

SENATE BILL No. 539

By Committee on Assessment and Taxation

3-7

1 AN ACT concerning taxation; relating to income tax; modifying tax rates
2 for individuals; increasing the Kansas standard deduction and the
3 Kansas personal exemption; ~~increasing the income limit to qualify for a~~
4 **eliminating the income limitation to receive the** subtraction
5 modification ~~for exempting~~ social security ~~income~~ **benefits**; relating to
6 privilege tax; decreasing the normal tax rate; relating to property tax;
7 increasing the extent of exemption for residential property from the
8 statewide school levy; ~~relating to sales and compensating use tax;~~
9 ~~reducing the state rate of tax on sales of food and food ingredients;~~
10 ~~modifying the percent credited to the state highway fund from revenue~~
11 ~~collected;~~ amending K.S.A. 79-1107 and 79-1108 and K.S.A. 2023
12 Supp. 79-201x, 79-32,110, 79-32,117, 79-32,119; **and** 79-32,121, ~~79-~~
13 ~~3603, 79-3603d, 79-3620, 79-3703 and 79-3710~~ and repealing the
14 existing sections.

15
16 WHEREAS, The provisions of the amendments to the sections in this
17 act shall be known as the tax relief for all Kansans act.

18 Now, therefore:

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

20 Section 1. K.S.A. 2023 Supp. 79-201x is hereby amended to read as
21 follows: 79-201x. (a) For taxable year ~~2022~~ 2024, and all taxable years
22 thereafter, the following described property, to the extent herein specified,
23 shall be and is hereby exempt from the property tax levied pursuant to the
24 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
25 residential purposes to the extent of ~~\$40,000~~ \$80,000 of its appraised
26 valuation.

27 (b) For taxable year ~~2023~~ 2025, and all taxable years thereafter, the
28 dollar amount of the extent of appraised valuation that is exempt pursuant
29 to subsection (a) shall be adjusted to reflect the average percentage change
30 in statewide residential valuation of all residential real property for the
31 preceding 10 years. Such average percentage change shall not be less than
32 zero. The director of property valuation shall calculate the average
33 percentage change for purposes of this annual adjustment and calculate the
34 dollar amount of the extent of appraised valuation that is exempt pursuant
35 to this section each year.

36 Sec. 2. K.S.A. 79-1107 is hereby amended to read as follows: 79-

1 1107. (a) Every national banking association and state bank located or
2 doing business within the state shall pay to the state for the privilege of
3 doing business within the state a tax according to or measured by its net
4 income for the next preceding taxable year to be computed as provided in
5 this act. Such tax shall consist of a normal tax and a surtax and shall be
6 computed as follows:

7 ~~(a)(1)~~ (A) For tax year 2024, the normal tax shall be an amount equal
8 to ~~2.14%~~ 2.25% of such net income; ~~and~~

9 (B) for tax year 2025, the normal tax shall be an amount equal to
10 1.94% of such net income; and

11 (C) for tax year 2026, and all tax years thereafter, the normal tax
12 shall be an amount equal to 1.63% of such net income; and

13 ~~(b)(2)~~ the surtax shall be an amount equal to ~~2.18%~~ 2.125% of such
14 net income in excess of \$25,000.

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

19 Sec. 3. K.S.A. 79-1108 is hereby amended to read as follows: 79-
20 1108. (a) Every trust company and savings and loan association located or
21 doing business within the state shall pay to the state for the privilege of
22 doing business within the state a tax according to or measured by its net
23 income for the next preceding taxable year to be computed as provided in
24 this act. Such tax shall consist of a normal tax and a surtax and shall be
25 computed as follows:

26 ~~(a)(1)~~ (A) For tax year 2024, the normal tax on every trust company
27 and savings and loan association shall be an amount equal to ~~2.14%~~ 2.25%
28 of such net income; ~~and~~

29 (B) for tax year 2025, the normal tax on every trust company and
30 savings and loan association shall be an amount equal to 1.93% of such
31 net income; and

32 (C) for tax year 2026, and all tax years thereafter, the normal tax on
33 every trust company and savings and loan association shall be an amount
34 equal to 1.61% of such net income; and

35 ~~(b)(2)~~ the surtax on every trust company and savings and loan
36 association shall be an amount equal to ~~2.14%~~ 2.25% of such net income in
37 excess of \$25,000.

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

42 Sec. 4. K.S.A. 2023 Supp. 79-32,110 is hereby amended to read as
43 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided

1 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
 2 upon the Kansas taxable income of every resident individual, which tax
 3 shall be computed in accordance with the following tax schedules:

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

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

| 6 If the taxable income is: | The tax is: |
|--|-------------------------------|
| 7 Not over \$30,000..... | 3.5% of Kansas taxable income |
| 8 Over \$30,000 but not over \$60,000..... | \$1,050 plus 6.25% of excess |
| 9 _____ | over \$30,000 |
| 10 Over \$60,000..... | \$2,925 plus 6.45% of excess |
| 11 _____ | over \$60,000 |

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

| 13 If the taxable income is: | The tax is: |
|------------------------------|--------------------------------|
| 14 Not over \$30,000..... | 3.0% of Kansas taxable income |
| 15 Over \$30,000..... | \$900 plus 4.9% of excess over |
| 16 _____ | \$30,000 |

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

| 18 If the taxable income is: | The tax is: |
|------------------------------|--------------------------------|
| 19 Not over \$30,000..... | 2.7% of Kansas taxable income |
| 20 Over \$30,000..... | \$810 plus 4.8% of excess over |
| 21 _____ | \$30,000 |

22 (D) ~~For tax years 2015 and 2016:~~

| 23 If the taxable income is: | The tax is: |
|------------------------------|--------------------------------|
| 24 Not over \$30,000..... | 2.7% of Kansas taxable income |
| 25 Over \$30,000..... | \$810 plus 4.6% of excess over |
| 26 _____ | \$30,000 |

