

SENATE BILL No. 539

By Committee on Assessment and Taxation

3-7

1 AN ACT concerning taxation; relating to income tax; modifying tax rates
2 for individuals; increasing the Kansas standard deduction and the
3 Kansas personal exemption; increasing the income limit to qualify for a
4 subtraction modification for social security income; relating to
5 privilege tax; decreasing the normal tax rate; relating to property tax;
6 increasing the extent of exemption for residential property from the
7 statewide school levy; relating to sales and compensating use tax;
8 reducing the state rate of tax on sales of food and food ingredients;
9 modifying the percent credited to the state highway fund from revenue
10 collected; amending K.S.A. 79-1107 and 79-1108 and K.S.A. 2023
11 Supp. 79-201x, 79-32,110, 79-32,117, 79-32,119, 79-32,121, 79-3603,
12 79-3603d, 79-3620, 79-3703 and 79-3710 and repealing the existing
13 sections.
14

15 WHEREAS, The provisions of the amendments to the sections in this
16 act shall be known as the tax relief for all Kansans act.

17 Now, therefore:

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

19 Section 1. K.S.A. 2023 Supp. 79-201x is hereby amended to read as
20 follows: 79-201x. (a) For taxable year ~~2022~~ 2024, and all taxable years
21 thereafter, the following described property, to the extent herein specified,
22 shall be and is hereby exempt from the property tax levied pursuant to the
23 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
24 residential purposes to the extent of ~~\$40,000~~ \$80,000 of its appraised
25 valuation.

26 (b) For taxable year ~~2023~~ 2025, and all taxable years thereafter, the
27 dollar amount of the extent of appraised valuation that is exempt pursuant
28 to subsection (a) shall be adjusted to reflect the average percentage change
29 in statewide residential valuation of all residential real property for the
30 preceding 10 years. Such average percentage change shall not be less than
31 zero. The director of property valuation shall calculate the average
32 percentage change for purposes of this annual adjustment and calculate the
33 dollar amount of the extent of appraised valuation that is exempt pursuant
34 to this section each year.

35 Sec. 2. K.S.A. 79-1107 is hereby amended to read as follows: 79-
36 1107. (a) Every national banking association and state bank located or

1 doing business within the state shall pay to the state for the privilege of
2 doing business within the state a tax according to or measured by its net
3 income for the next preceding taxable year to be computed as provided in
4 this act. Such tax shall consist of a normal tax and a surtax and shall be
5 computed as follows:

6 ~~(a)~~(1) (A) For tax year 2024, the normal tax shall be an amount equal
7 to ~~2⁺/₄%~~ 2.25% of such net income; ~~and~~

8 (B) for tax year 2025, the normal tax shall be an amount equal to
9 1.94% of such net income; and

10 (C) for tax year 2026, and all tax years thereafter, the normal tax
11 shall be an amount equal to 1.63% of such net income; and

12 ~~(b)~~(2) the surtax shall be an amount equal to ~~2⁺/₈%~~ 2.125% of such
13 net income in excess of \$25,000.

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

18 Sec. 3. K.S.A. 79-1108 is hereby amended to read as follows: 79-
19 1108. (a) Every trust company and savings and loan association located or
20 doing business within the state shall pay to the state for the privilege of
21 doing business within the state a tax according to or measured by its net
22 income for the next preceding taxable year to be computed as provided in
23 this act. Such tax shall consist of a normal tax and a surtax and shall be
24 computed as follows:

25 ~~(a)~~(1) (A) For tax year 2024, the normal tax on every trust company
26 and savings and loan association shall be an amount equal to ~~2⁺/₄%~~ 2.25%
27 of such net income; ~~and~~

28 (B) for tax year 2025, the normal tax on every trust company and
29 savings and loan association shall be an amount equal to 1.93% of such
30 net income; and

31 (C) for tax year 2026, and all tax years thereafter, the normal tax on
32 every trust company and savings and loan association shall be an amount
33 equal to 1.61% of such net income; and

34 ~~(b)~~(2) the surtax on every trust company and savings and loan
35 association shall be an amount equal to ~~2⁺/₄%~~ 2.25% of such net income in
36 excess of \$25,000.

