2006, for
30 sales of gas, electricity and heat delivered through mains, lines or pipes to
31 residential premises for noncommercial use by the occupant of such
32 premises, and for agricultural use and also, for such use, all sales of
33 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
34 gas, coal, wood and other fuel sources for the production of heat or
35 lighting for noncommercial use of an occupant of residential premises, the
36 state rate shall be 0%, but such tax shall not be levied and collected upon
37 the gross receipts from: (1) The sale of a rural water district benefit unit;
38 (2) a water system impact fee, system enhancement fee or similar fee
39 collected by a water supplier as a condition for establishing service; or (3)
40 connection or reconnection fees collected by a water supplier;

41 (d) the gross receipts from the sale of meals or drinks furnished at any
42 private club, drinking establishment, catered event, restaurant, eating
43 house, dining car, hotel, drugstore or other place where meals or drinks are

1 regularly sold to the public;

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

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

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

17 (h) the gross receipts from the service of renting or leasing of tangible
18 personal property except such tax shall not apply to the renting or leasing
19 of machinery, equipment or other personal property owned by a city and
20 purchased from the proceeds of industrial revenue bonds issued prior to
21 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
22 12-1749, and amendments thereto, and any city or lessee renting or leasing
23 such machinery, equipment or other personal property purchased with the
24 proceeds of such bonds who shall have paid a tax under the provisions of
25 this section upon sales made prior to July 1, 1973, shall be entitled to a
26 refund from the sales tax refund fund of all taxes paid thereon;

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

30 (j) the gross receipts from the rendering of the services of washing
31 and washing and waxing of vehicles;

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

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

39 (2) Any such contractor, subcontractor or repairman who maintains
40 an inventory of such property both for sale at retail and for use by them for
41 the purposes described by paragraph (1) shall be deemed a retailer with
42 respect to purchases for and sales from such inventory, except that the
43 gross receipts received from any such sale, other than a sale at retail, shall

1 be equal to the total purchase price paid for such property and the tax
2 imposed thereon shall be paid by the deemed retailer;

3 (m) the gross receipts received from fees and charges by public and
4 private clubs, drinking establishments, organizations and businesses for
5 participation in sports, games and other recreational activities, but such tax
6 shall not be levied and collected upon the gross receipts received from: (1)
7 Fees and charges by any political subdivision, by any organization exempt
8 from property taxation pursuant to K.S.A. 79-201 *Ninth*, and amendments
9 thereto, or by any youth recreation organization exclusively providing
10 services to persons 18 years of age or younger which is exempt from
11 federal income taxation pursuant to section 501(c)(3) of the federal
12 internal revenue code of 1986, for participation in sports, games and other
13 recreational activities; and (2) entry fees and charges for participation in a
14 special event or tournament sanctioned by a national sporting association
15 to which spectators are charged an admission which is taxable pursuant to
16 subsection (e);

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

27 (o) the gross receipts received from the isolated or occasional sale of
28 motor vehicles or trailers but not including: (1) The transfer of motor
29 vehicles or trailers by a person to a corporation or limited liability
30 company solely in exchange for stock securities or membership interest in
31 such corporation or limited liability company; (2) the transfer of motor
32 vehicles or trailers by one corporation or limited liability company to
33 another when all of the assets of such corporation or limited liability
34 company are transferred to such other corporation or limited liability
35 company; or (3) the sale of motor vehicles or trailers which are subject to
36 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
37 amendments thereto, by an immediate family member to another
38 immediate family member. For the purposes of paragraph (3), immediate
39 family member means lineal ascendants or descendants, and their spouses.
40 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
41 on the isolated or occasional sale of motor vehicles or trailers on and after
42 July 1, 2004, which the base for computing the tax was the value pursuant
43 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when

1 such amount was higher than the amount of sales tax which would have
2 been paid under the law as it existed on June 30, 2004, shall be refunded to
3 the taxpayer pursuant to the procedure prescribed by this section. Such
4 refund shall be in an amount equal to the difference between the amount of
5 sales tax paid by the taxpayer and the amount of sales tax which would
6 have been paid by the taxpayer under the law as it existed on June 30,
7 2004. Each claim for a sales tax refund shall be verified and submitted not
8 later than six months from the effective date of this act to the director of
9 taxation upon forms furnished by the director and shall be accompanied by
10 any additional documentation required by the director. The director shall
11 review each claim and shall refund that amount of tax paid as provided by
12 this act. All such refunds shall be paid from the sales tax refund fund, upon
13 warrants of the director of accounts and reports pursuant to vouchers
14 approved by the director of taxation or the director's designee. No refund
15 for an amount less than \$10 shall be paid pursuant to this act. In
16 determining the base for computing the tax on such isolated or occasional
17 sale, the fair market value of any motor vehicle or trailer traded in by the
18 purchaser to the seller may be deducted from the selling price;

