AN ACT concerning transportation; providing for the Eisenhower legacy transportation program; amending K.S.A. 68-416, 68-2315, 68-2316, 75-5035, 75-5048, 75-5061, 79-3603 and 79-3703 and repealing the existing sections.

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

New Section 1. (a) In order to plan, develop and operate or coordinate the development and operation of the various modes and systems of transportation within the state, the secretary of transportation is hereby authorized and directed to initiate the Eisenhower legacy transportation program.

(b) (1) The Eisenhower legacy transportation program shall provide for the construction, improvement, reconstruction and maintenance of the state highway system. The program shall provide for the selection of projects that will allow for the flexibility to meet emerging and economic needs. Program expenditures may include, but may not be limited to, the following:

(A) Preservation projects to efficiently maintain a state highway system in its original or improved condition and in a state of good repair. The secretary shall establish targets for the state highway system condition that reflect the reasonable, realistic expectations that have historically existed in providing a safe and efficient state highway system. The secretary shall utilize reasonable, sound and accepted methods to determine the annual preservation investment needed to achieve the state targets and provide optimum cost effectiveness in keeping the long-term state highway system condition meeting such targets. It is the intent of the legislature that the secretary, prior to completion of the transportation program, shall spend or encumber from the state highway fund preservation projects in an amount equal to or exceeding 10 times the determined average annual preservation investment. The secretary shall manage cash-flow and project lettings such that there is reasonable assurance that preservation projects shall be fully funded each year. Pursuant to this subparagraph, preservation projects refer to maintenance, repairs or replacement of existing infrastructure;

(B) preservation plus projects to efficiently maintain a state highway
system and include additional safety or technology elements, or both, in the preservation project. Such additional elements may include, but may not be limited to, adding paved shoulders, adding passing lanes, adding traffic signals, adding intelligent transportation system elements or laying broadband fiber or the conduit for broadband fiber. It is the intent of the legislature that the secretary has the authority to enhance preservation plus projects with the addition of safety or technology improvements, or both;

(C) expansion and economic opportunity projects, that include additions to the transportation system, or that improve access, relieve congestion and enhance economic development opportunities. The Kansas department of transportation shall develop and utilize criteria for the selection of expansion and economic opportunity projects. The selection criteria shall include, but shall not be limited to, engineering and traffic data, local consultation, geographic distribution and an economic impact analysis evaluation; and

(D) modernization projects that include improvements to the transportation system by widening lanes or shoulders, making geometric improvements, upgrading interchanges or building rail grade separations to improve the safety, condition or service of the highway system. The Kansas department of transportation shall develop and utilize criteria for the selection of modernization projects. The selection criteria shall include, but shall not be limited to, engineering data, local consultation and geographic distribution.

(2) The department of transportation shall develop criteria for the incorporation of practical improvements into designs of the projects specified in this subsection.

(c) Except as further provided, the Eisenhower legacy transportation program shall provide for the completion of modernization and expansion projects selected for construction under the transportation works for Kansas program pursuant to K.S.A. 68-2314b, and amendments thereto. Such projects shall be let prior to July 1, 2022. The secretary shall let to construction contract the remaining transportation works for Kansas program projects before any new modernization or expansion project, or both, under the Eisenhower legacy transportation program are let to construction. A transportation works for Kansas program selected project in Harvey County generally described as an approximate one-mile reconstruction of the I-135 and 36th street interchange may not be constructed. If such project is not constructed, the estimated construction costs for such project shall be used on other construction projects in the Kansas department of transportation's south-central district.

(d) The Eisenhower legacy transportation program shall provide for assistance, including credit and credit enhancements, to cities and counties in meeting their responsibilities for the construction, improvement,
reconstruction and maintenance of transportation improvements. Such programs may use criteria developed by the Kansas department of transportation for the incorporation of practical improvements into designs of projects. Expenditures under this subsection may include, but may not be limited to, the following:

(1) Apportionment of the special city and county highway fund to assist cities and counties with their responsibilities for roads and bridges not on the state highway system;
(2) programs to share federal aid with cities and counties to assist with their responsibilities for roads and bridges not on the state highway system;
(3) programs to assist cities with the maintenance of city connecting links as specified in K.S.A. 68-416, and amendments thereto, and local partnership programs to resurface or geometrically improve city connecting links or to promote economic development;
(4) programs similar to the Kansas department of transportation's local bridge improvement program to aid local public authorities in replacing or repairing bridges not on the state highway system;
(5) programs to assist cities and counties with railroad crossings of roads not on the state highway system; or
(6) programs that allow local governments to exchange federal aid funds for state funds.

