AN ACT concerning sales and compensating use tax; relating to city and county retailers' sales tax, Marion county; imposing tax on certain services; rate of tax on food and food ingredients; amending K.S.A. 2016 Supp. 12-187, 12-189—and 12-192, 79-3602, 79-3603, 79-3620, 79-3703 and 79-3710—and repealing the existing sections.

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

Section 1. K.S.A. 2016 Supp. 12-187 is hereby amended to read as follows: 12-187. (a) No city shall impose a retailers' sales tax under the provisions of this act without the governing body of such city having first submitted such proposition to and having received the approval of a majority of the electors of the city voting thereon at an election called and held therefor. The governing body of any city may submit the question of imposing a retailers' sales tax and the governing body shall be required to submit the question upon submission of a petition signed by electors of such city equal in number to not less than 10% of the electors of such city.

(b) (1) The board of county commissioners of any county may submit the question of imposing a countywide retailers' sales tax to the electors at an election called and held thereon, and any such board shall be required to submit the question upon submission of a petition signed by electors of such county equal in number to not less than 10% of the electors of such county who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than 2/3 of the membership of the governing body of each of one or more cities within such county which contains a population of not less than 25% of the entire population of the county, or upon receiving resolutions requesting such an election passed by not less than 2/3 of the membership of the governing body of each of one or more taxing subdivisions within such county which levy not less than 25% of the property taxes levied by all taxing subdivisions within the county.

(2) The board of county commissioners of Anderson, Atchison, Barton, Brown, Butler, Chase, Cowley, Cherokee, Crawford, Ford, Franklin, Jefferson, Linn, Lyon, Marion, Miami, Montgomery, Neosho, Osage, Ottawa, Reno, Riley, Saline, Seward, Sumner, Thomas, Wabaunsee, Wilson and Wyandotte counties may submit the question of imposing a countywide retailers' sales tax and pledging the revenue
received therefrom for the purpose of financing the construction or
remodeling of a courthouse, jail, law enforcement center facility or other
county administrative facility, to the electors at an election called and held
thereon. The tax imposed pursuant to this paragraph shall expire when
sales tax sufficient to pay all of the costs incurred in the financing of such
facility has been collected by retailers as determined by the secretary of
revenue. Nothing in this paragraph shall be construed to allow the rate of
tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley,
Sumner or Wilson county pursuant to this paragraph to exceed or be
imposed at any rate other than the rates prescribed in K.S.A. 12-189, and
amendments thereto.

(3) (A) Except as otherwise provided in this paragraph, the result of
the election held on November 8, 1988, on the question submitted by the
board of county commissioners of Jackson county for the purpose of
increasing its countywide retailers' sales tax by 1% is hereby declared
valid, and the revenue received therefrom by the county shall be expended
solely for the purpose of financing the Banner Creek reservoir project. The
tax imposed pursuant to this paragraph shall take effect on the effective
date of this act and shall expire not later than five years after such date.

(B) The result of the election held on November 8, 1994, on the
question submitted by the board of county commissioners of Ottawa
county for the purpose of increasing its countywide retailers' sales tax by
1% is hereby declared valid, and the revenue received therefrom by the
county shall be expended solely for the purpose of financing the erection,
construction and furnishing of a law enforcement center and jail facility.

(C) Except as otherwise provided in this paragraph, the result of the
election held on November 2, 2004, on the question submitted by the
board of county commissioners of Sedgwick county for the purpose of
increasing its countywide retailers' sales tax by 1% is hereby declared
valid, and the revenue received therefrom by the county shall be used only
to pay the costs of: (i) Acquisition of a site and constructing and equipping
thereon a new regional events center, associated parking and infrastructure
improvements and related appurtenances thereto, to be located in the
downtown area of the city of Wichita, Kansas, (the "downtown arena");
(ii) design for the Kansas coliseum complex and construction of
improvements to the pavilions; and (iii) establishing an operating and
maintenance reserve for the downtown arena and the Kansas coliseum
complex. The tax imposed pursuant to this paragraph shall commence on
July 1, 2005, and shall terminate not later than 30 months after the
commencement thereof.

(D) Except as otherwise provided in this paragraph, the result of the
election held on August 5, 2008, on the question submitted by the board of
county commissioners of Lyon county for the purpose of increasing its
countywide retailers' sales tax by 1% is hereby declared valid, and the
revenue received therefrom by the county shall be expended for the
purposes of ad valorem tax reduction and capital outlay. The tax imposed
pursuant to this paragraph shall terminate not later than five years after the
commencement thereof.

(E) Except as otherwise provided in this paragraph, the result of the
election held on August 5, 2008, on the question submitted by the board of
county commissioners of Rawlins county for the purpose of increasing its
countywide retailers' sales tax by 0.75% is hereby declared valid, and the
revenue received therefrom by the county shall be expended for the
purposes of financing the costs of a swimming pool. The tax imposed
pursuant to this paragraph shall terminate not later than 15 years after the
commencement thereof or upon payment of all costs authorized pursuant
to this paragraph in the financing of such project.

