

**HOUSE BILL No. 2369**

By Committee on Taxation

2-21

1 AN ACT concerning sales and compensating use taxation; relating to rates,  
2 food and food ingredients; amending K.S.A. 2016 Supp. 79-3602, 79-  
3 3603, 79-3620, 79-3703 and 79-3710 and repealing the existing  
4 sections.

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

7 Section 1. K.S.A. 2016 Supp. 79-3602 is hereby amended to read as  
8 follows: 79-3602. Except as otherwise provided, as used in the Kansas  
9 retailers' sales tax act:

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

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

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

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

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

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

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

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

32 (i) "Delivery charges" means charges by the seller of personal  
33 property or services for preparation and delivery to a location designated  
34 by the purchaser of personal property or services including, but not limited to  
35 delivery, transportation, shipping, postage, handling, crating and packing.  
36 "Delivery charges" shall not include charges for delivery of direct mail if

1 the charges are separately stated on an invoice or similar billing document  
2 given to the purchaser.

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

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

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

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

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

41 (o) "Gross receipts" means the total selling price or the amount  
42 received as defined in this act, in money, credits, property or other  
43 consideration valued in money from sales at retail within this state; and

1 embraced within the provisions of this act. The taxpayer, may take credit  
2 in the report of gross receipts for: (1) An amount equal to the selling price  
3 of property returned by the purchaser when the full sale price thereof,  
4 including the tax collected, is refunded in cash or by credit; and (2) an  
5 amount equal to the allowance given for the trade-in of property.

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

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

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

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

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

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

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

36 (q) "Isolated or occasional sale" means the nonrecurring sale of  
37 tangible personal property, or services taxable hereunder by a person not  
38 engaged at the time of such sale in the business of selling such property or  
39 services. Any religious organization which makes a nonrecurring sale of  
40 tangible personal property acquired for the purpose of resale shall be  
41 deemed to be not engaged at the time of such sale in the business of selling  
42 such property. Such term shall include: (1) Any sale by a bank, savings and  
43 loan institution, credit union or any finance company licensed under the

1 provisions of the Kansas uniform consumer credit code of tangible  
2 personal property which has been repossessed by any such entity; and (2)  
3 any sale of tangible personal property made by an auctioneer or agent on  
4 behalf of not more than two principals or households if such sale is  
5 nonrecurring and any such principal or household is not engaged at the  
6 time of such sale in the business of selling tangible personal property.

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

11 (1) "Lease or rental" does not include: (A) A transfer of possession or  
12 control of property under a security agreement or deferred payment plan  
13 that requires the transfer of title upon completion of the required  
14 payments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (cc) "Prewritten computer software" means computer software,  
39 including prewritten upgrades, which is not designed and developed by the  
40 author or other creator to the specifications of a specific purchaser. The  
41 combining of two or more prewritten computer software programs or  
42 prewritten portions thereof does not cause the combination to be other than  
43 prewritten computer software. "Prewritten computer software" includes

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

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

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

30 (B) electricity, gas and water; and

31 (C) petroleum products, lubricants, chemicals, solvents, reagents and  
32 catalysts.

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

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

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

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

43 (ii) "Retailer" means a seller regularly engaged in the business of

1 selling, leasing or renting tangible personal property at retail or furnishing  
2 electrical energy, gas, water, services or entertainment, and selling only to  
3 the user or consumer and not for resale.

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

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

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

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

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

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

29 (D) delivery charges; and

30 (E) installation charges.

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

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

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

38 (C) the amount of the consideration attributable to the sale is fixed  
39 and determinable by the seller at the time of the sale of the item to the  
40 purchaser; and

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

42 (i) The purchaser presents a coupon, certificate or other  
43 documentation to the seller to claim a price reduction or discount where

1 the coupon, certificate or documentation is authorized, distributed or  
2 granted by a third party with the understanding that the third party will  
3 reimburse any seller to whom the coupon, certificate or documentation is  
4 presented;

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

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

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

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

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

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

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

25 (E) commencing on July 1, 2006, and ending on June 30, 2009, cash  
26 rebates granted by a manufacturer to a purchaser or lessee of a new motor  
27 vehicle if paid directly to the retailer as a result of the original sale.

