

HOUSE BILL No. 2748

By Committee on Taxation

2-14

1 AN ACT concerning sales and compensating use tax; relating to rates,
2 exemptions, food and food ingredients; amending K.S.A. 2017 Supp.
3 79-3602, 79-3603, 79-3606, 79-3620, 79-3703 and 79-3710 and
4 repealing the existing sections.

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

7 Section 1. K.S.A. 2017 Supp. 79-3602 is hereby amended to read as
8 follows: 79-3602. Except as otherwise provided, as used in the Kansas
9 retailers' sales tax act:

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

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

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

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

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

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

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

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

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

1 charges are separately stated on an invoice or similar billing document
2 given to the purchaser.

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

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

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

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

34 (n) "Food and food ingredients" means substances, whether in liquid,
35 concentrated, solid, frozen, dried or dehydrated form, that are sold for
36 ingestion or chewing by humans and are consumed for their taste or
37 nutritional value. "Food and food ingredients" does not include alcoholic
38 beverages, *candy*, *soft drinks*, *food sold through vending machines*, *dietary*
39 *supplements*, 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 which is necessary or essential to, and which is actually used in and
7 becomes an integral and material part of tangible personal property or
8 services 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 which are not to
18 be 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 which is not to be returned to such wholesaler or retailer
23 for 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 which 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: (1) Any sale by a bank, savings and
42 loan institution, credit union or any finance company licensed under the
43 provisions of the Kansas uniform consumer credit code of tangible

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

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

10 (1) Lease or rental does not include: (A) A transfer of possession or
11 control of property under a security agreement or deferred payment plan
12 that requires the transfer of title upon completion of the required
13 payments;

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

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

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

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

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

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

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

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

43 (v) "Model 2 seller" means a seller that has selected a CAS to

1 perform part of its sales and use tax functions, but retains responsibility for
2 remitting the tax.

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

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

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

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

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

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

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

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

13 (dd) "Property which is consumed" means tangible personal property
14 which is essential or necessary to and which is used in the actual process
15 of and consumed, depleted or dissipated within one year in: (1) The
16 production, manufacture, processing, mining, drilling, refining or
17 compounding of tangible personal property; (2) the providing of services;
18 (3) the irrigation of crops, for sale in the regular course of business; or (4)
19 the storage or processing of grain by a public grain warehouse or other
20 grain storage facility, and which is not reusable for such purpose. The
21 following is a listing of tangible personal property, included by way of
22 illustration but not of limitation, which qualifies as property which is
23 consumed:

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

29 (B) electricity, gas and water; and

30 (C) petroleum products, lubricants, chemicals, solvents, reagents and
31 catalysts.

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

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

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

39 (hh) "Registered under this agreement" means registration by a seller
40 with the member states under the central registration system provided in
41 article IV of the agreement.

42 (ii) "Retailer" means a seller regularly engaged in the business of
43 selling, leasing or renting tangible personal property at retail or furnishing

1 electrical energy, gas, water, services or entertainment, and selling only to
2 the user or consumer and not for resale.

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

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

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

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

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

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

28 (D) delivery charges; and

29 (E) installation charges.

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

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

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

37 (C) the amount of the consideration attributable to the sale is fixed
38 and determinable by the seller at the time of the sale of the item to the
39 purchaser; and

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

41 (i) The purchaser presents a coupon, certificate or other
42 documentation to the seller to claim a price reduction or discount where
43 the coupon, certificate or documentation is authorized, distributed or

1 granted by a third party with the understanding that the third party will
2 reimburse any seller to whom the coupon, certificate or documentation is
3 presented;

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

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

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

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

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

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

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

24 (E) commencing on July 1, 2006, and ending on June 30, 2009, cash
25 rebates granted by a manufacturer to a purchaser or lessee of a new motor
26 vehicle if paid directly to the retailer as a result of the original sale.

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

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

31 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2017 Supp.
32 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
33 thereto, which shall apply to identify and determine the state and local
34 taxing jurisdiction sales or use taxes to pay, or collect and remit on a
35 particular retail sale.

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

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

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

1 (ss) "Entity-based exemption" means an exemption based on who
2 purchases the product or who sells the product. An exemption that is
3 available to all individuals shall not be considered an entity-based
4 exemption.

5 (tt) "Over-the-counter drug" means a drug that contains a label that
6 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
7 over-the-counter drug label includes: (1) A drug facts panel; or (2) a
8 statement of the active ingredients with a list of those ingredients
9 contained in the compound, substance or preparation. Over-the-counter
10 drugs do not include grooming and hygiene products such as soaps,
11 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
12 lotions and screens.

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

17 (vv) "Conference bridging service" means an ancillary service that
18 links two or more participants of an audio or video conference call and
19 may include the provision of a telephone number. Conference bridging
20 service does not include the telecommunications services used to reach the
21 conference bridge.

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

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

27 (yy) "Vertical service" means an ancillary service that is offered in
28 connection with one or more telecommunications services, which offers
29 advanced calling features that allow customers to identify callers and to
30 manage multiple calls and call connections, including conference bridging
31 services.

32 (zz) "Voice mail service" means an ancillary service that enables the
33 customer to store, send or receive recorded messages. Voice mail service
34 does not include any vertical services that the customer may be required to
35 have in order to utilize the voice mail service.

36 (aaa) "Telecommunications service" means the electronic
37 transmission, conveyance or routing of voice, data, audio, video or any
38 other information or signals to a point, or between or among points. The
39 term telecommunications service includes such transmission, conveyance
40 or routing in which computer processing applications are used to act on the
41 form, code or protocol of the content for purposes of transmissions,
42 conveyance or routing without regard to whether such service is referred to
43 as voice over internet protocol services or is classified by the federal

1 communications commission as enhanced or value added.
2 Telecommunications service does not include:

3 (1) Data processing and information services that allow data to be
4 generated, acquired, stored, processed or retrieved and delivered by an
5 electronic transmission to a purchaser where such purchaser's primary
6 purpose for the underlying transaction is the processed data or
7 information;

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

10 (3) tangible personal property;

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

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

13 (6) internet access service;

14 (7) radio and television audio and video programming services,
15 regardless of the medium, including the furnishing of transmission,
16 conveyance and routing of such services by the programming service
17 provider. Radio and television audio and video programming services shall
18 include, but not be limited to, cable service as defined in 47 U.S.C. §
19 522(6) and audio and video programming services delivered by
20 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

21 (8) ancillary services; or

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

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

29 (ccc) "900 service" means an inbound toll telecommunications
30 service purchased by a subscriber that allows the subscriber's customers to
31 call in to the subscriber's prerecorded announcement or live service. 900
32 service does not include the charge for collection services provided by the
33 seller of the telecommunications services to the subscriber, or service or
34 product sold by the subscriber to the subscriber's customer. The service is
35 typically marketed under the name 900 service, and any subsequent
36 numbers designated by the federal communications commission.

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

42 (eee) "International" means a telecommunications service that
43 originates or terminates in the United States and terminates or originates

1 outside the United States, respectively. United States includes the District
2 of Columbia or a U.S. territory or possession.

3 (fff) "Interstate" means a telecommunications service that originates
4 in one United States state, or a United States territory or possession, and
5 terminates in a different United States state or a United States territory or
6 possession.

7 (ggg) "Intrastate" means a telecommunications service that originates
8 in one United States state or a United States territory or possession, and
9 terminates in the same United States state or a United States territory or
10 possession.

11 (hhh) *"Bottled water" means water that is placed in a safety sealed*
12 *container or package for human consumption. "Bottled water" is calorie*
13 *free and does not contain sweeteners or other additives, except that it may*
14 *contain:*

- 15 (1) *Antimicrobial agents;*
- 16 (2) *fluoride;*
- 17 (3) *carbonation;*
- 18 (4) *vitamins, minerals and electrolytes;*
- 19 (5) *oxygen;*
- 20 (6) *preservatives; and*
- 21 (7) *only those flavors, extracts or essences derived from a spice or*
22 *fruit.*

23 *"Bottled water" includes water that is delivered to the buyer in a*
24 *reusable container that is not sold with the water.*

25 (iii) *"Candy" means a preparation of sugar, honey or other natural or*
26 *artificial sweeteners in combination with chocolate, fruits, nuts or other*
27 *ingredients or flavorings in the form of bars, drops or pieces. "Candy"*
28 *shall not include any preparation containing flour and shall require no*
29 *refrigeration.*

30 (jjj) *"Food sold through vending machines" means food dispensed*
31 *from a machine or other mechanical device that accepts payment.*

32 (lll) *"Prepared food" means:*

- 33 (1) *Food sold in a heated state or heated by the seller;*
- 34 (2) *two or more food ingredients mixed or combined by the seller for*
35 *sale as a single item; or*
- 36 (3) *food sold with eating utensils provided by the seller, including*
37 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does*
38 *not include a container or packaging used to transport the food.*

39 *"Prepared food" does not include food that is only cut, repackaged or*
40 *pasteurized by the seller; and eggs, fish, meat, poultry and foods*
41 *containing these raw animal foods requiring cooking by the consumer as*
42 *recommended by the food and drug administration in chapter 3, part*
43 *401.11 of its food code so as to prevent food borne illnesses.*

1 (mmm) "Soft drinks" means nonalcoholic beverages that contain
2 natural or artificial sweeteners. "Soft drinks" do not include beverages
3 that contain milk or milk products, soy, rice or similar milk substitutes, or
4 greater than 50% of vegetable or fruit juice by volume.

5 (nnn) "Dietary supplement" shall have the same meaning ascribed to
6 it as in K.S.A. 79-3606(jjj), and amendments thereto.

7 Sec. 2. K.S.A. 2017 Supp. 79-3603 is hereby amended to read as
8 follows: 79-3603. For the privilege of engaging in the business of selling
9 tangible personal property at retail in this state or rendering or furnishing
10 any of the services taxable under this act, there is hereby levied and there
11 shall be collected and paid a tax at the rate of 6.15%, and commencing
12 July 1, 2015, at the rate of 6.5%. Within a redevelopment district
13 established pursuant to K.S.A. 74-8921, and amendments thereto, there is
14 hereby levied and there shall be collected and paid an additional tax at the
15 rate of 2% until the earlier of the date the bonds issued to finance or
16 refinance the redevelopment project have been paid in full or the final
17 scheduled maturity of the first series of bonds issued to finance any part of
18 the project upon:

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

21 (b) the gross receipts from intrastate, interstate or international
22 telecommunications services and any ancillary services sourced to this
23 state in accordance with K.S.A. 2017 Supp. 79-3673, and amendments
24 thereto, except that telecommunications service does not include: (1) Any
25 interstate or international 800 or 900 service; (2) any interstate or
26 international private communications service as defined in K.S.A. 2017
27 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
28 data service; (4) any telecommunication service to a provider of
29 telecommunication services which will be used to render
30 telecommunications services, including carrier access services; or (5) any
31 service or transaction defined in this section among entities classified as
32 members of an affiliated group as provided by section 1504 of the federal
33 internal revenue code of 1986, as in effect on January 1, 2001;

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

1 state rate shall be 0%, but such tax shall not be levied and collected upon
2 the gross receipts from: (1) The sale of a rural water district benefit unit;
3 (2) a water system impact fee, system enhancement fee or similar fee
4 collected by a water supplier as a condition for establishing service; or (3)
5 connection or reconnection fees collected by a water supplier;

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

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

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

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

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

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

38 (j) the gross receipts from the rendering of the services of washing
39 and washing and waxing of vehicles;

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

42 (l) (1) except as otherwise provided by paragraph (2), the gross
43 receipts received from the sales of tangible personal property to all

1 contractors, subcontractors or repairmen for use by them in erecting
2 structures, or building on, or otherwise improving, altering, or repairing
3 real or personal property.

