

Substitute for SENATE BILL No. 377

By Committee on Assessment and Taxation

2-20

1 AN ACT concerning taxation; relating to income tax; providing a 5.25%
2 tax rate for individuals; increasing the income limit to qualify for a
3 subtraction modification for social security income; increasing the
4 Kansas standard deduction by a cost-of-living adjustment; increasing
5 the Kansas personal exemption; relating to privilege tax; decreasing the
6 normal tax rate; relating to property tax; increasing the extent of
7 exemption for residential property from the statewide school levy;
8 concerning sales and compensating use tax; relating to sales of food
9 and food ingredients; reducing the rate of tax imposed; modifying the
10 percent credited to the state highway fund from revenue collected;
11 amending K.S.A. 79-1107 and 79-1108 and K.S.A. 2023 Supp. 79-
12 201x, 79-32,110, 79-32,117, 79-32,119, 79-32,121, 79-3603, 79-3603d,
13 79-3620, 79-3703 and 79-3710 and repealing the existing sections.
14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. K.S.A. 2023 Supp. 79-201x is hereby amended to read as
17 follows: 79-201x. (a) For taxable year ~~2022~~ 2024, and all taxable years
18 thereafter, the following described property, to the extent herein specified,
19 shall be and is hereby exempt from the property tax levied pursuant to the
20 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
21 residential purposes to the extent of ~~\$40,000~~ \$100,000 of its appraised
22 valuation.

23 (b) For taxable year ~~2023~~ 2025, and all taxable years thereafter, the
24 dollar amount of the extent of appraised valuation that is exempt pursuant
25 to subsection (a) shall be adjusted to reflect the average percentage change
26 in statewide residential valuation of all residential real property for the
27 preceding 10 years. Such average percentage change shall not be less than
28 zero. The director of property valuation shall calculate the average
29 percentage change for purposes of this annual adjustment and calculate the
30 dollar amount of the extent of appraised valuation that is exempt pursuant
31 to this section each year.

32 Sec. 2. K.S.A. 79-1107 is hereby amended to read as follows: 79-
33 1107. (a) Every national banking association and state bank located or
34 doing business within the state shall pay to the state for the privilege of
35 doing business within the state a tax according to or measured by its net
36 income for the next preceding taxable year to be computed as provided in

1 this act. Such tax shall consist of a normal tax and a surtax and shall be
2 computed as follows:

3 ~~(a)~~(1) (A) For tax year 2024, the normal tax shall be an amount equal
4 to ~~2.4%~~ 2.25% of such net income; and

5 (B) for tax year 2025, and all tax years thereafter, the normal tax
6 shall be an amount equal to 1.63% of such net income; and

7 ~~(b)~~(2) the surtax shall be an amount equal to ~~2.125%~~ 2.125% of such
8 net income in excess of \$25,000.

9 (b) The tax levied shall be in lieu of ad valorem taxes which might
10 otherwise be imposed by the state or political subdivisions thereof upon
11 shares of capital stock or the intangible assets of national banking
12 associations and state banks.

13 Sec. 3. K.S.A. 79-1108 is hereby amended to read as follows: 79-
14 1108. (a) Every trust company and savings and loan association located or
15 doing business within the state shall pay to the state for the privilege of
16 doing business within the state a tax according to or measured by its net
17 income for the next preceding taxable year to be computed as provided in
18 this act. Such tax shall consist of a normal tax and a surtax and shall be
19 computed as follows:

20 ~~(a)~~(1) (A) For tax year 2024, the normal tax on every trust company
21 and savings and loan association shall be an amount equal to ~~2.4%~~ 2.25%
22 of such net income; and

23 (B) for tax year 2025, and all tax years thereafter, the normal tax on
24 every trust company and savings and loan association shall be an amount
25 equal to 1.61% of such net income; and

26 ~~(b)~~(2) the surtax on every trust company and savings and loan
27 association shall be an amount equal to ~~2.25%~~ 2.25% of such net income in
28 excess of \$25,000.

29 (b) The tax levied shall be in lieu of ad valorem taxes which might
30 otherwise be imposed by the state or political subdivision thereof upon
31 shares of capital stock or other intangible assets of trust companies and
32 savings and loan associations.

33 Sec. 4. K.S.A. 2023 Supp. 79-32,110 is hereby amended to read as
34 follows: 79-32,110. (a) *Resident individuals.* Except as otherwise provided
35 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
36 upon the Kansas taxable income of every resident individual, which tax
37 shall be computed in accordance with the following tax schedules:

38 (1) *Married individuals filing joint returns.*

39 ~~(A) For tax year 2012:~~

40 If the taxable income is: _____	The tax is:
41 Not over \$30,000 _____	3.5% of Kansas taxable income
42 Over \$30,000 but not over \$60,000 _____	\$1,050 plus 6.25% of excess
43 _____	over \$30,000

1	Over \$60,000	\$2,925 plus 6.45% of excess
2		over \$60,000
3	— (B) — For tax year 2013:	
4	If the taxable income is:	The tax is:
5	Not over \$30,000	3.0% of Kansas taxable income
6	Over \$30,000	\$900 plus 4.9% of excess over
7		\$30,000
8	— (C) — For tax year 2014:	
9	If the taxable income is:	The tax is:
10	Not over \$30,000	2.7% of Kansas taxable income
11	Over \$30,000	\$810 plus 4.8% of excess over
12		\$30,000
13	— (D) — For tax years 2015 and 2016:	
14	If the taxable income is:	The tax is:
15	Not over \$30,000	2.7% of Kansas taxable income
16	Over \$30,000	\$810 plus 4.6% of excess over
17		\$30,000
18	— (E) — For tax year 2017:	
19	If the taxable income is:	The tax is:
20	Not over \$30,000	2.9% of Kansas taxable income
21	Over \$30,000 but not over \$60,000	\$870 plus 4.9% of excess over
22		\$30,000
23	Over \$60,000	\$2,340 plus 5.2% of excess over
24		\$60,000
25	(F) — For tax year years 2018, and all tax years thereafter through 2024:	
26	If the taxable income is:	The tax is:
27	Not over \$30,000	3.1% of Kansas taxable income
28	Over \$30,000 but not over \$60,000	\$930 plus 5.25% of excess
29		over \$30,000
30	Over \$60,000	\$2,505 plus 5.7% of excess
31		over \$60,000
32	(2) <i>All other individuals.</i>	
33	(A) — For tax year 2012:	
34	If the taxable income is:	The tax is:
35	Not over \$15,000	3.5% of Kansas taxable income
36	Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess
37		over \$15,000
38	Over \$30,000	\$1,462.50 plus 6.45% of excess
39		over \$30,000
40	(B) — For tax year 2013:	
41	If the taxable income is:	The tax is:
42	Not over \$15,000	3.0% of Kansas taxable income
43	Over \$15,000	\$450 plus 4.9% of excess over

