

[As Amended by House Committee of the Whole]

As Amended by House Committee

Session of 2004

HOUSE BILL No. 2918

By Committee on Appropriations

3-4

12 AN ACT relating to the comprehensive transportation program; con-
13 cerning the financing thereof; amending K.S.A. 2003 Supp. ~~79-34,147~~
14 **79-3603, 79-3620, 79-3703 and 79-3710** and repealing the existing
15 ~~section: sections; also repealing K.S.A. 79-34,148 and K.S.A. 2003~~
16 **Supp. 79-34,147, 79-3603c, 79-3620c and 79-3710a.**
17

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

19 New Section 1. (a) For the purpose of financing a portion of the
20 comprehensive transportation program, K.S.A. 68-2314a, *et seq.*, and
21 amendments thereto, the Kansas development finance authority is hereby
22 authorized to issue one or more series of revenue bonds pursuant to the
23 Kansas development finance authority act, K.S.A. 74-8901 *et seq.*, and
24 amendments thereto, in an amount necessary to provide a deposit or
25 deposits in a total amount not to exceed \$465,000,000 to the state highway
26 fund plus amounts necessary to pay the costs of issuance of the bonds,
27 including any credit enhancement, and provide any required reserves for
28 the bonds, except that the maximum amount of such bonds issued shall
29 be reduced by the incremental increases in the amount of federal funds
30 estimated to be available to fund the comprehensive transportation pro-
31 gram projects for state fiscal years 2005 through 2009 by the congressional
32 reauthorization of the federal highway program. The principal amount,
33 interest rates and final maturity of such revenue bonds and any bonds
34 issued to refund such bonds or parameters for such principal amount,
35 interest rates and final maturity shall be approved by the secretary of
36 transportation and by a resolution of the state finance council. The bonds,
37 and interest thereon, issued pursuant to this section shall be payable from
38 moneys appropriated by the state for such purpose. The bonds and in-
39 terest thereon, issued pursuant to this section shall be obligations only of
40 the authority and in no event shall such bonds constitute an indebtedness
41 or obligation of the Kansas department of transportation or an indebt-
42 edness or obligation for which the faith and credit or any assets of the
43 system are pledged. The approval of the issuance of any bonds authorized

1 under this section by the state finance council is hereby characterized as
2 a matter of legislative delegation and subject to the guidelines prescribed
3 in subsection (c) of K.S.A. 75-3711c, and amendments thereto, except
4 that such approval also may be given when the legislature is in session.
5 — (b) (1) The authority may pledge the contract or contracts authorized
6 in subsection (c), or any part thereof, for the payment or redemption of
7 the bonds, and covenant as to the use and disposition of money available
8 to the authority for payments of the bonds. The authority is authorized
9 to enter into any agreements necessary or desirable to effectuate the
10 purposes of this section.
11 — (2) The proceeds from the sale of the bonds, other than refunding
12 bonds, issued pursuant to this section, after payment of any costs related
13 to the issuance of such bonds, shall be paid by the authority to the Kansas
14 department of transportation to be applied to the payment, in full or in
15 part, of the construction projects authorized by the comprehensive trans-
16 portation program.
17 — (3) The state hereby pledges and covenants with the holders of any
18 bonds issued pursuant to the provisions of this section, that it will not
19 limit or alter the rights or powers vested in the authority by this section,
20 nor limit or alter the rights or powers of the authority, the department of
21 administration or the Kansas department of transportation, in any manner
22 which would jeopardize the interest of the holders or any trustee of such
23 holders or inhibit or prevent performance or fulfillment by the authority,
24 the department of administration or the Kansas department of transpor-
25 tation with respect to the terms of any agreement made with the holders
26 of the bonds or agreements made pursuant to this section, except that
27 the failure of the legislature to appropriate moneys for any purpose shall
28 not be deemed a violation of this pledge and covenant. The department
29 of administration is hereby specifically authorized to include this pledge
30 and covenant in any agreement with the authority. The authority is hereby
31 specifically authorized to include this pledge and covenant in any bond
32 resolution, trust indenture or agreement for the benefit of holders of the
33 bonds.
34 — (4) Revenue bonds may be issued pursuant to this section without
35 obtaining the consent of any department, division, commission, board or
36 agency of the state, other than the approvals of the state finance council
37 required by this section, and without any other proceedings or the oc-
38 currence of any other conditions or other things other than those pro-
39 ceedings, conditions or things which are specifically required by the Kan-
40 sas development finance authority act.
41 — (c) The department of administration and the authority are author-
42 ized to enter into one or more contracts to implement the payment ar-
43 rangement that is provided for in this section. The contract or contracts

