

As Amended by House Committee

Session of 2025

HOUSE BILL No. 2013

By Committee on Taxation

Requested by Blaine Finch

1-15

AN ACT concerning sales taxation; discontinuing the imposition of tax on **certain** cable, ~~community antennae and television~~ services; amending K.S.A. 2024 Supp. 79-3603 and repealing the existing section.

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

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

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

Such tax shall be imposed upon:

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

(b) the gross receipts from intrastate, interstate or international telecommunications services and any ancillary services sourced to this state in accordance with K.S.A. 79-3673, and amendments thereto, except that telecommunications service does not include: (1) Any interstate or international 800 or 900 service; (2) any interstate or international private communications service as defined in K.S.A. 79-3673, and amendments thereto; (3) any value-added nonvoice data service; (4) any telecommunication service to a provider of telecommunication services which will be used to render telecommunications services, including

1 carrier access services; or (5) any service or transaction defined in this
2 section among entities classified as members of an affiliated group as
3 provided by section 1504 of the federal internal revenue code of 1986, as
4 in effect on January 1, 2001;

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

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

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

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

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

39 (h) the gross receipts from the service of renting or leasing of tangible
40 personal property except such tax shall not apply to the renting or leasing
41 of machinery, equipment or other personal property owned by a city and
42 purchased from the proceeds of industrial revenue bonds issued prior to
43 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through

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

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

9 (j) the gross receipts from the rendering of the services of washing
10 and washing and waxing of vehicles;

11 (k) the gross receipts from ~~cable, community antennae and other~~
12 **community antennae and other** subscriber radio ~~and television and~~
13 **television** services, **except services subject to the franchise fee provided**
14 **in 47 U.S.C. § 542;**

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

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

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

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

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

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

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

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

10 For the purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (x) commencing on January 1, 2023, and thereafter, the state rate on
25 the gross receipts from the sale of food and food ingredients shall be as set
26 forth in K.S.A. 2024 Supp. 79-3603d, and amendments thereto.

27 Sec. 2. K.S.A. 2024 Supp. 79-3603 is hereby repealed.

28 Sec. 3. This act shall take effect and be in force from and after its
29 publication in the statute book.