

SENATE BILL No. 13

By Senators Tyson, Alley, Baumgardner, Estes, Goddard, Hilderbrand, Lynn,
Masterson, Olson, Petersen, Suellentrop and Wilborn

1-11

1 AN ACT concerning taxation; relating to income tax, Kansas itemized
2 deduction, expensing deduction, credit for certain purchases of goods
3 and services for qualified vendors; rural opportunity zones, Cowley and
4 Crawford counties; sales and compensating use tax, authority for
5 countywide retailers, exemptions for sales of certain coins or bullion
6 and purchases by midland care connection, inc.; property tax, cities and
7 counties, approval of budgets; motor-fuel law, definitions, special fuels;
8 amending K.S.A. 74-50,222 and K.S.A. 2018 Supp. 12-187, 12-189,
9 79-2925c, 79-32,120, 79-32,143a, 79-3401 and 79-3606 and repealing
10 the existing sections.
11

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

13 New Section 1. (a) For tax years 2019 through 2023, a credit shall be
14 allowed against the tax imposed by the Kansas income tax act in an
15 amount equal to 15% of the amount for expenditures of goods and services
16 purchased by the taxpayer from a qualified vendor on and after January 1,
17 2019, and before January 1, 2024, as certified by the secretary of
18 commerce as provided in subsection (c). The amount of such credit
19 awarded for each taxpayer shall not exceed \$500,000 per qualified vendor
20 per tax year. In no event shall the total amount of cumulative credits
21 allowed under this section exceed \$5,000,000 for all tax years that the
22 credit remains in effect.

23 (b) The tax credit allowed by this section shall be deducted from the
24 taxpayer's income tax liability for the tax year in which the expenditures
25 were made by the taxpayer. If the amount of such tax credit exceeds the
26 taxpayer's income tax liability for such tax year, the taxpayer may carry
27 over the amount that exceeds such tax liability for deduction from the
28 taxpayer's liability in the next succeeding tax year or years until the total
29 amount of the tax credit has been deducted from tax liability, except that
30 no such tax credit shall be carried over for deduction after the fourth tax
31 year succeeding the tax year in which the expenditures were incurred.

32 (c) The secretary of commerce shall annually certify that
33 expenditures for goods and services purchased by a taxpayer subject to the
34 tax credit provided in this section were made from a qualified vendor and
35 provide such certification to the secretary of revenue. The secretary of

1 commerce is hereby authorized to promulgate rules and regulations for
2 establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and
3 amendments thereto, for evaluating whether purchases by taxpayers from a
4 qualified vendor should be certified as provided in this section, with the
5 assistance and approval of the secretary of revenue.

6 (d) As used in this section:

7 (1) "Certified business" means any business certified by the
8 department of administration that is a sole proprietorship, partnership,
9 association or corporation domiciled in Kansas, or any corporation, even if
10 a wholly owned subsidiary of a foreign corporation, that:

11 (A) Does business primarily in Kansas or substantially all of its
12 production in Kansas;

13 (B) employs at least 30% of its employees who are individuals with
14 disabilities and reside in Kansas;

15 (C) offers to contribute at least 75% of the premium cost for
16 individual health insurance coverage for each employee. The department
17 of administration shall require a certification of these facts; and

18 (D) does not employ individuals under a certificate issued by the
19 United States secretary of labor under 29 U.S.C. § 214(c);

20 (2) "individuals with disabilities" or "individual with a disability"
21 means any individual who:

22 (A) Is certified by the Kansas department for aging and disability
23 services or by the Kansas department for children and families, which
24 administers the rehabilitation services program as having a physical or
25 mental impairment that constitutes a substantial barrier to employment;

26 (B) works a minimum number of hours per week for a certified
27 business necessary to qualify for health insurance coverage offered
28 pursuant to subsection (d)(1); and

29 (C) (i) is receiving services, has received services or is eligible to
30 receive services under a home and community based services program, as
31 defined by K.S.A. 39-7,100, and amendments thereto;

32 (ii) is employed by a charitable organization domiciled in the state of
33 Kansas and exempt from federal income taxation pursuant to section
34 501(c)(3) of the federal internal revenue code of 1986; or

35 (iii) is an individual with a disability pursuant to the disability
36 standards established by the social security administration as determined
37 by the Kansas disability determination services under the Kansas
38 department for children and families; and

39 (3) "qualified vendor" means an entity that:

40 (A) Is a "qualified vendor" pursuant to K.S.A. 75-3317, and
41 amendments thereto, or is a "certified business" that is also a nonprofit
42 organization pursuant to K.S.A. 75-3740, and amendments thereto;

43 (B) pays minimum wage or above to all their employees in a manner

1 that meets the definition of "competitive employment" pursuant to K.S.A.
2 44-1136, and amendments thereto;

3 (C) meets the definition of employing all of their workers in an
4 "integrated setting" pursuant to K.S.A. 44-1136, and amendments thereto;
5 and

6 (D) offers a qualified company-sponsored insurance plan under the
7 affordable care act or pays the required subsidy to the internal revenue
8 service for employees who purchase insurance through the open market, if
9 a company-sponsored plan is not offered. If any such company is not
10 covered under the affordable care act and does not offer a company-
11 sponsored insurance plan, such company must offer assistance to the
12 employee to cover at least 75% of their health insurance costs through a
13 health savings account or other legal and appropriate methodology.

14 (e) The secretary of revenue shall report to the house committee on
15 taxation and the senate committee on assessment and taxation on or before
16 February 1, 2021, 2022 and 2023 concerning the implementation and
17 effectiveness of the credit provided in this section.

18 Sec. 2. K.S.A. 2018 Supp. 12-187 is hereby amended to read as
19 follows: 12-187. (a) No city shall impose a retailers' sales tax under the
20 provisions of this act without the governing body of such city having first
21 submitted such proposition to and having received the approval of a
22 majority of the electors of the city voting thereon at an election called and
23 held therefor. The governing body of any city may submit the question of
24 imposing a retailers' sales tax and the governing body shall be required to
25 submit the question upon submission of a petition signed by electors of
26 such city equal in number to not less than 10% of the electors of such city.

27 (b) (1) The board of county commissioners of any county may submit
28 the question of imposing a countywide retailers' sales tax to the electors at
29 an election called and held thereon, and any such board shall be required
30 to submit the question upon submission of a petition signed by electors of
31 such county equal in number to not less than 10% of the electors of such
32 county who voted at the last preceding general election for the office of
33 secretary of state, or upon receiving resolutions requesting such an election
34 passed by not less than $\frac{2}{3}$ of the membership of the governing body of
35 each of one or more cities within such county—~~which~~ *that* contains a
36 population of not less than 25% of the entire population of the county, or
37 upon receiving resolutions requesting such an election passed by $\frac{2}{3}$ of the
38 membership of the governing body of each of one or more taxing
39 subdivisions within such county—~~which~~ *that* levy not less than 25% of the
40 property taxes levied by all taxing subdivisions within the county.

