

HOUSE BILL No. 2380

By Committee on Taxation

3-8

1 AN ACT concerning sales and compensating use tax; relating to city and
2 county retailers' sales tax, Marion county; **{imposing tax on certain**
3 **services; rate of tax on food and food ingredients;}** amending K.S.A.
4 2016 Supp. 12-187, 12-189~~—and{,}~~ 12-192{, **79-3602, 79-3603, 79-**
5 **3620, 79-3703 and 79-3710}** and repealing the existing sections.
6

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

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

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

31 (2) The board of county commissioners of Anderson, Atchison,
32 Barton, Brown, Butler, Chase, Cowley, Cherokee, Crawford, Ford,
33 Franklin, Jefferson, Linn, Lyon, Marion, Miami, Montgomery, Neosho,
34 Osage, Ottawa, Reno, Riley, Saline, Seward, Sumner, Thomas,
35 Wabaunsee, Wilson and Wyandotte counties may submit the question of
36 imposing a countywide retailers' sales tax and pledging the revenue

1 received therefrom for the purpose of financing the construction or
2 remodeling of a courthouse, jail, law enforcement center facility or other
3 county administrative facility, to the electors at an election called and held
4 thereon. The tax imposed pursuant to this paragraph shall expire when
5 sales tax sufficient to pay all of the costs incurred in the financing of such
6 facility has been collected by retailers as determined by the secretary of
7 revenue. Nothing in this paragraph shall be construed to allow the rate of
8 tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley,
9 Sumner or Wilson county pursuant to this paragraph to exceed or be
10 imposed at any rate other than the rates prescribed in K.S.A. 12-189, and
11 amendments thereto.

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

20 (B) The result of the election held on November 8, 1994, on the
21 question submitted by the board of county commissioners of Ottawa
22 county for the purpose of increasing its countywide retailers' sales tax by
23 1% is hereby declared valid, and the revenue received therefrom by the
24 county shall be expended solely for the purpose of financing the erection,
25 construction and furnishing of a law enforcement center and jail facility.

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

41 (D) Except as otherwise provided in this paragraph, the result of the
42 election held on August 5, 2008, on the question submitted by the board of
43 county commissioners of Lyon county for the purpose of increasing its

1 countywide retailers' sales tax by 1% is hereby declared valid, and the
2 revenue received therefrom by the county shall be expended for the
3 purposes of ad valorem tax reduction and capital outlay. The tax imposed
4 pursuant to this paragraph shall terminate not later than five years after the
5 commencement thereof.

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

15 (F) The result of the election held on December 1, 2009, on the
16 question submitted by the board of county commissioners of Chautauqua
17 county for the purpose of increasing its countywide retailers' sales tax by
18 1% is hereby declared valid, and the revenue received from such tax by the
19 county shall be expended for the purposes of financing the costs of
20 constructing, furnishing and equipping a county jail and law enforcement
21 center and necessary improvements appurtenant to such jail and law
22 enforcement center. Any tax imposed pursuant to authority granted in this
23 paragraph shall terminate upon payment of all costs authorized pursuant to
24 this paragraph incurred in the financing of the project described in this
25 paragraph.

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

36 (4) The board of county commissioners of Finney and Ford counties
37 may submit the question of imposing a countywide retailers' sales tax at
38 the rate of 0.25% and pledging the revenue received therefrom for the
39 purpose of financing all or any portion of the cost to be paid by Finney or
40 Ford county for construction of highway projects identified as system
41 enhancements under the provisions of K.S.A. 68-2314(b)(5), and
42 amendments thereto, to the electors at an election called and held thereon.
43 Such election shall be called and held in the manner provided by the

1 general bond law. The tax imposed pursuant to this paragraph shall expire
2 upon the payment of all costs authorized pursuant to this paragraph in the
3 financing of such highway projects. Nothing in this paragraph shall be
4 construed to allow the rate of tax imposed by Finney or Ford county
5 pursuant to this paragraph to exceed the maximum rate prescribed in
6 K.S.A. 12-189, and amendments thereto. If any funds remain upon the
7 payment of all costs authorized pursuant to this paragraph in the financing
8 of such highway projects in Finney county, the state treasurer shall remit
9 such funds to the treasurer of Finney county and upon receipt of such
10 moneys shall be deposited to the credit of the county road and bridge fund.
11 If any funds remain upon the payment of all costs authorized pursuant to
12 this paragraph in the financing of such highway projects in Ford county,
13 the state treasurer shall remit such funds to the treasurer of Ford county
14 and upon receipt of such moneys shall be deposited to the credit of the
15 county road and bridge fund.

16 (5) The board of county commissioners of any county may submit the
17 question of imposing a retailers' sales tax at the rate of 0.25%, 0.5%,
18 0.75% or 1% and pledging the revenue received therefrom for the purpose
19 of financing the provision of health care services, as enumerated in the
20 question, to the electors at an election called and held thereon. Whenever
21 any county imposes a tax pursuant to this paragraph, any tax imposed
22 pursuant to subsection (a)(2) by any city located in such county shall
23 expire upon the effective date of the imposition of the countywide tax, and
24 thereafter the state treasurer shall remit to each such city that portion of the
25 countywide tax revenue collected by retailers within such city as certified
26 by the director of taxation. The tax imposed pursuant to this paragraph
27 shall be deemed to be in addition to the rate limitations prescribed in
28 K.S.A. 12-189, and amendments thereto. As used in this paragraph, health
29 care services shall include, but not be limited to, the following: Local
30 health departments, city or county hospitals, city or county nursing homes,
31 preventive health care services including immunizations, prenatal care and
32 the postponement of entry into nursing homes by home care services,
33 mental health services, indigent health care, physician or health care
34 worker recruitment, health education, emergency medical services, rural
35 health clinics, integration of health care services, home health services and
36 rural health networks.

