

(Corrected)

{As Amended by House Committee of the Whole}

Session of 2023

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; **{allowing a taxpayer to elect
7 the taxable year in which a subtraction modification for
8 contributions to a qualified tuition program would be applied;}**
9 increasing the Kansas standard deduction for single filers and further
10 increasing by a cost-of-living adjustment; discontinuing the food sales
11 tax credit; relating to sales and compensating use tax; reducing the rate
12 of tax on sales of food and food ingredients; relating to property tax;
13 increasing the extent of exemption for residential property from the
14 statewide school levy; relating to privilege tax rates; decreasing the
15 normal tax; amending K.S.A. 79-1107 and 79-1108 and K.S.A. 2022
16 Supp. 74-50,321, 79-201x, 79-32,110, 79-32,117, 79-32,119, 79-
17 32,271, 79-3603, 79-3603d, 79-3620, 79-3703 and 79-3710 and
18 repealing the existing sections.
19

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

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

31 (b) Upon receipt of such certification, the secretary of revenue shall
32 adjust the corporate income tax rate imposed pursuant to the provisions of
33 K.S.A. 79-32,110, and amendments thereto, to go into effect for the next
34 tax year by reducing the rate by 0.5%. The maximum reduction to be
35 applied for one taxable year shall be 0.5% regardless of the number of

1 eligible qualifying firms that may have satisfied the conditions of
2 subsection (a).

3 (c) The rate reduction of 0.5% shall be applied to reduce the normal
4 tax on corporations imposed pursuant to K.S.A. 79-32,110, and
5 amendments thereto, until reduced to 0%.

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

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

16 Sec. 2. K.S.A. 2022 Supp. 79-201x is hereby amended to read as
17 follows: 79-201x. (a) For taxable year ~~2022~~ 2023, and all taxable years
18 thereafter, the following described property, to the extent herein specified,
19 shall be and is hereby exempt from the property tax levied pursuant to the
20 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
21 residential purposes to the extent of ~~-\$40,000-\$65,000~~ **(\$80,000)** of its
22 appraised valuation.

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

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

39 ~~(a)(1)~~ (A) For tax years prior to tax year 2024, the normal tax shall
40 be an amount equal to ~~2+~~ 2.25% of such net income; and

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

43 ~~(b)(2)~~ the surtax shall be an amount equal to ~~2+~~ 2.125% of such

1 net income in excess of \$25,000.

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

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

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

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

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

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

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

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

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

33 If the taxable income is: _____	The tax is:
34 Not over \$30,000.....	3.5% of Kansas taxable income
35 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess
36 _____	over \$30,000
37 Over \$60,000.....	\$2,925 plus 6.45% of excess
38 _____	over \$60,000

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

40 If the taxable income is: _____	The tax is:
41 Not over \$30,000.....	3.0% of Kansas taxable income
42 Over \$30,000.....	\$900 plus 4.9% of excess over
43 _____	\$30,000

1 (C) For tax year 2014:

2 If the taxable income is: The tax is:
 3 Not over \$30,000.....2.7% of Kansas taxable income
 4 Over \$30,000.....\$810 plus 4.8% of excess over
 5 _____ \$30,000

6 (D) For tax years 2015 and 2016:

7 If the taxable income is: The tax is:
 8 Not over \$30,000.....2.7% of Kansas taxable income
 9 Over \$30,000.....\$810 plus 4.6% of excess over
 10 _____ \$30,000

11 (E) For tax year 2017:

12 If the taxable income is: The tax is:
 13 Not over \$30,000.....2.9% of Kansas taxable income
 14 Over \$30,000 but not over \$60,000.....\$870 plus 4.9% of excess over
 15 _____ \$30,000
 16 Over \$60,000.....\$2,340 plus 5.2% of excess over
 17 _____ \$60,000