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

41 Sec. 4. K.S.A. 2023 Supp. 79-32,110 is hereby amended to read as
42 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
43 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed

1 upon the Kansas taxable income of every resident individual, which tax
 2 shall be computed in accordance with the following tax schedules:

3 (1) *Married individuals filing joint returns.*

4 (A) ~~For tax year 2012:~~

5 If the taxable income is: _____	The tax is:
6 Not over \$30,000.....	3.5% of Kansas taxable income
7 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess
8 _____	over \$30,000
9 Over \$60,000.....	\$2,925 plus 6.45% of excess
10 _____	over \$60,000

11 (B) ~~For tax year 2013:~~

12 If the taxable income is: _____	The tax is:
13 Not over \$30,000.....	3.0% of Kansas taxable income
14 Over \$30,000.....	\$900 plus 4.9% of excess over
15 _____	\$30,000

16 (C) ~~For tax year 2014:~~

17 If the taxable income is: _____	The tax is:
18 Not over \$30,000.....	2.7% of Kansas taxable income
19 Over \$30,000.....	\$810 plus 4.8% of excess over
20 _____	\$30,000

21 (D) ~~For tax years 2015 and 2016:~~

22 If the taxable income is: _____	The tax is:
23 Not over \$30,000.....	2.7% of Kansas taxable income
24 Over \$30,000.....	\$810 plus 4.6% of excess over
25 _____	\$30,000

26 (E) ~~For tax year 2017:~~

27 If the taxable income is: _____	The tax is:
28 Not over \$30,000.....	2.9% of Kansas taxable income
29 Over \$30,000 but not over \$60,000.....	\$870 plus 4.9% of excess over
30 _____	\$30,000
31 Over \$60,000.....	\$2,340 plus 5.2% of excess over
32 _____	\$60,000

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

34 If the taxable income is: _____	The tax is:
35 Not over \$30,000.....	3.1% of Kansas taxable income
36 Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
37 _____	over \$30,000
38 Over \$60,000.....	\$2,505 plus 5.7% of excess
39 _____	over \$60,000

40 (2) *All other individuals.*

41 (A) ~~For tax year 2012:~~

42 If the taxable income is: _____	The tax is:
43 Not over \$15,000.....	3.5% of Kansas taxable income

1	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
2	_____	over \$15,000
3	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
4	_____	over \$30,000
5	(B) For tax year 2013:	
6	If the taxable income is:_____	The tax is:
7	Not over \$15,000.....	3.0% of Kansas taxable income
8	Over \$15,000.....	\$450 plus 4.9% of excess over
9	_____	\$15,000
10	(C) For tax year 2014:	
11	If the taxable income is:_____	The tax is:
12	Not over \$15,000.....	2.7% of Kansas taxable income
13	Over \$15,000.....	\$405 plus 4.8% of excess over
14	_____	\$15,000
15	(D) For tax years 2015 and 2016:	
16	If the taxable income is:_____	The tax is:
17	Not over \$15,000.....	2.7% of Kansas taxable income
18	Over \$15,000.....	\$405 plus 4.6% of excess over
19	_____	\$15,000
20	(E) For tax year 2017:	
21	If the taxable income is:_____	The tax is:
22	Not over \$15,000.....	2.9% of Kansas taxable income
23	Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over
24	_____	\$15,000
25	Over \$30,000.....	\$1,170 plus 5.2% of excess over
26	_____	\$30,000
27	(F) For tax year years 2018, and all tax years thereafter through 2023:	
28	If the taxable income is:_____	The tax is:
29	Not over \$15,000.....	3.1% of Kansas taxable income
30	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
31	_____	over \$15,000
32	Over \$30,000.....	\$1,252.50 plus 5.7% of excess
33	_____	over \$30,000
34		
35	(3) All resident individuals. For all individuals regardless of filing	
36	status, the tax shall be in an amount equal to:	
37	(A) 5.7% of Kansas taxable income for tax year 2024;	
38	(B) 5.65% of Kansas taxable income for tax year 2025;	
39	(C) 5.6% of Kansas taxable income for tax year 2026;	
40	(D) 5.55% of Kansas taxable income for tax year 2027;	
41	(E) 5.5% of Kansas taxable income for tax year 2028; and	
42	(F) 5.45% of Kansas taxable income tax year 2029, and all tax years	
43	thereafter.	

