

HOUSE BILL No. 2837

By Committee on Taxation

Requested by Rep. Awerkamp

3-13

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

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

15 Section 1. K.S.A. 2023 Supp. 79-201x is hereby amended to read as
16 follows: 79-201x. (a) For taxable year ~~2022~~ 2024, and all taxable years
17 thereafter, the following described property, to the extent herein specified,
18 shall be and is hereby exempt from the property tax levied pursuant to the
19 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
20 residential purposes to the extent of ~~\$40,000~~ \$75,000 of its appraised
21 valuation.

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

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

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

3 ~~(a)(1)~~ (A) For tax year 2024, the normal tax shall be an amount equal
4 to ~~2.14%~~ 2.25% of such net income; ~~and~~

5 (B) for tax year 2025, the normal tax shall be an amount equal to
6 1.94% of such net income; and

7 (C) for tax year 2026, and all tax years thereafter, the normal tax
8 shall be an amount equal to 1.63% of such net income; and

9 ~~(b)(2)~~ the surtax shall be an amount equal to ~~2.14%~~ 2.125% of such
10 net income in excess of \$25,000.

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

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

22 ~~(a)(1)~~ (A) For tax year 2024, the normal tax on every trust company
23 and savings and loan association shall be an amount equal to ~~2.14%~~ 2.25%
24 of such net income; ~~and~~

25 (B) for tax year 2025, the normal tax on every trust company and
26 savings and loan association shall be an amount equal to 1.93% of such
27 net income; and

28 (C) for tax year 2026, and all tax years thereafter, the normal tax on
29 every trust company and savings and loan association shall be an amount
30 equal to 1.61% of such net income; and

31 ~~(b)(2)~~ the surtax on every trust company and savings and loan
32 association shall be an amount equal to ~~2.14%~~ 2.25% of such net income in
33 excess of \$25,000.

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

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

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

1 (A) For tax year 2012:
 2 If the taxable income is: _____ The tax is:
 3 Not over \$30,000.....3.5% of Kansas taxable income
 4 Over \$30,000 but not over \$60,000.....\$1,050 plus 6.25% of excess
 5 _____ over \$30,000
 6 Over \$60,000.....\$2,925 plus 6.45% of excess
 7 _____ over \$60,000

8 (B) For tax year 2013:
 9 If the taxable income is: _____ The tax is:
 10 Not over \$30,000.....3.0% of Kansas taxable income
 11 Over \$30,000.....\$900 plus 4.9% of excess over
 12 _____ \$30,000

13 (C) For tax year 2014:
 14 If the taxable income is: _____ The tax is:
 15 Not over \$30,000.....2.7% of Kansas taxable income
 16 Over \$30,000.....\$810 plus 4.8% of excess over
 17 _____ \$30,000

18 (D) For tax years 2015 and 2016:
 19 If the taxable income is: _____ The tax is:
 20 Not over \$30,000.....2.7% of Kansas taxable income
 21 Over \$30,000.....\$810 plus 4.6% of excess over
 22 _____ \$30,000

23 (E) For tax year 2017:
 24 If the taxable income is: _____ The tax is:
 25 Not over \$30,000.....2.9% of Kansas taxable income
 26 Over \$30,000 but not over \$60,000.....\$870 plus 4.9% of excess over
 27 _____ \$30,000
 28 Over \$60,000.....\$2,340 plus 5.2% of excess over
 29 _____ \$60,000

30 (F) For tax year years 2018, and all tax years thereafter through 2023:
 31 If the taxable income is: _____ The tax is:
 32 Not over \$30,000.....3.1% of Kansas taxable income
 33 Over \$30,000 but not over \$60,000.....\$930 plus 5.25% of excess
 34 _____ over \$30,000
 35 Over \$60,000.....\$2,505 plus 5.7% of excess
 36 _____ over \$60,000

37 (2) *All other individuals.*

38 (A) For tax year 2012:
 39 If the taxable income is: _____ The tax is:
 40 Not over \$15,000.....3.5% of Kansas taxable income
 41 Over \$15,000 but not over \$30,000.....\$525 plus 6.25% of excess
 42 _____ over \$15,000
 43 Over \$30,000.....\$1,462.50 plus 6.45% of excess

