

HOUSE BILL No. 2261

By Committee on Taxation

2-12

1 AN ACT concerning sales and compensating use tax; relating to rates;
2 food and food ingredients; amending K.S.A. 2018 Supp. 79-3602, 79-
3 3603, 79-3620, 79-3703 and 79-3710 and repealing the existing
4 sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) There is hereby levied and there shall be collected
8 and paid a tax upon the gross receipts from the sale of food and food
9 ingredients. Commencing on July 1, 2019, the rate of tax shall be 5.5%.

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

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

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

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

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

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

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

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

27 Sec. 2. K.S.A. 2018 Supp. 79-3602 is hereby amended to read as
28 follows: 79-3602. Except as otherwise provided, as used in the Kansas
29 retailers' sales tax act:

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

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

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

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

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

8 (f) "Computer" means an electronic device that accepts information
9 in digital or similar form and manipulates it for a result based on a
10 sequence of instructions.

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

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

16 (i) "Delivery charges" means charges by the seller of personal
17 property or services for preparation and delivery to a location designated
18 by the purchaser of personal property or services including, but not limited
19 to, transportation, shipping, postage, handling, crating and packing.
20 Delivery charges shall not include charges for delivery of direct mail if the
21 charges are separately stated on an invoice or similar billing document
22 given to the purchaser.

23 (j) "Direct mail" means printed material delivered or distributed by
24 United States mail or other delivery services to a mass audience or to
25 addressees on a mailing list provided by the purchaser or at the direction of
26 the purchaser when the cost of the items are not billed directly to the
27 recipients. Direct mail includes tangible personal property supplied
28 directly or indirectly by the purchaser to the direct mail seller for inclusion
29 in the package containing the printed material. Direct mail does not
30 include multiple items of printed material delivered to a single address.

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

32 (l) "Educational institution" means any nonprofit school, college and
33 university that offers education at a level above the 12th grade, and
34 conducts regular classes and courses of study required for accreditation by,
35 or membership in, the higher learning commission, the state board of
36 education, or that otherwise qualify as an "educational institution," as
37 defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall
38 include: (1) A group of educational institutions that operates exclusively
39 for an educational purpose; (2) nonprofit endowment associations and
40 foundations organized and operated exclusively to receive, hold, invest
41 and administer moneys and property as a permanent fund for the support
42 and sole benefit of an educational institution; (3) nonprofit trusts,
43 foundations and other entities organized and operated principally to hold

1 and own receipts from intercollegiate sporting events and to disburse such
2 receipts, as well as grants and gifts, in the interest of collegiate and
3 intercollegiate athletic programs for the support and sole benefit of an
4 educational institution; and (4) nonprofit trusts, foundations and other
5 entities organized and operated for the primary purpose of encouraging,
6 fostering and conducting scholarly investigations and industrial and other
7 types of research for the support and sole benefit of an educational
8 institution.

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

11 (n) "Food and food ingredients" means substances, whether in liquid,
12 concentrated, solid, frozen, dried or dehydrated form, that are sold for
13 ingestion or chewing by humans and are consumed for their taste or
14 nutritional value. "Food and food ingredients" does not include alcoholic
15 beverages, *candy, dietary supplements, food sold through vending*
16 *machines, soft drinks* or tobacco. *"Food and food ingredients" does*
17 *include bottled water.*

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

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

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

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

1 for reuse.

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

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

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

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

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

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

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

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

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

1 (2) Lease or rental does include agreements covering motor vehicles
2 and trailers where the amount of consideration may be increased or
3 decreased by reference to the amount realized upon sale or disposition of
4 the property as defined in 26 U.S.C. § 7701(h)(1).

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

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

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

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

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

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

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

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

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

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

1 subdivision of the state of Kansas engaging in a business or providing a
2 service specifically taxable under the provisions of this act.