(F) The result of the election held on December 1, 2009, on the
question submitted by the board of county commissioners of Chautauqua
county for the purpose of increasing its countywide retailers' sales tax by
1% is hereby declared valid, and the revenue received from such tax by the
county shall be expended for the purposes of financing the costs of
constructing, furnishing and equipping a county jail and law enforcement
center and necessary improvements appurtenant to such jail and law
enforcement center. Any tax imposed pursuant to authority granted in this
paragraph shall terminate upon payment of all costs authorized pursuant to
this paragraph incurred in the financing of the project described in this
paragraph.

(G) The result of the election held on April 7, 2015, on the question
submitted by the board of county commissioners of Bourbon county for
the purpose of increasing its retailers' sales tax by 0.4% is hereby declared
valid, and the revenue received therefrom by the county shall be expended
solely for the purpose of financing the costs of constructing, furnishing
and operating a courthouse, law enforcement center or jail facility
improvements. Any tax imposed pursuant to authority granted in this
paragraph shall terminate upon payment of all costs authorized pursuant to
this paragraph incurred in the financing of the project described in this
paragraph.

(4) The board of county commissioners of Finney and Ford counties
may submit the question of imposing a countywide retailers' sales tax at
the rate of 0.25% and pledging the revenue received therefrom for the
purpose of financing all or any portion of the cost to be paid by Finney or
Ford county for construction of highway projects identified as system
enhancements under the provisions of K.S.A. 68-2314(b)(5), and
amendments thereto, to the electors at an election called and held thereon.
Such election shall be called and held in the manner provided by the
The tax imposed pursuant to this paragraph shall expire upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Finney or Ford county pursuant to this paragraph to exceed the maximum rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Finney county, the state treasurer shall remit such funds to the treasurer of Finney county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Ford county, the state treasurer shall remit such funds to the treasurer of Ford county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund.

(5) The board of county commissioners of any county may submit the question of imposing a retailers' sales tax at the rate of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. Whenever any county imposes a tax pursuant to this paragraph, any tax imposed pursuant to subsection (a)(2) by any city located in such county shall expire upon the effective date of the imposition of the countywide tax, and thereafter the state treasurer shall remit to each such city that portion of the countywide tax revenue collected by retailers within such city as certified by the director of taxation. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include, but not be limited to, the following: Local health departments, city or county hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home care services, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, rural health clinics, integration of health care services, home health services and rural health networks.

(6) The board of county commissioners of Allen county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of operation and construction of a solid waste disposal area or the modification of an existing landfill to comply with federal regulations to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all
costs incurred in the financing of the project undertaken. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Allen county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(7) The board of county commissioners of Clay, Dickinson and Miami county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.50% in the case of Clay and Dickinson county and at a rate of up to 1% in the case of Miami county, and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. Except as otherwise provided, the tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected. The result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Miami county for the purpose of extending for an additional five-year period the countywide retailers' sales tax imposed pursuant to this subsection in Miami county is hereby declared valid. The countywide retailers' sales tax imposed pursuant to this subsection in Clay and Miami county may be extended or reenacted for additional five-year periods upon the board of county commissioners of Clay and Miami county submitting such question to the electors at an election called and held thereon for each additional five-year period as provided by law.

(8) The board of county commissioners of Sherman county may submit the question of imposing a countywide retailers' sales tax at the rate of 1% and pledging the revenue received therefrom for the purpose of financing the costs of street and roadway improvements to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(9) The board of county commissioners of Cowley, Crawford, Russell and Woodson county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% in the case of Crawford, Russell and Woodson county and at a rate of up to 0.25%, in the case of Cowley county and pledging the revenue received therefrom for the purpose of financing economic development initiatives or public infrastructure projects. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(10) The board of county commissioners of Franklin county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purpose of financing recreational facilities. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such facilities.
(11) The board of county commissioners of Douglas county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purposes of conservation, access and management of open space; preservation of cultural heritage; and economic development projects and activities.

(12) The board of county commissioners of Shawnee county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom to the city of Topeka for the purpose of financing the costs of rebuilding the Topeka boulevard bridge and other public infrastructure improvements associated with such project to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such project.

(13) The board of county commissioners of Jackson county may submit the question of imposing a countywide retailers' sales tax at a rate of 0.4% and pledging the revenue received therefrom as follows: 50% of such revenues for the purpose of financing for economic development initiatives; and 50% of such revenues for the purpose of financing public infrastructure projects to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after seven years from the date such tax is first collected. The board of county commissioners of Jackson county may submit the question of imposing a countywide retailers' sales tax at a rate of 0.4% which such tax shall take effect after the expiration of the tax imposed pursuant to this paragraph prior to the effective date of this act, and pledging the revenue received therefrom for the purpose of financing public infrastructure projects to the electors at an election called and held thereon. Such tax shall expire after seven years from the date such tax is first collected.

