

HOUSE BILL No. 2304

By Representatives Whipple, Hodge and Ohaebosim

2-13

1 AN ACT concerning sales taxation; relating to exemptions; certain sales of
2 school supplies, computers and clothing during sales tax holiday;
3 amending K.S.A. 2018 Supp. 79-3606 and repealing the existing
4 section.

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

7 New Section 1. (a) As used in this section and K.S.A. 79-
8 3606(mmmm), and amendments thereto:

9 (1) "Clothing" means all human wearing apparel suitable for general
10 use. Clothing includes, but is not limited to: Aprons, household and shop;
11 athletic supporters; baby receiving blankets; bathing suits and caps; beach
12 capes and coats; belts and suspenders; boots; coats and jackets; costumes;
13 diapers, children and adult, including disposable diapers; ear muffs;
14 footlets; formal wear; garters and garter belts; girdles; gloves and mittens
15 for general use; hats and caps; hosiery; insoles for shoes; lab coats;
16 neckties; overshoes; pantyhose; rainwear; rubber pants; sandals; scarves;
17 shoes and shoe laces; slippers; sneakers; socks and stockings; steel-toed
18 shoes; underwear; uniforms, athletic and non-athletic; and wedding
19 apparel. Clothing shall not include: Belt buckles sold separately; costume
20 masks sold separately; patches and emblems sold separately; sewing
21 equipment and supplies including, but not limited to, knitting needles,
22 patterns, pins, scissors, sewing machines, sewing needles, tape measures
23 and thimbles; and sewing materials that become part of clothing including,
24 but not limited to, buttons, fabric, lace, thread, yarn and zippers;

25 (2) "clothing accessories or equipment" means incidental items worn
26 on the person or in conjunction with clothing. Clothing accessories or
27 equipment includes, but is not limited to: Briefcases; cosmetics; hair
28 notions, including, but not limited to, barrettes, hair bows, and hair nets;
29 handbags; handkerchiefs; jewelry; sunglasses, non-prescription; umbrellas;
30 wallets; watches and wigs and hair pieces;

31 (3) "eligible property" means an item of a type, such as clothing, that
32 qualifies for the sales tax exemption as provided in K.S.A. 79-
33 3606(mmmm), and amendments thereto;

34 (4) "layaway sale" means a transaction in which property is set aside
35 for future delivery to a customer who makes a deposit, agrees to pay the
36 balance of the purchase over a period of time and, at the end of the

1 payment period, receives the property. An order is accepted for layaway by
2 the seller, when the seller removes the property from normal inventory or
3 clearly identifies the property as sold to the purchaser;

4 (5) "rain check" means the seller allows a customer to purchase an
5 item at a certain price at a later time because the particular item was out of
6 stock;

7 (6) "school art supply" means an item commonly used by a student in
8 a course of study for artwork. The following is an all-inclusive list: Clay
9 and glazes; paints, acrylic, tempera and oil; paintbrushes for artwork;
10 sketch and drawing pads; and watercolors;

11 (7) "school computer supply" means an item commonly used by a
12 student in a course of study in which a computer is used. The following is
13 an all-inclusive list: Computer storage media, diskettes, compact disks;
14 handheld electronic schedulers, except devices that are cellular phones;
15 personal digital assistants, except devices that are cellular phones;
16 computer printers; and printer supplies for computers, printer paper and
17 printer ink;

18 (8) "school instructional material" means written material commonly
19 used by a student in a course of study as a reference and to learn the
20 subject being taught. The following is an all-inclusive list: Reference
21 books; reference maps and globes; textbooks; and workbooks; and

22 (9) "school supply" means an item commonly used by a student in a
23 course of study. The following is an all-inclusive list: Binders; book bags;
24 calculators; cellophane tape; blackboard chalk; compasses; composition
25 books; crayons; erasers; folders, expandable, pocket, plastic and manila;
26 glue, paste and paste sticks; highlighters; index cards; index card boxes;
27 legal pads; lunch boxes; markers; notebooks; paper; loose leaf ruled
28 notebook paper, copy paper, graph paper, tracing paper, manila paper,
29 colored paper, poster board and construction paper; pencil boxes and other
30 school supply boxes; pencil sharpeners; pencils; pens; protractors; rulers;
31 scissors; and writing tablets.

32 (b) The secretary of revenue shall provide notice of the exemption
33 period to retailers at least 60 days prior to the first day of the calendar
34 quarter in which the exemption period established in K.S.A. 79-
35 3606(mmmm), and amendments thereto, commences.

36 (c) The following procedures are to be used in administering the
37 exemption as provided in K.S.A. 79-3606(mmmm), and amendments
38 thereto:

39 (1) A sale of eligible property under a layaway sale qualifies for the
40 exemption if:

41 (A) Final payment on a layaway order is made by, and the property is
42 given to, the purchaser during the exemption period; or

43 (B) the purchaser selects the property and the retailer accepts the

1 order for the item during the exemption period for immediate delivery
2 upon full payment, even if delivery is made after the exemption period;

3 (2) there shall be no change during the period of exemption for the
4 handling of a bundled sale as treated for sales tax purposes at times other
5 than the exemption period;

6 (3) a discount by the seller reduces the sales price of the property and
7 the discounted sales price determines whether the sales price is within the
8 price threshold provided in K.S.A. 79-3606(mmmm), and amendments
9 thereto. A coupon that reduces the sales price is treated as a discount if the
10 seller is not reimbursed for the coupon amount by a third party. If a
11 discount applies to the total amount paid by a purchaser rather than to the
12 sales price of a particular item and the purchaser has purchased both
13 eligible property and taxable property, the seller should allocate the
14 discount based on the total sales prices of the taxable property compared to
15 the total sales prices of all property sold in that same transaction;

16 (4) articles that are normally sold as a single unit must continue to be
17 sold in that manner. Such articles cannot be priced separately and sold as
18 individual items in order to obtain the exemption;

19 (5) a rain check allows a customer to purchase an item at a certain
20 price at a later time because the particular item was out of stock. Eligible
21 property that customers purchase during the exemption period with use of
22 a rain check will qualify for the exemption regardless of when the rain
23 check was issued. Issuance of a rain check during the exemption period
24 shall not qualify eligible property for the exemption if the property is
25 actually purchased after the exemption period;

26 (6) the procedure for an exchange in regards to an exemption is as
27 follows:

28 (A) If a customer purchases an item of eligible property during the
29 exemption period, but later exchanges the item for a similar eligible item,
30 even if a different size, different color or other feature, no additional tax is
31 due even if the exchange is made after the exemption period;

32 (B) if a customer purchases an item of eligible property during the
33 exemption period, but after the exemption period has ended, the customer
34 returns the item and receives credit on the purchase of a different item, the
35 appropriate sales tax is due on the sale of the new item; and

36 (C) if a customer purchases an item of eligible property before the
37 exemption period, but during the exemption period the customer returns
38 the item and receives credit on the purchase of a different item of eligible
39 property, no sales tax is due on the sale of the new item if the new item is
40 purchased during the exemption period;

41 (7) delivery charges, including shipping, handling and service
42 charges, are part of the sales price of eligible property. For the purpose of
43 determining the price threshold, if all the property in a shipment qualifies

1 as eligible property and the sales price for each item in the shipment is
2 within the price threshold, then the seller does not have to allocate the
3 delivery, handling or service charge to determine if the price threshold is
4 exceeded. The shipment will be considered a sale of eligible products. If
5 the shipment includes eligible property and taxable property, including an
6 eligible item with a sales price in excess of the price threshold, the seller
7 should allocate the delivery charge by using:

8 (A) A percentage based on the total sales prices of the taxable
9 property compared to the total sales prices of all property in the shipment;
10 or

11 (B) a percentage based on the total weight of the taxable property
12 compared to the total weight of all property in the shipment; and

13 (C) the seller must tax the percentage of the delivery charge allocated
14 to the taxable property but does not have to tax the percentage allocated to
15 the eligible property;

16 (8) for the purpose of an exemption, eligible property qualifies for the
17 exemption if:

18 (A) The item is both delivered to and paid for by the customer during
19 the exemption period; or

20 (B) the customer orders and pays for the item and the seller accepts
21 the order during the exemption period for immediate shipment, even if
22 delivery is made after the exemption period. The seller accepts an order
23 when the seller has taken action to fill the order for immediate shipment.
24 Actions to fill an order include placement of an in date stamp on a mail
25 order or assignment of an order number to a telephone order. An order is
26 for immediate shipment when the customer does not request delayed
27 shipment. An order is for immediate shipment, notwithstanding that the
28 shipment may be delayed because of a backlog of orders or because stock
29 is currently unavailable to, or on back order by, the seller;

30 (9) for a 60-day period immediately after the exemption period, when
31 a customer returns an item that would qualify for the exemption, no credit
32 for or refund of sales tax shall be given unless the customer provides a
33 receipt or invoice that shows tax was paid, or the seller has sufficient
34 documentation to show that tax was paid on the specific item. This 60-day
35 period is set solely for the purpose of designating a time period during
36 which the customer must provide documentation that shows that sales tax
37 was paid on returned merchandise. The 60-day period is not intended to
38 change a seller's policy on the time period during which the seller will
39 accept returns; and

40 (10) the time zone of the seller's location determines the authorized
41 time period for a sales tax holiday when the purchaser is located in one
42 time zone and a seller is located in another.