27 (E) ~~For tax year 2017:~~

| 28 If the taxable income is: | The tax is: |
|---|----------------------------------|
| 29 Not over \$30,000..... | 2.9% of Kansas taxable income |
| 30 Over \$30,000 but not over \$60,000..... | \$870 plus 4.9% of excess over |
| 31 _____ | \$30,000 |
| 32 Over \$60,000..... | \$2,340 plus 5.2% of excess over |
| 33 _____ | \$60,000 |

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

| 35 If the taxable income is: | The tax is: |
|---|-------------------------------|
| 36 Not over \$30,000..... | 3.1% of Kansas taxable income |
| 37 Over \$30,000 but not over \$60,000..... | \$930 plus 5.25% of excess |
| 38 _____ | over \$30,000 |
| 39 Over \$60,000..... | \$2,505 plus 5.7% of excess |
| 40 _____ | over \$60,000 |

41 (2) *All other individuals.*

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

| 43 If the taxable income is: | The tax is: |
|------------------------------|-------------|
|------------------------------|-------------|

| | | |
|----|---|----------------------------------|
| 1 | Not over \$15,000..... | 3.5% of Kansas taxable income |
| 2 | Over \$15,000 but not over \$30,000..... | \$525 plus 6.25% of excess |
| 3 | _____ | over \$15,000 |
| 4 | Over \$30,000..... | \$1,462.50 plus 6.45% of excess |
| 5 | _____ | over \$30,000 |
| 6 | (B) For tax year 2013: | |
| 7 | If the taxable income is: _____ | The tax is: |
| 8 | Not over \$15,000..... | 3.0% of Kansas taxable income |
| 9 | Over \$15,000..... | \$450 plus 4.9% of excess over |
| 10 | _____ | \$15,000 |
| 11 | (C) For tax year 2014: | |
| 12 | If the taxable income is: _____ | The tax is: |
| 13 | Not over \$15,000..... | 2.7% of Kansas taxable income |
| 14 | Over \$15,000..... | \$405 plus 4.8% of excess over |
| 15 | _____ | \$15,000 |
| 16 | (D) For tax years 2015 and 2016: | |
| 17 | If the taxable income is: _____ | The tax is: |
| 18 | Not over \$15,000..... | 2.7% of Kansas taxable income |
| 19 | Over \$15,000..... | \$405 plus 4.6% of excess over |
| 20 | _____ | \$15,000 |
| 21 | (E) For tax year 2017: | |
| 22 | If the taxable income is: _____ | The tax is: |
| 23 | Not over \$15,000..... | 2.9% of Kansas taxable income |
| 24 | Over \$15,000 but not over \$30,000..... | \$435 plus 4.9% of excess over |
| 25 | _____ | \$15,000 |
| 26 | Over \$30,000..... | \$1,170 plus 5.2% of excess over |
| 27 | _____ | \$30,000 |
| 28 | (F) For tax year years 2018, and all tax years thereafter through 2023: | |
| 29 | If the taxable income is: _____ | The tax is: |
| 30 | Not over \$15,000..... | 3.1% of Kansas taxable income |
| 31 | Over \$15,000 but not over \$30,000..... | \$465 plus 5.25% of excess |
| 32 | _____ | over \$15,000 |
| 33 | Over \$30,000..... | \$1,252.50 plus 5.7% of excess |
| 34 | _____ | over \$30,000 |
| 35 | | |
| 36 | (3) All resident individuals. For all individuals regardless of filing | |
| 37 | status, the tax shall be in an amount equal to: | |
| 38 | (A) 5.7% of Kansas taxable income for tax year 2024; | |
| 39 | (B) 5.65% of Kansas taxable income for tax year 2025; | |
| 40 | (C) 5.6% of Kansas taxable income for tax year 2026; | |
| 41 | (D) 5.55% of Kansas taxable income for tax year 2027; | |
| 42 | (E) 5.5% of Kansas taxable income for tax year 2028; and | |
| 43 | (F) 5.45% of Kansas taxable income for tax year 2029, and all tax | |

1 *years thereafter.*

2 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
3 taxable income of every nonresident individual, which tax shall be an
4 amount equal to the tax computed under subsection (a) as if the
5 nonresident were a resident multiplied by the ratio of modified Kansas
6 source income to Kansas adjusted gross income.

7 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
8 income of every corporation doing business within this state or deriving
9 income from sources within this state. Such tax shall consist of a normal
10 tax and a surtax and shall be computed as follows unless otherwise
11 modified pursuant to K.S.A. 2023 Supp. 74-50,321, and amendments
12 thereto:

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

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

17 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
18 income of estates and trusts at the rates provided in subsection (a)(2)
19 ~~hereof for tax years 2018 through 2023 and at the rates provided in~~
20 ~~subsection (a)(3) for tax year 2024, and all tax years thereafter.~~

21 (e) Notwithstanding the provisions of subsections (a) and (b): ~~(1) For~~
22 ~~tax years 2016 and 2017, married individuals filing joint returns with~~
23 ~~taxable income of \$12,500 or less, and all other individuals with taxable~~
24 ~~income of \$5,000 or less, shall have a tax liability of zero; and (2), for tax~~
25 ~~year years 2018, and all tax years thereafter through 2023, married~~
26 ~~individuals filing joint returns with taxable income of \$5,000 or less, and~~
27 ~~all other individuals with taxable income of \$2,500 or less, shall have a tax~~
28 ~~liability of zero.~~

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

33 Sec. 5. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as
34 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
35 means such individual's federal adjusted gross income for the taxable year,
36 with the modifications specified in this section.

