

SENATE BILL No. 171

By Committee on Ways and Means

2-8

1 AN ACT concerning sales and compensating use tax; relating to the
2 adjusted rate of tax imposed on sales of food and food ingredients;
3 amending K.S.A. 79-3602, 79-3620 and 79-3710 and K.S.A. 2020
4 Supp. 79-3603 and 79-3703 and repealing the existing sections.

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

7 New Section 1. (a) There is hereby levied and there shall be collected
8 and paid a tax upon the gross receipts from the sale of food and food
9 ingredients. The rate of tax shall be as follows:

- 10 (1) Commencing on July 1, 2021, at the rate of 5.5%;
11 (2) commencing on July 1, 2022, at the rate of 4.5%; and
12 (3) commencing on July 1, 2023, and thereafter, at the rate of 3.5%.

13 (b) The provisions of this section shall not apply to prepared food,
14 unless sold without eating utensils provided by the seller and described
15 below:

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

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

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

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

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

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

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

30 Sec. 2. K.S.A. 79-3602 is hereby amended to read as follows: 79-
31 3602. Except as otherwise provided, as used in the Kansas retailers' sales
32 tax act:

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

35 (b) "Agreement" means the multistate agreement entitled the
36 streamlined sales and use tax agreement approved by the streamlined sales

1 tax implementing states at Chicago, Illinois, on November 12, 2002.

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

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

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

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

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

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

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

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

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

35 (l) "Educational institution" means any nonprofit school, college and
36 university that offers education at a level above the 12th grade, and
37 conducts regular classes and courses of study required for accreditation by,
38 or membership in, the higher learning commission, the state board of
39 education, or that otherwise qualify as an "educational institution," as
40 defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall
41 include: (1) A group of educational institutions that operates exclusively
42 for an educational purpose; (2) nonprofit endowment associations and
43 foundations organized and operated exclusively to receive, hold, invest

1 and administer moneys and property as a permanent fund for the support
2 and sole benefit of an educational institution; (3) nonprofit trusts,
3 foundations and other entities organized and operated principally to hold
4 and own receipts from intercollegiate sporting events and to disburse such
5 receipts, as well as grants and gifts, in the interest of collegiate and
6 intercollegiate athletic programs for the support and sole benefit of an
7 educational institution; and (4) nonprofit trusts, foundations and other
8 entities organized and operated for the primary purpose of encouraging,
9 fostering and conducting scholarly investigations and industrial and other
10 types of research for the support and sole benefit of an educational
11 institution.

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

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

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

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

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

43 (2) Containers, labels, shipping cases, paper bags, drinking straws,

1 paper plates, paper cups, twine and wrapping paper used in the distribution
2 and sale of property taxable under the provisions of this act by wholesalers
3 and retailers and which is not to be returned to such wholesaler or retailer
4 for reuse.

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

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

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

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

16 (q) "Isolated or occasional sale" means the nonrecurring sale of
17 tangible personal property, or services taxable hereunder by a person not
18 engaged at the time of such sale in the business of selling such property or
19 services. Any religious organization which makes a nonrecurring sale of
20 tangible personal property acquired for the purpose of resale shall be
21 deemed to be not engaged at the time of such sale in the business of selling
22 such property. Such term shall include: (1) Any sale by a bank, savings and
23 loan institution, credit union or any finance company licensed under the
24 provisions of the Kansas uniform consumer credit code of tangible
25 personal property which has been repossessed by any such entity; and (2)
26 any sale of tangible personal property made by an auctioneer or agent on
27 behalf of not more than two principals or households if such sale is
28 nonrecurring and any such principal or household is not engaged at the
29 time of such sale in the business of selling tangible personal property.

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

34 (1) Lease or rental does not include:

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

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

42 (C) providing tangible personal property along with an operator for a
43 fixed or indeterminate period of time. A condition of this exclusion is that

1 the operator is necessary for the equipment to perform as designed. For the
2 purpose of this subsection, an operator must do more than maintain,
3 inspect or set-up the tangible personal property.

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

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

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

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

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

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

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

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

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

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

43 (z) "Persons" means any individual, firm, copartnership, joint

1 adventure, association, corporation, estate or trust, receiver or trustee, or
2 any group or combination acting as a unit, and the plural as well as the
3 singular number; and shall specifically mean any city or other political
4 subdivision of the state of Kansas engaging in a business or providing a
5 service specifically taxable under the provisions of this act.

6 (aa) "Political subdivision" means any municipality, agency or
7 subdivision of the state which is, or shall hereafter be, authorized to levy
8 taxes upon tangible property within the state or which certifies a levy to a
9 municipality, agency or subdivision of the state which is, or shall hereafter
10 be, authorized to levy taxes upon tangible property within the state. Such
11 term also shall include any public building commission, housing, airport,
12 port, metropolitan transit or similar authority established pursuant to law
13 and the horsethief reservoir benefit district established pursuant to K.S.A.
14 82a-2201, and amendments thereto.