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

19 If the taxable income is: The tax is:
 20 Not over \$30,000.....3.1% of Kansas taxable income
 21 Over \$30,000 but not over \$60,000.....\$930 plus 5.25% of excess
 22 over \$30,000
 23 Over \$60,000.....\$2,505 plus 5.7% of excess
 24 over \$60,000

25 (2) *All other individuals.*

26 (A) For tax year 2012:

27 If the taxable income is: The tax is:
 28 Not over \$15,000.....3.5% of Kansas taxable income
 29 Over \$15,000 but not over \$30,000.....\$525 plus 6.25% of excess
 30 over \$15,000
 31 Over \$30,000.....\$1,462.50 plus 6.45% of excess
 32 over \$30,000

33 (B) For tax year 2013:

34 If the taxable income is: The tax is:
 35 Not over \$15,000.....3.0% of Kansas taxable income
 36 Over \$15,000.....\$450 plus 4.9% of excess over
 37 _____ \$15,000

38 (C) For tax year 2014:

39 If the taxable income is: The tax is:
 40 Not over \$15,000.....2.7% of Kansas taxable income
 41 Over \$15,000.....\$405 plus 4.8% of excess over
 42 _____ \$15,000

43 (D) For tax years 2015 and 2016:

1	If the taxable income is:_____	The tax is:
2	Not over \$15,000.....	2.7% of Kansas taxable income
3	Over \$15,000.....	\$405 plus 4.6% of excess over
4	_____	\$15,000
5	(E) For tax year 2017:	
6	If the taxable income is:_____	The tax is:
7	Not over \$15,000.....	2.9% of Kansas taxable income
8	Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over
9	_____	\$15,000
10	Over \$30,000.....	\$1,170 plus 5.2% of excess over
11	_____	\$30,000

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

13	If the taxable income is:	The tax is:
14	Not over \$15,000.....	3.1% of Kansas taxable income
15	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
16		over \$15,000
17	Over \$30,000.....	\$1,252.50 plus 5.7% of excess
18		over \$30,000

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

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

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

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

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

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

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

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

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

43 (A) The normal tax shall be in an amount equal to 3% of the Kansas

1 *taxable income of such corporation; and*

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

4 *(d) Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
5 income of estates and trusts at the rates provided in subsection (a)(2)
6 ~~hereof for tax years 2012 through 2023 and at the rate provided in~~
7 *subsection (a)(3) for tax year 2024, and all tax years thereafter.*

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

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

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

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

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

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

1 thereafter.

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

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

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

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

28 (vii) The amount of any charitable contribution made to the extent the
29 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
30 32,196, and amendments thereto.

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

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

41 (x) Amounts received as nonqualified withdrawals, as defined by
42 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
43 family postsecondary education savings account, such amounts were

1 subtracted from the federal adjusted gross income pursuant to K.S.A. 79-
2 32,117(c)(xv), and amendments thereto, or if such amounts are not already
3 included in the federal adjusted gross income.

4 (xi) The amount of any contribution made to the same extent the
5 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
6 50,154, and amendments thereto.

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

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

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

22 (xv) The amount of any expenditures claimed for deduction in
23 determining federal adjusted gross income, to the extent the same is
24 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
25 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
26 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
27 32,251 through 79-32,254, and amendments thereto.

28 (xvi) 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. 79-32,227, 79-32,232, 79-
31 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

1 the extent that such taxes and assessments are claimed as an itemized
2 deduction for federal income tax purposes.

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

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

29 (xxi) For taxable years beginning after December 31, 2012, and
30 ending before January 1, 2017, the amount of any deduction for pension,
31 profit sharing, and annuity plans of self-employed individuals under
32 section 62(a)(6) of the federal internal revenue code as in effect on January
33 1, 2012, and amendments thereto, in determining the federal adjusted gross
34 income of an individual taxpayer.

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

40 (xxiii) For taxable years beginning after December 31, 2012, and
41 ending before January 1, 2017, the amount of any deduction for domestic
42 production activities under section 199 of the federal internal revenue code
43 as in effect on January 1, 2012, and amendments thereto, in determining

1 the federal adjusted gross income of an individual taxpayer.