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

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

32 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2016 Supp.  
33 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments  
34 thereto, which shall apply to identify and determine the state and local  
35 taxing jurisdiction sales or use taxes to pay, or collect and remit on a  
36 particular retail sale.

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

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

43 (rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or



1 any other item that contains tobacco.

2 (ss) "Entity-based exemption" means an exemption based on who  
3 purchases the product or who sells the product. An exemption that is  
4 available to all individuals shall not be considered an entity-based  
5 exemption.

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

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

18 (vv) "Conference bridging service" means an ancillary service that  
19 links two or more participants of an audio or video conference call and  
20 may include the provision of a telephone number. "Conference bridging  
21 service" does not include the telecommunications services used to reach  
22 the conference bridge.

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

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

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

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

37 (aaa) "Telecommunications service" means the electronic  
38 transmission, conveyance or routing of voice, data, audio, video or any  
39 other information or signals to a point, or between or among points. The  
40 term "telecommunications service" includes such transmission,  
41 conveyance or routing in which computer processing applications are used  
42 to act on the form, code or protocol of the content for purposes of  
43 transmissions, conveyance or routing without regard to whether such

1 service is referred to as voice over internet protocol services or is  
2 classified by the federal communications commission as enhanced or value  
3 added. "Telecommunications service" does not include:

4 (1) Data processing and information services that allow data to be  
5 generated, acquired, stored, processed or retrieved and delivered by an  
6 electronic transmission to a purchaser where such purchaser's primary  
7 purpose for the underlying transaction is the processed data or  
8 information;

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

11 (3) tangible personal property;

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

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

14 (6) internet access service;

15 (7) radio and television audio and video programming services,  
16 regardless of the medium, including the furnishing of transmission,  
17 conveyance and routing of such services by the programming service  
18 provider. Radio and television audio and video programming services shall  
19 include, but not be limited to, cable service as defined in 47 U.S.C. §  
20 522(6) and audio and video programming services delivered by  
21 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

22 (8) ancillary services; or

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

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

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

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

43 (eee) "International" means a telecommunications service that

1 originates or terminates in the United States and terminates or originates  
2 outside the United States, respectively. United States includes the District  
3 of Columbia or a U.S. territory or possession.

4 (fff) "Interstate" means a telecommunications service that originates  
5 in one United States state, or a United States territory or possession, and  
6 terminates in a different United States state or a United States territory or  
7 possession.

8 (ggg) "Intrastate" means a telecommunications service that originates  
9 in one United States state or a United States territory or possession, and  
10 terminates in the same United States state or a United States territory or  
11 possession.

12 (hhh) *"Bottled water" means water that is placed in a safety sealed*  
13 *container or package for human consumption. "Bottled water" is calorie*  
14 *free and does not contain sweeteners or other additives, except that it may*  
15 *contain:*

16 (1) *Antimicrobial agents;*

17 (2) *fluoride;*

18 (3) *carbonation;*

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

20 (5) *oxygen;*

21 (6) *preservatives; and*

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

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

26 (iii) *"Candy" means a preparation of sugar, honey or other natural or*  
27 *artificial sweeteners in combination with chocolate, fruits, nuts or other*  
28 *ingredients or flavorings in the form of bars, drops or pieces. "Candy"*  
29 *shall not include any preparation containing flour and shall require no*  
30 *refrigeration.*

31 (jjj) *"Food sold through vending machines" means food dispensed*  
32 *from a machine or other mechanical device that accepts payment.*

33 (lll) *"Prepared food" means:*

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

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

37 (3) *food sold with eating utensils provided by the seller, including*  
38 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does*  
39 *not include a container or packaging used to transport the food.*

40 *"Prepared food" does not include food that is only cut, repackaged or*  
41 *pasteurized by the seller, and eggs, fish, meat, poultry and foods*  
42 *containing these raw animal foods requiring cooking by the consumer as*  
43 *recommended by the food and drug administration in chapter 3, part*

1 401.11 of its food code so as to prevent food borne illnesses.