1 shall provide for payment of the amounts required to be paid pursuant
2 to this section and shall set forth the procedure for the transfer of moneys
3 for the purpose of paying such moneys. The contract or contracts shall
4 contain such terms and conditions including principal amount, interest
5 rates and final maturity as shall be approved by resolution of the state
6 finance council and shall include, but not be limited to, terms and con-
7 ditions necessary or desirable to provide for repayment of and to secure
8 any bonds of the authority issued pursuant to this section.

9 —(d) The approvals by the state finance council required by subsection
10 (a) and (c) are hereby characterized as matters of legislative delegation
11 and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-
12 3711e, and amendments thereto. Such approvals may be given by the
13 state finance council when the legislature is in session.

14 —Sec. 2. K.S.A. 2003 Supp. 79-34,147 is hereby amended to read as
15 follows: 79-34,147. (a) (1) On July 1, 1999 ~~2006~~, and quarterly thereafter
16 the secretary of revenue shall certify to the director of accounts and re-
17 ports the amount equal to ~~7.628%~~ ~~3%~~ of the total revenues received by
18 the secretary from the taxes imposed under the Kansas retailers' sales tax
19 act and deposited in the state treasury and credited to the state general
20 fund during the preceding three calendar months.

21 —(2) On July 1, ~~2001~~ ~~2007~~, and quarterly thereafter, the secretary of
22 revenue shall certify to the director of accounts and reports the amount
23 equal to ~~9.5%~~ ~~6%~~ of the total revenues received by the secretary from
24 the taxes imposed under the Kansas retailers' sales tax act and deposited
25 in the state treasury and credited to the state general fund during the
26 preceding three calendar months.

27 —(3) On July 1, ~~2002~~, and quarterly thereafter, the secretary of revenue
28 shall certify to the director of accounts and reports the amount equal to
29 ~~11%~~ of the total revenues received by the secretary from the taxes im-
30 posed under the Kansas retailers' sales tax act and deposited in the state
31 treasury and credited to the state general fund during the preceding three
32 calendar months.

33 —(4) On July 1, ~~2003~~, and quarterly thereafter, the secretary of revenue
34 shall certify to the director of accounts and reports the amount equal to
35 ~~11.25%~~ of the total revenues received by the secretary from the taxes
36 imposed under the Kansas retailers' sales tax act and deposited in the
37 state treasury and credited to the state general fund during the preceding
38 three calendar months.

39 —(5) On July 1, ~~2004~~, and quarterly thereafter, the secretary of revenue
40 shall certify to the director of accounts and reports the amount equal to
41 ~~12%~~ of the total revenues received by the secretary from the taxes im-
42 posed under the Kansas retailers' sales tax act and deposited in the state
43 treasury and credited to the state general fund during the preceding three

1 calendar months.

2 — (b) Upon receipt of each certification under subsection (a), the di-
3 rector of accounts and reports shall transfer from the state general fund
4 to the state highway fund an amount equal to the amount so certified, on
5 each July 1, October 1, January 1 and April 1, except that no transfers
6 shall be made pursuant to this section during state fiscal year 2004. All
7 transfers made pursuant to this section are subject to reduction under
8 K.S.A. 75-6704, and amendments thereto.

9 — (c) All transfers made in accordance with the provisions of this section
10 shall be considered to be demand transfers from the state general fund.
11 — Sec. 3. K.S.A. 2003 Supp. 79-34,147 is hereby repealed.

