AN ACT concerning taxation; relating to income tax; providing a 5.25% tax rate for individuals and decreasing the normal tax for corporations; discontinuing possible future corporate rate decreases as a result of agreements under the attracting powerful economic expansion program act; increasing the income limit to qualify for a subtraction modification for social security income; increasing the Kansas standard deduction for single filers and further increasing by a cost-of-living adjustment; discontinuing the food sales tax credit; relating to sales and compensating use tax; reducing the rate of tax on sales of food and food ingredients; relating to property tax; increasing the extent of exemption for residential property from the statewide school levy; relating to privilege tax rates; decreasing the normal tax; amending K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-50,321, 79-201x, 79-32,110, 79-32,117, 79-32,119, 79-32,271, 79-3603, 79-3603d, 79-3620, 79-3703 and 79-3710 and repealing the existing sections.

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

Section 1. K.S.A. 2022 Supp. 74-50,321 is hereby amended to read as follows: 74-50,321. (a) Commencing with fiscal year 2022, in any fiscal year that a qualified firm enters into an agreement with the secretary of commerce for the first time pursuant to K.S.A. 2022 Supp. 74-50,312, and amendments thereto, and commences construction on a qualified business facility under this act the secretary of commerce shall certify such fact to the secretary of revenue, the director of the budget and the director of legislative research. Such certification shall be made when such fact is known to the secretary, but in any event on or before June 30 of such fiscal year.

(b) Upon receipt of such certification, the secretary of revenue shall adjust the corporate income tax rate imposed pursuant to the provisions of K.S.A. 79-32,110, and amendments thereto, to go into effect for the next tax year by reducing the rate by 0.5%. The maximum reduction to be applied for one taxable year shall be 0.5% regardless of the number of eligible qualifying firms that may have satisfied the conditions of subsection (a).

(c) The rate reduction of 0.5% shall be applied to reduce the normal tax on corporations imposed pursuant to K.S.A. 79-32,110, and
amendments thereto, until reduced to 0%.

(d) The secretary of revenue shall report any reduction in corporate income tax rates pursuant to this section to the chairpersons of the senate standing committees on assessment and taxation and commerce, the chairpersons of the house of representatives standing committees on commerce, labor and economic development and taxation and the governor, and shall cause notice of any such reduction to be published in the Kansas register prior to September 15 of the calendar year immediately preceding the tax year in which such reduction takes effect.

(e) The provisions of this section shall expire and have no effect on and after July 1, 2024.

Sec. 2. K.S.A. 2022 Supp. 79-201x is hereby amended to read as follows: 79-201x. (a) For taxable year 2022, and all taxable years thereafter, the following described property, to the extent herein specified, shall be and is hereby exempt from the property tax levied pursuant to the provisions of K.S.A. 72-5142, and amendments thereto: Property used for residential purposes to the extent of $40,000 of its appraised valuation.

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

Sec. 3. K.S.A. 79-1107 is hereby amended to read as follows: 79-1107. (a) Every national banking association and state bank located or doing business within the state shall pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding taxable year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(A) For tax years prior to tax year 2024, the normal tax shall be an amount equal to 2.25% of such net income; and

(B) for tax year 2024, and all tax years thereafter, the normal tax shall be an amount equal to 1.625% of such net income; and

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

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

Sec. 4. K.S.A. 79-1108 is hereby amended to read as follows: 79-1108. (a) Every trust company and savings and loan association located or doing business within the state shall pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding taxable year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

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

(B) for tax year 2024, and all tax years thereafter, the normal tax on every trust company and savings and loan association shall be an amount equal to 1.61% of such net income; and

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

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

Sec. 5. K.S.A. 2022 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) Resident individuals. Except as otherwise provided by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) Married individuals filing joint returns.