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

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

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

35 (o) the gross receipts received from the isolated or occasional sale of
36 motor vehicles or trailers but not including: (1) The transfer of motor
37 vehicles or trailers by a person to a corporation or limited liability
38 company solely in exchange for stock securities or membership interest in
39 such corporation or limited liability company; (2) the transfer of motor
40 vehicles or trailers by one corporation or limited liability company to
41 another when all of the assets of such corporation or limited liability
42 company are transferred to such other corporation or limited liability
43 company; or (3) the sale of motor vehicles or trailers which are subject to

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

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

37 For the purposes of this subsection:

38 (1) "Original construction" shall mean the first or initial construction
39 of a new building or facility. The term "original construction" shall include
40 the addition of an entire room or floor to any existing building or facility,
41 the completion of any unfinished portion of any existing building or
42 facility and the restoration, reconstruction or replacement of a building,
43 facility or utility structure damaged or destroyed by fire, flood, tornado,

1 lightning, explosion, windstorm, ice loading and attendant winds,
2 terrorism or earthquake, but such term, except with regard to a residence,
3 shall not include replacement, remodeling, restoration, renovation or
4 reconstruction under any other circumstances;

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

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

15 (4) "residence" shall mean only those enclosures within which
16 individuals customarily live;

17 (5) "utility structure" shall mean transmission and distribution lines
18 owned by an independent transmission company or cooperative, the
19 Kansas electric transmission authority or natural gas or electric public
20 utility; and

21 (6) "windstorm" shall mean straight line winds of at least 80 miles per
22 hour as determined by a recognized meteorological reporting agency or
23 organization;

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

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

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

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

42 (u) the gross receipts received from the sale of prepaid calling service
43 and prepaid wireless calling service as defined in K.S.A. 2017 Supp. 79-

1 3673, and amendments thereto;

2 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
3 licensees under K.S.A. 2017 Supp. 75-5171 et seq., and amendments
4 thereto, shall be exempt from taxes imposed pursuant to this section; ~~and~~

5 (w) all sales of charitable raffle tickets in accordance with K.S.A.
6 2017 Supp. 75-5171 et seq., and amendments thereto, shall be exempt
7 from taxes imposed pursuant to this section; *and*

8 (x) (1) *the gross receipts from the sale of food and food ingredients*
9 *shall be taxed at the following rates:*

10 (A) *Commencing on January 1, 2019, and ending prior to January 1,*
11 *2020, at the rate of 4%; and*

12 (B) *commencing on January 1, 2020, and ending prior to January 1,*
13 *2021, at the rate of 2%.*

14 (2) *The provisions of this subsection shall not apply to prepared food*
15 *unless sold without eating utensils provided by the seller and described*
16 *below:*

17 (A) *Food sold by a seller whose proper primary NAICS classification*
18 *is manufacturing in sector 311, except subsector 3118 (bakeries);*

19 (B) (i) *food sold in an unheated state by weight or volume as a single*
20 *item; or*

21 (ii) *only meat or seafood sold in an unheated state by weight or*
22 *volume as a single item;*

23 (C) *bakery items, including bread, rolls, buns, biscuits, bagels,*
24 *croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,*
25 *cookies and tortillas;*

26 (D) *food sold that ordinarily requires additional cooking (as opposed*
27 *to just reheating) by the consumer prior to consumption; or*

28 (E) *bottled water that is not otherwise sold as prepared food.*

29 Sec. 3. K.S.A. 2017 Supp. 79-3606 is hereby amended to read as
30 follows: 79-3606. The following shall be exempt from the tax imposed by
31 this act:

32 (a) All sales of motor-vehicle fuel or other articles upon which a sales
33 or excise tax has been paid, not subject to refund, under the laws of this
34 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
35 3301, and amendments thereto, including consumable material for such
36 electronic cigarettes, cereal malt beverages and malt products as defined
37 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
38 malt syrup and malt extract, which is not subject to taxation under the
39 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
40 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
41 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
42 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
43 thereto, and gross receipts from regulated sports contests taxed pursuant to

1 the Kansas professional regulated sports act, and amendments thereto;

2 (b) all sales of tangible personal property or service, including the
3 renting and leasing of tangible personal property, purchased directly by the
4 state of Kansas, a political subdivision thereof, other than a school or
5 educational institution, or purchased by a public or private nonprofit
6 hospital or public hospital authority or nonprofit blood, tissue or organ
7 bank and used exclusively for state, political subdivision, hospital or
8 public hospital authority or nonprofit blood, tissue or organ bank purposes,
9 except when: (1) Such state, hospital or public hospital authority is
10 engaged or proposes to engage in any business specifically taxable under
11 the provisions of this act and such items of tangible personal property or
12 service are used or proposed to be used in such business; or (2) such
13 political subdivision is engaged or proposes to engage in the business of
14 furnishing gas, electricity or heat to others and such items of personal
15 property or service are used or proposed to be used in such business;

16 (c) all sales of tangible personal property or services, including the
17 renting and leasing of tangible personal property, purchased directly by a
18 public or private elementary or secondary school or public or private
19 nonprofit educational institution and used primarily by such school or
20 institution for nonsectarian programs and activities provided or sponsored
21 by such school or institution or in the erection, repair or enlargement of
22 buildings to be used for such purposes. The exemption herein provided
23 shall not apply to erection, construction, repair, enlargement or equipment
24 of buildings used primarily for human habitation;

25 (d) all sales of tangible personal property or services purchased by a
26 contractor for the purpose of constructing, equipping, reconstructing,
27 maintaining, repairing, enlarging, furnishing or remodeling facilities for
28 any public or private nonprofit hospital or public hospital authority, public
29 or private elementary or secondary school, a public or private nonprofit
30 educational institution, state correctional institution including a privately
31 constructed correctional institution contracted for state use and ownership,
32 which would be exempt from taxation under the provisions of this act if
33 purchased directly by such hospital or public hospital authority, school,
34 educational institution or a state correctional institution; and all sales of
35 tangible personal property or services purchased by a contractor for the
36 purpose of constructing, equipping, reconstructing, maintaining, repairing,
37 enlarging, furnishing or remodeling facilities for any political subdivision
38 of the state or district described in subsection (s), the total cost of which is
39 paid from funds of such political subdivision or district and which would
40 be exempt from taxation under the provisions of this act if purchased
41 directly by such political subdivision or district. Nothing in this subsection
42 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be
43 deemed to exempt the purchase of any construction machinery, equipment

1 or tools used in the constructing, equipping, reconstructing, maintaining,
2 repairing, enlarging, furnishing or remodeling facilities for any political
3 subdivision of the state or any such district. As used in this subsection,
4 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
5 political subdivision" shall mean general tax revenues, the proceeds of any
6 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
7 purpose of constructing, equipping, reconstructing, repairing, enlarging,
8 furnishing or remodeling facilities which are to be leased to the donor.
9 When any political subdivision of the state, district described in subsection
10 (s), public or private nonprofit hospital or public hospital authority, public
11 or private elementary or secondary school, public or private nonprofit
12 educational institution, state correctional institution including a privately
13 constructed correctional institution contracted for state use and ownership
14 shall contract for the purpose of constructing, equipping, reconstructing,
15 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
16 shall obtain from the state and furnish to the contractor an exemption
17 certificate for the project involved, and the contractor may purchase
18 materials for incorporation in such project. The contractor shall furnish the
19 number of such certificate to all suppliers from whom such purchases are
20 made, and such suppliers shall execute invoices covering the same bearing
21 the number of such certificate. Upon completion of the project the
22 contractor shall furnish to the political subdivision, district described in
23 subsection (s), hospital or public hospital authority, school, educational
24 institution or department of corrections concerned a sworn statement, on a
25 form to be provided by the director of taxation, that all purchases so made
26 were entitled to exemption under this subsection. As an alternative to the
27 foregoing procedure, any such contracting entity may apply to the
28 secretary of revenue for agent status for the sole purpose of issuing and
29 furnishing project exemption certificates to contractors pursuant to rules
30 and regulations adopted by the secretary establishing conditions and
31 standards for the granting and maintaining of such status. All invoices
32 shall be held by the contractor for a period of five years and shall be
33 subject to audit by the director of taxation. If any materials purchased
34 under such a certificate are found not to have been incorporated in the
35 building or other project or not to have been returned for credit or the sales
36 or compensating tax otherwise imposed upon such materials which will
37 not be so incorporated in the building or other project reported and paid by
38 such contractor to the director of taxation not later than the 20th day of the
39 month following the close of the month in which it shall be determined
40 that such materials will not be used for the purpose for which such
41 certificate was issued, the political subdivision, district described in
42 subsection (s), hospital or public hospital authority, school, educational
43 institution or the contractor contracting with the department of corrections

1 for a correctional institution concerned shall be liable for tax on all
2 materials purchased for the project, and upon payment thereof it may
3 recover the same from the contractor together with reasonable attorney
4 fees. Any contractor or any agent, employee or subcontractor thereof, who
5 shall use or otherwise dispose of any materials purchased under such a
6 certificate for any purpose other than that for which such a certificate is
7 issued without the payment of the sales or compensating tax otherwise
8 imposed upon such materials, shall be guilty of a misdemeanor and, upon
9 conviction therefor, shall be subject to the penalties provided for in K.S.A.
10 79-3615(h), and amendments thereto;

11 (e) all sales of tangible personal property or services purchased by a
12 contractor for the erection, repair or enlargement of buildings or other
13 projects for the government of the United States, its agencies or
14 instrumentalities, which would be exempt from taxation if purchased
15 directly by the government of the United States, its agencies or
16 instrumentalities. When the government of the United States, its agencies
17 or instrumentalities shall contract for the erection, repair, or enlargement
18 of any building or other project, it shall obtain from the state and furnish to
19 the contractor an exemption certificate for the project involved, and the
20 contractor may purchase materials for incorporation in such project. The
21 contractor shall furnish the number of such certificates to all suppliers
22 from whom such purchases are made, and such suppliers shall execute
23 invoices covering the same bearing the number of such certificate. Upon
24 completion of the project the contractor shall furnish to the government of
25 the United States, its agencies or instrumentalities concerned a sworn
26 statement, on a form to be provided by the director of taxation, that all
27 purchases so made were entitled to exemption under this subsection. As an
28 alternative to the foregoing procedure, any such contracting entity may
29 apply to the secretary of revenue for agent status for the sole purpose of
30 issuing and furnishing project exemption certificates to contractors
31 pursuant to rules and regulations adopted by the secretary establishing
32 conditions and standards for the granting and maintaining of such status.
33 All invoices shall be held by the contractor for a period of five years and
34 shall be subject to audit by the director of taxation. Any contractor or any
35 agent, employee or subcontractor thereof, who shall use or otherwise
36 dispose of any materials purchased under such a certificate for any purpose
37 other than that for which such a certificate is issued without the payment
38 of the sales or compensating tax otherwise imposed upon such materials,
39 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
40 subject to the penalties provided for in K.S.A. 79-3615(h), and
41 amendments thereto;

42 (f) tangible personal property purchased by a railroad or public utility
43 for consumption or movement directly and immediately in interstate

1 commerce;

2 (g) sales of aircraft including remanufactured and modified aircraft
3 sold to persons using directly or through an authorized agent such aircraft
4 as certified or licensed carriers of persons or property in interstate or
5 foreign commerce under authority of the laws of the United States or any
6 foreign government or sold to any foreign government or agency or
7 instrumentality of such foreign government and all sales of aircraft for use
8 outside of the United States and sales of aircraft repair, modification and
9 replacement parts and sales of services employed in the remanufacture,
10 modification and repair of aircraft;

11 (h) all rentals of nonsectarian textbooks by public or private
12 elementary or secondary schools;

13 (i) the lease or rental of all films, records, tapes, or any type of sound
14 or picture transcriptions used by motion picture exhibitors;

15 (j) meals served without charge or food used in the preparation of
16 such meals to employees of any restaurant, eating house, dining car, hotel,
17 drugstore or other place where meals or drinks are regularly sold to the
18 public if such employees' duties are related to the furnishing or sale of
19 such meals or drinks;

20 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
21 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and
22 delivered in this state to a bona fide resident of another state, which motor
23 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
24 in this state and which vehicle, semitrailer, pole trailer or aircraft will not
25 remain in this state more than 10 days;

26 (l) all isolated or occasional sales of tangible personal property,
27 services, substances or things, except isolated or occasional sale of motor
28 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and
29 amendments thereto;

30 (m) all sales of tangible personal property which become an
31 ingredient or component part of tangible personal property or services
32 produced, manufactured or compounded for ultimate sale at retail within
33 or without the state of Kansas; and any such producer, manufacturer or
34 compounder may obtain from the director of taxation and furnish to the
35 supplier an exemption certificate number for tangible personal property for
36 use as an ingredient or component part of the property or services
37 produced, manufactured or compounded;

38 (n) all sales of tangible personal property which is consumed in the
39 production, manufacture, processing, mining, drilling, refining or
40 compounding of tangible personal property, the treating of by-products or
41 wastes derived from any such production process, the providing of
42 services or the irrigation of crops for ultimate sale at retail within or
43 without the state of Kansas; and any purchaser of such property may

1 obtain from the director of taxation and furnish to the supplier an
2 exemption certificate number for tangible personal property for
3 consumption in such production, manufacture, processing, mining,
4 drilling, refining, compounding, treating, irrigation and in providing such
5 services;

6 (o) all sales of animals, fowl and aquatic plants and animals, the
7 primary purpose of which is use in agriculture or aquaculture, as defined in
8 K.S.A. 47-1901, and amendments thereto, the production of food for
9 human consumption, the production of animal, dairy, poultry or aquatic
10 plant and animal products, fiber or fur, or the production of offspring for
11 use for any such purpose or purposes;

12 (p) all sales of drugs dispensed pursuant to a prescription order by a
13 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
14 1626, and amendments thereto. As used in this subsection, "drug" means a
15 compound, substance or preparation and any component of a compound,
16 substance or preparation, other than food and food ingredients, dietary
17 supplements or alcoholic beverages, recognized in the official United
18 States pharmacopoeia, official homeopathic pharmacopoeia of the United
19 States or official national formulary, and supplement to any of them,
20 intended for use in the diagnosis, cure, mitigation, treatment or prevention
21 of disease or intended to affect the structure or any function of the body,
22 except that for taxable years commencing after December 31, 2013, this
23 subsection shall not apply to any sales of drugs used in the performance or
24 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
25 thereto;

26 (q) all sales of insulin dispensed by a person licensed by the state
27 board of pharmacy to a person for treatment of diabetes at the direction of
28 a person licensed to practice medicine by the board of healing arts;

29 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
30 enteral feeding systems, prosthetic devices and mobility enhancing
31 equipment prescribed in writing by a person licensed to practice the
32 healing arts, dentistry or optometry, and in addition to such sales, all sales
33 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
34 and repair and replacement parts therefor, including batteries, by a person
35 licensed in the practice of dispensing and fitting hearing aids pursuant to
36 the provisions of K.S.A. 74-5808, and amendments thereto. For the
37 purposes of this subsection: (1) "Mobility enhancing equipment" means
38 equipment including repair and replacement parts to same, but does not
39 include durable medical equipment, which is primarily and customarily
40 used to provide or increase the ability to move from one place to another
41 and which is appropriate for use either in a home or a motor vehicle; is not
42 generally used by persons with normal mobility; and does not include any
43 motor vehicle or equipment on a motor vehicle normally provided by a