(e) The Eisenhower legacy transportation program shall provide for a railroad program to provide assistance in accordance with K.S.A. 75-5040 through 75-5050, and amendments thereto, for the preservation and revitalization of rail service in the state.

(f) The Eisenhower legacy transportation program shall provide for an aviation program to provide assistance for the planning, constructing, reconstructing or rehabilitating the facilities of public use general aviation airports, in accordance with K.S.A. 75-5061, and amendments thereto.

(g) The Eisenhower legacy transportation program shall provide for public transit programs to aid elderly persons, persons with disabilities and the general public, in accordance with K.S.A. 75-5032 through 75-5038 and 75-5051 through 75-5058, and amendments thereto.

(h) The Eisenhower legacy transportation program shall provide for a transportation technology program to provide for multimodal transportation-related projects that support innovative technology, in accordance with section 2, and amendments thereto.

(i) The Eisenhower legacy transportation program shall provide for a multimodal program to provide transportation improvement assistance for bike facilities, pedestrian facilities or other transportation-sensitive economic opportunities on a local or a regional basis.

(j) The Eisenhower legacy transportation program shall allow the
secretary to award certain state highway system projects using alternative
delivery procurement methods, other than an award of a design-bid-build,
as provided for in section 4, and amendments thereto.

(k) The Eisenhower legacy transportation program shall provide for a
broadband infrastructure construction program, in accordance with section
3, and amendments thereto.

(l) (1) State highway fund revenues that include, but are not limited
to, motor fuel taxes, vehicle registrations, sales and compensating use
taxes and eligible federal aid shall be used in the following order of
priority:
(A) To pay bond covenant obligations;
(B) to pay for agency operations;
(C) to make city connecting link payments authorized under K.S.A.
68-416, and amendments thereto; and
(D) to pay for needed preservation projects as set forth in subsection
(b)(1).
(2) Any such revenues not spent pursuant to subsection (l)(1)(A)
through (D) may be used for other purposes and authority given to the
secretary.
(3) All new bonds issued for the purposes of the Eisenhower legacy
transportation program shall be paid using {all state highway fund
revenue, including} revenue collected or received pursuant to K.S.A. 79-
3620(c) and 79-3710(c), and amendments thereto.

(m) (1) The secretary shall, using the Kansas department of
transportation selection methods and criteria, determine the projects to be
selected for inclusion under the Eisenhower legacy transportation program.
Consideration may be given to additional criteria that may include projects
that:
(A) Remove transportation infrastructure from the state highway
system;
(B) identify priority corridors;
(C) include local monetary participation; or
(D) reduce project size.
(2) (A) It is the intent of the legislature that the secretary shall
develop a metric-driven process that determines a reasonable and fair
minimum amount of state highway fund moneys to be spent on new
modernization and expansion projects in each of the Kansas department of
transportation's six districts over the duration of the Eisenhower legacy
transportation program.
(B) The process for determining the minimum amount of
modernization and expansion project moneys shall be subject to the
following:
(i) Adding together the minimum moneys set for each of the Kansas
department of transportation's six districts pursuant to paragraph (2)(A),
the total shall be at least 50% of the estimated cost of constructing all
modernization and expansion projects let to contract in the Eisenhower
legacy transportation program.

(ii) If the estimated cost of constructing all modernization and
expansion projects in the Eisenhower legacy transportation program
increases or decreases by more than 10%, then the minimum amount will
be adjusted accordingly while still satisfying subparagraph (2)(B)(i).

(iii) For each of the Kansas department of transportation's six
districts, at least 40% of the minimum amounts determined in paragraph
(2)(A), or adjusted amounts according to paragraph (2)(B)(ii), shall be let
to construction contract by year five of the Eisenhower legacy
transportation program, and 100% of the minimum amounts determined in
paragraph (2)(A), or adjusted amounts according to paragraph (2)(B)(ii),
shall be let to construction contract by year 10 of the Eisenhower legacy
transportation program.

(iv) Any modernization or expansion projects remaining from the
transportation works for Kansas program pursuant to K.S.A. 68-2314b,
and amendments thereto, shall not be considered when determining the
minimum amounts in paragraph (2)(A) or (2)(B)(i).

(3) The secretary shall select projects for development every two
years. The secretary shall select projects for construction every two years.
The secretary is not required to construct every project selected for
development. The selection of projects for development and construction
shall take place every two years, after consultation with local jurisdictions.

(n) It is the intent of the legislature that the secretary take the actions
necessary to have transportation improvement projects ready to let to
construction as cash-flow management allows.

(o) The secretary, prior to June 30, 2030, shall develop a long-range
transportation plan that examines, but is not limited to, transportation
policy, project selection criteria and selection methods used in the
Eisenhower legacy transportation program, transportation funding sources
and Eisenhower legacy transportation program project categories. The
long-range transportation plan shall make recommendations for a new
transportation program for the state of Kansas. The long-range
transportation plan shall be developed after consultation with the governor
of the state of Kansas and state and local elected officials.