19 (p) the gross receipts received for the service of installing or applying
20 tangible personal property which when installed or applied is not being
21 held for sale in the regular course of business, and whether or not such
22 tangible personal property when installed or applied remains tangible
23 personal property or becomes a part of real estate, except that no tax shall
24 be imposed upon the service of installing or applying tangible personal
25 property in connection with the original construction of a building or
26 facility, the original construction, reconstruction, restoration, remodeling,
27 renovation, repair or replacement of a residence or the construction,
28 reconstruction, restoration, replacement or repair of a bridge or highway.

29 For the purposes of this subsection:

30 (1) "Original construction" ~~shall mean~~ *means* the first or initial
31 construction of a new building or facility. The term "original construction"
32 shall include the addition of an entire room or floor to any existing
33 building or facility, the completion of any unfinished portion of any
34 existing building or facility and the restoration, reconstruction or
35 replacement of a building, facility or utility structure damaged or
36 destroyed by fire, flood, tornado, lightning, explosion, windstorm, ice
37 loading and attendant winds, terrorism or earthquake, but such term,
38 except with regard to a residence, shall not include replacement,
39 remodeling, restoration, renovation or reconstruction under any other
40 circumstances;

41 (2) "building" ~~shall mean~~ *means* only those enclosures within which
42 individuals customarily are employed, or which are customarily used to
43 house machinery, equipment or other property, and including the land

1 improvements immediately surrounding such building;

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

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

10 (5) "utility structure"~~shall mean~~ *means* transmission and distribution
11 lines owned by an independent transmission company or cooperative, the
12 Kansas electric transmission authority or natural gas or electric public
13 utility; and

14 (6) "windstorm"~~shall mean~~ *means* straight line winds of at least 80
15 miles per hour as determined by a recognized meteorological reporting
16 agency or organization;

17 (q) the gross receipts received for the service of repairing, servicing,
18 altering or maintaining tangible personal property which when such
19 services are rendered is not being held for sale in the regular course of
20 business, and whether or not any tangible personal property is transferred
21 in connection therewith. The tax imposed by this subsection shall be
22 applicable to the services of repairing, servicing, altering or maintaining an
23 item of tangible personal property which has been and is fastened to,
24 connected with or built into real property;

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

28 (s) on and after January 1, 2005, the gross receipts received from the
29 sale of prewritten computer software and the sale of the services of
30 modifying, altering, updating or maintaining prewritten computer
31 software, whether the prewritten computer software is installed or
32 delivered electronically by tangible storage media physically transferred to
33 the purchaser or by load and leave;

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

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

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

41 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
42 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
43 pursuant to this section; *and*

1 (x) (1) *commencing on July 1, 2022, and thereafter, the state rate on*
2 *the gross receipts from the sale of food and food ingredients as provided in*
3 *section 1, and amendments thereto, shall be as set forth in sections 1 and*
4 *2, and amendments thereto.*

5 Sec. 5. K.S.A. 79-3620 is hereby amended to read as follows: 79-
6 3620. (a) All revenue collected or received by the director of taxation from
7 the taxes imposed by this act shall be remitted to the state treasurer in
8 accordance with the provisions of K.S.A. 75-4215, and amendments
9 thereto. Upon receipt of each such remittance, the state treasurer shall
10 deposit the entire amount in the state treasury, less amounts withheld as
11 provided in subsection (b) and amounts credited as provided in subsections
12 (c), (d) and (e), to the credit of the state general fund.

13 (b) A refund fund, designated as "sales tax refund fund" not to exceed
14 \$100,000 shall be set apart and maintained by the director from sales tax
15 collections and estimated tax collections and held by the state treasurer for
16 prompt payment of all sales tax refunds. Such fund shall be in such
17 amount, within the limit set by this section, as the director shall determine
18 is necessary to meet current refunding requirements under this act. In the
19 event such fund as established by this section is, at any time, insufficient to
20 provide for the payment of refunds due claimants thereof, the director shall
21 certify the amount of additional funds required to the director of accounts
22 and reports who shall promptly transfer the required amount from the state
23 general fund to the sales tax refund fund, and notify the state treasurer,
24 who shall make proper entry in the records.

