

HOUSE BILL No. 2546

By Committee on Taxation

Requested by Representative Helgerson

1-18

1 AN ACT concerning sales and compensating use tax; relating to sales of
2 food and food ingredients; reducing the rate of tax imposed; modifying
3 the percent credited to the state highway fund from revenue collected;
4 amending K.S.A. 2023 Supp. 79-3603, 79-3603d, 79-3620, 79-3703
5 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. 2023 Supp. 79-3603 is hereby amended to read as
9 follows: 79-3603. For the privilege of engaging in the business of selling
10 tangible personal property at retail in this state or rendering or furnishing
11 any of the services taxable under this act, there is hereby levied and there
12 shall be collected and paid a tax at the rate of 6.5%. On and after January
13 1, 2023, 17% and on and after ~~January 1, 2025~~ April 1, 2024, 18% of the
14 tax rate imposed pursuant to this section and the rate provided in K.S.A.
15 2023 Supp. 79-3603d, and amendments thereto, shall be levied for the
16 state highway fund, the state highway fund purposes and those purposes
17 specified in K.S.A. 68-416, and amendments thereto, and all revenue
18 collected and received from such tax levy shall be deposited in the state
19 highway fund.

20 Within a redevelopment district established pursuant to K.S.A. 74-
21 8921, and amendments thereto, there is hereby levied and there shall be
22 collected and paid an additional tax at the rate of 2% until the earlier of the
23 date the bonds issued to finance or refinance the redevelopment project
24 have been paid in full or the final scheduled maturity of the first series of
25 bonds issued to finance any part of the project.

26 Such tax shall be imposed upon:

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

29 (b) the gross receipts from intrastate, interstate or international
30 telecommunications services and any ancillary services sourced to this
31 state in accordance with K.S.A. 79-3673, and amendments thereto, except
32 that telecommunications service does not include: (1) Any interstate or
33 international 800 or 900 service; (2) any interstate or international private
34 communications service as defined in K.S.A. 79-3673, and amendments
35 thereto; (3) any value-added nonvoice data service; (4) any

1 telecommunication service to a provider of telecommunication services
2 which will be used to render telecommunications services, including
3 carrier access services; or (5) any service or transaction defined in this
4 section among entities classified as members of an affiliated group as
5 provided by section 1504 of the federal internal revenue code of 1986, as
6 in effect on January 1, 2001;

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

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

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

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

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

41 (h) the gross receipts from the service of renting or leasing of tangible
42 personal property except such tax shall not apply to the renting or leasing
43 of machinery, equipment or other personal property owned by a city and

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

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

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

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

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

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

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

41 (n) the gross receipts received from dues charged by public and
42 private clubs, drinking establishments, organizations and businesses,
43 payment of which entitles a member to the use of facilities for recreation

1 or entertainment, but such tax shall not be levied and collected upon the
2 gross receipts received from: (1) Dues charged by any organization exempt
3 from property taxation pursuant to K.S.A. 79-201 *Eighth* and *Ninth*, and
4 amendments thereto; and (2) sales of memberships in a nonprofit
5 organization which is exempt from federal income taxation pursuant to
6 section 501(c)(3) of the federal internal revenue code of 1986, and whose
7 purpose is to support the operation of a nonprofit zoo;

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

43 (p) the gross receipts received for the service of installing or applying

1 tangible personal property which when installed or applied is not being
2 held for sale in the regular course of business, and whether or not such
3 tangible personal property when installed or applied remains tangible
4 personal property or becomes a part of real estate, except that no tax shall
5 be imposed upon the service of installing or applying tangible personal
6 property in connection with the original construction of a building or
7 facility, the original construction, reconstruction, restoration, remodeling,
8 renovation, repair or replacement of a residence or the construction,
9 reconstruction, restoration, replacement or repair of a bridge or highway.