2 (mmm) "Soft drinks" means nonalcoholic beverages that contain  
3 natural or artificial sweeteners. "Soft drinks" does not include beverages  
4 that contain milk or milk products, soy, rice or similar milk substitutes, or  
5 greater than 50% of vegetable or fruit juice by volume.

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

8 Sec. 2. K.S.A. 2016 Supp. 79-3603 is hereby amended to read as  
9 follows: 79-3603. For the privilege of engaging in the business of selling  
10 tangible personal property at retail in this state or rendering or furnishing  
11 any of the services taxable under this act, there is hereby levied and there  
12 shall be collected and paid a tax at the rate of 6.15%, and commencing  
13 July 1, 2015, at the rate of 6.5%. Within a redevelopment district  
14 established pursuant to K.S.A. 74-8921, and amendments thereto, there is  
15 hereby levied and there shall be collected and paid an additional tax at the  
16 rate of 2% until the earlier of the date the bonds issued to finance or  
17 refinance the redevelopment project have been paid in full or the final  
18 scheduled maturity of the first series of bonds issued to finance any part of  
19 the project upon:

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

22 (b) the gross receipts from intrastate, interstate or international  
23 telecommunications services and any ancillary services sourced to this  
24 state in accordance with K.S.A. 2016 Supp. 79-3673, and amendments  
25 thereto, except that telecommunications service does not include: (1) Any  
26 interstate or international 800 or 900 service; (2) any interstate or  
27 international private communications service as defined in K.S.A. 2016  
28 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice  
29 data service; (4) any telecommunication service to a provider of  
30 telecommunication services which will be used to render  
31 telecommunications services, including carrier access services; or (5) any  
32 service or transaction defined in this section among entities classified as  
33 members of an affiliated group as provided by section 1504 of the federal  
34 internal revenue code of 1986, as in effect on January 1, 2001;

35 (c) the gross receipts from the sale or furnishing of gas, water,  
36 electricity and heat, which sale is not otherwise exempt from taxation  
37 under the provisions of this act, and whether furnished by municipally or  
38 privately owned utilities, except that, on and after January 1, 2006, for  
39 sales of gas, electricity and heat delivered through mains, lines or pipes to  
40 residential premises for noncommercial use by the occupant of such  
41 premises, and for agricultural use and also, for such use, all sales of  
42 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP  
43 gas, coal, wood and other fuel sources for the production of heat or

1 lighting for noncommercial use of an occupant of residential premises, the  
2 state rate shall be 0%, but such tax shall not be levied and collected upon  
3 the gross receipts from: (1) The sale of a rural water district benefit unit;  
4 (2) a water system impact fee, system enhancement fee or similar fee  
5 collected by a water supplier as a condition for establishing service; or (3)  
6 connection or reconnection fees collected by a water supplier;

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

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

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

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

26 (h) the gross receipts from the service of renting or leasing of tangible  
27 personal property except such tax shall not apply to the renting or leasing  
28 of machinery, equipment or other personal property owned by a city and  
29 purchased from the proceeds of industrial revenue bonds issued prior to  
30 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
31 12-1749, and amendments thereto, and any city or lessee renting or leasing  
32 such machinery, equipment or other personal property purchased with the  
33 proceeds of such bonds who shall have paid a tax under the provisions of  
34 this section upon sales made prior to July 1, 1973, shall be entitled to a  
35 refund from the sales tax refund fund of all taxes paid thereon;

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

39 (j) the gross receipts from the rendering of the services of washing  
40 and washing and waxing of vehicles;

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

43 (l) (1) except as otherwise provided by paragraph (2), the gross

1 receipts received from the sales of tangible personal property to all  
2 contractors, subcontractors or repairmen for use by them in erecting  
3 structures, or building on, or otherwise improving, altering, or repairing  
4 real or personal property.