41 (2) The board of county commissioners of Anderson, Atchison,
42 Barton, Brown, Butler, Chase, Cowley, Cherokee, Crawford, Ford,
43 Franklin, Jefferson, Linn, Lyon, Marion, Miami, Montgomery, Neosho,

1 Osage, Ottawa, Reno, Riley, Saline, Seward, Sumner, Thomas,
2 Wabaunsee, Wilson and Wyandotte counties may submit the question of
3 imposing a countywide retailers' sales tax and pledging the revenue
4 received therefrom for the purpose of financing the construction or
5 remodeling of a courthouse, jail, law enforcement center facility or other
6 county administrative facility, to the electors at an election called and held
7 thereon. The tax imposed pursuant to this paragraph shall expire when
8 sales tax sufficient to pay all of the costs incurred in the financing of such
9 facility has been collected by retailers as determined by the secretary of
10 revenue. Nothing in this paragraph shall be construed to allow the rate of
11 tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley,
12 Sumner or Wilson county pursuant to this paragraph to exceed or be
13 imposed at any rate other than the rates prescribed in K.S.A. 12-189, and
14 amendments thereto.

15 (3) (A) Except as otherwise provided in this paragraph, the result of
16 the election held on November 8, 1988, on the question submitted by the
17 board of county commissioners of Jackson county for the purpose of
18 increasing its countywide retailers' sales tax by 1% is hereby declared
19 valid, and the revenue received therefrom by the county shall be expended
20 solely for the purpose of financing the Banner Creek reservoir project. The
21 tax imposed pursuant to this paragraph shall take effect on the effective
22 date of this act and shall expire not later than five years after such date.

23 (B) The result of the election held on November 8, 1994, on the
24 question submitted by the board of county commissioners of Ottawa
25 county for the purpose of increasing its countywide retailers' sales tax by
26 1% is hereby declared valid, and the revenue received therefrom by the
27 county shall be expended solely for the purpose of financing the erection,
28 construction and furnishing of a law enforcement center and jail facility.

29 (C) Except as otherwise provided in this paragraph, the result of the
30 election held on November 2, 2004, on the question submitted by the
31 board of county commissioners of Sedgwick county for the purpose of
32 increasing its countywide retailers' sales tax by 1% is hereby declared
33 valid, and the revenue received therefrom by the county shall be used only
34 to pay the costs of: (i) Acquisition of a site and constructing and equipping
35 thereon a new regional events center, associated parking and infrastructure
36 improvements and related appurtenances thereto, to be located in the
37 downtown area of the city of Wichita, Kansas, (the "downtown arena");
38 (ii) design for the Kansas coliseum complex and construction of
39 improvements to the pavilions; and (iii) establishing an operating and
40 maintenance reserve for the downtown arena and the Kansas coliseum
41 complex. The tax imposed pursuant to this paragraph shall commence on
42 July 1, 2005, and shall terminate not later than 30 months after the
43 commencement thereof.

1 (D) Except as otherwise provided in this paragraph, the result of the
2 election held on August 5, 2008, on the question submitted by the board of
3 county commissioners of Lyon county for the purpose of increasing its
4 countywide retailers' sales tax by 1% is hereby declared valid, and the
5 revenue received therefrom by the county shall be expended for the
6 purposes of ad valorem tax reduction and capital outlay. The tax imposed
7 pursuant to this paragraph shall terminate not later than five years after the
8 commencement thereof.

9 (E) Except as otherwise provided in this paragraph, the result of the
10 election held on August 5, 2008, on the question submitted by the board of
11 county commissioners of Rawlins county for the purpose of increasing its
12 countywide retailers' sales tax by 0.75% is hereby declared valid, and the
13 revenue received therefrom by the county shall be expended for the
14 purposes of financing the costs of a swimming pool. The tax imposed
15 pursuant to this paragraph shall terminate not later than 15 years after the
16 commencement thereof or upon payment of all costs authorized pursuant
17 to this paragraph in the financing of such project.

18 (F) The result of the election held on December 1, 2009, on the
19 question submitted by the board of county commissioners of Chautauqua
20 county for the purpose of increasing its countywide retailers' sales tax by
21 1% is hereby declared valid, and the revenue received from such tax by the
22 county shall be expended for the purposes of financing the costs of
23 constructing, furnishing and equipping a county jail and law enforcement
24 center and necessary improvements appurtenant to such jail and law
25 enforcement center. Any tax imposed pursuant to authority granted in this
26 paragraph shall terminate upon payment of all costs authorized pursuant to
27 this paragraph incurred in the financing of the project described in this
28 paragraph.

29 (G) The result of the election held on April 7, 2015, on the question
30 submitted by the board of county commissioners of Bourbon county for
31 the purpose of increasing its retailers' sales tax by 0.4% is hereby declared
32 valid, and the revenue received therefrom by the county shall be expended
33 solely for the purpose of financing the costs of constructing, furnishing
34 and operating a courthouse, law enforcement center or jail facility
35 improvements. Any tax imposed pursuant to authority granted in this
36 paragraph shall terminate upon payment of all costs authorized pursuant to
37 this paragraph incurred in the financing of the project described in this
38 paragraph.

39 (4) The board of county commissioners of Finney and Ford counties
40 may submit the question of imposing a countywide retailers' sales tax at
41 the rate of 0.25% and pledging the revenue received therefrom for the
42 purpose of financing all or any portion of the cost to be paid by Finney or
43 Ford county for construction of highway projects identified as system

1 enhancements under the provisions of K.S.A. 68-2314(b)(5), and
2 amendments thereto, to the electors at an election called and held thereon.
3 Such election shall be called and held in the manner provided by the
4 general bond law. The tax imposed pursuant to this paragraph shall expire
5 upon the payment of all costs authorized pursuant to this paragraph in the
6 financing of such highway projects. Nothing in this paragraph shall be
7 construed to allow the rate of tax imposed by Finney or Ford county
8 pursuant to this paragraph to exceed the maximum rate prescribed in
9 K.S.A. 12-189, and amendments thereto. If any funds remain upon the
10 payment of all costs authorized pursuant to this paragraph in the financing
11 of such highway projects in Finney county, the state treasurer shall remit
12 such funds to the treasurer of Finney county and upon receipt of such
13 moneys shall be deposited to the credit of the county road and bridge fund.
14 If any funds remain upon the payment of all costs authorized pursuant to
15 this paragraph in the financing of such highway projects in Ford county,
16 the state treasurer shall remit such funds to the treasurer of Ford county
17 and upon receipt of such moneys shall be deposited to the credit of the
18 county road and bridge fund.

