

**HOUSE BILL No. 2128**

By Representatives Ward and Hodge

2-4

1 AN ACT concerning sales and compensating use tax; relating to rates;  
2 food and food ingredients; distribution; amending K.S.A. 2018 Supp.  
3 79-3602, 79-3603, 79-3620, 79-3703 and 79-3710 and repealing the  
4 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. Commencing on July 1, 2019, the rate of tax shall be 4.5%.

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

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

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

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

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

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

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

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

27 Sec. 2. K.S.A. 2018 Supp. 79-3602 is hereby amended to read as  
28 follows: 79-3602. Except as otherwise provided, as used in the Kansas  
29 retailers' sales tax act:

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

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

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

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

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

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

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

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

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

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

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

32 (l) "Educational institution" means any nonprofit school, college and  
33 university that offers education at a level above the 12<sup>th</sup> grade, and  
34 conducts regular classes and courses of study required for accreditation by,  
35 or membership in, the higher learning commission, the state board of  
36 education, or that otherwise qualify as an "educational institution," as  
37 defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall  
38 include: (1) A group of educational institutions that operates exclusively  
39 for an educational purpose; (2) nonprofit endowment associations and  
40 foundations organized and operated exclusively to receive, hold, invest  
41 and administer moneys and property as a permanent fund for the support  
42 and sole benefit of an educational institution; (3) nonprofit trusts,  
43 foundations and other entities organized and operated principally to hold

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

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

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

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

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

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

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

1 for reuse.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (z) "Persons" means any individual, firm, copartnership, joint  
41 adventure, association, corporation, estate or trust, receiver or trustee, or  
42 any group or combination acting as a unit, and the plural as well as the  
43 singular number; and shall specifically mean any city or other political

1 subdivision of the state of Kansas engaging in a business or providing a  
2 service specifically taxable under the provisions of this act.

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

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

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

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

1 consumed:

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

7 (B) electricity, gas and water; and

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

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

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

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

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

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

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

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

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

43 (A) The seller's cost of the property sold;

1 (B) the cost of materials used, labor or service cost, interest, losses,  
2 all costs of transportation to the seller, all taxes imposed on the seller and  
3 any other expense of the seller;

4 (C) charges by the seller for any services necessary to complete the  
5 sale, other than delivery and installation charges;

6 (D) delivery charges; and

7 (E) installation charges.

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

10 (A) The seller actually receives consideration from a party other than  
11 the purchaser and the consideration is directly related to a price reduction  
12 or discount on the sale;

13 (B) the seller has an obligation to pass the price reduction or discount  
14 through to the purchaser;

15 (C) the amount of the consideration attributable to the sale is fixed  
16 and determinable by the seller at the time of the sale of the item to the  
17 purchaser; and

18 (D) one of the following criteria is met:

19 (i) The purchaser presents a coupon, certificate or other  
20 documentation to the seller to claim a price reduction or discount where  
21 the coupon, certificate or documentation is authorized, distributed or  
22 granted by a third party with the understanding that the third party will  
23 reimburse any seller to whom the coupon, certificate or documentation is  
24 presented;

25 (ii) the purchaser identifies to the seller that the purchaser is a  
26 member of a group or organization entitled to a price reduction or  
27 discount. A preferred customer card that is available to any patron does not  
28 constitute membership in such a group; or

29 (iii) the price reduction or discount is identified as a third party price  
30 reduction or discount on the invoice received by the purchaser or on a  
31 coupon, certificate or other documentation presented by the purchaser.

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

33 (A) Discounts, including cash, term or coupons that are not  
34 reimbursed by a third party that are allowed by a seller and taken by a  
35 purchaser on a sale;

36 (B) interest, financing and carrying charges from credit extended on  
37 the sale of personal property or services, if the amount is separately stated  
38 on the invoice, bill of sale or similar document given to the purchaser;

39 (C) any taxes legally imposed directly on the consumer that are  
40 separately stated on the invoice, bill of sale or similar document given to  
41 the purchaser;

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



1 given to the purchaser; and

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

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

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

9 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2018 Supp.  
10 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments  
11 thereto, which shall apply to identify and determine the state and local  
12 taxing jurisdiction sales or use taxes to pay, or collect and remit on a  
13 particular retail sale.