37 (6) The board of county commissioners of Allen county may submit
38 the question of imposing a countywide retailers' sales tax at the rate of
39 0.5% and pledging the revenue received therefrom for the purpose of
40 financing the costs of operation and construction of a solid waste disposal
41 area or the modification of an existing landfill to comply with federal
42 regulations to the electors at an election called and held thereon. The tax
43 imposed pursuant to this paragraph shall expire upon the payment of all

1 costs incurred in the financing of the project undertaken. Nothing in this
2 paragraph shall be construed to allow the rate of tax imposed by Allen
3 county pursuant to this paragraph to exceed or be imposed at any rate other
4 than the rates prescribed in K.S.A. 12-189, and amendments thereto.

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

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

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

38 (10) The board of county commissioners of Franklin county may
39 submit the question of imposing a countywide retailers' sales tax at the rate
40 of 0.25% and pledging the revenue received therefrom for the purpose of
41 financing recreational facilities. The tax imposed pursuant to this
42 paragraph shall expire upon payment of all costs authorized in financing
43 such facilities.

1 (11) The board of county commissioners of Douglas county may
2 submit the question of imposing a countywide retailers' sales tax at the rate
3 of 0.25% and pledging the revenue received therefrom for the purposes of
4 conservation, access and management of open space; preservation of
5 cultural heritage; and economic development projects and activities.

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

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

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

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

43 (16) The board of county commissioners of Harvey county may

1 submit the question of imposing a countywide retailers' sales tax at the rate
2 of 1.0% and pledging the revenue received therefrom for the purpose of
3 financing the costs of property tax relief, economic development initiatives
4 and public infrastructure improvements to the electors at an election called
5 and held thereon.

6 (17) The board of county commissioners of Atchison county may
7 submit the question of imposing a countywide retailers' sales tax at the rate
8 of 0.25% and pledging the revenue received therefrom for the purpose of
9 financing the costs of construction and maintenance of sports and
10 recreational facilities to the electors at an election called and held thereon.
11 The tax imposed pursuant to this paragraph shall expire upon payment of
12 all costs authorized in financing such facilities.

13 (18) The board of county commissioners of Wabaunsee county may
14 submit the question of imposing a countywide retailers' sales tax at the rate
15 of 0.5% and pledging the revenue received therefrom for the purpose of
16 financing the costs of bridge and roadway construction and improvement
17 to the electors at an election called and held thereon. The tax imposed
18 pursuant to this paragraph shall expire after 15 years from the date such
19 tax is first collected.

20 (19) The board of county commissioners of Jefferson county may
21 submit the question of imposing a countywide retailers' sales tax at the rate
22 of 1% and pledging the revenue received therefrom for the purpose of
23 financing the costs of roadway construction and improvement to the
24 electors at an election called and held thereon. The tax imposed pursuant
25 to this paragraph shall expire after six years from the date such tax is first
26 collected. The countywide retailers' sales tax imposed pursuant to this
27 paragraph may be extended or reenacted for additional six-year periods
28 upon the board of county commissioners of Jefferson county submitting
29 such question to the electors at an election called and held thereon for each
30 additional six-year period as provided by law.

31 (20) The board of county commissioners of Riley county may submit
32 the question of imposing a countywide retailers' sales tax at the rate of up
33 to 1% and pledging the revenue received therefrom for the purpose of
34 financing the costs of bridge and roadway construction and improvement
35 to the electors at an election called and held thereon. The tax imposed
36 pursuant to this paragraph shall expire after five years from the date such
37 tax is first collected.

38 (21) The board of county commissioners of Johnson county may
39 submit the question of imposing a countywide retailers' sales tax at the rate
40 of 0.25% and pledging the revenue received therefrom for the purpose of
41 financing the construction and operation costs of public safety projects,
42 including, but not limited to, a jail, detention center, sheriff's resource
43 center, crime lab or other county administrative or operational facility

1 dedicated to public safety, to the electors at an election called and held
2 thereon. The tax imposed pursuant to this paragraph shall expire after 10
3 years from the date such tax is first collected. The countywide retailers'
4 sales tax imposed pursuant to this subsection may be extended or
5 reenacted for additional periods not exceeding 10 years upon the board of
6 county commissioners of Johnson county submitting such question to the
7 electors at an election called and held thereon for each additional ten-year
8 period as provided by law.

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

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

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

34 (25) The board of county commissioners of Jefferson county may
35 submit the question of imposing a countywide retailers' sales tax at the rate
36 of 0.25% and pledging the revenue received therefrom for the purpose of
37 financing the costs of the county's obligation as participating employer to
38 make employer contributions and other required contributions to the
39 Kansas public employees retirement system for eligible employees of the
40 county who are members of the Kansas police and firemen's retirement
41 system, to the electors at an election called and held thereon. The tax
42 imposed pursuant to this paragraph shall expire upon payment of all costs
43 authorized in financing such purpose.