43 (d) The provisions of this section shall be a part of and supplemental

1 to the Kansas retailers' sales tax act.

2 Sec. 2. K.S.A. 2018 Supp. 79-3606 is hereby amended to read as
3 follows: 79-3606. The following shall be exempt from the tax imposed by
4 this act:

5 (a) All sales of motor-vehicle fuel or other articles upon which a sales
6 or excise tax has been paid, not subject to refund, under the laws of this
7 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
8 3301, and amendments thereto, including consumable material for such
9 electronic cigarettes, cereal malt beverages and malt products as defined
10 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
11 malt syrup and malt extract, that is not subject to taxation under the
12 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
13 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
14 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
15 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
16 thereto, and gross receipts from regulated sports contests taxed pursuant to
17 the Kansas professional regulated sports act, and amendments thereto;

18 (b) all sales of tangible personal property or service, including the
19 renting and leasing of tangible personal property, purchased directly by the
20 state of Kansas, a political subdivision thereof, other than a school or
21 educational institution, or purchased by a public or private nonprofit
22 hospital or public hospital authority or nonprofit blood, tissue or organ
23 bank and used exclusively for state, political subdivision, hospital or
24 public hospital authority or nonprofit blood, tissue or organ bank purposes,
25 except when: (1) Such state, hospital or public hospital authority is
26 engaged or proposes to engage in any business specifically taxable under
27 the provisions of this act and such items of tangible personal property or
28 service are used or proposed to be used in such business; or (2) such
29 political subdivision is engaged or proposes to engage in the business of
30 furnishing gas, electricity or heat to others and such items of personal
31 property or service are used or proposed to be used in such business;

32 (c) all sales of tangible personal property or services, including the
33 renting and leasing of tangible personal property, purchased directly by a
34 public or private elementary or secondary school or public or private
35 nonprofit educational institution and used primarily by such school or
36 institution for nonsectarian programs and activities provided or sponsored
37 by such school or institution or in the erection, repair or enlargement of
38 buildings to be used for such purposes. The exemption herein provided
39 shall not apply to erection, construction, repair, enlargement or equipment
40 of buildings used primarily for human habitation;

41 (d) all sales of tangible personal property or services purchased by a
42 contractor for the purpose of constructing, equipping, reconstructing,
43 maintaining, repairing, enlarging, furnishing or remodeling facilities for

1 any public or private nonprofit hospital or public hospital authority, public
2 or private elementary or secondary school, a public or private nonprofit
3 educational institution, state correctional institution including a privately
4 constructed correctional institution contracted for state use and ownership,
5 that would be exempt from taxation under the provisions of this act if
6 purchased directly by such hospital or public hospital authority, school,
7 educational institution or a state correctional institution; and all sales of
8 tangible personal property or services purchased by a contractor for the
9 purpose of constructing, equipping, reconstructing, maintaining, repairing,
10 enlarging, furnishing or remodeling facilities for any political subdivision
11 of the state or district described in subsection (s), the total cost of which is
12 paid from funds of such political subdivision or district and that would be
13 exempt from taxation under the provisions of this act if purchased directly
14 by such political subdivision or district. Nothing in this subsection or in
15 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
16 deemed to exempt the purchase of any construction machinery, equipment
17 or tools used in the constructing, equipping, reconstructing, maintaining,
18 repairing, enlarging, furnishing or remodeling facilities for any political
19 subdivision of the state or any such district. As used in this subsection,
20 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
21 political subdivision" shall mean general tax revenues, the proceeds of any
22 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
23 purpose of constructing, equipping, reconstructing, repairing, enlarging,
24 furnishing or remodeling facilities that are to be leased to the donor. When
25 any political subdivision of the state, district described in subsection (s),
26 public or private nonprofit hospital or public hospital authority, public or
27 private elementary or secondary school, public or private nonprofit
28 educational institution, state correctional institution including a privately
29 constructed correctional institution contracted for state use and ownership
30 shall contract for the purpose of constructing, equipping, reconstructing,
31 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
32 shall obtain from the state and furnish to the contractor an exemption
33 certificate for the project involved, and the contractor may purchase
34 materials for incorporation in such project. The contractor shall furnish the
35 number of such certificate to all suppliers from whom such purchases are
36 made, and such suppliers shall execute invoices covering the same bearing
37 the number of such certificate. Upon completion of the project the
38 contractor shall furnish to the political subdivision, district described in
39 subsection (s), hospital or public hospital authority, school, educational
40 institution or department of corrections concerned a sworn statement, on a
41 form to be provided by the director of taxation, that all purchases so made
42 were entitled to exemption under this subsection. As an alternative to the
43 foregoing procedure, any such contracting entity may apply to the

1 secretary of revenue for agent status for the sole purpose of issuing and
2 furnishing project exemption certificates to contractors pursuant to rules
3 and regulations adopted by the secretary establishing conditions and
4 standards for the granting and maintaining of such status. All invoices
5 shall be held by the contractor for a period of five years and shall be
6 subject to audit by the director of taxation. If any materials purchased
7 under such a certificate are found not to have been incorporated in the
8 building or other project or not to have been returned for credit or the sales
9 or compensating tax otherwise imposed upon such materials that will not
10 be so incorporated in the building or other project reported and paid by
11 such contractor to the director of taxation not later than the 20th day of the
12 month following the close of the month in which it shall be determined
13 that such materials will not be used for the purpose for which such
14 certificate was issued, the political subdivision, district described in
15 subsection (s), hospital or public hospital authority, school, educational
16 institution or the contractor contracting with the department of corrections
17 for a correctional institution concerned shall be liable for tax on all
18 materials purchased for the project, and upon payment thereof it may
19 recover the same from the contractor together with reasonable attorney
20 fees. Any contractor or any agent, employee or subcontractor thereof, who
21 shall use or otherwise dispose of any materials purchased under such a
22 certificate for any purpose other than that for which such a certificate is
23 issued without the payment of the sales or compensating tax otherwise
24 imposed upon such materials, shall be guilty of a misdemeanor and, upon
25 conviction therefor, shall be subject to the penalties provided for in K.S.A.
26 79-3615(h), and amendments thereto;

27 (e) all sales of tangible personal property or services purchased by a
28 contractor for the erection, repair or enlargement of buildings or other
29 projects for the government of the United States, its agencies or
30 instrumentalities, that would be exempt from taxation if purchased directly
31 by the government of the United States, its agencies or instrumentalities.
32 When the government of the United States, its agencies or
33 instrumentalities shall contract for the erection, repair, or enlargement of
34 any building or other project, it shall obtain from the state and furnish to
35 the contractor an exemption certificate for the project involved, and the
36 contractor may purchase materials for incorporation in such project. The
37 contractor shall furnish the number of such certificates to all suppliers
38 from whom such purchases are made, and such suppliers shall execute
39 invoices covering the same bearing the number of such certificate. Upon
40 completion of the project the contractor shall furnish to the government of
41 the United States, its agencies or instrumentalities concerned a sworn
42 statement, on a form to be provided by the director of taxation, that all
43 purchases so made were entitled to exemption under this subsection. As an

1 alternative to the foregoing procedure, any such contracting entity may
2 apply to the secretary of revenue for agent status for the sole purpose of
3 issuing and furnishing project exemption certificates to contractors
4 pursuant to rules and regulations adopted by the secretary establishing
5 conditions and standards for the granting and maintaining of such status.
6 All invoices shall be held by the contractor for a period of five years and
7 shall be subject to audit by the director of taxation. Any contractor or any
8 agent, employee or subcontractor thereof, who shall use or otherwise
9 dispose of any materials purchased under such a certificate for any purpose
10 other than that for which such a certificate is issued without the payment
11 of the sales or compensating tax otherwise imposed upon such materials,
12 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
13 subject to the penalties provided for in K.S.A. 79-3615(h), and
14 amendments thereto;

15 (f) tangible personal property purchased by a railroad or public utility
16 for consumption or movement directly and immediately in interstate
17 commerce;

18 (g) sales of aircraft including remanufactured and modified aircraft
19 sold to persons using directly or through an authorized agent such aircraft
20 as certified or licensed carriers of persons or property in interstate or
21 foreign commerce under authority of the laws of the United States or any
22 foreign government or sold to any foreign government or agency or
23 instrumentality of such foreign government and all sales of aircraft for use
24 outside of the United States and sales of aircraft repair, modification and
25 replacement parts and sales of services employed in the remanufacture,
26 modification and repair of aircraft;

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

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

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

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

42 (l) all isolated or occasional sales of tangible personal property,
43 services, substances or things, except isolated or occasional sale of motor

1 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and
2 amendments thereto;

