

House Substitute for SENATE BILL No. 169

By Committee on Taxation

3-27

1 AN ACT concerning taxation; relating to income tax; providing a 5.25%
2 tax rate for individuals and decreasing the normal tax for corporations;
3 discontinuing possible future corporate rate decreases as a result of
4 agreements under the attracting powerful economic expansion program
5 act; increasing the income limit to qualify for a subtraction
6 modification for social security income; increasing the Kansas standard
7 deduction for single filers and further increasing by a cost-of-living
8 adjustment; discontinuing the food sales tax credit; relating to sales and
9 compensating use tax; reducing the rate of tax on sales of food and
10 food ingredients; relating to property tax; increasing the extent of
11 exemption for residential property from the statewide school levy;
12 relating to privilege tax rates; decreasing the normal tax; amending
13 K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-50,321, 79-
14 201x, 79-32,110, 79-32,117, 79-32,119, 79-32,271, 79-3603, 79-3603d,
15 79-3620, 79-3703 and 79-3710 and repealing the existing sections.

16

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

18 Section 1. K.S.A. 2022 Supp. 74-50,321 is hereby amended to read as
19 follows: 74-50,321. (a) Commencing with fiscal year 2022, in any fiscal
20 year that a qualified firm enters into an agreement with the secretary of
21 commerce for the first time pursuant to K.S.A. 2022 Supp. 74-50,312, and
22 amendments thereto, and commences construction on a qualified business
23 facility under this act the secretary of commerce shall certify such fact to
24 the secretary of revenue, the director of the budget and the director of
25 legislative research. Such certification shall be made when such fact is
26 known to the secretary, but in any event on or before June 30 of such fiscal
27 year.

28 (b) Upon receipt of such certification, the secretary of revenue shall
29 adjust the corporate income tax rate imposed pursuant to the provisions of
30 K.S.A. 79-32,110, and amendments thereto, to go into effect for the next
31 tax year by reducing the rate by 0.5%. The maximum reduction to be
32 applied for one taxable year shall be 0.5% regardless of the number of
33 eligible qualifying firms that may have satisfied the conditions of
34 subsection (a).

35 (c) The rate reduction of 0.5% shall be applied to reduce the normal
36 tax on corporations imposed pursuant to K.S.A. 79-32,110, and

1 amendments thereto, until reduced to 0%.

2 (d) The secretary of revenue shall report any reduction in corporate
3 income tax rates pursuant to this section to the chairpersons of the senate
4 standing committees on assessment and taxation and commerce, the
5 chairpersons of the house of representatives standing committees on
6 commerce, labor and economic development and taxation and the
7 governor, and shall cause notice of any such reduction to be published in
8 the Kansas register prior to September 15 of the calendar year immediately
9 preceding the tax year in which such reduction takes effect.

10 (e) *The provisions of this section shall expire and have no effect on*
11 *and after July 1, 2024.*

12 Sec. 2. K.S.A. 2022 Supp. 79-201x is hereby amended to read as
13 follows: 79-201x. (a) For taxable year ~~2022~~ 2023, and all taxable years
14 thereafter, the following described property, to the extent herein specified,
15 shall be and is hereby exempt from the property tax levied pursuant to the
16 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
17 residential purposes to the extent of ~~\$40,000~~ \$65,000 of its appraised
18 valuation.

19 (b) For taxable year ~~2023~~ 2024, and all taxable years thereafter, the
20 dollar amount of the extent of appraised valuation that is exempt pursuant
21 to subsection (a) shall be adjusted to reflect the average percentage change
22 in statewide residential valuation of all residential real property for the
23 preceding 10 years. Such average percentage change shall not be less than
24 zero. The director of property valuation shall calculate the average
25 percentage change for purposes of this annual adjustment and calculate the
26 dollar amount of the extent of appraised valuation that is exempt pursuant
27 to this section each year.

28 Sec. 3. K.S.A. 79-1107 is hereby amended to read as follows: 79-
29 1107. (a) Every national banking association and state bank located or
30 doing business within the state shall pay to the state for the privilege of
31 doing business within the state a tax according to or measured by its net
32 income for the next preceding taxable year to be computed as provided in
33 this act. Such tax shall consist of a normal tax and a surtax and shall be
34 computed as follows:

35 ~~(a)~~(1) (A) For tax years prior to tax year 2024, the normal tax shall
36 be an amount equal to ~~2.25%~~ 2.25% of such net income; and

37 (B) for tax year 2024, and all tax years thereafter, the normal tax
38 shall be an amount equal to 1.625% of such net income; and

39 ~~(b)~~(2) the surtax shall be an amount equal to ~~2.125%~~ 2.125% of such
40 net income in excess of \$25,000.

41 (b) The tax levied shall be in lieu of ad valorem taxes which might
42 otherwise be imposed by the state or political subdivisions thereof upon
43 shares of capital stock or the intangible assets of national banking

1 associations and state banks.

2 Sec. 4. K.S.A. 79-1108 is hereby amended to read as follows: 79-
3 1108. (a) Every trust company and savings and loan association located or
4 doing business within the state shall pay to the state for the privilege of
5 doing business within the state a tax according to or measured by its net
6 income for the next preceding taxable year to be computed as provided in
7 this act. Such tax shall consist of a normal tax and a surtax and shall be
8 computed as follows:

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

12 (B) for tax year 2024, and all tax years thereafter, the normal tax on
13 every trust company and savings and loan association shall be an amount
14 equal to 1.61% of such net income; and

15 ~~(b)~~(2) the surtax on every trust company and savings and loan
16 association shall be an amount equal to ~~2+1/4%~~ 2.25% of such net income in
17 excess of \$25,000.

