

SENATE BILL No. 53

By Committee on Assessment and Taxation

1-18

1 AN ACT concerning sales taxation; relating to exclusions from the sales or
2 selling price; excluding manufacturers' coupons; amending K.S.A.
3 2022 Supp. 79-3602c and repealing the existing section.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2022 Supp. 79-3602c is hereby amended to read as
7 follows: 79-3602c. Except as otherwise provided, as used in the Kansas
8 retailers' sales tax act:

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

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

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

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

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

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

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

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

31 (i) "Delivery charges" means charges by the seller of personal
32 property or services for preparation and delivery to a location designated
33 by the purchaser of personal property or services including, but not limited
34 to, transportation, shipping, postage, handling, crating and packing.
35 Delivery charges shall not include charges for delivery of direct mail if the
36 charges are separately stated on an invoice or similar billing document

1 given to the purchaser.

2 (j) "Direct mail" means printed material delivered or distributed by
3 United States mail or other delivery services to a mass audience or to
4 addressees on a mailing list provided by the purchaser or at the direction of
5 the purchaser when the cost of the items are not billed directly to the
6 recipients. Direct mail includes tangible personal property supplied
7 directly or indirectly by the purchaser to the direct mail seller for inclusion
8 in the package containing the printed material. Direct mail does not
9 include multiple items of printed material delivered to a single address.

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

11 (l) "Educational institution" means any nonprofit school, college and
12 university that offers education at a level above the 12th grade, and
13 conducts regular classes and courses of study required for accreditation by,
14 or membership in, the higher learning commission, the state board of
15 education, or that otherwise qualify as an "educational institution," as
16 defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall
17 include: (1) A group of educational institutions that operates exclusively
18 for an educational purpose; (2) nonprofit endowment associations and
19 foundations organized and operated exclusively to receive, hold, invest
20 and administer moneys and property as a permanent fund for the support
21 and sole benefit of an educational institution; (3) nonprofit trusts,
22 foundations and other entities organized and operated principally to hold
23 and own receipts from intercollegiate sporting events and to disburse such
24 receipts, as well as grants and gifts, in the interest of collegiate and
25 intercollegiate athletic programs for the support and sole benefit of an
26 educational institution; and (4) nonprofit trusts, foundations and other
27 entities organized and operated for the primary purpose of encouraging,
28 fostering and conducting scholarly investigations and industrial and other
29 types of research for the support and sole benefit of an educational
30 institution.

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

33 (n) "Food and food ingredients" means substances, whether in liquid,
34 concentrated, solid, frozen, dried or dehydrated form, that are sold for
35 ingestion or chewing by humans and are consumed for their taste or
36 nutritional value. "Food and food ingredients" includes bottled water,
37 candy, dietary supplements, food sold through vending machines and soft
38 drinks. "Food and food ingredients" does not include alcoholic beverages
39 or tobacco.

40 (o) "Gross receipts" means the total selling price or the amount
41 received as defined in this act, in money, credits, property or other
42 consideration valued in money from sales at retail within this state; and
43 embraced within the provisions of this act. The taxpayer, may take credit

1 in the report of gross receipts for: (1) An amount equal to the selling price
2 of property returned by the purchaser when the full sale price thereof,
3 including the tax collected, is refunded in cash or by credit; and (2) an
4 amount equal to the allowance given for the trade-in of property.

5 (p) "Ingredient or component part" means tangible personal property
6 that is necessary or essential to, and that is actually used in and becomes
7 an integral and material part of tangible personal property or services
8 produced, manufactured or compounded for sale by the producer,
9 manufacturer or compounder in its regular course of business. The
10 following items of tangible personal property are hereby declared to be
11 ingredients or component parts, but the listing of such property shall not be
12 deemed to be exclusive nor shall such listing be construed to be a
13 restriction upon, or an indication of, the type or types of property to be
14 included within the definition of "ingredient or component part" as herein
15 set forth:

16 (1) Containers, labels and shipping cases used in the distribution of
17 property produced, manufactured or compounded for sale that are not to be
18 returned to the producer, manufacturer or compounder for reuse.

19 (2) Containers, labels, shipping cases, paper bags, drinking straws,
20 paper plates, paper cups, twine and wrapping paper used in the distribution
21 and sale of property taxable under the provisions of this act by wholesalers
22 and retailers and that is not to be returned to such wholesaler or retailer for
23 reuse.