3 (m) all sales of tangible personal property that become an ingredient
4 or component part of tangible personal property or services produced,
5 manufactured or compounded for ultimate sale at retail within or without
6 the state of Kansas; and any such producer, manufacturer or compounder
7 may obtain from the director of taxation and furnish to the supplier an
8 exemption certificate number for tangible personal property for use as an
9 ingredient or component part of the property or services produced,
10 manufactured or compounded;

11 (n) all sales of tangible personal property that is consumed in the
12 production, manufacture, processing, mining, drilling, refining or
13 compounding of tangible personal property, the treating of by-products or
14 wastes derived from any such production process, the providing of
15 services or the irrigation of crops for ultimate sale at retail within or
16 without the state of Kansas; and any purchaser of such property may
17 obtain from the director of taxation and furnish to the supplier an
18 exemption certificate number for tangible personal property for
19 consumption in such production, manufacture, processing, mining,
20 drilling, refining, compounding, treating, irrigation and in providing such
21 services;

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

28 (p) all sales of drugs dispensed pursuant to a prescription order by a
29 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
30 1626, and amendments thereto. As used in this subsection, "drug" means a
31 compound, substance or preparation and any component of a compound,
32 substance or preparation, other than food and food ingredients, dietary
33 supplements or alcoholic beverages, recognized in the official United
34 States pharmacopeia, official homeopathic pharmacopoeia of the United
35 States or official national formulary, and supplement to any of them,
36 intended for use in the diagnosis, cure, mitigation, treatment or prevention
37 of disease or intended to affect the structure or any function of the body,
38 except that for taxable years commencing after December 31, 2013, this
39 subsection shall not apply to any sales of drugs used in the performance or
40 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
41 thereto;

42 (q) all sales of insulin dispensed by a person licensed by the state
43 board of pharmacy to a person for treatment of diabetes at the direction of

1 a person licensed to practice medicine by the state board of healing arts;

2 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
3 enteral feeding systems, prosthetic devices and mobility enhancing
4 equipment prescribed in writing by a person licensed to practice the
5 healing arts, dentistry or optometry, and in addition to such sales, all sales
6 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
7 and repair and replacement parts therefor, including batteries, by a person
8 licensed in the practice of dispensing and fitting hearing aids pursuant to
9 the provisions of K.S.A. 74-5808, and amendments thereto. For the
10 purposes of this subsection: (1) "Mobility enhancing equipment" means
11 equipment including repair and replacement parts to same, but does not
12 include durable medical equipment, which is primarily and customarily
13 used to provide or increase the ability to move from one place to another
14 and which is appropriate for use either in a home or a motor vehicle; is not
15 generally used by persons with normal mobility; and does not include any
16 motor vehicle or equipment on a motor vehicle normally provided by a
17 motor vehicle manufacturer; and (2) "prosthetic device" means a
18 replacement, corrective or supportive device including repair and
19 replacement parts for same worn on or in the body to artificially replace a
20 missing portion of the body, prevent or correct physical deformity or
21 malfunction or support a weak or deformed portion of the body;

22 (s) except as provided in K.S.A. 2018 Supp. 82a-2101, and
23 amendments thereto, all sales of tangible personal property or services
24 purchased directly or indirectly by a groundwater management district
25 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
26 amendments thereto, by a rural water district organized or operating under
27 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
28 supply district organized or operating under the authority of K.S.A. 19-
29 3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which
30 property or services are used in the construction activities, operation or
31 maintenance of the district;

32 (t) all sales of farm machinery and equipment or aquaculture
33 machinery and equipment, repair and replacement parts therefor and
34 services performed in the repair and maintenance of such machinery and
35 equipment. For the purposes of this subsection the term "farm machinery
36 and equipment or aquaculture machinery and equipment" shall include a
37 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
38 thereto, and is equipped with a bed or cargo box for hauling materials, and
39 shall also include machinery and equipment used in the operation of
40 Christmas tree farming but shall not include any passenger vehicle, truck,
41 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
42 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
43 machinery and equipment" includes precision farming equipment that is

1 portable or is installed or purchased to be installed on farm machinery and
2 equipment. "Precision farming equipment" includes the following items
3 used only in computer-assisted farming, ranching or aquaculture
4 production operations: Soil testing sensors, yield monitors, computers,
5 monitors, software, global positioning and mapping systems, guiding
6 systems, modems, data communications equipment and any necessary
7 mounting hardware, wiring and antennas. Each purchaser of farm
8 machinery and equipment or aquaculture machinery and equipment
9 exempted herein must certify in writing on the copy of the invoice or sales
10 ticket to be retained by the seller that the farm machinery and equipment
11 or aquaculture machinery and equipment purchased will be used only in
12 farming, ranching or aquaculture production. Farming or ranching shall
13 include the operation of a feedlot and farm and ranch work for hire and the
14 operation of a nursery;

15 (u) all leases or rentals of tangible personal property used as a
16 dwelling if such tangible personal property is leased or rented for a period
17 of more than 28 consecutive days;

18 (v) all sales of tangible personal property to any contractor for use in
19 preparing meals for delivery to homebound elderly persons over 60 years
20 of age and to homebound disabled persons or to be served at a group-
21 sitting at a location outside of the home to otherwise homebound elderly
22 persons over 60 years of age and to otherwise homebound disabled
23 persons, as all or part of any food service project funded in whole or in
24 part by government or as part of a private nonprofit food service project
25 available to all such elderly or disabled persons residing within an area of
26 service designated by the private nonprofit organization, and all sales of
27 tangible personal property for use in preparing meals for consumption by
28 indigent or homeless individuals whether or not such meals are consumed
29 at a place designated for such purpose, and all sales of food products by or
30 on behalf of any such contractor or organization for any such purpose;

31 (w) all sales of natural gas, electricity, heat and water delivered
32 through mains, lines or pipes: (1) To residential premises for
33 noncommercial use by the occupant of such premises; (2) for agricultural
34 use and also, for such use, all sales of propane gas; (3) for use in the
35 severing of oil; and (4) to any property which is exempt from property
36 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this
37 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
38 and amendments thereto. For all sales of natural gas, electricity and heat
39 delivered through mains, lines or pipes pursuant to the provisions of
40 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
41 on December 31, 2005;

42 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources
43 for the production of heat or lighting for noncommercial use of an

1 occupant of residential premises occurring prior to January 1, 2006;

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

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

9 (aa) all sales of materials and services applied to equipment that is
10 transported into the state from without the state for repair, service,
11 alteration, maintenance, remanufacture or modification and that is
12 subsequently transported outside the state for use in the transmission of
13 liquids or natural gas by means of pipeline in interstate or foreign
14 commerce under authority of the laws of the United States;

15 (bb) all sales of used mobile homes or manufactured homes. As used
16 in this subsection: (1) "Mobile homes" and "manufactured homes" mean
17 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)
18 "sales of used mobile homes or manufactured homes" means sales other
19 than the original retail sale thereof;

20 (cc) all sales of tangible personal property or services purchased prior
21 to January 1, 2012, except as otherwise provided, for the purpose of and in
22 conjunction with constructing, reconstructing, enlarging or remodeling a
23 business or retail business that meets the requirements established in
24 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
25 machinery and equipment purchased for installation at any such business
26 or retail business, and all sales of tangible personal property or services
27 purchased on or after January 1, 2012, for the purpose of and in
28 conjunction with constructing, reconstructing, enlarging or remodeling a
29 business that meets the requirements established in K.S.A. 74-50,115(e),
30 and amendments thereto, and the sale and installation of machinery and
31 equipment purchased for installation at any such business. When a person
32 shall contract for the construction, reconstruction, enlargement or
33 remodeling of any such business or retail business, such person shall
34 obtain from the state and furnish to the contractor an exemption certificate
35 for the project involved, and the contractor may purchase materials,
36 machinery and equipment for incorporation in such project. The contractor
37 shall furnish the number of such certificates to all suppliers from whom
38 such purchases are made, and such suppliers shall execute invoices
39 covering the same bearing the number of such certificate. Upon
40 completion of the project the contractor shall furnish to the owner of the
41 business or retail business a sworn statement, on a form to be provided by
42 the director of taxation, that all purchases so made were entitled to
43 exemption under this subsection. All invoices shall be held by the

1 contractor for a period of five years and shall be subject to audit by the
2 director of taxation. Any contractor or any agent, employee or
3 subcontractor thereof, who shall use or otherwise dispose of any materials,
4 machinery or equipment purchased under such a certificate for any
5 purpose other than that for which such a certificate is issued without the
6 payment of the sales or compensating tax otherwise imposed thereon, shall
7 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
8 to the penalties provided for in K.S.A. 79-3615(h), and amendments
9 thereto. As used in this subsection, "business" and "retail business" mean
10 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
11 exemption certificates that have been previously issued under this
12 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
13 and amendments thereto, but not including K.S.A. 74-50,115(e), and
14 amendments thereto, prior to January 1, 2012, and have not expired will be
15 effective for the term of the project or two years from the effective date of
16 the certificate, whichever occurs earlier. Project exemption certificates that
17 are submitted to the department of revenue prior to January 1, 2012, and
18 are found to qualify will be issued a project exemption certificate that will
19 be effective for a two-year period or for the term of the project, whichever
20 occurs earlier;