2 (xxiv) For taxable years commencing after December 31, 2013, that
3 portion of the amount of any expenditure deduction claimed in
4 determining federal adjusted gross income for expenses paid for medical
5 care of the taxpayer or the taxpayer's spouse or dependents when such
6 expenses were paid or incurred for an abortion, or for a health benefit plan,
7 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
8 an optional rider for coverage of abortion in accordance with K.S.A. 40-
9 2,190, and amendments thereto, to the extent that such taxes and
10 assessments are claimed as an itemized deduction for federal income tax
11 purposes.

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

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

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

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

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

43 (i) Interest or dividend income on obligations or securities of any

1 authority, commission or instrumentality of the United States and its
2 possessions less any related expenses directly incurred in the purchase of
3 such obligations or securities, to the extent included in federal adjusted
4 gross income but exempt from state income taxes under the laws of the
5 United States.

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

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

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

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

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

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

36 (viii) Amounts received by retired railroad employees as a
37 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
38 228c(a)(1) et seq.

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

1 (x) For taxable years beginning after December 31, 1976, the amount
2 of the federal tentative jobs tax credit disallowance under the provisions of
3 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
4 amount of the targeted jobs tax credit and work incentive credit
5 disallowances under 26 U.S.C. § 280C.

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

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

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

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

30 (xv) ~~For all taxable years beginning after December 31, 2017,~~ The
31 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
32 filing a joint return, for each designated beneficiary that are contributed to:
33 (1) A family postsecondary education savings account established under
34 the Kansas postsecondary education savings program or a qualified tuition
35 program established and maintained by another state or agency or
36 instrumentality thereof pursuant to section 529 of the internal revenue
37 code of 1986, as amended, for the purpose of paying the qualified higher
38 education expenses of a designated beneficiary; or (2) an achieving a
39 better life experience (ABLE) account established under the Kansas ABLE
40 savings program or a qualified ABLE program established and maintained
41 by another state or agency or instrumentality thereof pursuant to section
42 529A of the internal revenue code of 1986, as amended, for the purpose of
43 saving private funds to support an individual with a disability. The terms

1 and phrases used in this paragraph shall have the meaning respectively
2 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
3 amendments thereto, and the provisions of such sections are hereby
4 incorporated by reference for all purposes thereof. **{Contributions made
5 to a qualified tuition program pursuant to this paragraph on and after
6 January 1 but prior to the date required for filing a return pursuant
7 to K.S.A. 79-3221, and amendments thereto, of the successive taxable
8 year may be elected by the taxpayer to apply to the prior taxable year
9 if such election is made at the time of filing the return. In no instance
10 shall the contribution be used as a modification in more than one
11 taxable year.}**

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

22 (xvii) For all taxable years beginning after December 31, 2004,
23 amounts received by taxpayers who are eligible members of the Kansas
24 army and air national guard as a reimbursement pursuant to K.S.A. 48-
25 281, and amendments thereto, and amounts received for death benefits
26 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
27 such death benefits are included in federal adjusted gross income of the
28 taxpayer.

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

40 (B) *For all taxable years beginning after December 31, 2022, a*
41 *portion of amounts received as benefits under the federal social security*
42 *act that are included in federal adjusted gross income of a taxpayer with*
43 *federal adjusted gross income greater than \$75,000 and less than*

1 \$100,000, whether that taxpayer's filing status is single, head of
2 household, married filing separate or married filing jointly, calculated as
3 follows:

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

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

7 (3) multiply the result of subparagraph (B)(2) by the amount in
8 dollars received as benefits under the federal social security act that are
9 included in federal adjusted gross income of that taxpayer to determine
10 the modification pursuant to this subparagraph.