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

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

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

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

35 (q) "Isolated or occasional sale" means the nonrecurring sale of
36 tangible personal property, or services taxable hereunder by a person not
37 engaged at the time of such sale in the business of selling such property or
38 services. Any religious organization that makes a nonrecurring sale of
39 tangible personal property acquired for the purpose of resale shall be
40 deemed to be not engaged at the time of such sale in the business of selling
41 such property. Such term shall include:

42 (1) Any sale by a bank, savings and loan institution, credit union or
43 any finance company licensed under the provisions of the Kansas uniform

1 consumer credit code of tangible personal property that has been
2 repossessed by any such entity; and

3 (2) any sale of tangible personal property made by an auctioneer or
4 agent on behalf of not more than two principals or households if such sale
5 is nonrecurring and any such principal or household is not engaged at the
6 time of such sale in the business of selling tangible personal property.

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

11 (1) Lease or rental does not include:

12 (A) A transfer of possession or control of property under a security
13 agreement or deferred payment plan that requires the transfer of title upon
14 completion of the required payments;

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

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

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

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

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

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

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

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

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

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

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

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

20 (z) "Persons" means any individual, firm, copartnership, joint
21 adventure, association, corporation, estate or trust, receiver or trustee, or
22 any group or combination acting as a unit, and the plural as well as the
23 singular number; and shall specifically mean any city or other political
24 subdivision of the state of Kansas engaging in a business or providing a
25 service specifically taxable under the provisions of this act.

26 (aa) "Political subdivision" means any municipality, agency or
27 subdivision of the state that is, or shall hereafter be, authorized to levy
28 taxes upon tangible property within the state or that certifies a levy to a
29 municipality, agency or subdivision of the state that is, or shall hereafter
30 be, authorized to levy taxes upon tangible property within the state. Such
31 term also shall include any public building commission, housing, airport,
32 port, metropolitan transit or similar authority established pursuant to law
33 and the horsethief reservoir benefit district established pursuant to K.S.A.
34 82a-2201, and amendments thereto.

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

38 (cc) "Prewritten computer software" means computer software,
39 including prewritten upgrades, that is not designed and developed by the
40 author or other creator to the specifications of a specific purchaser. The
41 combining of two or more prewritten computer software programs or
42 prewritten portions thereof does not cause the combination to be other than
43 prewritten computer software. Prewritten computer software includes

1 software designed and developed by the author or other creator to the
2 specifications of a specific purchaser when it is sold to a person other than
3 the purchaser. Where a person modifies or enhances computer software of
4 which the person is not the author or creator, the person shall be deemed to
5 be the author or creator only of such person's modifications or
6 enhancements. Prewritten computer software or a prewritten portion
7 thereof that is modified or enhanced to any degree, where such
8 modification or enhancement is designed and developed to the
9 specifications of a specific purchaser, remains prewritten computer
10 software, except that where there is a reasonable, separately stated charge
11 or an invoice or other statement of the price given to the purchaser for
12 such modification or enhancement, such modification or enhancement
13 shall not constitute prewritten computer software.

14 (dd) "Property which is consumed" means tangible personal property
15 that is essential or necessary to and that is used in the actual process of and
16 consumed, depleted or dissipated within one year in:

17 (1) The production, manufacture, processing, mining, drilling,
18 refining or compounding of tangible personal property;

19 (2) the providing of services;

20 (3) the irrigation of crops, for sale in the regular course of business;
21 or

22 (4) the storage or processing of grain by a public grain warehouse or
23 other grain storage facility, and which is not reusable for such purpose.
24 The following is a listing of tangible personal property, included by way of
25 illustration but not of limitation, that qualifies as property that is
26 consumed:

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

32 (B) electricity, gas and water; and

33 (C) petroleum products, lubricants, chemicals, solvents, reagents and
34 catalysts.

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

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

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

42 (hh) "Registered under this agreement" means registration by a seller
43 with the member states under the central registration system provided in

1 article IV of the agreement.

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

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

8 (kk) "Sale" or "sales" means the exchange of tangible personal
9 property, as well as the sale thereof for money, and every transaction,
10 conditional or otherwise, for a consideration, constituting a sale, including
11 the sale or furnishing of electrical energy, gas, water, services or
12 entertainment taxable under the terms of this act and including, except as
13 provided in the following provision, the sale of the use of tangible personal
14 property by way of a lease, license to use or the rental thereof regardless of
15 the method by which the title, possession or right to use the tangible
16 personal property is transferred. The term "sale" or "sales" shall not mean
17 the sale of the use of any tangible personal property used as a dwelling by
18 way of a lease or rental thereof for a term of more than 28 consecutive
19 days.