New Sec. 2. (a) The secretary of transportation is hereby authorized
and empowered to participate in projects or make grants for projects, the
purpose of which is the planning, assessment and fielding of new
capabilities and innovative technology for all modes of transportation,
including, but not limited to, aviation and highway transportation. Such
new capabilities should represent increased efficiency for state operations,
public cost savings, increased safety or economic development.

(b) There is hereby established in the state treasury the transportation
technology development fund. All moneys credited to such fund shall be
used to provide assistance with the planning, assessment and fielding of
new capabilities for all modes of transportation, including, but not limited
to, aviation and highway transportation. All expenditures from such fund
shall be made in accordance with the provisions of appropriation acts and
upon warrants of the director of accounts and reports issued pursuant to
vouchers approved by the secretary or the secretary's designee.

(c) Grants made by the secretary from the transportation technology
development fund shall be made upon such terms and conditions as the
secretary may deem appropriate, and such grants shall be made from funds
credited to the transportation technology development fund.

(d) On July 1, 2020, and each July 1 thereafter through July 1, 2030,
the director of accounts and reports shall transfer $2,000,000 from the state
highway fund to the transportation technology development fund. The
secretary is hereby authorized to transfer additional moneys to the
transportation technology development fund from the state highway fund,
and moneys from the transportation technology development fund to the
state highway fund.

New Sec. 3. (a) The secretary of transportation is hereby authorized
and empowered to make grants for construction projects, the purpose of
which is to expand and improve broadband service in the state of Kansas.
The secretary of transportation is authorized to make such grants when
working jointly with the office of broadband development within the
department of commerce.

(b) There is hereby established in the state treasury the broadband
infrastructure construction grant fund. All moneys credited to such fund
shall be used to provide grants for the expansion of broadband service in
the state of Kansas. All expenditures from such fund shall be made in
accordance with the provisions of appropriation acts and upon warrants of
the director of accounts and reports issued pursuant to vouchers approved
by the secretary of transportation or the secretary's designee.

(c) Grants made by the secretary of transportation from the
broadband infrastructure construction grant fund shall reimburse grant
recipients for up to 50% of actual construction costs in expanding and
improving broadband service in the state of Kansas. Such grant
reimbursements shall be upon such terms and conditions as the secretary
of transportation may deem appropriate, in coordination with the secretary
of commerce.

(d) On July 1, 2020, and each July 1 thereafter through July 1, 2022,
the director of accounts and reports shall transfer $5,000,000 from the state
highway fund to the broadband infrastructure construction grant fund. On
July 1, 2023, and each July thereafter through July 1, 2030, the director of accounts and reports shall transfer $10,000,000 from the state highway fund to the broadband infrastructure construction grant fund. At the end of each fiscal year, the secretary of transportation is hereby authorized to notify the director of accounts and reports to transfer all remaining and unencumbered funds from the broadband infrastructure construction grant fund to the state highway fund.

New Sec. 4. (a) The Eisenhower legacy transportation program shall allow the secretary of transportation to award certain state highway system projects using alternative delivery procurement methods other than award of a design-bid-build contract to the lowest bidder as provided in K.S.A. 68-410, and amendments thereto. Alternative delivery procurement methods shall only be used when such methods are a condition of projects obtained through federal grants.

(b) In addition to the requirements in subsection (a), alternative delivery projects in the Eisenhower legacy transportation program shall be subject to the following requirements and restrictions:

(1) Procurement methods for transportation alternative delivery projects may provide for a single contract or multiple contracts that include, but are not limited to, services for preconstruction, design, construction, construction management, maintenance, operation, financing or a combination thereof;

(2) the Kansas department of transportation shall develop and utilize criteria for selecting whether alternative delivery or design-bid-build procurement process is in the best interest of the state. No project will be selected for alternative delivery without having been evaluated under the selection criteria established by the department. The selection criteria shall include, but not be limited to, the need for accelerated schedule, safety needs, project complexity, opportunity for innovation and economic development;

(3) the Kansas department of transportation shall develop and utilize procedures for advertising proposals, receiving proposals, evaluating proposals, awarding contracts and administering contracts in its alternative delivery procurement program, and the procurement procedures in K.S.A. 68-408 through 68-410, 75-430a and 75-5804 through 75-5807, and amendments thereto, shall not apply to transportation alternative delivery projects.