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

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

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

36 (o) the gross receipts received from the isolated or occasional sale of  
37 motor vehicles or trailers but not including: (1) The transfer of motor  
38 vehicles or trailers by a person to a corporation or limited liability  
39 company solely in exchange for stock securities or membership interest in  
40 such corporation or limited liability company; (2) the transfer of motor  
41 vehicles or trailers by one corporation or limited liability company to  
42 another when all of the assets of such corporation or limited liability  
43 company are transferred to such other corporation or limited liability

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

28 (p) the gross receipts received for the service of installing or applying  
29 tangible personal property which when installed or applied is not being  
30 held for sale in the regular course of business, and whether or not such  
31 tangible personal property when installed or applied remains tangible  
32 personal property or becomes a part of real estate, except that no tax shall  
33 be imposed upon the service of installing or applying tangible personal  
34 property in connection with the original construction of a building or  
35 facility, the original construction, reconstruction, restoration, remodeling,  
36 renovation, repair or replacement of a residence or the construction,  
37 reconstruction, restoration, replacement or repair of a bridge or highway.

38 For the purposes of this subsection:

39 (1) "Original construction" shall mean the first or initial construction  
40 of a new building or facility. The term "original construction" shall include  
41 the addition of an entire room or floor to any existing building or facility,  
42 the completion of any unfinished portion of any existing building or  
43 facility and the restoration, reconstruction or replacement of a building,

1 facility or utility structure damaged or destroyed by fire, flood, tornado,  
2 lightning, explosion, windstorm, ice loading and attendant winds,  
3 terrorism or earthquake, but such term, except with regard to a residence,  
4 shall not include replacement, remodeling, restoration, renovation or  
5 reconstruction under any other circumstances;

6 (2) "building" shall mean only those enclosures within which  
7 individuals customarily are employed, or which are customarily used to  
8 house machinery, equipment or other property, and including the land  
9 improvements immediately surrounding such building;

10 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water  
11 well, feedlot or any conveyance, transmission or distribution line of any  
12 cooperative, nonprofit, membership corporation organized under or subject  
13 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or  
14 municipal or quasi-municipal corporation, including the land  
15 improvements immediately surrounding such facility;

16 (4) "residence" shall mean only those enclosures within which  
17 individuals customarily live;

18 (5) "utility structure" shall mean transmission and distribution lines  
19 owned by an independent transmission company or cooperative, the  
20 Kansas electric transmission authority or natural gas or electric public  
21 utility; and

22 (6) "windstorm" shall mean straight line winds of at least 80 miles per  
23 hour as determined by a recognized meteorological reporting agency or  
24 organization;

25 (q) the gross receipts received for the service of repairing, servicing,  
26 altering or maintaining tangible personal property which when such  
27 services are rendered is not being held for sale in the regular course of  
28 business, and whether or not any tangible personal property is transferred  
29 in connection therewith. The tax imposed by this subsection shall be  
30 applicable to the services of repairing, servicing, altering or maintaining an  
31 item of tangible personal property which has been and is fastened to,  
32 connected with or built into real property;

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

36 (s) on and after January 1, 2005, the gross receipts received from the  
37 sale of prewritten computer software and the sale of the services of  
38 modifying, altering, updating or maintaining prewritten computer  
39 software, whether the prewritten computer software is installed or  
40 delivered electronically by tangible storage media physically transferred to  
41 the purchaser or by load and leave;

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

43 (u) the gross receipts received from the sale of prepaid calling service



1 and prepaid wireless calling service as defined in K.S.A. 2016 Supp. 79-  
 2 3673, and amendments thereto;

3 (v) all sales of bingo cards, bingo faces and instant bingo tickets by  
 4 licensees under K.S.A. 2016 Supp. 75-5171 et seq., and amendments  
 5 thereto, shall be exempt from taxes imposed pursuant to this section; ~~and~~

6 (w) all sales of charitable raffle tickets in accordance with K.S.A.  
 7 2016 Supp. 75-5171 et seq., and amendments thereto, shall be exempt  
 8 from taxes imposed pursuant to this section; and

9 (x) (1) *the gross receipts from the sale of food and food ingredients*  
 10 *shall be taxed at the following rates:*