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

12 (bb) "Prescription" means an order, formula or recipe issued in any
13 form of oral, written, electronic or other means of transmission by a duly
14 licensed practitioner authorized by the laws of this state.

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

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

1 consumed:

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

7 (B) electricity, gas and water; and

8 (C) petroleum products, lubricants, chemicals, solvents, reagents and
9 catalysts.

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

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

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

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

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

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

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

38 (ll) (1) "Sales or selling price" applies to the measure subject to sales
39 tax and means the total amount of consideration, including cash, credit,
40 property and services, for which personal property or services are sold,
41 leased or rented, valued in money, whether received in money or
42 otherwise, without any deduction for the following:

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

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

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

6 (D) delivery charges; and

7 (E) installation charges.

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

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

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

15 (C) the amount of the consideration attributable to the sale is fixed
16 and determinable by the seller at the time of the sale of the item to the
17 purchaser; and

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

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

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

29 (iii) the price reduction or discount is identified as a third party price
30 reduction or discount on the invoice received by the purchaser or on a
31 coupon, certificate or other documentation presented by the purchaser.

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

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

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

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

42 (D) the amount equal to the allowance given for the trade-in of
43 property, if separately stated on the invoice, billing or similar document

1 given to the purchaser; and

2 (E) commencing on July 1, 2018, and ending on June 30, 2021, cash
3 rebates granted by a manufacturer to a purchaser or lessee of a new motor
4 vehicle if paid directly to the retailer as a result of the original sale.

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

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

9 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2018 Supp.
10 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
11 thereto, which shall apply to identify and determine the state and local
12 taxing jurisdiction sales or use taxes to pay, or collect and remit on a
13 particular retail sale.

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

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

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

22 (ss) "Entity-based exemption" means an exemption based on who
23 purchases the product or who sells the product. An exemption that is
24 available to all individuals shall not be considered an entity-based
25 exemption.

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

34 (uu) "Ancillary services" means services that are associated with or
35 incidental to the provision of telecommunications services, including, but
36 not limited to, detailed telecommunications billing, directory assistance,
37 vertical service and voice mail services.

38 (vv) "Conference bridging service" means an ancillary service that
39 links two or more participants of an audio or video conference call and
40 may include the provision of a telephone number. Conference bridging
41 service does not include the telecommunications services used to reach the
42 conference bridge.

43 (ww) "Detailed telecommunications billing service" means an

1 ancillary service of separately stating information pertaining to individual
2 calls on a customer's billing statement.

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

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

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

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

24 (1) Data processing and information services that allow data to be
25 generated, acquired, stored, processed or retrieved and delivered by an
26 electronic transmission to a purchaser where such purchaser's primary
27 purpose for the underlying transaction is the processed data or
28 information;

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

31 (3) tangible personal property;

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

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

34 (6) internet access service;

35 (7) radio and television audio and video programming services,
36 regardless of the medium, including the furnishing of transmission,
37 conveyance and routing of such services by the programming service
38 provider. Radio and television audio and video programming services shall
39 include, but not be limited to, cable service as defined in 47 U.S.C. §
40 522(6) and audio and video programming services delivered by
41 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

42 (8) ancillary services; or

43 (9) digital products delivered electronically, including, but not limited

1 to, software, music, video, reading materials or ring tones.

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

7 (ccc) "900 service" means an inbound toll telecommunications
8 service purchased by a subscriber that allows the subscriber's customers to
9 call in to the subscriber's prerecorded announcement or live service. 900
10 service does not include the charge for collection services provided by the
11 seller of the telecommunications services to the subscriber, or service or
12 product sold by the subscriber to the subscriber's customer. The service is
13 typically marketed under the name 900 service, and any subsequent
14 numbers designated by the federal communications commission.

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

20 (eee) "International" means a telecommunications service that
21 originates or terminates in the United States and terminates or originates
22 outside the United States, respectively. United States includes the District
23 of Columbia or a U.S. territory or possession.