1 motor vehicle manufacturer; and (2) "prosthetic device" means a
2 replacement, corrective or supportive device including repair and
3 replacement parts for same worn on or in the body to artificially replace a
4 missing portion of the body, prevent or correct physical deformity or
5 malfunction or support a weak or deformed portion of the body;

6 (s) except as provided in K.S.A. 2017 Supp. 82a-2101, and
7 amendments thereto, all sales of tangible personal property or services
8 purchased directly or indirectly by a groundwater management district
9 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
10 amendments thereto, by a rural water district organized or operating under
11 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
12 supply district organized or operating under the authority of K.S.A. 19-
13 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
14 property or services are used in the construction activities, operation or
15 maintenance of the district;

16 (t) all sales of farm machinery and equipment or aquaculture
17 machinery and equipment, repair and replacement parts therefor and
18 services performed in the repair and maintenance of such machinery and
19 equipment. For the purposes of this subsection the term "farm machinery
20 and equipment or aquaculture machinery and equipment" shall include a
21 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
22 thereto, and is equipped with a bed or cargo box for hauling materials, and
23 shall also include machinery and equipment used in the operation of
24 Christmas tree farming but shall not include any passenger vehicle, truck,
25 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
26 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
27 machinery and equipment" includes precision farming equipment that is
28 portable or is installed or purchased to be installed on farm machinery and
29 equipment. "Precision farming equipment" includes the following items
30 used only in computer-assisted farming, ranching or aquaculture
31 production operations: Soil testing sensors, yield monitors, computers,
32 monitors, software, global positioning and mapping systems, guiding
33 systems, modems, data communications equipment and any necessary
34 mounting hardware, wiring and antennas. Each purchaser of farm
35 machinery and equipment or aquaculture machinery and equipment
36 exempted herein must certify in writing on the copy of the invoice or sales
37 ticket to be retained by the seller that the farm machinery and equipment
38 or aquaculture machinery and equipment purchased will be used only in
39 farming, ranching or aquaculture production. Farming or ranching shall
40 include the operation of a feedlot and farm and ranch work for hire and the
41 operation of a nursery;

42 (u) all leases or rentals of tangible personal property used as a
43 dwelling if such tangible personal property is leased or rented for a period

1 of more than 28 consecutive days;

2 (v) all sales of tangible personal property to any contractor for use in
3 preparing meals for delivery to homebound elderly persons over 60 years
4 of age and to homebound disabled persons or to be served at a group-
5 sitting at a location outside of the home to otherwise homebound elderly
6 persons over 60 years of age and to otherwise homebound disabled
7 persons, as all or part of any food service project funded in whole or in
8 part by government or as part of a private nonprofit food service project
9 available to all such elderly or disabled persons residing within an area of
10 service designated by the private nonprofit organization, and all sales of
11 tangible personal property for use in preparing meals for consumption by
12 indigent or homeless individuals whether or not such meals are consumed
13 at a place designated for such purpose, and all sales of food products by or
14 on behalf of any such contractor or organization for any such purpose;

15 (w) all sales of natural gas, electricity, heat and water delivered
16 through mains, lines or pipes: (1) To residential premises for
17 noncommercial use by the occupant of such premises; (2) for agricultural
18 use and also, for such use, all sales of propane gas; (3) for use in the
19 severing of oil; and (4) to any property which is exempt from property
20 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this
21 paragraph, "severing" shall have the meaning ascribed thereto by K.S.A.
22 79-4216(k), and amendments thereto. For all sales of natural gas,
23 electricity and heat delivered through mains, lines or pipes pursuant to the
24 provisions of subsection (w)(1) and (w)(2), the provisions of this
25 subsection shall expire on December 31, 2005;

26 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources
27 for the production of heat or lighting for noncommercial use of an
28 occupant of residential premises occurring prior to January 1, 2006;

29 (y) all sales of materials and services used in the repairing, servicing,
30 altering, maintaining, manufacturing, remanufacturing, or modification of
31 railroad rolling stock for use in interstate or foreign commerce under
32 authority of the laws of the United States;

33 (z) all sales of tangible personal property and services purchased
34 directly by a port authority or by a contractor therefor as provided by the
35 provisions of K.S.A. 12-3418, and amendments thereto;

36 (aa) all sales of materials and services applied to equipment which is
37 transported into the state from without the state for repair, service,
38 alteration, maintenance, remanufacture or modification and which is
39 subsequently transported outside the state for use in the transmission of
40 liquids or natural gas by means of pipeline in interstate or foreign
41 commerce under authority of the laws of the United States;

42 (bb) all sales of used mobile homes or manufactured homes. As used
43 in this subsection: (1) "Mobile homes" and "manufactured homes" shall

1 have the meanings ascribed thereto by K.S.A. 58-4202, and amendments
2 thereto; and (2) "sales of used mobile homes or manufactured homes"
3 means sales other than the original retail sale thereof;

4 (cc) all sales of tangible personal property or services purchased prior
5 to January 1, 2012, except as otherwise provided, for the purpose of and in
6 conjunction with constructing, reconstructing, enlarging or remodeling a
7 business or retail business which meets the requirements established in
8 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
9 machinery and equipment purchased for installation at any such business
10 or retail business, and all sales of tangible personal property or services
11 purchased on or after January 1, 2012, for the purpose of and in
12 conjunction with constructing, reconstructing, enlarging or remodeling a
13 business which meets the requirements established in K.S.A. 74-50,115(e),
14 and amendments thereto, and the sale and installation of machinery and
15 equipment purchased for installation at any such business. When a person
16 shall contract for the construction, reconstruction, enlargement or
17 remodeling of any such business or retail business, such person shall
18 obtain from the state and furnish to the contractor an exemption certificate
19 for the project involved, and the contractor may purchase materials,
20 machinery and equipment for incorporation in such project. The contractor
21 shall furnish the number of such certificates to all suppliers from whom
22 such purchases are made, and such suppliers shall execute invoices
23 covering the same bearing the number of such certificate. Upon
24 completion of the project the contractor shall furnish to the owner of the
25 business or retail business a sworn statement, on a form to be provided by
26 the director of taxation, that all purchases so made were entitled to
27 exemption under this subsection. All invoices shall be held by the
28 contractor for a period of five years and shall be subject to audit by the
29 director of taxation. Any contractor or any agent, employee or
30 subcontractor thereof, who shall use or otherwise dispose of any materials,
31 machinery or equipment purchased under such a certificate for any
32 purpose other than that for which such a certificate is issued without the
33 payment of the sales or compensating tax otherwise imposed thereon, shall
34 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
35 to the penalties provided for in K.S.A. 79-3615(h), and amendments
36 thereto. As used in this subsection, "business" and "retail business" have
37 the meanings respectively ascribed thereto by K.S.A. 74-50,114, and
38 amendments thereto. Project exemption certificates that have been
39 previously issued under this subsection by the department of revenue
40 pursuant to K.S.A. 74-50,115, and amendments thereto, but not including
41 K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,
42 and have not expired will be effective for the term of the project or two
43 years from the effective date of the certificate, whichever occurs earlier.

1 Project exemption certificates that are submitted to the department of
2 revenue prior to January 1, 2012, and are found to qualify will be issued a
3 project exemption certificate that will be effective for a two-year period or
4 for the term of the project, whichever occurs earlier;

5 (dd) all sales of tangible personal property purchased with food
6 stamps issued by the United States department of agriculture;

7 (ee) all sales of lottery tickets and shares made as part of a lottery
8 operated by the state of Kansas;

9 (ff) on and after July 1, 1988, all sales of new mobile homes or
10 manufactured homes to the extent of 40% of the gross receipts, determined
11 without regard to any trade-in allowance, received from such sale. As used
12 in this subsection, "mobile homes" and "manufactured homes" shall have
13 the meanings ascribed thereto by K.S.A. 58-4202, and amendments
14 thereto;

15 (gg) all sales of tangible personal property purchased in accordance
16 with vouchers issued pursuant to the federal special supplemental food
17 program for women, infants and children;

18 (hh) all sales of medical supplies and equipment, including durable
19 medical equipment, purchased directly by a nonprofit skilled nursing home
20 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
21 and amendments thereto, for the purpose of providing medical services to
22 residents thereof. This exemption shall not apply to tangible personal
23 property customarily used for human habitation purposes. As used in this
24 subsection, "durable medical equipment" means equipment including
25 repair and replacement parts for such equipment, which can withstand
26 repeated use, is primarily and customarily used to serve a medical purpose,
27 generally is not useful to a person in the absence of illness or injury and is
28 not worn in or on the body, but does not include mobility enhancing
29 equipment as defined in subsection (r), oxygen delivery equipment, kidney
30 dialysis equipment or enteral feeding systems;

31 (ii) all sales of tangible personal property purchased directly by a
32 nonprofit organization for nonsectarian comprehensive multidiscipline
33 youth development programs and activities provided or sponsored by such
34 organization, and all sales of tangible personal property by or on behalf of
35 any such organization. This exemption shall not apply to tangible personal
36 property customarily used for human habitation purposes;

37 (jj) all sales of tangible personal property or services, including the
38 renting and leasing of tangible personal property, purchased directly on
39 behalf of a community-based facility for people with intellectual disability
40 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
41 amendments thereto, and licensed in accordance with the provisions of
42 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible
43 personal property or services purchased by contractors during the time

1 period from July, 2003, through June, 2006, for the purpose of
2 constructing, equipping, maintaining or furnishing a new facility for a
3 community-based facility for people with intellectual disability or mental
4 health center located in Riverton, Cherokee County, Kansas, which would
5 have been eligible for sales tax exemption pursuant to this subsection if
6 purchased directly by such facility or center. This exemption shall not
7 apply to tangible personal property customarily used for human habitation
8 purposes;

9 (kk) (1) (A) all sales of machinery and equipment which are used in
10 this state as an integral or essential part of an integrated production
11 operation by a manufacturing or processing plant or facility;

12 (B) all sales of installation, repair and maintenance services
13 performed on such machinery and equipment; and

14 (C) all sales of repair and replacement parts and accessories
15 purchased for such machinery and equipment.

16 (2) For purposes of this subsection:

17 (A) "Integrated production operation" means an integrated series of
18 operations engaged in at a manufacturing or processing plant or facility to
19 process, transform or convert tangible personal property by physical,
20 chemical or other means into a different form, composition or character
21 from that in which it originally existed. Integrated production operations
22 shall include: (i) Production line operations, including packaging
23 operations; (ii) preproduction operations to handle, store and treat raw
24 materials; (iii) post production handling, storage, warehousing and
25 distribution operations; and (iv) waste, pollution and environmental
26 control operations, if any;

27 (B) "production line" means the assemblage of machinery and
28 equipment at a manufacturing or processing plant or facility where the
29 actual transformation or processing of tangible personal property occurs;

30 (C) "manufacturing or processing plant or facility" means a single,
31 fixed location owned or controlled by a manufacturing or processing
32 business that consists of one or more structures or buildings in a
33 contiguous area where integrated production operations are conducted to
34 manufacture or process tangible personal property to be ultimately sold at
35 retail. Such term shall not include any facility primarily operated for the
36 purpose of conveying or assisting in the conveyance of natural gas,
37 electricity, oil or water. A business may operate one or more manufacturing
38 or processing plants or facilities at different locations to manufacture or
39 process a single product of tangible personal property to be ultimately sold
40 at retail;

41 (D) "manufacturing or processing business" means a business that
42 utilizes an integrated production operation to manufacture, process,
43 fabricate, finish, or assemble items for wholesale and retail distribution as

1 part of what is commonly regarded by the general public as an industrial
2 manufacturing or processing operation or an agricultural commodity
3 processing operation. (i) Industrial manufacturing or processing operations
4 include, by way of illustration but not of limitation, the fabrication of
5 automobiles, airplanes, machinery or transportation equipment, the
6 fabrication of metal, plastic, wood, or paper products, electricity power
7 generation, water treatment, petroleum refining, chemical production,
8 wholesale bottling, newspaper printing, ready mixed concrete production,
9 and the remanufacturing of used parts for wholesale or retail sale. Such
10 processing operations shall include operations at an oil well, gas well,
11 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
12 sand or gravel that has been extracted from the earth is cleaned, separated,
13 crushed, ground, milled, screened, washed, or otherwise treated or
14 prepared before its transmission to a refinery or before any other wholesale
15 or retail distribution. (ii) Agricultural commodity processing operations
16 include, by way of illustration but not of limitation, meat packing, poultry
17 slaughtering and dressing, processing and packaging farm and dairy
18 products in sealed containers for wholesale and retail distribution, feed
19 grinding, grain milling, frozen food processing, and grain handling,
20 cleaning, blending, fumigation, drying and aeration operations engaged in
21 by grain elevators or other grain storage facilities. (iii) Manufacturing or
22 processing businesses do not include, by way of illustration but not of
23 limitation, nonindustrial businesses whose operations are primarily retail
24 and that produce or process tangible personal property as an incidental part
25 of conducting the retail business, such as retailers who bake, cook or
26 prepare food products in the regular course of their retail trade, grocery
27 stores, meat lockers and meat markets that butcher or dress livestock or
28 poultry in the regular course of their retail trade, contractors who alter,
29 service, repair or improve real property, and retail businesses that clean,
30 service or refurbish and repair tangible personal property for its owner;

31 (E) "repair and replacement parts and accessories" means all parts
32 and accessories for exempt machinery and equipment, including, but not
33 limited to, dies, jigs, molds, patterns and safety devices that are attached to
34 exempt machinery or that are otherwise used in production, and parts and
35 accessories that require periodic replacement such as belts, drill bits,
36 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
37 other refractory items for exempt kiln equipment used in production
38 operations;

39 (F) "primary" or "primarily" mean more than 50% of the time.