19 (5) The board of county commissioners of any county may submit the
20 question of imposing a retailers' sales tax at the rate of 0.25%, 0.5%,
21 0.75% or 1% and pledging the revenue received therefrom for the purpose
22 of financing the provision of health care services, as enumerated in the
23 question, to the electors at an election called and held thereon. Whenever
24 any county imposes a tax pursuant to this paragraph, any tax imposed
25 pursuant to subsection (a)(2) by any city located in such county shall
26 expire upon the effective date of the imposition of the countywide tax, and
27 thereafter the state treasurer shall remit to each such city that portion of the
28 countywide tax revenue collected by retailers within such city as certified
29 by the director of taxation. The tax imposed pursuant to this paragraph
30 shall be deemed to be in addition to the rate limitations prescribed in
31 K.S.A. 12-189, and amendments thereto. As used in this paragraph, health
32 care services shall include, but not be limited to, the following: Local
33 health departments, city or county hospitals, city or county nursing homes,
34 preventive health care services including immunizations, prenatal care and
35 the postponement of entry into nursing homes by home care services,
36 mental health services, indigent health care, physician or health care
37 worker recruitment, health education, emergency medical services, rural
38 health clinics, integration of health care services, home health services and
39 rural health networks.

40 (6) The board of county commissioners of Allen county may submit
41 the question of imposing a countywide retailers' sales tax at the rate of
42 0.5% and pledging the revenue received therefrom for the purpose of
43 financing the costs of operation and construction of a solid waste disposal

1 area or the modification of an existing landfill to comply with federal
2 regulations to the electors at an election called and held thereon. The tax
3 imposed pursuant to this paragraph shall expire upon the payment of all
4 costs incurred in the financing of the project undertaken. Nothing in this
5 paragraph shall be construed to allow the rate of tax imposed by Allen
6 county pursuant to this paragraph to exceed or be imposed at any rate other
7 than the rates prescribed in K.S.A. 12-189, and amendments thereto.

8 (7) (A) The board of county commissioners of Clay, ~~Dickinson~~ and
9 Miami county may submit the question of imposing a countywide retailers'
10 sales tax at the rate of 0.50% in the case of Clay ~~and Dickinson~~ county and
11 at a rate of up to 1% in the case of Miami county, and pledging the revenue
12 received therefrom for the purpose of financing the costs of roadway
13 construction and improvement to the electors at an election called and held
14 thereon. Except as otherwise provided, the tax imposed pursuant to this
15 ~~paragraph~~ *subparagraph* shall expire after five years from the date such
16 tax is first collected. The result of the election held on November 2, 2004,
17 on the question submitted by the board of county commissioners of Miami
18 county for the purpose of extending for an additional five-year period the
19 countywide retailers' sales tax imposed pursuant to this subsection in
20 Miami county is hereby declared valid. The countywide retailers' sales tax
21 imposed pursuant to this subsection in Clay and Miami county may be
22 extended or reenacted for additional five-year periods upon the board of
23 county commissioners of Clay and Miami county submitting such question
24 to the electors at an election called and held thereon for each additional
25 five-year period as provided by law.

26 (B) *The board of county commissioners of Dickinson county may*
27 *submit the question of imposing a countywide retailers' sales tax at the*
28 *rate of 0.5% and pledging the revenue received therefrom for the purpose*
29 *of financing the costs of roadway construction and improvement to the*
30 *electors at an election called and held thereon. The tax imposed pursuant*
31 *to this subparagraph shall expire after 10 years from the date such tax is*
32 *first collected.*

33 (8) The board of county commissioners of Sherman county may
34 submit the question of imposing a countywide retailers' sales tax at the rate
35 of 1% and pledging the revenue received therefrom for the purpose of
36 financing the costs of street and roadway improvements to the electors at
37 an election called and held thereon. The tax imposed pursuant to this
38 paragraph shall expire upon payment of all costs authorized pursuant to
39 this paragraph in the financing of such project.

40 (9) (A) The board of county commissioners of Cowley, Crawford,
41 ~~Russell~~ and Woodson county may submit the question of imposing a
42 countywide retailers' sales tax at the rate of 0.5% in the case of Crawford,
43 ~~Russell~~ and Woodson county and at a rate of up to 0.25%, in the case of

1 Cowley county and pledging the revenue received therefrom for the
2 purpose of financing economic development initiatives or public
3 infrastructure projects. The tax imposed pursuant to this ~~paragraph~~
4 *subparagraph* shall expire after five years from the date such tax is first
5 collected.

6 *(B) The board of county commissioners of Russell county may submit*
7 *the question of imposing a countywide retailers' sales tax at the rate of*
8 *0.5% and pledging the revenue received therefrom for the purpose of*
9 *financing economic development initiatives or public infrastructure*
10 *projects. The tax imposed pursuant to this subparagraph shall expire after*
11 *10 years from the date such tax is first collected.*

12 (10) The board of county commissioners of Franklin county may
13 submit the question of imposing a countywide retailers' sales tax at the rate
14 of 0.25% and pledging the revenue received therefrom for the purpose of
15 financing recreational facilities. The tax imposed pursuant to this
16 paragraph shall expire upon payment of all costs authorized in financing
17 such facilities.

18 (11) The board of county commissioners of Douglas county may
19 submit the question of imposing a countywide retailers' sales tax at the rate
20 of 0.25% and pledging the revenue received therefrom for the purposes of
21 conservation, access and management of open space; preservation of
22 cultural heritage; and economic development projects and activities.

23 (12) The board of county commissioners of Shawnee county may
24 submit the question of imposing a countywide retailers' sales tax at the rate
25 of 0.25% and pledging the revenue received therefrom to the city of
26 Topeka for the purpose of financing the costs of rebuilding the Topeka
27 boulevard bridge and other public infrastructure improvements associated
28 with such project to the electors at an election called and held thereon. The
29 tax imposed pursuant to this paragraph shall expire upon payment of all
30 costs authorized in financing such project.

31 ~~(13) The board of county commissioners of Jackson county may~~
32 ~~submit the question of imposing a countywide retailers' sales tax at a rate~~
33 ~~of 0.4% and pledging the revenue received therefrom as follows: 50% of~~
34 ~~such revenues for the purpose of financing for economic development~~
35 ~~initiatives; and 50% of such revenues for the purpose of financing public~~
36 ~~infrastructure projects to the electors at an election called and held thereon.~~
37 ~~The tax imposed pursuant to this paragraph shall expire after seven years~~
38 ~~from the date such tax is first collected. The board of county~~
39 ~~commissioners of Jackson county may submit the question of imposing a~~
40 ~~countywide retailers' sales tax at a rate of 0.4% which such tax shall take~~
41 ~~effect after the expiration of the tax imposed pursuant to this paragraph~~
42 ~~prior to the effective date of this act, and pledging the revenue received~~
43 ~~therefrom for the purpose of financing public infrastructure projects to the~~

1 electors at an election called and held thereon. Such tax shall expire after
2 seven years from the date such tax is first collected.