24 (fff) "Interstate" means a telecommunications service that originates
25 in one United States state, or a United States territory or possession, and
26 terminates in a different United States state or a United States territory or
27 possession.

28 (ggg) "Intrastate" means a telecommunications service that originates
29 in one United States state or a United States territory or possession, and
30 terminates in the same United States state or a United States territory or
31 possession.

32 (hhh) *"Bottled water" means water that is placed in a safety sealed*
33 *container or package for human consumption. "Bottled water" is calorie*
34 *free and does not contain sweeteners or other additives, except that it may*
35 *contain:*

36 (1) *Antimicrobial agents;*

37 (2) *fluoride;*

38 (3) *carbonation;*

39 (4) *vitamins, minerals and electrolytes;*

40 (5) *oxygen;*

41 (6) *preservatives; or*

42 (7) *only those flavors, extracts or essences derived from a spice or*
43 *fruit.*

1 *"Bottled water" includes water that is delivered to the buyer in a*
2 *reusable container that is not sold with the water.*

3 (iii) *"Candy" means a preparation of sugar, honey or other natural or*
4 *artificial sweeteners in combination with chocolate, fruits, nuts or other*
5 *ingredients or flavorings in the form of bars, drops or pieces. "Candy"*
6 *shall not include any preparation containing flour and shall require no*
7 *refrigeration.*

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

10 (III) *"Prepared food" means:*

11 (1) *Food sold in a heated state or heated by the seller;*

12 (2) *two or more food ingredients mixed or combined by the seller for*
13 *sale as a single item; or*

14 (3) *food sold with eating utensils provided by the seller, including*
15 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does*
16 *not include a container or packaging used to transport the food.*

17 *"Prepared food" does not include food that is only cut, repackaged or*
18 *pasteurized by the seller, and eggs, fish, meat, poultry and foods*
19 *containing these raw animal foods requiring cooking by the consumer as*
20 *recommended by the food and drug administration in chapter 3, part*
21 *401.11 of its food code so as to prevent food borne illnesses.*

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

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

28 Sec. 3. K.S.A. 2018 Supp. 79-3603 is hereby amended to read as
29 follows: 79-3603. For the privilege of engaging in the business of selling
30 tangible personal property at retail in this state or rendering or furnishing
31 any of the services taxable under this act, there is hereby levied and there
32 shall be collected and paid a tax at the rate of ~~6.15%, and commencing~~
33 ~~July 1, 2015, at the rate of 6.5%.~~, *except as otherwise provided in section*
34 *1, and amendments thereto; and within a redevelopment district*
35 *established pursuant to K.S.A. 74-8921, and amendments thereto, there is*
36 *hereby levied and there shall be collected and paid an additional tax at the*
37 *rate of 2% until the earlier of the date the bonds issued to finance or*
38 *refinance the redevelopment project have been paid in full or the final*
39 *scheduled maturity of the first series of bonds issued to finance any part of*
40 *the project. Such tax shall be imposed upon:*

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

43 (b) *the gross receipts from intrastate, interstate or international*

1 telecommunications services and any ancillary services sourced to this
2 state in accordance with K.S.A. 2018 Supp. 79-3673, and amendments
3 thereto, except that telecommunications service does not include: (1) Any
4 interstate or international 800 or 900 service; (2) any interstate or
5 international private communications service as defined in K.S.A. 2018
6 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
7 data service; (4) any telecommunication service to a provider of
8 telecommunication services which will be used to render
9 telecommunications services, including carrier access services; or (5) any
10 service or transaction defined in this section among entities classified as
11 members of an affiliated group as provided by section 1504 of the federal
12 internal revenue code of 1986, as in effect on January 1, 2001;

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

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

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

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

40 (g) the gross receipts from the service of renting of rooms by hotels,
41 as defined by K.S.A. 36-501, and amendments thereto, or by
42 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
43 thereto, but such tax shall not be levied and collected upon the gross

