

HOUSE BILL No. 2487

By Representatives Sawyer, Gartner, Alcalá, Amyx, Ballard, Burroughs, Byers, Carlin, Carmichael, Clark, Clayton, Curtis, Fairchild, Featherston, Finney, Garber, Haswood, Helgerson, Henderson, Highberger, Hoye, Jacobs, Kuether, Lee, Meyer, Miller, Neighbor, Ohaebosim, Osman, Ousley, Poskin, Probst, L. Ruiz, S. Ruiz, Schmidt, Seiwert, Stogsdill, Vaughn, Victors, Weigel, Winn, Wolfe Moore, Woodard and Xu

1-14

1 AN ACT concerning taxation; relating to sales and compensating use tax;
2 providing a 0% state rate for sales of food and food ingredients and
3 providing for the levying of such tax by cities and counties; providing
4 for an exemption for sales of farm products sold at farmers' markets;
5 relating to income tax; discontinuing the nonrefundable food sales tax
6 credit; amending K.S.A. 79-32,271, 79-3620 and 79-3710 and K.S.A.
7 2021 Supp. 12-189a, 79-3602, 79-3603, 79-3606 and 79-3703 and
8 repealing the existing sections.
9

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

11 Section 1. K.S.A. 2021 Supp. 12-189a is hereby amended to read as
12 follows: 12-189a. The following sales shall be subject to the taxes levied
13 and collected by all cities and counties under the provisions of K.S.A. 12-
14 187 et seq., and amendments thereto:

15 (a) All sales of natural gas, electricity, heat and water delivered
16 through mains, lines or pipes to residential premises for noncommercial
17 use by the occupant of such premises and all sales of natural gas,
18 electricity, heat and water delivered through mains, lines or pipes for
19 agricultural use, except that effective January 1, 2006, the provisions of
20 this subsection shall expire for sales of water pursuant to this subsection;

21 (b) all sales of propane gas, LP-gas, coal, wood and other fuel sources
22 for the production of heat or lighting for noncommercial use of an
23 occupant of residential premises; ~~and~~

24 (c) all sales of intrastate telephone and telegraph services for
25 noncommercial use; *and*

26 (d) *all sales of food and food ingredients.*

27 Sec. 2. K.S.A. 79-32,271 is hereby amended to read as follows: 79-
28 32,271. (a) For any taxable year commencing after December 31, 2014,
29 *and ending prior to January 1, 2023*, a credit shall be allowed against the
30 tax imposed by the Kansas income tax act on the Kansas taxable income of
31 an individual income taxpayer who purchased food in this state, had
32 federal adjusted gross income for the tax year that did not exceed \$30,615,

1 and meets the qualifications in subsections (b) and (c).

2 (b) During the entire tax year a taxpayer filing single, head of
3 household, or married filing separate, or the taxpayer and the taxpayer's
4 spouse if married filing jointly, must be domiciled in this state. For
5 purposes of this credit, "domicile" shall not include any correctional
6 facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments
7 thereto, any juvenile correctional facility, or portion thereof, as defined in
8 K.S.A. 38-2302, and amendments thereto, any correctional facility of the
9 federal bureau of prisons located in the state of Kansas, or any city or
10 county jail facility in the state of Kansas.

11 (c) During the entire tax year a taxpayer filing single, head of
12 household, or married filing separate, or the taxpayer or the taxpayer's
13 spouse if married filing jointly, must be either: (1) A person having a
14 disability, regardless of age; (2) a person without a disability who is 55
15 years of age or older; or (3) a person without a disability who is younger
16 than 55 years of age who claims an exemption for one or more dependent
17 children under 18 years of age.

18 (d) The amount of the credit shall be \$125 for every exemption
19 claimed on the taxpayer's federal income tax return, except that no
20 exemption shall be counted for a dependent unless the dependent is a child
21 under 18 years of age.

22 (e) The credit allowed under this provision shall be applied against
23 the taxpayer's income tax liability after all other credits allowed under the
24 income tax act. It shall not be refundable and may not be carried forward.

25 (f) (1) Every taxpayer claiming the credit shall supply the division in
26 support of a claim, reasonable proof of domicile, age and disability.

27 (2) A claim alleging disability shall be supported by a report of the
28 examining physician of the claimant with a statement or certificate that the
29 applicant has a disability as defined in subsection (g).

30 (g) "Disability" means: (1) Inability to engage in any substantial
31 gainful activity by reason of any medically determinable physical or
32 mental impairment which can be expected to result in death or has lasted
33 or can be expected to last for a continuous period of not less than 12
34 months, and an individual shall be determined to be under a disability only
35 if the physical or mental impairment or impairments are of such severity
36 that the individual is not only unable to do the individual's previous work
37 but cannot, considering age, education and work experience, engage in any
38 other kind of substantial gainful work which exists in the national
39 economy, regardless of whether such work exists in the immediate area in
40 which the individual lives or whether a specific job vacancy exists for the
41 individual, or whether the individual would be hired if application was
42 made for work. For purposes of this paragraph, with respect to any
43 individual, "work which exists in the national economy" means work

1 which exists in significant numbers either in the region where the
2 individual lives or in several regions of the country; and "physical or
3 mental impairment" means an impairment that results from anatomical,
4 physiological or psychological abnormalities which are demonstrable by
5 medically acceptable clinical and laboratory diagnostic techniques; or

6 (2) blindness and inability by reason of blindness to engage in
7 substantial gainful activity requiring skills or abilities comparable to those
8 of any gainful activity in which the individual has previously engaged with
9 some regularity and over a substantial period of time. For purposes of this
10 paragraph, "blindness" means central visual acuity of $^{20}/_{200}$ or less in the
11 better eye with the use of a correcting lens. An eye which is accompanied
12 by a limitation in the fields of vision such that the widest diameter of the
13 visual field subtends an angle no greater than 20 degrees shall be
14 considered for the purpose of this paragraph as having a central visual
15 acuity of $^{20}/_{200}$ or less.