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

38 (i) Interest income less any related expenses directly incurred in the
39 purchase of state or political subdivision obligations, to the extent that the
40 same is not included in federal adjusted gross income, on obligations of
41 any state or political subdivision thereof, but to the extent that interest
42 income on obligations of this state or a political subdivision thereof issued
43 prior to January 1, 1988, is specifically exempt from income tax under the

1 laws of this state authorizing the issuance of such obligations, it shall be
2 excluded from computation of Kansas adjusted gross income whether or
3 not included in federal adjusted gross income. Interest income on
4 obligations of this state or a political subdivision thereof issued after
5 December 31, 1987, shall be excluded from computation of Kansas
6 adjusted gross income whether or not included in federal adjusted gross
7 income.

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

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

18 (iv) Federal income tax refunds received by the taxpayer if the
19 deduction of the taxes being refunded resulted in a tax benefit for Kansas
20 income tax purposes during a prior taxable year. Such refunds shall be
21 included in income in the year actually received regardless of the method
22 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
23 be deemed to have resulted if the amount of the tax had been deducted in
24 determining income subject to a Kansas income tax for a prior year
25 regardless of the rate of taxation applied in such prior year to the Kansas
26 taxable income, but only that portion of the refund shall be included as
27 bears the same proportion to the total refund received as the federal taxes
28 deducted in the year to which such refund is attributable bears to the total
29 federal income taxes paid for such year. For purposes of the foregoing
30 sentence, federal taxes shall be considered to have been deducted only to
31 the extent such deduction does not reduce Kansas taxable income below
32 zero.

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

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

41 (vii) The amount of any charitable contribution made to the extent the
42 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
43 32,196, and amendments thereto.

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

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

11 (x) Amounts received as nonqualified withdrawals, as defined by
12 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
13 family postsecondary education savings account, such amounts were
14 subtracted from the federal adjusted gross income pursuant to subsection
15 (c)(xv) or if such amounts are not already included in the federal adjusted
16 gross income.

17 (xi) The amount of any contribution made to the same extent the
18 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
19 50,154, and amendments thereto.

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

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

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

35 (xv) The amount of any expenditures claimed for deduction in
36 determining federal adjusted gross income, to the extent the same is
37 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
38 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
39 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
40 32,251 through 79-32,254, and amendments thereto.

41 (xvi) The amount of any amortization deduction claimed in
42 determining federal adjusted gross income to the extent the same is
43 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-

1 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

6 (xviii) For taxable years commencing after December 31, 2006, the
7 amount of any ad valorem or property taxes and assessments paid to a state
8 other than Kansas or local government located in a state other than Kansas
9 by a taxpayer who resides in a state other than Kansas, when the law of
10 such state does not allow a resident of Kansas who earns income in such
11 other state to claim a deduction for ad valorem or property taxes or
12 assessments paid to a political subdivision of the state of Kansas in
13 determining taxable income for income tax purposes in such other state, to
14 the extent that such taxes and assessments are claimed as an itemized
15 deduction for federal income tax purposes.

16 (xix) For taxable years beginning after December 31, 2012, and
17 ending before January 1, 2017, the amount of any: (1) Loss from business
18 as determined under the federal internal revenue code and reported from
19 schedule C and on line 12 of the taxpayer's form 1040 federal individual
20 income tax return; (2) loss from rental real estate, royalties, partnerships, S
21 corporations, except those with wholly owned subsidiaries subject to the
22 Kansas privilege tax, 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 farm loss 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 deducted or subtracted in
29 determining the taxpayer's federal adjusted gross income. For purposes of
30 this subsection, references to the federal form 1040 and federal schedule
31 C, schedule E, and schedule F, shall be to such form and schedules as they
32 existed for tax year 2011, and as revised thereafter by the internal revenue
33 service.

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

42 (xxi) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of any deduction for pension,

1 profit sharing, and annuity plans of self-employed individuals under
2 section 62(a)(6) of the federal internal revenue code as in effect on January
3 1, 2012, and amendments thereto, in determining the federal adjusted gross
4 income of an individual taxpayer.

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

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

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

25 (xxv) For taxable years commencing after December 31, 2013, that
26 portion of the amount of any expenditure deduction claimed in
27 determining federal adjusted gross income for expenses paid by a taxpayer
28 for health care when such expenses were paid or incurred for abortion
29 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
30 amendments thereto, when such expenses were paid or incurred for
31 abortion coverage or amounts contributed to health savings accounts for
32 such taxpayer's employees for the purchase of an optional rider for
33 coverage of abortion in accordance with K.S.A. 40-2,190, and
34 amendments thereto, to the extent that such taxes and assessments are
35 claimed as a deduction for federal income tax purposes.

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

41 (xxvii) For all taxable years commencing after December 31, 2020,
42 the amount deducted by reason of a carryforward of disallowed business
43 interest pursuant to section 163(j) of the federal internal revenue code of

1 1986, as in effect on January 1, 2018.

2 (xxviii) For all taxable years beginning after December 31, 2021, the
3 amount of any contributions to, or earnings from, a first-time home buyer
4 savings account if distributions from the account were not used to pay for
5 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-
6 4904, and amendments thereto, or were not held for the minimum length
7 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments
8 thereto. Contributions to, or earnings from, such account shall also include
9 any amount resulting from the account holder not designating a surviving
10 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),
11 and amendments thereto.

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

13 (i) Interest or dividend income on obligations or securities of any
14 authority, commission or instrumentality of the United States and its
15 possessions less any related expenses directly incurred in the purchase of
16 such obligations or securities, to the extent included in federal adjusted
17 gross income but exempt from state income taxes under the laws of the
18 United States.