1 receipts received from sales of such service to the federal government and
2 any agency, officer or employee thereof in association with the
3 performance of official government duties;

4 (h) the gross receipts from the service of renting or leasing of tangible
5 personal property except such tax shall not apply to the renting or leasing
6 of machinery, equipment or other personal property owned by a city and
7 purchased from the proceeds of industrial revenue bonds issued prior to
8 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
9 12-1749, and amendments thereto, and any city or lessee renting or leasing
10 such machinery, equipment or other personal property purchased with the
11 proceeds of such bonds who shall have paid a tax under the provisions of
12 this section upon sales made prior to July 1, 1973, shall be entitled to a
13 refund from the sales tax refund fund of all taxes paid thereon;

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

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

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

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

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

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

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

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

14 (o) the gross receipts received from the isolated or occasional sale of
15 motor vehicles or trailers but not including: (1) The transfer of motor
16 vehicles or trailers by a person to a corporation or limited liability
17 company solely in exchange for stock securities or membership interest in
18 such corporation or limited liability company; (2) the transfer of motor
19 vehicles or trailers by one corporation or limited liability company to
20 another when all of the assets of such corporation or limited liability
21 company are transferred to such other corporation or limited liability
22 company; or (3) the sale of motor vehicles or trailers which are subject to
23 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
24 amendments thereto, by an immediate family member to another
25 immediate family member. For the purposes of paragraph (3), immediate
26 family member means lineal ascendants or descendants, and their spouses.
27 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
28 on the isolated or occasional sale of motor vehicles or trailers on and after
29 July 1, 2004, which the base for computing the tax was the value pursuant
30 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
31 such amount was higher than the amount of sales tax which would have
32 been paid under the law as it existed on June 30, 2004, shall be refunded
33 to the taxpayer pursuant to the procedure prescribed by this section. Such
34 refund shall be in an amount equal to the difference between the amount of
35 sales tax paid by the taxpayer and the amount of sales tax which would
36 have been paid by the taxpayer under the law as it existed on June 30,
37 2004. Each claim for a sales tax refund shall be verified and submitted not
38 later than six months from the effective date of this act to the director of
39 taxation upon forms furnished by the director and shall be accompanied by
40 any additional documentation required by the director. The director shall
41 review each claim and shall refund that amount of tax paid as provided by
42 this act. All such refunds shall be paid from the sales tax refund fund, upon
43 warrants of the director of accounts and reports pursuant to vouchers

1 approved by the director of taxation or the director's designee. No refund
2 for an amount less than \$10 shall be paid pursuant to this act. In
3 determining the base for computing the tax on such isolated or occasional
4 sale, the fair market value of any motor vehicle or trailer traded in by the
5 purchaser to the seller may be deducted from the selling price;

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

16 For the purposes of this subsection:

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

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

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

37 (4) "residence" shall mean only those enclosures within which
38 individuals customarily live;

39 (5) "utility structure" shall mean transmission and distribution lines
40 owned by an independent transmission company or cooperative, the
41 Kansas electric transmission authority or natural gas or electric public
42 utility; and

43 (6) "windstorm" shall mean straight line winds of at least 80 miles per

1 hour as determined by a recognized meteorological reporting agency or
2 organization;

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

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

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

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

21 (u) the gross receipts received from the sale of prepaid calling service
22 and prepaid wireless calling service as defined in K.S.A. 2018 Supp. 79-
23 3673, and amendments thereto;

24 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
25 licensees under K.S.A. 2018 Supp. 75-5171 et seq., and amendments
26 thereto, shall be exempt from taxes imposed pursuant to this section; and

27 (w) all sales of charitable raffle tickets in accordance with K.S.A.
28 2018 Supp. 75-5171 et seq., and amendments thereto, shall be exempt
29 from taxes imposed pursuant to this section.