16 (h) The secretary of revenue is hereby authorized to adopt such rules
17 and regulations as may be necessary for the administration of the
18 provisions of this section.

19 Sec. 3. K.S.A. 2021 Supp. 79-3602 is hereby amended to read as
20 follows: 79-3602. Except as otherwise provided, as used in the Kansas
21 retailers' sales tax act:

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

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

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

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

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

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

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

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

1 (i) "Delivery charges" means charges by the seller of personal
2 property or services for preparation and delivery to a location designated
3 by the purchaser of personal property or services including, but not limited
4 to, transportation, shipping, postage, handling, crating and packing.
5 Delivery charges shall not include charges for delivery of direct mail if the
6 charges are separately stated on an invoice or similar billing document
7 given to the purchaser.

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

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

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

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

39 (n) "Food and food ingredients" means substances, whether in liquid,
40 concentrated, solid, frozen, dried or dehydrated form, that are sold for
41 ingestion or chewing by humans and are consumed for their taste or
42 nutritional value. *"Food and food ingredients" includes bottled water,
43 candy, dietary supplements, food sold through vending machines and soft*

1 *drinks*. "Food and food ingredients" does not include alcoholic beverages
2 or tobacco.

3 (o) "Gross receipts" means the total selling price or the amount
4 received as defined in this act, in money, credits, property or other
5 consideration valued in money from sales at retail within this state; and
6 embraced within the provisions of this act. The taxpayer, may take credit
7 in the report of gross receipts for: (1) An amount equal to the selling price
8 of property returned by the purchaser when the full sale price thereof,
9 including the tax collected, is refunded in cash or by credit; and (2) an
10 amount equal to the allowance given for the trade-in of property.

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

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

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

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

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

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

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

41 (q) "Isolated or occasional sale" means the nonrecurring sale of
42 tangible personal property, or services taxable hereunder by a person not
43 engaged at the time of such sale in the business of selling such property or

1 services. Any religious organization that makes a nonrecurring sale of
2 tangible personal property acquired for the purpose of resale shall be
3 deemed to be not engaged at the time of such sale in the business of selling
4 such property. Such term shall include:

5 (1) Any sale by a bank, savings and loan institution, credit union or
6 any finance company licensed under the provisions of the Kansas uniform
7 consumer credit code of tangible personal property that has been
8 repossessed by any such entity; and

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

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

17 (1) Lease or rental does not include:

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

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

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

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

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

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

42 (s) "Load and leave" means delivery to the purchaser by use of a
43 tangible storage media where the tangible storage media is not physically

1 transferred to the purchaser.

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

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

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

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

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

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

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

32 (aa) "Political subdivision" means any municipality, agency or
33 subdivision of the state that is, or shall hereafter be, authorized to levy
34 taxes upon tangible property within the state or that certifies a levy to a
35 municipality, agency or subdivision of the state that is, or shall hereafter
36 be, authorized to levy taxes upon tangible property within the state. Such
37 term also shall include any public building commission, housing, airport,
38 port, metropolitan transit or similar authority established pursuant to law
39 and the horsethief reservoir benefit district established pursuant to K.S.A.
40 82a-2201, and amendments thereto.

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

1 (cc) "Prewritten computer software" means computer software,
2 including prewritten upgrades, that is not designed and developed by the
3 author or other creator to the specifications of a specific purchaser. The
4 combining of two or more prewritten computer software programs or
5 prewritten portions thereof does not cause the combination to be other than
6 prewritten computer software. Prewritten computer software includes
7 software designed and developed by the author or other creator to the
8 specifications of a specific purchaser when it is sold to a person other than
9 the purchaser. Where a person modifies or enhances computer software of
10 which the person is not the author or creator, the person shall be deemed to
11 be the author or creator only of such person's modifications or
12 enhancements. Prewritten computer software or a prewritten portion
13 thereof that is modified or enhanced to any degree, where such
14 modification or enhancement is designed and developed to the
15 specifications of a specific purchaser, remains prewritten computer
16 software, except that where there is a reasonable, separately stated charge
17 or an invoice or other statement of the price given to the purchaser for
18 such modification or enhancement, such modification or enhancement
19 shall not constitute prewritten computer software.

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

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

25 (2) the providing of services;

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

28 (4) the storage or processing of grain by a public grain warehouse or
29 other grain storage facility, and which is not reusable for such purpose.

30 The following is a listing of tangible personal property, included by way of
31 illustration but not of limitation, that qualifies as property that is
32 consumed:

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

38 (B) electricity, gas and water; and

39 (C) petroleum products, lubricants, chemicals, solvents, reagents and
40 catalysts.

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

43 (ff) "Purchaser" means a person to whom a sale of personal property

1 is made or to whom a service is furnished.

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

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

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

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

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

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

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

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

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

37 (D) delivery charges; and

38 (E) installation charges.

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

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

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

3 (C) the amount of the consideration attributable to the sale is fixed
4 and determinable by the seller at the time of the sale of the item to the
5 purchaser; and

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

7 (i) The purchaser presents a coupon, certificate or other
8 documentation to the seller to claim a price reduction or discount where
9 the coupon, certificate or documentation is authorized, distributed or
10 granted by a third party with the understanding that the third party will
11 reimburse any seller to whom the coupon, certificate or documentation is
12 presented;

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

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

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

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

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

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

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

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

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

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

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

1 retail sale.

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

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

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

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

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

17 (1) A drug facts panel; or

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

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

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

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

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

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

42 (zz) "Voice mail service" means an ancillary service that enables the
43 customer to store, send or receive recorded messages. Voice mail service

1 does not include any vertical services that the customer may be required to
2 have in order to utilize the voice mail service.