(14) The board of county commissioners of Neosho county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(15) The board of county commissioners of Saline county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of construction and operation of an expo center to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(16) The board of county commissioners of Harvey county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 1.0% and pledging the revenue received therefrom for the purpose of
financing the costs of property tax relief, economic development initiatives
and public infrastructure improvements to the electors at an election called
and held thereon.
(17) The board of county commissioners of Atchison county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.25% and pledging the revenue received therefrom for the purpose of
financing the costs of construction and maintenance of sports and
recreational facilities to the electors at an election called and held thereon.
The tax imposed pursuant to this paragraph shall expire upon payment of
all costs authorized in financing such facilities.
(18) The board of county commissioners of Wabaunsee county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.5% and pledging the revenue received therefrom for the purpose of
financing the costs of bridge and roadway construction and improvement
to the electors at an election called and held thereon. The tax imposed
pursuant to this paragraph shall expire after 15 years from the date such
tax is first collected.
(19) The board of county commissioners of Jefferson county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 1% and pledging the revenue received therefrom for the purpose of
financing the costs of roadway construction and improvement to the
electors at an election called and held thereon. The tax imposed pursuant
to this paragraph shall expire after six years from the date such tax is first
collected. The countywide retailers' sales tax imposed pursuant to this
paragraph may be extended or reenacted for additional six-year periods
upon the board of county commissioners of Jefferson county submitting
such question to the electors at an election called and held thereon for each
additional six-year period as provided by law.
(20) The board of county commissioners of Riley county may submit
the question of imposing a countywide retailers' sales tax at the rate of up
to 1% and pledging the revenue received therefrom for the purpose of
financing the costs of bridge and roadway construction and improvement
to the electors at an election called and held thereon. The tax imposed
pursuant to this paragraph shall expire after five years from the date such
tax is first collected.
(21) The board of county commissioners of Johnson county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.25% and pledging the revenue received therefrom for the purpose of
financing the construction and operation costs of public safety projects,
including, but not limited to, a jail, detention center, sheriff's resource
center, crime lab or other county administrative or operational facility
dedicated to public safety, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after 10 years from the date such tax is first collected. The countywide retailers' sales tax imposed pursuant to this subsection may be extended or reenacted for additional periods not exceeding 10 years upon the board of county commissioners of Johnson county submitting such question to the electors at an election called and held thereon for each additional ten-year period as provided by law.

(22) The board of county commissioners of Wilson county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 1% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvements to federal highways, the development of a new industrial park and other public infrastructure improvements to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project or projects.

(23) The board of county commissioners of Butler county may submit the question of imposing a countywide retailers' sales tax at the rate of either 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received therefrom for the purpose of financing the costs of public safety capital projects or bridge and roadway construction projects, or both, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such projects.

(24) The board of county commissioners of Barton county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of roadway and bridge construction and improvement and infrastructure development and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after 10 years from the date such tax is first collected.

(25) The board of county commissioners of Jefferson county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purpose of financing the costs of the county's obligation as participating employer to make employer contributions and other required contributions to the Kansas public employees retirement system for eligible employees of the county who are members of the Kansas police and firemen's retirement system, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such purpose.
(26) The board of county commissioners of Pottawatomie county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of construction or remodeling of a courthouse, jail, law enforcement center facility or other county administrative facility, or public infrastructure improvements, or both, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such project or projects.

(27) The board of county commissioners of Kingman county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received therefrom for the purpose of financing the costs of constructing and furnishing a law enforcement center and jail facility and the costs of roadway and bridge improvements to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire not later than 20 years from the date such tax is first collected.

(28) The board of county commissioners of Edwards county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.375% and pledging the revenue therefrom for the purpose of financing the costs of economic development initiatives to the electors at an election called and held thereon.

(29) The board of county commissioners of Rooks county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of constructing or remodeling and furnishing a jail facility to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs authorized in financing such project or projects.

(30) The board of county commissioners of Douglas county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center facility, detention facility or other county administrative facility, specifically including mental health and for the operation thereof.

(31) The board of county commissioners of Bourbon county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 1%, in increments of 0.05%, and pledging the revenue received therefrom for the purpose of financing the costs of constructing, furnishing and operating a courthouse, law enforcement center or jail facility improvements to the electors at an election called and held thereon.

(32) The board of county commissioners of Marion county may
submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of property tax relief, economic development initiatives and the construction of public infrastructure improvements, including buildings, to the electors at an election called and held thereon.

(c) The boards of county commissioners of any two or more contiguous counties, upon adoption of a joint resolution by such boards, may submit the question of imposing a retailers' sales tax within such counties to the electors of such counties at an election called and held thereon and such boards of any two or more contiguous counties shall be required to submit such question upon submission of a petition in each of such counties, signed by a number of electors of each of such counties where submitted equal in number to not less than 10% of the electors of each of such counties who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than $\frac{2}{3}$ of the membership of the governing body of each of one or more cities within each of such counties which contains a population of not less than 25% of the entire population of each of such counties, or upon receiving resolutions requesting such an election passed by $\frac{2}{3}$ of the membership of the governing body of each of one or more taxing subdivisions within each of such counties which levy not less than 25% of the property taxes levied by all taxing subdivisions within each of such counties.