1 (26) The board of county commissioners of Pottawatomie county
2 may submit the question of imposing a countywide retailers' sales tax at
3 the rate of up to 0.5% and pledging the revenue received therefrom for the
4 purpose of financing the costs of construction or remodeling of a
5 courthouse, jail, law enforcement center facility or other county
6 administrative facility, or public infrastructure improvements, or both, to
7 the electors at an election called and held thereon. The tax imposed
8 pursuant to this paragraph shall expire upon payment of all costs
9 authorized in financing such project or projects.

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

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

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

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

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

43 (32) *The board of county commissioners of Marion county may*

1 *submit the question of imposing a countywide retailers' sales tax at the*
2 *rate of 0.5% and pledging the revenue received therefrom for the purpose*
3 *of financing the costs of property tax relief, economic development*
4 *initiatives and the construction of public infrastructure improvements,*
5 *including buildings, to the electors at an election called and held thereon.*

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

24 (d) Any city retailers' sales tax being levied by a city prior to July 1,
25 2006, shall continue in effect until repealed in the manner provided herein
26 for the adoption and approval of such tax or until repealed by the adoption
27 of an ordinance for such repeal. Any countywide retailers' sales tax in the
28 amount of 0.5% or 1% in effect on July 1, 1990, shall continue in effect
29 until repealed in the manner provided herein for the adoption and approval
30 of such tax.

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

1 accomplished in the manner provided herein for the adoption and approval
2 of such tax except that the repeal of any such city retailers' sales tax may
3 be accomplished by the adoption of an ordinance so providing.

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

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

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

24 (a) The board of county commissioners of Wabaunsee county, for the
25 purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such
26 rate at 1.25%; the board of county commissioners of Osage or Reno
27 county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto,
28 may fix such rate at 1.25% or 1.5%; the board of county commissioners of
29 Cherokee, Crawford, Ford, Saline, Seward, Thomas or Wyandotte county,
30 for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix
31 such rate at 1.5%, the board of county commissioners of Atchison county,
32 for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix
33 such rate at 1.5% or 1.75%; the board of county commissioners of
34 Anderson, Barton, Jefferson or Ottawa county, for the purposes of K.S.A.
35 12-187(b)(2), and amendments thereto, may fix such rate at 2%; the board
36 of county commissioners of Marion county, for the purposes of K.S.A. 12-
37 187(b)(2), and amendments thereto, may fix such rate at 2.5%; the board
38 of county commissioners of Franklin, Linn and Miami counties, for the
39 purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such
40 rate at a percentage which is equal to the sum of the rate allowed to be
41 imposed by the respective board of county commissioners on July 1, 2007,
42 plus up to 1.0%; and the board of county commissioners of Brown county,
43 for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix

1 such rate at up to 2%;

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

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

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

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

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

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

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

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

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

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

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

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

42 (n) the board of county commissioners of Harvey county, for the
43 purposes of K.S.A. 12-187(b)(16), and amendments thereto, may fix such

1 rate at 2.0%;

2 (o) the board of county commissioners of Atchison county, for the
3 purpose of K.S.A. 12-187(b)(17), and amendments thereto, may fix such
4 rate at a percentage which is equal to the sum of the rate allowed to be
5 imposed by the board of county commissioners of Atchison county on the
6 effective date of this act plus 0.25%;

7 (p) the board of county commissioners of Wabaunsee county, for the
8 purpose of K.S.A. 12-187(b)(18), and amendments thereto, may fix such
9 rate at a percentage which is equal to the sum of the rate allowed to be
10 imposed by the board of county commissioners of Wabaunsee county on
11 July 1, 2007, plus 0.5%;

12 (q) the board of county commissioners of Jefferson county, for the
13 purpose of K.S.A. 12-187(b)(19) and (25), and amendments thereto, may
14 fix such rate at 2.25%;

15 (r) the board of county commissioners of Riley county, for the
16 purpose of K.S.A. 12-187(b)(20), and amendments thereto, may fix such
17 rate at a percentage which is equal to the sum of the rate allowed to be
18 imposed by the board of county commissioners of Riley county on July 1,
19 2007, plus up to 1%;

20 (s) the board of county commissioners of Johnson county for the
21 purposes of K.S.A. 12-187(b)(21), and amendments thereto, may fix such
22 rate at a percentage which is equal to the sum of the rate allowed to be
23 imposed by the board of county commissioners of Johnson county on July
24 1, 2007, plus 0.25%;

25 (t) the board of county commissioners of Wilson county for the
26 purposes of K.S.A. 12-187(b)(22), and amendments thereto, may fix such
27 rate at up to 2%;

28 (u) the board of county commissioners of Butler county for the
29 purposes of K.S.A. 12-187(b)(23), and amendments thereto, may fix such
30 rate at a percentage which is equal to the sum of the rate otherwise allowed
31 pursuant to this section, plus 0.25%, 0.5%, 0.75% or 1%;