1 _____ over \$30,000
 2 (B) For tax year 2013:
 3 If the taxable income is: _____ The tax is:
 4 Not over \$15,000.....3.0% of Kansas taxable income
 5 Over \$15,000.....\$450 plus 4.9% of excess over
 6 _____ \$15,000

7 (C) For tax year 2014:
 8 If the taxable income is: _____ The tax is:
 9 Not over \$15,000.....2.7% of Kansas taxable income
 10 Over \$15,000.....\$405 plus 4.8% of excess over
 11 _____ \$15,000

12 (D) For tax years 2015 and 2016:
 13 If the taxable income is: _____ The tax is:
 14 Not over \$15,000.....2.7% of Kansas taxable income
 15 Over \$15,000.....\$405 plus 4.6% of excess over
 16 _____ \$15,000

17 (E) For tax year 2017:
 18 If the taxable income is: _____ The tax is:
 19 Not over \$15,000.....2.9% of Kansas taxable income
 20 Over \$15,000 but not over \$30,000.....\$435 plus 4.9% of excess over
 21 _____ \$15,000
 22 Over \$30,000.....\$1,170 plus 5.2% of excess over
 23 _____ \$30,000

24 (F) For tax year years 2018, and all tax years thereafter through 2023:
 25 If the taxable income is: _____ The tax is:
 26 Not over \$15,000.....3.1% of Kansas taxable income
 27 Over \$15,000 but not over \$30,000.....\$465 plus 5.25% of excess
 28 _____ over \$15,000
 29 Over \$30,000.....\$1,252.50 plus 5.7% of excess
 30 _____ over \$30,000

31
 32 (3) *All resident individuals. For all individuals regardless of filing*
 33 *status, the tax shall be in an amount equal to 5.6% of Kansas taxable*
 34 *income for tax year 2024, and all tax years thereafter.*

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

40 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
 41 income of every corporation doing business within this state or deriving
 42 income from sources within this state. Such tax shall consist of a normal
 43 tax and a surtax and shall be computed as follows unless otherwise

1 modified pursuant to K.S.A. 2023 Supp. 74-50,321, and amendments
2 thereto:

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

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

7 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable
8 income of estates and trusts at the rates provided in subsection (a)(2)
9 ~~hereof for tax years 2018 through 2023 and at the rate provided in~~
10 *subsection (a)(3) for tax year 2024, and all tax years thereafter.*

11 (e) Notwithstanding the provisions of subsections (a) and (b): ~~(1) For~~
12 ~~tax years 2016 and 2017, married individuals filing joint returns with~~
13 ~~taxable income of \$12,500 or less, and all other individuals with taxable~~
14 ~~income of \$5,000 or less, shall have a tax liability of zero; and (2), for tax~~
15 ~~year years 2018, and all tax years thereafter through 2023, married~~
16 ~~individuals filing joint returns with taxable income of \$5,000 or less, and~~
17 ~~all other individuals with taxable income of \$2,500 or less, shall have a tax~~
18 ~~liability of zero.~~

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

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

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

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

41 (ii) Taxes on or measured by income or fees or payments in lieu of
42 income taxes imposed by this state or any other taxing jurisdiction to the
43 extent deductible in determining federal adjusted gross income and not

1 credited against federal income tax. This paragraph shall not apply to taxes
2 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
3 amendments thereto, for privilege tax year 1995, and all such years
4 thereafter.

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

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

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

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

31 (vii) The amount of any charitable contribution made to the extent the
32 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
33 32,196, and amendments thereto.

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

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

1 (x) Amounts received as nonqualified withdrawals, as defined by
2 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
3 family postsecondary education savings account, such amounts were
4 subtracted from the federal adjusted gross income pursuant to subsection
5 (c)(xv) or if such amounts are not already included in the federal adjusted
6 gross income.

7 (xi) The amount of any contribution made to the same extent the
8 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
9 50,154, and amendments thereto.

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

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

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

25 (xv) The amount of any expenditures claimed for deduction in
26 determining federal adjusted gross income, to the extent the same is
27 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
28 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
29 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
30 32,251 through 79-32,254, and amendments thereto.

31 (xvi) The amount of any amortization deduction claimed in
32 determining federal adjusted gross income to the extent the same is
33 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
34 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

1 other state to claim a deduction for ad valorem or property taxes or
2 assessments paid to a political subdivision of the state of Kansas in
3 determining taxable income for income tax purposes in such other state, to
4 the extent that such taxes and assessments are claimed as an itemized
5 deduction for federal income tax purposes.