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

22 Sec. 5. K.S.A. 2022 Supp. 79-32,110 is hereby amended to read as
23 follows: 79-32,110. (a) *Resident individuals.* Except as otherwise provided
24 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
25 upon the Kansas taxable income of every resident individual, which tax
26 shall be computed in accordance with the following tax schedules:

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

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

| | |
|---|-------------------------------|
| 29 If the taxable income is: _____ | The tax is: |
| 30 Not over \$30,000..... | 3.5% of Kansas taxable income |
| 31 Over \$30,000 but not over \$60,000..... | \$1,050 plus 6.25% of excess |
| 32 _____ | over \$30,000 |
| 33 Over \$60,000..... | \$2,925 plus 6.45% of excess |
| 34 _____ | over \$60,000 |

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

| | |
|------------------------------------|--------------------------------|
| 36 If the taxable income is: _____ | The tax is: |
| 37 Not over \$30,000..... | 3.0% of Kansas taxable income |
| 38 Over \$30,000..... | \$900 plus 4.9% of excess over |
| 39 _____ | \$30,000 |

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

| | |
|------------------------------------|--------------------------------|
| 41 If the taxable income is: _____ | The tax is: |
| 42 Not over \$30,000..... | 2.7% of Kansas taxable income |
| 43 Over \$30,000..... | \$810 plus 4.8% of excess over |

| | | |
|----|--|----------------------------------|
| 1 | _____ | \$30,000 |
| 2 | (D) For tax years 2015 and 2016: | |
| 3 | If the taxable income is: | The tax is: |
| 4 | Not over \$30,000..... | 2.7% of Kansas taxable income |
| 5 | Over \$30,000..... | \$810 plus 4.6% of excess over |
| 6 | _____ | \$30,000 |
| 7 | (E) For tax year 2017: | |
| 8 | If the taxable income is: | The tax is: |
| 9 | Not over \$30,000..... | 2.9% of Kansas taxable income |
| 10 | Over \$30,000 but not over \$60,000..... | \$870 plus 4.9% of excess over |
| 11 | _____ | \$30,000 |
| 12 | Over \$60,000..... | \$2,340 plus 5.2% of excess over |
| 13 | _____ | \$60,000 |
| 14 | (F) For tax years 2018, and all tax years thereafter through 2023: | |
| 15 | If the taxable income is: | The tax is: |
| 16 | Not over \$30,000..... | 3.1% of Kansas taxable income |
| 17 | Over \$30,000 but not over \$60,000..... | \$930 plus 5.25% of excess |
| 18 | | over \$30,000 |
| 19 | Over \$60,000..... | \$2,505 plus 5.7% of excess |
| 20 | | over \$60,000 |
| 21 | (2) All other individuals. | |
| 22 | (A) For tax year 2012: | |
| 23 | If the taxable income is: | The tax is: |
| 24 | Not over \$15,000..... | 3.5% of Kansas taxable income |
| 25 | Over \$15,000 but not over \$30,000..... | \$525 plus 6.25% of excess |
| 26 | _____ | over \$15,000 |
| 27 | Over \$30,000..... | \$1,462.50 plus 6.45% of excess |
| 28 | _____ | over \$30,000 |
| 29 | (B) For tax year 2013: | |
| 30 | If the taxable income is: | The tax is: |
| 31 | Not over \$15,000..... | 3.0% of Kansas taxable income |
| 32 | Over \$15,000..... | \$450 plus 4.9% of excess over |
| 33 | _____ | \$15,000 |
| 34 | (C) For tax year 2014: | |
| 35 | If the taxable income is: | The tax is: |
| 36 | Not over \$15,000..... | 2.7% of Kansas taxable income |
| 37 | Over \$15,000..... | \$405 plus 4.8% of excess over |
| 38 | _____ | \$15,000 |
| 39 | (D) For tax years 2015 and 2016: | |
| 40 | If the taxable income is: | The tax is: |
| 41 | Not over \$15,000..... | 2.7% of Kansas taxable income |
| 42 | Over \$15,000..... | \$405 plus 4.6% of excess over |
| 43 | _____ | \$15,000 |

1 (E) — For tax year 2017:

| | | |
|---|--|----------------------------------|
| 2 | If the taxable income is: | The tax is: |
| 3 | Not over \$15,000..... | 2.9% of Kansas taxable income |
| 4 | Over \$15,000 but not over \$30,000..... | \$435 plus 4.9% of excess over |
| 5 | _____ | \$15,000 |
| 6 | Over \$30,000..... | \$1,170 plus 5.2% of excess over |
| 7 | _____ | \$30,000 |

8 (F) — For tax year years 2018, and all tax years thereafter through 2023:

| | | |
|----|--|--------------------------------|
| 9 | If the taxable income is: | The tax is: |
| 10 | Not over \$15,000..... | 3.1% of Kansas taxable income |
| 11 | Over \$15,000 but not over \$30,000..... | \$465 plus 5.25% of excess |
| 12 | | over \$15,000 |
| 13 | Over \$30,000..... | \$1,252.50 plus 5.7% of excess |
| 14 | | over \$30,000 |

15 (3) All resident individuals. For tax year 2024, and all tax years
16 thereafter, for all individuals regardless of filing status, the tax shall be in
17 an amount equal to 5.25% of the Kansas taxable income that is in excess
18 of:

19 (A) \$12,300 for married individuals filing joint returns; and

20 (B) \$6,150 for all other individuals.