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

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

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

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

31 (D) delivery charges; and

32 (E) installation charges.

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

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

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

40 (C) the amount of the consideration attributable to the sale is fixed
41 and determinable by the seller at the time of the sale of the item to the
42 purchaser; and

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

1 (i) The purchaser presents a coupon, certificate or other
2 documentation to the seller to claim a price reduction or discount where
3 the coupon, certificate or documentation is authorized, distributed or
4 granted by a third party with the understanding that the third party will
5 reimburse any seller to whom the coupon, certificate or documentation is
6 presented;

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

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

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

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

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

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

24 (D) the amount equal to the allowance given for the trade-in of
25 property, if separately stated on the invoice, billing or similar document
26 given to the purchaser; ~~and~~

27 (E) commencing on July 1, 2018, and ending on June 30, 2024, cash
28 rebates granted by a manufacturer to a purchaser or lessee of a new motor
29 vehicle if paid directly to the retailer as a result of the original sale; *and*

30 (F) *notwithstanding the provisions of paragraph (2), coupons issued*
31 *by a manufacturer, supplier or distributor of a product that entitle the*
32 *purchaser to a reduction in sales price and allowed by the seller who is*
33 *reimbursed by the manufacturer, supplier or distributor. When the seller*
34 *accepts such coupons, only the amount paid by the purchaser is included*
35 *in the sales price.*

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

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

40 (oo) "Sourcing rules" means the rules set forth in K.S.A. 79-3670
41 through 79-3673, 12-191 and 12-191a, and amendments thereto, that shall
42 apply to identify and determine the state and local taxing jurisdiction sales
43 or use taxes to pay, or collect and remit on a particular retail sale.

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

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

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

9 (ss) "Entity-based exemption" means an exemption based on who
10 purchases the product or who sells the product. An exemption that is
11 available to all individuals shall not be considered an entity-based
12 exemption.

13 (tt) "Over-the-counter drug" means a drug that contains a label that
14 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
15 over-the-counter drug label includes:

16 (1) A drug facts panel; or

17 (2) a statement of the active ingredients with a list of those
18 ingredients contained in the compound, substance or preparation. Over-
19 the-counter drugs do not include grooming and hygiene products such as
20 soaps, cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
21 lotions and screens.

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

26 (vv) "Conference bridging service" means an ancillary service that
27 links two or more participants of an audio or video conference call and
28 may include the provision of a telephone number. Conference bridging
29 service does not include the telecommunications services used to reach the
30 conference bridge.

31 (ww) "Detailed telecommunications billing service" means an
32 ancillary service of separately stating information pertaining to individual
33 calls on a customer's billing statement.

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

36 (yy) "Vertical service" means an ancillary service that is offered in
37 connection with one or more telecommunications services, that offers
38 advanced calling features that allow customers to identify callers and to
39 manage multiple calls and call connections, including conference bridging
40 services.

41 (zz) "Voice mail service" means an ancillary service that enables the
42 customer to store, send or receive recorded messages. Voice mail service
43 does not include any vertical services that the customer may be required to

1 have in order to utilize the voice mail service.

2 (aaa) "Telecommunications service" means the electronic
3 transmission, conveyance or routing of voice, data, audio, video or any
4 other information or signals to a point, or between or among points. The
5 term telecommunications service includes such transmission, conveyance
6 or routing in which computer processing applications are used to act on the
7 form, code or protocol of the content for purposes of transmissions,
8 conveyance or routing without regard to whether such service is referred to
9 as voice over internet protocol services or is classified by the federal
10 communications commission as enhanced or value added.
11 Telecommunications service does not include:

12 (1) Data processing and information services that allow data to be
13 generated, acquired, stored, processed or retrieved and delivered by an
14 electronic transmission to a purchaser where such purchaser's primary
15 purpose for the underlying transaction is the processed data or
16 information;

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

19 (3) tangible personal property;

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

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

22 (6) internet access service;

23 (7) radio and television audio and video programming services,
24 regardless of the medium, including the furnishing of transmission,
25 conveyance and routing of such services by the programming service
26 provider. Radio and television audio and video programming services shall
27 include, but not be limited to, cable service as defined in 47 U.S.C. §
28 522(6) and audio and video programming services delivered by
29 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

30 (8) ancillary services; or

31 (9) digital products delivered electronically, including, but not limited
32 to, software, music, video, reading materials or ring tones.