12 **New Section 1. (a) For the purpose of financing a portion of**
13 **the comprehensive transportation program, K.S.A. 68-2314a, et**
14 **seq., and amendments thereto, the Kansas development finance**
15 **authority is hereby authorized to issue one or more series of rev-**
16 **enue bonds pursuant to the Kansas development finance authority**
17 **act, K.S.A. 74-8901 et seq., and amendments thereto, in an amount**
18 **necessary to provide a deposit or deposits in a total amount not to**
19 **exceed \$150,000,000 to the state highway fund plus amounts nec-**
20 **essary to pay the costs of issuance of the bonds, including any**
21 **credit enhancement, and provide any required reserves for the**
22 **bonds. The principal amount, interest rates and final maturity of**
23 **such revenue bonds and any bonds issued to refund such bonds or**
24 **parameters for such principal amount, interest rates and final ma-**
25 **turity shall be approved by the secretary of transportation and by**
26 **a resolution of the state finance council. The bonds, and interest**
27 **thereon, issued pursuant to this section shall be payable from mon-**
28 **eys appropriated by the state for such purpose. The bonds and**
29 **interest thereon, issued pursuant to this section shall be obliga-**
30 **tions only of the authority and in no event shall such bonds con-**
31 **stitute an indebtedness or obligation of the Kansas department of**
32 **transportation or an indebtedness or obligation for which the faith**
33 **and credit or any assets of the system are pledged.**

34 (b) (1) The authority may pledge the contract or contracts au-
35 thorized in subsection (c), or any part thereof, for the payment or
36 redemption of the bonds, and covenant as to the use and disposi-
37 tion of money available to the authority for payments of the bonds.
38 The authority is authorized to enter into any agreements necessary
39 or desirable to effectuate the purposes of this section.

40 (2) The proceeds from the sale of the bonds, other than re-
41 funding bonds, issued pursuant to this section, after payment of
42 any costs related to the issuance of such bonds, shall be paid by
43 the authority to the Kansas department of transportation to be

1 applied to the payment, in full or in part, of the construction pro-
2 jects authorized by the comprehensive transportation program.

3 (3) The state hereby pledges and covenants with the holders
4 of any bonds issued pursuant to the provisions of this section, that
5 it will not limit or alter the rights or powers vested in the authority
6 by this section, nor limit or alter the rights or powers of the au-
7 thority, the department of administration or the Kansas depart-
8 ment of transportation, in any manner which would jeopardize the
9 interest of the holders or any trustee of such holders or inhibit or
10 prevent performance or fulfillment by the authority, the depart-
11 ment of administration or the Kansas department of transportation
12 with respect to the terms of any agreement made with the holders
13 of the bonds or agreements made pursuant to this section, except
14 that the failure of the legislature to appropriate moneys for any
15 purpose shall not be deemed a violation of this pledge and cove-
16 nant. The department of administration is hereby specifically au-
17 thorized to include this pledge and covenant in any agreement
18 with the authority. The authority is hereby specifically authorized
19 to include this pledge and covenant in any bond resolution, trust
20 indenture or agreement for the benefit of holders of the bonds.

21 (4) Revenue bonds may be issued pursuant to this section with-
22 out obtaining the consent of any department, division, commission,
23 board or agency of the state, other than the approvals of the state
24 finance council required by this section, and without any other
25 proceedings or the occurrence of any other conditions or other
26 things other than those proceedings, conditions or things which
27 are specifically required by the Kansas development finance au-
28 thority act.

29 (c) The department of administration and the authority are au-
30 thorized to enter into one or more contracts to implement the
31 payment arrangement that is provided for in this section. The con-
32 tract or contracts shall provide for payment of the amounts re-
33 quired to be paid pursuant to this section and shall set forth the
34 procedure for the transfer of moneys for the purpose of paying
35 such moneys. The contract or contracts shall contain such terms
36 and conditions including principal amount, interest rates and final
37 maturity as shall be approved by resolution of the state finance
38 council and shall include, but not be limited to, terms and condi-
39 tions necessary or desirable to provide for repayment of and to
40 secure any bonds of the authority issued pursuant to this section.