(A) For tax year 2012:

If the taxable income is: The tax is:
Not over $30,000............................... 3.5% of Kansas taxable income
Over $30,000 but not over $60,000...........$1,050 plus 6.25% of excess over $30,000
Over $60,000.................................$2,925 plus 6.45% of excess over $60,000

(B) For tax year 2013:

If the taxable income is: The tax is:
Not over $30,000............................... 3.0% of Kansas taxable income
Over $30,000 but not over $60,000...........$900 plus 6.25% of excess over $30,000
Over $60,000.................................$2,125 plus 6.45% of excess over $60,000

(C) For tax year 2014:

If the taxable income is: The tax is:
Not over $30,000............................... 2.7% of Kansas taxable income
Over $30,000.................................$810 plus 4.8% of excess over
<table>
<thead>
<tr>
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<th>Taxable Income Range</th>
<th>Tax Rate</th>
</tr>
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<tbody>
<tr>
<td>2012</td>
<td>Not over $15,000</td>
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</tr>
<tr>
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<td>Over $15,000 but not over $30,000</td>
<td>3.0% of Kansas taxable income</td>
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<tr>
<td></td>
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<td>2.7% of Kansas taxable income</td>
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<tr>
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<tr>
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<tr>
<td>2015, 2016</td>
<td>Not over $30,000</td>
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<td>Over $30,000</td>
<td>$810 plus 4.6% of excess over $30,000</td>
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<tr>
<td>2017</td>
<td>Not over $30,000</td>
<td>2.9% of Kansas taxable income</td>
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<td></td>
<td>Over $30,000 but not over $60,000</td>
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<td>2018 - 2023</td>
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<td>Over $30,000 but not over $60,000</td>
<td>$930 plus 5.25% of excess over $30,000</td>
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<td></td>
<td>Over $60,000</td>
<td>$2,505 plus 5.7% of excess over $60,000</td>
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(2) *All other individuals.*

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<tr>
<th>Year</th>
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<th>Tax Rate</th>
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<tbody>
<tr>
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<td>2.7% of Kansas taxable income</td>
</tr>
<tr>
<td></td>
<td>Over $15,000</td>
<td>2.7% of Kansas taxable income</td>
</tr>
</tbody>
</table>
(E) For tax year 2017:

If the taxable income is:

Not over $15,000.............................................2.9% of Kansas taxable income
Over $15,000 but not over $30,000........$435 plus 4.9% of excess over $15,000
Over $30,000.............................................$1,170 plus 5.2% of excess over $30,000

(F) For tax years 2018, and all tax years thereafter through 2023:

If the taxable income is:

Not over $15,000.............................................3.1% of Kansas taxable income
Over $15,000 but not over $30,000........$465 plus 5.25% of excess over $15,000
Over $30,000.............................................$1,252.50 plus 5.7% of excess over $30,000

(3) All resident individuals. For tax year 2024, and all tax years thereafter, for all individuals regardless of filing status, the tax shall be in an amount equal to 5.25% of the Kansas taxable income that is in excess of:

(A) $12,300 for married individuals filing joint returns; and
(B) $6,150 for all other individuals.

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

(c) Corporations. A tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state.

(1) For tax years prior to tax year 2024, such tax shall consist of a normal tax and a surtax and shall be computed as follows unless otherwise modified pursuant to K.S.A. 2022 Supp. 74-50,321, and amendments thereto:

(A) The normal tax shall be in an amount equal to 4% of the Kansas taxable income of such corporation; and
(B) The surtax shall be in an amount equal to 3% of the Kansas taxable income of such corporation in excess of $50,000.

(2) For tax year 2024, and all tax years thereafter, such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(A) The normal tax shall be in an amount equal to 3% of the Kansas taxable income of such corporation; and
(B) the surtax shall be in an amount equal to 3% of the Kansas taxable income of such corporation in excess of $50,000.

(d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable
income of estates and trusts at the rates provided in subsection (a)(2)
hereof for tax years 2012 through 2023 and at the rate provided in
subsection (a)(3) for tax year 2024, and all tax years thereafter.

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

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

Sec. 6. K.S.A. 2022 Supp. 79-32,117 is hereby amended to read as
follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
means such individual's federal adjusted gross income for the taxable year,
with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:
(i) Interest income less any related expenses directly incurred in the
purchase of state or political subdivision obligations, to the extent that the
same is not included in federal adjusted gross income, on obligations of
any state or political subdivision thereof, but to the extent that interest
income on obligations of this state or a political subdivision thereof issued
prior to January 1, 1988, is specifically exempt from income tax under the
laws of this state authorizing the issuance of such obligations, it shall be
excluded from computation of Kansas adjusted gross income whether or
not included in federal adjusted gross income. Interest income on
obligations of this state or a political subdivision thereof issued after
December 31, 1987, shall be excluded from computation of Kansas
adjusted gross income whether or not included in federal adjusted gross
income.
(ii) Taxes on or measured by income or fees or payments in lieu of
income taxes imposed by this state or any other taxing jurisdiction to the
extent deductible in determining federal adjusted gross income and not
credited against federal income tax. This paragraph shall not apply to taxes
imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
amendments thereto, for privilege tax year 1995, and all such years
thereafter.
(iii) The federal net operating loss deduction, except that the federal
net operating loss deduction shall not be added to an individual's federal
adjusted gross income for tax years beginning after December 31, 2016.
(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