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

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

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

40 (4) ~~On July 1, 2013, the state treasurer shall credit 17.073% of the~~
41 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
42 ~~and amendments thereto, at the rate of 6.15%, and deposited as provided~~
43 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~

1 ~~(d), in the state highway fund.~~

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

7 ~~(6) On July 1, 2016 2022, and thereafter, the state treasurer shall~~
8 ~~credit 16.154% of the revenue collected and received from the tax imposed~~
9 ~~by K.S.A. 79-3603, and amendments thereto, at the rate of 6.5% rates~~
10 ~~provided in K.S.A. 79-3603, and amendments thereto, and sections 1 and~~
11 ~~2, and amendments thereto, and deposited as provided by subsection (a),~~
12 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
13 ~~highway fund.~~

14 (d) The state treasurer shall credit all revenue collected or received
15 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
16 certified by the director, from taxpayers doing business within that portion
17 of a STAR bond project district occupied by a STAR bond project or
18 taxpayers doing business with such entity financed by a STAR bond
19 project as defined in K.S.A. 2021 Supp. 12-17,162, and amendments
20 thereto, that was determined by the secretary of commerce to be of
21 statewide as well as local importance or will create a major tourism area
22 for the state or the project was designated as a STAR bond project as
23 defined in K.S.A. 2021 Supp. 12-17,162, and amendments thereto, to the
24 city bond finance fund, which fund is hereby created. The provisions of
25 this subsection shall expire when the total of all amounts credited
26 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is
27 sufficient to retire the special obligation bonds issued for the purpose of
28 financing all or a portion of the costs of such STAR bond project.

29 (e) All revenue certified by the director of taxation as having been
30 collected or received from the tax imposed by K.S.A. 79-3603(c), and
31 amendments thereto, on the sale or furnishing of gas, water, electricity and
32 heat for use or consumption within the intermodal facility district
33 described in this subsection, shall be credited by the state treasurer to the
34 state highway fund. Such revenue may be transferred by the secretary of
35 transportation to the rail service improvement fund pursuant to law. The
36 provisions of this subsection shall take effect upon certification by the
37 secretary of transportation that a notice to proceed has been received for
38 the construction of the improvements within the intermodal facility
39 district, but not later than December 31, 2010, and shall expire when the
40 secretary of revenue determines that the total of all amounts credited
41 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is
42 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
43 revenues shall be collected and distributed in accordance with applicable

1 law. For all tax reporting periods during which the provisions of this
2 subsection are in effect, none of the exemptions contained in K.S.A. 79-
3 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
4 of any gas, water, electricity and heat for use or consumption within the
5 intermodal facility district. As used in this subsection, "intermodal facility
6 district" shall consist of an intermodal transportation area as defined by
7 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
8 within the polygonal-shaped area having Waverly Road as the eastern
9 boundary, 191st Street as the southern boundary, Four Corners Road as the
10 western boundary, and Highway 56 as the northern boundary, and the
11 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
12 Street as the southern boundary, Waverly Road as the western boundary,
13 and the BNSF mainline track as the northern boundary, that includes
14 capital investment in an amount exceeding \$150 million for the
15 construction of an intermodal facility to handle the transfer, storage and
16 distribution of freight through railway and trucking operations.

17 Sec. 6. K.S.A. 2021 Supp. 79-3703 is hereby amended to read as
18 follows: 79-3703. (a) There is hereby levied and there shall be collected
19 from every person in this state a tax or excise for the privilege of using,
20 storing, or consuming within this state any article of tangible personal
21 property. Such tax shall be levied and collected in an amount equal to the
22 consideration paid by the taxpayer multiplied by the rate of 6.5%.

23 (b) *Commencing on July 1, 2022, and thereafter, the state rate on the*
24 *amount equal to the consideration paid by the taxpayer from the sale of*
25 *food and food ingredients as provided in K.S.A. 79-3603, and amendments*
26 *thereto, shall be as set forth in sections 1 and 2, and amendments thereto.*

27 (c) On and after July 1, 2021, 16.154% at the 6.5% ~~rate imposed~~ *rate*
28 *provided in this section and the rates provided in sections 1 and 2, and*
29 *amendments thereto, shall be levied for the state highway fund, the state*
30 *highway fund purposes and those purposes specified in K.S.A. 68-416,*
31 *and amendments thereto, and all revenue collected and received from such*
32 *tax levy shall be deposited in the state highway fund.*

33 (d) Within a redevelopment district established pursuant to K.S.A.
34 74-8921, and amendments thereto, there is hereby levied and there shall be
35 collected and paid an additional tax of 2% until the earlier of: (1) The date
36 the bonds issued to finance or refinance the redevelopment project
37 undertaken in the district have been paid in full; or (2) the final scheduled
38 maturity of the first series of bonds issued to finance the redevelopment
39 project.