(c) Notwithstanding any requirements set forth in subsections (b) or (c), the alternative delivery procedures shall include:

(1) A two-phase best value competitive selection or contracting process in which the first phase consists of short listing no more than four proposers based on qualifications identified in the request for qualifications and the second phase consists of the submission of price or
technical proposals, or both, in response to a request for proposal;

(2) advertisement of requests for qualifications in the Kansas register for at least three consecutive weeks;

(3) prequalification of contractors performing construction and of firms performing professional technical services by the secretary in accordance with existing state statutes, regulations, and department procedures governing prequalification and licensing;

(4) a bond for performance and payment or alternative security guaranteeing contract performance and payment obligations for supplies, materials and labor furnished for the alternative delivery project; and

(5) a requirement that firms and key personnel identified in the qualifications phase and scored to determine the shortlist may not be replaced during the alternative delivery project without the Kansas department of transportation's written approval.

(d) Notwithstanding any other provision of law to the contrary, a contracting entity selected for an alternative delivery project shall not be in violation of K.S.A. 74-7001 et seq., and amendments thereto, and the contract entered into by such contractor shall not be void if such contractor obtains the professional services by subcontracting with an entity or entities duly licensed or holding a certificate of authorization to perform professional services in accordance with K.S.A. 74-7001 et seq., and amendments thereto.

(e) Notwithstanding the provisions of K.S.A. 68-419a, and amendments thereto, a contracting entity selected for an alternative delivery project that is responsible for preparing or furnishing design plans and specifications, through its own organization or by subcontracting as provided in subsection (d), shall be liable for damages arising out of design defects in such plans and specifications resulting in injury to persons or damage to property, occurring after completion of the contract and acceptance thereof by the Kansas department of transportation, if and to the extent such injury or damage arises out of a failure to exercise the degree of learning and skill ordinarily possessed by a reputable contractor or by a technical professional practicing in Kansas in the same or similar locality and under similar circumstances. Nothing contained in this subsection shall be construed as abrogating, limiting or otherwise affecting any cause of action accruing to the state or any agency or instrumentality thereof that was a party to such contract.

New Sec. 5. (a) There is hereby established in the state treasury the short line rail improvement fund. The short line rail improvement fund shall be administered by the secretary of transportation. Expenditures from the short line rail improvement fund may be made for any qualified railroad track maintenance expenditure constructed by an eligible entity. Qualified railroad track maintenance expenditures shall be matched on a
70% state moneys to 30% eligible entity moneys basis. All expenditures from the short line rail improvement fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of transportation or the secretary's designee.

(b) On July 1, 2020, and each July 1 thereafter through July 1, 2022, the director of accounts and reports shall transfer $5,000,000 from the state highway fund to the short line rail improvement fund.

(c) For purposes of this section:

(1) "Eligible entity" means:

(A) A class II or class III railroad as defined in 49 C.F.R. § 1201.1-1(a), as in effect on January 1, 2020; or

(B) any owner or lessee industry track located on or adjacent to a class II or class III railroad in the state of Kansas; and

(2) "qualified railroad track maintenance expenditure" means gross expenditures for maintenance, reconstruction or replacement of railroad track, including roadbed, bridges, industrial leads and side track, and related track structures to the extent the expenditures are on track located in the state of Kansas, and the track was owned or leased by an eligible entity as of January 1, 2020.

Sec. 6. K.S.A. 68-416 is hereby amended to read as follows: 68-416.

The state highway fund shall be apportioned as follows:

(a) The secretary of transportation annually shall apportion and distribute quarterly, on the first day of January, April, July and October, to cities on the state highway system from the state highway fund moneys at the rate of $3,000 $5,000, per year per lane per mile for the maintenance of streets and highways in cities designated by the secretary as city connecting links. Unless a consolidated street and highway fund is established pursuant to K.S.A. 12-1,119, and amendments thereto, all moneys distributed by the secretary shall be credited to the street and alley funds of such cities. All moneys so distributed shall be used solely for the maintenance of city connecting links. Maintenance of such city connecting links shall be as prescribed in K.S.A. 68-416a, and amendments thereto.

As used in this subsection, "lane" means the portion of the roadway for use of moving traffic of a standard width prescribed by the secretary. In lieu of such apportionment, the secretary, by and with the consent of the governing body of any city within the state of Kansas, may maintain such streets within the city and pay for such maintenance from the highway fund.

(b) All of the remainder of such highway fund shall be used by the secretary of transportation for:

(1) The construction, improvement, reconstruction and maintenance of the state highway system;
(2) improvements in transportation programs to aid elderly persons, persons with disabilities and the general public;
(3) for any purpose specified in K.S.A. 68-2314b, and amendments thereto;
(4) for any purpose specified in section 1, and amendments thereto;
(5) the support and maintenance of the department of transportation;
(6) the expenses of administering the motor vehicle registration and drivers' license laws; and
(6) the payment of losses to department of transportation employees authorized by K.S.A. 75-5062, and amendments thereto.