11 (A) *Commencing January 1, 2018, at the rate of 5.5%;*

12 (B) *commencing January 1, 2019, at the rate of 4.5%;*

13 (C) *commencing January 1, 2020, at the rate of 3.5%;*

14 (D) *commencing January 1, 2021, at the rate of 2.5%;*

15 (E) *commencing January 1, 2022, at the rate of 1.5%; and*

16 (F) *commencing January 1, 2023, and thereafter, all sales of food*  
 17 *and food ingredients shall be exempt from taxes imposed pursuant to this*  
 18 *section.*

19 (2) *The provisions of this subsection shall not apply to prepared food,*  
 20 *unless sold without eating utensils provided by the seller and described*  
 21 *below:*

22 (A) *Food sold by a seller whose proper primary NAICS classification*  
 23 *is manufacturing in sector 311, except subsector 3118 (bakeries);*

24 (B) (i) *food sold in an unheated state by weight or volume as a single*  
 25 *item; or*

26 (ii) *only meat or seafood sold in an unheated state by weight or*  
 27 *volume as a single item;*

28 (iii) *bakery items, including bread, rolls, buns, biscuits, bagels,*  
 29 *croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,*  
 30 *cookies and tortillas;*

31 (iv) *food sold that ordinarily requires additional cooking, as opposed*  
 32 *to just reheating, by the consumer prior to consumption; or*

33 (v) *bottled water that is not otherwise sold as prepared food.*

34 Sec. 3. K.S.A. 2016 Supp. 79-3620 is hereby amended to read as  
 35 follows: 79-3620. (a) All revenue collected or received by the director of  
 36 taxation from the taxes imposed by this act shall be remitted to the state  
 37 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
 38 amendments thereto. Upon receipt of each such remittance, the state  
 39 treasurer shall deposit the entire amount in the state treasury, less amounts  
 40 withheld as provided in subsection (b) and amounts credited as provided in  
 41 subsections (c), (d) and (e), to the credit of the state general fund.

42 (b) A refund fund, designated as "sales tax refund fund" not to exceed  
 43 \$100,000 shall be set apart and maintained by the director from sales tax

1 collections and estimated tax collections and held by the state treasurer for  
2 prompt payment of all sales tax refunds. Such fund shall be in such  
3 amount, within the limit set by this section, as the director shall determine  
4 is necessary to meet current refunding requirements under this act. In the  
5 event such fund as established by this section is, at any time, insufficient to  
6 provide for the payment of refunds due claimants thereof, the director shall  
7 certify the amount of additional funds required to the director of accounts  
8 and reports who shall promptly transfer the required amount from the state  
9 general fund to the sales tax refund fund, and notify the state treasurer,  
10 who shall make proper entry in the records.

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

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

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

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

31 ~~(5)(2) On July 1, 2015, the state treasurer shall credit 16.226% of the~~  
32 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~  
33 ~~and amendments thereto, at the rate of 6.5%, and deposited as provided by~~  
34 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~  
35 ~~the state highway fund.~~

36 ~~(6)(3) On July 1, 2016, and thereafter, the state treasurer shall credit~~  
37 ~~16.154% of the revenue collected and received from the tax imposed by~~  
38 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and~~  
39 ~~deposited as provided by subsection (a), exclusive of amounts credited~~  
40 ~~pursuant to subsection (d), in the state highway fund.~~

41 *(4) On January 1, 2018, the state treasurer shall credit 16.288% of*  
42 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
43 *3603, and amendments thereto, at the rates provided in K.S.A. 79-3603(a)*

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

4 *(5) On January 1, 2019, the state treasurer shall credit 16.617% of*  
5 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
6 *3603, and amendments thereto, at the rates provided in K.S.A. 79-3603(a)*  
7 *and (x), and amendments thereto, and deposited as provided by subsection*  
8 *(a), exclusive of amounts credited pursuant to subsection (d), in the state*  
9 *highway fund.*

10 *(6) On January 1, 2020, the state treasurer shall credit 16.960% of*  
11 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
12 *3603, and amendments thereto, at the rates provided in K.S.A. 79-3603(a)*  
13 *and (x), and amendments thereto, and deposited as provided by subsection*  
14 *(a), exclusive of amounts credited pursuant to subsection (d), in the state*  
15 *highway fund.*