1	_____	\$15,000
2	(C) For tax year 2014:	
3	If the taxable income is:	The tax is:
4	Not over \$15,000	2.7% of Kansas taxable income
5	Over \$15,000	\$405 plus 4.8% of excess over
6	_____	\$15,000
7	(D) For tax years 2015 and 2016:	
8	If the taxable income is:	The tax is:
9	Not over \$15,000	2.7% of Kansas taxable income
10	Over \$15,000	\$405 plus 4.6% of excess over
11	_____	\$15,000
12	(E) For tax year 2017:	
13	If the taxable income is:	The tax is:
14	Not over \$15,000	2.9% of Kansas taxable income
15	Over \$15,000 but not over \$30,000	\$435 plus 4.9% of excess over
16	_____	\$15,000
17	Over \$30,000	\$1,170 plus 5.2% of excess over
18	_____	\$30,000
19	(F) For tax year years 2018, and all tax years thereafter through 2024:	
20	If the taxable income is:	The tax is:
21	Not over \$15,000	3.1% of Kansas taxable income
22	Over \$15,000 but not over \$30,000	\$465 plus 5.25% of excess
23		over \$15,000
24	Over \$30,000	\$1,252.50 plus 5.7% of excess
25		over \$30,000

26
27 (3) *All resident individuals. For tax year 2025, and all tax years*
28 *thereafter, for all individuals regardless of filing status, the tax shall be in*
29 *an amount equal to 5.25% of the Kansas taxable income that is in excess*
30 *of:*

31 (A) *\$12,300 for married individuals filing joint returns; and*

32 (B) *\$6,150 for all other individuals.*

33 (b) *Nonresident individuals.* A tax is hereby imposed upon the Kansas
34 taxable income of every nonresident individual, which tax shall be an
35 amount equal to the tax computed under subsection (a) as if the
36 nonresident were a resident multiplied by the ratio of modified Kansas
37 source income to Kansas adjusted gross income.

38 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
39 income of every corporation doing business within this state or deriving
40 income from sources within this state. Such tax shall consist of a normal
41 tax and a surtax and shall be computed as follows unless otherwise
42 modified pursuant to K.S.A. 2023 Supp. 74-50,321, and amendments
43 thereto:

1 (1) The normal tax shall be in an amount equal to 4% of the Kansas
2 taxable income of such corporation; and

3 (2) the surtax shall be in an amount equal to 3% of the Kansas taxable
4 income of such corporation in excess of \$50,000.

5 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable
6 income of estates and trusts at the rates provided in subsection (a)(2)
7 ~~hereof for tax years 2018 through 2024 and at the rate provided in~~
8 *subsection (a)(3) for tax year 2025, and all tax years thereafter.*

9 (e) Notwithstanding the provisions of subsections (a) and (b): ~~(1) For~~
10 ~~tax years 2016 and 2017, married individuals filing joint returns with~~
11 ~~taxable income of \$12,500 or less, and all other individuals with taxable~~
12 ~~income of \$5,000 or less, shall have a tax liability of zero; and (2), for tax~~
13 ~~year years 2018, and all tax years thereafter through 2024, married~~
14 ~~individuals filing joint returns with taxable income of \$5,000 or less, and~~
15 ~~all other individuals with taxable income of \$2,500 or less, shall have a tax~~
16 ~~liability of zero.~~

17 ~~(f) No taxpayer shall be assessed penalties and interest arising from~~
18 ~~the underpayment of taxes due to changes to the rates in subsection (a) that~~
19 ~~became law on July 1, 2017, so long as such underpayment is rectified on~~
20 ~~or before April 17, 2018.~~

21 Sec. 5. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as
22 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
23 means such individual's federal adjusted gross income for the taxable year,
24 with the modifications specified in this section.

25 (b) There shall be added to federal adjusted gross income:

26 (i) Interest income less any related expenses directly incurred in the
27 purchase of state or political subdivision obligations, to the extent that the
28 same is not included in federal adjusted gross income, on obligations of
29 any state or political subdivision thereof, but to the extent that interest
30 income on obligations of this state or a political subdivision thereof issued
31 prior to January 1, 1988, is specifically exempt from income tax under the
32 laws of this state authorizing the issuance of such obligations, it shall be
33 excluded from computation of Kansas adjusted gross income whether or
34 not included in federal adjusted gross income. Interest income on
35 obligations of this state or a political subdivision thereof issued after
36 December 31, 1987, shall be excluded from computation of Kansas
37 adjusted gross income whether or not included in federal adjusted gross
38 income.

39 (ii) Taxes on or measured by income or fees or payments in lieu of
40 income taxes imposed by this state or any other taxing jurisdiction to the
41 extent deductible in determining federal adjusted gross income and not
42 credited against federal income tax. This paragraph shall not apply to taxes
43 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and

1 amendments thereto, for privilege tax year 1995, and all such years
2 thereafter.

3 (iii) The federal net operating loss deduction, except that the federal
4 net operating loss deduction shall not be added to an individual's federal
5 adjusted gross income for tax years beginning after December 31, 2016.