Sec. 7. K.S.A. 68-2315 is hereby amended to read as follows: 68-2315. (a) Annually, prior to the 10th day of each regular session of the legislature, the secretary of transportation shall submit a written report to the governor and each member of the legislature providing:
(a)(1) Summary financial information and a statement of assurance that the department of transportation has prepared a comprehensive financial report of all funds for the preceding year which includes a report by independent public accountants attesting that the financial statements present fairly the financial position of the Kansas department of transportation in conformity with generally accepted accounting principles and a notification that the complete comprehensive financial report, including the auditor's report is available upon request;
(b)(2) for the report due in 2021, a detailed explanation of the methods or criteria employed in the selection of transportation projects under K.S.A. 68-2314b(b), and amendments thereto, and in the awarding of assistance to cities, counties or other transportation providers;
(c) a detailed explanation of the methods or criteria employed in the selection of transportation projects under subsection (b) of K.S.A. 68-2314b, section 1(b) and (d)(1) through (d)(6), and amendments thereto, and in the awarding of assistance to cities, counties or other transportation providers, including an explanation of the amounts expended and projects selected for construction, projects selected for development and when and where the next local consults are to take place;
(e) the proposed allocation and expenditure of moneys and proposed work plan for the current fiscal year and at least the next five years;
(d) information concerning construction work completed in the preceding fiscal year and construction work in progress;
(4) anticipated annual payouts of construction projects already under contract and any proposed construction projects for the next three fiscal years. Such payouts shall be listed separately for those payouts for preservation projects from payouts for modernization and expansion projects;
(5) proposed construction projects to be let to contract in the current
fiscal year and anticipated breakdown of anticipated annual payouts for
the next three fiscal years for those projects;
(6) a detailed breakdown of anticipated annual expenditures for the
next three fiscal years on remaining agency debt service, programs and
operations;
(7) annual expenditures from paragraphs (4) through (6);
(8) a comparison of annual revenue expected into the state highway
fund, including state highway fund ending balance carryovers, for the next
three fiscal years;
(9) for any construction project let in the Eisenhower legacy
transportation program that is more than $5,000,000, an explanation of
all initial bids submitted for such project and the actual final cost of
construction for such project;
(10) information concerning the operation and financial condition
of the transportation revolving fund;
(11) the annual allocation and expenditure of moneys from the
coordinated public transportation assistance fund under K.S.A. 75-5035,
and amendments thereto;
(12) the annual allocation and expenditure of moneys from the rail
service improvement fund under K.S.A. 75-5048, and amendments
thereto, including specific information relating to any grants or loans made
under such program;
(13) the annual allocation and expenditure of moneys from the
public use general aviation airport development fund under K.S.A. 75-
5061, and amendments thereto, including specific information relating to
grants made under such program;
(14) the annual allocation and expenditure of moneys from the
transportation technology development fund under section 2, and
amendments thereto, including specific information relating to grants
made pursuant to section 2, and amendments thereto;
(15) the annual allocation and expenditure of moneys from the
broadband infrastructure construction grant fund under section 3, and
amendments thereto, including specific information relating to grants
made pursuant to section 3, and amendments thereto;
(16) information concerning funding shifts between the state highway
fund and the funds specified in subsections (a)(7) through (a)(10);
(17) for the report due in 2021, specific recommendations for any
statutory changes necessary for the successful completion of the
transportation program specified in K.S.A. 68-2314b, and amendments
thereto, or efficient and effective operation of the Kansas department of
transportation;
(18) specific recommendations for any statutory changes necessary
for the successful completion of the transportation program specified in
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K.S.A. 68-2314b section 1, and amendments thereto, or efficient and effective operation of the Kansas department of transportation; and

(19) information concerning the condition and performance of the state highway system; and

(20) an explanation of any material changes from the previous annual report.

(b) In addition to the governor and each member of the legislature, the secretary shall post the report on the official internet page for the Kansas department of transportation and shall provide notice of the online posting to all persons or entities requesting such notice. Persons or entities requesting notice shall provide the secretary an email address via the Kansas department of transportation's official internet page.

Sec. 8. K.S.A. 68-2316 is hereby amended to read as follows: 68-2316. (a) For the period beginning July 1, 2010, through June 30, 2020, the secretary of transportation shall expend or commit to expend, from the revenue provided under the provisions of the transportation works for Kansas program, at least $8,000,000 for projects or programs authorized under K.S.A. 68-2314b, and amendments thereto, in each county of the state.