16 *(7) On January 1, 2021, the state treasurer shall credit 17.317% of*  
17 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
18 *3603, and amendments thereto, at the rates provided in K.S.A. 79-3603(a)*  
19 *and (x), and amendments thereto, and deposited as provided by subsection*  
20 *(a), exclusive of amounts credited pursuant to subsection (d), in the state*  
21 *highway fund.*

22 *(8) On January 1, 2022, the state treasurer shall credit 17.690% of*  
23 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
24 *3603, and amendments thereto, at the rates provided in K.S.A. 79-3603(a)*  
25 *and (x), and amendments thereto, and deposited as provided by subsection*  
26 *(a), exclusive of amounts credited pursuant to subsection (d), in the state*  
27 *highway fund.*

28 *(9) On January 1, 2023, the state treasurer shall credit 18.163% of*  
29 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
30 *3603, and amendments thereto, at the rates provided in K.S.A. 79-3603(a)*  
31 *and (x), and amendments thereto, and deposited as provided by subsection*  
32 *(a), exclusive of amounts credited pursuant to subsection (d), in the state*  
33 *highway fund.*

34 *(10) On January 1, 2024, and thereafter, the state treasurer shall*  
35 *credit 18.521% of the revenue collected and received from the tax imposed*  
36 *by K.S.A. 79-3603, and amendments thereto, at the rates provided in*  
37 *K.S.A. 79-3603(a) and (x), and amendments thereto, and deposited as*  
38 *provided by subsection (a), exclusive of amounts credited pursuant to*  
39 *subsection (d), in the state highway fund.*

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

1 taxpayers doing business with such entity financed by a STAR bond  
2 project as defined in K.S.A. 2016 Supp. 12-17,162, and amendments  
3 thereto, that was determined by the secretary of commerce to be of  
4 statewide as well as local importance or will create a major tourism area  
5 for the state or the project was designated as a STAR bond project as  
6 defined in K.S.A. 2016 Supp. 12-17,162, and amendments thereto, to the  
7 city bond finance fund, which fund is hereby created. The provisions of  
8 this subsection shall expire when the total of all amounts credited  
9 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is  
10 sufficient to retire the special obligation bonds issued for the purpose of  
11 financing all or a portion of the costs of such STAR bond project.

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

43 Sec. 4. K.S.A. 2016 Supp. 79-3703 is hereby amended to read as

1 follows: 79-3703. There is hereby levied and there shall be collected from  
2 every person in this state a tax or excise for the privilege of using, storing,  
3 or consuming within this state any article of tangible personal property.  
4 Such tax shall be levied and collected in an amount equal to the  
5 consideration paid by the taxpayer multiplied by the rate of 6.5% *and the*  
6 *rates on food and food ingredients provided in K.S.A. 79-3603(x), and*  
7 *amendments thereto*. Within a redevelopment district established pursuant  
8 to K.S.A. 74-8921, and amendments thereto, there is hereby levied and  
9 there shall be collected and paid an additional tax of 2% until the earlier  
10 of: (1) The date the bonds issued to finance or refinance the redevelopment  
11 project undertaken in the district have been paid in full; or (2) the final  
12 scheduled maturity of the first series of bonds issued to finance the  
13 redevelopment project. All property purchased or leased within or without  
14 this state and subsequently used, stored or consumed in this state shall be  
15 subject to the compensating tax if the same property or transaction would  
16 have been subject to the Kansas retailers' sales tax had the transaction been  
17 wholly within this state.

18 Sec. 5. K.S.A. 2016 Supp. 79-3710 is hereby amended to read as  
19 follows: 79-3710. (a) All revenue collected or received by the director  
20 under the provisions of this act shall be remitted to the state treasurer in  
21 accordance with the provisions of K.S.A. 75-4215, and amendments  
22 thereto. Upon receipt of each such remittance, the state treasurer shall  
23 deposit the entire amount in the state treasury, less amounts set apart as  
24 provided in subsection (b) and amounts credited as provided in subsection  
25 (c), (d) and (e), to the credit of the state general fund.