32 (v) the board of county commissioners of Barton county, for the
33 purposes of K.S.A. 12-187(b)(24), and amendments thereto, may fix such
34 rate at up to 1.5%;

35 (w) the board of county commissioners of Lyon county, for the
36 purposes of K.S.A. 12-187(b)(3)(D), and amendments thereto, may fix
37 such rate at 1.5%;

38 (x) the board of county commissioners of Rawlins county, for the
39 purposes of K.S.A. 12-187(b)(3)(E), and amendments thereto, may fix
40 such rate at 1.75%;

41 (y) the board of county commissioners of Chautauqua county, for the
42 purposes of K.S.A. 12-187(b)(3)(F), and amendments thereto, may fix
43 such rate at 2.0%;

1 (z) the board of county commissioners of Pottawatomie county, for
2 the purposes of K.S.A. 12-187(b)(26), and amendments thereto, may fix
3 such rate at up to 1.5%;

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

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

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

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

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

20 Any county or city levying a retailers' sales tax is hereby prohibited
21 from administering or collecting such tax locally, but shall utilize the
22 services of the state department of revenue to administer, enforce and
23 collect such tax. Except as otherwise specifically provided in K.S.A. 12-
24 189a, and amendments thereto, such tax shall be identical in its
25 application, and exemptions therefrom, to the Kansas retailers' sales tax act
26 and all laws and administrative rules and regulations of the state
27 department of revenue relating to the Kansas retailers' sales tax shall apply
28 to such local sales tax insofar as such laws and rules and regulations may
29 be made applicable. The state director of taxation is hereby authorized to
30 administer, enforce and collect such local sales taxes and to adopt such
31 rules and regulations as may be necessary for the efficient and effective
32 administration and enforcement thereof.

33 Upon receipt of a certified copy of an ordinance or resolution
34 authorizing the levy of a local retailers' sales tax, the director of taxation
35 shall cause such taxes to be collected within or without the boundaries of
36 such taxing subdivision at the same time and in the same manner provided
37 for the collection of the state retailers' sales tax. Such copy shall be
38 submitted to the director of taxation within 30 days after adoption of any
39 such ordinance or resolution. All moneys collected by the director of
40 taxation under the provisions of this section shall be credited to a county
41 and city retailers' sales tax fund which fund is hereby established in the
42 state treasury, except that all moneys collected by the director of taxation
43 pursuant to the authority granted in K.S.A. 12-187(b)(22), and

1 amendments thereto, shall be credited to the Wilson county capital
2 improvements fund. Any refund due on any county or city retailers' sales
3 tax collected pursuant to this act shall be paid out of the sales tax refund
4 fund and reimbursed by the director of taxation from collections of local
5 retailers' sales tax revenue. Except for local retailers' sales tax revenue
6 required to be deposited in the redevelopment bond fund established under
7 K.S.A. 74-8927, and amendments thereto, all local retailers' sales tax
8 revenue collected within any county or city pursuant to this act shall be
9 apportioned and remitted at least quarterly by the state treasurer, on
10 instruction from the director of taxation, to the treasurer of such county or
11 city.

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

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

36 Sec. 3. K.S.A. 2016 Supp. 12-192 is hereby amended to read as
37 follows: 12-192. (a) Except as otherwise provided by subsection (b), (d) or
38 (h), all revenue received by the director of taxation from a countywide
39 retailers' sales tax shall be apportioned among the county and each city
40 located in such county in the following manner: (1) One-half of all
41 revenue received by the director of taxation shall be apportioned among
42 the county and each city located in such county in the proportion that the
43 total tangible property tax levies made in such county in the preceding

1 year for all funds of each such governmental unit bear to the total of all
2 such levies made in the preceding year; and (2) one-half of all revenue
3 received by the director of taxation from such countywide retailers' sales
4 tax shall be apportioned among the county and each city located in such
5 county, first to the county that portion of the revenue equal to the
6 proportion that the population of the county residing in the unincorporated
7 area of the county bears to the total population of the county, and second to
8 the cities in the proportion that the population of each city bears to the
9 total population of the county, except that no persons residing within the
10 Fort Riley military reservation shall be included in the determination of the
11 population of any city located within Riley county. All revenue
12 apportioned to a county shall be paid to its county treasurer and shall be
13 credited to the general fund of the county.

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

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

42 (3) In lieu of the apportionment formula provided in subsection (a),
43 on and after the effective date of this act, all moneys received by the

1 director of taxation from a countywide retailers' sales tax imposed within
2 Phillips county pursuant to the election held on September 20, 2005, shall
3 be remitted to and shall be retained by the county and expended only for
4 the purpose for which the revenue received from the tax was pledged.

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

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

22 (d) (1) All revenue received from a countywide retailers' sales tax
23 imposed pursuant to K.S.A. 12-187(b)(2), (3)(C), (3)(F), (3)(G), (6), (7),
24 (8), (9), (12), (14), (15), (16), (17), (18), (19), (20), (22), (23), (25), (27),
25 (28), (29), (30) ~~and~~, (31) *and* (32), and amendments thereto, shall be
26 remitted to and shall be retained by the county and expended only for the
27 purpose for which the revenue received from the tax was pledged.