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

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

32 (xxi) For taxable years beginning after December 31, 2012, and
33 ending before January 1, 2017, the amount of any deduction for pension,
34 profit sharing, and annuity plans of self-employed individuals under
35 section 62(a)(6) of the federal internal revenue code as in effect on January
36 1, 2012, and amendments thereto, in determining the federal adjusted gross
37 income of an individual taxpayer.

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

43 (xxiii) For taxable years beginning after December 31, 2012, and

1 ending before January 1, 2017, the amount of any deduction for domestic
2 production activities under section 199 of the federal internal revenue code
3 as in effect on January 1, 2012, and amendments thereto, in determining
4 the federal adjusted gross income of an individual taxpayer.

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

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

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

31 (xxvii) For all taxable years commencing after December 31, 2020,
32 the amount deducted by reason of a carryforward of disallowed business
33 interest pursuant to section 163(j) of the federal internal revenue code of
34 1986, as in effect on January 1, 2018.

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

1 and amendments thereto.

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

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

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

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

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

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

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

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

39 (viii) Amounts received by retired railroad employees as a
40 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
41 228c(a)(1) et seq.

42 (ix) Amounts received by retired employees of a city and by retired
43 employees of any board of such city as retirement allowances pursuant to

1 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
2 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
3 amendments thereto.

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

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

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

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

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

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

1 by another state or agency or instrumentality thereof pursuant to section
2 529A of the internal revenue code of 1986, as amended, for the purpose of
3 saving private funds to support an individual with a disability. The terms
4 and phrases used in this paragraph shall have the meaning respectively
5 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
6 amendments thereto, and the provisions of such sections are hereby
7 incorporated by reference for all purposes thereof.

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

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

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

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

42 *Subtraction modification = social security income x social security*
43 *taxable rate.*

1 *For purposes of this subparagraph:*

2 (1) *Social security income is the amount of benefits received under*
3 *the social security act and included in federal adjusted gross income; and*

4 (2) *social security taxable rate shall be determined as follows:*

5 (a) *For taxpayers with federal adjusted gross income of \$75,000 or*
6 *less, then the social security taxable rate is 1;*

7 (b) *for taxpayers with federal adjusted gross income greater than*
8 *\$75,000 and less than the threshold, then the social security taxable rate*
9 *shall be calculated as: 1 - ((federal adjusted gross income - 75,000) /*
10 *denominator); and*

11 (c) *for taxpayers with federal adjusted gross income equal to or*
12 *greater than the threshold, then the social security taxable rate is 0.*

13 (d) (i) *"Denominator" is equal to 50,000.*

14 (ii) *"Threshold" is equal to \$125,000.*

15 (xix) *Amounts received by retired employees of Washburn university*
16 *as retirement and pension benefits under the university's retirement plan.*

17 (xx) *For taxable years beginning after December 31, 2012, and*
18 *ending before January 1, 2017, the amount of any: (1) Net profit from*
19 *business as determined under the federal internal revenue code and*
20 *reported from schedule C and on line 12 of the taxpayer's form 1040*
21 *federal individual income tax return; (2) net income, not including*
22 *guaranteed payments as defined in section 707(c) of the federal internal*
23 *revenue code and as reported to the taxpayer from federal schedule K-1,*
24 *(form 1065-B), in box 9, code F or as reported to the taxpayer from federal*
25 *schedule K-1, (form 1065) in box 4, from rental real estate, royalties,*
26 *partnerships, S corporations, estates, trusts, residual interest in real estate*
27 *mortgage investment conduits and net farm rental as determined under the*
28 *federal internal revenue code and reported from schedule E and on line 17*
29 *of the taxpayer's form 1040 federal individual income tax return; and (3)*
30 *net farm profit as determined under the federal internal revenue code and*
31 *reported from schedule F and on line 18 of the taxpayer's form 1040*
32 *federal income tax return; all to the extent included in the taxpayer's*
33 *federal adjusted gross income. For purposes of this subsection, references*
34 *to the federal form 1040 and federal schedule C, schedule E, and schedule*
35 *F, shall be to such form and schedules as they existed for tax year 2011*
36 *and as revised thereafter by the internal revenue service.*