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

22 (iii) The portion of any gain or loss from the sale or other disposition
23 of property having a higher adjusted basis for Kansas income tax purposes
24 than for federal income tax purposes on the date such property was sold or
25 disposed of in a transaction in which gain or loss was recognized for
26 purposes of federal income tax that does not exceed such difference in
27 basis, but if a gain is considered a long-term capital gain for federal
28 income tax purposes, the modification shall be limited to that portion of
29 such gain which is included in federal adjusted gross income.

30 (iv) The amount necessary to prevent the taxation under this act of
31 any annuity or other amount of income or gain which was properly
32 included in income or gain and was taxed under the laws of this state for a
33 taxable year prior to the effective date of this act, as amended, to the
34 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
35 the right to receive the income or gain, or to a trust or estate from which
36 the taxpayer received the income or gain.

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

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

1 (vii) Amounts received as annuities under the federal civil service
2 retirement system from the civil service retirement and disability fund and
3 other amounts received as retirement benefits in whatever form which
4 were earned for being employed by the federal government or for service
5 in the armed forces of the United States.

6 (viii) Amounts received by retired railroad employees as a
7 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
8 228c(a)(1) et seq.

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

14 (x) For taxable years beginning after December 31, 1976, the amount
15 of the federal tentative jobs tax credit disallowance under the provisions of
16 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
17 amount of the targeted jobs tax credit and work incentive credit
18 disallowances under 26 U.S.C. § 280C.

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

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

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

29 (xiv) For all taxable years commencing after December 31, 1996, that
30 portion of any income of a bank organized under the laws of this state or
31 any other state, a national banking association organized under the laws of
32 the United States, an association organized under the savings and loan
33 code of this state or any other state, or a federal savings association
34 organized under the laws of the United States, for which an election as an
35 S corporation under subchapter S of the federal internal revenue code is in
36 effect, which accrues to the taxpayer who is a stockholder of such
37 corporation and which is not distributed to the stockholders as dividends of
38 the corporation. For taxable years beginning after December 31, 2012, and
39 ending before January 1, 2017, the amount of modification under this
40 subsection shall exclude the portion of income or loss reported on schedule
41 E and included on line 17 of the taxpayer's form 1040 federal individual
42 income tax return.

43 (xv) For all taxable years beginning after December 31, 2017, the

1 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
2 filing a joint return, for each designated beneficiary that are contributed to:
3 (1) A family postsecondary education savings account established under
4 the Kansas postsecondary education savings program or a qualified tuition
5 program established and maintained by another state or agency or
6 instrumentality thereof pursuant to section 529 of the internal revenue
7 code of 1986, as amended, for the purpose of paying the qualified higher
8 education expenses of a designated beneficiary; or (2) an achieving a
9 better life experience (ABLE) account established under the Kansas ABLE
10 savings program or a qualified ABLE program established and maintained
11 by another state or agency or instrumentality thereof pursuant to section
12 529A of the internal revenue code of 1986, as amended, for the purpose of
13 saving private funds to support an individual with a disability. The terms
14 and phrases used in this paragraph shall have the meaning respectively
15 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
16 amendments thereto, and the provisions of such sections are hereby
17 incorporated by reference for all purposes thereof.

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

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

35 ~~(xviii) For the taxable year beginning after December 31, 2006,~~
36 ~~amounts received as benefits under the federal social security act which~~
37 ~~are included in federal adjusted gross income of a taxpayer with federal~~
38 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
39 ~~status is single, head of household, married filing separate or married filing~~
40 ~~jointly; and (A) For all taxable years beginning after December 31, 2007,~~
41 ~~and ending before January 1, 2024,~~ amounts received as benefits under the
42 federal social security act which are included in federal adjusted gross
43 income of a taxpayer with federal adjusted gross income of \$75,000 or

1 less, whether such taxpayer's filing status is single, head of household,
2 married filing separate or married filing jointly; and

3 *(B) for all taxable years beginning after December 31, 2023,*
4 *amounts received as benefits under the federal social security act that are*
5 *included in federal adjusted gross income of a taxpayer—whether a—*
6 *taxpayer's filing status is single, head of household, married filing—*
7 *separate or married filing jointly, and the amount of the subtraction—*
8 *modification provided by this paragraph shall be calculated as follows:*

9 ~~*Subtraction modification = social security income x social security—*~~
10 ~~*taxable rate.*~~

11 ~~*For purposes of this subparagraph:*~~

12 ~~*(1) Social security income is the amount of benefits received under*~~
13 ~~*the social security act and included in federal adjusted gross income; and*~~

14 ~~*(2) social security taxable rate shall be determined as follows:*~~

15 ~~*(a) For taxpayers with federal adjusted gross income of \$100,000 or*~~
16 ~~*less, then the social security taxable rate is 1;*~~

17 ~~*(b) for taxpayers with federal adjusted gross income greater than*~~
18 ~~*\$100,000 and less than the threshold, then the social security taxable rate*~~
19 ~~*shall be calculated as: $1 - ((\text{federal adjusted gross income} - 100,000) /$*~~
20 ~~*denominator); and*~~

21 ~~*(c) for taxpayers with federal adjusted gross income equal to or*~~
22 ~~*greater than the threshold, then the social security taxable rate is 0.*~~

23 ~~*(d) (i) "Denominator" is equal to 25,000.*~~

24 ~~*(ii) "Threshold" is equal to \$125,000.*~~

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

27 (xx) For taxable years beginning after December 31, 2012, and
28 ending before January 1, 2017, the amount of any: (1) Net profit from
29 business as determined under the federal internal revenue code and
30 reported from schedule C and on line 12 of the taxpayer's form 1040
31 federal individual income tax return; (2) net income, not including
32 guaranteed payments as defined in section 707(c) of the federal internal
33 revenue code and as reported to the taxpayer from federal schedule K-1,
34 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
35 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
36 partnerships, S corporations, estates, trusts, residual interest in real estate
37 mortgage investment conduits and net farm rental as determined under the
38 federal internal revenue code and reported from schedule E and on line 17
39 of the taxpayer's form 1040 federal individual income tax return; and (3)
40 net farm profit as determined under the federal internal revenue code and
41 reported from schedule F and on line 18 of the taxpayer's form 1040
42 federal income tax return; all to the extent included in the taxpayer's
43 federal adjusted gross income. For purposes of this subsection, references

1 to the federal form 1040 and federal schedule C, schedule E, and schedule
2 F, shall be to such form and schedules as they existed for tax year 2011
3 and as revised thereafter by the internal revenue service.