10 For the purposes of this subsection:

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

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

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

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

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

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

40 (q) the gross receipts received for the service of repairing, servicing,
41 altering or maintaining tangible personal property which when such
42 services are rendered is not being held for sale in the regular course of
43 business, and whether or not any tangible personal property is transferred

1 in connection therewith. The tax imposed by this subsection shall be
 2 applicable to the services of repairing, servicing, altering or maintaining an
 3 item of tangible personal property which has been and is fastened to,
 4 connected with or built into real property;

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

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

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

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

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

21 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
 22 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
 23 pursuant to this section; and

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

27 Sec. 2. K.S.A. 2023 Supp. 79-3603d is hereby amended to read as
 28 follows: 79-3603d. (a) There is hereby levied and there shall be collected
 29 and paid a tax upon the gross receipts from the sale of food and food
 30 ingredients. The rate of tax shall be as follows:

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

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

33 (3) commencing on ~~January 1, 2025~~ *April 1, 2024*, and thereafter, at
 34 the rate of 0%.

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

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

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

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

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

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

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

8 Sec. 3. K.S.A. 2023 Supp. 79-3620 is hereby amended to read as
 9 follows: 79-3620. (a) All revenue collected or received by the director of
 10 taxation from the taxes imposed by this act shall be remitted to the state
 11 treasurer in accordance with the provisions of K.S.A. 75-4215, and
 12 amendments thereto. Upon receipt of each such remittance, the state
 13 treasurer shall deposit the entire amount in the state treasury, less amounts
 14 withheld as provided in subsection (b) and amounts credited as provided in
 15 subsections (c), (d) and (e), to the credit of the state general fund.

16 (b) A refund fund, designated as "sales tax refund fund" not to exceed
 17 \$100,000 shall be set apart and maintained by the director from sales tax
 18 collections and estimated tax collections and held by the state treasurer for
 19 prompt payment of all sales tax refunds. Such fund shall be in such
 20 amount, within the limit set by this section, as the director shall determine
 21 is necessary to meet current refunding requirements under this act. In the
 22 event such fund as established by this section is, at any time, insufficient to
 23 provide for the payment of refunds due claimants thereof, the director shall
 24 certify the amount of additional funds required to the director of accounts
 25 and reports who shall promptly transfer the required amount from the state
 26 general fund to the sales tax refund fund, and notify the state treasurer,
 27 who shall make proper entry in the records.

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

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

41 (d) The state treasurer shall credit all revenue collected or received
 42 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
 43 certified by the director, from taxpayers doing business within that portion

1 of a STAR bond project district occupied by a STAR bond project or
2 taxpayers doing business with such entity financed by a STAR bond
3 project as defined in K.S.A. 12-17,162, and amendments thereto, that was
4 determined by the secretary of commerce to be of statewide as well as
5 local importance or will create a major tourism area for the state or the
6 project was designated as a STAR bond project as defined in K.S.A. 12-
7 17,162, and amendments thereto, to the city bond finance fund, which fund
8 is hereby created. The provisions of this subsection shall expire when the
9 total of all amounts credited hereunder and under K.S.A. 79-3710(d), and
10 amendments thereto, is sufficient to retire the special obligation bonds
11 issued for the purpose of financing all or a portion of the costs of such
12 STAR bond project.

13 (e) All revenue certified by the director of taxation as having been
14 collected or received from the tax imposed by K.S.A. 79-3603(c), and
15 amendments thereto, on the sale or furnishing of gas, water, electricity and
16 heat for use or consumption within the intermodal facility district
17 described in this subsection, shall be credited by the state treasurer to the
18 state highway fund. Such revenue may be transferred by the secretary of
19 transportation to the rail service improvement fund pursuant to law. The
20 provisions of this subsection shall take effect upon certification by the
21 secretary of transportation that a notice to proceed has been received for
22 the construction of the improvements within the intermodal facility
23 district, but not later than December 31, 2010, and shall expire when the
24 secretary of revenue determines that the total of all amounts credited
25 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is
26 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
27 revenues shall be collected and distributed in accordance with applicable
28 law. For all tax reporting periods during which the provisions of this
29 subsection are in effect, none of the exemptions contained in K.S.A. 79-
30 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
31 of any gas, water, electricity and heat for use or consumption within the
32 intermodal facility district. As used in this subsection, "intermodal facility
33 district" shall consist of an intermodal transportation area as defined by
34 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
35 within the polygonal-shaped area having Waverly Road as the eastern
36 boundary, 191st Street as the southern boundary, Four Corners Road as the
37 western boundary, and Highway 56 as the northern boundary, and the
38 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
39 Street as the southern boundary, Waverly Road as the western boundary,
40 and the BNSF mainline track as the northern boundary, that includes
41 capital investment in an amount exceeding \$150 million for the
42 construction of an intermodal facility to handle the transfer, storage and
43 distribution of freight through railway and trucking operations.