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

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

37 (dd) "Property which is consumed" means tangible personal property
38 which is essential or necessary to and which is used in the actual process
39 of and consumed, depleted or dissipated within one year in: (1) The
40 production, manufacture, processing, mining, drilling, refining or
41 compounding of tangible personal property; (2) the providing of services;
42 (3) the irrigation of crops, for sale in the regular course of business; or (4)
43 the storage or processing of grain by a public grain warehouse or other

1 grain storage facility, and which is not reusable for such purpose. The
2 following is a listing of tangible personal property, included by way of
3 illustration but not of limitation, which qualifies as property which is
4 consumed:

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

10 (B) electricity, gas and water; and

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

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

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

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

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

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

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

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

41 (ll) (1) "Sales or selling price" applies to the measure subject to sales
42 tax and means the total amount of consideration, including cash, credit,
43 property and services, for which personal property or services are sold,

- 1 leased or rented, valued in money, whether received in money or
2 otherwise, without any deduction for the following:
- 3 (A) The seller's cost of the property sold;
 - 4 (B) the cost of materials used, labor or service cost, interest, losses,
5 all costs of transportation to the seller, all taxes imposed on the seller and
6 any other expense of the seller;
 - 7 (C) charges by the seller for any services necessary to complete the
8 sale, other than delivery and installation charges;
 - 9 (D) delivery charges; and
 - 10 (E) installation charges.
- 11 (2) "Sales or selling price" includes consideration received by the
12 seller from third parties if:
- 13 (A) The seller actually receives consideration from a party other than
14 the purchaser and the consideration is directly related to a price reduction
15 or discount on the sale;
 - 16 (B) the seller has an obligation to pass the price reduction or discount
17 through to the purchaser;
 - 18 (C) the amount of the consideration attributable to the sale is fixed
19 and determinable by the seller at the time of the sale of the item to the
20 purchaser; and
 - 21 (D) one of the following criteria is met:
 - 22 (i) The purchaser presents a coupon, certificate or other
23 documentation to the seller to claim a price reduction or discount where
24 the coupon, certificate or documentation is authorized, distributed or
25 granted by a third party with the understanding that the third party will
26 reimburse any seller to whom the coupon, certificate or documentation is
27 presented;
 - 28 (ii) the purchaser identifies to the seller that the purchaser is a
29 member of a group or organization entitled to a price reduction or
30 discount. A preferred customer card that is available to any patron does not
31 constitute membership in such a group; or
 - 32 (iii) the price reduction or discount is identified as a third party price
33 reduction or discount on the invoice received by the purchaser or on a
34 coupon, certificate or other documentation presented by the purchaser.
- 35 (3) "Sales or selling price" shall not include:
- 36 (A) Discounts, including cash, term or coupons that are not
37 reimbursed by a third party that are allowed by a seller and taken by a
38 purchaser on a sale;
 - 39 (B) interest, financing and carrying charges from credit extended on
40 the sale of personal property or services, if the amount is separately stated
41 on the invoice, bill of sale or similar document given to the purchaser;
 - 42 (C) any taxes legally imposed directly on the consumer that are
43 separately stated on the invoice, bill of sale or similar document given to

1 the purchaser;

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

5 (E) commencing on July 1, 2018, and ending on June 30, 2021, cash
6 rebates granted by a manufacturer to a purchaser or lessee of a new motor
7 vehicle if paid directly to the retailer as a result of the original sale.

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

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

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

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

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

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

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

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

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

41 (vv) "Conference bridging service" means an ancillary service that
42 links two or more participants of an audio or video conference call and
43 may include the provision of a telephone number. Conference bridging

1 service does not include the telecommunications services used to reach the
2 conference bridge.

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

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

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

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

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

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

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

34 (3) tangible personal property;

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

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

37 (6) internet access service;

38 (7) radio and television audio and video programming services,
39 regardless of the medium, including the furnishing of transmission,
40 conveyance and routing of such services by the programming service
41 provider. Radio and television audio and video programming services shall
42 include, but not be limited to, cable service as defined in 47 U.S.C. §
43 522(6) and audio and video programming services delivered by

1 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

2 (8) ancillary services; or

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

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

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

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

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

27 (fff) "Interstate" means a telecommunications service that originates
28 in one United States state, or a United States territory or possession, and
29 terminates in a different United States state or a United States territory or
30 possession.

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

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

41 (iii) (1) *"Bottled water" means water that is placed in a safety sealed*
42 *container or package for human consumption. "Bottled water" is calorie*
43 *free and does not contain sweeteners or other additives, except that it may*

1 contain:

2 (A) Antimicrobial agents;

3 (B) fluoride;

4 (C) carbonation;

5 (D) vitamins, minerals and electrolytes;

6 (E) oxygen;

7 (F) preservatives; or

8 (G) only those flavors, extracts or essences derived from a spice or
9 fruit.