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

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

41 (e) All revenue apportioned to the several cities of the county shall be
42 paid to the respective treasurers thereof and deposited in the general fund
43 of the city. Whenever the territory of any city is located in two or more

1 counties and any one or more of such counties do not levy a countywide
2 retailers' sales tax, or whenever such counties do not levy countywide
3 retailers' sales taxes at a uniform rate, the revenue received by such city
4 from the proceeds of the countywide retailers' sales tax, as an alternative to
5 depositing the same in the general fund, may be used for the purpose of
6 reducing the tax levies of such city upon the taxable tangible property
7 located within the county levying such countywide retailers' sales tax.

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

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

15 (h) The provisions of subsections (a) and (b) for the apportionment of
16 countywide retailers' sales tax shall not apply to any revenues received
17 pursuant to a county or countywide retailers' sales tax levied or collected
18 under K.S.A. 74-8929, and amendments thereto. All such revenue
19 collected under K.S.A. 74-8929, and amendments thereto, shall be
20 deposited into the redevelopment bond fund established by K.S.A. 74-
21 8927, and amendments thereto, for the period of time set forth in K.S.A.
22 74-8927, and amendments thereto.

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

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

28 (b) "Agreement" means the multistate agreement entitled the
29 streamlined sales and use tax agreement approved by the streamlined
30 sales tax implementing states at Chicago, Illinois on November 12,
31 2002.

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

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

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

42 (f) "Computer" means an electronic device that accepts
43 information in digital or similar form and manipulates it for a result

1 based on a sequence of instructions.

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

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

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

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

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

24 (l) "Educational institution" means any nonprofit school, college
25 and university that offers education at a level above the 12th grade,
26 and conducts regular classes and courses of study required for
27 accreditation by, or membership in, the North central association of
28 colleges and schools, the state board of education, or that otherwise
29 qualify as an "educational institution," as defined by K.S.A. 74-
30 50,103, and amendments thereto. Such phrase shall include: (1) A
31 group of educational institutions that operates exclusively for an
32 educational purpose; (2) nonprofit endowment associations and
33 foundations organized and operated exclusively to receive, hold, invest
34 and administer moneys and property as a permanent fund for the
35 support and sole benefit of an educational institution; (3) nonprofit
36 trusts, foundations and other entities organized and operated
37 principally to hold and own receipts from intercollegiate sporting
38 events and to disburse such receipts, as well as grants and gifts, in the
39 interest of collegiate and intercollegiate athletic programs for the
40 support and sole benefit of an educational institution; and (4)
41 nonprofit trusts, foundations and other entities organized and
42 operated for the primary purpose of encouraging, fostering and
43 conducting scholarly investigations and industrial and other types of

1 research for the support and sole benefit of an educational institution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 **(2) "Lease or rental" does include agreements covering motor**
43 **vehicles and trailers where the amount of consideration may be**

1 increased or decreased by reference to the amount realized upon sale
2 or disposition of the property as defined in 26 U.S.C. § 7701(h)(1).

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

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

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

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

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

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

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

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

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

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

1 providing a service specifically taxable under the provisions of this act.

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

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

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

1 personal property, included by way of illustration but not of
2 limitation, which qualifies as property which is consumed:

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

9 (B) electricity, gas and water; and

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

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

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

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

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

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

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

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

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

1 are sold, leased or rented, valued in money, whether received in money
2 or otherwise, without any deduction for the following:

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

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

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

9 (D) delivery charges; and

10 (E) installation charges.

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

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

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

18 (C) the amount of the consideration attributable to the sale is
19 fixed and determinable by the seller at the time of the sale of the item
20 to the purchaser; and

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

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

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

32 (iii) the price reduction or discount is identified as a third party
33 price reduction or discount on the invoice received by the purchaser or
34 on a coupon, certificate or other documentation presented by the
35 purchaser.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 (uu) "Ancillary services" means services that are associated with
42 or incidental to the provision of telecommunications services,
43 including, but not limited to, detailed telecommunications billing,

1 directory assistance, vertical service and voice mail services.

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

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

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

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

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

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

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

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

39 (3) tangible personal property;

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

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

43 (6) internet access service;

1 (7) radio and television audio and video programming services,
2 regardless of the medium, including the furnishing of transmission,
3 conveyance and routing of such services by the programming service
4 provider. Radio and television audio and video programming services
5 shall include, but not be limited to, cable service as defined in 47
6 U.S.C. § 522(6) and audio and video programming services delivered
7 by commercial mobile radio service providers, as defined in 47 C.F.R.
8 § 20.3;

9 (8) ancillary services; or

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

12 (bbb) "800 service" means a telecommunications service that
13 allows a caller to dial a toll-free number without incurring a charge
14 for the call. The service is typically marketed under the name 800, 855,
15 866, 877 and 888 toll-free calling, and any subsequent numbers
16 designated by the federal communications commission.

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

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

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

35 (fff) "Interstate" means a telecommunications service that
36 originates in one United States state, or a United States territory or
37 possession, and terminates in a different United States state or a
38 United States territory or possession.