3 (14) The board of county commissioners of Neosho county may
4 submit the question of imposing a countywide retailers' sales tax at the rate
5 of 0.5% and pledging the revenue received therefrom for the purpose of
6 financing the costs of roadway construction and improvement to the
7 electors at an election called and held thereon. The tax imposed pursuant
8 to this paragraph shall expire upon payment of all costs authorized
9 pursuant to this paragraph in the financing of such project.

10 (15) The board of county commissioners of Saline county may
11 submit the question of imposing a countywide retailers' sales tax at the rate
12 of up to 0.5% and pledging the revenue received therefrom for the purpose
13 of financing the costs of construction and operation of an expo center to
14 the electors at an election called and held thereon. The tax imposed
15 pursuant to this paragraph shall expire after five years from the date such
16 tax is first collected.

17 (16) The board of county commissioners of Harvey county may
18 submit the question of imposing a countywide retailers' sales tax at the rate
19 of 1.0% and pledging the revenue received therefrom for the purpose of
20 financing the costs of property tax relief, economic development initiatives
21 and public infrastructure improvements to the electors at an election called
22 and held thereon.

23 (17) The board of county commissioners of Atchison county may
24 submit the question of imposing a countywide retailers' sales tax at the rate
25 of 0.25% and pledging the revenue received therefrom for the purpose of
26 financing the costs of construction and maintenance of sports and
27 recreational facilities to the electors at an election called and held thereon.
28 The tax imposed pursuant to this paragraph shall expire upon payment of
29 all costs authorized in financing such facilities.

30 (18) The board of county commissioners of Wabaunsee county may
31 submit the question of imposing a countywide retailers' sales tax at the rate
32 of 0.5% and pledging the revenue received therefrom for the purpose of
33 financing the costs of bridge and roadway construction and improvement
34 to the electors at an election called and held thereon. The tax imposed
35 pursuant to this paragraph shall expire after 15 years from the date such
36 tax is first collected.

37 (19) The board of county commissioners of Jefferson county may
38 submit the question of imposing a countywide retailers' sales tax at the rate
39 of 1% and pledging the revenue received therefrom for the purpose of
40 financing the costs of roadway construction and improvement to the
41 electors at an election called and held thereon. The tax imposed pursuant
42 to this paragraph shall expire after six years from the date such tax is first
43 collected. The countywide retailers' sales tax imposed pursuant to this

1 paragraph may be extended or reenacted for additional six-year periods
2 upon the board of county commissioners of Jefferson county submitting
3 such question to the electors at an election called and held thereon for each
4 additional six-year period as provided by law.

5 (20) The board of county commissioners of Riley county may submit
6 the question of imposing a countywide retailers' sales tax at the rate of up
7 to 1% and pledging the revenue received therefrom for the purpose of
8 financing the costs of bridge and roadway construction and improvement
9 to the electors at an election called and held thereon. The tax imposed
10 pursuant to this paragraph shall expire after five years from the date such
11 tax is first collected.

12 (21) The board of county commissioners of Johnson county may
13 submit the question of imposing a countywide retailers' sales tax at the rate
14 of 0.25% and pledging the revenue received therefrom for the purpose of
15 financing the construction and operation costs of public safety projects,
16 including, but not limited to, a jail, detention center, sheriff's resource
17 center, crime lab or other county administrative or operational facility
18 dedicated to public safety, to the electors at an election called and held
19 thereon. The tax imposed pursuant to this paragraph shall expire after 10
20 years from the date such tax is first collected. The countywide retailers'
21 sales tax imposed pursuant to this subsection may be extended or
22 reenacted for additional periods not exceeding 10 years upon the board of
23 county commissioners of Johnson county submitting such question to the
24 electors at an election called and held thereon for each additional ten-year
25 period as provided by law.

26 (22) The board of county commissioners of Wilson county may
27 submit the question of imposing a countywide retailers' sales tax at the rate
28 of up to 1% and pledging the revenue received therefrom for the purpose
29 of financing the costs of roadway construction and improvements to
30 federal highways, the development of a new industrial park and other
31 public infrastructure improvements to the electors at an election called and
32 held thereon. The tax imposed pursuant to this paragraph shall expire upon
33 payment of all costs authorized pursuant to this paragraph in the financing
34 of such project or projects.

35 (23) The board of county commissioners of Butler county may
36 submit the question of imposing a countywide retailers' sales tax at the rate
37 of either 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received
38 therefrom for the purpose of financing the costs of public safety capital
39 projects or bridge and roadway construction projects, or both, to the
40 electors at an election called and held thereon. The tax imposed pursuant
41 to this paragraph shall expire upon payment of all costs authorized in
42 financing such projects.

43 (24) The board of county commissioners of Barton county may

1 submit the question of imposing a countywide retailers' sales tax at the rate
2 of up to 0.5% and pledging the revenue received therefrom for the purpose
3 of financing the costs of roadway and bridge construction and
4 improvement and infrastructure development and improvement to the
5 electors at an election called and held thereon. The tax imposed pursuant
6 to this paragraph shall expire after 10 years from the date such tax is first
7 collected.

8 (25) The board of county commissioners of Jefferson county may
9 submit the question of imposing a countywide retailers' sales tax at the rate
10 of 0.25% and pledging the revenue received therefrom for the purpose of
11 financing the costs of the county's obligation as participating employer to
12 make employer contributions and other required contributions to the
13 Kansas public employees retirement system for eligible employees of the
14 county who are members of the Kansas police and firemen's retirement
15 system, to the electors at an election called and held thereon. The tax
16 imposed pursuant to this paragraph shall expire upon payment of all costs
17 authorized in financing such purpose.

18 (26) The board of county commissioners of Pottawatomie county
19 may submit the question of imposing a countywide retailers' sales tax at
20 the rate of up to 0.5% and pledging the revenue received therefrom for the
21 purpose of financing the costs of construction or remodeling of a
22 courthouse, jail, law enforcement center facility or other county
23 administrative facility, or public infrastructure improvements, or both, to
24 the electors at an election called and held thereon. The tax imposed
25 pursuant to this paragraph shall expire upon payment of all costs
26 authorized in financing such project or projects.