6 (iv) Federal income tax refunds received by the taxpayer if the
7 deduction of the taxes being refunded resulted in a tax benefit for Kansas
8 income tax purposes during a prior taxable year. Such refunds shall be
9 included in income in the year actually received regardless of the method
10 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
11 be deemed to have resulted if the amount of the tax had been deducted in
12 determining income subject to a Kansas income tax for a prior year
13 regardless of the rate of taxation applied in such prior year to the Kansas
14 taxable income, but only that portion of the refund shall be included as
15 bears the same proportion to the total refund received as the federal taxes
16 deducted in the year to which such refund is attributable bears to the total
17 federal income taxes paid for such year. For purposes of the foregoing
18 sentence, federal taxes shall be considered to have been deducted only to
19 the extent such deduction does not reduce Kansas taxable income below
20 zero.

21 (v) The amount of any depreciation deduction or business expense
22 deduction claimed on the taxpayer's federal income tax return for any
23 capital expenditure in making any building or facility accessible to the
24 handicapped, for which expenditure the taxpayer claimed the credit
25 allowed by K.S.A. 79-32,177, and amendments thereto.

26 (vi) Any amount of designated employee contributions picked up by
27 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
28 and amendments thereto.

29 (vii) The amount of any charitable contribution made to the extent the
30 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
31 32,196, and amendments thereto.

32 (viii) The amount of any costs incurred for improvements to a swine
33 facility, claimed for deduction in determining federal adjusted gross
34 income, to the extent the same is claimed as the basis for any credit
35 allowed pursuant to K.S.A. 79-32,204, and amendments thereto.

36 (ix) The amount of any ad valorem taxes and assessments paid and
37 the amount of any costs incurred for habitat management or construction
38 and maintenance of improvements on real property, claimed for deduction
39 in determining federal adjusted gross income, to the extent the same is
40 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
41 and amendments thereto.

42 (x) Amounts received as nonqualified withdrawals, as defined by
43 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a

1 family postsecondary education savings account, such amounts were
2 subtracted from the federal adjusted gross income pursuant to subsection
3 (c)(xv) or if such amounts are not already included in the federal adjusted
4 gross income.

5 (xi) The amount of any contribution made to the same extent the
6 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
7 50,154, and amendments thereto.

8 (xii) For taxable years commencing after December 31, 2004,
9 amounts received as withdrawals not in accordance with the provisions of
10 K.S.A. 74-50,204, and amendments thereto, if, at the time of contribution
11 to an individual development account, such amounts were subtracted from
12 the federal adjusted gross income pursuant to subsection (c)(xiii), or if
13 such amounts are not already included in the federal adjusted gross
14 income.

15 (xiii) The amount of any expenditures claimed for deduction in
16 determining federal adjusted gross income, to the extent the same is
17 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,217
18 through 79-32,220 or 79-32,222, and amendments thereto.

19 (xiv) The amount of any amortization deduction claimed in
20 determining federal adjusted gross income to the extent the same is
21 claimed for deduction pursuant to K.S.A. 79-32,221, and amendments
22 thereto.

23 (xv) The amount of any expenditures claimed for deduction in
24 determining federal adjusted gross income, to the extent the same is
25 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
26 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
27 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
28 32,251 through 79-32,254, and amendments thereto.

29 (xvi) The amount of any amortization deduction claimed in
30 determining federal adjusted gross income to the extent the same is
31 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
32 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

33 (xvii) The amount of any amortization deduction claimed in
34 determining federal adjusted gross income to the extent the same is
35 claimed for deduction pursuant to K.S.A. 79-32,256, and amendments
36 thereto.

37 (xviii) For taxable years commencing after December 31, 2006, the
38 amount of any ad valorem or property taxes and assessments paid to a state
39 other than Kansas or local government located in a state other than Kansas
40 by a taxpayer who resides in a state other than Kansas, when the law of
41 such state does not allow a resident of Kansas who earns income in such
42 other state to claim a deduction for ad valorem or property taxes or
43 assessments paid to a political subdivision of the state of Kansas in

1 determining taxable income for income tax purposes in such other state, to
2 the extent that such taxes and assessments are claimed as an itemized
3 deduction for federal income tax purposes.

4 (xix) For taxable years beginning after December 31, 2012, and
5 ending before January 1, 2017, the amount of any: (1) Loss from business
6 as determined under the federal internal revenue code and reported from
7 schedule C and on line 12 of the taxpayer's form 1040 federal individual
8 income tax return; (2) loss from rental real estate, royalties, partnerships, S
9 corporations, except those with wholly owned subsidiaries subject to the
10 Kansas privilege tax, estates, trusts, residual interest in real estate
11 mortgage investment conduits and net farm rental as determined under the
12 federal internal revenue code and reported from schedule E and on line 17
13 of the taxpayer's form 1040 federal individual income tax return; and (3)
14 farm loss as determined under the federal internal revenue code and
15 reported from schedule F and on line 18 of the taxpayer's form 1040
16 federal income tax return; all to the extent deducted or subtracted in
17 determining the taxpayer's federal adjusted gross income. For purposes of
18 this subsection, references to the federal form 1040 and federal schedule
19 C, schedule E, and schedule F, shall be to such form and schedules as they
20 existed for tax year 2011, and as revised thereafter by the internal revenue
21 service.

22 (xx) For taxable years beginning after December 31, 2012, and
23 ending before January 1, 2017, the amount of any deduction for self-
24 employment taxes under section 164(f) of the federal internal revenue
25 code as in effect on January 1, 2012, and amendments thereto, in
26 determining the federal adjusted gross income of an individual taxpayer, to
27 the extent the deduction is attributable to income reported on schedule C,
28 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income
29 tax return.

30 (xxi) For taxable years beginning after December 31, 2012, and
31 ending before January 1, 2017, the amount of any deduction for pension,
32 profit sharing, and annuity plans of self-employed individuals under
33 section 62(a)(6) of the federal internal revenue code as in effect on January
34 1, 2012, and amendments thereto, in determining the federal adjusted gross
35 income of an individual taxpayer.

36 (xxii) For taxable years beginning after December 31, 2012, and
37 ending before January 1, 2017, the amount of any deduction for health
38 insurance under section 162(l) of the federal internal revenue code as in
39 effect on January 1, 2012, and amendments thereto, in determining the
40 federal adjusted gross income of an individual taxpayer.