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

43 (hhh) "*Bottled water*" means water that is placed in a safety sealed

1 container or package for human consumption. "Bottled water" is calorie
2 free and does not contain sweeteners or other additives, except that it may
3 contain:

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

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

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

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

21 (lll) "Prepared food" means:

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

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

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

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

39 **Sec. 5. K.S.A. 2016 Supp. 79-3603 is hereby amended to read as**
40 **follows: 79-3603. For the privilege of engaging in the business of**
41 **selling tangible personal property at retail in this state or rendering or**
42 **furnishing any of the services taxable under this act, there is hereby**
43 **levied and there shall be collected and paid a tax at the rate of 6.15%,**

1 and commencing July 1, 2015, at the rate of 6.5%. Within a
2 redevelopment district established pursuant to K.S.A. 74-8921, and
3 amendments thereto, there is hereby levied and there shall be collected
4 and paid an additional tax at the rate of 2% until the earlier of the
5 date the bonds issued to finance or refinance the redevelopment
6 project have been paid in full or the final scheduled maturity of the
7 first series of bonds issued to finance any part of the project. *Such tax*
8 *shall be levied upon:*

9 (a) The gross receipts received from the sale of tangible personal
10 property at retail within this state, and commencing July 1, 2017, the
11 rendering or furnishing of any services within this state specifically named
12 by law prior to July 1, 2017, and services as described in subsectors
13 488410, 531130, 561440, 561611, 561612, 561621, non-residential
14 cleaning services described in 561720, and 812910 of the North
15 American industry classification system, 2017 edition;

16 (b) the gross receipts from intrastate, interstate or international
17 telecommunications services and any ancillary services sourced to this
18 state in accordance with K.S.A. 2016 Supp. 79-3673, and amendments
19 thereto, except that telecommunications service does not include: (1)
20 Any interstate or international 800 or 900 service; (2) any interstate or
21 international private communications service as defined in K.S.A.
22 2016 Supp. 79-3673, and amendments thereto; (3) any value-added
23 nonvoice data service; (4) any telecommunication service to a provider
24 of telecommunication services which will be used to render
25 telecommunications services, including carrier access services; or (5)
26 any service or transaction defined in this section among entities
27 classified as members of an affiliated group as provided by section
28 1504 of the federal internal revenue code of 1986, as in effect on
29 January 1, 2001;

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

1 a condition for establishing service; or (3) connection or reconnection
2 fees collected by a water supplier;

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

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

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

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

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

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

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

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

42 (l) (1) except as otherwise provided by paragraph (2), the gross
43 receipts received from the sales of tangible personal property to all

1 contractors, subcontractors or repairmen for use by them in erecting
2 structures, or building on, or otherwise improving, altering, or
3 repairing real or personal property.

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

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

27 (n) the gross receipts received from dues charged by public and
28 private clubs, drinking establishments, organizations and businesses,
29 payment of which entitles a member to the use of facilities for
30 recreation or entertainment, but such tax shall not be levied and
31 collected upon the gross receipts received from: (1) Dues charged by
32 any organization exempt from property taxation pursuant to K.S.A.
33 79-201 *Eighth* and *Ninth*, and amendments thereto; and (2) sales of
34 memberships in a nonprofit organization which is exempt from
35 federal income taxation pursuant to section 501(c)(3) of the federal
36 internal revenue code of 1986, and whose purpose is to support the
37 operation of a nonprofit zoo;

38 (o) the gross receipts received from the isolated or occasional sale
39 of motor vehicles or trailers but not including: (1) The transfer of
40 motor vehicles or trailers by a person to a corporation or limited
41 liability company solely in exchange for stock securities or
42 membership interest in such corporation or limited liability company;
43 (2) the transfer of motor vehicles or trailers by one corporation or

1 limited liability company to another when all of the assets of such
2 corporation or limited liability company are transferred to such other
3 corporation or limited liability company; or (3) the sale of motor
4 vehicles or trailers which are subject to taxation pursuant to the
5 provisions of K.S.A. 79-5101 et seq., and amendments thereto, by an
6 immediate family member to another immediate family member. For
7 the purposes of paragraph (3), immediate family member means lineal
8 ascendants or descendants, and their spouses. Any amount of sales tax
9 paid pursuant to the Kansas retailers sales tax act on the isolated or
10 occasional sale of motor vehicles or trailers on and after July 1, 2004,
11 which the base for computing the tax was the value pursuant to K.S.A.
12 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when such
13 amount was higher than the amount of sales tax which would have
14 been paid under the law as it existed on June 30, 2004, shall be
15 refunded to the taxpayer pursuant to the procedure prescribed by this
16 section. Such refund shall be in an amount equal to the difference
17 between the amount of sales tax paid by the taxpayer and the amount
18 of sales tax which would have been paid by the taxpayer under the law
19 as it existed on June 30, 2004. Each claim for a sales tax refund shall
20 be verified and submitted not later than six months from the effective
21 date of this act to the director of taxation upon forms furnished by the
22 director and shall be accompanied by any additional documentation
23 required by the director. The director shall review each claim and
24 shall refund that amount of tax paid as provided by this act. All such
25 refunds shall be paid from the sales tax refund fund, upon warrants of
26 the director of accounts and reports pursuant to vouchers approved
27 by the director of taxation or the director's designee. No refund for an
28 amount less than \$10 shall be paid pursuant to this act. In determining
29 the base for computing the tax on such isolated or occasional sale, the
30 fair market value of any motor vehicle or trailer traded in by the
31 purchaser to the seller may be deducted from the selling price;