(d) Any city retailers' sales tax being levied by a city prior to July 1, 2006, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax or until repealed by the adoption of an ordinance for such repeal. Any countywide retailers' sales tax in the amount of 0.5% or 1% in effect on July 1, 1990, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax.

(e) Any city or county proposing to adopt a retailers' sales tax shall give notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notices shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of any such city or county shall provide by ordinance or resolution, as the case may be, for the levy of the tax. Any repeal of such tax or any reduction or increase in the rate thereof, within the limits prescribed by K.S.A. 12-189, and amendments thereto, shall be
accomplished in the manner provided herein for the adoption and approval
of such tax except that the repeal of any such city retailers' sales tax may
be accomplished by the adoption of an ordinance so providing.

(f) The sufficiency of the number of signers of any petition filed
under this section shall be determined by the county election officer. Every
election held under this act shall be conducted by the county election
officer.

(g) The governing body of the city or county proposing to levy any
retailers' sales tax shall specify the purpose or purposes for which the
revenue would be used, and a statement generally describing such purpose
or purposes shall be included as a part of the ballot proposition.

Sec. 2. K.S.A. 2016 Supp. 12-189 is hereby amended to read as
follows: 12-189. The rate of any city retailers' sales tax shall be fixed in
increments of 0.05% and in an amount not to exceed 2% for general
purposes and not to exceed 1% for special purposes which shall be
determined by the governing body of the city. For any retailers' sales tax
imposed by a city for special purposes, such city shall specify the purposes
for which such tax is imposed. All such special purpose retailers' sales
taxes imposed by a city shall expire after 10 years from the date such tax is
first collected. The rate of any countywide retailers' sales tax shall be fixed
in an amount not to exceed 1% and shall be fixed in increments of 0.25%,
and which amount shall be determined by the board of county
commissioners, except that:

(a) The board of county commissioners of Wabaunsee county, for the
purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such
rate at 1.25%; the board of county commissioners of Osage or Reno
county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto,
may fix such rate at 1.25% or 1.5%; the board of county commissioners of
Cherokee, Crawford, Ford, Saline, Seward, Thomas or Wyandotte county,
for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix
such rate at 1.5%, the board of county commissioners of Atchison county,
for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix
such rate at 1.5% or 1.75%; the board of county commissioners of
Anderson, Barton, Jefferson or Ottawa county, for the purposes of K.S.A.
12-187(b)(2), and amendments thereto, may fix such rate at 2%; the board
of county commissioners of Marion county, for the purposes of K.S.A. 12-
187(b)(2), and amendments thereto, may fix such rate at 2.5%; the board
of county commissioners of Franklin, Linn and Miami counties, for the
purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such
rate at a percentage which is equal to the sum of the rate allowed to be
imposed by the respective board of county commissioners on July 1, 2007,
plus up to 1.0%; and the board of county commissioners of Brown county,
for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix
such rate at up to 2%;

(b) the board of county commissioners of Jackson county, for the purposes of K.S.A. 12-187(b)(3), and amendments thereto, may fix such rate at 2%;

(c) the boards of county commissioners of Finney and Ford counties, for the purposes of K.S.A. 12-187(b)(4), and amendments thereto, may fix such rate at 0.25%;

(d) the board of county commissioners of any county for the purposes of K.S.A. 12-187(b)(5), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by a board of county commissioners on the effective date of this act plus 0.25%, 0.5%, 0.75% or 1%, as the case requires;

(e) the board of county commissioners of Dickinson county, for the purposes of K.S.A. 12-187(b)(7), and amendments thereto, may fix such rate at 1.5%, and the board of county commissioners of Miami county, for the purposes of K.S.A. 12-187(b)(7), and amendments thereto, may fix such rate at 1.25%, 1.5%, 1.75% or 2%;

(f) the board of county commissioners of Sherman county, for the purposes of K.S.A. 12-187(b)(8), and amendments thereto, may fix such rate at 2.25%;

(g) the board of county commissioners of Crawford or Russell county for the purposes of K.S.A. 12-187(b)(9), and amendments thereto, may fix such rate at 1.5%;

(h) the board of county commissioners of Franklin county, for the purposes of K.S.A. 12-187(b)(10), and amendments thereto, may fix such rate at 1.75%;

(i) the board of county commissioners of Douglas county, for the purposes of K.S.A. 12-187(b)(11) and (b)(30), and amendments thereto, may fix such rate at 1.75%;

(j) the board of county commissioners of Jackson county, for the purposes of K.S.A. 12-187(b)(13), and amendments thereto, may fix such rate at 1.4%;

(k) the board of county commissioners of Sedgwick county, for the purposes of K.S.A. 12-187(b)(3)(C), and amendments thereto, may fix such rate at 2%;

(l) the board of county commissioners of Neosho county, for the purposes of K.S.A. 12-187(b)(14), and amendments thereto, may fix such rate at 1.0% or 1.5%;

(m) the board of county commissioners of Saline county, for the purposes of K.S.A. 12-187(b)(15), and amendments thereto, may fix such rate at up to 1.5%;