4 (xxi) For all taxable years beginning after December 31, 2013,
5 amounts equal to the unreimbursed travel, lodging and medical
6 expenditures directly incurred by a taxpayer while living, or a dependent
7 of the taxpayer while living, for the donation of one or more human organs
8 of the taxpayer, or a dependent of the taxpayer, to another person for
9 human organ transplantation. The expenses may be claimed as a
10 subtraction modification provided for in this section to the extent the
11 expenses are not already subtracted from the taxpayer's federal adjusted
12 gross income. In no circumstances shall the subtraction modification
13 provided for in this section for any individual, or a dependent, exceed
14 \$5,000. As used in this section, "human organ" means all or part of a liver,
15 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
16 paragraph shall take effect on the day the secretary of revenue certifies to
17 the director of the budget that the cost for the department of revenue of
18 modifications to the automated tax system for the purpose of
19 implementing this paragraph will not exceed \$20,000.

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

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

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

40 (xxv) For all taxable years commencing after December 31, 2020,
41 100% of global intangible low-taxed income under section 951A of the
42 federal internal revenue code of 1986, before any deductions allowed
43 under section 250(a)(1)(B) of such code.

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

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

9 (xxviii) For all taxable years beginning after December 31, 2021: (1)
10 The amount contributed to a first-time home buyer savings account
11 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an
12 amount not to exceed \$3,000 for an individual or \$6,000 for a married
13 couple filing a joint return; or (2) amounts received as income earned from
14 assets in a first-time home buyer savings account.

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

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

24 Sec. 6. K.S.A. 2023 Supp. 79-32,119 is hereby amended to read as
25 follows: 79-32,119. (a) The Kansas standard deduction of an individual,
26 including a husband and wife who are either both residents or who file a
27 joint return as if both were residents, shall be equal to the sum of the
28 standard deduction amount allowed pursuant to this section, and the
29 additional standard deduction amount allowed pursuant to this section for
30 each such deduction allowable to such individual or to such husband and
31 wife under the federal internal revenue code.

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

35 (c) (1) For tax year 2013 through tax year 2020, 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, \$3,000; married filing
39 status, \$7,500; and head of household filing status, \$5,500.

40 (2) For tax year 2021, ~~and all tax years thereafter~~ *through tax year*
41 *2023*, the standard deduction amount of an individual, including husband
42 and wife who are either both residents or who file a joint return as if both
43 were residents, shall be as follows: Single individual filing status, \$3,500;

1 married filing status, \$8,000; and head of household filing status, \$6,000.

2 (3) *For tax year 2024, and all tax years thereafter, the standard*
3 *deduction amount of an individual, including husband and wife who are*
4 *either both residents or who file a joint return as if both were residents,*
5 *shall be as follows: Single individual filing status, \$4,000; married filing*
6 *status, \$8,000; and head of household filing status, \$6,000.*

7 (4) *In the case of tax year 2025, and all tax years thereafter, amounts*
8 *prescribed in paragraph (3) shall be increased by an amount equal to such*
9 *amount multiplied by the cost-of-living adjustment determined under*
10 *section 1(f)(3) of the federal internal revenue code for the calendar year in*
11 *which the taxable year commences.*

12 (d) For purposes of this section, the federal standard deduction
13 allowable to a husband and wife filing separate Kansas income tax returns
14 shall be determined on the basis that separate federal returns were filed,
15 and the federal standard deduction of a husband and wife filing a joint
16 Kansas income tax return shall be determined on the basis that a joint
17 federal income tax return was filed.

18 Sec. 7. K.S.A. 2023 Supp. 79-32,121 is hereby amended to read as
19 follows: 79-32,121. ~~(a) An individual~~ (1) *For tax year 2024, and all tax*
20 *years thereafter, a taxpayer shall be allowed a Kansas exemption of*
21 ~~\$2,250 for each exemption as follows:~~

22 (A) *In the case of married individuals filing a joint return, a personal*
23 *exemption of \$22,000;*

24 (B) *in the case of all other individuals with a filing status of single,*
25 *head of household or married filing separate, a personal exemption of*
26 *\$11,000; and*

27 (C) *in addition to the amount allowed pursuant to subparagraph (A)*
28 *or (B), a personal exemption of \$3,000 for each dependent for which such*
29 ~~individual~~ *taxpayer is entitled to a deduction for the taxable year for*
30 *federal income tax purposes.*

31 (2) *In the case of tax year 2025, and all tax years thereafter, amounts*
32 *prescribed in paragraph (1) shall be increased by an amount equal to such*
33 *amount multiplied by the cost-of-living adjustment determined under*
34 *section 1(f)(3) of the federal internal revenue code for the calendar year in*
35 *which the taxable year commences.*

36 (b) In addition to the exemptions provided in subsection (a), any
37 individual who has been honorably discharged from active service in any
38 branch of the armed forces of the United States and who is certified by the
39 United States department of veterans affairs or its successor to be in
40 receipt of disability compensation at the 100% rate, if the disability is
41 permanent and was sustained through military action or accident or
42 resulted from disease contracted while in such active service, such
43 individual shall be allowed an additional Kansas exemption of \$2,250 for

1 tax year 2023, and all tax years thereafter.