30 Sec. 4. K.S.A. 2018 Supp. 79-3620 is hereby amended to read as
31 follows: 79-3620. (a) All revenue collected or received by the director of
32 taxation from the taxes imposed by this act shall be remitted to the state
33 treasurer in accordance with the provisions of K.S.A. 75-4215, and
34 amendments thereto. Upon receipt of each such remittance, the state
35 treasurer shall deposit the entire amount in the state treasury, less amounts
36 withheld as provided in subsection (b) and amounts credited as provided in
37 subsections (c), (d) and (e), to the credit of the state general fund.

38 (b) A refund fund, designated as "sales tax refund fund" not to exceed
39 \$100,000 shall be set apart and maintained by the director from sales tax
40 collections and estimated tax collections and held by the state treasurer for
41 prompt payment of all sales tax refunds. Such fund shall be in such
42 amount, within the limit set by this section, as the director shall determine
43 is necessary to meet current refunding requirements under this act. In the

1 event such fund as established by this section is, at any time, insufficient to
2 provide for the payment of refunds due claimants thereof, the director shall
3 certify the amount of additional funds required to the director of accounts
4 and reports who shall promptly transfer the required amount from the state
5 general fund to the sales tax refund fund, and notify the state treasurer,
6 who shall make proper entry in the records.

7 ~~(c)(1) — On July 1, 2010, the state treasurer shall credit 11.427% of the~~
8 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
9 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
10 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
11 ~~the state highway fund.~~

12 ~~(2) — On July 1, 2011, the state treasurer shall credit 11.26% of the~~
13 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
14 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
15 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
16 ~~the state highway fund.~~

17 ~~(3) — On July 1, 2012, the state treasurer shall credit 11.233% of the~~
18 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
19 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
20 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
21 ~~the state highway fund.~~

22 ~~(4) — On July 1, 2013, the state treasurer shall credit 17.073% of the~~
23 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
24 ~~and amendments thereto, at the rate of 6.15%, and deposited as provided~~
25 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~
26 ~~(d), in the state highway fund.~~

27 ~~(5) — On July 1, 2015, the state treasurer shall credit 16.226% of the~~
28 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
29 ~~and amendments thereto, at the rate of 6.5%, and deposited as provided by~~
30 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
31 ~~the state highway fund.~~

32 ~~(6) — On July 1, 2016, and thereafter, the state treasurer shall credit~~
33 ~~16.154% of the revenue collected and received from the tax imposed by~~
34 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and section~~
35 ~~1, and amendments thereto, at the rates prescribed in K.S.A. 79-3603, and~~
36 ~~amendments thereto, and section 1, and amendments thereto, and~~
37 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
38 ~~pursuant to subsection (d), in the state highway fund.~~

39 (d) The state treasurer shall credit all revenue collected or received
40 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
41 certified by the director, from taxpayers doing business within that portion
42 of a STAR bond project district occupied by a STAR bond project or
43 taxpayers doing business with such entity financed by a STAR bond

1 project as defined in K.S.A. 2018 Supp. 12-17,162, and amendments
2 thereto, that was determined by the secretary of commerce to be of
3 statewide as well as local importance or will create a major tourism area
4 for the state or the project was designated as a STAR bond project as
5 defined in K.S.A. 2018 Supp. 12-17,162, and amendments thereto, to the
6 city bond finance fund, which fund is hereby created. The provisions of
7 this subsection shall expire when the total of all amounts credited
8 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is
9 sufficient to retire the special obligation bonds issued for the purpose of
10 financing all or a portion of the costs of such STAR bond project.