41 [(d) In addition to the bonds authorized under subsection (a),
42 if the incremental increases in the amount of federal funds esti-
43 mated to be available to fund the comprehensive transportation

1 program projects for state fiscal years 2005 through 2009 by the
2 congressional reauthorization of the federal highway program are
3 less than the anticipated federal receipts, the Kansas development
4 finance authority is authorized to issue one or more series of rev-
5 enue bonds pursuant to the Kansas development finance authority
6 act, K.S.A. 74-8901 et seq., and amendments thereto. Such bonds
7 shall be in an amount necessary to provide a deposit or deposits
8 in a total amount not to exceed the lesser of the federal shortfall
9 or \$90,000,000 to the state highway fund. The purpose of such
10 bonds shall be to off-set shortfalls in anticipated federal receipts.
11 The issuance of such bonds shall be approved by resolution of the
12 state finance council and shall be issued in accordance with the
13 provisions of this section.

14 [No bonds shall be issued pursuant to this subsection prior to
15 the review and recommendation to the state finance council of
16 such issuance by the legislative budget committee.]

17 ~~(d)~~ [(e)] The approvals by the state finance council required by
18 subsection (a) ~~and (c)~~ [(c) and (d)] are hereby characterized as
19 matters of legislative delegation and subject to the guidelines pre-
20 scribed in subsection (c) of K.S.A. 75-3711c, and amendments
21 thereto. Such approvals may be given by the state finance council
22 when the legislature is in session.

23 ~~(e)~~ ~~No~~ [(f) Except for bonds authorized under subsection (d),
24 no] bonds shall be issued pursuant to this section prior to the re-
25 view of and recommendation to the state finance council of such
26 issuance by the standing committees on transportation of the
27 house of representatives and the senate.

28 **Sec. 2.** K.S.A. 2003 Supp. 79-3603 is hereby amended to read
29 as follows: 79-3603. For the privilege of engaging in the business
30 of selling tangible personal property at retail in this state or ren-
31 dering or furnishing any of the services taxable under this act,
32 there is hereby levied and there shall be collected and paid a tax
33 at the rate of 5.3% on and after July 1, 2002, and before July 1, 2004,
34 5.2% on and after July 1, 2004, and before July 1, 2005, and 5% on and
35 after July 1, 2005, and. Within a redevelopment district established
36 pursuant to K.S.A. 74-8921, and amendments thereto, there is
37 hereby levied and there shall be collected and paid an additional
38 tax at the rate of 2% until the earlier of the date the bonds issued
39 to finance or refinance the redevelopment project have been paid
40 in full or the final scheduled maturity of the first series of bonds
41 issued to finance any part of the project upon:

42 (a) The gross receipts received from the sale of tangible per-
43 sonal property at retail within this state;