27 (27) The board of county commissioners of Kingman county may
28 submit the question of imposing a countywide retailers' sales tax at the rate
29 of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received
30 therefrom for the purpose of financing the costs of constructing and
31 furnishing a law enforcement center and jail facility and the costs of
32 roadway and bridge improvements to the electors at an election called and
33 held thereon. The tax imposed pursuant to this paragraph shall expire not
34 later than 20 years from the date such tax is first collected.

35 (28) The board of county commissioners of Edwards county may
36 submit the question of imposing a countywide retailers' sales tax at the rate
37 of 0.375% and pledging the revenue therefrom for the purpose of
38 financing the costs of economic development initiatives to the electors at
39 an election called and held thereon.

40 (29) The board of county commissioners of Rooks county may
41 submit the question of imposing a countywide retailers' sales tax at the rate
42 of 0.5% and pledging the revenue therefrom for the purpose of financing
43 the costs of constructing or remodeling and furnishing a jail facility to the

1 electors at an election called and held thereon. The tax imposed pursuant
2 to this paragraph shall expire upon the payment of all costs authorized in
3 financing such project or projects.

4 (30) The board of county commissioners of Douglas county may
5 submit the question of imposing a countywide retailers' sales tax at the rate
6 of 0.5% and pledging the revenue received therefrom for the purpose of
7 financing the construction or remodeling of a courthouse, jail, law
8 enforcement center facility, detention facility or other county
9 administrative facility, specifically including mental health and for the
10 operation thereof.

11 (31) The board of county commissioners of Bourbon county may
12 submit the question of imposing a countywide retailers' sales tax at the rate
13 of up to 1%, in increments of 0.05%, and pledging the revenue received
14 therefrom for the purpose of financing the costs of constructing, furnishing
15 and operating a courthouse, law enforcement center or jail facility
16 improvements to the electors at an election called and held thereon.

17 (32) The board of county commissioners of Marion county may
18 submit the question of imposing a countywide retailers' sales tax at the rate
19 of 0.5% and pledging the revenue received therefrom for the purpose of
20 financing the costs of property tax relief, economic development initiatives
21 and the construction of public infrastructure improvements, including
22 buildings, to the electors at an election called and held thereon.

23 (c) The boards of county commissioners of any two or more
24 contiguous counties, upon adoption of a joint resolution by such boards,
25 may submit the question of imposing a retailers' sales tax within such
26 counties to the electors of such counties at an election called and held
27 thereon and such boards of any two or more contiguous counties shall be
28 required to submit such question upon submission of a petition in each of
29 such counties, signed by a number of electors of each of such counties
30 where submitted equal in number to not less than 10% of the electors of
31 each of such counties who voted at the last preceding general election for
32 the office of secretary of state, or upon receiving resolutions requesting
33 such an election passed by not less than $\frac{2}{3}$ of the membership of the
34 governing body of each of one or more cities within each of such counties
35 which contains a population of not less than 25% of the entire population
36 of each of such counties, or upon receiving resolutions requesting such an
37 election passed by $\frac{2}{3}$ of the membership of the governing body of each of
38 one or more taxing subdivisions within each of such counties which levy
39 not less than 25% of the property taxes levied by all taxing subdivisions
40 within each of such counties.

41 (d) Any city retailers' sales tax being levied by a city prior to July 1,
42 2006, shall continue in effect until repealed in the manner provided herein
43 for the adoption and approval of such tax or until repealed by the adoption

1 of an ordinance for such repeal. Any countywide retailers' sales tax in the
2 amount of 0.5% or 1% in effect on July 1, 1990, shall continue in effect
3 until repealed in the manner provided herein for the adoption and approval
4 of such tax.

5 (e) Any city or county proposing to adopt a retailers' sales tax shall
6 give notice of its intention to submit such proposition for approval by the
7 electors in the manner required by K.S.A. 10-120, and amendments
8 thereto. The notices shall state the time of the election and the rate and
9 effective date of the proposed tax. If a majority of the electors voting
10 thereon at such election fail to approve the proposition, such proposition
11 may be resubmitted under the conditions and in the manner provided in
12 this act for submission of the proposition. If a majority of the electors
13 voting thereon at such election shall approve the levying of such tax, the
14 governing body of any such city or county shall provide by ordinance or
15 resolution, as the case may be, for the levy of the tax. Any repeal of such
16 tax or any reduction or increase in the rate thereof, within the limits
17 prescribed by K.S.A. 12-189, and amendments thereto, shall be
18 accomplished in the manner provided herein for the adoption and approval
19 of such tax except that the repeal of any such city retailers' sales tax may
20 be accomplished by the adoption of an ordinance so providing.

21 (f) The sufficiency of the number of signers of any petition filed
22 under this section shall be determined by the county election officer. Every
23 election held under this act shall be conducted by the county election
24 officer.

25 (g) The governing body of the city or county proposing to levy any
26 retailers' sales tax shall specify the purpose or purposes for which the
27 revenue would be used, and a statement generally describing such purpose
28 or purposes shall be included as a part of the ballot proposition.

29 Sec. 3. K.S.A. 2018 Supp. 12-189 is hereby amended to read as
30 follows: 12-189. The rate of any city retailers' sales tax shall be fixed in
31 increments of 0.05% and in an amount not to exceed 2% for general
32 purposes and not to exceed 1% for special purposes which shall be
33 determined by the governing body of the city. For any retailers' sales tax
34 imposed by a city for special purposes, such city shall specify the purposes
35 for which such tax is imposed. All such special purpose retailers' sales
36 taxes imposed by a city shall expire after 10 years from the date such tax is
37 first collected. The rate of any countywide retailers' sales tax shall be fixed
38 in an amount not to exceed 1% and shall be fixed in increments of 0.25%,
39 and which amount shall be determined by the board of county
40 commissioners, except that:

41 (a) The board of county commissioners of Wabaunsee county, for the
42 purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such
43 rate at 1.25%; the board of county commissioners of Osage or Reno

1 county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto,
2 may fix such rate at 1.25% or 1.5%; the board of county commissioners of
3 Cherokee, Crawford, Ford, Saline, Seward, ~~Thomas~~ or Wyandotte county,
4 for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix
5 such rate at 1.5%; the board of county commissioners of Atchison *or*
6 *Thomas* county, for the purposes of K.S.A. 12-187(b)(2), and amendments
7 thereto, may fix such rate at 1.5% or 1.75%; the board of county
8 commissioners of Anderson, Barton, Jefferson or Ottawa county, for the
9 purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such
10 rate at 2%; the board of county commissioners of Marion county, for the
11 purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such
12 rate at 2.5%; the board of county commissioners of Franklin, Linn and
13 Miami counties, for the purposes of K.S.A. 12-187(b)(2), and amendments
14 thereto, may fix such rate at a percentage which is equal to the sum of the
15 rate allowed to be imposed by the respective board of county
16 commissioners on July 1, 2007, plus up to 1.0%; and the board of county
17 commissioners of Brown county, for the purposes of K.S.A. 12-187(b)(2),
18 and amendments thereto, may fix such rate at up to 2%;