(n) the board of county commissioners of Harvey county, for the purposes of K.S.A. 12-187(b)(16), and amendments thereto, may fix such
rate at 2.0%;
(o) the board of county commissioners of Atchison county, for the purpose of K.S.A. 12-187(b)(17), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Atchison county on the effective date of this act plus 0.25%;
(p) the board of county commissioners of Wabaunsee county, for the purpose of K.S.A. 12-187(b)(18), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Wabaunsee county on July 1, 2007, plus 0.5%;
(q) the board of county commissioners of Jefferson county, for the purpose of K.S.A. 12-187(b)(19) and (25), and amendments thereto, may fix such rate at 2.25%;
(r) the board of county commissioners of Riley county, for the purpose of K.S.A. 12-187(b)(20), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Riley county on July 1, 2007, plus up to 1%;
(s) the board of county commissioners of Johnson county for the purposes of K.S.A. 12-187(b)(21), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Johnson county on July 1, 2007, plus 0.25%;
(t) the board of county commissioners of Wilson county for the purposes of K.S.A. 12-187(b)(22), and amendments thereto, may fix such rate at up to 2%;
(u) the board of county commissioners of Butler county for the purposes of K.S.A. 12-187(b)(23), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate otherwise allowed pursuant to this section, plus 0.25%, 0.5%, 0.75% or 1%;
(v) the board of county commissioners of Barton county, for the purposes of K.S.A. 12-187(b)(24), and amendments thereto, may fix such rate at up to 1.5%;
(w) the board of county commissioners of Lyon county, for the purposes of K.S.A. 12-187(b)(3)(D), and amendments thereto, may fix such rate at 1.5%;
(x) the board of county commissioners of Rawlins county, for the purposes of K.S.A. 12-187(b)(3)(E), and amendments thereto, may fix such rate at 1.75%;
(y) the board of county commissioners of Chautauqua county, for the purposes of K.S.A. 12-187(b)(3)(F), and amendments thereto, may fix such rate at 2.0%;
(z) the board of county commissioners of Pottawatomie county, for the purposes of K.S.A. 12-187(b)(26), and amendments thereto, may fix such rate at up to 1.5%;

(aa) the board of county commissioners of Kingman county, for the purposes of K.S.A. 12-187(b)(27), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate otherwise allowed pursuant to this section, plus 0.25%, 0.5%, 0.75%, or 1%;

(bb) the board of county commissioners of Edwards county, for the purposes of K.S.A. 12-187(b)(28), and amendments thereto, may fix such rate at 1.375%;

(cc) the board of county commissioners of Rooks county, for the purposes of K.S.A. 12-187(b)(29), and amendments thereto, may fix such rate at up to 1.5%;

(dd) the board of county commissioners of Bourbon county, for the purposes of K.S.A. 12-187(b)(3)(G) and (b)(31), and amendments thereto, may fix such rate at up to 2.0%; and

(ee) the board of county commissioners of Marion county, for the purposes of K.S.A. 12-187(b)(32), and amendments thereto, may fix such rate at 2.5%.

Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof.

Upon receipt of a certified copy of an ordinance or resolution authorizing the levy of a local retailers' sales tax, the director of taxation shall cause such taxes to be collected within or without the boundaries of such taxing subdivision at the same time and in the same manner provided for the collection of the state retailers' sales tax. Such copy shall be submitted to the director of taxation within 30 days after adoption of any such ordinance or resolution. All moneys collected by the director of taxation under the provisions of this section shall be credited to a county and city retailers' sales tax fund which fund is hereby established in the state treasury, except that all moneys collected by the director of taxation pursuant to the authority granted in K.S.A. 12-187(b)(22), and
amendments thereto, shall be credited to the Wilson county capital improvements fund. Any refund due on any county or city retailers' sales tax collected pursuant to this act shall be paid out of the sales tax refund fund and reimbursed by the director of taxation from collections of local retailers' sales tax revenue. Except for local retailers' sales tax revenue required to be deposited in the redevelopment bond fund established under K.S.A. 74-8927, and amendments thereto, all local retailers' sales tax revenue collected within any county or city pursuant to this act shall be apportioned and remitted at least quarterly by the state treasurer, on instruction from the director of taxation, to the treasurer of such county or city.

Revenue that is received from the imposition of a local retailers' sales tax which exceeds the amount of revenue required to pay the costs of a special project for which such revenue was pledged shall be credited to the city or county general fund, as the case requires.

The director of taxation shall provide, upon request by a city or county clerk or treasurer or finance officer of any city or county levying a local retailers' sales tax, monthly reports identifying each retailer doing business in such city or county or making taxable sales sourced to such city or county, setting forth the tax liability and the amount of such tax remitted by each retailer during the preceding month and identifying each business location maintained by the retailer and such retailer's sales or use tax registration or account number. Such report shall be made available to the clerk or treasurer or finance officer of such city or county within a reasonable time after it has been requested from the director of taxation. The director of taxation shall be allowed to assess a reasonable fee for the issuance of such report. Information received by any city or county pursuant to this section shall be confidential, and it shall be unlawful for any officer or employee of such city or county to divulge any such information in any manner. Any violation of this paragraph by a city or county officer or employee is a class A misdemeanor, and such officer or employee shall be dismissed from office. Reports of violations of this paragraph shall be investigated by the attorney general. The district attorney or county attorney and the attorney general shall have authority to prosecute violations of this paragraph.