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

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

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

20 (3) tangible personal property;

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

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

23 (6) internet access service;

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

31 (8) ancillary services; or

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

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

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

1 product sold by the subscriber to the subscriber's customer. The service is
2 typically marketed under the name 900 service, and any subsequent
3 numbers designated by the federal communications commission.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (mmm) *"Dietary supplement" means the same as defined in K.S.A.*
17 *79-3606(jjj), and amendments thereto.*

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

20 (ooo) (1) *"Prepared food" means:*

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

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

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

28 (2) *"Prepared food" does not include:*

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

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

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

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

39 Sec. 4. K.S.A. 2021 Supp. 79-3603 is hereby amended to read as
40 follows: 79-3603. For the privilege of engaging in the business of selling
41 tangible personal property at retail in this state or rendering or furnishing
42 any of the services taxable under this act, there is hereby levied and there
43 shall be collected and paid a tax at the rate of 6.5%. On and after July 1,

1 2021 2022, ~~16.154%~~ 18.222% of the 6.5% rate imposed shall be levied for
2 the state highway fund, the state highway fund purposes and those
3 purposes specified in K.S.A. 68-416, and amendments thereto, and all
4 revenue collected and received from such tax levy shall be deposited in the
5 state highway fund.

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

12 *Such tax shall be imposed upon:*

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

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

28 (c) the gross receipts from the sale or furnishing of gas, water,
29 electricity and heat, which sale is not otherwise exempt from taxation
30 under the provisions of this act, and whether furnished by municipally or
31 privately owned utilities, except that, on and after January 1, 2006, for
32 sales of gas, electricity and heat delivered through mains, lines or pipes to
33 residential premises for noncommercial use by the occupant of such
34 premises, and for agricultural use and also, for such use, all sales of
35 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
36 gas, coal, wood and other fuel sources for the production of heat or
37 lighting for noncommercial use of an occupant of residential premises, the
38 state rate shall be 0%, but such tax shall not be levied and collected upon
39 the gross receipts from: (1) The sale of a rural water district benefit unit;
40 (2) a water system impact fee, system enhancement fee or similar fee
41 collected by a water supplier as a condition for establishing service; or (3)
42 connection or reconnection fees collected by a water supplier;

43 (d) the gross receipts from the sale of meals or drinks furnished at any

1 private club, drinking establishment, catered event, restaurant, eating
2 house, dining car, hotel, drugstore or other place where meals or drinks are
3 regularly sold to the public;

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

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

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

19 (h) the gross receipts from the service of renting or leasing of tangible
20 personal property except such tax shall not apply to the renting or leasing
21 of machinery, equipment or other personal property owned by a city and
22 purchased from the proceeds of industrial revenue bonds issued prior to
23 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
24 12-1749, and amendments thereto, and any city or lessee renting or leasing
25 such machinery, equipment or other personal property purchased with the
26 proceeds of such bonds who shall have paid a tax under the provisions of
27 this section upon sales made prior to July 1, 1973, shall be entitled to a
28 refund from the sales tax refund fund of all taxes paid thereon;

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

32 (j) the gross receipts from the rendering of the services of washing
33 and washing and waxing of vehicles;

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

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

41 (2) Any such contractor, subcontractor or repairman who maintains
42 an inventory of such property both for sale at retail and for use by them for
43 the purposes described by paragraph (1) shall be deemed a retailer with

1 respect to purchases for and sales from such inventory, except that the
2 gross receipts received from any such sale, other than a sale at retail, shall
3 be equal to the total purchase price paid for such property and the tax
4 imposed thereon shall be paid by the deemed retailer;

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

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

29 (o) the gross receipts received from the isolated or occasional sale of
30 motor vehicles or trailers but not including: (1) The transfer of motor
31 vehicles or trailers by a person to a corporation or limited liability
32 company solely in exchange for stock securities or membership interest in
33 such corporation or limited liability company; (2) the transfer of motor
34 vehicles or trailers by one corporation or limited liability company to
35 another when all of the assets of such corporation or limited liability
36 company are transferred to such other corporation or limited liability
37 company; or (3) the sale of motor vehicles or trailers which are subject to
38 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
39 amendments thereto, by an immediate family member to another
40 immediate family member. For the purposes of paragraph (3), immediate
41 family member means lineal ascendants or descendants, and their spouses.
42 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
43 on the isolated or occasional sale of motor vehicles or trailers on and after

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

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

31 For the purposes of this subsection:

32 (1) "Original construction"—~~shall mean~~ *means* the first or initial
33 construction of a new building or facility. The term "original construction"
34 shall include the addition of an entire room or floor to any existing
35 building or facility, the completion of any unfinished portion of any
36 existing building or facility and the restoration, reconstruction or
37 replacement of a building, facility or utility structure damaged or
38 destroyed by fire, flood, tornado, lightning, explosion, windstorm, ice
39 loading and attendant winds, terrorism or earthquake, but such term,
40 except with regard to a residence, shall not include replacement,
41 remodeling, restoration, renovation or reconstruction under any other
42 circumstances;

43 (2) "building"—~~shall mean~~ *means* only those enclosures within which

1 individuals customarily are employed, or which are customarily used to
2 house machinery, equipment or other property, and including the land
3 improvements immediately surrounding such building;

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

10 (4) "residence"~~shall mean~~ *means* only those enclosures within which
11 individuals customarily live;

12 (5) "utility structure"~~shall mean~~ *means* transmission and distribution
13 lines owned by an independent transmission company or cooperative, the
14 Kansas electric transmission authority or natural gas or electric public
15 utility; and

16 (6) "windstorm"~~shall mean~~ *means* straight line winds of at least 80
17 miles per hour as determined by a recognized meteorological reporting
18 agency or organization;

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

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

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

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

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

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

43 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-

1 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
2 pursuant to this section; and

3 *(x) (1) commencing on July 1, 2022, and thereafter, the state rate*
4 *shall be 0% on the gross receipts from the sale of food and food*
5 *ingredients.*