19 (b) the board of county commissioners of Jackson county, for the
20 purposes of K.S.A. 12-187(b)(3), and amendments thereto, may fix such
21 rate at 2%;

22 (c) the boards of county commissioners of Finney and Ford counties,
23 for the purposes of K.S.A. 12-187(b)(4), and amendments thereto, may fix
24 such rate at 0.25%;

25 (d) the board of county commissioners of any county for the purposes
26 of K.S.A. 12-187(b)(5), and amendments thereto, may fix such rate at a
27 percentage which is equal to the sum of the rate allowed to be imposed by
28 a board of county commissioners on the effective date of this act plus
29 0.25%, 0.5%, 0.75% or 1%, as the case requires;

30 (e) the board of county commissioners of Dickinson county, for the
31 purposes of K.S.A. 12-187(b)(7), and amendments thereto, may fix such
32 rate at 1.5%, and the board of county commissioners of Miami county, for
33 the purposes of K.S.A. 12-187(b)(7), and amendments thereto, may fix
34 such rate at 1.25%, 1.5%, 1.75% or 2%;

35 (f) the board of county commissioners of Sherman county, for the
36 purposes of K.S.A. 12-187(b)(8), and amendments thereto, may fix such
37 rate at 2.25%;

38 (g) the board of county commissioners of Crawford or Russell county
39 for the purposes of K.S.A. 12-187(b)(9), and amendments thereto, may fix
40 such rate at 1.5%;

41 (h) the board of county commissioners of Franklin county, for the
42 purposes of K.S.A. 12-187(b)(10), and amendments thereto, may fix such
43 rate at 1.75%;

- 1 (i) the board of county commissioners of Douglas county, for the
2 purposes of K.S.A. 12-187(b)(11) and (b)(30), and amendments thereto,
3 may fix such rate at 1.75%;
- 4 (j) the board of county commissioners of Jackson county, for the
5 purposes of K.S.A. 12-187(b)(13), and amendments thereto, may fix such
6 rate at 1.4%;
- 7 (k) the board of county commissioners of Sedgwick county, for the
8 purposes of K.S.A. 12-187(b)(3)(C), and amendments thereto, may fix
9 such rate at 2%;
- 10 (l) the board of county commissioners of Neosho county, for the
11 purposes of K.S.A. 12-187(b)(14), and amendments thereto, may fix such
12 rate at 1.0% or 1.5%;
- 13 (m) the board of county commissioners of Saline county, for the
14 purposes of K.S.A. 12-187(b)(15), and amendments thereto, may fix such
15 rate at up to 1.5%;
- 16 (n) the board of county commissioners of Harvey county, for the
17 purposes of K.S.A. 12-187(b)(16), and amendments thereto, may fix such
18 rate at 2.0%;
- 19 (o) the board of county commissioners of Atchison county, for the
20 purpose of K.S.A. 12-187(b)(17), and amendments thereto, may fix such
21 rate at a percentage which is equal to the sum of the rate allowed to be
22 imposed by the board of county commissioners of Atchison county on the
23 effective date of this act plus 0.25%;
- 24 (p) the board of county commissioners of Wabaunsee county, for the
25 purpose of K.S.A. 12-187(b)(18), and amendments thereto, may fix such
26 rate at a percentage which is equal to the sum of the rate allowed to be
27 imposed by the board of county commissioners of Wabaunsee county on
28 July 1, 2007, plus 0.5%;
- 29 (q) the board of county commissioners of Jefferson county, for the
30 purpose of K.S.A. 12-187(b)(19) and (25), and amendments thereto, may
31 fix such rate at 2.25%;
- 32 (r) the board of county commissioners of Riley county, for the
33 purpose of K.S.A. 12-187(b)(20), and amendments thereto, may fix such
34 rate at a percentage which is equal to the sum of the rate allowed to be
35 imposed by the board of county commissioners of Riley county on July 1,
36 2007, plus up to 1%;
- 37 (s) the board of county commissioners of Johnson county for the
38 purposes of K.S.A. 12-187(b)(21), and amendments thereto, may fix such
39 rate at a percentage which is equal to the sum of the rate allowed to be
40 imposed by the board of county commissioners of Johnson county on July
41 1, 2007, plus 0.25%;
- 42 (t) the board of county commissioners of Wilson county for the
43 purposes of K.S.A. 12-187(b)(22), and amendments thereto, may fix such

1 rate at up to 2%;

2 (u) the board of county commissioners of Butler county for the
3 purposes of K.S.A. 12-187(b)(23), and amendments thereto, may fix such
4 rate at a percentage which is equal to the sum of the rate otherwise allowed
5 pursuant to this section, plus 0.25%, 0.5%, 0.75% or 1%;

6 (v) the board of county commissioners of Barton county, for the
7 purposes of K.S.A. 12-187(b)(24), and amendments thereto, may fix such
8 rate at up to 1.5%;

9 (w) the board of county commissioners of Lyon county, for the
10 purposes of K.S.A. 12-187(b)(3)(D), and amendments thereto, may fix
11 such rate at 1.5%;

12 (x) the board of county commissioners of Rawlins county, for the
13 purposes of K.S.A. 12-187(b)(3)(E), and amendments thereto, may fix
14 such rate at 1.75%;

15 (y) the board of county commissioners of Chautauqua county, for the
16 purposes of K.S.A. 12-187(b)(3)(F), and amendments thereto, may fix
17 such rate at 2.0%;

18 (z) the board of county commissioners of Pottawatomie county, for
19 the purposes of K.S.A. 12-187(b)(26), and amendments thereto, may fix
20 such rate at up to 1.5%;

21 (aa) the board of county commissioners of Kingman county, for the
22 purposes of K.S.A. 12-187(b)(27), and amendments thereto, may fix such
23 rate at a percentage which is equal to the sum of the rate otherwise allowed
24 pursuant to this section, plus 0.25%, 0.5%, 0.75%, or 1%;

25 (bb) the board of county commissioners of Edwards county, for the
26 purposes of K.S.A. 12-187(b)(28), and amendments thereto, may fix such
27 rate at 1.375%;

28 (cc) the board of county commissioners of Rooks county, for the
29 purposes of K.S.A. 12-187(b)(29), and amendments thereto, may fix such
30 rate at up to 1.5%;

31 (dd) the board of county commissioners of Bourbon county, for the
32 purposes of K.S.A. 12-187(b)(3)(G) and (b)(31), and amendments thereto,
33 may fix such rate at up to 2.0%; and

34 (ee) the board of county commissioners of Marion county, for the
35 purposes of K.S.A. 12-187(b)(32), and amendments thereto, may fix such
36 rate at 2.5%.