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

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

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

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

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

(x) Amounts received as nonqualified withdrawals, as defined by K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a family postsecondary education savings account, such amounts were subtracted from the federal adjusted gross income pursuant to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts are not already included in the federal adjusted gross income.

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

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

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

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


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

(xviii) For taxable years commencing after December 31, 2006, the amount of any ad valorem or property taxes and assessments paid to a state other than Kansas or local government located in a state other than Kansas by a taxpayer who resides in a state other than Kansas, when the law of such state does not allow a resident of Kansas who earns income in such other state to claim a deduction for ad valorem or property taxes or assessments paid to a political subdivision of the state of Kansas in determining taxable income for income tax purposes in such other state, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

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

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

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

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

(xxiii) For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

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

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

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

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

(xxviii) For all taxable years beginning after December 31, 2021, the amount of any contributions to, or earnings from, a first-time home buyer savings account if distributions from the account were not used to pay for expenses or transactions authorized pursuant to K.S.A. 2022 Supp. 58-4904, and amendments thereto, or were not held for the minimum length of time required pursuant to K.S.A. 2022 Supp. 58-4904, and amendments thereto. Contributions to, or earnings from, such account shall also include any amount resulting from the account holder not designating a surviving transfer on death beneficiary pursuant to K.S.A. 2022 Supp. 58-4904(e), and amendments thereto.

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

(i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions less any related expenses directly incurred in the purchase of such obligations or securities, to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the
(i) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.

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

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

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

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

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

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

(ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14,106, and amendments thereto.

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

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

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

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

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

(xv) For all taxable years beginning after December 31, 2017, the cumulative amounts not exceeding $3,000, or $6,000 for a married couple filing a joint return, for each designated beneficiary that are contributed to: (1) A family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary; or (2) an achieving a better life experience (ABLE) account established under the Kansas ABLE savings program or a qualified ABLE program established and maintained by another state or agency or instrumentality thereof pursuant to section 529A of the internal revenue code of 1986, as amended, for the purpose of saving private funds to support an individual with a disability. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and amendments thereto, and the provisions of such sections are hereby incorporated by reference for all purposes thereof.
(xvi) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are or were members of the armed forces of the United States, including service in the Kansas army and air national guard, as a recruitment, sign up or retention bonus received by such taxpayer as an incentive to join, enlist or remain in the armed services of the United States, including service in the Kansas army and air national guard, and amounts received for repayment of educational or student loans incurred by or obligated to such taxpayer and received by such taxpayer as a result of such taxpayer's service in the armed forces of the United States, including service in the Kansas army and air national guard.

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

(xviii) For the taxable year beginning after December 31, 2006, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of $50,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly, and (A) For all taxable years beginning after December 31, 2007, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of $75,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly.

(B) For all taxable years beginning after December 31, 2022, a portion of amounts received as benefits under the federal social security act that are included in federal adjusted gross income of a taxpayer with federal adjusted gross income greater than $75,000 and less than $100,000, whether that taxpayer's filing status is single, head of household, married filing separate or married filing jointly, calculated as follows:

(1) Subtract an amount equal to the federal adjusted gross income of that taxpayer from 100,000 (the result must be greater than zero);
(2) divide the result of subparagraph (B)(1) by 25,000; and
(3) multiply the result of subparagraph (B)(2) by the amount in dollars received as benefits under the federal social security act that are included in federal adjusted gross income of that taxpayer to determine the modification pursuant to this subparagraph.

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

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

(xxi) For all taxable years beginning after December 31, 2013, amounts equal to the unreimbursed travel, lodging and medical expenditures directly incurred by a taxpayer while living, or a dependent of the taxpayer while living, for the donation of one or more human organs of the taxpayer, or a dependent of the taxpayer, to another person for human organ transplantation. The expenses may be claimed as a subtraction modification provided for in this section to the extent the expenses are not already subtracted from the taxpayer's federal adjusted gross income. In no circumstances shall the subtraction modification provided for in this section for any individual, or a dependent, exceed $5,000. As used in this section, "human organ" means all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The provisions of this paragraph shall take effect on the day the secretary of revenue certifies to the director of the budget that the cost for the department of revenue of modifications to the automated tax system for the purpose of implementing this paragraph will not exceed $20,000.