41 (xxiii) For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of any deduction for domestic
43 production activities under section 199 of the federal internal revenue code

1 as in effect on January 1, 2012, and amendments thereto, in determining
2 the federal adjusted gross income of an individual taxpayer.

3 (xxiv) For taxable years commencing after December 31, 2013, that
4 portion of the amount of any expenditure deduction claimed in
5 determining federal adjusted gross income for expenses paid for medical
6 care of the taxpayer or the taxpayer's spouse or dependents when such
7 expenses were paid or incurred for an abortion, or for a health benefit plan,
8 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
9 an optional rider for coverage of abortion in accordance with K.S.A. 40-
10 2,190, and amendments thereto, to the extent that such taxes and
11 assessments are claimed as an itemized deduction for federal income tax
12 purposes.

13 (xxv) For taxable years commencing after December 31, 2013, that
14 portion of the amount of any expenditure deduction claimed in
15 determining federal adjusted gross income for expenses paid by a taxpayer
16 for health care when such expenses were paid or incurred for abortion
17 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
18 amendments thereto, when such expenses were paid or incurred for
19 abortion coverage or amounts contributed to health savings accounts for
20 such taxpayer's employees for the purchase of an optional rider for
21 coverage of abortion in accordance with K.S.A. 40-2,190, and
22 amendments thereto, to the extent that such taxes and assessments are
23 claimed as a deduction for federal income tax purposes.

24 (xxvi) For all taxable years beginning after December 31, 2016, the
25 amount of any charitable contribution made to the extent the same is
26 claimed as the basis for the credit allowed pursuant to K.S.A. 72-4357, and
27 amendments thereto, and is also claimed as an itemized deduction for
28 federal income tax purposes.

29 (xxvii) For all taxable years commencing after December 31, 2020,
30 the amount deducted by reason of a carryforward of disallowed business
31 interest pursuant to section 163(j) of the federal internal revenue code of
32 1986, as in effect on January 1, 2018.

33 (xxviii) For all taxable years beginning after December 31, 2021, the
34 amount of any contributions to, or earnings from, a first-time home buyer
35 savings account if distributions from the account were not used to pay for
36 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-
37 4904, and amendments thereto, or were not held for the minimum length
38 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments
39 thereto. Contributions to, or earnings from, such account shall also include
40 any amount resulting from the account holder not designating a surviving
41 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),
42 and amendments thereto.

43 (c) There shall be subtracted from federal adjusted gross income:

1 (i) Interest or dividend income on obligations or securities of any
2 authority, commission or instrumentality of the United States and its
3 possessions less any related expenses directly incurred in the purchase of
4 such obligations or securities, to the extent included in federal adjusted
5 gross income but exempt from state income taxes under the laws of the
6 United States.

7 (ii) Any amounts received which are included in federal adjusted
8 gross income but which are specifically exempt from Kansas income
9 taxation under the laws of the state of Kansas.

10 (iii) The portion of any gain or loss from the sale or other disposition
11 of property having a higher adjusted basis for Kansas income tax purposes
12 than for federal income tax purposes on the date such property was sold or
13 disposed of in a transaction in which gain or loss was recognized for
14 purposes of federal income tax that does not exceed such difference in
15 basis, but if a gain is considered a long-term capital gain for federal
16 income tax purposes, the modification shall be limited to that portion of
17 such gain which is included in federal adjusted gross income.

18 (iv) The amount necessary to prevent the taxation under this act of
19 any annuity or other amount of income or gain which was properly
20 included in income or gain and was taxed under the laws of this state for a
21 taxable year prior to the effective date of this act, as amended, to the
22 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
23 the right to receive the income or gain, or to a trust or estate from which
24 the taxpayer received the income or gain.

25 (v) The amount of any refund or credit for overpayment of taxes on
26 or measured by income or fees or payments in lieu of income taxes
27 imposed by this state, or any taxing jurisdiction, to the extent included in
28 gross income for federal income tax purposes.

29 (vi) Accumulation distributions received by a taxpayer as a
30 beneficiary of a trust to the extent that the same are included in federal
31 adjusted gross income.

32 (vii) Amounts received as annuities under the federal civil service
33 retirement system from the civil service retirement and disability fund and
34 other amounts received as retirement benefits in whatever form which
35 were earned for being employed by the federal government or for service
36 in the armed forces of the United States.

37 (viii) Amounts received by retired railroad employees as a
38 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
39 228c(a)(1) et seq.

40 (ix) Amounts received by retired employees of a city and by retired
41 employees of any board of such city as retirement allowances pursuant to
42 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
43 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and

1 amendments thereto.

2 (x) For taxable years beginning after December 31, 1976, the amount
3 of the federal tentative jobs tax credit disallowance under the provisions of
4 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
5 amount of the targeted jobs tax credit and work incentive credit
6 disallowances under 26 U.S.C. § 280C.

7 (xi) For taxable years beginning after December 31, 1986, dividend
8 income on stock issued by Kansas venture capital, inc.

9 (xii) For taxable years beginning after December 31, 1989, amounts
10 received by retired employees of a board of public utilities as pension and
11 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,
12 and amendments thereto.

13 (xiii) For taxable years beginning after December 31, 2004, amounts
14 contributed to and the amount of income earned on contributions deposited
15 to an individual development account under K.S.A. 74-50,201 et seq., and
16 amendments thereto.

17 (xiv) For all taxable years commencing after December 31, 1996, that
18 portion of any income of a bank organized under the laws of this state or
19 any other state, a national banking association organized under the laws of
20 the United States, an association organized under the savings and loan
21 code of this state or any other state, or a federal savings association
22 organized under the laws of the United States, for which an election as an
23 S corporation under subchapter S of the federal internal revenue code is in
24 effect, which accrues to the taxpayer who is a stockholder of such
25 corporation and which is not distributed to the stockholders as dividends of
26 the corporation. For taxable years beginning after December 31, 2012, and
27 ending before January 1, 2017, the amount of modification under this
28 subsection shall exclude the portion of income or loss reported on schedule
29 E and included on line 17 of the taxpayer's form 1040 federal individual
30 income tax return.