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

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

33 (xxi) For all taxable years beginning after December 31, 2013,
34 amounts equal to the unreimbursed travel, lodging and medical
35 expenditures directly incurred by a taxpayer while living, or a dependent
36 of the taxpayer while living, for the donation of one or more human organs
37 of the taxpayer, or a dependent of the taxpayer, to another person for
38 human organ transplantation. The expenses may be claimed as a
39 subtraction modification provided for in this section to the extent the
40 expenses are not already subtracted from the taxpayer's federal adjusted
41 gross income. In no circumstances shall the subtraction modification
42 provided for in this section for any individual, or a dependent, exceed
43 \$5,000. As used in this section, "human organ" means all or part of a liver,

1 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
2 paragraph shall take effect on the day the secretary of revenue certifies to
3 the director of the budget that the cost for the department of revenue of
4 modifications to the automated tax system for the purpose of
5 implementing this paragraph will not exceed \$20,000.

6 (xxii) For taxable years beginning after December 31, 2012, and
7 ending before January 1, 2017, the amount of net gain from the sale of: (1)
8 Cattle and horses, regardless of age, held by the taxpayer for draft,
9 breeding, dairy or sporting purposes, and held by such taxpayer for 24
10 months or more from the date of acquisition; and (2) other livestock,
11 regardless of age, held by the taxpayer for draft, breeding, dairy or
12 sporting purposes, and held by such taxpayer for 12 months or more from
13 the date of acquisition. The subtraction from federal adjusted gross income
14 shall be limited to the amount of the additions recognized under the
15 provisions of subsection (b)(xix) attributable to the business in which the
16 livestock sold had been used. As used in this paragraph, the term
17 "livestock" shall not include poultry.

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

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

26 (xxv) For all taxable years commencing after December 31, 2020,
27 100% of global intangible low-taxed income under section 951A of the
28 federal internal revenue code of 1986, before any deductions allowed
29 under section 250(a)(1)(B) of such code.

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

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

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

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

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

10 ~~(f) No taxpayer shall be assessed penalties and interest from the~~
11 ~~underpayment of taxes due to changes to this section that became law on~~
12 ~~July 1, 2017, so long as such underpayment is rectified on or before April~~
13 ~~17, 2018.~~

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

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

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

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

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

40 (B) *In the case of tax year 2024, and all tax years thereafter, the*
41 *amounts prescribed in this paragraph shall be increased by an amount*
42 *equal to such amount multiplied by the cost-of-living adjustment*
43 *determined under section 1(f)(3) of the federal internal revenue code for*

1 *the calendar year in which the taxable year commences.*

2 (d) For purposes of this section, the federal standard deduction
3 allowable to a husband and wife filing separate Kansas income tax returns
4 shall be determined on the basis that separate federal returns were filed,
5 and the federal standard deduction of a husband and wife filing a joint
6 Kansas income tax return shall be determined on the basis that a joint
7 federal income tax return was filed.

8 Sec. 8. K.S.A. 2022 Supp. 79-32,271 is hereby amended to read as
9 follows: 79-32,271.(a) For any taxable year commencing after December
10 31, 2014, and ending prior to January 1, ~~2025~~ 2023, a credit shall be
11 allowed against the tax imposed by the Kansas income tax act on the
12 Kansas taxable income of an individual income taxpayer who purchased
13 food in this state, had federal adjusted gross income for the tax year that
14 did not exceed \$30,615, and meets the qualifications in subsections (b) and
15 (c).

16 (b) During the entire tax year a taxpayer filing single, head of
17 household, or married filing separate, or the taxpayer and the taxpayer's
18 spouse if married filing jointly, must be domiciled in this state. For
19 purposes of this credit, "domicile" shall not include any correctional
20 facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments
21 thereto, any juvenile correctional facility, or portion thereof, as defined in
22 K.S.A. 38-2302, and amendments thereto, any correctional facility of the
23 federal bureau of prisons located in the state of Kansas, or any city or
24 county jail facility in the state of Kansas.