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

6 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
7 income of every corporation doing business within this state or deriving
8 income from sources within this state. Such tax shall consist of a normal
9 tax and a surtax and shall be computed as follows unless otherwise
10 modified pursuant to K.S.A. 2023 Supp. 74-50,321, and amendments
11 thereto:

12 (1) The normal tax shall be in an amount equal to 4% of the Kansas
13 taxable income of such corporation; and

14 (2) The surtax shall be in an amount equal to 3% of the Kansas
15 taxable income of such corporation in excess of \$50,000.

16 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
17 income of estates and trusts at the rates provided in subsection (a)(2)
18 ~~hereof for tax years 2018 through 2023 and at the rates provided in~~
19 ~~subsection (a)(3) for tax year 2024, and all tax years thereafter.~~

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

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

32 Sec. 5. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as
33 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
34 means such individual's federal adjusted gross income for the taxable year,
35 with the modifications specified in this section.

36 (b) There shall be added to federal adjusted gross income:

37 (i) Interest income less any related expenses directly incurred in the
38 purchase of state or political subdivision obligations, to the extent that the
39 same is not included in federal adjusted gross income, on obligations of
40 any state or political subdivision thereof, but to the extent that interest
41 income on obligations of this state or a political subdivision thereof issued
42 prior to January 1, 1988, is specifically exempt from income tax under the
43 laws of this state authorizing the issuance of such obligations, it shall be

1 excluded from computation of Kansas adjusted gross income whether or
2 not included in federal adjusted gross income. Interest income on
3 obligations of this state or a political subdivision thereof issued after
4 December 31, 1987, shall be excluded from computation of Kansas
5 adjusted gross income whether or not included in federal adjusted gross
6 income.

7 (ii) Taxes on or measured by income or fees or payments in lieu of
8 income taxes imposed by this state or any other taxing jurisdiction to the
9 extent deductible in determining federal adjusted gross income and not
10 credited against federal income tax. This paragraph shall not apply to taxes
11 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
12 amendments thereto, for privilege tax year 1995, and all such years
13 thereafter.

14 (iii) The federal net operating loss deduction, except that the federal
15 net operating loss deduction shall not be added to an individual's federal
16 adjusted gross income for tax years beginning after December 31, 2016.

17 (iv) Federal income tax refunds received by the taxpayer if the
18 deduction of the taxes being refunded resulted in a tax benefit for Kansas
19 income tax purposes during a prior taxable year. Such refunds shall be
20 included in income in the year actually received regardless of the method
21 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
22 be deemed to have resulted if the amount of the tax had been deducted in
23 determining income subject to a Kansas income tax for a prior year
24 regardless of the rate of taxation applied in such prior year to the Kansas
25 taxable income, but only that portion of the refund shall be included as
26 bears the same proportion to the total refund received as the federal taxes
27 deducted in the year to which such refund is attributable bears to the total
28 federal income taxes paid for such year. For purposes of the foregoing
29 sentence, federal taxes shall be considered to have been deducted only to
30 the extent such deduction does not reduce Kansas taxable income below
31 zero.

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

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

40 (vii) The amount of any charitable contribution made to the extent the
41 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
42 32,196, and amendments thereto.

43 (viii) The amount of any costs incurred for improvements to a swine

1 facility, claimed for deduction in determining federal adjusted gross
2 income, to the extent the same is claimed as the basis for any credit
3 allowed pursuant to K.S.A. 79-32,204, and amendments thereto.

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

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

16 (xi) The amount of any contribution made to the same extent the
17 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
18 50,154, and amendments thereto.

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

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

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

34 (xv) The amount of any expenditures claimed for deduction in
35 determining federal adjusted gross income, to the extent the same is
36 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
37 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
38 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
39 32,251 through 79-32,254, and amendments thereto.

40 (xvi) The amount of any amortization deduction claimed in
41 determining federal adjusted gross income to the extent the same is
42 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
43 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

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

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

41 (xxi) For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of any deduction for pension,
43 profit sharing, and annuity plans of self-employed individuals under

1 section 62(a)(6) of the federal internal revenue code as in effect on January
2 1, 2012, and amendments thereto, in determining the federal adjusted gross
3 income of an individual taxpayer.