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

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

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

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

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

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

(xxviii) For all taxable years beginning after December 31, 2021: (1)
The amount contributed to a first-time home buyer savings account
pursuant to K.S.A. 2022 Supp. 58-4903, and amendments thereto, in an
amount not to exceed $3,000 for an individual or $6,000 for a married
couple filing a joint return; or (2) amounts received as income earned from
assets in a first-time home buyer savings account.

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

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

(f) No taxpayer shall be assessed penalties and interest from the
underpayment of taxes due to changes to this section that became law on
July 1, 2017, so long as such underpayment is rectified on or before April 17, 2018.

Sec. 7. K.S.A. 2022 Supp. 79-32,119 is hereby amended to read as follows: 79-32,119. (a) The Kansas standard deduction of an individual, including a husband and wife who are either both residents or who file a joint return as if both were residents, shall be equal to the sum of the standard deduction amount allowed pursuant to this section, and the additional standard deduction amount allowed pursuant to this section for each such deduction allowable to such individual or to such husband and wife under the federal internal revenue code.

(b) For tax year 1998, and all tax years thereafter, the additional standard deduction amount shall be as follows: Single individual and head of household filing status, $850; and married filing status, $700.

(c) (1) For tax year 2013 through tax year 2020, the standard deduction amount of an individual, including husband and wife who are either both residents or who file a joint return as if both were residents, shall be as follows: Single individual filing status, $3,000; married filing status, $7,500; and head of household filing status, $5,500.

(2) For tax years 2021 and 2022, and all tax years thereafter, the standard deduction amount of an individual, including husband and wife who are either both residents or who file a joint return as if both were residents, shall be as follows: Single individual filing status, $3,500; married filing status, $8,000; and head of household filing status, $6,000.

(3) (A) For tax year 2023, and all tax years thereafter, the standard deduction amount of an individual, including husband and wife who are either both residents or who file a joint return as if both were residents, shall be as follows: Single individual filing status, $4,000; married filing status, $8,000; and head of household filing status, $6,000.

(B) In the case of tax year 2024, and all tax years thereafter, the amounts prescribed in this paragraph shall be increased by an amount equal to such amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.

(d) For purposes of this section, the federal standard deduction allowable to a husband and wife filing separate Kansas income tax returns shall be determined on the basis that separate federal returns were filed, and the federal standard deduction of a husband and wife filing a joint Kansas income tax return shall be determined on the basis that a joint federal income tax return was filed.

Sec. 8. K.S.A. 2022 Supp. 79-32,271 is hereby amended to read as follows: 79-32,271.(a) For any taxable year commencing after December 31, 2014, and ending prior to January 1, 2023, a credit shall be allowed against the tax imposed by the Kansas income tax act on the
Kansas taxable income of an individual income taxpayer who purchased food in this state, had federal adjusted gross income for the tax year that did not exceed $30,615, and meets the qualifications in subsections (b) and (c).

(b) During the entire tax year a taxpayer filing single, head of household, or married filing separate, or the taxpayer and the taxpayer's spouse if married filing jointly, must be domiciled in this state. For purposes of this credit, "domicile" shall not include any correctional facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments thereto, any juvenile correctional facility, or portion thereof, as defined in K.S.A. 38-2302, and amendments thereto, any correctional facility of the federal bureau of prisons located in the state of Kansas, or any city or county jail facility in the state of Kansas.

(c) During the entire tax year a taxpayer filing single, head of household, or married filing separate, or the taxpayer or the taxpayer's spouse if married filing jointly, must be either: (1) A person having a disability, regardless of age; (2) a person without a disability who is 55 years of age or older; or (3) a person without a disability who is younger than 55 years of age who claims an exemption for one or more dependent children under 18 years of age.

(d) The amount of the credit shall be $125 for every exemption claimed on the taxpayer's federal income tax return, except that no exemption shall be counted for a dependent unless the dependent is a child under 18 years of age.