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

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

25 (ff) on and after July 1, 1988, all sales of new mobile homes or
26 manufactured homes to the extent of 40% of the gross receipts, determined
27 without regard to any trade-in allowance, received from such sale. As used
28 in this subsection, "mobile homes" and "manufactured homes" mean the
29 same as defined in K.S.A. 58-4202, and amendments thereto;

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

33 (hh) all sales of medical supplies and equipment, including durable
34 medical equipment, purchased directly by a nonprofit skilled nursing home
35 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
36 and amendments thereto, for the purpose of providing medical services to
37 residents thereof. This exemption shall not apply to tangible personal
38 property customarily used for human habitation purposes. As used in this
39 subsection, "durable medical equipment" means equipment including
40 repair and replacement parts for such equipment, that can withstand
41 repeated use, is primarily and customarily used to serve a medical purpose,
42 generally is not useful to a person in the absence of illness or injury and is
43 not worn in or on the body, but does not include mobility enhancing

1 equipment as defined in subsection (r), oxygen delivery equipment, kidney
2 dialysis equipment or enteral feeding systems;

3 (ii) all sales of tangible personal property purchased directly by a
4 nonprofit organization for nonsectarian comprehensive multidiscipline
5 youth development programs and activities provided or sponsored by such
6 organization, and all sales of tangible personal property by or on behalf of
7 any such organization. This exemption shall not apply to tangible personal
8 property customarily used for human habitation purposes;

9 (jj) all sales of tangible personal property or services, including the
10 renting and leasing of tangible personal property, purchased directly on
11 behalf of a community-based facility for people with intellectual disability
12 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
13 amendments thereto, and licensed in accordance with the provisions of
14 K.S.A. 2018 Supp. 39-2001 et seq., and amendments thereto, and all sales
15 of tangible personal property or services purchased by contractors during
16 the time period from July, 2003, through June, 2006, for the purpose of
17 constructing, equipping, maintaining or furnishing a new facility for a
18 community-based facility for people with intellectual disability or mental
19 health center located in Riverton, Cherokee County, Kansas, that would
20 have been eligible for sales tax exemption pursuant to this subsection if
21 purchased directly by such facility or center. This exemption shall not
22 apply to tangible personal property customarily used for human habitation
23 purposes;

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

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

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

31 (2) For purposes of this subsection:

32 (A) "Integrated production operation" means an integrated series of
33 operations engaged in at a manufacturing or processing plant or facility to
34 process, transform or convert tangible personal property by physical,
35 chemical or other means into a different form, composition or character
36 from that in which it originally existed. Integrated production operations
37 shall include: (i) Production line operations, including packaging
38 operations; (ii) preproduction operations to handle, store and treat raw
39 materials; (iii) post production handling, storage, warehousing and
40 distribution operations; and (iv) waste, pollution and environmental
41 control operations, if any;

42 (B) "production line" means the assemblage of machinery and
43 equipment at a manufacturing or processing plant or facility where the

1 actual transformation or processing of tangible personal property occurs;

2 (C) "manufacturing or processing plant or facility" means a single,
3 fixed location owned or controlled by a manufacturing or processing
4 business that consists of one or more structures or buildings in a
5 contiguous area where integrated production operations are conducted to
6 manufacture or process tangible personal property to be ultimately sold at
7 retail. Such term shall not include any facility primarily operated for the
8 purpose of conveying or assisting in the conveyance of natural gas,
9 electricity, oil or water. A business may operate one or more manufacturing
10 or processing plants or facilities at different locations to manufacture or
11 process a single product of tangible personal property to be ultimately sold
12 at retail;

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

1 or improve real property, and retail businesses that clean, service or
2 refurbish and repair tangible personal property for its owner;

3 (E) "repair and replacement parts and accessories" means all parts
4 and accessories for exempt machinery and equipment, including, but not
5 limited to, dies, jigs, molds, patterns and safety devices that are attached to
6 exempt machinery or that are otherwise used in production, and parts and
7 accessories that require periodic replacement such as belts, drill bits,
8 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
9 other refractory items for exempt kiln equipment used in production
10 operations;

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

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

15 (A) To receive, transport, convey, handle, treat or store raw materials
16 in preparation of its placement on the production line;

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

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

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

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

28 (F) to plan, manage, control or record the receipt and flow of
29 inventories of raw materials, consumables and component parts, the flow
30 of the property undergoing manufacturing or processing and the
31 management of inventories of the finished product;

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

35 (H) to package the property being manufactured or processed in a
36 container or wrapping in which such property is normally sold or
37 transported;

38 (I) to transmit or transport electricity, coke, gas, water, steam or
39 similar substances used in production operations from the point of
40 generation, if produced by the manufacturer or processor at the plant site,
41 to that manufacturer's production operation; or, if purchased or delivered
42 from off-site, from the point where the substance enters the site of the
43 plant or facility to that manufacturer's production operations;

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

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

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

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

11 (4) The following machinery, equipment and materials shall be
12 deemed to be exempt even though it may not otherwise qualify as
13 machinery and equipment used as an integral or essential part of an
14 integrated production operation: (A) Computers and related peripheral
15 equipment that are utilized by a manufacturing or processing business for
16 engineering of the finished product or for research and development or
17 product design; (B) machinery and equipment that is utilized by a
18 manufacturing or processing business to manufacture or rebuild tangible
19 personal property that is used in manufacturing or processing operations,
20 including tools, dies, molds, forms and other parts of qualifying machinery
21 and equipment; (C) portable plants for aggregate concrete, bulk cement
22 and asphalt including cement mixing drums to be attached to a motor
23 vehicle; (D) industrial fixtures, devices, support facilities and special
24 foundations necessary for manufacturing and production operations, and
25 materials and other tangible personal property sold for the purpose of
26 fabricating such fixtures, devices, facilities and foundations. An exemption
27 certificate for such purchases shall be signed by the manufacturer or
28 processor. If the fabricator purchases such material, the fabricator shall
29 also sign the exemption certificate; (E) a manufacturing or processing
30 business' laboratory equipment that is not located at the plant or facility,
31 but that would otherwise qualify for exemption under subsection (3)(E);
32 (F) all machinery and equipment used in surface mining activities as
33 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
34 from the time a reclamation plan is filed to the acceptance of the
35 completed final site reclamation.

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

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

43 (B) machinery, equipment and tools used primarily in maintaining

1 and repairing any type of machinery and equipment or the building and
2 plant;

3 (C) transportation, transmission and distribution equipment not
4 primarily used in a production, warehousing or material handling
5 operation at the plant or facility, including the means of conveyance of
6 natural gas, electricity, oil or water, and equipment related thereto, located
7 outside the plant or facility;

8 (D) office machines and equipment including computers and related
9 peripheral equipment not used directly and primarily to control or measure
10 the manufacturing process;

11 (E) furniture and other furnishings;

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

15 (G) building fixtures that are not integral to the manufacturing
16 operation, such as utility systems for heating, ventilation, air conditioning,
17 communications, plumbing or electrical;

18 (H) machinery and equipment used for general plant heating, cooling
19 and lighting;

20 (I) motor vehicles that are registered for operation on public
21 highways; or

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

25 (6) Subsections (3) and (5) shall not be construed as exclusive listings
26 of the machinery and equipment that qualify or do not qualify as an
27 integral or essential part of an integrated production operation. When
28 machinery or equipment is used as an integral or essential part of
29 production operations part of the time and for nonproduction purposes at
30 other times, the primary use of the machinery or equipment shall
31 determine whether or not such machinery or equipment qualifies for
32 exemption.

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

35 (II) all sales of educational materials purchased for distribution to the
36 public at no charge by a nonprofit corporation organized for the purpose of
37 encouraging, fostering and conducting programs for the improvement of
38 public health, except that for taxable years commencing after December
39 31, 2013, this subsection shall not apply to any sales of such materials
40 purchased by a nonprofit corporation which performs any abortion, as
41 defined in K.S.A. 65-6701, and amendments thereto;

42 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
43 herbicides, germicides, pesticides and fungicides; and services, purchased

1 and used for the purpose of producing plants in order to prevent soil
2 erosion on land devoted to agricultural use;

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

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

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

11 (qq) all sales of tangible personal property and services purchased by
12 a nonprofit museum or historical society or any combination thereof,
13 including a nonprofit organization that is organized for the purpose of
14 stimulating public interest in the exploration of space by providing
15 educational information, exhibits and experiences, that is exempt from
16 federal income taxation pursuant to section 501(c)(3) of the federal
17 internal revenue code of 1986;

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

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

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

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

37 (vv) all sales of tangible personal property purchased by any of the
38 following organizations that are exempt from federal income taxation
39 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
40 for the following purposes, and all sales of any such property by or on
41 behalf of any such organization for any such purpose:

42 (1) The American heart association, Kansas affiliate, inc. for the
43 purposes of providing education, training, certification in emergency