31 (xv) For all taxable years beginning after December 31, 2017, the
32 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
33 filing a joint return, for each designated beneficiary that are contributed to:
34 (1) A family postsecondary education savings account established under
35 the Kansas postsecondary education savings program or a qualified tuition
36 program established and maintained by another state or agency or
37 instrumentality thereof pursuant to section 529 of the internal revenue
38 code of 1986, as amended, for the purpose of paying the qualified higher
39 education expenses of a designated beneficiary; or (2) an achieving a
40 better life experience (ABLE) account established under the Kansas ABLE
41 savings program or a qualified ABLE program established and maintained
42 by another state or agency or instrumentality thereof pursuant to section
43 529A of the internal revenue code of 1986, as amended, for the purpose of

1 saving private funds to support an individual with a disability. The terms
2 and phrases used in this paragraph shall have the meaning respectively
3 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
4 amendments thereto, and the provisions of such sections are hereby
5 incorporated by reference for all purposes thereof.

6 (xvi) For all taxable years beginning after December 31, 2004,
7 amounts received by taxpayers who are or were members of the armed
8 forces of the United States, including service in the Kansas army and air
9 national guard, as a recruitment, sign up or retention bonus received by
10 such taxpayer as an incentive to join, enlist or remain in the armed services
11 of the United States, including service in the Kansas army and air national
12 guard, and amounts received for repayment of educational or student loans
13 incurred by or obligated to such taxpayer and received by such taxpayer as
14 a result of such taxpayer's service in the armed forces of the United States,
15 including service in the Kansas army and air national guard.

16 (xvii) For all taxable years beginning after December 31, 2004,
17 amounts received by taxpayers who are eligible members of the Kansas
18 army and air national guard as a reimbursement pursuant to K.S.A. 48-
19 281, and amendments thereto, and amounts received for death benefits
20 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
21 such death benefits are included in federal adjusted gross income of the
22 taxpayer.

23 ~~(xviii) For the taxable year beginning after December 31, 2006,~~
24 ~~amounts received as benefits under the federal social security act which~~
25 ~~are included in federal adjusted gross income of a taxpayer with federal~~
26 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
27 ~~status is single, head of household, married filing separate or married filing~~
28 ~~jointly; and (A) For all taxable years beginning after December 31, 2007,~~
29 ~~and ending before January 1, 2024, amounts received as benefits under the~~
30 ~~federal social security act which are included in federal adjusted gross~~
31 ~~income of a taxpayer with federal adjusted gross income of \$75,000 or~~
32 ~~less, whether such taxpayer's filing status is single, head of household,~~
33 ~~married filing separate or married filing jointly; and~~

34 (B) For all taxable years beginning after December 31, 2023,
35 amounts received as benefits under the federal social security act that are
36 included in federal adjusted gross income of a taxpayer whether a
37 taxpayer's filing status is single, head of household, married filing
38 separate or married filing jointly, and the amount of the subtraction
39 modification provided by this paragraph shall be calculated as follows:

40
$$\text{Subtraction modification} = \text{social security income} \times \text{social security}$$

41
$$\text{taxable rate.}$$

42 For purposes of this subparagraph:

43 (1) Social security income is the amount of benefits received under

- 1 *the social security act and included in federal adjusted gross income; and*
2 *(2) social security taxable rate shall be determined as follows:*
3 *(a) For taxpayers with federal adjusted gross income of \$75,000 or*
4 *less, then the social security taxable rate is 1;*
5 *(b) for taxpayers with federal adjusted gross income greater than*
6 *\$75,000 and less than the threshold, then the social security taxable rate*
7 *shall be calculated as: $1 - ((\text{federal adjusted gross income} - 75,000) /$*
8 *denominator); and*
9 *(c) for taxpayers with federal adjusted gross income equal to or*
10 *greater than the threshold, then the social security taxable rate is 0.*
11 *(d) (i) "Denominator" is equal to 25,000 for tax year 2024 and*
12 *increases by 5,000 for each tax year thereafter.*
13 *(ii) "Threshold" is equal to \$100,000 for tax year 2024 and increases*
14 *by \$5,000 for each tax year thereafter.*
15 (xix) Amounts received by retired employees of Washburn university
16 as retirement and pension benefits under the university's retirement plan.
17 (xx) For taxable years beginning after December 31, 2012, and
18 ending before January 1, 2017, the amount of any: (1) Net profit from
19 business as determined under the federal internal revenue code and
20 reported from schedule C and on line 12 of the taxpayer's form 1040
21 federal individual income tax return; (2) net income, not including
22 guaranteed payments as defined in section 707(c) of the federal internal
23 revenue code and as reported to the taxpayer from federal schedule K-1,
24 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
25 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
26 partnerships, S corporations, estates, trusts, residual interest in real estate
27 mortgage investment conduits and net farm rental as determined under the
28 federal internal revenue code and reported from schedule E and on line 17
29 of the taxpayer's form 1040 federal individual income tax return; and (3)
30 net farm profit as determined under the federal internal revenue code and
31 reported from schedule F and on line 18 of the taxpayer's form 1040
32 federal income tax return; all to the extent included in the taxpayer's
33 federal adjusted gross income. For purposes of this subsection, references
34 to the federal form 1040 and federal schedule C, schedule E, and schedule
35 F, shall be to such form and schedules as they existed for tax year 2011
36 and as revised thereafter by the internal revenue service.
37 (xxi) For all taxable years beginning after December 31, 2013,
38 amounts equal to the unreimbursed travel, lodging and medical
39 expenditures directly incurred by a taxpayer while living, or a dependent
40 of the taxpayer while living, for the donation of one or more human organs
41 of the taxpayer, or a dependent of the taxpayer, to another person for
42 human organ transplantation. The expenses may be claimed as a
43 subtraction modification provided for in this section to the extent the

1 expenses are not already subtracted from the taxpayer's federal adjusted
2 gross income. In no circumstances shall the subtraction modification
3 provided for in this section for any individual, or a dependent, exceed
4 \$5,000. As used in this section, "human organ" means all or part of a liver,
5 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
6 paragraph shall take effect on the day the secretary of revenue certifies to
7 the director of the budget that the cost for the department of revenue of
8 modifications to the automated tax system for the purpose of
9 implementing this paragraph will not exceed \$20,000.