21 (b) Nonresident individuals. A tax is hereby imposed upon the Kansas
22 taxable income of every nonresident individual, which tax shall be an
23 amount equal to the tax computed under subsection (a) as if the
24 nonresident were a resident multiplied by the ratio of modified Kansas
25 source income to Kansas adjusted gross income.

26 (c) Corporations. A tax is hereby imposed upon the Kansas taxable
27 income of every corporation doing business within this state or deriving
28 income from sources within this state.

29 (1) For tax years prior to tax year 2024, such tax shall consist of a
30 normal tax and a surtax and shall be computed as follows unless otherwise
31 modified pursuant to K.S.A. 2022 Supp. 74-50,321, and amendments
32 thereto:

33 (+) (A) The normal tax shall be in an amount equal to 4% of the
34 Kansas taxable income of such corporation; and

35 (-) (B) The surtax shall be in an amount equal to 3% of the Kansas
36 taxable income of such corporation in excess of \$50,000.

37 (2) For tax year 2024, and all tax years thereafter, such tax shall
38 consist of a normal tax and a surtax and shall be computed as follows:

39 (A) The normal tax shall be in an amount equal to 3% of the Kansas
40 taxable income of such corporation; and

41 (B) the surtax shall be in an amount equal to 3% of the Kansas
42 taxable income of such corporation in excess of \$50,000.

43 (d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable

1 income of estates and trusts at the rates provided in subsection (a)(2)
2 ~~hereof for tax years 2012 through 2023 and at the rate provided in~~
3 ~~subsection (a)(3) for tax year 2024, and all tax years thereafter.~~

4 (e) Notwithstanding the provisions of subsections (a) and (b): ~~(1) For~~
5 ~~tax years 2016 and 2017, married individuals filing joint returns with~~
6 ~~taxable income of \$12,500 or less, and all other individuals with taxable~~
7 ~~income of \$5,000 or less, shall have a tax liability of zero; and (2), for tax~~
8 ~~year years 2018, and all tax years thereafter through 2023, married~~
9 ~~individuals filing joint returns with taxable income of \$5,000 or less, and~~
10 ~~all other individuals with taxable income of \$2,500 or less, shall have a tax~~
11 ~~liability of zero.~~

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

16 Sec. 6. K.S.A. 2022 Supp. 79-32,117 is hereby amended to read as
17 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
18 means such individual's federal adjusted gross income for the taxable year,
19 with the modifications specified in this section.

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

21 (i) Interest income less any related expenses directly incurred in the
22 purchase of state or political subdivision obligations, to the extent that the
23 same is not included in federal adjusted gross income, on obligations of
24 any state or political subdivision thereof, but to the extent that interest
25 income on obligations of this state or a political subdivision thereof issued
26 prior to January 1, 1988, is specifically exempt from income tax under the
27 laws of this state authorizing the issuance of such obligations, it shall be
28 excluded from computation of Kansas adjusted gross income whether or
29 not included in federal adjusted gross income. Interest income on
30 obligations of this state or a political subdivision thereof issued after
31 December 31, 1987, shall be excluded from computation of Kansas
32 adjusted gross income whether or not included in federal adjusted gross
33 income.

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

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

1 (iv) Federal income tax refunds received by the taxpayer if the
2 deduction of the taxes being refunded resulted in a tax benefit for Kansas
3 income tax purposes during a prior taxable year. Such refunds shall be
4 included in income in the year actually received regardless of the method
5 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
6 be deemed to have resulted if the amount of the tax had been deducted in
7 determining income subject to a Kansas income tax for a prior year
8 regardless of the rate of taxation applied in such prior year to the Kansas
9 taxable income, but only that portion of the refund shall be included as
10 bears the same proportion to the total refund received as the federal taxes
11 deducted in the year to which such refund is attributable bears to the total
12 federal income taxes paid for such year. For purposes of the foregoing
13 sentence, federal taxes shall be considered to have been deducted only to
14 the extent such deduction does not reduce Kansas taxable income below
15 zero.

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

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

24 (vii) The amount of any charitable contribution made to the extent the
25 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
26 32,196, and amendments thereto.

27 (viii) The amount of any costs incurred for improvements to a swine
28 facility, claimed for deduction in determining federal adjusted gross
29 income, to the extent the same is claimed as the basis for any credit
30 allowed pursuant to K.S.A. 79-32,204, and amendments thereto.

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

37 (x) Amounts received as nonqualified withdrawals, as defined by
38 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
39 family postsecondary education savings account, such amounts were
40 subtracted from the federal adjusted gross income pursuant to K.S.A. 79-
41 32,117(c)(xv), and amendments thereto, or if such amounts are not already
42 included in the federal adjusted gross income.

43 (xi) The amount of any contribution made to the same extent the

1 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
2 50,154, and amendments thereto.

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

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

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

18 (xv) The amount of any expenditures claimed for deduction in
19 determining federal adjusted gross income, to the extent the same is
20 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
21 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
22 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
23 32,251 through 79-32,254, and amendments thereto.

24 (xvi) The amount of any amortization deduction claimed in
25 determining federal adjusted gross income to the extent the same is
26 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
27 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

32 (xviii) For taxable years commencing after December 31, 2006, the
33 amount of any ad valorem or property taxes and assessments paid to a state
34 other than Kansas or local government located in a state other than Kansas
35 by a taxpayer who resides in a state other than Kansas, when the law of
36 such state does not allow a resident of Kansas who earns income in such
37 other state to claim a deduction for ad valorem or property taxes or
38 assessments paid to a political subdivision of the state of Kansas in
39 determining taxable income for income tax purposes in such other state, to
40 the extent that such taxes and assessments are claimed as an itemized
41 deduction for federal income tax purposes.