1 cardiac care, research and other related services to reduce disability and
2 death from cardiovascular diseases and stroke;

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

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

9 (4) the American diabetes association Kansas affiliate, inc. for the
10 purpose of eliminating diabetes through medical research, public education
11 focusing on disease prevention and education, patient education including
12 information on coping with diabetes, and professional education and
13 training;

14 (5) the American lung association of Kansas, inc. for the purpose of
15 eliminating all lung diseases through medical research, public education
16 including information on coping with lung diseases, professional education
17 and training related to lung disease and other related services to reduce the
18 incidence of disability and death due to lung disease;

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

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

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

29 (9) the heartstrings community foundation for the purpose of
30 providing training, employment and activities for adults with
31 developmental disabilities;

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

35 (11) the spina bifida association of Kansas for the purpose of
36 providing financial, educational and practical aid to families and
37 individuals with spina bifida. Such aid includes, but is not limited to,
38 funding for medical devices, counseling and medical educational
39 opportunities;

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

- 1 (13) the cross-lines cooperative council for the purpose of providing
2 social services to low income individuals and families;
- 3 (14) the dreams work, inc., for the purpose of providing young adult
4 day services to individuals with developmental disabilities and assisting
5 families in avoiding institutional or nursing home care for a
6 developmentally disabled member of their family;
- 7 (15) the KSDS, Inc., for the purpose of promoting the independence
8 and inclusion of people with disabilities as fully participating and
9 contributing members of their communities and society through the
10 training and providing of guide and service dogs to people with
11 disabilities, and providing disability education and awareness to the
12 general public;
- 13 (16) the lyme association of greater Kansas City, Inc., for the purpose
14 of providing support to persons with lyme disease and public education
15 relating to the prevention, treatment and cure of lyme disease;
- 16 (17) the dream factory, inc., for the purpose of granting the dreams of
17 children with critical and chronic illnesses;
- 18 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
19 students and families with education and resources necessary to enable
20 each child to develop fine character and musical ability to the fullest
21 potential;
- 22 (19) the international association of lions clubs for the purpose of
23 creating and fostering a spirit of understanding among all people for
24 humanitarian needs by providing voluntary services through community
25 involvement and international cooperation;
- 26 (20) the Johnson county young matrons, inc., for the purpose of
27 promoting a positive future for members of the community through
28 volunteerism, financial support and education through the efforts of an all
29 volunteer organization;
- 30 (21) the American cancer society, inc., for the purpose of eliminating
31 cancer as a major health problem by preventing cancer, saving lives and
32 diminishing suffering from cancer, through research, education, advocacy
33 and service;
- 34 (22) the community services of Shawnee, inc., for the purpose of
35 providing food and clothing to those in need;
- 36 (23) the angel babies association, for the purpose of providing
37 assistance, support and items of necessity to teenage mothers and their
38 babies; and
- 39 (24) the Kansas fairgrounds foundation for the purpose of the
40 preservation, renovation and beautification of the Kansas state fairgrounds;
- 41 (ww) all sales of tangible personal property purchased by the habitat
42 for humanity for the exclusive use of being incorporated within a housing
43 project constructed by such organization;

1 (xx) all sales of tangible personal property and services purchased by
2 a nonprofit zoo that is exempt from federal income taxation pursuant to
3 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
4 of such zoo by an entity itself exempt from federal income taxation
5 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
6 contracted with to operate such zoo and all sales of tangible personal
7 property or services purchased by a contractor for the purpose of
8 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
9 furnishing or remodeling facilities for any nonprofit zoo that would be
10 exempt from taxation under the provisions of this section if purchased
11 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
12 this subsection shall be deemed to exempt the purchase of any construction
13 machinery, equipment or tools used in the constructing, equipping,
14 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
15 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
16 the purpose of constructing, equipping, reconstructing, maintaining,
17 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
18 from the state and furnish to the contractor an exemption certificate for the
19 project involved, and the contractor may purchase materials for
20 incorporation in such project. The contractor shall furnish the number of
21 such certificate to all suppliers from whom such purchases are made, and
22 such suppliers shall execute invoices covering the same bearing the
23 number of such certificate. Upon completion of the project the contractor
24 shall furnish to the nonprofit zoo concerned a sworn statement, on a form
25 to be provided by the director of taxation, that all purchases so made were
26 entitled to exemption under this subsection. All invoices shall be held by
27 the contractor for a period of five years and shall be subject to audit by the
28 director of taxation. If any materials purchased under such a certificate are
29 found not to have been incorporated in the building or other project or not
30 to have been returned for credit or the sales or compensating tax otherwise
31 imposed upon such materials that will not be so incorporated in the
32 building or other project reported and paid by such contractor to the
33 director of taxation not later than the 20th day of the month following the
34 close of the month in which it shall be determined that such materials will
35 not be used for the purpose for which such certificate was issued, the
36 nonprofit zoo concerned shall be liable for tax on all materials purchased
37 for the project, and upon payment thereof it may recover the same from
38 the contractor together with reasonable attorney fees. Any contractor or
39 any agent, employee or subcontractor thereof, who shall use or otherwise
40 dispose of any materials purchased under such a certificate for any purpose
41 other than that for which such a certificate is issued without the payment
42 of the sales or compensating tax otherwise imposed upon such materials,
43 shall be guilty of a misdemeanor and, upon conviction therefor, shall be

1 subject to the penalties provided for in K.S.A. 79-3615(h), and
2 amendments thereto;

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

6 (zz) all sales of machinery and equipment purchased by over-the-air,
7 free access radio or television station that is used directly and primarily for
8 the purpose of producing a broadcast signal or is such that the failure of
9 the machinery or equipment to operate would cause broadcasting to cease.

10 For purposes of this subsection, machinery and equipment shall include,
11 but not be limited to, that required by rules and regulations of the federal
12 communications commission, and all sales of electricity which are
13 essential or necessary for the purpose of producing a broadcast signal or is
14 such that the failure of the electricity would cause broadcasting to cease;

15 (aaa) all sales of tangible personal property and services purchased by
16 a religious organization that is exempt from federal income taxation
17 pursuant to section 501(c)(3) of the federal internal revenue code, and used
18 exclusively for religious purposes, and all sales of tangible personal
19 property or services purchased by a contractor for the purpose of
20 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
21 furnishing or remodeling facilities for any such organization that would be
22 exempt from taxation under the provisions of this section if purchased
23 directly by such organization. Nothing in this subsection shall be deemed
24 to exempt the purchase of any construction machinery, equipment or tools
25 used in the constructing, equipping, reconstructing, maintaining, repairing,
26 enlarging, furnishing or remodeling facilities for any such organization.
27 When any such organization shall contract for the purpose of constructing,
28 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
29 remodeling facilities, it shall obtain from the state and furnish to the
30 contractor an exemption certificate for the project involved, and the
31 contractor may purchase materials for incorporation in such project. The
32 contractor shall furnish the number of such certificate to all suppliers from
33 whom such purchases are made, and such suppliers shall execute invoices
34 covering the same bearing the number of such certificate. Upon
35 completion of the project the contractor shall furnish to such organization
36 concerned a sworn statement, on a form to be provided by the director of
37 taxation, that all purchases so made were entitled to exemption under this
38 subsection. All invoices shall be held by the contractor for a period of five
39 years and shall be subject to audit by the director of taxation. If any
40 materials purchased under such a certificate are found not to have been
41 incorporated in the building or other project or not to have been returned
42 for credit or the sales or compensating tax otherwise imposed upon such
43 materials that will not be so incorporated in the building or other project

1 reported and paid by such contractor to the director of taxation not later
2 than the 20th day of the month following the close of the month in which it
3 shall be determined that such materials will not be used for the purpose for
4 which such certificate was issued, such organization concerned shall be
5 liable for tax on all materials purchased for the project, and upon payment
6 thereof it may recover the same from the contractor together with
7 reasonable attorney fees. Any contractor or any agent, employee or
8 subcontractor thereof, who shall use or otherwise dispose of any materials
9 purchased under such a certificate for any purpose other than that for
10 which such a certificate is issued without the payment of the sales or
11 compensating tax otherwise imposed upon such materials, shall be guilty
12 of a misdemeanor and, upon conviction therefor, shall be subject to the
13 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
14 Sales tax paid on and after July 1, 1998, but prior to the effective date of
15 this act upon the gross receipts received from any sale exempted by the
16 amendatory provisions of this subsection shall be refunded. Each claim for
17 a sales tax refund shall be verified and submitted to the director of taxation
18 upon forms furnished by the director and shall be accompanied by any
19 additional documentation required by the director. The director shall
20 review each claim and shall refund that amount of sales tax paid as
21 determined under the provisions of this subsection. All refunds shall be
22 paid from the sales tax refund fund upon warrants of the director of
23 accounts and reports pursuant to vouchers approved by the director or the
24 director's designee;

25 (bbb) all sales of food for human consumption by an organization that
26 is exempt from federal income taxation pursuant to section 501(c)(3)
27 of the federal internal revenue code of 1986, pursuant to a food distribution
28 program that offers such food at a price below cost in exchange for the
29 performance of community service by the purchaser thereof;