10 (xxii) For taxable years beginning after December 31, 2012, and
11 ending before January 1, 2017, the amount of net gain from the sale of: (1)
12 Cattle and horses, regardless of age, held by the taxpayer for draft,
13 breeding, dairy or sporting purposes, and held by such taxpayer for 24
14 months or more from the date of acquisition; and (2) other livestock,
15 regardless of age, held by the taxpayer for draft, breeding, dairy or
16 sporting purposes, and held by such taxpayer for 12 months or more from
17 the date of acquisition. The subtraction from federal adjusted gross income
18 shall be limited to the amount of the additions recognized under the
19 provisions of subsection (b)(xix) attributable to the business in which the
20 livestock sold had been used. As used in this paragraph, the term
21 "livestock" shall not include poultry.

22 (xxiii) For all taxable years beginning after December 31, 2012,
23 amounts received under either the Overland Park, Kansas police
24 department retirement plan or the Overland Park, Kansas fire department
25 retirement plan, both as established by the city of Overland Park, pursuant
26 to the city's home rule authority.

27 (xxiv) For taxable years beginning after December 31, 2013, and
28 ending before January 1, 2017, the net gain from the sale from Christmas
29 trees grown in Kansas and held by the taxpayer for six years or more.

30 (xxv) For all taxable years commencing after December 31, 2020,
31 100% of global intangible low-taxed income under section 951A of the
32 federal internal revenue code of 1986, before any deductions allowed
33 under section 250(a)(1)(B) of such code.

34 (xxvi) For all taxable years commencing after December 31, 2020,
35 the amount disallowed as a deduction pursuant to section 163(j) of the
36 federal internal revenue code of 1986, as in effect on January 1, 2018.

37 (xxvii) For taxable years commencing after December 31, 2020, the
38 amount disallowed as a deduction pursuant to section 274 of the federal
39 internal revenue code of 1986 for meal expenditures shall be allowed to
40 the extent such expense was deductible for determining federal income tax
41 and was allowed and in effect on December 31, 2017.

42 (xxviii) For all taxable years beginning after December 31, 2021: (1)
43 The amount contributed to a first-time home buyer savings account

1 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an
2 amount not to exceed \$3,000 for an individual or \$6,000 for a married
3 couple filing a joint return; or (2) amounts received as income earned from
4 assets in a first-time home buyer savings account.

5 (d) There shall be added to or subtracted from federal adjusted gross
6 income the taxpayer's share, as beneficiary of an estate or trust, of the
7 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
8 amendments thereto.

9 (e) The amount of modifications required to be made under this
10 section by a partner which relates to items of income, gain, loss, deduction
11 or credit of a partnership shall be determined under K.S.A. 79-32,131, and
12 amendments thereto, to the extent that such items affect federal adjusted
13 gross income of the partner.

14 Sec. 6. K.S.A. 2023 Supp. 79-32,119 is hereby amended to read as
15 follows: 79-32,119. (a) The Kansas standard deduction of an individual,
16 including a husband and wife who are either both residents or who file a
17 joint return as if both were residents, shall be equal to the sum of the
18 standard deduction amount allowed pursuant to this section, and the
19 additional standard deduction amount allowed pursuant to this section for
20 each such deduction allowable to such individual or to such husband and
21 wife under the federal internal revenue code.

22 (b) For tax year 1998, and all tax years thereafter, the additional
23 standard deduction amount shall be as follows: Single individual and head
24 of household filing status, \$850; and married filing status, \$700.

25 (c) (1) For tax year 2013 through tax year 2020, the standard
26 deduction amount of an individual, including husband and wife who are
27 either both residents or who file a joint return as if both were residents,
28 shall be as follows: Single individual filing status, \$3,000; married filing
29 status, \$7,500; and head of household filing status, \$5,500.

30 (2) For tax year 2021, and all tax years thereafter, the standard
31 deduction amount of an individual, including husband and wife who are
32 either both residents or who file a joint return as if both were residents,
33 shall be as follows: Single individual filing status, \$3,500; married filing
34 status, \$8,000; and head of household filing status, \$6,000.

35 (3) *In the case of tax year 2024, and all tax years thereafter, the*
36 *amounts prescribed in paragraph (2) shall be increased by an amount*
37 *equal to such amount multiplied by the cost-of-living adjustment*
38 *determined under section 1(f)(3) of the federal internal revenue code for*
39 *the calendar year in which the taxable year commences.*

40 (d) For purposes of this section, the federal standard deduction
41 allowable to a husband and wife filing separate Kansas income tax returns
42 shall be determined on the basis that separate federal returns were filed,
43 and the federal standard deduction of a husband and wife filing a joint

1 Kansas income tax return shall be determined on the basis that a joint
2 federal income tax return was filed.

3 Sec. 7. K.S.A. 2023 Supp. 79-32,121 is hereby amended to read as
4 follows: 79-32,121. (a) *For tax year 2024, and all tax years thereafter,* an
5 individual shall be allowed a Kansas exemption of ~~\$2,250~~ \$2,300 for each
6 exemption for which such individual is entitled to a deduction for the
7 taxable year for federal income tax purposes.