37 (xxi) *For all taxable years beginning after December 31, 2013,*
38 *amounts equal to the unreimbursed travel, lodging and medical*
39 *expenditures directly incurred by a taxpayer while living, or a dependent*
40 *of the taxpayer while living, for the donation of one or more human organs*
41 *of the taxpayer, or a dependent of the taxpayer, to another person for*
42 *human organ transplantation. The expenses may be claimed as a*
43 *subtraction modification provided for in this section to the extent the*

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

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

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

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

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

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

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

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

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

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

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

14 Sec. 6. K.S.A. 2023 Supp. 79-32,121 is hereby amended to read as
15 follows: 79-32,121. (a) ~~An individual~~ (1) *For tax year 2024, and all tax*
16 *years thereafter, a taxpayer shall be allowed a Kansas exemption of*
17 ~~\$2,250 for each exemption as follows:~~

18 (A) *In the case of married individuals filing a joint return, a personal*
19 *exemption of \$22,000;*

20 (B) *in the case of all other individuals with a filing status of single,*
21 *head of household or married filing separate, a personal exemption of*
22 *\$11,000; and*

23 (C) *in addition to the amount allowed pursuant to subparagraph (A)*
24 *or (B), a personal exemption of \$3,000 for each dependent for which such*
25 ~~individual taxpayer~~ *is entitled to a deduction for the taxable year for*
26 *federal income tax purposes.*

27 (b) In addition to the exemptions provided in subsection (a), any
28 individual who has been honorably discharged from active service in any
29 branch of the armed forces of the United States and who is certified by the
30 United States department of veterans affairs or its successor to be in
31 receipt of disability compensation at the 100% rate, if the disability is
32 permanent and was sustained through military action or accident or
33 resulted from disease contracted while in such active service, such
34 individual shall be allowed an additional Kansas exemption of \$2,250 for
35 tax year 2023, and all tax years thereafter.

36 Sec. 7. K.S.A. 2023 Supp. 79-3603 is hereby amended to read as
37 follows: 79-3603. For the privilege of engaging in the business of selling
38 tangible personal property at retail in this state or rendering or furnishing
39 any of the services taxable under this act, there is hereby levied and there
40 shall be collected and paid a tax at the rate of 6.5%. On and after January
41 1, 2023, 17% and on and after ~~January 1, 2025~~ *July 1, 2024*, 18% of the
42 tax rate imposed pursuant to this section and the rate provided in K.S.A.
43 2023 Supp. 79-3603d, and amendments thereto, shall be levied for the

1 state highway fund, the state highway fund purposes and those purposes
2 specified in K.S.A. 68-416, and amendments thereto, and all revenue
3 collected and received from such tax levy shall be deposited in the state
4 highway fund.

5 Within a redevelopment district established pursuant to K.S.A. 74-
6 8921, and amendments thereto, there is hereby levied and there shall be
7 collected and paid an additional tax at the rate of 2% until the earlier of the
8 date the bonds issued to finance or refinance the redevelopment project
9 have been paid in full or the final scheduled maturity of the first series of
10 bonds issued to finance any part of the project.

11 Such tax shall be imposed upon:

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

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

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

42 (d) the gross receipts from the sale of meals or drinks furnished at any
43 private club, drinking establishment, catered event, restaurant, eating

1 house, dining car, hotel, drugstore or other place where meals or drinks are
2 regularly sold to the public;

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

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

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

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

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

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

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

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

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

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

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

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

28 (o) the gross receipts received from the isolated or occasional sale of
29 motor vehicles or trailers but not including: (1) The transfer of motor
30 vehicles or trailers by a person to a corporation or limited liability
31 company solely in exchange for stock securities or membership interest in
32 such corporation or limited liability company; (2) the transfer of motor
33 vehicles or trailers by one corporation or limited liability company to
34 another when all of the assets of such corporation or limited liability
35 company are transferred to such other corporation or limited liability
36 company; or (3) the sale of motor vehicles or trailers which are subject to
37 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
38 amendments thereto, by an immediate family member to another
39 immediate family member. For the purposes of paragraph (3), immediate
40 family member means lineal ascendants or descendants, and their spouses.
41 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
42 on the isolated or occasional sale of motor vehicles or trailers on and after
43 July 1, 2004, which the base for computing the tax was the value pursuant

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

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

30 For the purposes of this subsection:

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

41 (2) "building" means only those enclosures within which individuals
42 customarily are employed, or which are customarily used to house
43 machinery, equipment or other property, and including the land