30 (ccc) on and after July 1, 1999, all sales of tangible personal property
31 and services purchased by a primary care clinic or health center the
32 primary purpose of which is to provide services to medically underserved
33 individuals and families, and that is exempt from federal income taxation
34 pursuant to section 501(c)(3) of the federal internal revenue code, and all
35 sales of tangible personal property or services purchased by a contractor
36 for the purpose of constructing, equipping, reconstructing, maintaining,
37 repairing, enlarging, furnishing or remodeling facilities for any such clinic
38 or center that would be exempt from taxation under the provisions of this
39 section if purchased directly by such clinic or center, except that for
40 taxable years commencing after December 31, 2013, this subsection shall
41 not apply to any sales of such tangible personal property and services
42 purchased by a primary care clinic or health center which performs any
43 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing

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

35 (ddd) on and after January 1, 1999, and before January 1, 2000, all
36 sales of materials and services purchased by any class II or III railroad as
37 classified by the federal surface transportation board for the construction,
38 renovation, repair or replacement of class II or III railroad track and
39 facilities used directly in interstate commerce. In the event any such track
40 or facility for which materials and services were purchased sales tax
41 exempt is not operational for five years succeeding the allowance of such
42 exemption, the total amount of sales tax that would have been payable
43 except for the operation of this subsection shall be recouped in accordance

1 with rules and regulations adopted for such purpose by the secretary of
2 revenue;

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

7 (fff) all sales of material handling equipment, racking systems and
8 other related machinery and equipment that is used for the handling,
9 movement or storage of tangible personal property in a warehouse or
10 distribution facility in this state; all sales of installation, repair and
11 maintenance services performed on such machinery and equipment; and
12 all sales of repair and replacement parts for such machinery and
13 equipment. For purposes of this subsection, a warehouse or distribution
14 facility means a single, fixed location that consists of buildings or
15 structures in a contiguous area where storage or distribution operations are
16 conducted that are separate and apart from the business' retail operations,
17 if any, and that do not otherwise qualify for exemption as occurring at a
18 manufacturing or processing plant or facility. Material handling and
19 storage equipment shall include aeration, dust control, cleaning, handling
20 and other such equipment that is used in a public grain warehouse or other
21 commercial grain storage facility, whether used for grain handling, grain
22 storage, grain refining or processing, or other grain treatment operation;

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

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

31 (iii) all sales of personal property and services purchased by an
32 organization that is exempt from federal income taxation pursuant to
33 section 501(c)(3) of the federal internal revenue code of 1986, and such
34 personal property and services are used by any such organization in the
35 collection, storage and distribution of food products to nonprofit
36 organizations that distribute such food products to persons pursuant to a
37 food distribution program on a charitable basis without fee or charge, and
38 all sales of tangible personal property or services purchased by a
39 contractor for the purpose of constructing, equipping, reconstructing,
40 maintaining, repairing, enlarging, furnishing or remodeling facilities used
41 for the collection and storage of such food products for any such
42 organization which is exempt from federal income taxation pursuant to
43 section 501(c)(3) of the federal internal revenue code of 1986, that would

1 be exempt from taxation under the provisions of this section if purchased
2 directly by such organization. Nothing in this subsection shall be deemed
3 to exempt the purchase of any construction machinery, equipment or tools
4 used in the constructing, equipping, reconstructing, maintaining, repairing,
5 enlarging, furnishing or remodeling facilities for any such organization.
6 When any such organization shall contract for the purpose of constructing,
7 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
8 remodeling facilities, it shall obtain from the state and furnish to the
9 contractor an exemption certificate for the project involved, and the
10 contractor may purchase materials for incorporation in such project. The
11 contractor shall furnish the number of such certificate to all suppliers from
12 whom such purchases are made, and such suppliers shall execute invoices
13 covering the same bearing the number of such certificate. Upon
14 completion of the project the contractor shall furnish to such organization
15 concerned a sworn statement, on a form to be provided by the director of
16 taxation, that all purchases so made were entitled to exemption under this
17 subsection. All invoices shall be held by the contractor for a period of five
18 years and shall be subject to audit by the director of taxation. If any
19 materials purchased under such a certificate are found not to have been
20 incorporated in such facilities or not to have been returned for credit or the
21 sales or compensating tax otherwise imposed upon such materials that will
22 not be so incorporated in such facilities reported and paid by such
23 contractor to the director of taxation not later than the 20th day of the
24 month following the close of the month in which it shall be determined
25 that such materials will not be used for the purpose for which such
26 certificate was issued, such organization concerned shall be liable for tax
27 on all materials purchased for the project, and upon payment thereof it
28 may recover the same from the contractor together with reasonable
29 attorney fees. Any contractor or any agent, employee or subcontractor
30 thereof, who shall use or otherwise dispose of any materials purchased
31 under such a certificate for any purpose other than that for which such a
32 certificate is issued without the payment of the sales or compensating tax
33 otherwise imposed upon such materials, shall be guilty of a misdemeanor
34 and, upon conviction therefor, shall be subject to the penalties provided for
35 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
36 July 1, 2005, but prior to the effective date of this act upon the gross
37 receipts received from any sale exempted by the amendatory provisions of
38 this subsection shall be refunded. Each claim for a sales tax refund shall be
39 verified and submitted to the director of taxation upon forms furnished by
40 the director and shall be accompanied by any additional documentation
41 required by the director. The director shall review each claim and shall
42 refund that amount of sales tax paid as determined under the provisions of
43 this subsection. All refunds shall be paid from the sales tax refund fund

1 upon warrants of the director of accounts and reports pursuant to vouchers
2 approved by the director or the director's designee;

3 (jjj) all sales of dietary supplements dispensed pursuant to a
4 prescription order by a licensed practitioner or a mid-level practitioner as
5 defined by K.S.A. 65-1626, and amendments thereto. As used in this
6 subsection, "dietary supplement" means any product, other than tobacco,
7 intended to supplement the diet that: (1) Contains one or more of the
8 following dietary ingredients: A vitamin, a mineral, an herb or other
9 botanical, an amino acid, a dietary substance for use by humans to
10 supplement the diet by increasing the total dietary intake or a concentrate,
11 metabolite, constituent, extract or combination of any such ingredient; (2)
12 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or
13 liquid form, or if not intended for ingestion, in such a form, is not
14 represented as conventional food and is not represented for use as a sole
15 item of a meal or of the diet; and (3) is required to be labeled as a dietary
16 supplement, identifiable by the supplemental facts box found on the label
17 and as required pursuant to 21 C.F.R. § 101.36;

18 (lll) all sales of tangible personal property and services purchased by
19 special olympics Kansas, inc. for the purpose of providing year-round
20 sports training and athletic competition in a variety of olympic-type sports
21 for individuals with intellectual disabilities by giving them continuing
22 opportunities to develop physical fitness, demonstrate courage, experience
23 joy and participate in a sharing of gifts, skills and friendship with their
24 families, other special olympics athletes and the community, and activities
25 provided or sponsored by such organization, and all sales of tangible
26 personal property by or on behalf of any such organization;

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

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

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

42 (ppp) all sales of tangible personal property and services purchased
43 by or on behalf of a homeless shelter that is exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal income tax code of
2 1986, and used by any such homeless shelter to provide emergency and
3 transitional housing for individuals and families experiencing
4 homelessness, and all sales of any such property by or on behalf of any
5 such homeless shelter for any such purpose;

6 (qqq) all sales of tangible personal property and services purchased
7 by TLC for children and families, inc., hereinafter referred to as TLC,
8 which is exempt from federal income taxation pursuant to section 501(c)
9 (3) of the federal internal revenue code of 1986, and such property and
10 services are used for the purpose of providing emergency shelter and
11 treatment for abused and neglected children as well as meeting additional
12 critical needs for children, juveniles and family, and all sales of any such
13 property by or on behalf of TLC for any such purpose; and all sales of
14 tangible personal property or services purchased by a contractor for the
15 purpose of constructing, maintaining, repairing, enlarging, furnishing or
16 remodeling facilities for the operation of services for TLC for any such
17 purpose that would be exempt from taxation under the provisions of this
18 section if purchased directly by TLC. Nothing in this subsection shall be
19 deemed to exempt the purchase of any construction machinery, equipment
20 or tools used in the constructing, maintaining, repairing, enlarging,
21 furnishing or remodeling such facilities for TLC. When TLC contracts for
22 the purpose of constructing, maintaining, repairing, enlarging, furnishing
23 or remodeling such facilities, it shall obtain from the state and furnish to
24 the 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 certificate to all suppliers from
27 whom such purchases are made, and such suppliers shall execute invoices
28 covering the same bearing the number of such certificate. Upon
29 completion of the project the contractor shall furnish to TLC a sworn
30 statement, on a form to be provided by the director of taxation, that all
31 purchases so made were entitled to exemption under this subsection. All
32 invoices shall be held by the contractor for a period of five years and shall
33 be 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 that will not
37 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, TLC shall be liable for tax on all materials
42 purchased for the project, and upon payment thereof it may recover the
43 same from the contractor together with reasonable attorney fees. Any