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

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

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

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

15 *(C) bakery items, including bread, rolls, buns, biscuits, bagels,*
16 *croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,*
17 *cookies and tortillas; or*

18 *(D) food sold that ordinarily requires additional cooking, as opposed*
19 *to just reheating, by the consumer prior to consumption.*

20 Sec. 5. K.S.A. 2021 Supp. 79-3606 is hereby amended to read as
21 follows: 79-3606. The following shall be exempt from the tax imposed by
22 this act:

23 (a) All sales of motor-vehicle fuel or other articles upon which a sales
24 or excise tax has been paid, not subject to refund, under the laws of this
25 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
26 3301, and amendments thereto, including consumable material for such
27 electronic cigarettes, cereal malt beverages and malt products as defined
28 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
29 malt syrup and malt extract, that is not subject to taxation under the
30 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
31 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
32 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
33 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
34 thereto, and gross receipts from regulated sports contests taxed pursuant to
35 the Kansas professional regulated sports act, and amendments thereto;

36 (b) all sales of tangible personal property or service, including the
37 renting and leasing of tangible personal property, purchased directly by the
38 state of Kansas, a political subdivision thereof, other than a school or
39 educational institution, or purchased by a public or private nonprofit
40 hospital, public hospital authority, nonprofit blood, tissue or organ bank or
41 nonprofit integrated community care organization and used exclusively for
42 state, political subdivision, hospital, public hospital authority, nonprofit
43 blood, tissue or organ bank or nonprofit integrated community care

1 organization purposes, except when: (1) Such state, hospital or public
2 hospital authority is engaged or proposes to engage in any business
3 specifically taxable under the provisions of this act and such items of
4 tangible personal property or service are used or proposed to be used in
5 such business; or (2) such political subdivision is engaged or proposes to
6 engage in the business of furnishing gas, electricity or heat to others and
7 such items of personal property or service are used or proposed to be used
8 in such business;

9 (c) all sales of tangible personal property or services, including the
10 renting and leasing of tangible personal property, purchased directly by a
11 public or private elementary or secondary school or public or private
12 nonprofit educational institution and used primarily by such school or
13 institution for nonsectarian programs and activities provided or sponsored
14 by such school or institution or in the erection, repair or enlargement of
15 buildings to be used for such purposes. The exemption herein provided
16 shall not apply to erection, construction, repair, enlargement or equipment
17 of buildings used primarily for human habitation, except that such
18 exemption shall apply to the erection, construction, repair, enlargement or
19 equipment of buildings used for human habitation by the cerebral palsy
20 research foundation of Kansas located in Wichita, Kansas, and multi
21 community diversified services, incorporated, located in McPherson,
22 Kansas;

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

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

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

9 (e) all sales of tangible personal property or services purchased by a
10 contractor for the erection, repair or enlargement of buildings or other
11 projects for the government of the United States, its agencies or
12 instrumentalities, that would be exempt from taxation if purchased directly
13 by the government of the United States, its agencies or instrumentalities.
14 When the government of the United States, its agencies or
15 instrumentalities shall contract for the erection, repair, or enlargement of
16 any building or other project, it shall obtain from the state and furnish to
17 the contractor an exemption certificate for the project involved, and the
18 contractor may purchase materials for incorporation in such project. The
19 contractor shall furnish the number of such certificates to all suppliers
20 from whom such purchases are made, and such suppliers shall execute
21 invoices covering the same bearing the number of such certificate. Upon
22 completion of the project the contractor shall furnish to the government of
23 the United States, its agencies or instrumentalities concerned a sworn
24 statement, on a form to be provided by the director of taxation, that all
25 purchases so made were entitled to exemption under this subsection. As an
26 alternative to the foregoing procedure, any such contracting entity may
27 apply to the secretary of revenue for agent status for the sole purpose of
28 issuing and furnishing project exemption certificates to contractors
29 pursuant to rules and regulations adopted by the secretary establishing
30 conditions and standards for the granting and maintaining of such status.
31 All invoices shall be held by the contractor for a period of five years and
32 shall be subject to audit by the director of taxation. Any contractor or any
33 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;

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

43 (g) sales of aircraft including remanufactured and modified aircraft

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

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

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

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

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

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

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

36 (n) all sales of tangible personal property that is consumed in the
37 production, manufacture, processing, mining, drilling, refining or
38 compounding of tangible personal property, the treating of by-products or
39 wastes derived from any such production process, the providing of
40 services or the irrigation of crops for ultimate sale at retail within or
41 without the state of Kansas; and any purchaser of such property may
42 obtain from the director of taxation and furnish to the supplier an
43 exemption certificate number for tangible personal property for

1 consumption in such production, manufacture, processing, mining,
2 drilling, refining, compounding, treating, irrigation and in providing such
3 services;

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

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

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

27 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
28 enteral feeding systems, prosthetic devices and mobility enhancing
29 equipment prescribed in writing by a person licensed to practice the
30 healing arts, dentistry or optometry, and in addition to such sales, all sales
31 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
32 and repair and replacement parts therefor, including batteries, by a person
33 licensed in the practice of dispensing and fitting hearing aids pursuant to
34 the provisions of K.S.A. 74-5808, and amendments thereto. For the
35 purposes of this subsection: (1) "Mobility enhancing equipment" means
36 equipment including repair and replacement parts to same, but does not
37 include durable medical equipment, which is primarily and customarily
38 used to provide or increase the ability to move from one place to another
39 and which is appropriate for use either in a home or a motor vehicle; is not
40 generally used by persons with normal mobility; and does not include any
41 motor vehicle or equipment on a motor vehicle normally provided by a
42 motor vehicle manufacturer; and (2) "prosthetic device" means a
43 replacement, corrective or supportive device including repair and

1 replacement parts for same worn on or in the body to artificially replace a
2 missing portion of the body, prevent or correct physical deformity or
3 malfunction or support a weak or deformed portion of the body;