40 (3) For purposes of this subsection, machinery and equipment shall
41 be deemed to be used as an integral or essential part of an integrated
42 production operation when used:

43 (A) To receive, transport, convey, handle, treat or store raw materials

1 in preparation of its placement on the production line;

2 (B) to transport, convey, handle or store the property undergoing
3 manufacturing or processing at any point from the beginning of the
4 production line through any warehousing or distribution operation of the
5 final product that occurs at the plant or facility;

6 (C) to act upon, effect, promote or otherwise facilitate a physical
7 change to the property undergoing manufacturing or processing;

8 (D) to guide, control or direct the movement of property undergoing
9 manufacturing or processing;

10 (E) to test or measure raw materials, the property undergoing
11 manufacturing or processing or the finished product, as a necessary part of
12 the manufacturer's integrated production operations;

13 (F) to plan, manage, control or record the receipt and flow of
14 inventories of raw materials, consumables and component parts, the flow
15 of the property undergoing manufacturing or processing and the
16 management of inventories of the finished product;

17 (G) to produce energy for, lubricate, control the operating of or
18 otherwise enable the functioning of other production machinery and
19 equipment and the continuation of production operations;

20 (H) to package the property being manufactured or processed in a
21 container or wrapping in which such property is normally sold or
22 transported;

23 (I) to transmit or transport electricity, coke, gas, water, steam or
24 similar substances used in production operations from the point of
25 generation, if produced by the manufacturer or processor at the plant site,
26 to that manufacturer's production operation; or, if purchased or delivered
27 from off-site, from the point where the substance enters the site of the
28 plant or facility to that manufacturer's production operations;

29 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid, oil,
30 solvents or other substances that are used in production operations;

31 (K) to provide and control an environment required to maintain
32 certain levels of air quality, humidity or temperature in special and limited
33 areas of the plant or facility, where such regulation of temperature or
34 humidity is part of and essential to the production process;

35 (L) to treat, transport or store waste or other byproducts of production
36 operations at the plant or facility; or

37 (M) to control pollution at the plant or facility where the pollution is
38 produced by the manufacturing or processing operation.

39 (4) The following machinery, equipment and materials shall be
40 deemed to be exempt even though it may not otherwise qualify as
41 machinery and equipment used as an integral or essential part of an
42 integrated production operation: (A) Computers and related peripheral
43 equipment that are utilized by a manufacturing or processing business for

1 engineering of the finished product or for research and development or
2 product design; (B) machinery and equipment that is utilized by a
3 manufacturing or processing business to manufacture or rebuild tangible
4 personal property that is used in manufacturing or processing operations,
5 including tools, dies, molds, forms and other parts of qualifying machinery
6 and equipment; (C) portable plants for aggregate concrete, bulk cement
7 and asphalt including cement mixing drums to be attached to a motor
8 vehicle; (D) industrial fixtures, devices, support facilities and special
9 foundations necessary for manufacturing and production operations, and
10 materials and other tangible personal property sold for the purpose of
11 fabricating such fixtures, devices, facilities and foundations. An exemption
12 certificate for such purchases shall be signed by the manufacturer or
13 processor. If the fabricator purchases such material, the fabricator shall
14 also sign the exemption certificate; (E) a manufacturing or processing
15 business' laboratory equipment that is not located at the plant or facility,
16 but that would otherwise qualify for exemption under subsection (3)(E);
17 (F) all machinery and equipment used in surface mining activities as
18 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
19 from the time a reclamation plan is filed to the acceptance of the
20 completed final site reclamation.

21 (5) "Machinery and equipment used as an integral or essential part of
22 an integrated production operation" shall not include:

23 (A) Machinery and equipment used for nonproduction purposes,
24 including, but not limited to, machinery and equipment used for plant
25 security, fire prevention, first aid, accounting, administration, record
26 keeping, advertising, marketing, sales or other related activities, plant
27 cleaning, plant communications, and employee work scheduling;

28 (B) machinery, equipment and tools used primarily in maintaining
29 and repairing any type of machinery and equipment or the building and
30 plant;

31 (C) transportation, transmission and distribution equipment not
32 primarily used in a production, warehousing or material handling
33 operation at the plant or facility, including the means of conveyance of
34 natural gas, electricity, oil or water, and equipment related thereto, located
35 outside the plant or facility;

36 (D) office machines and equipment including computers and related
37 peripheral equipment not used directly and primarily to control or measure
38 the manufacturing process;

39 (E) furniture and other furnishings;

40 (F) buildings, other than exempt machinery and equipment that is
41 permanently affixed to or becomes a physical part of the building, and any
42 other part of real estate that is not otherwise exempt;

43 (G) building fixtures that are not integral to the manufacturing

1 operation, such as utility systems for heating, ventilation, air conditioning,
2 communications, plumbing or electrical;

3 (H) machinery and equipment used for general plant heating, cooling
4 and lighting;

5 (I) motor vehicles that are registered for operation on public
6 highways; or

7 (J) employee apparel, except safety and protective apparel that is
8 purchased by an employer and furnished gratuitously to employees who
9 are involved in production or research activities.

10 (6) Subsections (3) and (5) shall not be construed as exclusive listings
11 of the machinery and equipment that qualify or do not qualify as an
12 integral or essential part of an integrated production operation. When
13 machinery or equipment is used as an integral or essential part of
14 production operations part of the time and for nonproduction purposes at
15 other times, the primary use of the machinery or equipment shall
16 determine whether or not such machinery or equipment qualifies for
17 exemption.

18 (7) The secretary of revenue shall adopt rules and regulations
19 necessary to administer the provisions of this subsection;

20 (ll) all sales of educational materials purchased for distribution to the
21 public at no charge by a nonprofit corporation organized for the purpose of
22 encouraging, fostering and conducting programs for the improvement of
23 public health, except that for taxable years commencing after December
24 31, 2013, this subsection shall not apply to any sales of such materials
25 purchased by a nonprofit corporation which performs any abortion, as
26 defined in K.S.A. 65-6701, and amendments thereto;

27 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
28 herbicides, germicides, pesticides and fungicides; and services, purchased
29 and used for the purpose of producing plants in order to prevent soil
30 erosion on land devoted to agricultural use;

31 (nn) except as otherwise provided in this act, all sales of services
32 rendered by an advertising agency or licensed broadcast station or any
33 member, agent or employee thereof;

34 (oo) all sales of tangible personal property purchased by a community
35 action group or agency for the exclusive purpose of repairing or
36 weatherizing housing occupied by low income individuals;

37 (pp) all sales of drill bits and explosives actually utilized in the
38 exploration and production of oil or gas;

39 (qq) all sales of tangible personal property and services purchased by
40 a nonprofit museum or historical society or any combination thereof,
41 including a nonprofit organization which is organized for the purpose of
42 stimulating public interest in the exploration of space by providing
43 educational information, exhibits and experiences, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code of 1986;

3 (rr) all sales of tangible personal property which will admit the
4 purchaser thereof to any annual event sponsored by a nonprofit
5 organization which is exempt from federal income taxation pursuant to
6 section 501(c)(3) of the federal internal revenue code of 1986, except that
7 for taxable years commencing after December 31, 2013, this subsection
8 shall not apply to any sales of such tangible personal property purchased
9 by a nonprofit organization which performs any abortion, as defined in
10 K.S.A. 65-6701, and amendments thereto;

11 (ss) all sales of tangible personal property and services purchased by
12 a public broadcasting station licensed by the federal communications
13 commission as a noncommercial educational television or radio station;

14 (tt) all sales of tangible personal property and services purchased by
15 or on behalf of a not-for-profit corporation which is exempt from federal
16 income taxation pursuant to section 501(c)(3) of the federal internal
17 revenue code of 1986, for the sole purpose of constructing a Kansas
18 Korean War memorial;

19 (uu) all sales of tangible personal property and services purchased by
20 or on behalf of any rural volunteer fire-fighting organization for use
21 exclusively in the performance of its duties and functions;

22 (vv) all sales of tangible personal property purchased by any of the
23 following organizations which are exempt from federal income taxation
24 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
25 for the following purposes, and all sales of any such property by or on
26 behalf of any such organization for any such purpose:

27 (1) The American heart association, Kansas affiliate, inc. for the
28 purposes of providing education, training, certification in emergency
29 cardiac care, research and other related services to reduce disability and
30 death from cardiovascular diseases and stroke;

31 (2) the Kansas alliance for the mentally ill, inc. for the purpose of
32 advocacy for persons with mental illness and to education, research and
33 support for their families;

34 (3) the Kansas mental illness awareness council for the purposes of
35 advocacy for persons who are mentally ill and for education, research and
36 support for them and their families;

37 (4) the American diabetes association Kansas affiliate, inc. for the
38 purpose of eliminating diabetes through medical research, public education
39 focusing on disease prevention and education, patient education including
40 information on coping with diabetes, and professional education and
41 training;

42 (5) the American lung association of Kansas, inc. for the purpose of
43 eliminating all lung diseases through medical research, public education

1 including information on coping with lung diseases, professional education
2 and training related to lung disease and other related services to reduce the
3 incidence of disability and death due to lung disease;

4 (6) the Kansas chapters of the Alzheimer's disease and related
5 disorders association, inc. for the purpose of providing assistance and
6 support to persons in Kansas with Alzheimer's disease, and their families
7 and caregivers;

8 (7) the Kansas chapters of the Parkinson's disease association for the
9 purpose of eliminating Parkinson's disease through medical research and
10 public and professional education related to such disease;

11 (8) the national kidney foundation of Kansas and western Missouri
12 for the purpose of eliminating kidney disease through medical research
13 and public and private education related to such disease;

14 (9) the heartstrings community foundation for the purpose of
15 providing training, employment and activities for adults with
16 developmental disabilities;

17 (10) the cystic fibrosis foundation, heart of America chapter, for the
18 purposes of assuring the development of the means to cure and control
19 cystic fibrosis and improving the quality of life for those with the disease;

20 (11) the spina bifida association of Kansas for the purpose of
21 providing financial, educational and practical aid to families and
22 individuals with spina bifida. Such aid includes, but is not limited to,
23 funding for medical devices, counseling and medical educational
24 opportunities;

25 (12) the CHWC, Inc., for the purpose of rebuilding urban core
26 neighborhoods through the construction of new homes, acquiring and
27 renovating existing homes and other related activities, and promoting
28 economic development in such neighborhoods;

29 (13) the cross-lines cooperative council for the purpose of providing
30 social services to low income individuals and families;

31 (14) the dreams work, inc., for the purpose of providing young adult
32 day services to individuals with developmental disabilities and assisting
33 families in avoiding institutional or nursing home care for a
34 developmentally disabled member of their family;

35 (15) the KSDS, Inc., for the purpose of promoting the independence
36 and inclusion of people with disabilities as fully participating and
37 contributing members of their communities and society through the
38 training and providing of guide and service dogs to people with
39 disabilities, and providing disability education and awareness to the
40 general public;

41 (16) the lyme association of greater Kansas City, Inc., for the purpose
42 of providing support to persons with lyme disease and public education
43 relating to the prevention, treatment and cure of lyme disease;

1 (17) the dream factory, inc., for the purpose of granting the dreams of
2 children with critical and chronic illnesses;

3 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
4 students and families with education and resources necessary to enable
5 each child to develop fine character and musical ability to the fullest
6 potential;

7 (19) the international association of lions clubs for the purpose of
8 creating and fostering a spirit of understanding among all people for
9 humanitarian needs by providing voluntary services through community
10 involvement and international cooperation;

11 (20) the Johnson county young matrons, inc., for the purpose of
12 promoting a positive future for members of the community through
13 volunteerism, financial support and education through the efforts of an all
14 volunteer organization;

15 (21) the American cancer society, inc., for the purpose of eliminating
16 cancer as a major health problem by preventing cancer, saving lives and
17 diminishing suffering from cancer, through research, education, advocacy
18 and service;

19 (22) the community services of Shawnee, inc., for the purpose of
20 providing food and clothing to those in need;

21 (23) the angel babies association, for the purpose of providing
22 assistance, support and items of necessity to teenage mothers and their
23 babies; and

24 (24) the Kansas fairgrounds foundation for the purpose of the
25 preservation, renovation and beautification of the Kansas state fairgrounds;

26 (ww) all sales of tangible personal property purchased by the habitat
27 for humanity for the exclusive use of being incorporated within a housing
28 project constructed by such organization;

29 (xx) all sales of tangible personal property and services purchased by
30 a nonprofit zoo which is exempt from federal income taxation pursuant to
31 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
32 of such zoo by an entity itself exempt from federal income taxation
33 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
34 contracted with to operate such zoo and all sales of tangible personal
35 property or services purchased by a contractor for the purpose of
36 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
37 furnishing or remodeling facilities for any nonprofit zoo which would be
38 exempt from taxation under the provisions of this section if purchased
39 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
40 this subsection shall be deemed to exempt the purchase of any construction
41 machinery, equipment or tools used in the constructing, equipping,
42 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
43 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for