2 ~~Sec. 8.—K.S.A. 2023 Supp. 79-3603 is hereby amended to read as~~
3 ~~follows: 79-3603. For the privilege of engaging in the business of selling~~
4 ~~tangible personal property at retail in this state or rendering or furnishing~~
5 ~~any of the services taxable under this act, there is hereby levied and there~~
6 ~~shall be collected and paid a tax at the rate of 6.5%. On and after January~~
7 ~~1, 2023, 17% and on and after January 1, 2025 July 1, 2024, 18% of the~~
8 ~~tax rate imposed pursuant to this section and the rate provided in K.S.A.~~
9 ~~2023 Supp. 79-3603d, and amendments thereto, shall be levied for the~~
10 ~~state highway fund, the state highway fund purposes and those purposes~~
11 ~~specified in K.S.A. 68-416, and amendments thereto, and all revenue~~
12 ~~collected and received from such tax levy shall be deposited in the state~~
13 ~~highway fund.~~

14 ~~Within a redevelopment district established pursuant to K.S.A. 74-~~
15 ~~8921, and amendments thereto, there is hereby levied and there shall be~~
16 ~~collected and paid an additional tax at the rate of 2% until the earlier of the~~
17 ~~date the bonds issued to finance or refinance the redevelopment project~~
18 ~~have been paid in full or the final scheduled maturity of the first series of~~
19 ~~bonds issued to finance any part of the project.~~

20 ~~Such tax shall be imposed upon:~~

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

23 ~~(b) the gross receipts from intrastate, interstate or international~~
24 ~~telecommunications services and any ancillary services sourced to this~~
25 ~~state in accordance with K.S.A. 79-3673, and amendments thereto, except~~
26 ~~that telecommunications service does not include: (1) Any interstate or~~
27 ~~international 800 or 900 service; (2) any interstate or international private~~
28 ~~communications service as defined in K.S.A. 79-3673, and amendments~~
29 ~~thereto; (3) any value-added nonvoice data service; (4) any~~
30 ~~telecommunication service to a provider of telecommunication services~~
31 ~~which will be used to render telecommunications services, including~~
32 ~~carrier access services; or (5) any service or transaction defined in this~~
33 ~~section among entities classified as members of an affiliated group as~~
34 ~~provided by section 1504 of the federal internal revenue code of 1986, as~~
35 ~~in effect on January 1, 2001;~~

36 ~~(c) the gross receipts from the sale or furnishing of gas, water,~~
37 ~~electricity and heat, which sale is not otherwise exempt from taxation~~
38 ~~under the provisions of this act, and whether furnished by municipally or~~
39 ~~privately owned utilities, except that, on and after January 1, 2006, for~~
40 ~~sales of gas, electricity and heat delivered through mains, lines or pipes to~~
41 ~~residential premises for noncommercial use by the occupant of such~~
42 ~~premises, and for agricultural use and also, for such use, all sales of~~
43 ~~propane gas, the state rate shall be 0%; and for all sales of propane gas, LP~~

1 gas, coal, wood and other fuel sources for the production of heat or
2 lighting for noncommercial use of an occupant of residential premises, the
3 state rate shall be 0%, but such tax shall not be levied and collected upon
4 the gross receipts from: (1) The sale of a rural water district benefit unit;
5 (2) a water system impact fee, system enhancement fee or similar fee
6 collected by a water supplier as a condition for establishing service; or (3)
7 connection or reconnection fees collected by a water supplier;

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

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

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

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

27 (h) the gross receipts from the service of renting or leasing of tangible
28 personal property except such tax shall not apply to the renting or leasing
29 of machinery, equipment or other personal property owned by a city and
30 purchased from the proceeds of industrial revenue bonds issued prior to
31 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
32 12-1749, and amendments thereto, and any city or lessee renting or leasing
33 such machinery, equipment or other personal property purchased with the
34 proceeds of such bonds who shall have paid a tax under the provisions of
35 this section upon sales made prior to July 1, 1973, shall be entitled to a
36 refund from the sales tax refund fund of all taxes paid thereon;

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

40 (j) the gross receipts from the rendering of the services of washing
41 and washing and waxing of vehicles;

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

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

6 ~~(2) Any such contractor, subcontractor or repairman who maintains~~
7 ~~an inventory of such property both for sale at retail and for use by them for~~
8 ~~the purposes described by paragraph (1) shall be deemed a retailer with~~
9 ~~respect to purchases for and sales from such inventory, except that the~~
10 ~~gross receipts received from any such sale, other than a sale at retail, shall~~
11 ~~be equal to the total purchase price paid for such property and the tax~~
12 ~~imposed thereon shall be paid by the deemed retailer;~~

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

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

37 ~~(o) the gross receipts received from the isolated or occasional sale of~~
38 ~~motor vehicles or trailers but not including: (1) The transfer of motor~~
39 ~~vehicles or trailers by a person to a corporation or limited liability~~
40 ~~company solely in exchange for stock securities or membership interest in~~
41 ~~such corporation or limited liability company; (2) the transfer of motor~~
42 ~~vehicles or trailers by one corporation or limited liability company to~~
43 ~~another when all of the assets of such corporation or limited liability~~

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

29 (p) ~~the gross receipts received for the service of installing or applying~~
30 ~~tangible personal property which when installed or applied is not being~~
31 ~~held for sale in the regular course of business, and whether or not such~~
32 ~~tangible personal property when installed or applied remains tangible~~
33 ~~personal property or becomes a part of real estate, except that no tax shall~~
34 ~~be imposed upon the service of installing or applying tangible personal~~
35 ~~property in connection with the original construction of a building or~~
36 ~~facility, the original construction, reconstruction, restoration, remodeling,~~
37 ~~renovation, repair or replacement of a residence or the construction,~~
38 ~~reconstruction, restoration, replacement or repair of a bridge or highway.~~