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

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

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

43 (v) all sales of tangible personal property to any contractor for use in

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

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

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

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

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

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

40 (bb) all sales of used mobile homes or manufactured homes. As used
41 in this subsection: (1) "Mobile homes" and "manufactured homes" mean
42 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)
43 "sales of used mobile homes or manufactured homes" means sales other

1 than the original retail sale thereof;

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

1 be effective for a two-year period or for the term of the project, whichever
2 occurs earlier;

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

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

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

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

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

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

34 (jj) all sales of tangible personal property or services, including the
35 renting and leasing of tangible personal property, purchased directly on
36 behalf of a community-based facility for people with intellectual disability
37 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
38 amendments thereto, and licensed in accordance with the provisions of
39 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
40 personal property or services purchased by contractors during the time
41 period from July, 2003, through June, 2006, for the purpose of
42 constructing, equipping, maintaining or furnishing a new facility for a
43 community-based facility for people with intellectual disability or mental

1 health center located in Riverton, Cherokee County, Kansas, that would
2 have been eligible for sales tax exemption pursuant to this subsection if
3 purchased directly by such facility or center. This exemption shall not
4 apply to tangible personal property customarily used for human habitation
5 purposes;

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

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

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

13 (2) For purposes of this subsection:

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

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

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

38 (D) "manufacturing or processing business" means a business that
39 utilizes an integrated production operation to manufacture, process,
40 fabricate, finish or assemble items for wholesale and retail distribution as
41 part of what is commonly regarded by the general public as an industrial
42 manufacturing or processing operation or an agricultural commodity
43 processing operation. (i) Industrial manufacturing or processing operations

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

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

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

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

40 (A) ~~To~~ Receive, transport, convey, handle, treat or store raw materials
41 in preparation of its placement on the production line;

42 (B) ~~to~~ transport, convey, handle or store the property undergoing
43 manufacturing or processing at any point from the beginning of the

1 production line through any warehousing or distribution operation of the
2 final product that occurs at the plant or facility;

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

5 (D) ~~to~~guide, control or direct the movement of property undergoing
6 manufacturing or processing;

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

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

14 (G) ~~to~~produce energy for, lubricate, control the operating of or
15 otherwise enable the functioning of other production machinery and
16 equipment and the continuation of production operations;

17 (H) ~~to~~package the property being manufactured or processed in a
18 container or wrapping in which such property is normally sold or
19 transported;

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

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

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

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

34 (M) ~~to~~control pollution at the plant or facility where the pollution is
35 produced by the manufacturing or processing operation.

36 (4) The following machinery, equipment and materials shall be
37 deemed to be exempt even though it may not otherwise qualify as
38 machinery and equipment used as an integral or essential part of an
39 integrated production operation: (A) Computers and related peripheral
40 equipment that are utilized by a manufacturing or processing business for
41 engineering of the finished product or for research and development or
42 product design; (B) machinery and equipment that is utilized by a
43 manufacturing or processing business to manufacture or rebuild tangible

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

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

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

25 (B) machinery, equipment and tools used primarily in maintaining
26 and repairing any type of machinery and equipment or the building and
27 plant;

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

33 (D) office machines and equipment including computers and related
34 peripheral equipment not used directly and primarily to control or measure
35 the manufacturing process;

36 (E) furniture and other furnishings;

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

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

43 (H) machinery and equipment used for general plant heating, cooling

1 and lighting;

2 (I) motor vehicles that are registered for operation on public
3 highways; or

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

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

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

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

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

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

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

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

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

43 (rr) all sales of tangible personal property that will admit the

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (9) the heartstrings community foundation for the purpose of
12 providing training, employment and activities for adults with
13 developmental disabilities;

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

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

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

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

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

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

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

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

43 (18) the Ottawa Suzuki strings, inc., for the purpose of providing

1 students and families with education and resources necessary to enable
2 each child to develop fine character and musical ability to the fullest
3 potential;

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

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

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

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

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

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

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

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

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

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

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

40 (aaa) all sales of tangible personal property and services purchased by
41 a religious organization that is exempt from federal income taxation
42 pursuant to section 501(c)(3) of the federal internal revenue code, and used
43 exclusively for religious purposes, and all sales of tangible personal

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

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

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

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

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

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

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

32 (fff) all sales of material handling equipment, racking systems and
33 other related machinery and equipment that is used for the handling,
34 movement or storage of tangible personal property in a warehouse or
35 distribution facility in this state; all sales of installation, repair and
36 maintenance services performed on such machinery and equipment; and
37 all sales of repair and replacement parts for such machinery and
38 equipment. For purposes of this subsection, a warehouse or distribution
39 facility means a single, fixed location that consists of buildings or
40 structures in a contiguous area where storage or distribution operations are
41 conducted that are separate and apart from the business' retail operations,
42 if any, and that do not otherwise qualify for exemption as occurring at a
43 manufacturing or processing plant or facility. Material handling and

1 storage equipment shall include aeration, dust control, cleaning, handling
2 and other such equipment that is used in a public grain warehouse or other
3 commercial grain storage facility, whether used for grain handling, grain
4 storage, grain refining or processing, or other grain treatment operation;

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

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

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

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

28 (jjj) all sales of dietary supplements dispensed pursuant to a
29 prescription order by a licensed practitioner or a mid-level practitioner as
30 defined by K.S.A. 65-1626, and amendments thereto. As used in this
31 subsection, "dietary supplement" means any product, other than tobacco,
32 intended to supplement the diet that: (1) Contains one or more of the
33 following dietary ingredients: A vitamin, a mineral, an herb or other
34 botanical, an amino acid, a dietary substance for use by humans to
35 supplement the diet by increasing the total dietary intake or a concentrate,
36 metabolite, constituent, extract or combination of any such ingredient; (2)
37 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or
38 liquid form, or if not intended for ingestion, in such a form, is not
39 represented as conventional food and is not represented for use as a sole
40 item of a meal or of the diet; and (3) is required to be labeled as a dietary
41 supplement, identifiable by the supplemental facts box found on the label
42 and as required pursuant to 21 C.F.R. § 101.36;