1 improvements immediately surrounding such building;

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

8 (4) "residence" means only those enclosures within which individuals
9 customarily live;

10 (5) "utility structure" means transmission and distribution lines
11 owned by an independent transmission company or cooperative, the
12 Kansas electric transmission authority or natural gas or electric public
13 utility; and

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

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

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

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

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

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

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

41 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
42 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
43 pursuant to this section; and

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

4 Sec. 8. K.S.A. 2023 Supp. 79-3603d is hereby amended to read as
5 follows: 79-3603d. (a) There is hereby levied and there shall be collected
6 and paid a tax upon the gross receipts from the sale of food and food
7 ingredients. The rate of tax shall be as follows:

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

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

10 (3) commencing on ~~January 1, 2025~~ *July 1, 2024*, and thereafter, at
11 the rate of 0%.

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

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

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

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

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

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

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

28 Sec. 9. K.S.A. 2023 Supp. 79-3620 is hereby amended to read as
29 follows: 79-3620. (a) All revenue collected or received by the director of
30 taxation from the taxes imposed by this act shall be remitted to the state
31 treasurer in accordance with the provisions of K.S.A. 75-4215, and
32 amendments thereto. Upon receipt of each such remittance, the state
33 treasurer shall deposit the entire amount in the state treasury, less amounts
34 withheld as provided in subsection (b) and amounts credited as provided in
35 subsections (c), (d) and (e), to the credit of the state general fund.

36 (b) A refund fund, designated as "sales tax refund fund" not to exceed
37 \$100,000 shall be set apart and maintained by the director from sales tax
38 collections and estimated tax collections and held by the state treasurer for
39 prompt payment of all sales tax refunds. Such fund shall be in such
40 amount, within the limit set by this section, as the director shall determine
41 is necessary to meet current refunding requirements under this act. In the
42 event such fund as established by this section is, at any time, insufficient to
43 provide for the payment of refunds due claimants thereof, the director shall

1 certify the amount of additional funds required to the director of accounts
2 and reports who shall promptly transfer the required amount from the state
3 general fund to the sales tax refund fund, and notify the state treasurer,
4 who shall make proper entry in the records.

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

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

18 (d) The state treasurer shall credit all revenue collected or received
19 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
20 certified by the director, from taxpayers doing business within that portion
21 of a STAR bond project district occupied by a STAR bond project or
22 taxpayers doing business with such entity financed by a STAR bond
23 project as defined in K.S.A. 12-17,162, and amendments thereto, that was
24 determined by the secretary of commerce to be of statewide as well as
25 local importance or will create a major tourism area for the state or the
26 project was designated as a STAR bond project as defined in K.S.A. 12-
27 17,162, and amendments thereto, to the city bond finance fund, which fund
28 is hereby created. The provisions of this subsection shall expire when the
29 total of all amounts credited hereunder and under K.S.A. 79-3710(d), and
30 amendments thereto, is sufficient to retire the special obligation bonds
31 issued for the purpose of financing all or a portion of the costs of such
32 STAR bond project.

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

1 secretary of revenue determines that the total of all amounts credited
2 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is
3 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
4 revenues shall be collected and distributed in accordance with applicable
5 law. For all tax reporting periods during which the provisions of this
6 subsection are in effect, none of the exemptions contained in K.S.A. 79-
7 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
8 of any gas, water, electricity and heat for use or consumption within the
9 intermodal facility district. As used in this subsection, "intermodal facility
10 district" shall consist of an intermodal transportation area as defined by
11 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
12 within the polygonal-shaped area having Waverly Road as the eastern
13 boundary, 191st Street as the southern boundary, Four Corners Road as the
14 western boundary, and Highway 56 as the northern boundary, and the
15 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
16 Street as the southern boundary, Waverly Road as the western boundary,
17 and the BNSF mainline track as the northern boundary, that includes
18 capital investment in an amount exceeding \$150 million for the
19 construction of an intermodal facility to handle the transfer, storage and
20 distribution of freight through railway and trucking operations.

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

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

32 (c) On and after January 1, 2023, 17% and on and after ~~January 1,~~
33 ~~2025 July 1, 2024~~, 18% of the tax rate imposed pursuant to this section
34 and the rate provided in K.S.A. 2023 Supp. 79-3603d, and amendments
35 thereto, shall be levied for the state highway fund, the state highway fund
36 purposes and those purposes specified in K.S.A. 68-416, and amendments
37 thereto, and all revenue collected and received from such tax levy shall be
38 deposited in the state highway fund.