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

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

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

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

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

1 (g) "Disability" means: (1) Inability to engage in any substantial
2 gainful activity by reason of any medically determinable physical or
3 mental impairment which can be expected to result in death or has lasted
4 or can be expected to last for a continuous period of not less than 12
5 months, and an individual shall be determined to be under a disability only
6 if the physical or mental impairment or impairments are of such severity
7 that the individual is not only unable to do the individual's previous work
8 but cannot, considering age, education and work experience, engage in any
9 other kind of substantial gainful work which exists in the national
10 economy, regardless of whether such work exists in the immediate area in
11 which the individual lives or whether a specific job vacancy exists for the
12 individual, or whether the individual would be hired if application was
13 made for work. For purposes of this paragraph, with respect to any
14 individual, "work which exists in the national economy" means work
15 which exists in significant numbers either in the region where the
16 individual lives or in several regions of the country; and "physical or
17 mental impairment" means an impairment that results from anatomical,
18 physiological or psychological abnormalities which are demonstrable by
19 medically acceptable clinical and laboratory diagnostic techniques; or

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

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

33 Sec. 9. K.S.A. 2022 Supp. 79-3603 is hereby amended to read as
34 follows: 79-3603. For the privilege of engaging in the business of selling
35 tangible personal property at retail in this state or rendering or furnishing
36 any of the services taxable under this act, there is hereby levied and there
37 shall be collected and paid a tax at the rate of 6.5%. On and after ~~January~~
38 ~~1, 2023, 17% and on and after January 1, 2025~~ *July 1, 2023*, 18% of the
39 tax rate imposed pursuant to this section and the rate provided in K.S.A.
40 2022 Supp. 79-3603d, and amendments thereto, shall be levied for the
41 state highway fund, the state highway fund purposes and those purposes
42 specified in K.S.A. 68-416, and amendments thereto, and all revenue
43 collected and received from such tax levy shall be deposited in the state

1 highway fund.

2 Within a redevelopment district established pursuant to K.S.A. 74-
3 8921, and amendments thereto, there is hereby levied and there shall be
4 collected and paid an additional tax at the rate of 2% until the earlier of the
5 date the bonds issued to finance or refinance the redevelopment project
6 have been paid in full or the final scheduled maturity of the first series of
7 bonds issued to finance any part of the project.

8 Such tax shall be imposed upon:

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

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

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

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

43 (e) the gross receipts from the sale of admissions to any place

1 providing amusement, entertainment or recreation services including
2 admissions to state, county, district and local fairs, but such tax shall not
3 be levied and collected upon the gross receipts received from sales of
4 admissions to any cultural and historical event which occurs triennially;

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

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

15 (h) the gross receipts from the service of renting or leasing of tangible
16 personal property except such tax shall not apply to the renting or leasing
17 of machinery, equipment or other personal property owned by a city and
18 purchased from the proceeds of industrial revenue bonds issued prior to
19 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
20 12-1749, and amendments thereto, and any city or lessee renting or leasing
21 such machinery, equipment or other personal property purchased with the
22 proceeds of such bonds who shall have paid a tax under the provisions of
23 this section upon sales made prior to July 1, 1973, shall be entitled to a
24 refund from the sales tax refund fund of all taxes paid thereon;

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

28 (j) the gross receipts from the rendering of the services of washing
29 and washing and waxing of vehicles;

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

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

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

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

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

25 (o) the gross receipts received from the isolated or occasional sale of
26 motor vehicles or trailers but not including: (1) The transfer of motor
27 vehicles or trailers by a person to a corporation or limited liability
28 company solely in exchange for stock securities or membership interest in
29 such corporation or limited liability company; (2) the transfer of motor
30 vehicles or trailers by one corporation or limited liability company to
31 another when all of the assets of such corporation or limited liability
32 company are transferred to such other corporation or limited liability
33 company; or (3) the sale of motor vehicles or trailers which are subject to
34 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
35 amendments thereto, by an immediate family member to another
36 immediate family member. For the purposes of paragraph (3), immediate
37 family member means lineal ascendants or descendants, and their spouses.
38 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
39 on the isolated or occasional sale of motor vehicles or trailers on and after
40 July 1, 2004, which the base for computing the tax was the value pursuant
41 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
42 such amount was higher than the amount of sales tax which would have
43 been paid under the law as it existed on June 30, 2004, shall be refunded to