37 Any county or city levying a retailers' sales tax is hereby prohibited
38 from administering or collecting such tax locally, but shall utilize the
39 services of the state department of revenue to administer, enforce and
40 collect such tax. Except as otherwise specifically provided in K.S.A. 12-
41 189a, and amendments thereto, such tax shall be identical in its
42 application, and exemptions therefrom, to the Kansas retailers' sales tax act
43 and all laws and administrative rules and regulations of the state

1 department of revenue relating to the Kansas retailers' sales tax shall apply
2 to such local sales tax insofar as such laws and rules and regulations may
3 be made applicable. The state director of taxation is hereby authorized to
4 administer, enforce and collect such local sales taxes and to adopt such
5 rules and regulations as may be necessary for the efficient and effective
6 administration and enforcement thereof.

7 Upon receipt of a certified copy of an ordinance or resolution
8 authorizing the levy of a local retailers' sales tax, the director of taxation
9 shall cause such taxes to be collected within or without the boundaries of
10 such taxing subdivision at the same time and in the same manner provided
11 for the collection of the state retailers' sales tax. Such copy shall be
12 submitted to the director of taxation within 30 days after adoption of any
13 such ordinance or resolution. All moneys collected by the director of
14 taxation under the provisions of this section shall be credited to a county
15 and city retailers' sales tax fund which fund is hereby established in the
16 state treasury, except that all moneys collected by the director of taxation
17 pursuant to the authority granted in K.S.A. 12-187(b)(22), and
18 amendments thereto, shall be credited to the Wilson county capital
19 improvements fund. Any refund due on any county or city retailers' sales
20 tax collected pursuant to this act shall be paid out of the sales tax refund
21 fund and reimbursed by the director of taxation from collections of local
22 retailers' sales tax revenue. Except for local retailers' sales tax revenue
23 required to be deposited in the redevelopment bond fund established under
24 K.S.A. 74-8927, and amendments thereto, all local retailers' sales tax
25 revenue collected within any county or city pursuant to this act shall be
26 apportioned and remitted at least quarterly by the state treasurer, on
27 instruction from the director of taxation, to the treasurer of such county or
28 city.

29 Revenue that is received from the imposition of a local retailers' sales
30 tax which exceeds the amount of revenue required to pay the costs of a
31 special project for which such revenue was pledged shall be credited to the
32 city or county general fund, as the case requires.

33 The director of taxation shall provide, upon request by a city or county
34 clerk or treasurer or finance officer of any city or county levying a local
35 retailers' sales tax, monthly reports identifying each retailer doing business
36 in such city or county or making taxable sales sourced to such city or
37 county, setting forth the tax liability and the amount of such tax remitted
38 by each retailer during the preceding month and identifying each business
39 location maintained by the retailer and such retailer's sales or use tax
40 registration or account number. Such report shall be made available to the
41 clerk or treasurer or finance officer of such city or county within a
42 reasonable time after it has been requested from the director of taxation.
43 The director of taxation shall be allowed to assess a reasonable fee for the

1 issuance of such report. Information received by any city or county
2 pursuant to this section shall be confidential, and it shall be unlawful for
3 any officer or employee of such city or county to divulge any such
4 information in any manner. Any violation of this paragraph by a city or
5 county officer or employee is a class A misdemeanor, and such officer or
6 employee shall be dismissed from office. Reports of violations of this
7 paragraph shall be investigated by the attorney general. The district
8 attorney or county attorney and the attorney general shall have authority to
9 prosecute violations of this paragraph.

10 Sec. 4. K.S.A. 74-50,222 is hereby amended to read as follows: 74-
11 50,222. As used in K.S.A. 74-50,222; *and* 74-50,223 and *K.S.A. 2018*
12 *Supp. 79-32,267*, and amendments thereto:

13 (a) "Institution of higher education" means a public or private
14 nonprofit educational institution that meets the requirements of
15 participation in programs under the higher education act of 1965, as
16 amended, 34 C.F.R. § 600;

17 (b) "rural opportunity zone" means Allen, Anderson, Barber,
18 Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,
19 Cloud, Coffey, Comanche, *Cowley*, *Crawford*, Decatur, Doniphan,
20 Edwards, Elk, Ellsworth, Gove, Graham, Grant, Gray, Greeley,
21 Greenwood, Hamilton, Harper, Haskell, Hodgeman, Jackson, Jewell,
22 Kearny, Kingman, Kiowa, Labette, Lane, Lincoln, Linn, Logan, Marion,
23 Marshall, Meade, Mitchell, Montgomery, Morris, Morton, Nemaha,
24 Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins,
25 Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith,
26 Stafford, Stanton, Stevens, Sumner, Trego, Thomas, Wabaunsee, Wallace,
27 Washington, Wichita, Wilson or Woodson counties;

28 (c) "secretary" means the secretary of commerce; and

29 (d) "student loan" means a federal student loan program supported by
30 the federal government and a nonfederal loan issued by a lender such as a
31 bank, savings and loan or credit union to help students and parents pay
32 school expenses for attendance at an institution of higher education.

33 Sec. 5. K.S.A. 2018 Supp. 79-2925c is hereby amended to read as
34 follows: 79-2925c. (a) (1) On and after January 1, 2017, the governing
35 body of any city or county shall not approve any appropriation or budget
36 which provides for funding by property tax revenues in an amount
37 exceeding that of the next preceding year as adjusted to reflect the average
38 changes in the consumer price index for all urban consumers as published
39 by the United States department of labor for the preceding five calendar
40 years, which shall not be less than zero, unless the city or county approves
41 the appropriation or budget with the adoption of a resolution and such
42 resolution has been submitted to and approved by a majority of the
43 qualified electors of the city or county voting at an election called and held

1 thereon, except as otherwise provided.

2 (2) The election shall be called and held in the manner provided by
3 K.S.A. 10-120, and amendments thereto, and may be:

4 (A) Held at the next regularly scheduled election to be held in August
5 or November;

6 (B) may be a mail ballot election, conducted in accordance with
7 K.S.A. 25-431 et seq., and amendments thereto; or

8 (C) may be a special election called by the city or county. Nothing in
9 this subsection shall prevent any city or county from holding more than
10 one election in any year. The city or county requesting the election shall be
11 responsible for paying all costs associated with conducting the election.