40 (e) All property purchased or leased within or without this state and
41 subsequently used, stored or consumed in this state shall be subject to the
42 compensating tax if the same property or transaction would have been
43 subject to the Kansas retailers' sales tax had the transaction been wholly

1 within this state.

2 Sec. 7. K.S.A. 79-3710 is hereby amended to read as follows: 79-
3 3710. (a) All revenue collected or received by the director under the
4 provisions of this act shall be remitted to the state treasurer in accordance
5 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
6 receipt of each such remittance, the state treasurer shall deposit the entire
7 amount in the state treasury, less amounts set apart as provided in
8 subsection (b) and amounts credited as provided in subsection (c), (d) and
9 (e), to the credit of the state general fund.

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

17 ~~(c) (1) On July 1, 2010, the state treasurer shall credit 11.427% of the~~
18 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
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 ~~(2) On July 1, 2011, the state treasurer shall credit 11.26% of the~~
23 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
24 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
25 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
26 ~~the state highway fund.~~

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

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

37 ~~(5) On July 1, 2015, the state treasurer shall credit 16.226% 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 6.5%, and deposited as provided by~~
40 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
41 ~~the state highway fund.~~

42 ~~(6) On July 1, 2016 2022, and thereafter, the state treasurer shall~~
43 ~~credit 16.154% of the revenue collected and received from the tax imposed~~

1 by K.S.A. 79-3703, and amendments thereto, at the ~~rate of 6.5% rates~~
2 *provided in K.S.A. 79-3703, and amendments thereto, and sections 1 and*
3 *2, and amendments thereto*, and deposited as provided by subsection (a),
4 exclusive of amounts credited pursuant to subsection (d), in the state
5 highway fund.

6 (d) The state treasurer shall credit all revenue collected or received
7 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
8 certified by the director, from taxpayers doing business within that portion
9 of a redevelopment district occupied by a redevelopment project that was
10 determined by the secretary of commerce to be of statewide as well as
11 local importance or will create a major tourism area for the state as defined
12 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
13 fund created by K.S.A. 79-3620(d), and amendments thereto. The
14 provisions of this subsection shall expire when the total of all amounts
15 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,
16 is sufficient to retire the special obligation bonds issued for the purpose of
17 financing all or a portion of the costs of such redevelopment project.

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

20 (e) All revenue certified by the director of taxation as having been
21 collected or received from the tax imposed by K.S.A. 79-3603(c), and
22 amendments thereto, on the sale or furnishing of gas, water, electricity and
23 heat for use or consumption within the intermodal facility district
24 described in this subsection, shall be credited by the state treasurer to the
25 state highway fund. Such revenue may be transferred by the secretary of
26 transportation to the rail service improvement fund pursuant to law. The
27 provisions of this subsection shall take effect upon certification by the
28 secretary of transportation that a notice to proceed has been received for
29 the construction of the improvements within the intermodal facility
30 district, but not later than December 31, 2010, and shall expire when the
31 secretary of revenue determines that the total of all amounts credited
32 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
33 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
34 revenues shall be collected and distributed in accordance with applicable
35 law. For all tax reporting periods during which the provisions of this
36 subsection are in effect, none of the exemptions contained in K.S.A. 79-
37 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
38 of any gas, water, electricity and heat for use or consumption within the
39 intermodal facility district. As used in this subsection, "intermodal facility
40 district" shall consist of an intermodal transportation area as defined by
41 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
42 within the polygonal-shaped area having Waverly Road as the eastern
43 boundary, 191st Street as the southern boundary, Four Corners Road as the

1 western boundary, and Highway 56 as the northern boundary, and the
2 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
3 Street as the southern boundary, Waverly Road as the western boundary,
4 and the BNSF mainline track as the northern boundary, that includes
5 capital investment in an amount exceeding \$150 million for the
6 construction of an intermodal facility to handle the transfer, storage and
7 distribution of freight through railway and trucking operations.

8 Sec. 8. K.S.A. 79-3620 and 79-3710 and K.S.A. 2021 Supp. 79-3602,
9 79-3603 and 79-3703 are hereby repealed.

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