42 (xix) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of any: (1) Loss from business

1 as determined under the federal internal revenue code and reported from
2 schedule C and on line 12 of the taxpayer's form 1040 federal individual
3 income tax return; (2) loss from rental real estate, royalties, partnerships, S
4 corporations, except those with wholly owned subsidiaries subject to the
5 Kansas privilege tax, estates, trusts, residual interest in real estate
6 mortgage investment conduits and net farm rental as determined under the
7 federal internal revenue code and reported from schedule E and on line 17
8 of the taxpayer's form 1040 federal individual income tax return; and (3)
9 farm loss as determined under the federal internal revenue code and
10 reported from schedule F and on line 18 of the taxpayer's form 1040
11 federal income tax return; all to the extent deducted or subtracted in
12 determining the taxpayer's federal adjusted gross income. For purposes of
13 this subsection, references to the federal form 1040 and federal schedule
14 C, schedule E, and schedule F, shall be to such form and schedules as they
15 existed for tax year 2011, and as revised thereafter by the internal revenue
16 service.

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

25 (xxi) For taxable years beginning after December 31, 2012, and
26 ending before January 1, 2017, the amount of any deduction for pension,
27 profit sharing, and annuity plans of self-employed individuals under
28 section 62(a)(6) of the federal internal revenue code as in effect on January
29 1, 2012, and amendments thereto, in determining the federal adjusted gross
30 income of an individual taxpayer.

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

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

41 (xxiv) For taxable years commencing after December 31, 2013, that
42 portion of the amount of any expenditure deduction claimed in
43 determining federal adjusted gross income for expenses paid for medical

1 care of the taxpayer or the taxpayer's spouse or dependents when such
2 expenses were paid or incurred for an abortion, or for a health benefit plan,
3 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
4 an optional rider for coverage of abortion in accordance with K.S.A. 40-
5 2,190, and amendments thereto, to the extent that such taxes and
6 assessments are claimed as an itemized deduction for federal income tax
7 purposes.

8 (xxv) For taxable years commencing after December 31, 2013, that
9 portion of the amount of any expenditure deduction claimed in
10 determining federal adjusted gross income for expenses paid by a taxpayer
11 for health care when such expenses were paid or incurred for abortion
12 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
13 amendments thereto, when such expenses were paid or incurred for
14 abortion coverage or amounts contributed to health savings accounts for
15 such taxpayer's employees for the purchase of an optional rider for
16 coverage of abortion in accordance with K.S.A. 40-2,190, and
17 amendments thereto, to the extent that such taxes and assessments are
18 claimed as a deduction for federal income tax purposes.

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

24 (xxvii) For all taxable years commencing after December 31, 2020,
25 the amount deducted by reason of a carryforward of disallowed business
26 interest pursuant to section 163(j) of the federal internal revenue code of
27 1986, as in effect on January 1, 2018.

28 (xxviii) For all taxable years beginning after December 31, 2021, the
29 amount of any contributions to, or earnings from, a first-time home buyer
30 savings account if distributions from the account were not used to pay for
31 expenses or transactions authorized pursuant to K.S.A. 2022 Supp. 58-
32 4904, and amendments thereto, or were not held for the minimum length
33 of time required pursuant to K.S.A. 2022 Supp. 58-4904, and amendments
34 thereto. Contributions to, or earnings from, such account shall also include
35 any amount resulting from the account holder not designating a surviving
36 transfer on death beneficiary pursuant to K.S.A. 2022 Supp. 58-4904(e),
37 and amendments thereto.

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

39 (i) Interest or dividend income on obligations or securities of any
40 authority, commission or instrumentality of the United States and its
41 possessions less any related expenses directly incurred in the purchase of
42 such obligations or securities, to the extent included in federal adjusted
43 gross income but exempt from state income taxes under the laws of the

1 United States.

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

5 (iii) The portion of any gain or loss from the sale or other disposition
6 of property having a higher adjusted basis for Kansas income tax purposes
7 than for federal income tax purposes on the date such property was sold or
8 disposed of in a transaction in which gain or loss was recognized for
9 purposes of federal income tax that does not exceed such difference in
10 basis, but if a gain is considered a long-term capital gain for federal
11 income tax purposes, the modification shall be limited to that portion of
12 such gain which is included in federal adjusted gross income.

13 (iv) The amount necessary to prevent the taxation under this act of
14 any annuity or other amount of income or gain which was properly
15 included in income or gain and was taxed under the laws of this state for a
16 taxable year prior to the effective date of this act, as amended, to the
17 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
18 the right to receive the income or gain, or to a trust or estate from which
19 the taxpayer received the income or gain.

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

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

27 (vii) Amounts received as annuities under the federal civil service
28 retirement system from the civil service retirement and disability fund and
29 other amounts received as retirement benefits in whatever form which
30 were earned for being employed by the federal government or for service
31 in the armed forces of the United States.

32 (viii) Amounts received by retired railroad employees as a
33 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
34 228c(a)(1) et seq.

35 (ix) Amounts received by retired employees of a city and by retired
36 employees of any board of such city as retirement allowances pursuant to
37 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
38 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
39 amendments thereto.

40 (x) For taxable years beginning after December 31, 1976, the amount
41 of the federal tentative jobs tax credit disallowance under the provisions of
42 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
43 amount of the targeted jobs tax credit and work incentive credit

1 disallowances under 26 U.S.C. § 280C.