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

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

38 (2) ~~On July 1, 2011, the state treasurer shall credit 11.26% of the~~  
39 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~  
40 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~  
41 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~  
42 ~~the state highway fund.~~

43 (3) ~~On July 1, 2012, the state treasurer shall credit 11.233% of the~~

1 revenue collected and received from the tax imposed by K.S.A. 79-3703,  
2 and amendments thereto, at the rate of 6.3%, and deposited as provided by  
3 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
4 the state highway fund.

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

10 ~~(5)~~(2) On July 1, 2015, the state treasurer shall credit 16.226% of the  
11 revenue collected and received from the tax imposed by K.S.A. 79-3703,  
12 and amendments thereto, at the rate of 6.5%, and deposited as provided by  
13 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
14 the state highway fund.

15 ~~(6)~~(3) On July 1, 2016, ~~and thereafter~~, the state treasurer shall credit  
16 16.154% of the revenue collected and received from the tax imposed by  
17 K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and  
18 deposited as provided by subsection (a), exclusive of amounts credited  
19 pursuant to subsection (d), in the state highway fund.

20 (4) *On January 1, 2018, the state treasurer shall credit 16.288% of*  
21 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
22 *3703, and amendments thereto, at the rates provided in K.S.A. 79-3703*  
23 *and 79-3603(x), and amendments thereto, and deposited as provided by*  
24 *subsection (a), exclusive of amounts credited pursuant to subsection (d), in*  
25 *the state highway fund.*

26 (5) *On January 1, 2019, the state treasurer shall credit 16.617% of*  
27 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
28 *3703, and amendments thereto, at the rates provided in K.S.A. 79-3703*  
29 *and 79-3603(x), and amendments thereto, 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 January 1, 2020, the state treasurer shall credit 16.960% of*  
33 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
34 *3703, and amendments thereto, at the rates provided in K.S.A. 79-3703*  
35 *and 79-3603(x), and amendments thereto, and deposited as provided by*  
36 *subsection (a), exclusive of amounts credited pursuant to subsection (d), in*  
37 *the state highway fund.*

38 (7) *On January 1, 2021, the state treasurer shall credit 17.317% of*  
39 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
40 *3703, and amendments thereto, at the rates provided in K.S.A. 79-3703*  
41 *and 79-3603(x), and amendments thereto, and deposited as provided by*  
42 *subsection (a), exclusive of amounts credited pursuant to subsection (d), in*  
43 *the state highway fund.*

1       (8) *On January 1, 2022, the state treasurer shall credit 17.690% of*  
2 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
3 *3703, and amendments thereto, at the rates provided in K.S.A. 79-3703*  
4 *and 79-3603(x), and amendments thereto, and deposited as provided by*  
5 *subsection (a), exclusive of amounts credited pursuant to subsection (d), in*  
6 *the state highway fund.*

7       (9) *On January 1, 2023, the state treasurer shall credit 18.163% of*  
8 *the revenue collected and received from the tax imposed by K.S.A. 79-*  
9 *3703, and amendments thereto, at the rates provided in K.S.A. 79-3703*  
10 *and 79-3603(x), and amendments thereto, and deposited as provided by*  
11 *subsection (a), exclusive of amounts credited pursuant to subsection (d), in*  
12 *the state highway fund.*

13       (10) *On January 1, 2024, and thereafter, the state treasurer shall*  
14 *credit 18.521% of the revenue collected and received from the tax imposed*  
15 *by K.S.A. 79-3703, and amendments thereto, at the rates provided in*  
16 *K.S.A. 79-3703 and 79-3603(x), and amendments thereto, and deposited*  
17 *as provided by subsection (a), exclusive of amounts credited pursuant to*  
18 *subsection (d), in the state highway fund.*

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

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

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

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

21 Sec. 6. K.S.A. 2016 Supp. 79-3602, 79-3603, 79-3620, 79-3703 and  
22 79-3710 are hereby repealed.

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