1 Sec. 4. K.S.A. 2023 Supp. 79-3703 is hereby amended to read as
2 follows: 79-3703. (a) There is hereby levied and there shall be collected
3 from every person in this state a tax or excise for the privilege of using,
4 storing, or consuming within this state any article of tangible personal
5 property. Such tax shall be levied and collected in an amount equal to the
6 consideration paid by the taxpayer multiplied by the rate of 6.5%.

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

12 (c) On and after January 1, 2023, 17% and on and after ~~January 1,~~
13 ~~2025 April 1, 2024~~, 18% of the tax rate imposed pursuant to this section
14 and the rate provided in K.S.A. 2023 Supp. 79-3603d, and amendments
15 thereto, shall be levied for the state highway fund, the state highway fund
16 purposes and those purposes specified in K.S.A. 68-416, and amendments
17 thereto, and all revenue collected and received from such tax levy shall be
18 deposited in the state highway fund.

19 (d) Within a redevelopment district established pursuant to K.S.A.
20 74-8921, and amendments thereto, there is hereby levied and there shall be
21 collected and paid an additional tax of 2% until the earlier of: (1) The date
22 the bonds issued to finance or refinance the redevelopment project
23 undertaken in the district have been paid in full; or (2) the final scheduled
24 maturity of the first series of bonds issued to finance the redevelopment
25 project.

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

31 Sec. 5. K.S.A. 2023 Supp. 79-3710 is hereby amended to read as
32 follows: 79-3710. (a) All revenue collected or received by the director
33 under the provisions of this act shall be remitted to the state treasurer in
34 accordance with the provisions of K.S.A. 75-4215, and amendments
35 thereto. Upon receipt of each such remittance, the state treasurer shall
36 deposit the entire amount in the state treasury, less amounts set apart as
37 provided in subsection (b) and amounts credited as provided in subsection
38 (c), (d) and (e), to the credit of the state general fund.

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

1 the director shall determine is necessary to meet current refunding
2 requirements under this act.

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

9 (2) On ~~January 1, 2025~~ *April 1, 2024*, and thereafter, the state
10 treasurer shall credit 18% of the revenue collected and received from the
11 tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates
12 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2023
13 Supp. 79-3603d, and amendments thereto, and deposited as provided by
14 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
15 the state highway fund.

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

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

30 (e) All revenue certified by the director of taxation as having been
31 collected or received from the tax imposed by K.S.A. 79-3603(c), and
32 amendments thereto, on the sale or furnishing of gas, water, electricity and
33 heat for use or consumption within the intermodal facility district
34 described in this subsection, shall be credited by the state treasurer to the
35 state highway fund. Such revenue may be transferred by the secretary of
36 transportation to the rail service improvement fund pursuant to law. The
37 provisions of this subsection shall take effect upon certification by the
38 secretary of transportation that a notice to proceed has been received for
39 the construction of the improvements within the intermodal facility
40 district, but not later than December 31, 2010, and shall expire when the
41 secretary of revenue determines that the total of all amounts credited
42 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
43 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all

1 revenues shall be collected and distributed in accordance with applicable
2 law. For all tax reporting periods during which the provisions of this
3 subsection are in effect, none of the exemptions contained in K.S.A. 79-
4 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
5 of any gas, water, electricity and heat for use or consumption within the
6 intermodal facility district. As used in this subsection, "intermodal facility
7 district" shall consist of an intermodal transportation area as defined by
8 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
9 within the polygonal-shaped area having Waverly Road as the eastern
10 boundary, 191st Street as the southern boundary, Four Corners Road as the
11 western boundary, and Highway 56 as the northern boundary, and the
12 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
13 Street as the southern boundary, Waverly Road as the western boundary,
14 and the BNSF mainline track as the northern boundary, that includes
15 capital investment in an amount exceeding \$150 million for the
16 construction of an intermodal facility to handle the transfer, storage and
17 distribution of freight through railway and trucking operations.

18 Sec. 6. K.S.A. 2023 Supp. 79-3603, 79-3603d, 79-3620, 79-3703 and
19 79-3710 are hereby repealed.

20 Sec. 7. This act shall take effect and be in force from and after its
21 publication in the Kansas register.