1 **(b) (1) the gross receipts from intrastate telephone or tele-**
2 **graph services; (2) the gross receipts received from the sale of in-**
3 **terstate telephone or telegraph services, which (A) originate within**
4 **this state and terminate outside the state and are billed to a cus-**
5 **tomers telephone number or account in this state; or (B) originate**
6 **outside this state and terminate within this state and are billed to**
7 **a customers telephone number or account in this state except that**
8 **the sale of interstate telephone or telegraph service does not in-**
9 **clude: (A) Any interstate incoming or outgoing wide area tele-**
10 **phone service or wide area transmission type service which entitles**
11 **the subscriber to make or receive an unlimited number of com-**
12 **munications to or from persons having telephone service in a spec-**
13 **ified area which is outside the state in which the station provided**
14 **this service is located; (B) any interstate private communications**
15 **service to the persons contracting for the receipt of that service**
16 **that entitles the purchaser to exclusive or priority use of a com-**
17 **munications channel or group of channels between exchanges; (C)**
18 **any value-added nonvoice service in which computer processing**
19 **applications are used to act on the form, content, code or protocol**
20 **of the information to be transmitted; (D) any telecommunication**
21 **service to a provider of telecommunication services which will be**
22 **used to render telecommunications services, including carrier ac-**
23 **cess services; or (E) any service or transaction defined in this sec-**
24 **tion among entities classified as members of an affiliated group as**
25 **provided by section 1504 of the federal internal revenue code of**
26 **1986, as in effect on January 1, 2001; and (3) the gross receipts**
27 **from the provision of services taxable under this subsection which**
28 **are billed on a combined basis with nontaxable services, shall be**
29 **accounted for and the tax remitted as follows: The taxable portion**
30 **of the selling price of those combined services shall include only**
31 **those charges for taxable services if the selling price for the taxable**
32 **services can be readily distinguishable in the retailers books and**
33 **records from the selling price for the nontaxable services. Other-**
34 **wise, the gross receipts from the sale of both taxable and nontax-**
35 **able services billed on a combined basis shall be deemed attrib-**
36 **utable to the taxable services included therein. Within 90 days of**
37 **billing taxable services on a combined basis with nontaxable serv-**
38 **ices, the retailer shall enter into a written agreement with the sec-**
39 **retary identifying the methodology to be used in determining the**
40 **taxable portion of the selling price of those combined services. The**
41 **burden of proving that any receipt or charge is not taxable shall**
42 **be upon the retailer. Upon request from the customer, the retailer**
43 **shall disclose to the customer the selling price for the taxable serv-**

- 1 ices included in the selling price for the taxable and nontaxable
2 services billed on a combined basis;
- 3 (c) the gross receipts from the sale or furnishing of gas, water,
4 electricity and heat, which sale is not otherwise exempt from tax-
5 ation under the provisions of this act, and whether furnished by
6 municipally or privately owned utilities, except that, on and after
7 January 1, 2006, for sales of gas, electricity and heat delivered
8 through mains, lines or pipes to residential premises for noncom-
9 mercial use by the occupant of such premises, and for agricultural
10 use and also, for such use, all sales of propane gas, the state rate
11 shall be 0%; and for all sales of propane gas, LP gas, coal, wood
12 and other fuel sources for the production of heat or lighting for
13 noncommercial use of an occupant of residential premises, the
14 state rate shall be 0%, but such tax shall not be levied and collected
15 upon the gross receipts from: (1) The sale of a rural water district
16 benefit unit; (2) a water system impact fee, system enhancement
17 fee or similar fee collected by a water supplier as a condition for
18 establishing service; or (3) connection or reconnection fees col-
19 lected by a water supplier;
- 20 (d) the gross receipts from the sale of meals or drinks furnished
21 at any private club, drinking establishment, catered event, restau-
22 rant, eating house, dining car, hotel, drugstore or other place
23 where meals or drinks are regularly sold to the public;
- 24 (e) the gross receipts from the sale of admissions to any place
25 providing amusement, entertainment or recreation services in-
26 cluding admissions to state, county, district and local fairs, but such
27 tax shall not be levied and collected upon the gross receipts re-
28 ceived from sales of admissions to any cultural and historical event
29 which occurs triennially;
- 30 (f) the gross receipts from the operation of any coin-operated
31 device dispensing or providing tangible personal property, amuse-
32 ment or other services except laundry services, whether automatic
33 or manually operated;
- 34 (g) the gross receipts from the service of renting of rooms by
35 hotels, as defined by K.S.A. 36-501 and amendments thereto, or
36 by accommodation brokers, as defined by K.S.A. 12-1692, and
37 amendments thereto but such tax shall not be levied and collected
38 upon the gross receipts received from sales of such service to the
39 federal government and any agency, officer or employee thereof
40 in association with the performance of official government duties;
- 41 (h) the gross receipts from the service of renting or leasing of
42 tangible personal property except such tax shall not apply to the
43 renting or leasing of machinery, equipment or other personal