Sec. 3. K.S.A. 2016 Supp. 12-192 is hereby amended to read as follows: 12-192. (a) Except as otherwise provided by subsection (b), (d) or (h), all revenue received by the director of taxation from a countywide retailers' sales tax shall be apportioned among the county and each city located in such county in the following manner: (1) One-half of all revenue received by the director of taxation shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding
year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year; and (2) one-half of all revenue received by the director of taxation from such countywide retailers' sales tax shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county, except that no persons residing within the Fort Riley military reservation shall be included in the determination of the population of any city located within Riley county. All revenue apportioned to a county shall be paid to its county treasurer and shall be credited to the general fund of the county.

(b) (1) In lieu of the apportionment formula provided in subsection (a), all revenue received by the director of taxation from a countywide retailers' sales tax imposed within Johnson county at the rate of 0.75%, 1% or 1.25% after July 1, 2007, shall be apportioned among the county and each city located in such county in the following manner: (A) The revenue received from the first 0.5% rate of tax shall be apportioned in the manner prescribed by subsection (a); and (B) the revenue received from the rate of tax exceeding 0.5% shall be apportioned as follows: (i) One-fourth shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year; (ii) one-fourth shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county; and (iii) one-half shall be retained by the county for its sole use and benefit.

(2) In lieu of the apportionment formula provided in subsection (a), all money received by the director of taxation from a countywide sales tax imposed within Montgomery county pursuant to the election held on November 8, 1994, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged. All revenue apportioned and paid from the imposition of such tax to the treasurer of any city prior to the effective date of this act shall be remitted to the county treasurer and expended only for the purpose for which the revenue received from the tax was pledged.

(3) In lieu of the apportionment formula provided in subsection (a), on and after the effective date of this act, all moneys received by the
director of taxation from a countywide retailers' sales tax imposed within
Phillips county pursuant to the election held on September 20, 2005, shall
be remitted to and shall be retained by the county and expended only for
the purpose for which the revenue received from the tax was pledged.

(c) (1) Except as otherwise provided by paragraph (2) of this
subsection, for purposes of subsections (a) and (b), the term "total tangible
property tax levies" means the aggregate dollar amount of tax revenue
derived from ad valorem tax levies applicable to all tangible property
located within each such city or county. The ad valorem property tax levy
of any county or city district entity or subdivision shall be included within
this term if the levy of any such district entity or subdivision is applicable
to all tangible property located within each such city or county.

(2) For the purposes of subsections (a) and (b), any ad valorem
property tax levied on property located in a city in Johnson county for the
purpose of providing fire protection service in such city shall be included
within the term "total tangible property tax levies" for such city regardless
of its applicability to all tangible property located within each such city. If
the tax is levied by a district which extends across city boundaries, for
purposes of this computation, the amount of such levy shall be apportioned
among each city in which such district extends in the proportion that such
tax levied within each city bears to the total tax levied by the district.

(d) (1) All revenue received from a countywide retailers' sales tax
imposed pursuant to K.S.A. 12-187(b)(2), (3)(C), (3)(F), (3)(G), (6), (7),
(8), (9), (12), (14), (15), (16), (17), (18), (19), (20), (22), (23), (25), (27),
(28), (29), (30) and (31) and (32), and amendments thereto, shall be
remitted to and shall be retained by the county and expended only for the
purpose for which the revenue received from the tax was pledged.

(2) Except as otherwise provided in K.S.A. 12-187(b)(5), and
amendments thereto, all revenues received from a countywide retailers'
sales tax imposed pursuant to K.S.A. 12-187(b)(5), and amendments
thereto, shall be remitted to and shall be retained by the county and
expended only for the purpose for which the revenue received from the tax
was pledged.

(3) All revenue received from a countywide retailers' sales tax
imposed pursuant to K.S.A. 12-187(b)(26), and amendments thereto, shall
be remitted to and shall be retained by the county and expended only for
the purpose for which the revenue received from the tax was pledged
unless the question of imposing a countywide retailers' sales tax authorized
by K.S.A. 12-187(b)(26), and amendments thereto, includes the
apportionment of revenue prescribed in subsection (a).

(e) All revenue apportioned to the several cities of the county shall be
paid to the respective treasurers thereof and deposited in the general fund
of the city. Whenever the territory of any city is located in two or more
counties and any one or more of such counties do not levy a countywide retailers' sales tax, or whenever such counties do not levy countywide retailers' sales taxes at a uniform rate, the revenue received by such city from the proceeds of the countywide retailers' sales tax, as an alternative to depositing the same in the general fund, may be used for the purpose of reducing the tax levies of such city upon the taxable tangible property located within the county levying such countywide retailers' sales tax.

(f) Prior to March 1 of each year, the secretary of revenue shall advise each county treasurer of the revenue collected in such county from the state retailers' sales tax for the preceding calendar year.