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

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

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

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

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

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

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

43 (ww) "Detailed telecommunications billing service" means an

1 ancillary service of separately stating information pertaining to individual  
2 calls on a customer's billing statement.

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

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

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

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

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

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

31 (3) tangible personal property;

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

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

34 (6) internet access service;

35 (7) radio and television audio and video programming services,  
36 regardless of the medium, including the furnishing of transmission,  
37 conveyance and routing of such services by the programming service  
38 provider. Radio and television audio and video programming services shall  
39 include, but not be limited to, cable service as defined in 47 U.S.C. §  
40 522(6) and audio and video programming services delivered by  
41 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

42 (8) ancillary services; or

43 (9) digital products delivered electronically, including, but not limited

1 to, software, music, video, reading materials or ring tones.

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

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

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

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

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

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

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

36 (1) *Antimicrobial agents;*

37 (2) *fluoride;*

38 (3) *carbonation;*

39 (4) *vitamins, minerals and electrolytes;*

40 (5) *oxygen;*

41 (6) *preservatives; or*

42 (7) *only those flavors, extracts or essences derived from a spice or*  
43 *fruit.*

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

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

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

10       (III) *"Prepared food" means:*

11       (1) *Food sold in a heated state or heated by the seller;*

12       (2) *two or more food ingredients mixed or combined by the seller for*  
 13 *sale as a single item; or*

14       (3) *food sold with eating utensils provided by the seller, including*  
 15 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does*  
 16 *not include a container or packaging used to transport the food.*

17       *"Prepared food" does not include food that is only cut, repackaged or*  
 18 *pasteurized by the seller, and eggs, fish, meat, poultry and foods*  
 19 *containing these raw animal foods requiring cooking by the consumer as*  
 20 *recommended by the food and drug administration in chapter 3, part*  
 21 *401.11 of its food code so as to prevent food borne illnesses.*

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

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

28       Sec. 3. K.S.A. 2018 Supp. 79-3603 is hereby amended to read as  
 29 follows: 79-3603. For the privilege of engaging in the business of selling  
 30 tangible personal property at retail in this state or rendering or furnishing  
 31 any of the services taxable under this act, there is hereby levied and there  
 32 shall be collected and paid a tax at the rate of ~~6.15%, and commencing~~  
 33 ~~July 1, 2015, at the rate of 6.5%.~~, *except as otherwise provided in section*  
 34 *1, and amendments thereto; and within a redevelopment district*  
 35 *established pursuant to K.S.A. 74-8921, and amendments thereto, there is*  
 36 *hereby levied and there shall be collected and paid an additional tax at the*  
 37 *rate of 2% until the earlier of the date the bonds issued to finance or*  
 38 *refinance the redevelopment project have been paid in full or the final*  
 39 *scheduled maturity of the first series of bonds issued to finance any part of*  
 40 *the project. Such tax shall be imposed upon:*

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

43       (b) *the gross receipts from intrastate, interstate or international*

1 telecommunications services and any ancillary services sourced to this  
2 state in accordance with K.S.A. 2018 Supp. 79-3673, and amendments  
3 thereto, except that telecommunications service does not include: (1) Any  
4 interstate or international 800 or 900 service; (2) any interstate or  
5 international private communications service as defined in K.S.A. 2018  
6 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice  
7 data service; (4) any telecommunication service to a provider of  
8 telecommunication services which will be used to render  
9 telecommunications services, including carrier access services; or (5) any  
10 service or transaction defined in this section among entities classified as  
11 members of an affiliated group as provided by section 1504 of the federal  
12 internal revenue code of 1986, as in effect on January 1, 2001;

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

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

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

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

40 (g) the gross receipts from the service of renting of rooms by hotels,  
41 as defined by K.S.A. 36-501, and amendments thereto, or by  
42 accommodation brokers, as defined by K.S.A. 12-1692, and amendments  
43 thereto, but such tax shall not be levied and collected upon the gross