1 the taxpayer pursuant to the procedure prescribed by this section. Such
2 refund shall be in an amount equal to the difference between the amount of
3 sales tax paid by the taxpayer and the amount of sales tax which would
4 have been paid by the taxpayer under the law as it existed on June 30,
5 2004. Each claim for a sales tax refund shall be verified and submitted not
6 later than six months from the effective date of this act to the director of
7 taxation upon forms furnished by the director and shall be accompanied by
8 any additional documentation required by the director. The director shall
9 review each claim and shall refund that amount of tax paid as provided by
10 this act. All such refunds shall be paid from the sales tax refund fund, upon
11 warrants of the director of accounts and reports pursuant to vouchers
12 approved by the director of taxation or the director's designee. No refund
13 for an amount less than \$10 shall be paid pursuant to this act. In
14 determining the base for computing the tax on such isolated or occasional
15 sale, the fair market value of any motor vehicle or trailer traded in by the
16 purchaser to the seller may be deducted from the selling price;

17 (p) the gross receipts received for the service of installing or applying
18 tangible personal property which when installed or applied is not being
19 held for sale in the regular course of business, and whether or not such
20 tangible personal property when installed or applied remains tangible
21 personal property or becomes a part of real estate, except that no tax shall
22 be imposed upon the service of installing or applying tangible personal
23 property in connection with the original construction of a building or
24 facility, the original construction, reconstruction, restoration, remodeling,
25 renovation, repair or replacement of a residence or the construction,
26 reconstruction, restoration, replacement or repair of a bridge or highway.

27 For the purposes of this subsection:

28 (1) "Original construction" means the first or initial construction of a
29 new building or facility. The term "original construction" shall include the
30 addition of an entire room or floor to any existing building or facility, the
31 completion of any unfinished portion of any existing building or facility
32 and the restoration, reconstruction or replacement of a building, facility or
33 utility structure damaged or destroyed by fire, flood, tornado, lightning,
34 explosion, windstorm, ice loading and attendant winds, terrorism or
35 earthquake, but such term, except with regard to a residence, shall not
36 include replacement, remodeling, restoration, renovation or reconstruction
37 under any other circumstances;

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

42 (3) "facility" means a mill, plant, refinery, oil or gas well, water well,
43 feedlot or any conveyance, transmission or distribution line of any

1 cooperative, nonprofit, membership corporation organized under or subject
2 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
3 municipal or quasi-municipal corporation, including the land
4 improvements immediately surrounding such facility;

5 (4) "residence" means only those enclosures within which individuals
6 customarily live;

7 (5) "utility structure" means transmission and distribution lines
8 owned by an independent transmission company or cooperative, the
9 Kansas electric transmission authority or natural gas or electric public
10 utility; and

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

14 (q) the gross receipts received for the service of repairing, servicing,
15 altering or maintaining tangible personal property which when such
16 services are rendered is not being held for sale in the regular course of
17 business, and whether or not any tangible personal property is transferred
18 in connection therewith. The tax imposed by this subsection shall be
19 applicable to the services of repairing, servicing, altering or maintaining an
20 item of tangible personal property which has been and is fastened to,
21 connected with or built into real property;

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

25 (s) on and after January 1, 2005, the gross receipts received from the
26 sale of prewritten computer software and the sale of the services of
27 modifying, altering, updating or maintaining prewritten computer
28 software, whether the prewritten computer software is installed or
29 delivered electronically by tangible storage media physically transferred to
30 the purchaser or by load and leave;