(e) The credit allowed under this provision shall be applied against the taxpayer's income tax liability after all other credits allowed under the income tax act. It shall not be refundable and may not be carried forward.

(f) (1) Every taxpayer claiming the credit shall supply the division in support of a claim, reasonable proof of domicile, age and disability.

(2) A claim alleging disability shall be supported by a report of the examining physician of the claimant with a statement or certificate that the applicant has a disability as defined in subsection (g).

(g) "Disability" means: (1) Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months, and an individual shall be determined to be under a disability only if the physical or mental impairment or impairments are of such severity that the individual is not only unable to do the individual's previous work but cannot, considering age, education and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which the individual lives or whether a specific job vacancy exists for the
individual, or whether the individual would be hired if application was
made for work. For purposes of this paragraph, with respect to any
individual, "work which exists in the national economy" means work
which exists in significant numbers either in the region where the
individual lives or in several regions of the country; and "physical or
mental impairment" means an impairment that results from anatomical,
physiological or psychological abnormalities which are demonstrable by
medically acceptable clinical and laboratory diagnostic techniques; or

(2) blindness and inability by reason of blindness to engage in
substantial gainful activity requiring skills or abilities comparable to those
of any gainful activity in which the individual has previously engaged with
some regularity and over a substantial period of time. For purposes of this
paragraph, "blindness" means central visual acuity of 20/200 or less in the
better eye with the use of a correcting lens. An eye which is accompanied
by a limitation in the fields of vision such that the widest diameter of the
visual field subtends an angle no greater than 20 degrees shall be
considered for the purpose of this paragraph as having a central visual
acuity of 20/200 or less.

(h) The secretary of revenue is hereby authorized to adopt such rules
and regulations as may be necessary for the administration of the
provisions of this section.

Sec. 9. K.S.A. 2022 Supp. 79-3603 is hereby amended to read as
follows: 79-3603. For the privilege of engaging in the business of selling
tangible personal property at retail in this state or rendering or furnishing
any of the services taxable under this act, there is hereby levied and there
shall be collected and paid a tax at the rate of 6.5%. On and after January
1, 2023, 17% and on and after January 1, 2025 July 1, 2023, 18% of the
tax rate imposed pursuant to this section and the rate provided in K.S.A.
2022 Supp. 79-3603d, and amendments thereto, shall be levied for the
state highway fund, the state highway fund purposes and those purposes
specified in K.S.A. 68-416, and amendments thereto, and all revenue
collected and received from such tax levy shall be deposited in the state
highway fund.

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

Such tax shall be imposed upon:

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) the gross receipts received from fees and charges by public and private clubs, drinking establishments, organizations and businesses for participation in sports, games and other recreational activities, but such tax shall not be levied and collected upon the gross receipts received from:

(1) Fees and charges by any political subdivision, by any organization exempt from property taxation pursuant to K.S.A. 79-201 Ninth, and amendments thereto, or by any youth recreation organization exclusively providing services to persons 18 years of age or younger which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for participation in sports, games and other recreational activities; and (2) entry fees and charges for participation in a
special event or tournament sanctioned by a national sporting association
to which spectators are charged an admission which is taxable pursuant to
subsection (e);
(n) the gross receipts received from dues charged by public and
private clubs, drinking establishments, organizations and businesses,
payment of which entitles a member to the use of facilities for recreation
or entertainment, but such tax shall not be levied and collected upon the
gross receipts received from: (1) Dues charged by any organization exempt
from property taxation pursuant to K.S.A. 79-201 Eighth and Ninth, and
amendments thereto; and (2) sales of memberships in a nonprofit
organization which is exempt from federal income taxation pursuant to
section 501(c)(3) of the federal internal revenue code of 1986, and whose
purpose is to support the operation of a nonprofit zoo;
(o) the gross receipts received from the isolated or occasional sale of
motor vehicles or trailers but not including: (1) The transfer of motor
vehicles or trailers by a person to a corporation or limited liability
company solely in exchange for stock securities or membership interest in
such corporation or limited liability company; (2) the transfer of motor
vehicles or trailers by one corporation or limited liability company to
another when all of the assets of such corporation or limited liability
company are transferred to such other corporation or limited liability
company; or (3) the sale of motor vehicles or trailers which are subject to
taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
amendments thereto, by an immediate family member to another
immediate family member. For the purposes of paragraph (3), immediate
family member means lineal ascendants or descendants, and their spouses.
Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
on the isolated or occasional sale of motor vehicles or trailers on and after
July 1, 2004, which the base for computing the tax was the value pursuant
to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
such amount was higher than the amount of sales tax which would have
been paid under the law as it existed on June 30, 2004, shall be refunded to
the taxpayer pursuant to the procedure prescribed by this section. Such
refund shall be in an amount equal to the difference between the amount of
sales tax paid by the taxpayer and the amount of sales tax which would
have been paid by the taxpayer under the law as it existed on June 30,
2004. Each claim for a sales tax refund shall be verified and submitted not
later than six months from the effective date of this act to the director of
taxation upon forms furnished by the director and shall be accompanied by
any additional documentation required by the director. The director shall
review each claim and shall refund that amount of tax paid as provided by
this act. All such refunds shall be paid from the sales tax refund fund, upon
warrants of the director of accounts and reports pursuant to vouchers
approved by the director of taxation or the director's designee. No refund for an amount less than $10 shall be paid pursuant to this act. In determining the base for computing the tax on such isolated or occasional sale, the fair market value of any motor vehicle or trailer traded in by the purchaser to the seller may be deducted from the selling price;