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

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

14 (xxiv) For taxable years commencing after December 31, 2013, that
15 portion of the amount of any expenditure deduction claimed in
16 determining federal adjusted gross income for expenses paid for medical
17 care of the taxpayer or the taxpayer's spouse or dependents when such
18 expenses were paid or incurred for an abortion, or for a health benefit plan,
19 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
20 an optional rider for coverage of abortion in accordance with K.S.A. 40-
21 2,190, and amendments thereto, to the extent that such taxes and
22 assessments are claimed as an itemized deduction for federal income tax
23 purposes.

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

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

40 (xxvii) For all taxable years commencing after December 31, 2020,
41 the amount deducted by reason of a carryforward of disallowed business
42 interest pursuant to section 163(j) of the federal internal revenue code of
43 1986, as in effect on January 1, 2018.

1 (xxviii) For all taxable years beginning after December 31, 2021, the
2 amount of any contributions to, or earnings from, a first-time home buyer
3 savings account if distributions from the account were not used to pay for
4 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-
5 4904, and amendments thereto, or were not held for the minimum length
6 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments
7 thereto. Contributions to, or earnings from, such account shall also include
8 any amount resulting from the account holder not designating a surviving
9 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),
10 and amendments thereto.

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

12 (i) Interest or dividend income on obligations or securities of any
13 authority, commission or instrumentality of the United States and its
14 possessions less any related expenses directly incurred in the purchase of
15 such obligations or securities, to the extent included in federal adjusted
16 gross income but exempt from state income taxes under the laws of the
17 United States.

18 (ii) Any amounts received which are included in federal adjusted
19 gross income but which are specifically exempt from Kansas income
20 taxation under the laws of the state of Kansas.

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

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

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

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

43 (vii) Amounts received as annuities under the federal civil service

1 retirement system from the civil service retirement and disability fund and
2 other amounts received as retirement benefits in whatever form which
3 were earned for being employed by the federal government or for service
4 in the armed forces of the United States.

5 (viii) Amounts received by retired railroad employees as a
6 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
7 228c(a)(1) et seq.

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

13 (x) For taxable years beginning after December 31, 1976, the amount
14 of the federal tentative jobs tax credit disallowance under the provisions of
15 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
16 amount of the targeted jobs tax credit and work incentive credit
17 disallowances under 26 U.S.C. § 280C.

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

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

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

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

42 (xv) For all taxable years beginning after December 31, 2017, the
43 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple

1 filing a joint return, for each designated beneficiary that are contributed to:
2 (1) A family postsecondary education savings account established under
3 the Kansas postsecondary education savings program or a qualified tuition
4 program established and maintained by another state or agency or
5 instrumentality thereof pursuant to section 529 of the internal revenue
6 code of 1986, as amended, for the purpose of paying the qualified higher
7 education expenses of a designated beneficiary; or (2) an achieving a
8 better life experience (ABLE) account established under the Kansas ABLE
9 savings program or a qualified ABLE program established and maintained
10 by another state or agency or instrumentality thereof pursuant to section
11 529A of the internal revenue code of 1986, as amended, for the purpose of
12 saving private funds to support an individual with a disability. The terms
13 and phrases used in this paragraph shall have the meaning respectively
14 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
15 amendments thereto, and the provisions of such sections are hereby
16 incorporated by reference for all purposes thereof.

17 (xvi) For all taxable years beginning after December 31, 2004,
18 amounts received by taxpayers who are or were members of the armed
19 forces of the United States, including service in the Kansas army and air
20 national guard, as a recruitment, sign up or retention bonus received by
21 such taxpayer as an incentive to join, enlist or remain in the armed services
22 of the United States, including service in the Kansas army and air national
23 guard, and amounts received for repayment of educational or student loans
24 incurred by or obligated to such taxpayer and received by such taxpayer as
25 a result of such taxpayer's service in the armed forces of the United States,
26 including service in the Kansas army and air national guard.