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

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

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

38 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
39 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
40 pursuant to this section; and

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

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

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

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

7 ~~(3) commencing on January 1, 2025, and thereafter, at the rate of~~{as

8 **follows:**

9 **(1) Commencing on January 1, 2023, at the rate of 4%; and**

10 **(2) commencing on July 1, 2023, and thereafter, at the rate of**
11 **0%.**

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

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

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

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

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

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

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

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

36 (b) A refund fund, designated as "sales tax refund fund" not to exceed
37 \$100,000 shall be set apart and maintained by the director from sales tax
38 collections and estimated tax collections and held by the state treasurer for
39 prompt payment of all sales tax refunds. Such fund shall be in such
40 amount, within the limit set by this section, as the director shall determine
41 is necessary to meet current refunding requirements under this act. In the
42 event such fund as established by this section is, at any time, insufficient to
43 provide for the payment of refunds due claimants thereof, the director shall

1 certify the amount of additional funds required to the director of accounts
2 and reports who shall promptly transfer the required amount from the state
3 general fund to the sales tax refund fund, and notify the state treasurer,
4 who shall make proper entry in the records.

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

11 (2) On ~~January 1, 2025~~ *July 1, 2023*, and thereafter, the state treasurer
12 shall credit 18% of the revenue collected and received from the tax
13 imposed by K.S.A. 79-3603, and amendments thereto, at the rates
14 provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2022
15 Supp. 79-3603d, and amendments thereto, and deposited as provided by
16 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
17 the state highway fund.

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

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

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

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

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

32 (c) ~~On and after January 1, 2023, 17% and~~ On and after January 1,
33 2025 July 1, 2023, 18% of the tax rate imposed pursuant to this section
34 and the rate provided in K.S.A. 2022 Supp. 79-3603d, and amendments
35 thereto, shall be levied for the state highway fund, the state highway fund
36 purposes and those purposes specified in K.S.A. 68-416, and amendments
37 thereto, and all revenue collected and received from such tax levy shall be
38 deposited in the state highway fund.

39 (d) Within a redevelopment district established pursuant to K.S.A.
40 74-8921, and amendments thereto, there is hereby levied and there shall be
41 collected and paid an additional tax of 2% until the earlier of: (1) The date
42 the bonds issued to finance or refinance the redevelopment project
43 undertaken in the district have been paid in full; or (2) the final scheduled

1 maturity of the first series of bonds issued to finance the redevelopment
2 project.

3 (e) All property purchased or leased within or without this state and
4 subsequently used, stored or consumed in this state shall be subject to the
5 compensating tax if the same property or transaction would have been
6 subject to the Kansas retailers' sales tax had the transaction been wholly
7 within this state.

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

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

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

29 (2) ~~On January 1, 2025~~ *July 1, 2023*, and thereafter, the state treasurer
30 shall credit 18% of the revenue collected and received from the tax
31 imposed by K.S.A. 79-3703, and amendments thereto, at the rates
32 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2022
33 Supp. 79-3603d, and amendments thereto, and deposited as provided by
34 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
35 the state highway fund.

36 (d) The state treasurer shall credit all revenue collected or received
37 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
38 certified by the director, from taxpayers doing business within that portion
39 of a redevelopment district occupied by a redevelopment project that was
40 determined by the secretary of commerce to be of statewide as well as
41 local importance or will create a major tourism area for the state as defined
42 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
43 fund created by K.S.A. 79-3620(d), and amendments thereto. The

1 provisions of this subsection shall expire when the total of all amounts
2 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,
3 is sufficient to retire the special obligation bonds issued for the purpose of
4 financing all or a portion of the costs of such redevelopment project.

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

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

38 Sec. 14. K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-
39 50,321, 79-201x, 79-32,110, 79-32,117, 79-32,119, 79-32,271, 79-3603,
40 79-3603d, 79-3620, 79-3703 and 79-3710 are hereby repealed.

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