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

For the purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

(x) commencing on January 1, 2023, and thereafter, the state rate on the gross receipts from the sale of food and food ingredients shall be as set forth in K.S.A. 2022 Supp. 79-3603d, and amendments thereto.

Sec. 10. K.S.A. 2022 Supp. 79-3603d is hereby amended to read as follows: 79-3603d. (a) There is hereby levied and there shall be collected and paid a tax upon the gross receipts from the sale of food and food ingredients. The rate of tax shall be as follows:

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

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

(3) commencing on January 1, 2025, and thereafter, at the rate of 0%.

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

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

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

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

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

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

Sec. 11. K.S.A. 2022 Supp. 79-3620 is hereby amended to read as follows: 79-3620. (a) All revenue collected or received by the director of taxation from the taxes imposed by this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts withheld as provided in subsection (b) and amounts credited as provided in subsections (c), (d) and (e), to the credit of the state general fund.

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

(c) (1) On January 1, 2023, the state treasurer shall credit 17% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments thereto, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) On January 1, 2023, July 1, 2023, and thereafter, the state treasurer shall credit 18% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments thereto, and deposited as provided by
subsection (a), exclusive of amounts credited pursuant to subsection (d), in
the state highway fund.

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

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

Sec. 12. K.S.A. 2022 Supp. 79-3703 is hereby amended to read as follows: 79-3703. (a) There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using, storing, or consuming within this state any article of tangible personal property. Such tax shall be levied and collected in an amount equal to the consideration paid by the taxpayer multiplied by the rate of 6.5%.

(b) Commencing on January 1, 2023, and thereafter, the state rate on the amount equal to the consideration paid by the taxpayer from the sale of food and food ingredients as provided in K.S.A. 79-3603, and amendments thereto, shall be as set forth in K.S.A. 2022 Supp. 79-3603d, and amendments thereto.

(c) On and after January 1, 2023, 17% and July 1, 2023, 18% of the tax rate imposed pursuant to this section and the rate provided in K.S.A. 2022 Supp. 79-3603d, and amendments thereto, shall be levied for the state highway fund, the state highway fund purposes and those purposes specified in K.S.A. 68-416, and amendments thereto, and all revenue collected and received from such tax levy shall be deposited in the state highway fund.

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

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

Sec. 13. K.S.A. 2022 Supp. 79-3710 is hereby amended to read as follows: 79-3710. (a) All revenue collected or received by the director under the provisions of this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts set apart as provided in subsection (b) and amounts credited as provided in subsection (c), (d) and (e), to the credit of the state general fund.
(b) A revolving fund, designated as "compensating tax refund fund" not to exceed $10,000 shall be set apart and maintained by the director from compensating tax collections and estimated tax collections and held by the state treasurer for prompt payment of all compensating tax refunds. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act.

(c) (1) On January 1, 2023, the state treasurer shall credit 17% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments thereto, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) On January 1, 2025, and thereafter, the state treasurer shall credit 18% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments thereto, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

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

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

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

Sec. 14. K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-
79-3603d, 79-3620, 79-3703 and 79-3710 are hereby repealed.

Sec. 15. This act shall take effect and be in force from and after its
publication in the Kansas register.