(b) For the period beginning July 1, 2020, through June 30, 2030, the secretary shall expend or commit to expend, from the revenue provided under the provisions of the Eisenhower legacy transportation program, at least $8,000,000 for projects or programs authorized under section 1, and amendments thereto, in each county of the state.

Sec. 9. K.S.A. 75-5035 is hereby amended to read as follows: 75-5035. (a) There is hereby established in the state treasury the coordinated public transportation assistance fund. Any expenditures from the fund shall be for the coordinated development, improvement or maintenance of transportation systems for elderly persons, persons with disabilities or the general public under this act and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of transportation or by a person designated by the secretary.

(b) (1) On July 1, 1999, and each July 1 thereafter through July 1, 2012, the director of accounts and reports shall transfer $6,000,000 from the state highway fund to the coordinated public transportation assistance fund.

(2) On July 1, 2013, and each July 1 thereafter, the director of accounts and reports shall transfer $11,000,000 from the state highway fund to the coordinated public transportation assistance fund. The secretary is hereby authorized to transfer additional moneys to the coordinated public transportation assistance fund from the state highway fund and moneys from the coordinated public transportation assistance
fund to the state highway fund. In no event shall the amount remaining in
the fund and the amount spent or dedicated for grants or projects in each
fiscal year fall below $11,000,000.

Sec. 10. K.S.A. 75-5048 is hereby amended to read as follows: 75-
5048. (a) The secretary of transportation is hereby authorized to make
loans or grants to a qualified entity for the purpose of facilitating the
financing, acquisition or rehabilitation of railroads and rolling stock in the
state of Kansas.

(b) Such loans or grants shall be made upon such terms and
conditions as the secretary of transportation may deem appropriate, and
such loans or grants shall be made from funds credited to the rail service
improvement fund.

(c) The rail service improvement fund is hereby established in the
state treasury which shall be for the purpose of facilitating the financing,
acquisition and rehabilitation of railroads pursuant to subsection (a) of this
section and for the refinancing thereof. The secretary of transportation
shall administer the rail service improvement fund. All expenditures from
the rail service improvement fund shall be made in accordance with
appropriation acts upon warrants of the director of accounts and reports
issued pursuant to vouchers approved by the secretary of transportation or
by a person or persons designated by the secretary.

(d) All moneys received from the federal government, pursuant to
K.S.A. 75-5026, and amendments thereto, shall be remitted to the state
treasurer in accordance with the provisions of K.S.A. 75-4215, and
amendments thereto. Upon receipt of each such remittance, the state
treasurer shall deposit the entire amount in the state treasury to the credit
of the rail service improvement fund.

(e) The management and investment of the rail service improvement
fund shall be in accordance with K.S.A. 68-2324, and amendments thereto.
Notwithstanding anything to the contrary, all interest or other income of
the investments, after payment of any management fees, shall be
considered income of the rail service improvement fund.

(f) On July 1, 2013, and each July 1 thereafter, the director of
accounts and reports shall transfer $5,000,000 from the state highway fund
to the rail service improvement fund. The secretary of transportation
is hereby authorized to transfer moneys from the state highway fund to the
rail service improvement fund or from the rail service improvement fund
to the state highway fund. In transferring moneys from the rail service
improvement fund, the secretary of transportation shall not diminish the
moneys transferred under subsection (f).

(g) In no event shall the amount
remaining in the rail service fund and the amount spent or dedicated for
loans or grants in each fiscal year be less than $5,000,000.

(h)(g) As used in this section, "qualified entity" means any interstate
commerce commission certificated railroad, a port authority established in
accordance with Kansas laws, or any entity meeting the rules and
regulations established by K.S.A. 75-5050, and amendments thereto.
Sec. 11. K.S.A. 75-5061 is hereby amended to read as follows: 75-
5061. (a) The secretary of transportation is hereby authorized and
empowered to: (1) Solicit and receive moneys from any public or private
sources; and (2) establish and administer a grant program for public use
general aviation airports for the purpose of planning, constructing,
reconstructing or rehabilitating the facilities of such public use general
aviation airports.
(b) Such grants shall be made upon such terms and conditions as the
secretary of transportation deems appropriate, and such grants shall be
made from funds credited to the public use general aviation airport
development fund.
(c) The public use general aviation airport development fund is
hereby established in the state treasury which shall be for the purpose of
planning, constructing, reconstructing or rehabilitating the facilities of
public use general aviation airports pursuant to subsection (a) of this
section. All moneys received pursuant to subsection (a) shall be remitted to
the state treasurer at least monthly and deposited in the state treasury to the
credit of the public use general aviation airport development fund. The
secretary of transportation shall administer the public use general aviation
airport development fund. All expenditures from the public use general
aviation airport development fund shall be made in accordance with
appropriation acts upon warrants of the director of accounts and reports
issued pursuant to vouchers approved by the secretary of transportation or
by a person or persons designated by the secretary.
(d) (1) On July 1, 1999, and each July 1 thereafter through July 1,
2012, the director of accounts and reports shall transfer $3,000,000 from
the state highway fund to the public use general aviation airport
development fund.
(2) On July 1, 2013, and each July 1 thereafter, the director of
accounts and reports shall transfer $5,000,000 from the state highway fund
to the public use general aviation airport development fund. The secretary
is hereby authorized to transfer additional moneys to the public use
general aviation airport development fund from the state highway fund,
and moneys from the public use general aviation airport development fund
to the state highway fund. In no event shall the amount remaining in the
public use general aviation airport development fund and the amount
spent or dedicated for grants in each fiscal year be less than $5,000,000.
(e) As used in this section, "public use general aviation airport"
means any airport available for use by the general public for the landing
and taking off of aircraft, but shall not include any airport classified as a
primary airport by the federal aviation administration.