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

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

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

12 (xiv) For all taxable years commencing after December 31, 1996, that
13 portion of any income of a bank organized under the laws of this state or
14 any other state, a national banking association organized under the laws of
15 the United States, an association organized under the savings and loan
16 code of this state or any other state, or a federal savings association
17 organized under the laws of the United States, for which an election as an
18 S corporation under subchapter S of the federal internal revenue code is in
19 effect, which accrues to the taxpayer who is a stockholder of such
20 corporation and which is not distributed to the stockholders as dividends of
21 the corporation. For taxable years beginning after December 31, 2012, and
22 ending before January 1, 2017, the amount of modification under this
23 subsection shall exclude the portion of income or loss reported on schedule
24 E and included on line 17 of the taxpayer's form 1040 federal individual
25 income tax return.

26 (xv) For all taxable years beginning after December 31, 2017, the
27 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
28 filing a joint return, for each designated beneficiary that are contributed to:
29 (1) A family postsecondary education savings account established under
30 the Kansas postsecondary education savings program or a qualified tuition
31 program established and maintained by another state or agency or
32 instrumentality thereof pursuant to section 529 of the internal revenue
33 code of 1986, as amended, for the purpose of paying the qualified higher
34 education expenses of a designated beneficiary; or (2) an achieving a
35 better life experience (ABLE) account established under the Kansas ABLE
36 savings program or a qualified ABLE program established and maintained
37 by another state or agency or instrumentality thereof pursuant to section
38 529A of the internal revenue code of 1986, as amended, for the purpose of
39 saving private funds to support an individual with a disability. The terms
40 and phrases used in this paragraph shall have the meaning respectively
41 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
42 amendments thereto, and the provisions of such sections are hereby
43 incorporated by reference for all purposes thereof.

1 (xvi) For all taxable years beginning after December 31, 2004,
2 amounts received by taxpayers who are or were members of the armed
3 forces of the United States, including service in the Kansas army and air
4 national guard, as a recruitment, sign up or retention bonus received by
5 such taxpayer as an incentive to join, enlist or remain in the armed services
6 of the United States, including service in the Kansas army and air national
7 guard, and amounts received for repayment of educational or student loans
8 incurred by or obligated to such taxpayer and received by such taxpayer as
9 a result of such taxpayer's service in the armed forces of the United States,
10 including service in the Kansas army and air national guard.

11 (xvii) For all taxable years beginning after December 31, 2004,
12 amounts received by taxpayers who are eligible members of the Kansas
13 army and air national guard as a reimbursement pursuant to K.S.A. 48-
14 281, and amendments thereto, and amounts received for death benefits
15 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
16 such death benefits are included in federal adjusted gross income of the
17 taxpayer.

18 ~~(xviii) For the taxable year beginning after December 31, 2006,~~
19 ~~amounts received as benefits under the federal social security act which~~
20 ~~are included in federal adjusted gross income of a taxpayer with federal~~
21 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
22 ~~status is single, head of household, married filing separate or married filing~~
23 ~~jointly; and (A) For all taxable years beginning after December 31, 2007,~~
24 ~~amounts received as benefits under the federal social security act which~~
25 ~~are included in federal adjusted gross income of a taxpayer with federal~~
26 ~~adjusted gross income of \$75,000 or less, whether such taxpayer's filing~~
27 ~~status is single, head of household, married filing separate or married filing~~
28 ~~jointly.~~

29 *(B) For all taxable years beginning after December 31, 2022, a*
30 *portion of amounts received as benefits under the federal social security*
31 *act that are included in federal adjusted gross income of a taxpayer with*
32 *federal adjusted gross income greater than \$75,000 and less than*
33 *\$100,000, whether that taxpayer's filing status is single, head of*
34 *household, married filing separate or married filing jointly, calculated as*
35 *follows:*

36 *(1) Subtract an amount equal to the federal adjusted gross income of*
37 *that taxpayer from 100,000 (the result must be greater than zero);*

38 *(2) divide the result of subparagraph (B)(1) by 25,000; and*

39 *(3) multiply the result of subparagraph (B)(2) by the amount in*
40 *dollars received as benefits under the federal social security act that are*
41 *included in federal adjusted gross income of that taxpayer to determine*
42 *the modification pursuant to this subparagraph.*

43 (xix) Amounts received by retired employees of Washburn university

1 as retirement and pension benefits under the university's retirement plan.

2 (xx) For taxable years beginning after December 31, 2012, and
3 ending before January 1, 2017, the amount of any: (1) Net profit from
4 business as determined under the federal internal revenue code and
5 reported from schedule C and on line 12 of the taxpayer's form 1040
6 federal individual income tax return; (2) net income, not including
7 guaranteed payments as defined in section 707(c) of the federal internal
8 revenue code and as reported to the taxpayer from federal schedule K-1,
9 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
10 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
11 partnerships, S corporations, estates, trusts, residual interest in real estate
12 mortgage investment conduits and net farm rental as determined under the
13 federal internal revenue code and reported from schedule E and on line 17
14 of the taxpayer's form 1040 federal individual income tax return; and (3)
15 net farm profit as determined under the federal internal revenue code and
16 reported from schedule F and on line 18 of the taxpayer's form 1040
17 federal income tax return; all to the extent included in the taxpayer's
18 federal adjusted gross income. For purposes of this subsection, references
19 to the federal form 1040 and federal schedule C, schedule E, and schedule
20 F, shall be to such form and schedules as they existed for tax year 2011
21 and as revised thereafter by the internal revenue service.