39 (d) Within a redevelopment district established pursuant to K.S.A.
40 74-8921, and amendments thereto, there is hereby levied and there shall be
41 collected and paid an additional tax of 2% until the earlier of: (1) The date
42 the bonds issued to finance or refinance the redevelopment project
43 undertaken in the district have been paid in full; or (2) the final scheduled

1 maturity of the first series of bonds issued to finance the redevelopment
2 project.

3 (e) All property purchased or leased within or without this state and
4 subsequently used, stored or consumed in this state shall be subject to the
5 compensating tax if the same property or transaction would have been
6 subject to the Kansas retailers' sales tax had the transaction been wholly
7 within this state.

8 Sec. 11. K.S.A. 2023 Supp. 79-3710 is hereby amended to read as
9 follows: 79-3710. (a) All revenue collected or received by the director
10 under the provisions of this act shall be remitted to the state treasurer in
11 accordance with the provisions of K.S.A. 75-4215, and amendments
12 thereto. Upon receipt of each such remittance, the state treasurer shall
13 deposit the entire amount in the state treasury, less amounts set apart as
14 provided in subsection (b) and amounts credited as provided in subsection
15 (c), (d) and (e), to the credit of the state general fund.

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

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

29 (2) On ~~January 1, 2025~~ *July 1, 2024*, and thereafter, the state treasurer
30 shall credit 18% of the revenue collected and received from the tax
31 imposed by K.S.A. 79-3703, and amendments thereto, at the rates
32 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2023
33 Supp. 79-3603d, and amendments thereto, and deposited as provided by
34 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
35 the state highway fund.

36 (d) The state treasurer shall credit all revenue collected or received
37 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
38 certified by the director, from taxpayers doing business within that portion
39 of a redevelopment district occupied by a redevelopment project that was
40 determined by the secretary of commerce to be of statewide as well as
41 local importance or will create a major tourism area for the state as defined
42 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
43 fund created by K.S.A. 79-3620(d), and amendments thereto. The

1 provisions of this subsection shall expire when the total of all amounts
2 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,
3 is sufficient to retire the special obligation bonds issued for the purpose of
4 financing all or a portion of the costs of such redevelopment project.

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

7 (e) All revenue certified by the director of taxation as having been
8 collected or received from the tax imposed by K.S.A. 79-3603(c), and
9 amendments thereto, on the sale or furnishing of gas, water, electricity and
10 heat for use or consumption within the intermodal facility district
11 described in this subsection, shall be credited by the state treasurer to the
12 state highway fund. Such revenue may be transferred by the secretary of
13 transportation to the rail service improvement fund pursuant to law. The
14 provisions of this subsection shall take effect upon certification by the
15 secretary of transportation that a notice to proceed has been received for
16 the construction of the improvements within the intermodal facility
17 district, but not later than December 31, 2010, and shall expire when the
18 secretary of revenue determines that the total of all amounts credited
19 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
20 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
21 revenues shall be collected and distributed in accordance with applicable
22 law. For all tax reporting periods during which the provisions of this
23 subsection are in effect, none of the exemptions contained in K.S.A. 79-
24 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
25 of any gas, water, electricity and heat for use or consumption within the
26 intermodal facility district. As used in this subsection, "intermodal facility
27 district" shall consist of an intermodal transportation area as defined by
28 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
29 within the polygonal-shaped area having Waverly Road as the eastern
30 boundary, 191st Street as the southern boundary, Four Corners Road as the
31 western boundary, and Highway 56 as the northern boundary, and the
32 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
33 Street as the southern boundary, Waverly Road as the western boundary,
34 and the BNSF mainline track as the northern boundary, that includes
35 capital investment in an amount exceeding \$150 million for the
36 construction of an intermodal facility to handle the transfer, storage and
37 distribution of freight through railway and trucking operations.

38 Sec. 12. K.S.A. 79-1107 and 79-1108 and K.S.A. 2023 Supp. 79-
39 201x, 79-32,110, 79-32,117, 79-32,121, 79-3603, 79-3603d, 79-3620, 79-
40 3703 and 79-3710 are hereby repealed.

41 Sec. 13. This act shall take effect and be in force from and after its
42 publication in the Kansas register.