8 (b) In addition to the exemptions provided in subsection (a), any
9 individual who has been honorably discharged from active service in any
10 branch of the armed forces of the United States and who is certified by the
11 United States department of veterans affairs or its successor to be in
12 receipt of disability compensation at the 100% rate, if the disability is
13 permanent and was sustained through military action or accident or
14 resulted from disease contracted while in such active service, such
15 individual shall be allowed an additional Kansas exemption of ~~\$2,250~~ *in*
16 *the amount prescribed in subsection (a) including any increases provided*
17 *for pursuant to subsection (c) for tax year ~~2023~~ 2024 and all tax years*
18 *thereafter.*

19 (c) *In the case of tax year 2025, and all tax years thereafter, the*
20 *amount prescribed in subsection (a) shall be increased by an amount*
21 *equal to such amount multiplied by the cost-of-living adjustment*
22 *determined under section 1(f)(3) of the federal internal revenue code for*
23 *the calendar year in which the taxable year commences.*

24 Sec. 8. K.S.A. 2023 Supp. 79-3603 is hereby amended to read as
25 follows: 79-3603. For the privilege of engaging in the business of selling
26 tangible personal property at retail in this state or rendering or furnishing
27 any of the services taxable under this act, there is hereby levied and there
28 shall be collected and paid a tax at the rate of 6.5%. On and after January
29 1, 2023, 17% and on and after ~~January 1, 2025~~ *April 1, 2024*, 18% of the
30 tax rate imposed pursuant to this section and the rate provided in K.S.A.
31 2023 Supp. 79-3603d, and amendments thereto, shall be levied for the
32 state highway fund, the state highway fund purposes and those purposes
33 specified in K.S.A. 68-416, and amendments thereto, and all revenue
34 collected and received from such tax levy shall be deposited in the state
35 highway fund.

36 Within a redevelopment district established pursuant to K.S.A. 74-
37 8921, and amendments thereto, there is hereby levied and there shall be
38 collected and paid an additional tax at the rate of 2% until the earlier of the
39 date the bonds issued to finance or refinance the redevelopment project
40 have been paid in full or the final scheduled maturity of the first series of
41 bonds issued to finance any part of the project.

42 Such tax shall be imposed upon:

43 (a) The gross receipts received from the sale of tangible personal

1 property at retail within this state;

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

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

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

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

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

42 (g) the gross receipts from the service of renting of rooms by hotels,
43 as defined by K.S.A. 36-501, and amendments thereto, or by

1 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
2 thereto, but such tax shall not be levied and collected upon the gross
3 receipts received from sales of such service to the federal government and
4 any agency, officer or employee thereof in association with the
5 performance of official government duties;

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

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

19 (j) the gross receipts from the rendering of the services of washing
20 and washing and waxing of vehicles;

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

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

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

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

1 internal revenue code of 1986, for participation in sports, games and other
2 recreational activities; and (2) entry fees and charges for participation in a
3 special event or tournament sanctioned by a national sporting association
4 to which spectators are charged an admission which is taxable pursuant to
5 subsection (e);

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

16 (o) the gross receipts received from the isolated or occasional sale of
17 motor vehicles or trailers but not including: (1) The transfer of motor
18 vehicles or trailers by a person to a corporation or limited liability
19 company solely in exchange for stock securities or membership interest in
20 such corporation or limited liability company; (2) the transfer of motor
21 vehicles or trailers by one corporation or limited liability company to
22 another when all of the assets of such corporation or limited liability
23 company are transferred to such other corporation or limited liability
24 company; or (3) the sale of motor vehicles or trailers which are subject to
25 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
26 amendments thereto, by an immediate family member to another
27 immediate family member. For the purposes of paragraph (3), immediate
28 family member means lineal ascendants or descendants, and their spouses.
29 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
30 on the isolated or occasional sale of motor vehicles or trailers on and after
31 July 1, 2004, which the base for computing the tax was the value pursuant
32 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
33 such amount was higher than the amount of sales tax which would have
34 been paid under the law as it existed on June 30, 2004, shall be refunded to
35 the taxpayer pursuant to the procedure prescribed by this section. Such
36 refund shall be in an amount equal to the difference between the amount of
37 sales tax paid by the taxpayer and the amount of sales tax which would
38 have been paid by the taxpayer under the law as it existed on June 30,
39 2004. Each claim for a sales tax refund shall be verified and submitted not
40 later than six months from the effective date of this act to the director of
41 taxation upon forms furnished by the director and shall be accompanied by
42 any additional documentation required by the director. The director shall
43 review each claim and shall refund that amount of tax paid as provided by

1 this act. All such refunds shall be paid from the sales tax refund fund, upon
2 warrants of the director of accounts and reports pursuant to vouchers
3 approved by the director of taxation or the director's designee. No refund
4 for an amount less than \$10 shall be paid pursuant to this act. In
5 determining the base for computing the tax on such isolated or occasional
6 sale, the fair market value of any motor vehicle or trailer traded in by the
7 purchaser to the seller may be deducted from the selling price;

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

18 For the purposes of this subsection:

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

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

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

39 (4) "residence" means only those enclosures within which individuals
40 customarily live;

41 (5) "utility structure" means transmission and distribution lines
42 owned by an independent transmission company or cooperative, the
43 Kansas electric transmission authority or natural gas or electric public

1 utility; and

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

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

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

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

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

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

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

29 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
30 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
31 pursuant to this section; and

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

35 Sec. 9. K.S.A. 2023 Supp. 79-3603d is hereby amended to read as
36 follows: 79-3603d. (a) There is hereby levied and there shall be collected
37 and paid a tax upon the gross receipts from the sale of food and food
38 ingredients. The rate of tax shall be as follows:

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

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

41 (3) commencing on ~~January 1, 2025~~ *April 1, 2024*, and thereafter, at
42 the rate of 0%.

43 (b) The provisions of this section shall not apply to prepared food

1 unless sold without eating utensils provided by the seller and described
2 below:

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

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

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

9 (3) bakery items, including bread, rolls, buns, biscuits, bagels,
10 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,
11 cookies and tortillas; or

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

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

16 Sec. 10. K.S.A. 2023 Supp. 79-3620 is hereby amended to read as
17 follows: 79-3620. (a) All revenue collected or received by the director of
18 taxation from the taxes imposed by this act shall be remitted to the state
19 treasurer in accordance with the provisions of K.S.A. 75-4215, and
20 amendments thereto. Upon receipt of each such remittance, the state
21 treasurer shall deposit the entire amount in the state treasury, less amounts
22 withheld as provided in subsection (b) and amounts credited as provided in
23 subsections (c), (d) and (e), to the credit of the state general fund.