1 property owned by a city and purchased from the proceeds of in-
2 dustrial revenue bonds issued prior to July 1, 1973, in accordance
3 with the provisions of K.S.A. 12-1740 through 12-1749, and amend-
4 ments thereto, and any city or lessee renting or leasing such ma-
5 chinery, equipment or other personal property purchased with the
6 proceeds of such bonds who shall have paid a tax under the pro-
7 visions of this section upon sales made prior to July 1, 1973, shall
8 be entitled to a refund from the sales tax refund fund of all taxes
9 paid thereon;

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

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

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

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

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

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

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

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

15 (o) the gross receipts received from the isolated or occasional
16 sale of motor vehicles or trailers but not including: (1) The transfer
17 of motor vehicles or trailers by a person to a corporation or limited
18 liability company solely in exchange for stock securities or mem-
19 bership interest in such corporation or limited liability company;
20 or (2) the transfer of motor vehicles or trailers by one corporation
21 or limited liability company to another when all of the assets of
22 such corporation or limited liability company are transferred to
23 such other corporation or limited liability company; or (3) the sale
24 of motor vehicles or trailers which are subject to taxation pursuant
25 to the provisions of K.S.A. 79-5101 *et seq.*, and amendments
26 thereto, by an immediate family member to another immediate
27 family member. For the purposes of clause (3), immediate family
28 member means lineal ascendants or descendants, and their
29 spouses. In determining the base for computing the tax on such
30 isolated or occasional sale, the fair market value of any motor ve-
31 hicle or trailer traded in by the purchaser to the seller may be
32 deducted from the selling price;

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

1 highway.

2 For the purposes of this subsection:

3 (1) “Original construction” shall mean the first or initial con-
4 struction of a new building or facility. The term “original construc-
5 tion” shall include the addition of an entire room or floor to any
6 existing building or facility, the completion of any unfinished por-
7 tion of any existing building or facility and the restoration, recon-
8 struction or replacement of a building or facility damaged or de-
9 stroyed by fire, flood, tornado, lightning, explosion or earthquake,
10 but such term, except with regard to a residence, shall not include
11 replacement, remodeling, restoration, renovation or reconstruc-
12 tion under any other circumstances;

13 (2) “building” shall mean only those enclosures within which
14 individuals customarily are employed, or which are customarily
15 used to house machinery, equipment or other property, and in-
16 cluding the land improvements immediately surrounding such
17 building;

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

25 (4) “residence” shall mean only those enclosures within which
26 individuals customarily live;

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

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

40 (s) the gross receipts received from the sale of computer soft-
41 ware, the sale of the service of providing computer software other
42 than prewritten computer software and the sale of the services of
43 modifying, altering, updating or maintaining computer software,

1 whether the computer software is installed or delivered electron-
2 ically by tangible storage media physically transferred to the pur-
3 chaser or by load and leave;

4 (t) the gross receipts received for telephone answering serv-
5 ices, mobile telecommunication services, beeper services and
6 other similar services. On and after August 1, 2002, the provisions
7 of the federal mobile telecommunications sourcing act as in effect
8 on January 1, 2002, shall be applicable to all sales of mobile tele-
9 communication services taxable pursuant to this subsection. The
10 secretary of revenue is hereby authorized and directed to perform
11 any act deemed necessary to properly implement such provisions;

12 (u) the gross receipts received from the sale of prepaid calling
13 service as defined in K.S.A. 2003 Supp. 79-3673, and amendments
14 thereto; and

15 (v) the gross receipts received from the sales of bingo cards,
16 bingo faces and instant bingo tickets by licensees under K.S.A. 79-
17 4701, *et seq.*, and amendments thereto, shall be taxed at a rate of:
18 (1) 4.9% on July 1, 2000, and before July 1, 2001; and (2) 2.5% on
19 July 1, 2001, and before July 1, 2002. From and after July 1, 2002,
20 all sales of bingo cards, bingo faces and instant bingo tickets by
21 licensees under K.S.A. 79-4701 *et seq.*, and amendments thereto,
22 shall be exempt from taxes imposed pursuant to this section.