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

38 (ccc) "900 service" means an inbound toll telecommunications
39 service purchased by a subscriber that allows the subscriber's customers to
40 call in to the subscriber's prerecorded announcement or live service. 900
41 service does not include the charge for collection services provided by the
42 seller of the telecommunications services to the subscriber, or service or
43 product sold by the subscriber to the subscriber's customer. The service is

1 typically marketed under the name 900 service, and any subsequent
2 numbers designated by the federal communications commission.

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

8 (eee) "International" means a telecommunications service that
9 originates or terminates in the United States and terminates or originates
10 outside the United States, respectively. United States includes the District
11 of Columbia or a U.S. territory or possession.

12 (fff) "Interstate" means a telecommunications service that originates
13 in one United States state, or a United States territory or possession, and
14 terminates in a different United States state or a United States territory or
15 possession.

16 (ggg) "Intrastate" means a telecommunications service that originates
17 in one United States state or a United States territory or possession, and
18 terminates in the same United States state or a United States territory or
19 possession.

20 (hhh) "Cereal malt beverage" shall have the same meaning as such
21 term is defined in K.S.A. 41-2701, and amendments thereto, except that
22 for the purposes of the Kansas retailers sales tax act and for no other
23 purpose, such term shall include beer containing not more than 6% alcohol
24 by volume when such beer is sold by a retailer licensed under the Kansas
25 cereal malt beverage act.

26 (iii) "Nonprofit integrated community care organization" means an
27 entity that is:

28 (1) Exempt from federal income taxation pursuant to section 501(c)
29 (3) of the federal internal revenue code of 1986;

30 (2) certified to participate in the medicare program as a hospice under
31 42 C.F.R. § 418 et seq. and focused on providing care to the aging and
32 indigent population at home and through inpatient care, adult daycare or
33 assisted living facilities and related facilities and services across multiple
34 counties; and

35 (3) approved by the Kansas department for aging and disability
36 services as an organization providing services under the program of all-
37 inclusive care for the elderly as defined in 42 U.S.C. § 1396u-4 and
38 regulations implementing such section.

39 (jjj) (1) "Bottled water" means water that is placed in a safety sealed
40 container or package for human consumption. "Bottled water" is calorie
41 free and does not contain sweeteners or other additives, except that it may
42 contain:

43 (A) Antimicrobial agents;

- 1 (B) fluoride;
- 2 (C) carbonation;
- 3 (D) vitamins, minerals and electrolytes;
- 4 (E) oxygen;
- 5 (F) preservatives; or
- 6 (G) only those flavors, extracts or essences derived from a spice or
- 7 fruit.

8 (2) "Bottled water" includes water that is delivered to the buyer in a
9 reusable container that is not sold with the water.

10 (lll) (1) "Candy" means a preparation of sugar, honey or other natural
11 or artificial sweeteners in combination with chocolate, fruits, nuts or other
12 ingredients or flavorings in the form of bars, drops or pieces.

13 (2) "Candy" does not include any preparation containing flour and
14 shall require no refrigeration.

15 (mmm) "Dietary supplement" means the same as defined in K.S.A.
16 79-3606(jjj), and amendments thereto.

17 (nnn) "Food sold through vending machines" means food dispensed
18 from a machine or other mechanical device that accepts payment.

19 (ooo) (1) "Prepared food" means:

20 (A) Food sold in a heated state or heated by the seller;

21 (B) two or more food ingredients mixed or combined by the seller for
22 sale as a single item; or

23 (C) food sold with eating utensils provided by the seller, including,
24 but not limited to, plates, knives, forks, spoons, glasses, cups, napkins or
25 straws. A plate does not include a container or packaging used to transport
26 the food.

27 (2) "Prepared food" does not include:

28 (A) Food that is only cut, repackaged or pasteurized by the seller; or

29 (B) eggs, fish, meat, poultry or foods containing these raw animal
30 foods that require cooking by the consumer as recommended by the food
31 and drug administration in chapter 3, part 401.11 of the food and drug
32 administration food code so as to prevent ~~food-borne~~ *foodborne* illnesses.

33 (ppp) (1) "Soft drinks" means nonalcoholic beverages that contain
34 natural or artificial sweeteners.

35 (2) "Soft drinks" does not include beverages that contain milk or milk
36 products, soy, rice or similar milk substitutes or beverages that are greater
37 than 50% vegetable or fruit juice by volume.

38 Sec. 2. K.S.A. 2022 Supp. 79-3602c is hereby repealed.

39 Sec. 3. This act shall take effect and be in force from and after
40 ***January 1, 2024, and*** its publication in the statute book.