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

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

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

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

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

24 (ppp) all sales of tangible personal property and services purchased
25 by or on behalf of a homeless shelter that is exempt from federal income
26 taxation pursuant to section 501(c)(3) of the federal income tax code of
27 1986, and used by any such homeless shelter to provide emergency and
28 transitional housing for individuals and families experiencing
29 homelessness, and all sales of any such property by or on behalf of any
30 such homeless shelter for any such purpose;

31 (qqq) all sales of tangible personal property and services purchased
32 by TLC for children and families, inc., hereinafter referred to as TLC,
33 which is exempt from federal income taxation pursuant to section 501(c)
34 (3) of the federal internal revenue code of 1986, and such property and
35 services are used for the purpose of providing emergency shelter and
36 treatment for abused and neglected children as well as meeting additional
37 critical needs for children, juveniles and family, and all sales of any such
38 property by or on behalf of TLC for any such purpose; and all sales of
39 tangible personal property or services purchased by a contractor for the
40 purpose of constructing, maintaining, repairing, enlarging, furnishing or
41 remodeling facilities for the operation of services for TLC for any such
42 purpose that would be exempt from taxation under the provisions of this
43 section if purchased directly by TLC. Nothing in this subsection shall be

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

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

41 (sss) all sales of tangible personal property and services purchased by
42 catholic charities or youthville, hereinafter referred to as charitable family
43 providers, which is exempt from federal income taxation pursuant to

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

1 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;
2 (ttt) all sales of tangible personal property or services purchased by a
3 contractor for a project for the purpose of restoring, constructing,
4 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
5 remodeling a home or facility owned by a nonprofit museum that has been
6 granted an exemption pursuant to subsection (qq), which such home or
7 facility is located in a city that has been designated as a qualified
8 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
9 amendments thereto, and which such project is related to the purposes of
10 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
11 exempt from taxation under the provisions of this section if purchased
12 directly by such nonprofit museum. Nothing in this subsection shall be
13 deemed to exempt the purchase of any construction machinery, equipment
14 or tools used in the restoring, constructing, equipping, reconstructing,
15 maintaining, repairing, enlarging, furnishing or remodeling a home or
16 facility for any such nonprofit museum. When any such nonprofit museum
17 shall contract for the purpose of restoring, constructing, equipping,
18 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
19 a home or facility, it shall obtain from the state and furnish to the
20 contractor an exemption certificate for the project involved, and the
21 contractor may purchase materials for incorporation in such project. The
22 contractor shall furnish the number of such certificates to all suppliers
23 from whom such purchases are made, and such suppliers shall execute
24 invoices covering the same bearing the number of such certificate. Upon
25 completion of the project, the contractor shall furnish to such nonprofit
26 museum a sworn statement on a form to be provided by the director of
27 taxation that all purchases so made were entitled to exemption under this
28 subsection. All invoices shall be held by the contractor for a period of five
29 years and shall be subject to audit by the director of taxation. If any
30 materials purchased under such a certificate are found not to have been
31 incorporated in the building or other project or not to have been returned
32 for credit or the sales or compensating tax otherwise imposed upon such
33 materials that will not be so incorporated in a home or facility or other
34 project reported and paid by such contractor to the director of taxation not
35 later than the 20th day of the month following the close of the month in
36 which it shall be determined that such materials will not be used for the
37 purpose for which such certificate was issued, such nonprofit museum
38 shall be liable for tax on all materials purchased for the project, and upon
39 payment thereof it may recover the same from the contractor together with
40 reasonable attorney fees. Any contractor or any agent, employee or
41 subcontractor thereof, who shall use or otherwise dispose of any materials
42 purchased under such a certificate for any purpose other than that for
43 which such a certificate is issued without the payment of the sales or

1 compensating tax otherwise imposed upon such materials, shall be guilty
2 of a misdemeanor and, upon conviction therefor, shall be subject to the
3 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

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

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

33 (yyy) all sales of tangible personal property and services purchased
34 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
35 which is exempt from federal income taxation pursuant to section 501(c)
36 (3) of the federal internal revenue code of 1986, and which such property
37 and services are used for the purpose of encouraging private philanthropy
38 to further the vision, values, and goals of TLC for children and families,
39 inc.; and all sales of such property and services by or on behalf of TLC
40 charities for any such purpose and all sales of tangible personal property or
41 services purchased by a contractor for the purpose of constructing,
42 maintaining, repairing, enlarging, furnishing or remodeling facilities for
43 the operation of services for TLC charities for any such purpose that would

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

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

40 (aaaa) all sales of personal property and services purchased by or on
41 behalf of victory in the valley, inc., which is exempt from federal income
42 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
43 for the purpose of providing a cancer support group and services for

1 persons with cancer, and all sales of any such property by or on behalf of
2 any such organization for any such purpose;

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

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

17 (dddd) all sales of tangible personal property or services purchased
18 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
19 of which are exempt from federal income taxation pursuant to section
20 501(c)(3) of the federal internal revenue code, for the purpose of providing
21 education, training and employment opportunities for people with
22 disabilities and other barriers to employment;

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

30 (ffff) all sales of tangible personal property and services purchased by
31 sheltered living, inc., which is exempt from federal income taxation
32 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
33 and which such property and services are used for the purpose of
34 providing residential and day services for people with developmental
35 disabilities or intellectual disability, or both, and all sales of any such
36 property by or on behalf of sheltered living, inc., for any such purpose; and
37 all sales of tangible personal property or services purchased by a
38 contractor for the purpose of rehabilitating, constructing, maintaining,
39 repairing, enlarging, furnishing or remodeling homes and facilities for
40 sheltered living, inc., for any such purpose that would be exempt from
41 taxation under the provisions of this section if purchased directly by
42 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
43 the purchase of any construction machinery, equipment or tools used in the