39 For the purposes of this subsection:

40 (1) "Original construction" means the first or initial construction of a
41 new building or facility. The term "original construction" shall include the
42 addition of an entire room or floor to any existing building or facility, the
43 completion of any unfinished portion of any existing building or facility

1 and the restoration, reconstruction or replacement of a building, facility or
2 utility structure damaged or destroyed by fire, flood, tornado, lightning,
3 explosion, windstorm, ice loading and attendant winds, terrorism or
4 earthquake, but such term, except with regard to a residence, shall not
5 include replacement, remodeling, restoration, renovation or reconstruction
6 under any other circumstances;

7 (2) "~~building~~" means only those enclosures within which individuals
8 customarily are employed, or which are customarily used to house
9 machinery, equipment or other property, and including the land
10 improvements immediately surrounding such building;

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

17 (4) "~~residence~~" means only those enclosures within which individuals
18 customarily live;

19 (5) "~~utility structure~~" means transmission and distribution lines
20 owned by an independent transmission company or cooperative, the
21 Kansas electric transmission authority or natural gas or electric public
22 utility; and

23 (6) "~~windstorm~~" means straight line winds of at least 80 miles per
24 hour as determined by a recognized meteorological reporting agency or
25 organization;

26 (q) ~~the gross receipts received for the service of repairing, servicing,~~
27 ~~altering or maintaining tangible personal property which when such~~
28 ~~services are rendered is not being held for sale in the regular course of~~
29 ~~business, and whether or not any tangible personal property is transferred~~
30 ~~in connection therewith. The tax imposed by this subsection shall be~~
31 ~~applicable to the services of repairing, servicing, altering or maintaining an~~
32 ~~item of tangible personal property which has been and is fastened to,~~
33 ~~connected with or built into real property;~~

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

37 (s) ~~on and after January 1, 2005, the gross receipts received from the~~
38 ~~sale of prewritten computer software and the sale of the services of~~
39 ~~modifying, altering, updating or maintaining prewritten computer~~
40 ~~software, whether the prewritten computer software is installed or~~
41 ~~delivered electronically by tangible storage media physically transferred to~~
42 ~~the purchaser or by load and leave;~~

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

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

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

7 ~~(w) all sales of charitable raffle tickets in accordance with K.S.A. 75-~~
8 ~~5171 et seq., and amendments thereto, shall be exempt from taxes imposed~~
9 ~~pursuant to this section; and~~

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

13 ~~Sec. 9. K.S.A. 2023 Supp. 79-3603d is hereby amended to read as~~
14 ~~follows: 79-3603d. (a) There is hereby levied and there shall be collected~~
15 ~~and paid a tax upon the gross receipts from the sale of food and food~~
16 ~~ingredients. The rate of tax shall be as follows:~~

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

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

19 ~~(3) commencing on January 1, 2025 July 1, 2024, and thereafter, at~~
20 ~~the rate of 0%.~~

21 ~~(b) The provisions of this section shall not apply to prepared food~~
22 ~~unless sold without eating utensils provided by the seller and described~~
23 ~~below:~~

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

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

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

30 ~~(3) bakery items, including bread, rolls, buns, biscuits, bagels,~~
31 ~~croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,~~
32 ~~cookies and tortillas; or~~

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

35 ~~(e) The provisions of this section shall be a part of and supplemental~~
36 ~~to the Kansas retailers' sales tax act.~~

37 ~~Sec. 10. K.S.A. 2023 Supp. 79-3620 is hereby amended to read as~~
38 ~~follows: 79-3620. (a) All revenue collected or received by the director of~~
39 ~~taxation from the taxes imposed by this act shall be remitted to the state~~
40 ~~treasurer in accordance with the provisions of K.S.A. 75-4215, and~~
41 ~~amendments thereto. Upon receipt of each such remittance, the state~~
42 ~~treasurer shall deposit the entire amount in the state treasury, less amounts~~
43 ~~withheld as provided in subsection (b) and amounts credited as provided in~~

1 subsections (c), (d) and (e), to the credit of the state general fund.

2 (b) ~~A refund fund, designated as "sales tax refund fund" not to exceed~~
3 ~~\$100,000 shall be set apart and maintained by the director from sales tax~~
4 ~~collections and estimated tax collections and held by the state treasurer for~~
5 ~~prompt payment of all sales tax refunds. Such fund shall be in such~~
6 ~~amount, within the limit set by this section, as the director shall determine~~
7 ~~is necessary to meet current refunding requirements under this act. In the~~
8 ~~event such fund as established by this section is, at any time, insufficient to~~
9 ~~provide for the payment of refunds due claimants thereof, the director shall~~
10 ~~certify the amount of additional funds required to the director of accounts~~
11 ~~and reports who shall promptly transfer the required amount from the state~~
12 ~~general fund to the sales tax refund fund, and notify the state treasurer,~~
13 ~~who shall make proper entry in the records.~~

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

20 (2) ~~On January 1, 2025 July 1, 2024, and thereafter, the state treasurer~~
21 ~~shall credit 18% of the revenue collected and received from the tax~~
22 ~~imposed by K.S.A. 79-3603, and amendments thereto, at the rates~~
23 ~~provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2023~~
24 ~~Supp. 79-3603d, and amendments thereto, and deposited as provided by~~
25 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
26 ~~the state highway fund.~~