(f) The secretary of transportation may adopt rules and regulations for the purpose of implementing the provisions of this section.

Sec. 12. K.S.A. 79-3603 is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of 6.15%, and commencing July 1, 2015, at the rate of 6.5%. On and after July 1, 2021, 16.154% of the 6.5% rate imposed shall be levied for the state highway fund, the state highway fund purposes and those purposes specified in K.S.A. 68-416, and amendments thereto, and all revenue collected and received from such tax levy shall be deposited in the state highway fund. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon:

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

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

(c) the gross receipts from the sale or furnishing of gas, water, electricity and heat, which sale is not otherwise exempt from taxation under the provisions of this act, and whether furnished by municipally or privately owned utilities, except that, on and after January 1, 2006, for sales of gas, electricity and heat delivered through mains, lines or pipes to residential premises for noncommercial use by the occupant of such premises, and for agricultural use and also, for such use, all sales of propane gas, the state rate shall be 0%; and for all sales of propane gas, LP gas, coal, wood and other fuel sources for the production of heat or
lighting for noncommercial use of an occupant of residential premises, the
state rate shall be 0%, but such tax shall not be levied and collected upon
the gross receipts from: (1) The sale of a rural water district benefit unit;
(2) a water system impact fee, system enhancement fee or similar fee
collected by a water supplier as a condition for establishing service; or (3)
connection or reconnection fees collected by a water supplier;
(d) the gross receipts from the sale of meals or drinks furnished at any
private club, drinking establishment, catered event, restaurant, eating
house, dining car, hotel, drugstore or other place where meals or drinks are
regularly sold to the public;
(e) the gross receipts from the sale of admissions to any place
providing amusement, entertainment or recreation services including
admissions to state, county, district and local fairs, but such tax shall not
be levied and collected upon the gross receipts received from sales of
admissions to any cultural and historical event which occurs triennially;
(f) the gross receipts from the operation of any coin-operated device
dispensing or providing tangible personal property, amusement or other
services except laundry services, whether automatic or manually operated;
(g) the gross receipts from the service of renting of rooms by hotels,
as defined by K.S.A. 36-501, and amendments thereto, or by
accommodation brokers, as defined by K.S.A. 12-1692, and amendments
thereto, but such tax shall not be levied and collected upon the gross
receipts received from sales of such service to the federal government and
any agency, officer or employee thereof in association with the
performance of official government duties;
(h) the gross receipts from the service of renting or leasing of tangible
personal property except such tax shall not apply to the renting or leasing
of machinery, equipment or other personal property owned by a city and
purchased from the proceeds of industrial revenue bonds issued prior to
July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
12-1749, and amendments thereto, and any city or lessee renting or leasing
such machinery, equipment or other personal property purchased with the
proceeds of such bonds who shall have paid a tax under the provisions of
this section upon sales made prior to July 1, 1973, shall be entitled to a
refund from the sales tax refund fund of all taxes paid thereon;
(i) the gross receipts from the rendering of dry cleaning, pressing,
dyeing and laundry services except laundry services rendered through a
coin-operated device whether automatic or manually operated;
(j) the gross receipts from the rendering of the services of washing
and washing and waxing of vehicles;
(k) the gross receipts from cable, community antennae and other
subscriber radio and television services;
(l) (1) except as otherwise provided by paragraph (2), the gross
receipts received from the sales of tangible personal property to all contractors, subcontractors or repairmen for use by them in erecting structures, or building on, or otherwise improving, altering, or repairing real or personal property.