1 the purpose of constructing, equipping, reconstructing, maintaining,
2 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
3 from the state and furnish to the contractor an exemption certificate for the
4 project involved, and the contractor may purchase materials for
5 incorporation in such project. The contractor shall furnish the number of
6 such certificate to all suppliers from whom such purchases are made, and
7 such suppliers shall execute invoices covering the same bearing the
8 number of such certificate. Upon completion of the project the contractor
9 shall furnish to the nonprofit zoo concerned a sworn statement, on a form
10 to be provided by the director of taxation, that all purchases so made were
11 entitled to exemption under this subsection. All invoices shall be held by
12 the contractor for a period of five years and shall be subject to audit by the
13 director of taxation. If any materials purchased under such a certificate are
14 found not to have been incorporated in the building or other project or not
15 to have been returned for credit or the sales or compensating tax otherwise
16 imposed upon such materials which will not be so incorporated in the
17 building or other project reported and paid by such contractor to the
18 director of taxation not later than the 20th day of the month following the
19 close of the month in which it shall be determined that such materials will
20 not be used for the purpose for which such certificate was issued, the
21 nonprofit zoo concerned shall be liable for tax on all materials purchased
22 for the project, and upon payment thereof it may recover the same from
23 the contractor together with reasonable attorney fees. Any contractor or
24 any agent, employee or subcontractor thereof, who shall use or otherwise
25 dispose of any materials purchased under such a certificate for any purpose
26 other than that for which such a certificate is issued without the payment
27 of the sales or compensating tax otherwise imposed upon such materials,
28 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
29 subject to the penalties provided for in K.S.A. 79-3615(h), and
30 amendments thereto;

31 (yy) all sales of tangible personal property and services purchased by
32 a parent-teacher association or organization, and all sales of tangible
33 personal property by or on behalf of such association or organization;

34 (zz) all sales of machinery and equipment purchased by over-the-air,
35 free access radio or television station which is used directly and primarily
36 for the purpose of producing a broadcast signal or is such that the failure
37 of the machinery or equipment to operate would cause broadcasting to
38 cease. For purposes of this subsection, machinery and equipment shall
39 include, but not be limited to, that required by rules and regulations of the
40 federal communications commission, and all sales of electricity which are
41 essential or necessary for the purpose of producing a broadcast signal or is
42 such that the failure of the electricity would cause broadcasting to cease;

43 (aaa) all sales of tangible personal property and services purchased by

1 a religious organization which is exempt from federal income taxation
2 pursuant to section 501(c)(3) of the federal internal revenue code, and used
3 exclusively for religious purposes, and all sales of tangible personal
4 property or services purchased by a contractor for the purpose of
5 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
6 furnishing or remodeling facilities for any such organization which would
7 be exempt from taxation under the provisions of this section if purchased
8 directly by such organization. Nothing in this subsection shall be deemed
9 to exempt the purchase of any construction machinery, equipment or tools
10 used in the constructing, equipping, reconstructing, maintaining, repairing,
11 enlarging, furnishing or remodeling facilities for any such organization.
12 When any such organization shall contract for the purpose of constructing,
13 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
14 remodeling facilities, it shall obtain from the state and furnish to the
15 contractor an exemption certificate for the project involved, and the
16 contractor may purchase materials for incorporation in such project. The
17 contractor shall furnish the number of such certificate to all suppliers from
18 whom such purchases are made, and such suppliers shall execute invoices
19 covering the same bearing the number of such certificate. Upon
20 completion of the project the contractor shall furnish to such organization
21 concerned a sworn statement, on a form to be provided by the director of
22 taxation, that all purchases so made were entitled to exemption under this
23 subsection. All invoices shall be held by the contractor for a period of five
24 years and shall be subject to audit by the director of taxation. If any
25 materials purchased under such a certificate are found not to have been
26 incorporated in the building or other project or not to have been returned
27 for credit or the sales or compensating tax otherwise imposed upon such
28 materials which will not be so incorporated in the building or other project
29 reported and paid by such contractor to the director of taxation not later
30 than the 20th day of the month following the close of the month in which it
31 shall be determined that such materials will not be used for the purpose for
32 which such certificate was issued, such organization concerned shall be
33 liable for tax on all materials purchased for the project, and upon payment
34 thereof it may recover the same from the contractor together with
35 reasonable attorney fees. Any contractor or any agent, employee or
36 subcontractor thereof, who shall use or otherwise dispose of any materials
37 purchased under such a certificate for any purpose other than that for
38 which such a certificate is issued without the payment of the sales or
39 compensating tax otherwise imposed upon such materials, shall be guilty
40 of a misdemeanor and, upon conviction therefor, shall be subject to the
41 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
42 Sales tax paid on and after July 1, 1998, but prior to the effective date of
43 this act upon the gross receipts received from any sale exempted by the

1 amendatory provisions of this subsection shall be refunded. Each claim for
2 a sales tax refund shall be verified and submitted to the director of taxation
3 upon forms furnished by the director and shall be accompanied by any
4 additional documentation required by the director. The director shall
5 review each claim and shall refund that amount of sales tax paid as
6 determined under the provisions of this subsection. All refunds shall be
7 paid from the sales tax refund fund upon warrants of the director of
8 accounts and reports pursuant to vouchers approved by the director or the
9 director's designee;

10 (bbb) all sales of food for human consumption by an organization
11 which is exempt from federal income taxation pursuant to section 501(c)
12 (3) of the federal internal revenue code of 1986, pursuant to a food
13 distribution program which offers such food at a price below cost in
14 exchange for the performance of community service by the purchaser
15 thereof;

16 (ccc) on and after July 1, 1999, all sales of tangible personal property
17 and services purchased by a primary care clinic or health center the
18 primary purpose of which is to provide services to medically underserved
19 individuals and families, and which is exempt from federal income
20 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
21 and all sales of tangible personal property or services purchased by a
22 contractor for the purpose of constructing, equipping, reconstructing,
23 maintaining, repairing, enlarging, furnishing or remodeling facilities for
24 any such clinic or center which would be exempt from taxation under the
25 provisions of this section if purchased directly by such clinic or center,
26 except that for taxable years commencing after December 31, 2013, this
27 subsection shall not apply to any sales of such tangible personal property
28 and services purchased by a primary care clinic or health center which
29 performs any abortion, as defined in K.S.A. 65-6701, and amendments
30 thereto. Nothing in this subsection shall be deemed to exempt the purchase
31 of any construction machinery, equipment or tools used in the
32 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
33 furnishing or remodeling facilities for any such clinic or center. When any
34 such clinic or center shall contract for the purpose of constructing,
35 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
36 remodeling facilities, it shall obtain from the state and furnish to the
37 contractor an exemption certificate for the project involved, and the
38 contractor may purchase materials for incorporation in such project. The
39 contractor shall furnish the number of such certificate to all suppliers from
40 whom such purchases are made, and such suppliers shall execute invoices
41 covering the same bearing the number of such certificate. Upon
42 completion of the project the contractor shall furnish to such clinic or
43 center concerned a sworn statement, on a form to be provided by the

1 director of taxation, that all purchases so made were entitled to exemption
2 under this subsection. All invoices shall be held by the contractor for a
3 period of five years and shall be subject to audit by the director of taxation.
4 If any materials purchased under such a certificate are found not to have
5 been incorporated in the building or other project or not to have been
6 returned for credit or the sales or compensating tax otherwise imposed
7 upon such materials which will not be so incorporated in the building or
8 other project reported and paid by such contractor to the director of
9 taxation not later than the 20th day of the month following the close of the
10 month in which it shall be determined that such materials will not be used
11 for the purpose for which such certificate was issued, such clinic or center
12 concerned shall be liable for tax on all materials purchased for the project,
13 and upon payment thereof it may recover the same from the contractor
14 together with reasonable attorney fees. Any contractor or any agent,
15 employee or subcontractor thereof, who shall use or otherwise dispose of
16 any materials purchased under such a certificate for any purpose other than
17 that for which such a certificate is issued without the payment of the sales
18 or compensating tax otherwise imposed upon such materials, shall be
19 guilty of a misdemeanor and, upon conviction therefor, shall be subject to
20 the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

21 (ddd) on and after January 1, 1999, and before January 1, 2000, all
22 sales of materials and services purchased by any class II or III railroad as
23 classified by the federal surface transportation board for the construction,
24 renovation, repair or replacement of class II or III railroad track and
25 facilities used directly in interstate commerce. In the event any such track
26 or facility for which materials and services were purchased sales tax
27 exempt is not operational for five years succeeding the allowance of such
28 exemption, the total amount of sales tax which would have been payable
29 except for the operation of this subsection shall be recouped in accordance
30 with rules and regulations adopted for such purpose by the secretary of
31 revenue;

32 (eee) on and after January 1, 1999, and before January 1, 2001, all
33 sales of materials and services purchased for the original construction,
34 reconstruction, repair or replacement of grain storage facilities, including
35 railroad sidings providing access thereto;

36 (fff) all sales of material handling equipment, racking systems and
37 other related machinery and equipment that is used for the handling,
38 movement or storage of tangible personal property in a warehouse or
39 distribution facility in this state; all sales of installation, repair and
40 maintenance services performed on such machinery and equipment; and
41 all sales of repair and replacement parts for such machinery and
42 equipment. For purposes of this subsection, a warehouse or distribution
43 facility means a single, fixed location that consists of buildings or

1 structures in a contiguous area where storage or distribution operations are
2 conducted that are separate and apart from the business' retail operations,
3 if any, and which do not otherwise qualify for exemption as occurring at a
4 manufacturing or processing plant or facility. Material handling and
5 storage equipment shall include aeration, dust control, cleaning, handling
6 and other such equipment that is used in a public grain warehouse or other
7 commercial grain storage facility, whether used for grain handling, grain
8 storage, grain refining or processing, or other grain treatment operation;

9 (ggg) all sales of tangible personal property and services purchased
10 by or on behalf of the Kansas academy of science which is exempt from
11 federal income taxation pursuant to section 501(c)(3) of the federal
12 internal revenue code of 1986, and used solely by such academy for the
13 preparation, publication and dissemination of education materials;

14 (hhh) all sales of tangible personal property and services purchased
15 by or on behalf of all domestic violence shelters that are member agencies
16 of the Kansas coalition against sexual and domestic violence;

17 (iii) all sales of personal property and services purchased by an
18 organization which is exempt from federal income taxation pursuant to
19 section 501(c)(3) of the federal internal revenue code of 1986, and which
20 such personal property and services are used by any such organization in
21 the collection, storage and distribution of food products to nonprofit
22 organizations which distribute such food products to persons pursuant to a
23 food distribution program on a charitable basis without fee or charge, and
24 all sales of tangible personal property or services purchased by a
25 contractor for the purpose of constructing, equipping, reconstructing,
26 maintaining, repairing, enlarging, furnishing or remodeling facilities used
27 for the collection and storage of such food products for any such
28 organization which is exempt from federal income taxation pursuant to
29 section 501(c)(3) of the federal internal revenue code of 1986, which
30 would be exempt from taxation under the provisions of this section if
31 purchased directly by such organization. Nothing in this subsection shall
32 be deemed to exempt the purchase of any construction machinery,
33 equipment or tools used in the constructing, equipping, reconstructing,
34 maintaining, repairing, enlarging, furnishing or remodeling facilities for
35 any such organization. When any such organization shall contract for the
36 purpose of constructing, equipping, reconstructing, maintaining, repairing,
37 enlarging, furnishing or remodeling facilities, it shall obtain from the state
38 and furnish to the contractor an exemption certificate for the project
39 involved, and the contractor may purchase materials for incorporation in
40 such project. The contractor shall furnish the number of such certificate to
41 all suppliers from whom such purchases are made, and such suppliers shall
42 execute invoices covering the same bearing the number of such certificate.
43 Upon completion of the project the contractor shall furnish to such

1 organization concerned a sworn statement, on a form to be provided by the
2 director of taxation, that all purchases so made were entitled to exemption
3 under this subsection. All invoices shall be held by the contractor for a
4 period of five years and shall be subject to audit by the director of taxation.
5 If any materials purchased under such a certificate are found not to have
6 been incorporated in such facilities or not to have been returned for credit
7 or the sales or compensating tax otherwise imposed upon such materials
8 which will not be so incorporated in such facilities reported and paid by
9 such contractor to the director of taxation not later than the 20th day of the
10 month following the close of the month in which it shall be determined
11 that such materials will not be used for the purpose for which such
12 certificate was issued, such organization concerned shall be liable for tax
13 on all materials purchased for the project, and upon payment thereof it
14 may recover the same from the contractor together with reasonable
15 attorney fees. Any contractor or any agent, employee or subcontractor
16 thereof, who shall use or otherwise dispose of any materials purchased
17 under such a certificate for any purpose other than that for which such a
18 certificate is issued without the payment of the sales or compensating tax
19 otherwise imposed upon such materials, shall be guilty of a misdemeanor
20 and, upon conviction therefor, shall be subject to the penalties provided for
21 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
22 July 1, 2005, but prior to the effective date of this act upon the gross
23 receipts received from any sale exempted by the amendatory provisions of
24 this subsection shall be refunded. Each claim for a sales tax refund shall be
25 verified and submitted to the director of taxation upon forms furnished by
26 the director and shall be accompanied by any additional documentation
27 required by the director. The director shall review each claim and shall
28 refund that amount of sales tax paid as determined under the provisions of
29 this subsection. All refunds shall be paid from the sales tax refund fund
30 upon warrants of the director of accounts and reports pursuant to vouchers
31 approved by the director or the director's designee;

32 (jjj) all sales of dietary supplements dispensed pursuant to a
33 prescription order by a licensed practitioner or a mid-level practitioner as
34 defined by K.S.A. 65-1626, and amendments thereto. As used in this
35 subsection, "dietary supplement" means any product, other than tobacco,
36 intended to supplement the diet that: (1) Contains one or more of the
37 following dietary ingredients: A vitamin, a mineral, an herb or other
38 botanical, an amino acid, a dietary substance for use by humans to
39 supplement the diet by increasing the total dietary intake or a concentrate,
40 metabolite, constituent, extract or combination of any such ingredient; (2)
41 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or
42 liquid form, or if not intended for ingestion, in such a form, is not
43 represented as conventional food and is not represented for use as a sole