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

8 (rrr) all sales of tangible personal property and services purchased by
9 any county law library maintained pursuant to law and sales of tangible
10 personal property and services purchased by an organization that would
11 have been exempt from taxation under the provisions of this subsection if
12 purchased directly by the county law library for the purpose of providing
13 legal resources to attorneys, judges, students and the general public, and
14 all sales of any such property by or on behalf of any such county law
15 library;

16 (sss) all sales of tangible personal property and services purchased by
17 catholic charities or youthville, hereinafter referred to as charitable family
18 providers, 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 property and services are used for the purpose of providing
21 emergency shelter and treatment for abused and neglected children as well
22 as meeting additional critical needs for children, juveniles and family, and
23 all sales of any such property by or on behalf of charitable family
24 providers for any such purpose; and all sales of tangible personal property
25 or services purchased by a contractor for the purpose of constructing,
26 maintaining, repairing, enlarging, furnishing or remodeling facilities for
27 the operation of services for charitable family providers for any such
28 purpose which would be exempt from taxation under the provisions of this
29 section if purchased directly by charitable family providers. Nothing in
30 this subsection shall be deemed to exempt the purchase of any construction
31 machinery, equipment or tools used in the constructing, maintaining,
32 repairing, enlarging, furnishing or remodeling such facilities for charitable
33 family providers. When charitable family providers contracts for the
34 purpose of constructing, maintaining, repairing, enlarging, furnishing or
35 remodeling such facilities, it shall obtain from the state and furnish to the
36 contractor an exemption certificate for the project involved, and the
37 contractor may purchase materials for incorporation in such project. The
38 contractor shall furnish the number of such certificate to all suppliers from
39 whom such purchases are made, and such suppliers shall execute invoices
40 covering the same bearing the number of such certificate. Upon
41 completion of the project the contractor shall furnish to charitable family
42 providers a sworn statement, on a form to be provided by the director of
43 taxation, that all purchases so made were entitled to exemption under this

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

20 (ttt) all sales of tangible personal property or services purchased by a
21 contractor for a project for the purpose of restoring, constructing,
22 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
23 remodeling a home or facility owned by a nonprofit museum that has been
24 granted an exemption pursuant to subsection (qq), which such home or
25 facility is located in a city that has been designated as a qualified
26 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
27 amendments thereto, and which such project is related to the purposes of
28 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
29 exempt from taxation under the provisions of this section if purchased
30 directly by such nonprofit museum. Nothing in this subsection shall be
31 deemed to exempt the purchase of any construction machinery, equipment
32 or tools used in the restoring, constructing, equipping, reconstructing,
33 maintaining, repairing, enlarging, furnishing or remodeling a home or
34 facility for any such nonprofit museum. When any such nonprofit museum
35 shall contract for the purpose of restoring, constructing, equipping,
36 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
37 a home or facility, it shall obtain from the state and furnish to the
38 contractor an exemption certificate for the project involved, and the
39 contractor may purchase materials for incorporation in such project. The
40 contractor shall furnish the number of such certificates to all suppliers
41 from whom such purchases are made, and such suppliers shall execute
42 invoices covering the same bearing the number of such certificate. Upon
43 completion of the project, the contractor shall furnish to such nonprofit

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

22 (uuu) all sales of tangible personal property and services purchased
23 by Kansas children's service league, hereinafter referred to as KCSL,
24 which is exempt from federal income taxation pursuant to section 501(c)
25 (3) of the federal internal revenue code of 1986, and which such property
26 and services are used for the purpose of providing for the prevention and
27 treatment of child abuse and maltreatment as well as meeting additional
28 critical needs for children, juveniles and family, and all sales of any such
29 property by or on behalf of KCSL for any such purpose; and all sales of
30 tangible personal property or services purchased by a contractor for the
31 purpose of constructing, maintaining, repairing, enlarging, furnishing or
32 remodeling facilities for the operation of services for KCSL for any such
33 purpose that would be exempt from taxation under the provisions of this
34 section if purchased directly by KCSL. Nothing in this subsection shall be
35 deemed to exempt the purchase of any construction machinery, equipment
36 or tools used in the constructing, maintaining, repairing, enlarging,
37 furnishing or remodeling such facilities for KCSL. When KCSL contracts
38 for the purpose of constructing, maintaining, repairing, enlarging,
39 furnishing or remodeling such facilities, it shall obtain from the state and
40 furnish to the contractor an exemption certificate for the project involved,
41 and the contractor may purchase materials for incorporation in such
42 project. The contractor shall furnish the number of such certificate to all
43 suppliers from whom such purchases are made, and such suppliers shall

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

24 (vvv) all sales of tangible personal property or services, including the
25 renting and leasing of tangible personal property or services, purchased by
26 jazz in the woods, inc., a Kansas corporation that is exempt from federal
27 income taxation pursuant to section 501(c)(3) of the federal internal
28 revenue code, for the purpose of providing jazz in the woods, an event
29 benefiting children-in-need and other nonprofit charities assisting such
30 children, and all sales of any such property by or on behalf of such
31 organization for such purpose;

32 (www) all sales of tangible personal property purchased by or on
33 behalf of the Frontenac education foundation, which is exempt from
34 federal income taxation pursuant to section 501(c)(3) of the federal
35 internal revenue code, for the purpose of providing education support for
36 students, and all sales of any such property by or on behalf of such
37 organization for such purpose;

38 (xxx) all sales of personal property and services purchased by the
39 booth theatre foundation, inc., an organization, which is exempt from
40 federal income taxation pursuant to section 501(c)(3) of the federal
41 internal revenue code of 1986, and which such personal property and
42 services are used by any such organization in the constructing, equipping,
43 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling

1 of the booth theatre, and all sales of tangible personal property or services
2 purchased by a contractor for the purpose of constructing, equipping,
3 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
4 the booth theatre for such organization, that would be exempt from
5 taxation under the provisions of this section if purchased directly by such
6 organization. Nothing in this subsection shall be deemed to exempt the
7 purchase of any construction machinery, equipment or tools used in the
8 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
9 furnishing or remodeling facilities for any such organization. When any
10 such organization shall contract for the purpose of constructing, equipping,
11 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
12 facilities, it shall obtain from the state and furnish to the contractor an
13 exemption certificate for the project involved, and the contractor may
14 purchase materials for incorporation in such project. The contractor shall
15 furnish the number of such certificate to all suppliers from whom such
16 purchases are made, and such suppliers shall execute invoices covering the
17 same bearing the number of such certificate. Upon completion of the
18 project the contractor shall furnish to such organization concerned a sworn
19 statement, on a form to be provided by the director of taxation, that all
20 purchases so made were entitled to exemption under this subsection. All
21 invoices shall be held by the contractor for a period of five years and shall
22 be subject to audit by the director of taxation. If any materials purchased
23 under such a certificate are found not to have been incorporated in such
24 facilities or not to have been returned for credit or the sales or
25 compensating tax otherwise imposed upon such materials that will not be
26 so incorporated in such facilities reported and paid by such contractor to
27 the director of taxation not later than the 20th day of the month following
28 the close of the month in which it shall be determined that such materials
29 will not be used for the purpose for which such certificate was issued, such
30 organization concerned shall be liable for tax on all materials purchased
31 for the project, and upon payment thereof it may recover the same from
32 the contractor together with reasonable attorney fees. Any contractor or
33 any agent, employee or subcontractor thereof, who shall use or otherwise
34 dispose of any materials purchased under such a certificate for any purpose
35 other than that for which such a certificate is issued without the payment
36 of the sales or compensating tax otherwise imposed upon such materials,
37 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
38 subject to the penalties provided for in K.S.A. 79-3615(h), and
39 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
40 to the effective date of this act upon the gross receipts received from any
41 sale which would have been exempted by the provisions of this subsection
42 had such sale occurred after the effective date of this act shall be refunded.
43 Each claim for a sales tax refund shall be verified and submitted to the

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

8 (yyy) all sales of tangible personal property and services purchased
9 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
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 encouraging private philanthropy
13 to further the vision, values, and goals of TLC for children and families,
14 inc.; and all sales of such property and services by or on behalf of TLC
15 charities for any such purpose and all sales of tangible personal property or
16 services purchased by a contractor for the purpose of constructing,
17 maintaining, repairing, enlarging, furnishing or remodeling facilities for
18 the operation of services for TLC charities for any such purpose that would
19 be exempt from taxation under the provisions of this section if purchased
20 directly by TLC charities. Nothing in this subsection shall be deemed to
21 exempt the purchase of any construction machinery, equipment or tools
22 used in the constructing, maintaining, repairing, enlarging, furnishing or
23 remodeling such facilities for TLC charities. When TLC charities 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 TLC
32 charities a sworn statement, on a form to be provided by the director of
33 taxation, that all purchases so made were entitled to exemption under this
34 subsection. All invoices shall be held by the contractor for a period of five
35 years and shall be subject to audit by the director of taxation. If any
36 materials purchased under such a certificate are found not to have been
37 incorporated in the building or other project or not to have been returned
38 for credit or the sales or compensating tax otherwise imposed upon such
39 materials that will not be incorporated into the building or other project
40 reported and paid by such contractor to the director of taxation not later
41 than the 20th day of the month following the close of the month in which it
42 shall be determined that such materials will not be used for the purpose for
43 which such certificate was issued, TLC charities shall be liable for tax on