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

42 Sec. 5. K.S.A. 2018 Supp. 79-3703 is hereby amended to read as
43 follows: 79-3703. There is hereby levied and there shall be collected from

1 every person in this state a tax or excise for the privilege of using, storing,
2 or consuming within this state any article of tangible personal property.
3 Such tax shall be levied and collected in an amount equal to the
4 consideration paid by the taxpayer multiplied by the rate of 6.5% *and the*
5 *rate on food and food ingredients provided in section 1, and amendments*
6 *thereto*. Within a redevelopment district established pursuant to K.S.A. 74-
7 8921, and amendments thereto, there is hereby levied and there shall be
8 collected and paid an additional tax of 2% until the earlier of: (1) The date
9 the bonds issued to finance or refinance the redevelopment project
10 undertaken in the district have been paid in full; or (2) the final scheduled
11 maturity of the first series of bonds issued to finance the redevelopment
12 project. All property purchased or leased within or without this state and
13 subsequently used, stored or consumed in this state shall be subject to the
14 compensating tax if the same property or transaction would have been
15 subject to the Kansas retailers' sales tax had the transaction been wholly
16 within this state.

17 Sec. 6. K.S.A. 2018 Supp. 79-3710 is hereby amended to read as
18 follows: 79-3710. (a) All revenue collected or received by the director
19 under the provisions of this act shall be remitted to the state treasurer in
20 accordance with the provisions of K.S.A. 75-4215, and amendments
21 thereto. Upon receipt of each such remittance, the state treasurer shall
22 deposit the entire amount in the state treasury, less amounts set apart as
23 provided in subsection (b) and amounts credited as provided in subsection
24 (c), (d) and (e), to the credit of the state general fund.

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

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

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

42 ~~(3) On July 1, 2012, the state treasurer shall credit 11.233% of the~~
43 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~

1 and amendments thereto, at the rate of 6.3%, and deposited as provided by
2 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
3 the state highway fund.

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

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

14 (6) On July 1, 2016, and thereafter, the state treasurer shall credit
15 16.154% of the revenue collected and received from the tax imposed by
16 K.S.A. 79-3703, and amendments thereto, *and section 1, and amendments*
17 *thereto*, at the ~~rate of 6.5% rates provided in K.S.A. 79-3703, and~~
18 ~~amendments thereto, and section 1, and amendments thereto~~, and
19 deposited as provided by subsection (a), exclusive of amounts credited
20 pursuant to subsection (d), in the state highway fund.

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

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

35 (e) All revenue certified by the director of taxation as having been
36 collected or received from the tax imposed by K.S.A. 79-3603(c), and
37 amendments thereto, on the sale or furnishing of gas, water, electricity and
38 heat for use or consumption within the intermodal facility district
39 described in this subsection, shall be credited by the state treasurer to the
40 state highway fund. Such revenue may be transferred by the secretary of
41 transportation to the rail service improvement fund pursuant to law. The
42 provisions of this subsection shall take effect upon certification by the
43 secretary of transportation that a notice to proceed has been received for

1 the construction of the improvements within the intermodal facility
2 district, but not later than December 31, 2010, and shall expire when the
3 secretary of revenue determines that the total of all amounts credited
4 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
5 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
6 revenues shall be collected and distributed in accordance with applicable
7 law. For all tax reporting periods during which the provisions of this
8 subsection are in effect, none of the exemptions contained in K.S.A. 79-
9 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
10 of any gas, water, electricity and heat for use or consumption within the
11 intermodal facility district. As used in this subsection, "intermodal facility
12 district" shall consist of an intermodal transportation area as defined by
13 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
14 within the polygonal-shaped area having Waverly Road as the eastern
15 boundary, 191st Street as the southern boundary, Four Corners Road as the
16 western boundary, and Highway 56 as the northern boundary, and the
17 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
18 Street as the southern boundary, Waverly Road as the western boundary,
19 and the BNSF mainline track as the northern boundary, that includes
20 capital investment in an amount exceeding \$150 million for the
21 construction of an intermodal facility to handle the transfer, storage and
22 distribution of freight through railway and trucking operations.

23 Sec. 7. K.S.A. 2018 Supp. 79-3602, 79-3603, 79-3620, 79-3703 and
24 79-3710 are hereby repealed.

25 Sec. 8. This act shall take effect and be in force from and after its
26 publication in the statute book.