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

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

35 (hhhh) all sales of tangible personal property or services purchased
36 on or after July 1, 2014, for the purpose of and in conjunction with
37 constructing, reconstructing, enlarging or remodeling a business identified
38 under the North American industry classification system (NAICS)
39 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
40 installation of machinery and equipment purchased for installation at any
41 such business. The exemption provided in this subsection shall not apply
42 to projects that have actual total costs less than \$50,000. When a person
43 contracts for the construction, reconstruction, enlargement or remodeling

1 of any such business, such person shall obtain from the state and furnish to
2 the contractor an exemption certificate for the project involved, and the
3 contractor may purchase materials, machinery and equipment for
4 incorporation in such project. The contractor shall furnish the number of
5 such certificates to all suppliers from whom such purchases are made, and
6 such suppliers shall execute invoices covering the same bearing the
7 number of such certificate. Upon completion of the project, the contractor
8 shall furnish to the owner of the business a sworn statement, on a form to
9 be provided by the director of taxation, that all purchases so made were
10 entitled to exemption under this subsection. All invoices shall be held by
11 the contractor for a period of five years and shall be subject to audit by the
12 director of taxation. Any contractor or any agent, employee or
13 subcontractor of the contractor, who shall use or otherwise dispose of any
14 materials, machinery or equipment purchased under such a certificate for
15 any purpose other than that for which such a certificate is issued without
16 the payment of the sales or compensating tax otherwise imposed thereon,
17 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
18 subject to the penalties provided for in K.S.A. 79-3615(h), and
19 amendments thereto;

20 (iiii) all sales of tangible personal property or services purchased by a
21 contractor for the purpose of constructing, maintaining, repairing,
22 enlarging, furnishing or remodeling facilities for the operation of services
23 for Wichita children's home for any such purpose that would be exempt
24 from taxation under the provisions of this section if purchased directly by
25 Wichita children's home. Nothing in this subsection shall be deemed to
26 exempt the purchase of any construction machinery, equipment or tools
27 used in the constructing, maintaining, repairing, enlarging, furnishing or
28 remodeling such facilities for Wichita children's home. When Wichita
29 children's home contracts for the purpose of constructing, maintaining,
30 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
31 from the state and furnish to the contractor an exemption certificate for the
32 project involved, and the contractor may purchase materials for
33 incorporation in such project. The contractor shall furnish the number of
34 such certificate to all suppliers from whom such purchases are made, and
35 such suppliers shall execute invoices covering the same bearing the
36 number of such certificate. Upon completion of the project, the contractor
37 shall furnish to Wichita children's home a sworn statement, on a form to be
38 provided by the director of taxation, that all purchases so made were
39 entitled to exemption under this subsection. All invoices shall be held by
40 the contractor for a period of five years and shall be subject to audit by the
41 director of taxation. If any materials purchased under such a certificate are
42 found not to have been incorporated in the building or other project or not
43 to have been returned for credit or the sales or compensating tax otherwise

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

15 (jjjj) all sales of tangible personal property or services purchased by
16 or on behalf of the beacon, inc., that 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 those desiring help with food, shelter, clothing
19 and other necessities of life during times of special need;

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

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

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

25 (mmmm) all sales of gold or silver coins; and palladium, platinum,
26 gold or silver bullion. For the purposes of this subsection, "bullion" means
27 bars, ingots or commemorative medallions of gold, silver, platinum,
28 palladium, or a combination thereof, for which the value of the metal
29 depends on its content and not the form; ~~and~~

30 (nnnn) all sales of tangible personal property or services purchased
31 by friends of hospice of Jefferson county, an organization that is exempt
32 from federal income taxation pursuant to section 501(c)(3) of the federal
33 internal revenue code of 1986, for the purpose of providing support to the
34 Jefferson county hospice agency in end-of-life care of Jefferson county
35 families, friends and neighbors, and all sales of entry or participation fees,
36 charges or tickets by friends of hospice of Jefferson county for such
37 organization's fundraising event for such purpose; *and*

38 (oooo) *all sales of farm products sold at a farmers' market. For*
39 *purposes of this subsection:*

40 (1) *"Farm products" means any fresh fruits, vegetables, mushrooms,*
41 *nuts, shell eggs, honey or other bee products, maple syrup or maple sugar,*
42 *flowers, nursery stock and other horticultural commodities, livestock food*
43 *products, including meat, milk, cheese and other dairy products, food*

1 products of "aquaculture" as defined in K.S.A. 47-1901, and amendments
2 thereto, including fish, oysters, clams, mussels and other molluscan
3 shellfish taken from the waters of the state, products from any tree, vine, or
4 plant and other flowers, or any of the products listed in this subsection
5 that have been processed by the participating farmer, including, but not
6 limited to, baked goods made with farm products; and

7 (2) "farmers' market" means an individual farmer or a cooperative or
8 nonprofit enterprise or association that consistently occupies a given site
9 throughout the season, which operates principally as a common
10 marketplace for an individual farmer or a group of farmers to sell farm
11 products directly to consumers, and where the products sold are produced
12 by the participating farmers with the sole intent and purpose of generating
13 a portion of household income.

14 Sec. 6. K.S.A. 79-3620 is hereby amended to read as follows: 79-
15 3620. (a) All revenue collected or received by the director of taxation from
16 the taxes imposed by this act shall be remitted to the state treasurer in
17 accordance with the provisions of K.S.A. 75-4215, and amendments
18 thereto. Upon receipt of each such remittance, the state treasurer shall
19 deposit the entire amount in the state treasury, less amounts withheld as
20 provided in subsection (b) and amounts credited as provided in subsections
21 (c), (d) and (e), to the credit of the state general fund.