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

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

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

19 (mmm) (1) "Prepared food" means:

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

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

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

27 (2) "Prepared food" does not include food that is only cut,
28 repackaged or pasteurized by the seller; and eggs, fish, meat, poultry and
29 foods containing these raw animal foods requiring cooking by the
30 consumer as recommended by the food and drug administration in chapter
31 3, part 401.11 of the food and drug administration food code so as to
32 prevent food borne illnesses.

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

37 (ooo) "Dietary supplement" means the same as defined in K.S.A. 79-
38 3606(jjj), and amendments thereto.

39 Sec. 3. K.S.A. 2020 Supp. 79-3603 is hereby amended to read as
40 follows: 79-3603. For the privilege of engaging in the business of selling
41 tangible personal property at retail in this state or rendering or furnishing
42 any of the services taxable under this act, there is hereby levied and there
43 shall be collected and paid a tax at the rate of 6.5%, *except as otherwise*

1 *provided in section 1, and amendments thereto.* On and after July 1, 2021,
2 16.154% of the ~~6.5%~~ rate imposed *pursuant to this section* shall be levied
3 for the state highway fund, the state highway fund purposes and those
4 purposes specified in K.S.A. 68-416, and amendments thereto, and all
5 revenue collected and received from such tax levy shall be deposited in the
6 state highway fund. Within a redevelopment district established pursuant
7 to K.S.A. 74-8921, and amendments thereto, there is hereby levied and
8 there shall be collected and paid an additional tax at the rate of 2% until
9 the earlier of the date the bonds issued to finance or refinance the
10 redevelopment project have been paid in full or the final scheduled
11 maturity of the first series of bonds issued to finance any part of the
12 project. *Such tax shall be imposed* upon:

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

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

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

43 (d) the gross receipts from the sale of meals or drinks furnished at any

1 private club, drinking establishment, catered event, restaurant, eating
2 house, dining car, hotel, drugstore or other place where meals or drinks are
3 regularly sold to the public;

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

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

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

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

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

32 (j) the gross receipts from the rendering of the services of washing
33 and washing and waxing of vehicles;

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

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

41 (2) Any such contractor, subcontractor or repairman who maintains
42 an inventory of such property both for sale at retail and for use by them for
43 the purposes described by paragraph (1) shall be deemed a retailer with

1 respect to purchases for and sales from such inventory, except that the
2 gross receipts received from any such sale, other than a sale at retail, shall
3 be equal to the total purchase price paid for such property and the tax
4 imposed thereon shall be paid by the deemed retailer;

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

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

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

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

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

31 For the purposes of this subsection:

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

43 (2) "building"—~~shall mean~~ *means* only those enclosures within which

1 individuals customarily are employed, or which are customarily used to
2 house machinery, equipment or other property, and including the land
3 improvements immediately surrounding such building;

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

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

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

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

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

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

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

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

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

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

43 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-

1 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
2 pursuant to this section.

3 Sec. 4. K.S.A. 79-3620 is hereby amended to read as follows: 79-
4 3620. (a) All revenue collected or received by the director of taxation from
5 the taxes imposed by this act shall be remitted to the state treasurer in
6 accordance with the provisions of K.S.A. 75-4215, and amendments
7 thereto. Upon receipt of each such remittance, the state treasurer shall
8 deposit the entire amount in the state treasury, less amounts withheld as
9 provided in subsection (b) and amounts credited as provided in subsections
10 (c), (d) and (e), to the credit of the state general fund.

11 (b) A refund fund, designated as "sales tax refund fund" not to exceed
12 \$100,000 shall be set apart and maintained by the director from sales tax
13 collections and estimated tax collections and held by the state treasurer for
14 prompt payment of all sales tax refunds. Such fund shall be in such
15 amount, within the limit set by this section, as the director shall determine
16 is necessary to meet current refunding requirements under this act. In the
17 event such fund as established by this section is, at any time, insufficient to
18 provide for the payment of refunds due claimants thereof, the director shall
19 certify the amount of additional funds required to the director of accounts
20 and reports who shall promptly transfer the required amount from the state
21 general fund to the sales tax refund fund, and notify the state treasurer,
22 who shall make proper entry in the records.