27 (xvii) For all taxable years beginning after December 31, 2004,
28 amounts received by taxpayers who are eligible members of the Kansas
29 army and air national guard as a reimbursement pursuant to K.S.A. 48-
30 281, and amendments thereto, and amounts received for death benefits
31 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
32 such death benefits are included in federal adjusted gross income of the
33 taxpayer.

34 ~~(xviii) For the taxable year beginning after December 31, 2006,~~
35 ~~amounts received as benefits under the federal social security act which~~
36 ~~are included in federal adjusted gross income of a taxpayer with federal~~
37 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
38 ~~status is single, head of household, married filing separate or married filing~~
39 ~~jointly; and (A) For all taxable years beginning after December 31, 2007,~~
40 ~~and ending before January 1, 2024,~~ amounts received as benefits under the
41 federal social security act which are included in federal adjusted gross
42 income of a taxpayer with federal adjusted gross income of \$75,000 or
43 less, whether such taxpayer's filing status is single, head of household,

1 married filing separate or married filing jointly; and

2 (B) for all taxable years beginning after December 31, 2023,
3 amounts received as benefits under the federal social security act that are
4 included in federal adjusted gross income of a taxpayer whether a
5 taxpayer's filing status is single, head of household, married filing
6 separate or married filing jointly, and the amount of the subtraction
7 modification provided by this paragraph shall be calculated as follows:

8
$$\text{Subtraction modification} = \text{social security income} \times \text{social security}$$

9
$$\text{taxable rate.}$$

10 For purposes of this subparagraph:

11 (1) Social security income is the amount of benefits received under
12 the social security act and included in federal adjusted gross income; and

13 (2) social security taxable rate shall be determined as follows:

14 (a) For taxpayers with federal adjusted gross income of \$100,000 or
15 less, then the social security taxable rate is 1;

16 (b) for taxpayers with federal adjusted gross income greater than
17 \$100,000 and less than the threshold, then the social security taxable rate
18 shall be calculated as: $1 - ((\text{federal adjusted gross income} - 100,000) /$
19 $\text{denominator})$; and

20 (c) for taxpayers with federal adjusted gross income equal to or
21 greater than the threshold, then the social security taxable rate is 0.

22 (d) (i) "Denominator" is equal to 25,000.

23 (ii) "Threshold" is equal to \$125,000.

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

26 (xx) For taxable years beginning after December 31, 2012, and
27 ending before January 1, 2017, the amount of any: (1) Net profit from
28 business as determined under the federal internal revenue code and
29 reported from schedule C and on line 12 of the taxpayer's form 1040
30 federal individual income tax return; (2) net income, not including
31 guaranteed payments as defined in section 707(c) of the federal internal
32 revenue code and as reported to the taxpayer from federal schedule K-1,
33 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
34 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
35 partnerships, S corporations, estates, trusts, residual interest in real estate
36 mortgage investment conduits and net farm rental as determined under the
37 federal internal revenue code and reported from schedule E and on line 17
38 of the taxpayer's form 1040 federal individual income tax return; and (3)
39 net farm profit as determined under the federal internal revenue code and
40 reported from schedule F and on line 18 of the taxpayer's form 1040
41 federal income tax return; all to the extent included in the taxpayer's
42 federal adjusted gross income. For purposes of this subsection, references
43 to the federal form 1040 and federal schedule C, schedule E, and schedule

1 F, shall be to such form and schedules as they existed for tax year 2011
2 and as revised thereafter by the internal revenue service.

3 (xxi) For all taxable years beginning after December 31, 2013,
4 amounts equal to the unreimbursed travel, lodging and medical
5 expenditures directly incurred by a taxpayer while living, or a dependent
6 of the taxpayer while living, for the donation of one or more human organs
7 of the taxpayer, or a dependent of the taxpayer, to another person for
8 human organ transplantation. The expenses may be claimed as a
9 subtraction modification provided for in this section to the extent the
10 expenses are not already subtracted from the taxpayer's federal adjusted
11 gross income. In no circumstances shall the subtraction modification
12 provided for in this section for any individual, or a dependent, exceed
13 \$5,000. As used in this section, "human organ" means all or part of a liver,
14 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
15 paragraph shall take effect on the day the secretary of revenue certifies to
16 the director of the budget that the cost for the department of revenue of
17 modifications to the automated tax system for the purpose of
18 implementing this paragraph will not exceed \$20,000.