1 item of a meal or of the diet; and (3) is required to be labeled as a dietary
2 supplement, identifiable by the supplemental facts box found on the label
3 and as required pursuant to 21 C.F.R. § 101.36;

4 (lll) all sales of tangible personal property and services purchased by
5 special olympics Kansas, inc. for the purpose of providing year-round
6 sports training and athletic competition in a variety of olympic-type sports
7 for individuals with intellectual disabilities by giving them continuing
8 opportunities to develop physical fitness, demonstrate courage, experience
9 joy and participate in a sharing of gifts, skills and friendship with their
10 families, other special olympics athletes and the community, and activities
11 provided or sponsored by such organization, and all sales of tangible
12 personal property by or on behalf of any such organization;

13 (mmm) all sales of tangible personal property purchased by or on
14 behalf of the Marillac center, inc., which is exempt from federal income
15 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
16 for the purpose of providing psycho-social-biological and special
17 education services to children, and all sales of any such property by or on
18 behalf of such organization for such purpose;

19 (nnn) all sales of tangible personal property and services purchased
20 by the west Sedgwick county-sunrise rotary club and sunrise charitable
21 fund for the purpose of constructing a boundless playground which is an
22 integrated, barrier free and developmentally advantageous play
23 environment for children of all abilities and disabilities;

24 (ooo) all sales of tangible personal property by or on behalf of a
25 public library serving the general public and supported in whole or in part
26 with tax money or a not-for-profit organization whose purpose is to raise
27 funds for or provide services or other benefits to any such public library;

28 (ppp) all sales of tangible personal property and services purchased
29 by or on behalf of a homeless shelter which is exempt from federal income
30 taxation pursuant to section 501(c)(3) of the federal income tax code of
31 1986, and used by any such homeless shelter to provide emergency and
32 transitional housing for individuals and families experiencing
33 homelessness, and all sales of any such property by or on behalf of any
34 such homeless shelter for any such purpose;

35 (qqq) all sales of tangible personal property and services purchased
36 by TLC for children and families, inc., hereinafter referred to as TLC,
37 which is exempt from federal income taxation pursuant to section 501(c)
38 (3) of the federal internal revenue code of 1986, and which such property
39 and services are used for the purpose of providing emergency shelter and
40 treatment for abused and neglected children as well as meeting additional
41 critical needs for children, juveniles and family, and all sales of any such
42 property by or on behalf of TLC for any such purpose; and all sales of
43 tangible personal property or services purchased by a contractor for the

1 purpose of constructing, maintaining, repairing, enlarging, furnishing or
2 remodeling facilities for the operation of services for TLC for any such
3 purpose which would be exempt from taxation under the provisions of this
4 section if purchased directly by TLC. Nothing in this subsection shall be
5 deemed to exempt the purchase of any construction machinery, equipment
6 or tools used in the constructing, maintaining, repairing, enlarging,
7 furnishing or remodeling such facilities for TLC. When TLC contracts for
8 the purpose of constructing, maintaining, repairing, enlarging, furnishing
9 or remodeling such facilities, it shall obtain from the state and furnish to
10 the contractor an exemption certificate for the project involved, and the
11 contractor may purchase materials for incorporation in such project. The
12 contractor shall furnish the number of such certificate to all suppliers from
13 whom such purchases are made, and such suppliers shall execute invoices
14 covering the same bearing the number of such certificate. Upon
15 completion of the project the contractor shall furnish to TLC a sworn
16 statement, on a form to be provided by the director of taxation, that all
17 purchases so made were entitled to exemption under this subsection. All
18 invoices shall be held by the contractor for a period of five years and shall
19 be subject to audit by the director of taxation. If any materials purchased
20 under such a certificate are found not to have been incorporated in the
21 building or other project or not to have been returned for credit or the sales
22 or compensating tax otherwise imposed upon such materials which will
23 not be so incorporated in the building or other project reported and paid by
24 such contractor to the director of taxation not later than the 20th day of the
25 month following the close of the month in which it shall be determined
26 that such materials will not be used for the purpose for which such
27 certificate was issued, TLC shall be liable for tax on all materials
28 purchased for the project, and upon payment thereof it may recover the
29 same from the contractor together with reasonable attorney fees. Any
30 contractor or any agent, employee or subcontractor thereof, who shall use
31 or otherwise dispose of any materials purchased under such a certificate
32 for any purpose other than that for which such a certificate is issued
33 without the payment of the sales or compensating tax otherwise imposed
34 upon such materials, shall be guilty of a misdemeanor and, upon
35 conviction therefor, shall be subject to the penalties provided for in K.S.A.
36 79-3615(h), and amendments thereto;

37 (rrr) all sales of tangible personal property and services purchased by
38 any county law library maintained pursuant to law and sales of tangible
39 personal property and services purchased by an organization which would
40 have been exempt from taxation under the provisions of this subsection if
41 purchased directly by the county law library for the purpose of providing
42 legal resources to attorneys, judges, students and the general public, and
43 all sales of any such property by or on behalf of any such county law

1 library;

2 (sss) all sales of tangible personal property and services purchased by
3 catholic charities or youthville, hereinafter referred to as charitable family
4 providers, which is exempt from federal income taxation pursuant to
5 section 501(c)(3) of the federal internal revenue code of 1986, and which
6 such property and services are used for the purpose of providing
7 emergency shelter and treatment for abused and neglected children as well
8 as meeting additional critical needs for children, juveniles and family, and
9 all sales of any such property by or on behalf of charitable family
10 providers for any such purpose; and all sales of tangible personal property
11 or services purchased by a contractor for the purpose of constructing,
12 maintaining, repairing, enlarging, furnishing or remodeling facilities for
13 the operation of services for charitable family providers for any such
14 purpose which would be exempt from taxation under the provisions of this
15 section if purchased directly by charitable family providers. Nothing in
16 this subsection shall be deemed to exempt the purchase of any construction
17 machinery, equipment or tools used in the constructing, maintaining,
18 repairing, enlarging, furnishing or remodeling such facilities for charitable
19 family providers. When charitable family providers contracts for the
20 purpose of constructing, maintaining, repairing, enlarging, furnishing or
21 remodeling such facilities, it shall obtain from the state and furnish to the
22 contractor an exemption certificate for the project involved, and the
23 contractor may purchase materials for incorporation in such project. The
24 contractor shall furnish the number of such certificate to all suppliers from
25 whom such purchases are made, and such suppliers shall execute invoices
26 covering the same bearing the number of such certificate. Upon
27 completion of the project the contractor shall furnish to charitable family
28 providers a sworn statement, on a form to be provided by the director of
29 taxation, that all purchases so made were entitled to exemption under this
30 subsection. All invoices shall be held by the contractor for a period of five
31 years and shall be subject to audit by the director of taxation. If any
32 materials purchased under such a certificate are found not to have been
33 incorporated in the building or other project or not to have been returned
34 for credit or the sales or compensating tax otherwise imposed upon such
35 materials which will not be so incorporated in the building or other project
36 reported and paid by such contractor to the director of taxation not later
37 than the 20th day of the month following the close of the month in which it
38 shall be determined that such materials will not be used for the purpose for
39 which such certificate was issued, charitable family providers shall be
40 liable for tax on all materials purchased for the project, and upon payment
41 thereof it may recover the same from the contractor together with
42 reasonable attorney fees. Any contractor or any agent, employee or
43 subcontractor thereof, who shall use or otherwise dispose of any materials

1 purchased under such a certificate for any purpose other than that for
2 which such a certificate is issued without the payment of the sales or
3 compensating tax otherwise imposed upon such materials, shall be guilty
4 of a misdemeanor and, upon conviction therefor, shall be subject to the
5 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

6 (ttt) all sales of tangible personal property or services purchased by a
7 contractor for a project for the purpose of restoring, constructing,
8 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
9 remodeling a home or facility owned by a nonprofit museum which has
10 been granted an exemption pursuant to subsection (qq), which such home
11 or facility is located in a city which has been designated as a qualified
12 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
13 amendments thereto, and which such project is related to the purposes of
14 K.S.A. 75-5071 et seq., and amendments thereto, and which would be
15 exempt from taxation under the provisions of this section if purchased
16 directly by such nonprofit museum. Nothing in this subsection shall be
17 deemed to exempt the purchase of any construction machinery, equipment
18 or tools used in the restoring, constructing, equipping, reconstructing,
19 maintaining, repairing, enlarging, furnishing or remodeling a home or
20 facility for any such nonprofit museum. When any such nonprofit museum
21 shall contract for the purpose of restoring, constructing, equipping,
22 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
23 a home or facility, it shall obtain from the state and furnish to the
24 contractor an exemption certificate for the project involved, and the
25 contractor may purchase materials for incorporation in such project. The
26 contractor shall furnish the number of such certificates to all suppliers
27 from whom such purchases are made, and such suppliers shall execute
28 invoices covering the same bearing the number of such certificate. Upon
29 completion of the project, the contractor shall furnish to such nonprofit
30 museum a sworn statement on a form to be provided by the director of
31 taxation that all purchases so made were entitled to exemption under this
32 subsection. All invoices shall be held by the contractor for a period of five
33 years and shall be subject to audit by the director of taxation. If any
34 materials purchased under such a certificate are found not to have been
35 incorporated in the building or other project or not to have been returned
36 for credit or the sales or compensating tax otherwise imposed upon such
37 materials which will not be so incorporated in a home or facility or other
38 project reported and paid by such contractor to the director of taxation not
39 later than the 20th day of the month following the close of the month in
40 which it shall be determined that such materials will not be used for the
41 purpose for which such certificate was issued, such nonprofit museum
42 shall be liable for tax on all materials purchased for the project, and upon
43 payment thereof it may recover the same from the contractor together with

1 reasonable attorney fees. Any contractor or any agent, employee or
2 subcontractor thereof, who shall use or otherwise dispose of any materials
3 purchased under such a certificate for any purpose other than that for
4 which such a certificate is issued without the payment of the sales or
5 compensating tax otherwise imposed upon such materials, shall be guilty
6 of a misdemeanor and, upon conviction therefor, shall be subject to the
7 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

8 (uuu) all sales of tangible personal property and services purchased
9 by Kansas children's service league, hereinafter referred to as KCSL,
10 which is exempt from federal income taxation pursuant to section 501(c)
11 (3) of the federal internal revenue code of 1986, and which such property
12 and services are used for the purpose of providing for the prevention and
13 treatment of child abuse and maltreatment as well as meeting additional
14 critical needs for children, juveniles and family, and all sales of any such
15 property by or on behalf of KCSL for any such purpose; and all sales of
16 tangible personal property or services purchased by a contractor for the
17 purpose of constructing, maintaining, repairing, enlarging, furnishing or
18 remodeling facilities for the operation of services for KCSL for any such
19 purpose which would be exempt from taxation under the provisions of this
20 section if purchased directly by KCSL. Nothing in this subsection shall be
21 deemed to exempt the purchase of any construction machinery, equipment
22 or tools used in the constructing, maintaining, repairing, enlarging,
23 furnishing or remodeling such facilities for KCSL. When KCSL contracts
24 for the purpose of constructing, maintaining, repairing, enlarging,
25 furnishing or remodeling such facilities, it shall obtain from the state and
26 furnish to the contractor an exemption certificate for the project involved,
27 and the contractor may purchase materials for incorporation in such
28 project. The contractor shall furnish the number of such certificate to all
29 suppliers from whom such purchases are made, and such suppliers shall
30 execute invoices covering the same bearing the number of such certificate.
31 Upon completion of the project the contractor shall furnish to KCSL a
32 sworn statement, on a form to be provided by the director of taxation, that
33 all purchases so made were entitled to exemption under this subsection.
34 All invoices shall be held by the contractor for a period of five years and
35 shall be subject to audit by the director of taxation. If any materials
36 purchased under such a certificate are found not to have been incorporated
37 in the building or other project or not to have been returned for credit or
38 the sales or compensating tax otherwise imposed upon such materials
39 which will not be so incorporated in the building or other project reported
40 and paid by such contractor to the director of taxation not later than the
41 20th day of the month following the close of the month in which it shall be
42 determined that such materials will not be used for the purpose for which
43 such certificate was issued, KCSL shall be liable for tax on all materials

1 purchased for the project, and upon payment thereof it may recover the
2 same from the contractor together with reasonable attorney fees. Any
3 contractor or any agent, employee or subcontractor thereof, who shall use
4 or otherwise dispose of any materials purchased under such a certificate
5 for any purpose other than that for which such a certificate is issued
6 without the payment of the sales or compensating tax otherwise imposed
7 upon such materials, shall be guilty of a misdemeanor and, upon
8 conviction therefor, shall be subject to the penalties provided for in K.S.A.
9 79-3615(h), and amendments thereto;

10 (vvv) all sales of tangible personal property or services, including the
11 renting and leasing of tangible personal property or services, purchased by
12 jazz in the woods, inc., a Kansas corporation which is exempt from federal
13 income taxation pursuant to section 501(c)(3) of the federal internal
14 revenue code, for the purpose of providing jazz in the woods, an event
15 benefiting children-in-need and other nonprofit charities assisting such
16 children, and all sales of any such property by or on behalf of such
17 organization for such purpose;

18 (www) all sales of tangible personal property purchased by or on
19 behalf of the Frontenac education foundation, which is exempt from
20 federal income taxation pursuant to section 501(c)(3) of the federal
21 internal revenue code, for the purpose of providing education support for
22 students, and all sales of any such property by or on behalf of such
23 organization for such purpose;