(g) Prior to December 31 of each year, the clerk of every county imposing a countywide retailers' sales tax shall provide such information deemed necessary by the secretary of revenue to apportion and remit revenue to the counties and cities pursuant to this section.

(h) The provisions of subsections (a) and (b) for the apportionment of countywide retailers' sales tax shall not apply to any revenues received pursuant to a county or countywide retailers' sales tax levied or collected under K.S.A. 74-8929, and amendments thereto. All such revenue collected under K.S.A. 74-8929, and amendments thereto, shall be deposited into the redevelopment bond fund established by K.S.A. 74-8927, and amendments thereto, for the period of time set forth in K.S.A. 74-8927, and amendments thereto.

Sec. 4. K.S.A. 2016 Supp. 79-3602 is hereby amended to read as follows: 79-3602. Except as otherwise provided, as used in the Kansas retailers' sales tax act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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


4. Paper and ink used in the publication of newspapers.
(5) Fertilizer used in the production of plants and plant products produced for resale.

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

(q) "Isolated or occasional sale" means the nonrecurring sale of tangible personal property, or services taxable hereunder by a person not engaged at the time of such sale in the business of selling such property or services. Any religious organization which makes a nonrecurring sale of tangible personal property acquired for the purpose of resale shall be deemed to be not engaged at the time of such sale in the business of selling such property. Such term shall include:

(1) Any sale by a bank, savings and loan institution, credit union or any finance company licensed under the provisions of the Kansas uniform consumer credit code of tangible personal property which has been repossessed by any such entity; and (2) any sale of tangible personal property made by an auctioneer or agent on behalf of not more than two principals or households if such sale is nonrecurring and any such principal or household is not engaged at the time of such sale in the business of selling tangible personal property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) electricity, gas and water; and

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

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

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

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

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

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

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

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

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

(A) The seller's cost of the property sold;
(B) the cost of materials used, labor or service cost, interest,
losses, all costs of transportation to the seller, all taxes imposed on the
seller and any other expense of the seller;
(C) charges by the seller for any services necessary to complete
the sale, other than delivery and installation charges;
(D) delivery charges; and
(E) installation charges.

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

(A) The seller actually receives consideration from a party other
than the purchaser and the consideration is directly related to a price
reduction or discount on the sale;
(B) the seller has an obligation to pass the price reduction or
discount through to the purchaser;
(C) the amount of the consideration attributable to the sale is
fixed and determinable by the seller at the time of the sale of the item
to the purchaser; and
(D) one of the following criteria is met:
   (i) The purchaser presents a coupon, certificate or other
documentation to the seller to claim a price reduction or discount
where the coupon, certificate or documentation is authorized,
distributed or granted by a third party with the understanding that
the third party will reimburse any seller to whom the coupon,
certificate or documentation is presented;
   (ii) the purchaser identifies to the seller that the purchaser is a
member of a group or organization entitled to a price reduction or
discount. A preferred customer card that is available to any patron
does not constitute membership in such a group; or
   (iii) the price reduction or discount is identified as a third party
price reduction or discount on the invoice received by the purchaser or
on a coupon, certificate or other documentation presented by the
purchaser.

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

(A) Discounts, including cash, term or coupons that are not
reimbursed by a third party that are allowed by a seller and taken by
a purchaser on a sale;
(B) interest, financing and carrying charges from credit extended
on the sale of personal property or services, if the amount is separately
stated on the invoice, bill of sale or similar document given to the
purchaser;
(C) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale or similar document given to the purchaser;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) tangible personal property;

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

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

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

(8) ancillary services; or

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

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

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

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

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

(/ff/) "Interstate" means a telecommunications service that originates in one United States state, or a United States territory or possession, and terminates in a different United States state or a United States territory or possession.

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

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

(1) Antimicrobial agents;
(2) fluoride;
(3) carbonation;
(4) vitamins, minerals and electrolytes;
(5) oxygen;
(6) preservatives; and
(7) only those flavors, extracts or essences derived from a spice or
fruit.

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

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

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

(l) "Prepared food" means:
(1) Food sold in a heated state or heated by the seller;
(2) two or more ingredients mixed or combined by the seller for
sale as a single item; or
(3) food sold with eating utensils provided by the seller, including
plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does
not include a container or packaging used to transport the food.

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

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

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

Sec. 5. K.S.A. 2016 Supp. 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%. 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. Such tax
shall be levied upon:

(a) The gross receipts received from the sale of tangible personal
property at retail within this state, and commencing July 1, 2017, the
rendering or furnishing of any services within this state specifically named
by law prior to July 1, 2017, and services as described in subsectors
488410, 531130, 561440, 561611, 561612, 561621, non-residential
cleaning services described in 561720, and 812910 of the North
American industry classification system, 2017 edition;

(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. 2016 Supp. 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. 2016 Supp. 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; 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. 2016 Supp. 79-3673, and amendments thereto;

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

(x) commencing July 1, 2020, and thereafter, the gross receipts from the sale of food and food ingredients shall be taxed at the rate of 5.5%. The provisions of this subsection shall not apply to prepared food, unless sold without eating utensils provided by the seller and described below:

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

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

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

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

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

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

Sec. 6. K.S.A. 2016 Supp. 79-3620 is hereby amended to read as follows: 79-3620. (a) All revenue collected or received by the director of taxation from the taxes imposed by this act 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, less amounts withheld as provided in subsection (b) and amounts credited as provided in subsections (c), (d) and (e), to the credit of the state general fund.
(b) A refund fund, designated as "sales tax refund fund" not to exceed $100,000 shall be set apart and maintained by the director from sales tax collections and estimated tax collections and held by the state treasurer for prompt payment of all sales tax refunds. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act. In the event such fund as established by this section is, at any time, insufficient to provide for the payment of refunds due claimants thereof, the director shall certify the amount of additional funds required to the director of accounts and reports who shall promptly transfer the required amount from the state general fund to the sales tax refund fund, and notify the state treasurer, who shall make proper entry in the records.

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

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

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

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

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

(6) On July 1, 2016, and thereafter, the state treasurer shall credit 16.154% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.
On July 1, 2020, and thereafter, the state treasurer shall credit
16.154% of the revenue collected and received from the tax imposed by
K.S.A. 79-3603, and amendments thereto, at the rates of 6.5% and 5.5%,
and deposited as provided by subsection (a), exclusive of amounts credited
pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or
received from the tax imposed by K.S.A. 79-3603, and amendments
thereto, as certified by the director, from taxpayers doing business
within that portion of a STAR bond project district occupied by a
STAR bond project or taxpayers doing business with such entity
financed by a STAR bond project as defined in K.S.A. 2016 Supp. 12-
17,162, and amendments thereto, that was determined by the
secretary of commerce to be of statewide as well as local importance
or will create a major tourism area for the state or the project was
designated as a STAR bond project as defined in K.S.A. 2016 Supp.
12-17,162, and amendments thereto, to the city bond finance fund,
which fund is hereby created. The provisions of this subsection shall
expire when the total of all amounts credited hereunder and under
K.S.A. 79-3710(d), and amendments thereto, is sufficient to retire the
special obligation bonds issued for the purpose of financing all or a
portion of the costs of such STAR bond project.

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

Sec. 7. K.S.A. 2016 Supp. 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%, except that commencing July 1, 2020, such rate shall be 5.5% on 
food and food ingredients as provided by K.S.A. 79-3603(x), and 
amendments thereto. 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. 8. K.S.A. 2016 Supp. 79-3710 is hereby amended to read as 
follows: 79-3710. (a) All revenue collected or received by the director 
under the provisions of this act 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, less amounts set apart 
as provided in subsection (b) and amounts credited as provided in 
subsection (c), (d) and (e), to the credit of the state general fund.

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

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

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

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

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

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

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

(7) On July 1, 2020, and thereafter, the state treasurer shall credit
16.154% of the revenue collected and received from the tax imposed by
K.S.A. 79-3703, and amendments thereto, at the rates of 6.5% and 5.5%,
and deposited as provided by subsection (a), exclusive of amounts credited
pursuant to subsection (d), in the state highway fund.

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

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

(e) All revenue certified by the director of taxation as having been
collected or received from the tax imposed by K.S.A. 79-3603(c), and
amendments thereto, on the sale or furnishing of gas, water, electricity
and heat for use or consumption within the intermodal facility district
described in this subsection, shall be credited by the state treasurer to
the state highway fund. Such revenue may be transferred by the
secretary of transportation to the rail service improvement fund
pursuant to law. The provisions of this subsection shall take effect
upon certification by the secretary of transportation that a notice to
proceed has been received for the construction of the improvements
within the intermodal facility district, but not later than December 31,
2010, and shall expire when the secretary of revenue determines that
the total of all amounts credited hereunder and pursuant to K.S.A. 79-
3620(e), and amendments thereto, is equal to $53,300,000, but not
later than December 31, 2045. Thereafter, all revenues shall be
collected and distributed in accordance with applicable law. For all
tax reporting periods during which the provisions of this subsection
are in effect, none of the exemptions contained in K.S.A. 79-3601 et
seq., and amendments thereto, shall apply to the sale or furnishing of
any gas, water, electricity and heat for use or consumption within the
intermodal facility district. As used in this subsection, "intermodal
facility district" shall consist of an intermodal transportation area as
defined by K.S.A. 12-1770a(oo), and amendments thereto, located in
Johnson county within the polygonal-shaped area having Waverly
Road as the eastern boundary, 191st Street as the southern boundary,
Four Corners Road as the western boundary, and Highway 56 as the
northern boundary, and the polygonal-shaped area having Poplar
Road as the eastern boundary, 183rd Street as the southern boundary,
Waverly Road as the western boundary, and the BNSF mainline track
as the northern boundary, that includes capital investment in an
amount exceeding $150 million for the construction of an intermodal
facility to handle the transfer, storage and distribution of freight.
through railway and trucking operations.}


Sec. 5. {10.} This act shall take effect and be in force from and after its publication in the statute book.