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

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

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

39 (xxv) For all taxable years commencing after December 31, 2020,
40 100% of global intangible low-taxed income under section 951A of the
41 federal internal revenue code of 1986, before any deductions allowed
42 under section 250(a)(1)(B) of such code.

43 (xxvi) For all taxable years commencing after December 31, 2020,

1 the amount disallowed as a deduction pursuant to section 163(j) of the
2 federal internal revenue code of 1986, as in effect on January 1, 2018.

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

8 (xxviii) For all taxable years beginning after December 31, 2021: (1)
9 The amount contributed to a first-time home buyer savings account
10 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an
11 amount not to exceed \$3,000 for an individual or \$6,000 for a married
12 couple filing a joint return; or (2) amounts received as income earned from
13 assets in a first-time home buyer savings account.

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

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

23 Sec. 6. K.S.A. 2023 Supp. 79-32,119 is hereby amended to read as
24 follows: 79-32,119. (a) The Kansas standard deduction of an individual,
25 including a husband and wife who are either both residents or who file a
26 joint return as if both were residents, shall be equal to the sum of the
27 standard deduction amount allowed pursuant to this section, and the
28 additional standard deduction amount allowed pursuant to this section for
29 each such deduction allowable to such individual or to such husband and
30 wife under the federal internal revenue code.

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

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

39 (2) For tax year 2021, ~~and all tax years thereafter~~ *through tax year*
40 *2023*, the standard deduction amount of an individual, including husband
41 and wife who are either both residents or who file a joint return as if both
42 were residents, shall be as follows: Single individual filing status, \$3,500;
43 married filing status, \$8,000; and head of household filing status, \$6,000.

1 (3) *For tax year 2024, and all tax years thereafter, the standard*
 2 *deduction amount of an individual, including husband and wife who are*
 3 *either both residents or who file a joint return as if both were residents,*
 4 *shall be as follows: Single individual filing status, \$4,000; married filing*
 5 *status, \$8,000; and head of household filing status, \$6,000.*

6 (4) *In the case of tax year 2025, and all tax years thereafter, amounts*
 7 *prescribed in paragraph (3) shall be increased by an amount equal to such*
 8 *amount multiplied by the cost-of-living adjustment determined under*
 9 *section 1(f)(3) of the federal internal revenue code for the calendar year in*
 10 *which the taxable year commences.*

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

17 Sec. 7. K.S.A. 2023 Supp. 79-32,121 is hereby amended to read as
 18 follows: 79-32,121. (a) ~~An individual~~ (1) *For tax year 2024, and all tax*
 19 *years thereafter, a taxpayer shall be allowed a Kansas exemption of*
 20 *\$2,250 for each exemption as follows:*

21 (A) *In the case of married individuals filing a joint return, a personal*
 22 *exemption of \$22,000;*

23 (B) *in the case of all other individuals with a filing status of single,*
 24 *head of household or married filing separate, a personal exemption of*
 25 *\$11,000; and*

26 (C) *in addition to the amount allowed pursuant to subparagraph (A)*
 27 *or (B), a personal exemption of \$3,000 for each dependent for which such*
 28 ~~individual~~ *taxpayer is entitled to a deduction for the taxable year for*
 29 *federal income tax purposes.*

30 (2) *In the case of tax year 2025, and all tax years thereafter, amounts*
 31 *prescribed in paragraph (1) shall be increased by an amount equal to such*
 32 *amount multiplied by the cost-of-living adjustment determined under*
 33 *section 1(f)(3) of the federal internal revenue code for the calendar year in*
 34 *which the taxable year commences.*

35 (b) In addition to the exemptions provided in subsection (a), any
 36 individual who has been honorably discharged from active service in any
 37 branch of the armed forces of the United States and who is certified by the
 38 United States department of veterans affairs or its successor to be in
 39 receipt of disability compensation at the 100% rate, if the disability is
 40 permanent and was sustained through military action or accident or
 41 resulted from disease contracted while in such active service, such
 42 individual shall be allowed an additional Kansas exemption of \$2,250 for
 43 tax year 2023, and all tax years thereafter.