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

43 For the purposes of this subsection:

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

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

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

23 **(4) "residence" shall mean only those enclosures within which**
24 **individuals customarily live;**

25 **(5) "utility structure" shall mean transmission and distribution**
26 **lines owned by an independent transmission company or cooperative,**
27 **the Kansas electric transmission authority or natural gas or electric**
28 **public utility; and**

29 **(6) "windstorm" shall mean straight line winds of at least 80**
30 **miles per hour as determined by a recognized meteorological**
31 **reporting agency or organization;**

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

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

1 or (q);

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

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

9 (u) the gross receipts received from the sale of prepaid calling
10 service and prepaid wireless calling service as defined in K.S.A. 2016
11 Supp. 79-3673, and amendments thereto;

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

16 (w) all sales of charitable raffle tickets in accordance with K.S.A.
17 2016 Supp. 75-5171 et seq., and amendments thereto, shall be exempt
18 from taxes imposed pursuant to this section; *and*

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

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

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

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

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

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

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

35 **Sec. 6. K.S.A. 2016 Supp. 79-3620 is hereby amended to read as**
36 **follows: 79-3620. (a) All revenue collected or received by the director**
37 **of taxation from the taxes imposed by this act shall be remitted to the**
38 **state treasurer in accordance with the provisions of K.S.A. 75-4215,**
39 **and amendments thereto. Upon receipt of each such remittance, the**
40 **state treasurer shall deposit the entire amount in the state treasury,**
41 **less amounts withheld as provided in subsection (b) and amounts**
42 **credited as provided in subsections (c), (d) and (e), to the credit of the**
43 **state general fund.**

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

14 **(c) (1) On July 1, 2010, the state treasurer shall credit 11.427% of**
15 **the revenue collected and received from the tax imposed by K.S.A. 79-**
16 **3603, and amendments thereto, at the rate of 6.3%, and deposited as**
17 **provided by subsection (a), exclusive of amounts credited pursuant to**
18 **subsection (d), in the state highway fund.**

19 **(2) On July 1, 2011, the state treasurer shall credit 11.26% of the**
20 **revenue collected and received from the tax imposed by K.S.A. 79-**
21 **3603, and amendments thereto, at the rate of 6.3%, and deposited as**
22 **provided by subsection (a), exclusive of amounts credited pursuant to**
23 **subsection (d), in the state highway fund.**

24 **(3) On July 1, 2012, the state treasurer shall credit 11.233% of the**
25 **revenue collected and received from the tax imposed by K.S.A. 79-**
26 **3603, and amendments thereto, at the rate of 6.3%, and deposited as**
27 **provided by subsection (a), exclusive of amounts credited pursuant to**
28 **subsection (d), in the state highway fund.**

29 **(4) On July 1, 2013, the state treasurer shall credit 17.073% of the**
30 **revenue collected and received from the tax imposed by K.S.A. 79-**
31 **3603, and amendments thereto, at the rate of 6.15%, and deposited as**
32 **provided by subsection (a), exclusive of amounts credited pursuant to**
33 **subsection (d), in the state highway fund.**

34 **(5) On July 1, 2015, the state treasurer shall credit 16.226% of the**
35 **revenue collected and received from the tax imposed by K.S.A. 79-**
36 **3603, and amendments thereto, at the rate of 6.5%, and deposited as**
37 **provided by subsection (a), exclusive of amounts credited pursuant to**
38 **subsection (d), in the state highway fund.**

39 **(6) On July 1, 2016, ~~and thereafter,~~ the state treasurer shall credit**
40 **16.154% of the revenue collected and received from the tax imposed**
41 **by K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and**
42 **deposited as provided by subsection (a), exclusive of amounts credited**
43 **pursuant to subsection (d), in the state highway fund.**

1 (7) *On July 1, 2020, and thereafter, the state treasurer shall credit*
2 *16.154% of the revenue collected and received from the tax imposed by*
3 *K.S.A. 79-3603, and amendments thereto, at the rates of 6.5% and 5.5%,*
4 *and deposited as provided by subsection (a), exclusive of amounts credited*
5 *pursuant to subsection (d), in the state highway fund.*

6 **(d) The state treasurer shall credit all revenue collected or**
7 **received from the tax imposed by K.S.A. 79-3603, and amendments**
8 **thereto, as certified by the director, from taxpayers doing business**
9 **within that portion of a STAR bond project district occupied by a**
10 **STAR bond project or taxpayers doing business with such entity**
11 **financed by a STAR bond project as defined in K.S.A. 2016 Supp. 12-**
12 **17,162, and amendments thereto, that was determined by the**
13 **secretary of commerce to be of statewide as well as local importance**
14 **or will create a major tourism area for the state or the project was**
15 **designated as a STAR bond project as defined in K.S.A. 2016 Supp.**
16 **12-17,162, and amendments thereto, to the city bond finance fund,**
17 **which fund is hereby created. The provisions of this subsection shall**
18 **expire when the total of all amounts credited hereunder and under**
19 **K.S.A. 79-3710(d), and amendments thereto, is sufficient to retire the**
20 **special obligation bonds issued for the purpose of financing all or a**
21 **portion of the costs of such STAR bond project.**