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

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

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

(o) the gross receipts received from the isolated or occasional sale of motor vehicles or trailers but not including: (1) The transfer of motor vehicles or trailers by a person to a corporation or limited liability company solely in exchange for stock securities or membership interest in such corporation or limited liability company; (2) the transfer of motor vehicles or trailers by one corporation or limited liability company to another when all of the assets of such corporation or limited liability company are transferred to such other corporation or limited liability company.
company; or (3) the sale of motor vehicles or trailers which are subject to
taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
amendments thereto, by an immediate family member to another
immediate family member. For the purposes of paragraph (3), immediate
family member means lineal ascendants or descendants, and their spouses.
Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
on the isolated or occasional sale of motor vehicles or trailers on and after
July 1, 2004, which the base for computing the tax was the value pursuant
to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
such amount was higher than the amount of sales tax which would have
been paid under the law as it existed on June 30, 2004, shall be refunded to
the taxpayer pursuant to the procedure prescribed by this section. Such
refund shall be in an amount equal to the difference between the amount of
sales tax paid by the taxpayer and the amount of sales tax which would
have been paid by the taxpayer under the law as it existed on June 30,
2004. Each claim for a sales tax refund shall be verified and submitted not
later than six months from the effective date of this act to the director of
taxation upon forms furnished by the director and shall be accompanied by
any additional documentation required by the director. The director shall
review each claim and shall refund that amount of tax paid as provided by
this act. All such refunds shall be paid from the sales tax refund fund, upon
warrants of the director of accounts and reports pursuant to vouchers
approved by the director of taxation or the director's designee. No refund
for an amount less than $10 shall be paid pursuant to this act. In
determining the base for computing the tax on such isolated or occasional
sale, the fair market value of any motor vehicle or trailer traded in by the
purchaser to the seller may be deducted from the selling price;
(p) the gross receipts received for the service of installing or applying
tangible personal property which when installed or applied is not being
held for sale in the regular course of business, and whether or not such
tangible personal property when installed or applied remains tangible
personal property or becomes a part of real estate, except that no tax shall
be imposed upon the service of installing or applying tangible personal
property in connection with the original construction of a building or
facility, the original construction, reconstruction, restoration, remodeling,
renovation, repair or replacement of a residence or the construction,
reconstruction, restoration, replacement or repair of a bridge or highway.
For the purposes of this subsection:
(1) "Original construction" shall mean the first or initial construction
of a new building or facility. The term "original construction" shall include
the addition of an entire room or floor to any existing building or facility,
the completion of any unfinished portion of any existing building or
facility and the restoration, reconstruction or replacement of a building,
facility or utility structure damaged or destroyed by fire, flood, tornado, lightning, explosion, windstorm, ice loading and attendant winds, terrorism or earthquake, but such term, except with regard to a residence, shall not include replacement, remodeling, restoration, renovation or reconstruction under any other circumstances;

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

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

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

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

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

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

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

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

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

(u) the gross receipts received from the sale of prepaid calling service
and prepaid wireless calling service as defined in K.S.A. 79-3673, and
amendments thereto;
(v) all sales of bingo cards, bingo faces and instant bingo tickets by
licensees under K.S.A. 75-5171 et seq., and amendments thereto, shall be
exempt from taxes imposed pursuant to this section; and
(w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
5171 et seq., and amendments thereto, shall be exempt from taxes imposed
pursuant to this section.
Sec. 13. K.S.A. 79-3703 is hereby amended to read as follows: 79-
3703. There is hereby levied and there shall be collected from every
person in this state a tax or excise for the privilege of using, storing, or
consuming within this state any article of tangible personal property. Such
tax shall be levied and collected in an amount equal to the consideration
paid by the taxpayer multiplied by the rate of 6.5%. On and after July 1,
2021, 16.154% at the 6.5% rate imposed shall be levied for the state
highway fund, the state highway fund purposes and those purposes
specified in K.S.A. 68-416, and amendments thereto, and all revenue
collected and received from such tax levy shall be deposited in the state
highway fund. Within a redevelopment district established pursuant to
K.S.A. 74-8921, and amendments thereto, there is hereby levied and there
shall be collected and paid an additional tax of 2% until the earlier of: (1)
The date the bonds issued to finance or refinance the redevelopment
project undertaken in the district have been paid in full; or (2) the final
scheduled maturity of the first series of bonds issued to finance the
redevelopment project. All property purchased or leased within or without
this state and subsequently used, stored or consumed in this state shall be
subject to the compensating tax if the same property or transaction would
have been subject to the Kansas retailers' sales tax had the transaction been
wholly within this state.
Sec. 14. K.S.A. 68-416, 68-2315, 68-2316, 75-5035, 75-5048, 75-
5061, 79-3603 and 79-3703 are hereby repealed.
Sec. 15. This act shall take effect and be in force from and after its
publication in the statute book.