1 all materials purchased for the project, and upon payment thereof it may
2 recover the same from the contractor together with reasonable attorney
3 fees. Any contractor or any agent, employee or subcontractor thereof, who
4 shall use or otherwise dispose of any materials purchased under such a
5 certificate for any purpose other than that for which such a certificate is
6 issued without the payment of the sales or compensating tax otherwise
7 imposed 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 (zzz) all sales of tangible personal property purchased by the rotary
11 club of shawnee foundation, which is exempt from federal income taxation
12 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
13 as amended, used for the purpose of providing contributions to community
14 service organizations and scholarships;

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

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

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

35 (dddd) all sales of tangible personal property or services purchased
36 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
37 of which are exempt from federal income taxation pursuant to section
38 501(c)(3) of the federal internal revenue code, for the purpose of providing
39 education, training and employment opportunities for people with
40 disabilities and other barriers to employment;

41 (eeee) all sales of tangible personal property or services purchased by
42 or on behalf of all American beef battalion, inc., which is exempt from
43 federal income taxation pursuant to section 501(c)(3) of the federal

1 internal revenue code, for the purpose of educating, promoting and
2 participating as a contact group through the beef cattle industry in order to
3 carry out such projects that provide support and morale to members of the
4 United States armed forces and military services;

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

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

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

10 (hhhh) all sales of tangible personal property or services purchased
11 on or after July 1, 2014, for the purpose of and in conjunction with
12 constructing, reconstructing, enlarging or remodeling a business identified
13 under the North American industry classification system (NAICS)
14 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
15 installation of machinery and equipment purchased for installation at any
16 such business. The exemption provided in this subsection shall not apply
17 to projects that have actual total costs less than \$50,000. When a person
18 contracts for the construction, reconstruction, enlargement or remodeling
19 of any such business, such person shall obtain from the state and furnish to
20 the contractor an exemption certificate for the project involved, and the
21 contractor may purchase materials, machinery and equipment for
22 incorporation in such project. The contractor shall furnish the number of
23 such certificates to all suppliers from whom such purchases are made, and
24 such suppliers shall execute invoices covering the same bearing the
25 number of such certificate. Upon completion of the project, the contractor
26 shall furnish to the owner of the business a sworn statement, on a form to
27 be provided by the director of taxation, that all purchases so made were
28 entitled to exemption under this subsection. All invoices shall be held by
29 the contractor for a period of five years and shall be subject to audit by the
30 director of taxation. Any contractor or any agent, employee or
31 subcontractor of the contractor, who shall use or otherwise dispose of any
32 materials, machinery or equipment purchased under such a certificate for
33 any purpose other than that for which such a certificate is issued without
34 the payment of the sales or compensating tax otherwise imposed thereon,
35 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
36 subject to the penalties provided for in K.S.A. 79-3615(h), and
37 amendments thereto;

38 (iiii) all sales of tangible personal property or services purchased by a
39 contractor for the purpose of constructing, maintaining, repairing,
40 enlarging, furnishing or remodeling facilities for the operation of services
41 for Wichita children's home for any such purpose that would be exempt
42 from taxation under the provisions of this section if purchased directly by
43 Wichita children's home. Nothing in this subsection shall be deemed to

1 exempt the purchase of any construction machinery, equipment or tools
2 used in the constructing, maintaining, repairing, enlarging, furnishing or
3 remodeling such facilities for Wichita children's home. When Wichita
4 children's home contracts for the purpose of constructing, maintaining,
5 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
6 from the state and furnish to the contractor an exemption certificate for the
7 project involved, and the contractor may purchase materials for
8 incorporation in such project. The contractor shall furnish the number of
9 such certificate 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 Wichita children's home a sworn statement, on a form to be
13 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. If any materials purchased under such a certificate are
17 found not to have been incorporated in the building or other project or not
18 to have been returned for credit or the sales or compensating tax otherwise
19 imposed upon such materials that will not be so incorporated in the
20 building or other project reported and paid by such contractor to the
21 director of taxation not later than the 20th day of the month following the
22 close of the month in which it shall be determined that such materials will
23 not be used for the purpose for which such certificate was issued, Wichita
24 children's home shall be liable for the tax on all materials purchased for the
25 project, and upon payment, it may recover the same from the contractor
26 together with reasonable attorney fees. Any contractor or any agent,
27 employee or subcontractor, who shall use or otherwise dispose of any
28 materials purchased under such a certificate for any purpose other than that
29 for which such a certificate is issued without the payment of the sales or
30 compensating tax otherwise imposed upon such materials, shall be guilty
31 of a misdemeanor and, upon conviction, shall be subject to the penalties
32 provided for in K.S.A. 79-3615(h), and amendments thereto;

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

38 (kkkk) all sales of tangible personal property and services purchased
39 by or on behalf of reaching out from within, inc., which is exempt from
40 federal income taxation pursuant to section 501(c)(3) of the federal
41 internal revenue code, for the purpose of sponsoring self-help programs for
42 incarcerated persons that will enable such incarcerated persons to become
43 role models for non-violence while in correctional facilities and productive

1 family members and citizens upon return to the community; ~~and~~
2 (III) all sales of tangible personal property and services purchased by
3 Gove county healthcare endowment foundation, inc., which is exempt
4 from federal income taxation pursuant to section 501(c)(3) of the federal
5 internal revenue code of 1986, and which such property and services are
6 used for the purpose of constructing and equipping an airport in Quinter,
7 Kansas, and all sales of tangible personal property or services purchased
8 by a contractor for the purpose of constructing and equipping an airport in
9 Quinter, Kansas, for such organization, that would be exempt from
10 taxation under the provisions of this section if purchased directly by such
11 organization. Nothing in this subsection shall be deemed to exempt the
12 purchase of any construction machinery, equipment or tools used in the
13 constructing or equipping of facilities for such organization. When such
14 organization shall contract for the purpose of constructing or equipping an
15 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
16 contractor an exemption certificate for the project involved, and the
17 contractor may purchase materials for incorporation in such project. The
18 contractor shall furnish the number of such certificate to all suppliers from
19 whom such purchases are made, and such suppliers shall execute invoices
20 covering the same bearing the number of such certificate. Upon
21 completion of the project, the contractor shall furnish to such organization
22 concerned a sworn statement, on a form to be provided by the director of
23 taxation, that all purchases so made were entitled to exemption under this
24 subsection. All invoices shall be held by the contractor for a period of five
25 years and shall be subject to audit by the director of taxation. If any
26 materials purchased under such a certificate are found not to have been
27 incorporated in such facilities or not to have been returned for credit or the
28 sales or compensating tax otherwise imposed upon such materials that will
29 not be so incorporated in such facilities reported and paid by such
30 contractor to the director of taxation no later than the 20th day of the month
31 following the close of the month in which it shall be determined that such
32 materials will not be used for the purpose for which such certificate was
33 issued, such organization concerned shall be liable for tax on all materials
34 purchased for the project, and upon payment thereof it may recover the
35 same from the contractor together with reasonable attorney fees. Any
36 contractor or any agent, employee or subcontractor thereof, who purchased
37 under such a certificate for any purpose other than that for which such a
38 certificate is issued without the payment of the sales or compensating tax
39 otherwise imposed upon such materials, shall be guilty of a misdemeanor
40 and, upon conviction therefor, shall be subject to the penalties provided for
41 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
42 subsection shall expire and have no effect on and after July 1, 2019; *and*
43 *(mmmm) on and after July 1, 2020, all back-to-school-related sales*

1 *of clothing or clothing accessories or equipment having a taxable value of*
2 *\$300 or less, school supplies, school instructional materials or school art*
3 *supplies not to exceed \$100 per item, prewritten computer software with a*
4 *taxable value of \$300 or less and personal computers or school computer*
5 *supplies not to exceed \$2,000, during the period beginning at 12:01 a.m.*
6 *on the first Thursday in August and ending at midnight on the Sunday*
7 *following. Only items priced below the price threshold established in this*
8 *subsection shall be exempt from taxation pursuant to this subsection. The*
9 *seller of items specified in this subsection is not required to obtain an*
10 *exemption certificate from the purchaser of such items as provided*
11 *pursuant to K.S.A. 79-3692, and amendments thereto, during the period of*
12 *time specified in this subsection. There shall be no exemption pursuant to*
13 *this subsection for only a portion of the price of an individual item. The*
14 *provisions of section 1, and amendments thereto, shall apply to the*
15 *exemption contained in this subsection.*

16 Sec. 3. K.S.A. 2018 Supp. 79-3606 is hereby repealed.

17 Sec. 4. This act shall take effect and be in force from and after its
18 publication in the statute book.