22 (b) A refund fund, designated as "sales tax refund fund" not to exceed
23 \$100,000 shall be set apart and maintained by the director from sales tax
24 collections and estimated tax collections and held by the state treasurer for
25 prompt payment of all sales tax refunds. Such fund shall be in such
26 amount, within the limit set by this section, as the director shall determine
27 is necessary to meet current refunding requirements under this act. In the
28 event such fund as established by this section is, at any time, insufficient to
29 provide for the payment of refunds due claimants thereof, the director shall
30 certify the amount of additional funds required to the director of accounts
31 and reports who shall promptly transfer the required amount from the state
32 general fund to the sales tax refund fund, and notify the state treasurer,
33 who shall make proper entry in the records.

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

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

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

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

11 ~~(5) On July 1, 2015, the state treasurer shall credit 16.226% of the~~
12 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
13 ~~and amendments thereto, at the rate of 6.5%, and deposited as provided by~~
14 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
15 ~~the state highway fund.~~

16 ~~(6) On July 1, 2016, and thereafter, the state treasurer shall credit~~
17 ~~16.154% of the revenue collected and received from the tax imposed by~~
18 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and~~
19 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
20 ~~pursuant to subsection (d), in the state highway fund.~~

21 *(2) On July 1, 2022, and thereafter, the state treasurer shall credit*
22 *18.222% of the revenue collected and received from the tax imposed by*
23 *K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and*
24 *deposited as provided by subsection (a), exclusive of amounts credited*
25 *pursuant to subsection (d), in the state highway fund.*

26 (d) The state treasurer shall credit all revenue collected or received
27 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
28 certified by the director, from taxpayers doing business within that portion
29 of a STAR bond project district occupied by a STAR bond project or
30 taxpayers doing business with such entity financed by a STAR bond
31 project as defined in K.S.A. 2021 Supp. 12-17,162, and amendments
32 thereto, that was determined by the secretary of commerce to be of
33 statewide as well as local importance or will create a major tourism area
34 for the state or the project was designated as a STAR bond project as
35 defined in K.S.A. 2021 Supp. 12-17,162, and amendments thereto, to the
36 city bond finance fund, which fund is hereby created. The provisions of
37 this subsection shall expire when the total of all amounts credited
38 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is
39 sufficient to retire the special obligation bonds issued for the purpose of
40 financing all or a portion of the costs of such STAR bond project.

41 (e) All revenue certified by the director of taxation as having been
42 collected or received from the tax imposed by K.S.A. 79-3603(c), and
43 amendments thereto, on the sale or furnishing of gas, water, electricity and

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

29 Sec. 7. K.S.A. 2021 Supp. 79-3703 is hereby amended to read as
30 follows: 79-3703. (a) There is hereby levied and there shall be collected
31 from every person in this state a tax or excise for the privilege of using,
32 storing, or consuming within this state any article of tangible personal
33 property. Such tax shall be levied and collected in an amount equal to the
34 consideration paid by the taxpayer multiplied by the rate of 6.5%.

35 (b) *Commencing on July 1, 2022, and thereafter, the state rate shall*
36 *be 0% on the consideration paid by the taxpayer from the sale of food and*
37 *food ingredients as provided in K.S.A. 79-3603, and amendments thereto.*

38 (c) On and after July 1, ~~2021~~ 2022, ~~16.154%~~ 18.222% at the 6.5%
39 rate imposed shall be levied for the state highway fund, the state highway
40 fund purposes and those purposes specified in K.S.A. 68-416, and
41 amendments thereto, and all revenue collected and received from such tax
42 levy shall be deposited in the state highway fund.

43 (d) Within a redevelopment district established pursuant to K.S.A.

1 74-8921, and amendments thereto, there is hereby levied and there shall be
2 collected and paid an additional tax of 2% until the earlier of: (1) The date
3 the bonds issued to finance or refinance the redevelopment project
4 undertaken in the district have been paid in full; or (2) the final scheduled
5 maturity of the first series of bonds issued to finance the redevelopment
6 project.

7 (e) All property purchased or leased within or without this state and
8 subsequently used, stored or consumed in this state shall be subject to the
9 compensating tax if the same property or transaction would have been
10 subject to the Kansas retailers' sales tax had the transaction been wholly
11 within this state.

12 Sec. 8. K.S.A. 79-3710 is hereby amended to read as follows: 79-
13 3710. (a) All revenue collected or received by the director under the
14 provisions of this act shall be remitted to the state treasurer in accordance
15 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
16 receipt of each such remittance, the state treasurer shall deposit the entire
17 amount in the state treasury, less amounts set apart as provided in
18 subsection (b) and amounts credited as provided in subsection (c), (d) and
19 (e), to the credit of the state general fund.

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

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

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

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

42 ~~(4) On July 1, 2013, the state treasurer shall credit 17.073% of the~~
43 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~

1 and amendments thereto, at the rate of 6.15%, and deposited as provided
2 by subsection (a), exclusive of amounts credited pursuant to subsection
3 (d), in the state highway fund.

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

9 ~~(6) On July 1, 2016, and thereafter, the state treasurer shall credit~~
10 ~~16.154% of the revenue collected and received from the tax imposed by~~
11 ~~K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and~~
12 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
13 ~~pursuant to subsection (d), in the state highway fund.~~

14 *(2) On July 1, 2022, and thereafter, the state treasurer shall credit*
15 *18.222% of the revenue collected and received from the tax imposed by*
16 *K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and*
17 *deposited as provided by subsection (a), exclusive of amounts credited*
18 *pursuant to subsection (d), in the state highway fund.*

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

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

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

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

21 Sec. 9. K.S.A. 79-32,271, 79-3620 and 79-3710 and K.S.A. 2021
22 Supp. 12-189a, 79-3602, 79-3603, 79-3606 and 79-3703 are hereby
23 repealed.

24 Sec. 10. This act shall take effect and be in force from and after its
25 publication in the statute book.