24 (xxx) all sales of personal property and services purchased by the
25 booth theatre foundation, inc., an organization which is exempt from
26 federal income taxation pursuant to section 501(c)(3) of the federal
27 internal revenue code of 1986, and which such personal property and
28 services are used by any such organization in the constructing, equipping,
29 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
30 of the booth theatre, and all sales of tangible personal property or services
31 purchased by a contractor for the purpose of constructing, equipping,
32 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
33 the booth theatre for such organization, which would be exempt from
34 taxation under the provisions of this section if purchased directly by such
35 organization. Nothing in this subsection shall be deemed to exempt the
36 purchase of any construction machinery, equipment or tools used in the
37 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
38 furnishing or remodeling facilities for any such organization. When any
39 such organization shall contract for the purpose of constructing, equipping,
40 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
41 facilities, it shall obtain from the state and furnish to the contractor an
42 exemption certificate for the project involved, and the contractor may
43 purchase materials for incorporation in such project. The contractor shall

1 furnish the number of such certificate to all suppliers from whom such
2 purchases are made, and such suppliers shall execute invoices covering the
3 same bearing the number of such certificate. Upon completion of the
4 project the contractor shall furnish to such organization concerned a sworn
5 statement, on a form to be provided by the director of taxation, that all
6 purchases so made were entitled to exemption under this subsection. All
7 invoices shall be held by the contractor for a period of five years and shall
8 be subject to audit by the director of taxation. If any materials purchased
9 under such a certificate are found not to have been incorporated in such
10 facilities or not to have been returned for credit or the sales or
11 compensating tax otherwise imposed upon such materials which will not
12 be so incorporated in such facilities reported and paid by such contractor
13 to the director of taxation not later than the 20th day of the month following
14 the close of the month in which it shall be determined that such materials
15 will not be used for the purpose for which such certificate was issued, such
16 organization concerned shall be liable for tax on all materials purchased
17 for the project, and upon payment thereof it may recover the same from
18 the contractor together with reasonable attorney fees. Any contractor or
19 any agent, employee or subcontractor thereof, who shall use or otherwise
20 dispose of any materials purchased under such a certificate for any purpose
21 other than that for which such a certificate is issued without the payment
22 of the sales or compensating tax otherwise imposed upon such materials,
23 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
24 subject to the penalties provided for in K.S.A. 79-3615(h), and
25 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
26 to the effective date of this act upon the gross receipts received from any
27 sale which would have been exempted by the provisions of this subsection
28 had such sale occurred after the effective date of this act shall be refunded.
29 Each claim for a sales tax refund shall be verified and submitted to the
30 director of taxation upon forms furnished by the director and shall be
31 accompanied by any additional documentation required by the director.
32 The director shall review each claim and shall refund that amount of sales
33 tax paid as determined under the provisions of this subsection. All refunds
34 shall be paid from the sales tax refund fund upon warrants of the director
35 of accounts and reports pursuant to vouchers approved by the director or
36 the director's designee;

37 (yyy) all sales of tangible personal property and services purchased
38 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
39 which is exempt from federal income taxation pursuant to section 501(c)
40 (3) of the federal internal revenue code of 1986, and which such property
41 and services are used for the purpose of encouraging private philanthropy
42 to further the vision, values, and goals of TLC for children and families,
43 inc.; and all sales of such property and services by or on behalf of TLC

1 charities for any such purpose and all sales of tangible personal property or
2 services purchased by a contractor for the purpose of constructing,
3 maintaining, repairing, enlarging, furnishing or remodeling facilities for
4 the operation of services for TLC charities for any such purpose which
5 would be exempt from taxation under the provisions of this section if
6 purchased directly by TLC charities. Nothing in this subsection shall be
7 deemed to exempt the purchase of any construction machinery, equipment
8 or tools used in the constructing, maintaining, repairing, enlarging,
9 furnishing or remodeling such facilities for TLC charities. When TLC
10 charities contracts for the purpose of constructing, maintaining, repairing,
11 enlarging, furnishing or remodeling such facilities, it shall obtain from the
12 state and furnish to the contractor an exemption certificate for the project
13 involved, and the contractor may purchase materials for incorporation in
14 such project. The contractor shall furnish the number of such certificate to
15 all suppliers from whom such purchases are made, and such suppliers shall
16 execute invoices covering the same bearing the number of such certificate.
17 Upon completion of the project the contractor shall furnish to TLC
18 charities a sworn statement, on a form to be provided by the director of
19 taxation, that all purchases so made were entitled to exemption under this
20 subsection. All invoices shall be held by the contractor for a period of five
21 years and shall be subject to audit by the director of taxation. If any
22 materials purchased under such a certificate are found not to have been
23 incorporated in the building or other project or not to have been returned
24 for credit or the sales or compensating tax otherwise imposed upon such
25 materials which will not be incorporated into the building or other project
26 reported and paid by such contractor to the director of taxation not later
27 than the 20th day of the month following the close of the month in which it
28 shall be determined that such materials will not be used for the purpose for
29 which such certificate was issued, TLC charities shall be liable for tax on
30 all materials purchased for the project, and upon payment thereof it may
31 recover the same from the contractor together with reasonable attorney
32 fees. Any contractor or any agent, employee or subcontractor thereof, who
33 shall use or otherwise dispose of any materials purchased under such a
34 certificate for any purpose other than that for which such a certificate is
35 issued without the payment of the sales or compensating tax otherwise
36 imposed upon such materials, shall be guilty of a misdemeanor and, upon
37 conviction therefor, shall be subject to the penalties provided for in K.S.A.
38 79-3615(h), and amendments thereto;

39 (zzz) all sales of tangible personal property purchased by the rotary
40 club of shawnee foundation which is exempt from federal income taxation
41 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
42 as amended, used for the purpose of providing contributions to community
43 service organizations and scholarships;

1 (aaaa) all sales of personal property and services purchased by or on
2 behalf of victory in the valley, inc., which is exempt from federal income
3 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
4 for the purpose of providing a cancer support group and services for
5 persons with cancer, and all sales of any such property by or on behalf of
6 any such organization for any such purpose;

7 (bbbb) all sales of entry or participation fees, charges or tickets by
8 Guadalupe health foundation, which is exempt from federal income
9 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
10 for such organization's annual fundraising event which purpose is to
11 provide health care services for uninsured workers;

12 (cccc) all sales of tangible personal property or services purchased by
13 or on behalf of wayside waifs, inc., which is exempt from federal income
14 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
15 for the purpose of providing such organization's annual fundraiser, an
16 event whose purpose is to support the care of homeless and abandoned
17 animals, animal adoption efforts, education programs for children and
18 efforts to reduce animal over-population and animal welfare services, and
19 all sales of any such property, including entry or participation fees or
20 charges, by or on behalf of such organization for such purpose;

21 (dddd) all sales of tangible personal property or services purchased
22 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
23 of which are exempt from federal income taxation pursuant to section
24 501(c)(3) of the federal internal revenue code, for the purpose of providing
25 education, training and employment opportunities for people with
26 disabilities and other barriers to employment;

27 (eeee) all sales of tangible personal property or services purchased by
28 or on behalf of all American beef battalion, inc., which is exempt from
29 federal income taxation pursuant to section 501(c)(3) of the federal
30 internal revenue code, for the purpose of educating, promoting and
31 participating as a contact group through the beef cattle industry in order to
32 carry out such projects that provide support and morale to members of the
33 United States armed forces and military services;

34 (ffff) all sales of tangible personal property and services purchased by
35 sheltered living, inc., which is exempt from federal income taxation
36 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
37 and which such property and services are used for the purpose of
38 providing residential and day services for people with developmental
39 disabilities or intellectual disability, or both, and all sales of any such
40 property by or on behalf of sheltered living, inc., for any such purpose; and
41 all sales of tangible personal property or services purchased by a
42 contractor for the purpose of rehabilitating, constructing, maintaining,
43 repairing, enlarging, furnishing or remodeling homes and facilities for

1 sheltered living, inc., for any such purpose which would be exempt from
2 taxation under the provisions of this section if purchased directly by
3 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
4 the purchase of any construction machinery, equipment or tools used in the
5 constructing, maintaining, repairing, enlarging, furnishing or remodeling
6 such homes and facilities for sheltered living, inc. When sheltered living,
7 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
8 repairing, enlarging, furnishing or remodeling such homes and facilities, it
9 shall obtain from the state and furnish to the contractor an exemption
10 certificate for the project involved, and the contractor may purchase
11 materials for incorporation in such project. The contractor shall furnish the
12 number of such certificate to all suppliers from whom such purchases are
13 made, and such suppliers shall execute invoices covering the same bearing
14 the number of such certificate. Upon completion of the project the
15 contractor shall furnish to sheltered living, inc., a sworn statement, on a
16 form to be provided by the director of taxation, that all purchases so made
17 were entitled to exemption under this subsection. All invoices shall be held
18 by the contractor for a period of five years and shall be subject to audit by
19 the director of taxation. If any materials purchased under such a certificate
20 are found not to have been incorporated in the building or other project or
21 not to have been returned for credit or the sales or compensating tax
22 otherwise imposed upon such materials which will not be so incorporated
23 in the building or other project reported and paid by such contractor to the
24 director of taxation not later than the 20th day of the month following the
25 close of the month in which it shall be determined that such materials will
26 not be used for the purpose for which such certificate was issued, sheltered
27 living, inc., shall be liable for tax on all materials purchased for the
28 project, and upon payment thereof it may recover the same from the
29 contractor together with reasonable attorney fees. Any contractor or any
30 agent, employee or subcontractor thereof, who shall use or otherwise
31 dispose of any materials purchased under such a certificate for any purpose
32 other than that for which such a certificate is issued without the payment
33 of the sales or compensating tax otherwise imposed upon such materials,
34 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
35 subject to the penalties provided for in K.S.A. 79-3615(h), and
36 amendments thereto;

37 (gggg) all sales of game birds for which the primary purpose is use in
38 hunting;

39 (hhhh) all sales of tangible personal property or services purchased
40 on or after July 1, 2014, for the purpose of and in conjunction with
41 constructing, reconstructing, enlarging or remodeling a business identified
42 under the North American industry classification system (NAICS)
43 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and

1 installation of machinery and equipment purchased for installation at any
2 such business. The exemption provided in this subsection shall not apply
3 to projects that have actual total costs less than \$50,000. When a person
4 contracts for the construction, reconstruction, enlargement or remodeling
5 of any such business, such person shall obtain from the state and furnish to
6 the contractor an exemption certificate for the project involved, and the
7 contractor may purchase materials, machinery and equipment for
8 incorporation in such project. The contractor shall furnish the number of
9 such certificates to all suppliers from whom such purchases are made, and
10 such suppliers shall execute invoices covering the same bearing the
11 number of such certificate. Upon completion of the project, the contractor
12 shall furnish to the owner of the business a sworn statement, on a form to
13 be provided by the director of taxation, that all purchases so made were
14 entitled to exemption under this subsection. All invoices shall be held by
15 the contractor for a period of five years and shall be subject to audit by the
16 director of taxation. Any contractor or any agent, employee or
17 subcontractor of the contractor, who shall use or otherwise dispose of any
18 materials, machinery or equipment purchased under such a certificate for
19 any purpose other than that for which such a certificate is issued without
20 the payment of the sales or compensating tax otherwise imposed thereon,
21 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
22 subject to the penalties provided for in K.S.A. 79-3615(h), and
23 amendments thereto;

24 (iii) all sales of tangible personal property or services purchased by a
25 contractor for the purpose of constructing, maintaining, repairing,
26 enlarging, furnishing or remodeling facilities for the operation of services
27 for Wichita children's home for any such purpose which would be exempt
28 from taxation under the provisions of this section if purchased directly by
29 Wichita children's home. Nothing in this subsection shall be deemed to
30 exempt the purchase of any construction machinery, equipment or tools
31 used in the constructing, maintaining, repairing, enlarging, furnishing or
32 remodeling such facilities for Wichita children's home. When Wichita
33 children's home contracts for the purpose of constructing, maintaining,
34 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
35 from the state and furnish to the contractor an exemption certificate for the
36 project involved, and the contractor may purchase materials for
37 incorporation in such project. The contractor shall furnish the number of
38 such certificate to all suppliers from whom such purchases are made, and
39 such suppliers shall execute invoices covering the same bearing the
40 number of such certificate. Upon completion of the project, the contractor
41 shall furnish to Wichita children's home a sworn statement, on a form to be
42 provided by the director of taxation, that all purchases so made were
43 entitled to exemption under this subsection. All invoices shall be held by

1 the contractor for a period of five years and shall be subject to audit by the
2 director of taxation. If any materials purchased under such a certificate are
3 found not to have been incorporated in the building or other project or not
4 to have been returned for credit or the sales or compensating tax otherwise
5 imposed upon such materials which will not be so incorporated in the
6 building or other project reported and paid by such contractor to the
7 director of taxation not later than the 20th day of the month following the
8 close of the month in which it shall be determined that such materials will
9 not be used for the purpose for which such certificate was issued, Wichita
10 children's home shall be liable for the tax on all materials purchased for the
11 project, and upon payment, it may recover the same from the contractor
12 together with reasonable attorney fees. Any contractor or any agent,
13 employee or subcontractor, who shall use or otherwise dispose of any
14 materials purchased under such a certificate for any purpose other than that
15 for which such a certificate is issued without the payment of the sales or
16 compensating tax otherwise imposed upon such materials, shall be guilty
17 of a misdemeanor and, upon conviction, shall be subject to the penalties
18 provided for in K.S.A. 79-3615(h), and amendments thereto;

19 (jjjj) all sales of tangible personal property or services purchased by
20 or on behalf of the beacon, inc., which is exempt from federal income
21 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
22 for the purpose of providing those desiring help with food, shelter, clothing
23 and other necessities of life during times of special need;