27 (d) ~~The state treasurer shall credit all revenue collected or received~~
28 ~~from the tax imposed by K.S.A. 79-3603, and amendments thereto, as~~
29 ~~certified by the director, from taxpayers doing business within that portion~~
30 ~~of a STAR bond project district occupied by a STAR bond project or~~
31 ~~taxpayers doing business with such entity financed by a STAR bond~~
32 ~~project as defined in K.S.A. 12-17,162, and amendments thereto, that was~~
33 ~~determined by the secretary of commerce to be of statewide as well as~~
34 ~~local importance or will create a major tourism area for the state or the~~
35 ~~project was designated as a STAR bond project as defined in K.S.A. 12-~~
36 ~~17,162, and amendments thereto, to the city bond finance fund, which fund~~
37 ~~is hereby created. The provisions of this subsection shall expire when the~~
38 ~~total of all amounts credited hereunder and under K.S.A. 79-3710(d), and~~
39 ~~amendments thereto, is sufficient to retire the special obligation bonds~~
40 ~~issued for the purpose of financing all or a portion of the costs of such~~
41 ~~STAR bond project.~~

42 (e) ~~All revenue certified by the director of taxation as having been~~
43 ~~collected or received from the tax imposed by K.S.A. 79-3603(c), and~~

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

30 Sec. 11. K.S.A. 2023 Supp. 79-3703 is hereby amended to read as
31 follows: 79-3703. (a) There is hereby levied and there shall be collected
32 from every person in this state a tax or excise for the privilege of using,
33 storing, or consuming within this state any article of tangible personal
34 property. Such tax shall be levied and collected in an amount equal to the
35 consideration paid by the taxpayer multiplied by the rate of 6.5%.

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

41 (c) On and after January 1, 2023, 17% and on and after January 1,
42 2025 *July 1, 2024*, 18% of the tax rate imposed pursuant to this section
43 and the rate provided in K.S.A. 2023 Supp. 79-3603d, and amendments

1 thereto, shall be levied for the state highway fund, the state highway fund
2 purposes and those purposes specified in K.S.A. 68-416, and amendments
3 thereto, and all revenue collected and received from such tax levy shall be
4 deposited in the state highway fund.

5 ~~(d) Within a redevelopment district established pursuant to K.S.A.~~
6 ~~74-8921, and amendments thereto, there is hereby levied and there shall be~~
7 ~~collected and paid an additional tax of 2% until the earlier of: (1) The date~~
8 ~~the bonds issued to finance or refinance the redevelopment project~~
9 ~~undertaken in the district have been paid in full; or (2) the final scheduled~~
10 ~~maturity of the first series of bonds issued to finance the redevelopment~~
11 ~~project.~~

12 ~~(e) All property purchased or leased within or without this state and~~
13 ~~subsequently used, stored or consumed in this state shall be subject to the~~
14 ~~compensating tax if the same property or transaction would have been~~
15 ~~subject to the Kansas retailers' sales tax had the transaction been wholly~~
16 ~~within this state.~~

17 ~~Sec. 12. K.S.A. 2023 Supp. 79-3710 is hereby amended to read as~~
18 ~~follows: 79-3710. (a) All revenue collected or received by the director~~
19 ~~under the provisions of this act shall be remitted to the state treasurer in~~
20 ~~accordance with the provisions of K.S.A. 75-4215, and amendments~~
21 ~~thereto. Upon receipt of each such remittance, the state treasurer shall~~
22 ~~deposit the entire amount in the state treasury, less amounts set apart as~~
23 ~~provided in subsection (b) and amounts credited as provided in subsection~~
24 ~~(c), (d) and (e), to the credit of the state general fund.~~

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

32 ~~(c) (1) On January 1, 2023, the state treasurer shall credit 17% of the~~
33 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
34 ~~and amendments thereto, at the rates provided in K.S.A. 79-3703, and~~
35 ~~amendments thereto, and K.S.A. 2023 Supp. 79-3603d, and amendments~~
36 ~~thereto, and deposited as provided by subsection (a), exclusive of amounts~~
37 ~~credited pursuant to subsection (d), in the state highway fund.~~

38 ~~(2) On January 1, 2025 July 1, 2024, and thereafter, the state treasurer~~
39 ~~shall credit 18% of the revenue collected and received from the tax~~
40 ~~imposed by K.S.A. 79-3703, and amendments thereto, at the rates~~
41 ~~provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2023~~
42 ~~Supp. 79-3603d, and amendments thereto, and deposited as provided by~~
43 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~

1 the state highway fund.

2 (d) ~~The state treasurer shall credit all revenue collected or received~~
3 ~~from the tax imposed by K.S.A. 79-3703, and amendments thereto, as~~
4 ~~certified by the director, from taxpayers doing business within that portion~~
5 ~~of a redevelopment district occupied by a redevelopment project that was~~
6 ~~determined by the secretary of commerce to be of statewide as well as~~
7 ~~local importance or will create a major tourism area for the state as defined~~
8 ~~in K.S.A. 12-1770a, and amendments thereto, to the city bond finance~~
9 ~~fund created by K.S.A. 79-3620(d), and amendments thereto. The~~
10 ~~provisions of this subsection shall expire when the total of all amounts~~
11 ~~credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,~~
12 ~~is sufficient to retire the special obligation bonds issued for the purpose of~~
13 ~~financing all or a portion of the costs of such redevelopment project.~~

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

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

1 ~~capital investment in an amount exceeding \$150 million for the~~
2 ~~construction of an intermodal facility to handle the transfer, storage and~~
3 ~~distribution of freight through railway and trucking operations.~~

4 ~~Sec. 13.~~ **8.** K.S.A. 79-1107 and 79-1108 and K.S.A. 2023 Supp. 79-
5 201x, 79-32,110, 79-32,117, 79-32,119; *and* 79-32,121, ~~79-3603, 79-~~
6 ~~3603d, 79-3620, 79-3703 and 79-3710~~ are hereby repealed.

7 ~~Sec. 14.~~ **9.** This act shall take effect and be in force from and after its
8 publication in the Kansas register.