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

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

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

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

43 (5) ~~On July 1, 2015, the state treasurer shall credit 16.226% of the~~

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

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

10 (2) *On July 1, 2021, the state treasurer shall credit 16.503% of the*
11 *revenue collected and received from the tax imposed by K.S.A. 79-3603,*
12 *and amendments thereto, and section 1, and amendments thereto, at the*
13 *rates prescribed in K.S.A. 79-3603, and amendments thereto, and section*
14 *1, and amendments thereto, and deposited as provided by subsection (a),*
15 *exclusive of amounts credited pursuant to subsection (d), in the state*
16 *highway fund.*

17 (3) *On July 1, 2022, the state treasurer shall credit 16.902% of the*
18 *revenue collected and received from the tax imposed by K.S.A. 79-3603,*
19 *and amendments thereto, and section 1, and amendments thereto, at the*
20 *rates prescribed in K.S.A. 79-3603, and amendments thereto, and section*
21 *1, and amendments thereto, and deposited as provided by subsection (a),*
22 *exclusive of amounts credited pursuant to subsection (d), in the state*
23 *highway fund.*

24 (4) *On July 1, 2023, the state treasurer shall credit 17.32% of the*
25 *revenue collected and received from the tax imposed by K.S.A. 79-3603,*
26 *and amendments thereto, and section 1, and amendments thereto, at the*
27 *rates prescribed in K.S.A. 79-3603, and amendments thereto, and section*
28 *1, and amendments thereto, and deposited as provided by subsection (a),*
29 *exclusive of amounts credited pursuant to subsection (d), in the state*
30 *highway fund.*

31 (5) *On July 1, 2024, and thereafter, the state treasurer shall credit*
32 *17.356% of the revenue collected and received from the tax imposed by*
33 *K.S.A. 79-3603, and amendments thereto, and section 1, and amendments*
34 *thereto, at the rates prescribed in K.S.A. 79-3603, and amendments*
35 *thereto, and section 1, and amendments thereto, and deposited as provided*
36 *by subsection (a), exclusive of amounts credited pursuant to subsection*
37 *(d), in the state highway fund.*

38 (d) The state treasurer shall credit all revenue collected or received
39 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
40 certified by the director, from taxpayers doing business within that portion
41 of a STAR bond project district occupied by a STAR bond project or
42 taxpayers doing business with such entity financed by a STAR bond
43 project as defined in K.S.A. 2020 Supp. 12-17,162, and amendments

1 thereto, that was determined by the secretary of commerce to be of
2 statewide as well as local importance or will create a major tourism area
3 for the state or the project was designated as a STAR bond project as
4 defined in K.S.A. 2020 Supp. 12-17,162, and amendments thereto, to the
5 city bond finance fund, which fund is hereby created. The provisions of
6 this subsection shall expire when the total of all amounts credited
7 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is
8 sufficient to retire the special obligation bonds issued for the purpose of
9 financing all or a portion of the costs of such STAR bond project.

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

41 Sec. 5. K.S.A. 2020 Supp. 79-3703 is hereby amended to read as
42 follows: 79-3703. There is hereby levied and there shall be collected from
43 every person in this state a tax or excise for the privilege of using, storing,

1 or consuming within this state any article of tangible personal property.
2 Such tax shall be levied and collected in an amount equal to the
3 consideration paid by the taxpayer multiplied by the rate of 6.5% *and the*
4 *rates on food and food ingredients provided in section 1, and amendments*
5 *thereto*. On and after July 1, 2021, 16.154% at the ~~6.5%~~ rate imposed
6 *pursuant to this section* shall be levied for the state highway fund, the state
7 highway fund purposes and those purposes specified in K.S.A. 68-416,
8 and amendments thereto, and all revenue collected and received from such
9 tax levy shall be deposited in the state highway fund. Within a
10 redevelopment district established pursuant to K.S.A. 74-8921, and
11 amendments thereto, there is hereby levied and there shall be collected and
12 paid an additional tax of 2% until the earlier of: (1) The date the bonds
13 issued to finance or refinance the redevelopment project undertaken in the
14 district have been paid in full; or (2) the final scheduled maturity of the
15 first series of bonds issued to finance the redevelopment project. All
16 property purchased or leased within or without this state and subsequently
17 used, stored or consumed in this state shall be subject to the compensating
18 tax if the same property or transaction would have been subject to the
19 Kansas retailers' sales tax had the transaction been wholly within this state.

20 Sec. 6. K.S.A. 79-3710 is hereby amended to read as follows: 79-
21 3710. (a) All revenue collected or received by the director under the
22 provisions of this act shall be remitted to the state treasurer in accordance
23 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
24 receipt of each such remittance, the state treasurer shall deposit the entire
25 amount in the state treasury, less amounts set apart as provided in
26 subsection (b) and amounts credited as provided in subsection (c), (d) and
27 (e), to the credit of the state general fund.

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

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

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

1 the state highway fund.

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

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

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

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

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

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

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

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

26 Sec. 7. K.S.A. 79-3602, 79-3620 and 79-3710 and K.S.A. 2020 Supp.
27 79-3603 and 79-3703 are hereby repealed.

28 Sec. 8. This act shall take effect and be in force from and after its
29 publication in the statute book.