1 receipts received from sales of such service to the federal government and  
2 any agency, officer or employee thereof in association with the  
3 performance of official government duties;

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

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

17 (j) the gross receipts from the rendering of the services of washing  
18 and washing and waxing of vehicles;

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

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

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

33 (m) the gross receipts received from fees and charges by public and  
34 private clubs, drinking establishments, organizations and businesses for  
35 participation in sports, games and other recreational activities, but such tax  
36 shall not be levied and collected upon the gross receipts received from: (1)  
37 Fees and charges by any political subdivision, by any organization exempt  
38 from property taxation pursuant to K.S.A. 79-201 *Ninth*, and amendments  
39 thereto, or by any youth recreation organization exclusively providing  
40 services to persons 18 years of age or younger which is exempt from  
41 federal income taxation pursuant to section 501(c)(3) of the federal  
42 internal revenue code of 1986, for participation in sports, games and other  
43 recreational activities; and (2) entry fees and charges for participation in a

1 special event or tournament sanctioned by a national sporting association  
2 to which spectators are charged an admission which is taxable pursuant to  
3 subsection (e);

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

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

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

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

16 For the purposes of this subsection:

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

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

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

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

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

43 (6) "windstorm" shall mean straight line winds of at least 80 miles per



1 hour as determined by a recognized meteorological reporting agency or  
2 organization;

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

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

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

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

21 (u) the gross receipts received from the sale of prepaid calling service  
22 and prepaid wireless calling service as defined in K.S.A. 2018 Supp. 79-  
23 3673, and amendments thereto;

24 (v) all sales of bingo cards, bingo faces and instant bingo tickets by  
25 licensees under K.S.A. 2018 Supp. 75-5171 et seq., and amendments  
26 thereto, shall be exempt from taxes imposed pursuant to this section; and

27 (w) all sales of charitable raffle tickets in accordance with K.S.A.  
28 2018 Supp. 75-5171 et seq., and amendments thereto, shall be exempt  
29 from taxes imposed pursuant to this section.

30 Sec. 4. K.S.A. 2018 Supp. 79-3620 is hereby amended to read as  
31 follows: 79-3620. (a) All revenue collected or received by the director of  
32 taxation from the taxes imposed by this act shall be remitted to the state  
33 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
34 amendments thereto. Upon receipt of each such remittance, the state  
35 treasurer shall deposit the entire amount in the state treasury, less amounts  
36 withheld as provided in subsection (b) and amounts credited as provided in  
37 subsections (c), (d) and (e), to the credit of the state general fund.

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

1 event such fund as established by this section is, at any time, insufficient to  
2 provide for the payment of refunds due claimants thereof, the director shall  
3 certify the amount of additional funds required to the director of accounts  
4 and reports who shall promptly transfer the required amount from the state  
5 general fund to the sales tax refund fund, and notify the state treasurer,  
6 who shall make proper entry in the records.

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

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

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

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

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

32 ~~(6) On July 1, 2016, and thereafter, the state treasurer shall credit~~  
33 ~~16.154% of the revenue collected and received from the tax imposed by~~  
34 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and~~  
35 ~~deposited as provided by subsection (a), exclusive of amounts credited~~  
36 ~~pursuant to subsection (d), in the state highway fund.~~

37 *(2) On July 1, 2019, the state treasurer shall credit 16.868% of the*  
38 *revenue collected and received from the tax imposed by K.S.A. 79-3603,*  
39 *and amendments thereto, and section 1, and amendments thereto, at the*  
40 *rates prescribed in K.S.A. 79-3603, and amendments thereto, and section*  
41 *1, and amendments thereto, and deposited as provided by subsection (a),*  
42 *exclusive of amounts credited pursuant to subsection (d), in the state*  
43 *highway fund.*

1       (3) *On July 1, 2020, and thereafter, the state treasurer shall credit*  
2 *16.936% of the revenue collected and received from the tax imposed by*  
3 *K.S.A. 79-3603, and amendments thereto, and section 1, and amendments*  
4 *thereto, at the rates prescribed in K.S.A. 79-3603, and amendments*  
5 *thereto, and section 1, and amendments thereto, and deposited as provided*  
6 *by subsection (a), exclusive of amounts credited pursuant to subsection*  
7 *(d), in the state highway fund.*