22 (xxi) For all taxable years beginning after December 31, 2013,
23 amounts equal to the unreimbursed travel, lodging and medical
24 expenditures directly incurred by a taxpayer while living, or a dependent
25 of the taxpayer while living, for the donation of one or more human organs
26 of the taxpayer, or a dependent of the taxpayer, to another person for
27 human organ transplantation. The expenses may be claimed as a
28 subtraction modification provided for in this section to the extent the
29 expenses are not already subtracted from the taxpayer's federal adjusted
30 gross income. In no circumstances shall the subtraction modification
31 provided for in this section for any individual, or a dependent, exceed
32 \$5,000. As used in this section, "human organ" means all or part of a liver,
33 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
34 paragraph shall take effect on the day the secretary of revenue certifies to
35 the director of the budget that the cost for the department of revenue of
36 modifications to the automated tax system for the purpose of
37 implementing this paragraph will not exceed \$20,000.

38 (xxii) For taxable years beginning after December 31, 2012, and
39 ending before January 1, 2017, the amount of net gain from the sale of: (1)
40 Cattle and horses, regardless of age, held by the taxpayer for draft,
41 breeding, dairy or sporting purposes, and held by such taxpayer for 24
42 months or more from the date of acquisition; and (2) other livestock,
43 regardless of age, held by the taxpayer for draft, breeding, dairy or

1 sporting purposes, and held by such taxpayer for 12 months or more from
2 the date of acquisition. The subtraction from federal adjusted gross income
3 shall be limited to the amount of the additions recognized under the
4 provisions of subsection (b)(xix) attributable to the business in which the
5 livestock sold had been used. As used in this paragraph, the term
6 "livestock" shall not include poultry.

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

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

15 (xxv) For all taxable years commencing after December 31, 2020,
16 100% of global intangible low-taxed income under section 951A of the
17 federal internal revenue code of 1986, before any deductions allowed
18 under section 250(a)(1)(B) of such code.

19 (xxvi) For all taxable years commencing after December 31, 2020,
20 the amount disallowed as a deduction pursuant to section 163(j) of the
21 federal internal revenue code of 1986, as in effect on January 1, 2018.

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

27 (xxviii) For all taxable years beginning after December 31, 2021: (1)
28 The amount contributed to a first-time home buyer savings account
29 pursuant to K.S.A. 2022 Supp. 58-4903, and amendments thereto, in an
30 amount not to exceed \$3,000 for an individual or \$6,000 for a married
31 couple filing a joint return; or (2) amounts received as income earned from
32 assets in a first-time home buyer savings account.

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

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

42 ~~(f) No taxpayer shall be assessed penalties and interest from the~~
43 ~~underpayment of taxes due to changes to this section that became law on~~

1 ~~July 1, 2017, so long as such underpayment is rectified on or before April~~
2 ~~17, 2018.~~

3 Sec. 7. K.S.A. 2022 Supp. 79-32,119 is hereby amended to read as
4 follows: 79-32,119. (a) The Kansas standard deduction of an individual,
5 including a husband and wife who are either both residents or who file a
6 joint return as if both were residents, shall be equal to the sum of the
7 standard deduction amount allowed pursuant to this section, and the
8 additional standard deduction amount allowed pursuant to this section for
9 each such deduction allowable to such individual or to such husband and
10 wife under the federal internal revenue code.

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

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

19 (2) For tax ~~year~~ years 2021 and 2022, and all tax years thereafter, the
20 standard deduction amount of an individual, including husband and wife
21 who are either both residents or who file a joint return as if both were
22 residents, shall be as follows: Single individual filing status, \$3,500;
23 married filing status, \$8,000; and head of household filing status, \$6,000.

24 (3) (A) *For tax year 2023, and all tax years thereafter, the standard*
25 *deduction amount of an individual, including husband and wife who are*
26 *either both residents or who file a joint return as if both were residents,*
27 *shall be as follows: Single individual filing status, \$4,000; married filing*
28 *status, \$8,000; and head of household filing status, \$6,000.*

29 (B) *In the case of tax year 2024, and all tax years thereafter, the*
30 *amounts prescribed in this paragraph shall be increased by an amount*
31 *equal to such amount multiplied by the cost-of-living adjustment*
32 *determined under section 1(f)(3) of the federal internal revenue code for*
33 *the calendar year in which the taxable year commences.*

34 (d) For purposes of this section, the federal standard deduction
35 allowable to a husband and wife filing separate Kansas income tax returns
36 shall be determined on the basis that separate federal returns were filed,
37 and the federal standard deduction of a husband and wife filing a joint
38 Kansas income tax return shall be determined on the basis that a joint
39 federal income tax return was filed.

40 Sec. 8. K.S.A. 2022 Supp. 79-32,271 is hereby amended to read as
41 follows: 79-32,271.(a) For any taxable year commencing after December
42 31, 2014, and ending prior to January 1, ~~2025~~ 2023, a credit shall be
43 allowed against the tax imposed by the Kansas income tax act on the

1 Kansas taxable income of an individual income taxpayer who purchased
2 food in this state, had federal adjusted gross income for the tax year that
3 did not exceed \$30,615, and meets the qualifications in subsections (b) and
4 (c).

5 (b) During the entire tax year a taxpayer filing single, head of
6 household, or married filing separate, or the taxpayer and the taxpayer's
7 spouse if married filing jointly, must be domiciled in this state. For
8 purposes of this credit, "domicile" shall not include any correctional
9 facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments
10 thereto, any juvenile correctional facility, or portion thereof, as defined in
11 K.S.A. 38-2302, and amendments thereto, any correctional facility of the
12 federal bureau of prisons located in the state of Kansas, or any city or
13 county jail facility in the state of Kansas.