24 (kkkk) all sales of tangible personal property and services purchased
25 by or on behalf of reaching out from within, inc., which is exempt from
26 federal income taxation pursuant to section 501(c)(3) of the federal
27 internal revenue code, for the purpose of sponsoring self-help programs for
28 incarcerated persons that will enable such incarcerated persons to become
29 role models for non-violence while in correctional facilities and productive
30 family members and citizens upon return to the community; ~~and~~

31 (llll) all sales of tangible personal property and services purchased by
32 Gove county healthcare endowment foundation, inc., which is exempt
33 from federal income taxation pursuant to section 501(c)(3) of the federal
34 internal revenue code of 1986, and which such property and services are
35 used for the purpose of constructing and equipping an airport in Quinter,
36 Kansas, and all sales of tangible personal property or services purchased
37 by a contractor for the purpose of constructing and equipping an airport in
38 Quinter, Kansas, for such organization, which would be exempt from
39 taxation under the provisions of this section if purchased directly by such
40 organization. Nothing in this subsection shall be deemed to exempt the
41 purchase of any construction machinery, equipment or tools used in the
42 constructing or equipping of facilities for such organization. When such
43 organization shall contract for the purpose of constructing or equipping an

1 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
2 contractor an exemption certificate for the project involved, and the
3 contractor may purchase materials for incorporation in such project. The
4 contractor shall furnish the number of such certificate to all suppliers from
5 whom such purchases are made, and such suppliers shall execute invoices
6 covering the same bearing the number of such certificate. Upon
7 completion of the project, the contractor shall furnish to such organization
8 concerned a sworn statement, on a form to be provided by the director of
9 taxation, that all purchases so made were entitled to exemption under this
10 subsection. All invoices shall be held by the contractor for a period of five
11 years and shall be subject to audit by the director of taxation. If any
12 materials purchased under such a certificate are found not to have been
13 incorporated in such facilities or not to have been returned for credit or the
14 sales or compensating tax otherwise imposed upon such materials which
15 will not be so incorporated in such facilities reported and paid by such
16 contractor to the director of taxation no later than the 20th day of the month
17 following the close of the month in which it shall be determined that such
18 materials will not be used for the purpose for which such certificate was
19 issued, such organization concerned shall be liable for tax on all materials
20 purchased for the project, and upon payment thereof it may recover the
21 same from the contractor together with reasonable attorney fees. Any
22 contractor or any agent, employee or subcontractor thereof, who purchased
23 under such a certificate for any purpose other than that for which such a
24 certificate is issued without the payment of the sales or compensating tax
25 otherwise imposed upon such materials, shall be guilty of a misdemeanor
26 and, upon conviction therefor, shall be subject to the penalties provided for
27 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
28 subsection shall expire and have no effect on and after July 1, 2019; and

29 *(mmmm) on and after January 1, 2021, all sales of food and food*
30 *ingredients. The provisions of this subsection shall not apply to prepared*
31 *food, unless sold without eating utensils provided by the seller and*
32 *described below:*

33 *(1) Food sold by a seller whose proper primary NAICS classification*
34 *is manufacturing in section 311, except subsector 3118 (bakeries).*

35 *(2) (A) Food sold in an unheated state by weight or volume as a*
36 *single item; or*

37 *(B) only meat or seafood sold in an unheated state by weight or*
38 *volume as a single item.*

39 *(3) Bakery items including bread, rolls, buns, biscuits, bagels,*
40 *croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,*
41 *cookies and tortillas.*

42 *(4) Food sold that ordinarily requires additional cooking, as opposed*
43 *to just reheating, by the consumer prior to consumption.*

1 (5) *Bottled water that is not otherwise sold as prepared food.*

2 Sec. 4. K.S.A. 2017 Supp. 79-3620 is hereby amended to read as
3 follows: 79-3620. (a) All revenue collected or received by the director of
4 taxation from the taxes imposed by this act shall be remitted to the state
5 treasurer in accordance with the provisions of K.S.A. 75-4215, and
6 amendments thereto. Upon receipt of each such remittance, the state
7 treasurer shall deposit the entire amount in the state treasury, less amounts
8 withheld as provided in subsection (b) and amounts credited as provided in
9 subsections (c), (d) and (e), to the credit of the state general fund.

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

22 (c) (1) ~~On July 1, 2010, the state treasurer shall credit 11.427% of the~~
23 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
24 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
25 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
26 ~~the state highway fund.~~

27 (2) ~~On July 1, 2011, the state treasurer shall credit 11.26% of the~~
28 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
29 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
30 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
31 ~~the state highway fund.~~

32 (3) ~~On July 1, 2012, the state treasurer shall credit 11.233% of the~~
33 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
34 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
35 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
36 ~~the state highway fund.~~

37 (4) ~~On July 1, 2013, the state treasurer shall credit 17.073% of the~~
38 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
39 ~~and amendments thereto, at the rate of 6.15%, and deposited as provided~~
40 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~
41 ~~(d), in the state highway fund.~~

42 (5)(2) On July 1, 2015, the state treasurer shall credit 16.226% of the
43 revenue collected and received from the tax imposed by K.S.A. 79-3603,

1 and amendments thereto, at the rate of 6.5%, and deposited as provided by
2 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
3 the state highway fund.

4 ~~(6)~~(3) On July 1, 2016, ~~and thereafter~~, the state treasurer shall credit
5 16.154% of the revenue collected and received from the tax imposed by
6 K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and
7 deposited as provided by subsection (a), exclusive of amounts credited
8 pursuant to subsection (d), in the state highway fund.

9 (4) *On January 1, 2019, the state treasurer shall credit 16.154% of*
10 *the revenue collected and received from the tax imposed by K.S.A. 79-*
11 *3603, and amendments thereto, at the rates of 6.5% and 4%, and*
12 *deposited as provided by subsection (a), exclusive of amounts credited*
13 *pursuant to subsection (d), in the state highway fund.*

14 (5) *On January 1, 2020, the state treasurer shall credit 16.154% of*
15 *the revenue collected and received from the tax imposed by K.S.A. 79-*
16 *3603, and amendments thereto, at the rates of 6.5% and 2%, and*
17 *deposited as provided by subsection (a), exclusive of amounts credited*
18 *pursuant to subsection (d), in the state highway fund.*

19 (6) *On January 1, 2021, and thereafter, the state treasurer shall*
20 *credit 16.154% of the revenue collected and received from the tax imposed*
21 *by K.S.A. 79-3603, and amendments thereto, at the rate of 6%, and*
22 *deposited as provided by subsection (a), exclusive of amounts credited*
23 *pursuant to subsection (d), in the state highway fund.*

24 (d) The state treasurer shall credit all revenue collected or received
25 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
26 certified by the director, from taxpayers doing business within that portion
27 of a STAR bond project district occupied by a STAR bond project or
28 taxpayers doing business with such entity financed by a STAR bond
29 project as defined in K.S.A. 2017 Supp. 12-17,162, and amendments
30 thereto, that was determined by the secretary of commerce to be of
31 statewide as well as local importance or will create a major tourism area
32 for the state or the project was designated as a STAR bond project as
33 defined in K.S.A. 2017 Supp. 12-17,162, and amendments thereto, to the
34 city bond finance fund, which fund is hereby created. The provisions of
35 this subsection shall expire when the total of all amounts credited
36 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is
37 sufficient to retire the special obligation bonds issued for the purpose of
38 financing all or a portion of the costs of such STAR bond project.

39 (e) All revenue certified by the director of taxation as having been
40 collected or received from the tax imposed by K.S.A. 79-3603(c), and
41 amendments thereto, on the sale or furnishing of gas, water, electricity and
42 heat for use or consumption within the intermodal facility district
43 described in this subsection, shall be credited by the state treasurer to the

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

27 Sec. 5. K.S.A. 2017 Supp. 79-3703 is hereby amended to read as
28 follows: 79-3703. There is hereby levied and there shall be collected from
29 every person in this state a tax or excise for the privilege of using, storing,
30 or consuming within this state any article of tangible personal property.
31 Such tax shall be levied and collected in an amount equal to the
32 consideration paid by the taxpayer multiplied by the rate of 6.5% *and the*
33 *rate on food and food ingredients provided in K.S.A. 79-3603(x), and*
34 *amendments thereto*. Within a redevelopment district established pursuant
35 to K.S.A. 74-8921, and amendments thereto, there is hereby levied and
36 there shall be collected and paid an additional tax of 2% until the earlier
37 of: (1) The date the bonds issued to finance or refinance the redevelopment
38 project undertaken in the district have been paid in full; or (2) the final
39 scheduled maturity of the first series of bonds issued to finance the
40 redevelopment project. All property purchased or leased within or without
41 this state and subsequently used, stored or consumed in this state shall be
42 subject to the compensating tax if the same property or transaction would
43 have been subject to the Kansas retailers' sales tax had the transaction been

1 wholly within this state.

2 Sec. 6. K.S.A. 2017 Supp. 79-3710 is hereby amended to read as
3 follows: 79-3710. (a) All revenue collected or received by the director
4 under the provisions of this act shall be remitted to the state treasurer in
5 accordance with the provisions of K.S.A. 75-4215, and amendments
6 thereto. Upon receipt of each such remittance, the state treasurer shall
7 deposit the entire amount in the state treasury, less amounts set apart as
8 provided in subsection (b) and amounts credited as provided in subsection
9 (c), (d) and (e), to the credit of the state general fund.

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

17 ~~(c) (1) On July 1, 2010, the state treasurer shall credit 11.427% of the~~
18 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
19 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
20 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
21 ~~the state highway fund.~~

22 ~~(2) On July 1, 2011, the state treasurer shall credit 11.26% of the~~
23 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
24 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
25 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
26 ~~the state highway fund.~~

27 ~~(3) On July 1, 2012, the state treasurer shall credit 11.233% of the~~
28 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
29 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
30 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
31 ~~the state highway fund.~~

32 ~~(4) On July 1, 2013, the state treasurer shall credit 17.073% of the~~
33 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
34 ~~and amendments thereto, at the rate of 6.15%, and deposited as provided~~
35 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~
36 ~~(d), in the state highway fund.~~

37 ~~(5)(2) On July 1, 2015, the state treasurer shall credit 16.226% of the~~
38 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
39 ~~and amendments thereto, at the rate of 6.5%, and deposited as provided by~~
40 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
41 ~~the state highway fund.~~

42 ~~(6)(3) On July 1, 2016, and thereafter, the state treasurer shall credit~~
43 ~~16.154% of the revenue collected and received from the tax imposed by~~

1 K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and
2 deposited as provided by subsection (a), exclusive of amounts credited
3 pursuant to subsection (d), in the state highway fund.

4 *(4) On January 1, 2019, and thereafter, the state treasurer shall*
5 *credit 16.154% of the revenue collected and received from the tax imposed*
6 *by K.S.A. 79-3703, and amendments thereto, at the rates of 6.5% and 4%,*
7 *and deposited as provided by subsection (a), exclusive of amounts credited*
8 *pursuant to subsection (d), in the state highway fund.*

9 *(5) On January 1, 2020, the state treasurer shall credit 16.154% of*
10 *the revenue collected and received from the tax imposed by K.S.A. 79-*
11 *3703, and amendments thereto, at the rates of 6.5% and 2%, and*
12 *deposited as provided by subsection (a), exclusive of amounts credited*
13 *pursuant to subsection (d), in the state highway fund.*

14 *(6) On January 1, 2021, and thereafter, the state treasurer shall*
15 *credit 16.154% of the revenue collected and received from the tax imposed*
16 *by K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and*
17 *deposited as provided by subsection (a), exclusive of amounts credited*
18 *pursuant to subsection (d), in the state highway fund.*

19 (d) The state treasurer shall credit all revenue collected or received
20 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
21 certified by the director, from taxpayers doing business within that portion
22 of a redevelopment district occupied by a redevelopment project that was
23 determined by the secretary of commerce to be of statewide as well as
24 local importance or will create a major tourism area for the state as defined
25 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
26 fund created by K.S.A. 79-3620(d), and amendments thereto. The
27 provisions of this subsection shall expire when the total of all amounts
28 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,
29 is sufficient to retire the special obligation bonds issued for the purpose of
30 financing all or a portion of the costs of such redevelopment project.

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

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

1 secretary of revenue determines that the total of all amounts credited
2 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
3 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
4 revenues shall be collected and distributed in accordance with applicable
5 law. For all tax reporting periods during which the provisions of this
6 subsection are in effect, none of the exemptions contained in K.S.A. 79-
7 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
8 of any gas, water, electricity and heat for use or consumption within the
9 intermodal facility district. As used in this subsection, "intermodal facility
10 district" shall consist of an intermodal transportation area as defined by
11 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
12 within the polygonal-shaped area having Waverly Road as the eastern
13 boundary, 191st Street as the southern boundary, Four Corners Road as the
14 western boundary, and Highway 56 as the northern boundary, and the
15 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
16 Street as the southern boundary, Waverly Road as the western boundary,
17 and the BNSF mainline track as the northern boundary, that includes
18 capital investment in an amount exceeding \$150 million for the
19 construction of an intermodal facility to handle the transfer, storage and
20 distribution of freight through railway and trucking operations.

21 Sec. 7. K.S.A. 2017 Supp. 79-3602, 79-3603, 79-3606, 79-3620, 79-
22 3703 and 79-3710 are hereby repealed.

23 Sec. 8. This act shall take effect and be in force from and after the
24 date the United States Supreme Court renders a decision in the case of
25 *South Dakota v. Wayfair* (No. 17-494) authorizing states to collect sales or
26 compensating use tax from out-of-state retailers who lack physical
27 presence in the state and its publication in the statute book.