8       (d) The state treasurer shall credit all revenue collected or received  
9 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
10 certified by the director, from taxpayers doing business within that portion  
11 of a STAR bond project district occupied by a STAR bond project or  
12 taxpayers doing business with such entity financed by a STAR bond  
13 project as defined in K.S.A. 2018 Supp. 12-17,162, and amendments  
14 thereto, that was determined by the secretary of commerce to be of  
15 statewide as well as local importance or will create a major tourism area  
16 for the state or the project was designated as a STAR bond project as  
17 defined in K.S.A. 2018 Supp. 12-17,162, and amendments thereto, to the  
18 city bond finance fund, which fund is hereby created. The provisions of  
19 this subsection shall expire when the total of all amounts credited  
20 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is  
21 sufficient to retire the special obligation bonds issued for the purpose of  
22 financing all or a portion of the costs of such STAR bond project.

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

1 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county  
2 within the polygonal-shaped area having Waverly Road as the eastern  
3 boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the  
4 western boundary, and Highway 56 as the northern boundary, and the  
5 polygonal-shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup>  
6 Street as the southern boundary, Waverly Road as the western boundary,  
7 and the BNSF mainline track as the northern boundary, that includes  
8 capital investment in an amount exceeding \$150 million for the  
9 construction of an intermodal facility to handle the transfer, storage and  
10 distribution of freight through railway and trucking operations.

11 Sec. 5. K.S.A. 2018 Supp. 79-3703 is hereby amended to read as  
12 follows: 79-3703. There is hereby levied and there shall be collected from  
13 every person in this state a tax or excise for the privilege of using, storing,  
14 or consuming within this state any article of tangible personal property.  
15 Such tax shall be levied and collected in an amount equal to the  
16 consideration paid by the taxpayer multiplied by the rate of 6.5% *and the*  
17 *rate on food and food ingredients provided in section 1, and amendments*  
18 *thereto*. Within a redevelopment district established pursuant to K.S.A. 74-  
19 8921, and amendments thereto, there is hereby levied and there shall be  
20 collected and paid an additional tax of 2% until the earlier of: (1) The date  
21 the bonds issued to finance or refinance the redevelopment project  
22 undertaken in the district have been paid in full; or (2) the final scheduled  
23 maturity of the first series of bonds issued to finance the redevelopment  
24 project. All property purchased or leased within or without this state and  
25 subsequently used, stored or consumed in this state shall be subject to the  
26 compensating tax if the same property or transaction would have been  
27 subject to the Kansas retailers' sales tax had the transaction been wholly  
28 within this state.

29 Sec. 6. K.S.A. 2018 Supp. 79-3710 is hereby amended to read as  
30 follows: 79-3710. (a) All revenue collected or received by the director  
31 under the provisions of this act shall be remitted to the state treasurer in  
32 accordance with the provisions of K.S.A. 75-4215, and amendments  
33 thereto. Upon receipt of each such remittance, the state treasurer shall  
34 deposit the entire amount in the state treasury, less amounts set apart as  
35 provided in subsection (b) and amounts credited as provided in subsection  
36 (c), (d) and (e), to the credit of the state general fund.

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

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

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

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

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

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

26 (6) On July 1, 2016, and thereafter, the state treasurer shall credit  
27 16.154% of the revenue collected and received from the tax imposed by  
28 K.S.A. 79-3703, and amendments thereto, at the ~~rate of 6.5%~~ *rates*  
29 *provided in K.S.A. 79-3703, and amendments thereto, and section 1, and*  
30 *amendments thereto*, and deposited as provided by subsection (a),  
31 exclusive of amounts credited pursuant to subsection (d), in the state  
32 highway fund.

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

1 financing all or a portion of the costs of such redevelopment project.

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

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

35 Sec. 7. K.S.A. 2018 Supp. 79-3602, 79-3603, 79-3620, 79-3703 and  
36 79-3710 are hereby repealed.

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