14 (c) During the entire tax year a taxpayer filing single, head of
15 household, or married filing separate, or the taxpayer or the taxpayer's
16 spouse if married filing jointly, must be either: (1) A person having a
17 disability, regardless of age; (2) a person without a disability who is 55
18 years of age or older; or (3) a person without a disability who is younger
19 than 55 years of age who claims an exemption for one or more dependent
20 children under 18 years of age.

21 (d) The amount of the credit shall be \$125 for every exemption
22 claimed on the taxpayer's federal income tax return, except that no
23 exemption shall be counted for a dependent unless the dependent is a child
24 under 18 years of age.

25 (e) The credit allowed under this provision shall be applied against
26 the taxpayer's income tax liability after all other credits allowed under the
27 income tax act. It shall not be refundable and may not be carried forward.

28 (f) (1) Every taxpayer claiming the credit shall supply the division in
29 support of a claim, reasonable proof of domicile, age and disability.

30 (2) A claim alleging disability shall be supported by a report of the
31 examining physician of the claimant with a statement or certificate that the
32 applicant has a disability as defined in subsection (g).

33 (g) "Disability" means: (1) Inability to engage in any substantial
34 gainful activity by reason of any medically determinable physical or
35 mental impairment which can be expected to result in death or has lasted
36 or can be expected to last for a continuous period of not less than 12
37 months, and an individual shall be determined to be under a disability only
38 if the physical or mental impairment or impairments are of such severity
39 that the individual is not only unable to do the individual's previous work
40 but cannot, considering age, education and work experience, engage in any
41 other kind of substantial gainful work which exists in the national
42 economy, regardless of whether such work exists in the immediate area in
43 which the individual lives or whether a specific job vacancy exists for the

1 individual, or whether the individual would be hired if application was
2 made for work. For purposes of this paragraph, with respect to any
3 individual, "work which exists in the national economy" means work
4 which exists in significant numbers either in the region where the
5 individual lives or in several regions of the country; and "physical or
6 mental impairment" means an impairment that results from anatomical,
7 physiological or psychological abnormalities which are demonstrable by
8 medically acceptable clinical and laboratory diagnostic techniques; or

9 (2) blindness and inability by reason of blindness to engage in
10 substantial gainful activity requiring skills or abilities comparable to those
11 of any gainful activity in which the individual has previously engaged with
12 some regularity and over a substantial period of time. For purposes of this
13 paragraph, "blindness" means central visual acuity of $^{20}/_{200}$ or less in the
14 better eye with the use of a correcting lens. An eye which is accompanied
15 by a limitation in the fields of vision such that the widest diameter of the
16 visual field subtends an angle no greater than 20 degrees shall be
17 considered for the purpose of this paragraph as having a central visual
18 acuity of $^{20}/_{200}$ or less.

19 (h) The secretary of revenue is hereby authorized to adopt such rules
20 and regulations as may be necessary for the administration of the
21 provisions of this section.

22 Sec. 9. K.S.A. 2022 Supp. 79-3603 is hereby amended to read as
23 follows: 79-3603. For the privilege of engaging in the business of selling
24 tangible personal property at retail in this state or rendering or furnishing
25 any of the services taxable under this act, there is hereby levied and there
26 shall be collected and paid a tax at the rate of 6.5%. On and after ~~January~~
27 ~~1, 2023, 17% and on and after January 1, 2025~~ *July 1, 2023*, 18% of the
28 tax rate imposed pursuant to this section and the rate provided in K.S.A.
29 2022 Supp. 79-3603d, and amendments thereto, shall be levied for the
30 state highway fund, the state highway fund purposes and those purposes
31 specified in K.S.A. 68-416, and amendments thereto, and all revenue
32 collected and received from such tax levy shall be deposited in the state
33 highway fund.

34 Within a redevelopment district established pursuant to K.S.A. 74-
35 8921, and amendments thereto, there is hereby levied and there shall be
36 collected and paid an additional tax at the rate of 2% until the earlier of the
37 date the bonds issued to finance or refinance the redevelopment project
38 have been paid in full or the final scheduled maturity of the first series of
39 bonds issued to finance any part of the project.

40 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. 79-3673, and amendments thereto, except
3 that telecommunications service does not include: (1) Any interstate or
4 international 800 or 900 service; (2) any interstate or international private
5 communications service as defined in K.S.A. 79-3673, and amendments
6 thereto; (3) any value-added nonvoice data service; (4) any
7 telecommunication service to a provider of telecommunication services
8 which will be used to render telecommunications services, including
9 carrier access services; or (5) any service or transaction defined in this
10 section among entities classified as members of an affiliated group as
11 provided by section 1504 of the federal internal revenue code of 1986, as
12 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" means the first or initial construction of a
18 new building or facility. The term "original construction" shall include the
19 addition of an entire room or floor to any existing building or facility, the
20 completion of any unfinished portion of any existing building or facility
21 and the restoration, reconstruction or replacement of a building, facility or
22 utility structure damaged or destroyed by fire, flood, tornado, lightning,
23 explosion, windstorm, ice loading and attendant winds, terrorism or
24 earthquake, but such term, except with regard to a residence, shall not
25 include replacement, remodeling, restoration, renovation or reconstruction
26 under any other circumstances;

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

31 (3) "facility" means a mill, plant, refinery, oil or gas well, water well,
32 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" means only those enclosures within which individuals
38 customarily live;

39 (5) "utility structure" means 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" means 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. 79-3673, and
23 amendments thereto;

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

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

30 (x) ~~commencing on January 1, 2023, and thereafter,~~ the state rate on
31 the gross receipts from the sale of food and food ingredients shall be as set
32 forth in K.S.A. 2022 Supp. 79-3603d, and amendments thereto.