23 Sec. 3. K.S.A. 2003 Supp. 79-3620 is hereby amended to read
24 as follows: 79-3620. (a) All revenue collected or received by the
25 director of taxation from the taxes imposed by this act shall be
26 remitted to the state treasurer in accordance with the provisions
27 of K.S.A. 75-4215, and amendments thereto. Upon receipt of each
28 such remittance, the state treasurer shall deposit the entire
29 amount in the state treasury, less amounts withheld as provided in
30 subsection (b) and amounts credited as provided in subsection (c)
31 and (d), to the credit of the state general fund.

32 (b) A refund fund, designated as “sales tax refund fund” not to
33 exceed \$100,000 shall be set apart and maintained by the director
34 from sales tax collections and estimated tax collections and held
35 by the state treasurer for prompt payment of all sales tax refunds
36 including refunds authorized under the provisions of K.S.A. 79-
37 3635, and amendments thereto. Such fund shall be in such amount,
38 within the limit set by this section, as the director shall determine
39 is necessary to meet current refunding requirements under this
40 act. In the event such fund as established by this section is, at any
41 time, insufficient to provide for the payment of refunds due claim-
42 ants thereof, the director shall certify the amount of additional
43 funds required to the director of accounts and reports who shall

1 promptly transfer the required amount from the state general
2 fund to the sales tax refund fund, and notify the state treasurer,
3 who shall make proper entry in the records.

4 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue col-
5 lected or received from the tax imposed by K.S.A. 79-3603, and
6 amendments thereto, at the rate of 4.9%, and deposited as pro-
7 vided in subsection (a), exclusive of amounts credited pursuant to
8 subsection (d), in the state highway fund.

9 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected
10 or received from the tax imposed by K.S.A. 79-3603, and amend-
11 ments thereto, at the rate of 5.3%, and deposited as provided in
12 subsection (a), exclusive of amounts credited pursuant to subsec-
13 tion (d), in the state highway fund.

14 (3) *On July 1, 2006, the state treasurer shall credit $\frac{1}{20}$ ^{19/265} of*
15 *the revenue collected and received from the tax imposed by K.S.A.*
16 *79-3603, and amendments thereto, at the rate of ~~5%~~ 5.3%, and*
17 *deposited as provided by subsection (a), exclusive of amounts cred-*
18 *ited pursuant to subsection (d), in the state highway fund.*

19 (4) *On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue*
20 *collected and received from the tax imposed by K.S.A. 79-3603, and*
21 *amendments thereto, at the rate of 5.3%, and deposited as provided by*
22 *subsection (a), exclusive of amounts credited pursuant to subsection (d),*
23 *in the state highway fund.*

24 (d) The state treasurer shall credit all revenue collected or re-
25 ceived from the tax imposed by K.S.A. 79-3603, and amendments
26 thereto, as certified by the director, from taxpayers doing business
27 within that portion of a redevelopment district occupied by a re-
28 development project or taxpayers doing business with such entity fi-
29 nanced by a special bond project as defined in K.S.A. 12-1770a, and
30 amendments thereto, that was determined by the secretary of com-
31 merce and housing to be of statewide as well as local importance or
32 will create a major tourism area for the state or the project was
33 designated as a special bond project as defined in K.S.A. 12-1770a,
34 and amendments thereto, to the city bond finance fund, which
35 fund is hereby created. The provisions of this subsection shall ex-
36 pire when the total of all amounts credited hereunder and under
37 subsection (d) of K.S.A. 79-3710, and amendments thereto, is suf-
38 ficient to retire the special obligation bonds issued for the purpose
39 of financing all or a portion of the costs of such redevelopment or
40 special bond project.