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

36 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the
37 revenue collected and received from the tax imposed by K.S.A. 79-3603,
38 and amendments thereto, at the rates provided in K.S.A. 79-3603, and
39 amendments thereto, and K.S.A. 2023 Supp. 79-3603d, and amendments
40 thereto, and deposited as provided by subsection (a), exclusive of amounts
41 credited pursuant to subsection (d), in the state highway fund.

42 (2) On ~~January 1, 2025~~ *April 1, 2024*, and thereafter, the state
43 treasurer shall credit 18% of the revenue collected and received from the

1 tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates
2 provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2023
3 Supp. 79-3603d, and amendments thereto, and deposited as provided by
4 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
5 the state highway fund.

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

21 (e) All revenue certified by the director of taxation as having been
22 collected or received from the tax imposed by K.S.A. 79-3603(c), and
23 amendments thereto, on the sale or furnishing of gas, water, electricity and
24 heat for use or consumption within the intermodal facility district
25 described in this subsection, shall be credited by the state treasurer to the
26 state highway fund. Such revenue may be transferred by the secretary of
27 transportation to the rail service improvement fund pursuant to law. The
28 provisions of this subsection shall take effect upon certification by the
29 secretary of transportation that a notice to proceed has been received for
30 the construction of the improvements within the intermodal facility
31 district, but not later than December 31, 2010, and shall expire when the
32 secretary of revenue determines that the total of all amounts credited
33 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is
34 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
35 revenues shall be collected and distributed in accordance with applicable
36 law. For all tax reporting periods during which the provisions of this
37 subsection are in effect, none of the exemptions contained in K.S.A. 79-
38 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
39 of any gas, water, electricity and heat for use or consumption within the
40 intermodal facility district. As used in this subsection, "intermodal facility
41 district" shall consist of an intermodal transportation area as defined by
42 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
43 within the polygonal-shaped area having Waverly Road as the eastern

1 boundary, 191st Street as the southern boundary, Four Corners Road as the
2 western boundary, and Highway 56 as the northern boundary, and the
3 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
4 Street as the southern boundary, Waverly Road as the western boundary,
5 and the BNSF mainline track as the northern boundary, that includes
6 capital investment in an amount exceeding \$150 million for the
7 construction of an intermodal facility to handle the transfer, storage and
8 distribution of freight through railway and trucking operations.

9 Sec. 11. K.S.A. 2023 Supp. 79-3703 is hereby amended to read as
10 follows: 79-3703. (a) There is hereby levied and there shall be collected
11 from every person in this state a tax or excise for the privilege of using,
12 storing, or consuming within this state any article of tangible personal
13 property. Such tax shall be levied and collected in an amount equal to the
14 consideration paid by the taxpayer multiplied by the rate of 6.5%.

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

20 (c) On and after January 1, 2023, 17% and on and after ~~January 1,~~
21 ~~2025 April 1, 2024~~, 18% of the tax rate imposed pursuant to this section
22 and the rate provided in K.S.A. 2023 Supp. 79-3603d, and amendments
23 thereto, shall be levied for the state highway fund, the state highway fund
24 purposes and those purposes specified in K.S.A. 68-416, and amendments
25 thereto, and all revenue collected and received from such tax levy shall be
26 deposited in the state highway fund.

27 (d) Within a redevelopment district established pursuant to K.S.A.
28 74-8921, and amendments thereto, there is hereby levied and there shall be
29 collected and paid an additional tax of 2% until the earlier of: (1) The date
30 the bonds issued to finance or refinance the redevelopment project
31 undertaken in the district have been paid in full; or (2) the final scheduled
32 maturity of the first series of bonds issued to finance the redevelopment
33 project.

34 (e) All property purchased or leased within or without this state and
35 subsequently used, stored or consumed in this state shall be subject to the
36 compensating tax if the same property or transaction would have been
37 subject to the Kansas retailers' sales tax had the transaction been wholly
38 within this state.

39 Sec. 12. K.S.A. 2023 Supp. 79-3710 is hereby amended to read as
40 follows: 79-3710. (a) All revenue collected or received by the director
41 under the provisions of this act shall be remitted to the state treasurer in
42 accordance with the provisions of K.S.A. 75-4215, and amendments
43 thereto. Upon receipt of each such remittance, the state treasurer shall

1 deposit the entire amount in the state treasury, less amounts set apart as
2 provided in subsection (b) and amounts credited as provided in subsection
3 (c), (d) and (e), to the credit of the state general fund.

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

11 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the
12 revenue collected and received from the tax imposed by K.S.A. 79-3703,
13 and amendments thereto, at the rates provided in K.S.A. 79-3703, and
14 amendments thereto, and K.S.A. 2023 Supp. 79-3603d, and amendments
15 thereto, and deposited as provided by subsection (a), exclusive of amounts
16 credited pursuant to subsection (d), in the state highway fund.

17 (2) On ~~January 1, 2025~~ *April 1, 2024*, and thereafter, the state
18 treasurer shall credit 18% of the revenue collected and received from the
19 tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates
20 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2023
21 Supp. 79-3603d, and amendments thereto, and deposited as provided by
22 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
23 the state highway fund.

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

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

38 (e) All revenue certified by the director of taxation as having been
39 collected or received from the tax imposed by K.S.A. 79-3603(c), and
40 amendments thereto, on the sale or furnishing of gas, water, electricity and
41 heat for use or consumption within the intermodal facility district
42 described in this subsection, shall be credited by the state treasurer to the
43 state highway fund. Such revenue may be transferred by the secretary of

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

26 Sec. 13. K.S.A. 79-1107 and 79-1108 and K.S.A. 2023 Supp. 79-
27 201x, 79-32,110, 79-32,117, 79-32,119, 79-32,121, 79-3603, 79-3603d,
28 79-3620, 79-3703 and 79-3710 are hereby repealed.

29 Sec. 14. This act shall take effect and be in force from and after its
30 publication in the Kansas register.