1 Sec. 8. K.S.A. 2023 Supp. 79-3603 is hereby amended to read as
2 follows: 79-3603. For the privilege of engaging in the business of selling
3 tangible personal property at retail in this state or rendering or furnishing
4 any of the services taxable under this act, there is hereby levied and there
5 shall be collected and paid a tax at the rate of 6.5%. On and after January
6 1, 2023, 17% and on and after ~~January 1, 2025~~ *July 1, 2024*, 18% of the
7 tax rate imposed pursuant to this section and the rate provided in K.S.A.
8 2023 Supp. 79-3603d, and amendments thereto, shall be levied for the
9 state highway fund, the state highway fund purposes and those purposes
10 specified in K.S.A. 68-416, and amendments thereto, and all revenue
11 collected and received from such tax levy shall be deposited in the state
12 highway fund.

13 Within a redevelopment district established pursuant to K.S.A. 74-
14 8921, and amendments thereto, there is hereby levied and there shall be
15 collected and paid an additional tax at the rate of 2% until the earlier of the
16 date the bonds issued to finance or refinance the redevelopment project
17 have been paid in full or the final scheduled maturity of the first series of
18 bonds issued to finance any part of the project.

19 Such tax shall be imposed upon:

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

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

35 (c) the gross receipts from the sale or furnishing of gas, water,
36 electricity and heat, which sale is not otherwise exempt from taxation
37 under the provisions of this act, and whether furnished by municipally or
38 privately owned utilities, except that, on and after January 1, 2006, for
39 sales of gas, electricity and heat delivered through mains, lines or pipes to
40 residential premises for noncommercial use by the occupant of such
41 premises, and for agricultural use and also, for such use, all sales of
42 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
43 gas, coal, wood and other fuel sources for the production of heat or

1 lighting for noncommercial use of an occupant of residential premises, the
2 state rate shall be 0%, but such tax shall not be levied and collected upon
3 the gross receipts from: (1) The sale of a rural water district benefit unit;
4 (2) a water system impact fee, system enhancement fee or similar fee
5 collected by a water supplier as a condition for establishing service; or (3)
6 connection or reconnection fees collected by a water supplier;

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

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

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

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

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

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

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

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

43 (l) (1) except as otherwise provided by paragraph (2), the gross

1 receipts received from the sales of tangible personal property to all
2 contractors, subcontractors or repairmen for use by them in erecting
3 structures, or building on, or otherwise improving, altering, or repairing
4 real or personal property.

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

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

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

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

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

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

38 For the purposes of this subsection:

39 (1) "Original construction" means the first or initial construction of a
40 new building or facility. The term "original construction" shall include the
41 addition of an entire room or floor to any existing building or facility, the
42 completion of any unfinished portion of any existing building or facility
43 and the restoration, reconstruction or replacement of a building, facility or

1 utility structure damaged or destroyed by fire, flood, tornado, lightning,
2 explosion, windstorm, ice loading and attendant winds, terrorism or
3 earthquake, but such term, except with regard to a residence, shall not
4 include replacement, remodeling, restoration, renovation or reconstruction
5 under any other circumstances;

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

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

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

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

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

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

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

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

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

43 (u) the gross receipts received from the sale of prepaid calling service

1 and prepaid wireless calling service as defined in K.S.A. 79-3673, and
2 amendments thereto;

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

6 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
7 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
8 pursuant to this section; and

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

12 Sec. 9. K.S.A. 2023 Supp. 79-3603d is hereby amended to read as
13 follows: 79-3603d. (a) There is hereby levied and there shall be collected
14 and paid a tax upon the gross receipts from the sale of food and food
15 ingredients. The rate of tax shall be as follows:

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

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

18 (3) commencing on ~~January 1, 2025~~ *July 1, 2024*, and thereafter, at
19 the rate of 0%.