41 Sec. 4. K.S.A. 2003 Supp. 79-3703 is hereby amended to read
42 as follows: 79-3703. There is hereby levied and there shall be col-
43 lected from every person in this state a tax or excise for the priv-

1 illege of using, storing, or consuming within this state any article
2 of tangible personal property. Such tax shall be levied and col-
3 lected in an amount equal to the consideration paid by the tax-
4 payer multiplied by the rate of 5.3% on and after July 1, 2002, and
5 before July 1, 2006, and 5% on and after July 1, 2006. Within a rede-
6 velopment district established pursuant to K.S.A. 74-8921, and
7 amendments thereto, there is hereby levied and there shall be col-
8 lected and paid an additional tax of 2% until the earlier of: (1) The
9 date the bonds issued to finance or refinance the redevelopment
10 project undertaken in the district have been paid in full; or (2) the
11 final scheduled maturity of the first series of bonds issued to fi-
12 nance the redevelopment project. All property purchased or
13 leased within or without this state and subsequently used, stored
14 or consumed in this state shall be subject to the compensating tax
15 if the same property or transaction would have been subject to the
16 Kansas retailers' sales tax had the transaction been wholly within
17 this state.

18 Sec. 5. K.S.A. 2003 Supp. 79-3710 is hereby amended to read
19 as follows: 79-3710. (a) All revenue collected or received by the
20 director under the provisions of this act shall be remitted to the
21 state treasurer in accordance with the provisions of K.S.A. 75-4215,
22 and amendments thereto. Upon receipt of each such remittance,
23 the state treasurer shall deposit the entire amount in the state
24 treasury, less amounts set apart as provided in subsection (b) and
25 amounts credited as provided in subsection (c) and (d), to the
26 credit of the state general fund.

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

35 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue col-
36 lected or received from the tax imposed by K.S.A. 79-3703, and
37 amendments thereto, at the rate of 4.9%, and deposited as pro-
38 vided in subsection (a), exclusive of amounts credited pursuant to
39 subsection (d), in the state highway fund.

40 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected
41 or received from the tax imposed by K.S.A. 79-3703, and amend-
42 ments thereto, at the rate of 5.3%, and deposited as provided in
43 subsection (a), exclusive of amounts credited pursuant to subsec-

1 **tion (d), in the state highway fund.**

2 (3) *On July 1, 2006, the state treasurer shall credit $\frac{1}{20}$ ^{19/265} of*
3 **the revenue collected or received from the tax imposed by K.S.A.**
4 **79-3703, and amendments thereto, at the rate of ~~5%~~ 5.3%, and**
5 **deposited as provided by subsection (a), exclusive of amounts cred-**
6 **ited pursuant to subsection (d), in the state highway fund.**

7 (4) *On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue*
8 *collected or received from the tax imposed by K.S.A. 79-3703, and amend-*
9 *ments thereto, at the rate of 5.3%, and deposited as provided by subsection*
10 *(a), exclusive of amounts credited pursuant to subsection (d), in the state*
11 *highway fund.*

12 (d) **The state treasurer shall credit all revenue collected or re-**
13 **ceived from the tax imposed by K.S.A. 79-3703, and amendments**
14 **thereto, as certified by the director, from taxpayers doing business**
15 **within that portion of a redevelopment district occupied by a re-**
16 **development project that was determined by the secretary of com-**
17 **merce and housing to be of statewide as well as local importance or**
18 **will create a major tourism area for the state as defined in K.S.A.**
19 **12-1770a, and amendments thereto, to the city bond finance fund**
20 **created by subsection (d) of K.S.A. 79-3620, and amendments**
21 **thereto. The provisions of this subsection shall expire when the**
22 **total of all amounts credited hereunder and under subsection (d)**
23 **of K.S.A. 79-3620, and amendments thereto, is sufficient to retire**
24 **the special obligation bonds issued for the purpose of financing all**
25 **or a portion of the costs of such redevelopment project.**

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

29 **Sec. 6. K.S.A. 79-34,148 and K.S.A. 2003 Supp. 79-34,147, 79-**
30 **3603, 79-3603c, 79-3620, 79-3620c, 79-3703, 79-3710 and 79-**
31 **3710a are hereby repealed.**

32 **Sec. 4. 7.** This act shall take effect and be in force from and after its
33 publication in the statute book.