33 Sec. 10. K.S.A. 2022 Supp. 79-3603d is hereby amended to read as
34 follows: 79-3603d. (a) There is hereby levied and there shall be collected
35 and paid a tax upon the gross receipts from the sale of food and food
36 ingredients. The rate of tax shall be as follows:

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

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

39 ~~(3) commencing on January 1, 2025, and thereafter, at the rate of 0%.~~

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

43 (1) Food sold by a seller whose proper primary NAICS classification

1 is manufacturing in sector 311, except subsector 3118 (bakeries);

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

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

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

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

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

13 Sec. 11. K.S.A. 2022 Supp. 79-3620 is hereby amended to read as
14 follows: 79-3620. (a) All revenue collected or received by the director of
15 taxation from the taxes imposed by this act shall be remitted to the state
16 treasurer in accordance with the provisions of K.S.A. 75-4215, and
17 amendments thereto. Upon receipt of each such remittance, the state
18 treasurer shall deposit the entire amount in the state treasury, less amounts
19 withheld as provided in subsection (b) and amounts credited as provided in
20 subsections (c), (d) and (e), to the credit of the state general fund.

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

33 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the
34 revenue collected and received from the tax imposed by K.S.A. 79-3603,
35 and amendments thereto, at the rates provided in K.S.A. 79-3603, and
36 amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments
37 thereto, and deposited as provided by subsection (a), exclusive of amounts
38 credited pursuant to subsection (d), in the state highway fund.

39 (2) ~~On January 1, 2025~~ *July 1, 2023*, and thereafter, the state treasurer
40 shall credit 18% of the revenue collected and received from the tax
41 imposed by K.S.A. 79-3603, and amendments thereto, at the rates
42 provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2022
43 Supp. 79-3603d, and amendments thereto, and deposited as provided by

1 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
2 the state highway fund.

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

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

1 Street as the southern boundary, Waverly Road as the western boundary,
2 and the BNSF mainline track as the northern boundary, that includes
3 capital investment in an amount exceeding \$150 million for the
4 construction of an intermodal facility to handle the transfer, storage and
5 distribution of freight through railway and trucking operations.

6 Sec. 12. K.S.A. 2022 Supp. 79-3703 is hereby amended to read as
7 follows: 79-3703. (a) There is hereby levied and there shall be collected
8 from every person in this state a tax or excise for the privilege of using,
9 storing, or consuming within this state any article of tangible personal
10 property. Such tax shall be levied and collected in an amount equal to the
11 consideration paid by the taxpayer multiplied by the rate of 6.5%.

12 (b) Commencing on January 1, 2023, and thereafter, the state rate on
13 the amount equal to the consideration paid by the taxpayer from the sale of
14 food and food ingredients as provided in K.S.A. 79-3603, and amendments
15 thereto, shall be as set forth in K.S.A. 2022 Supp. 79-3603d, and
16 amendments thereto.

17 (c) ~~On and after January 1, 2023, 17% and On and after January 1,~~
18 ~~2025 July 1, 2023, 18%~~ of the tax rate imposed pursuant to this section
19 and the rate provided in K.S.A. 2022 Supp. 79-3603d, and amendments
20 thereto, shall be levied for the state highway fund, the state highway fund
21 purposes and those purposes specified in K.S.A. 68-416, and amendments
22 thereto, and all revenue collected and received from such tax levy shall be
23 deposited in the state highway fund.

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

31 (e) All property purchased or leased within or without this state and
32 subsequently used, stored or consumed in this state shall be subject to the
33 compensating tax if the same property or transaction would have been
34 subject to the Kansas retailers' sales tax had the transaction been wholly
35 within this state.

36 Sec. 13. K.S.A. 2022 Supp. 79-3710 is hereby amended to read as
37 follows: 79-3710. (a) All revenue collected or received by the director
38 under the provisions of this act shall be remitted to the state treasurer in
39 accordance with the provisions of K.S.A. 75-4215, and amendments
40 thereto. Upon receipt of each such remittance, the state treasurer shall
41 deposit the entire amount in the state treasury, less amounts set apart as
42 provided in subsection (b) and amounts credited as provided in subsection
43 (c), (d) and (e), to the credit of the state general fund.

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

8 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the
9 revenue collected and received from the tax imposed by K.S.A. 79-3703,
10 and amendments thereto, at the rates provided in K.S.A. 79-3703, and
11 amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments
12 thereto, and deposited as provided by subsection (a), exclusive of amounts
13 credited pursuant to subsection (d), in the state highway fund.

14 (2) ~~On January 1, 2025~~ *July 1, 2023*, and thereafter, the state treasurer
15 shall credit 18% of the revenue collected and received from the tax
16 imposed by K.S.A. 79-3703, and amendments thereto, at the rates
17 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2022
18 Supp. 79-3603d, and amendments thereto, and deposited as provided by
19 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
20 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. 14. K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-
24 50,321, 79-201x, 79-32,110, 79-32,117, 79-32,119, 79-32,271, 79-3603,
25 79-3603d, 79-3620, 79-3703 and 79-3710 are hereby repealed.

26 Sec. 15. This act shall take effect and be in force from and after its
27 publication in the Kansas register.