20 (b) The provisions of this section shall not apply to prepared food
21 unless sold without eating utensils provided by the seller and described
22 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; or

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

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

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

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

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

19 (2) ~~On January 1, 2025~~ *July 1, 2024*, and thereafter, the state treasurer
20 shall credit 18% of the revenue collected and received from the tax
21 imposed by K.S.A. 79-3603, and amendments thereto, at the rates
22 provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2023
23 Supp. 79-3603d, and amendments thereto, and deposited as provided by
24 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
25 the state highway fund.

26 (d) The state treasurer shall credit all revenue collected or received
27 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
28 certified by the director, from taxpayers doing business within that portion
29 of a STAR bond project district occupied by a STAR bond project or
30 taxpayers doing business with such entity financed by a STAR bond
31 project as defined in K.S.A. 12-17,162, and amendments thereto, that was
32 determined by the secretary of commerce to be of statewide as well as
33 local importance or will create a major tourism area for the state or the
34 project was designated as a STAR bond project as defined in K.S.A. 12-
35 17,162, and amendments thereto, to the city bond finance fund, which fund
36 is hereby created. The provisions of this subsection shall expire when the
37 total of all amounts credited hereunder and under K.S.A. 79-3710(d), and
38 amendments thereto, is sufficient to retire the special obligation bonds
39 issued for the purpose of financing all or a portion of the costs of such
40 STAR bond project.

41 (e) All revenue certified by the director of taxation as having been
42 collected or received from the tax imposed by K.S.A. 79-3603(c), and
43 amendments thereto, on the sale or furnishing of gas, water, electricity and

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

29 Sec. 11. K.S.A. 2023 Supp. 79-3703 is hereby amended to read as
30 follows: 79-3703. (a) There is hereby levied and there shall be collected
31 from every person in this state a tax or excise for the privilege of using,
32 storing, or consuming within this state any article of tangible personal
33 property. Such tax shall be levied and collected in an amount equal to the
34 consideration paid by the taxpayer multiplied by the rate of 6.5%.

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

40 (c) On and after January 1, 2023, 17% and on and after ~~January 1,~~
41 ~~2025 July 1, 2024~~, 18% of the tax rate imposed pursuant to this section
42 and the rate provided in K.S.A. 2023 Supp. 79-3603d, and amendments
43 thereto, shall be levied for the state highway fund, the state highway fund

1 purposes and those purposes specified in K.S.A. 68-416, and amendments
2 thereto, and all revenue collected and received from such tax levy shall be
3 deposited in the state highway fund.

4 (d) Within a redevelopment district established pursuant to K.S.A.
5 74-8921, and amendments thereto, there is hereby levied and there shall be
6 collected and paid an additional tax of 2% until the earlier of: (1) The date
7 the bonds issued to finance or refinance the redevelopment project
8 undertaken in the district have been paid in full; or (2) the final scheduled
9 maturity of the first series of bonds issued to finance the redevelopment
10 project.

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

16 Sec. 12. K.S.A. 2023 Supp. 79-3710 is hereby amended to read as
17 follows: 79-3710. (a) All revenue collected or received by the director
18 under the provisions of this act shall be remitted to the state treasurer in
19 accordance with the provisions of K.S.A. 75-4215, and amendments
20 thereto. Upon receipt of each such remittance, the state treasurer shall
21 deposit the entire amount in the state treasury, less amounts set apart as
22 provided in subsection (b) and amounts credited as provided in subsection
23 (c), (d) and (e), to the credit of the state general fund.

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

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

37 (2) On ~~January 1, 2025~~ *July 1, 2024*, and thereafter, the state treasurer
38 shall credit 18% of the revenue collected and received from the tax
39 imposed by K.S.A. 79-3703, and amendments thereto, at the rates
40 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2023
41 Supp. 79-3603d, and amendments thereto, and deposited as provided by
42 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
43 the state highway fund.

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

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

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

1 construction of an intermodal facility to handle the transfer, storage and
2 distribution of freight through railway and trucking operations.

3 Sec. 13. K.S.A. 79-1107 and 79-1108 and K.S.A. 2023 Supp. 79-
4 201x, 79-32,110, 79-32,117, 79-32,119, 79-32,121, 79-3603, 79-3603d,
5 79-3620, 79-3703 and 79-3710 are hereby repealed.

6 Sec. 14. This act shall take effect and be in force from and after its
7 publication in the Kansas register.