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

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

12 Sec. 7. K.S.A. 2016 Supp. 79-3703 is hereby amended to read as
13 follows: 79-3703. There is hereby levied and there shall be collected
14 from every person in this state a tax or excise for the privilege of
15 using, storing, or consuming within this state any article of tangible
16 personal property. Such tax shall be levied and collected in an amount
17 equal to the consideration paid by the taxpayer multiplied by the rate
18 of 6.5%, *except that commencing July 1, 2020, such rate shall be 5.5% on*
19 *food and food ingredients as provided by K.S.A. 79-3603(x), and*
20 *amendments thereto.* Within a redevelopment district established
21 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby
22 levied and there shall be collected and paid an additional tax of 2%
23 until the earlier of: (1) The date the bonds issued to finance or
24 refinance the redevelopment project undertaken in the district have
25 been paid in full; or (2) the final scheduled maturity of the first series
26 of bonds issued to finance the redevelopment project. All property
27 purchased or leased within or without this state and subsequently
28 used, stored or consumed in this state shall be subject to the
29 compensating tax if the same property or transaction would have been
30 subject to the Kansas retailers' sales tax had the transaction been
31 wholly within this state.

32 Sec. 8. K.S.A. 2016 Supp. 79-3710 is hereby amended to read as
33 follows: 79-3710. (a) All revenue collected or received by the director
34 under the provisions of this act shall be remitted to the state treasurer
35 in accordance with the provisions of K.S.A. 75-4215, and amendments
36 thereto. Upon receipt of each such remittance, the state treasurer shall
37 deposit the entire amount in the state treasury, less amounts set apart
38 as provided in subsection (b) and amounts credited as provided in
39 subsection (c), (d) and (e), to the credit of the state general fund.

40 (b) A revolving fund, designated as "compensating tax refund
41 fund" not to exceed \$10,000 shall be set apart and maintained by the
42 director from compensating tax collections and estimated tax
43 collections and held by the state treasurer for prompt payment of all

1 compensating tax refunds. Such fund shall be in such amount, within
2 the limit set by this section, as the director shall determine is necessary
3 to meet current refunding requirements under this act.

4 (c) (1) On July 1, 2010, the state treasurer shall credit 11.427% of
5 the revenue collected and received from the tax imposed by K.S.A. 79-
6 3703, and amendments thereto, at the rate of 6.3%, and deposited as
7 provided by subsection (a), exclusive of amounts credited pursuant to
8 subsection (d), in the state highway fund.

9 (2) On July 1, 2011, the state treasurer shall credit 11.26% of the
10 revenue collected and received from the tax imposed by K.S.A. 79-
11 3703, and amendments thereto, at the rate of 6.3%, and deposited as
12 provided by subsection (a), exclusive of amounts credited pursuant to
13 subsection (d), in the state highway fund.

14 (3) On July 1, 2012, the state treasurer shall credit 11.233% of the
15 revenue collected and received from the tax imposed by K.S.A. 79-
16 3703, and amendments thereto, at the rate of 6.3%, and deposited as
17 provided by subsection (a), exclusive of amounts credited pursuant to
18 subsection (d), in the state highway fund.

19 (4) On July 1, 2013, the state treasurer shall credit 17.073% of the
20 revenue collected and received from the tax imposed by K.S.A. 79-
21 3703, and amendments thereto, at the rate of 6.15%, and deposited as
22 provided by subsection (a), exclusive of amounts credited pursuant to
23 subsection (d), in the state highway fund.

24 (5) On July 1, 2015, the state treasurer shall credit 16.226% of the
25 revenue collected and received from the tax imposed by K.S.A. 79-
26 3703, and amendments thereto, at the rate of 6.5%, and deposited as
27 provided by subsection (a), exclusive of amounts credited pursuant to
28 subsection (d), in the state highway fund.

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

34 (7) *On July 1, 2020, and thereafter, the state treasurer shall credit*
35 *16.154% of the revenue collected and received from the tax imposed by*
36 *K.S.A. 79-3703, and amendments thereto, at the rates of 6.5% and 5.5%,*
37 *and deposited as provided by subsection (a), exclusive of amounts credited*
38 *pursuant to subsection (d), in the state highway fund.*

39 (d) The state treasurer shall credit all revenue collected or
40 received from the tax imposed by K.S.A. 79-3703, and amendments
41 thereto, as certified by the director, from taxpayers doing business
42 within that portion of a redevelopment district occupied by a
43 redevelopment project that was determined by the secretary of

1 commerce to be of statewide as well as local importance or will create
2 a major tourism area for the state as defined in K.S.A. 12-1770a, and
3 amendments thereto, to the city bond finance fund created by K.S.A.
4 79-3620(d), and amendments thereto. The provisions of this subsection
5 shall expire when the total of all amounts credited hereunder and
6 under K.S.A. 79-3620(d), and amendments thereto, is sufficient to
7 retire the special obligation bonds issued for the purpose of financing
8 all or a portion of the costs of such redevelopment project.

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

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

1 **through railway and trucking operations.}**

2 ~~Sec. 4. {9.}~~ K.S.A. 2016 Supp. 12-187, 12-189 ~~and~~{,} 12-192{, 79-
3 **3602, 79-3603, 79-3620, 79-3703 and 79-3710}** are hereby repealed.

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