12 (b) A resolution by the governing body of a city or county otherwise
13 required by the provisions of this section shall not be required to be
14 approved by an election required by subsection (a) under the following
15 circumstances:

16 (1) Increased property tax revenues that, in the current year, are
17 produced and attributable to the taxation of:

18 (A) The construction of any new structures or improvements or the
19 remodeling or renovation of any existing structures or improvements on
20 real property, which shall not include any ordinary maintenance or repair
21 of any existing structures or improvements on the property;

22 (B) increased personal property valuation;

23 (C) real property located within added jurisdictional territory;

24 (D) real property which has changed in use;

25 (E) expiration of any abatement of property from property tax; or

26 (F) expiration of a tax increment financing district, rural housing
27 incentive district, neighborhood revitalization area or any other similar
28 property tax rebate or redirection program.

29 (2) Increased property tax revenues that will be spent on:

30 (A) Bond, temporary notes, no fund warrants, state infrastructure
31 loans and interest payments not exceeding the amount of ad valorem
32 property taxes levied in support of such payments, and payments made to a
33 public building commission and lease payments but only to the extent such
34 payments were obligations that existed prior to July 1, 2016;

35 (B) payment of special assessments not exceeding the amount of ad
36 valorem property taxes levied in support of such payments;

37 (C) court judgments or settlements of legal actions against the city or
38 county and legal costs directly related to such judgments or settlements;

39 (D) expenditures of city or county funds that are specifically
40 mandated by federal or state law with such mandates becoming effective
41 on or after July 1, 2015, and loss of funds from federal sources after
42 January 1, 2017, where the city or county is contractually obligated to
43 provide a service;

1 (E) expenses relating to a federal, state or local disaster or federal,
2 state or local emergency, including, but not limited to, a financial
3 emergency, declared by a federal or state official. The board of county
4 commissioners may request the governor to declare such disaster or
5 emergency; or

6 (F) increased costs above the consumer price index for law
7 enforcement, fire protection or emergency medical services.

8 (3) Any increased property tax revenues generated for law
9 enforcement, fire protection or emergency medical services shall be
10 expended exclusively for these purposes but shall not be used for the
11 construction or remodeling of buildings.

12 (4) The property tax revenues levied by the city or county have
13 declined:

14 (A) In one or more of the next preceding three calendar years and the
15 increase in the amount of funding for the budget or appropriation from
16 revenue produced from property taxes does not exceed the average amount
17 of funding from such revenue of the next preceding three calendar years,
18 adjusted to reflect changes in the consumer price index for all urban
19 consumers as published by the United States department of labor for the
20 preceding calendar year; or

21 (B) the increase in the amount of ad valorem tax to be levied is less
22 than the change in the consumer price index plus the loss of assessed
23 property valuation that has occurred as the result of legislative action,
24 judicial action or a ruling by the board of tax appeals.

25 (5) Whenever a city or county is required by law to levy taxes for the
26 financing of the budget of any political or governmental subdivision of this
27 state that is not authorized by law to levy taxes on its own behalf, and the
28 governing body of such city or county is not authorized or empowered to
29 modify or reduce the amount of taxes levied therefore, the tax levies of the
30 political or governmental subdivision shall not be included in or
31 considered in computing the aggregate limitation upon the property tax
32 levies of the city or county.

33 (6) *Any tax levy increase as a result of another taxing entity being
34 dissolved and all powers, responsibilities, duties and liabilities of the
35 taxing entity have been transferred to a city located in the county in which
36 the taxing entity is located, or to the county in which the taxing entity is
37 located, to carry on the function and responsibilities of the dissolved
38 taxing entity, so long as the levy increase does not exceed the levy of the
39 dissolved taxing entity.*

40 Sec. 6. K.S.A. 2018 Supp. 79-32,120 is hereby amended to read as
41 follows: 79-32,120. (a) (1) *For all tax years prior to tax year 2018, if
42 federal taxable income of an individual is determined by itemizing
43 deductions from such individual's federal adjusted gross income, such*

1 individual may elect to deduct the Kansas itemized deduction in lieu of the
2 Kansas standard deduction. *For tax year 2018, and all tax years thereafter,*
3 *an individual may elect to deduct the Kansas itemized deduction in lieu of*
4 *the Kansas standard deduction regardless of whether or not such*
5 *individual's federal taxable income is determined by itemizing deductions*
6 *from such individual's federal adjusted gross income.*

7 ~~(2) For the tax year commencing on January 1, 2013, the Kansas~~
8 ~~itemized deduction of an individual means 70% of the total amount of~~
9 ~~deductions from federal adjusted gross income, other than federal~~
10 ~~deductions for personal exemptions, as provided in the federal internal~~
11 ~~revenue code with the modifications specified in this section.~~

12 ~~(3) For the tax year commencing on January 1, 2014, the Kansas~~
13 ~~itemized deduction of an individual means 65% of the total amount of~~
14 ~~deductions from federal adjusted gross income, other than federal~~
15 ~~deductions for personal exemptions, as provided in the federal internal~~
16 ~~revenue code with the modifications specified in this section.~~

17 ~~(4)~~ For the tax years commencing on and after January 1, 2015, and
18 ending before January 1, 2018, the Kansas itemized deduction of an
19 individual means the following deductions from federal adjusted gross
20 income, other than federal deductions for personal exemptions, as
21 provided in the federal internal revenue code with the modifications
22 specified in this section: (A) 100% of charitable contributions that qualify
23 as charitable contributions allowable as deductions in section 170 of the
24 federal internal revenue code; (B) 50% of the amount of qualified
25 residence interest as provided in section 163(h) of the federal internal
26 revenue code; and (C) 50% of the amount of taxes on real and personal
27 property as provided in section 164(a) of the federal internal revenue code.

28 ~~(5)~~(3) For the tax year commencing on and after January 1, 2018, and
29 ending before January 1, 2019, the Kansas itemized deduction of an
30 individual means the following deductions from federal adjusted gross
31 income, other than federal deductions for personal exemptions, as
32 provided in the federal internal revenue code with the modifications
33 specified in this section: (A) 100% of charitable contributions that qualify
34 as charitable contributions allowable as deductions in section 170 of the
35 federal internal revenue code; (B) 50% of expenses for medical care
36 allowable as deductions in section 213 of the federal internal revenue
37 code; (C) 50% of the amount of qualified residence interest as provided in
38 section 163(h) of the federal internal revenue code; and (D) 50% of the
39 amount of taxes on real and personal property as provided in section
40 164(a) of the federal internal revenue code.

41 ~~(6)~~ For the tax year commencing on and after January 1, 2019, and
42 ending before January 1, 2020, the Kansas itemized deduction of an
43 individual means the following deductions from federal adjusted gross

1 ~~income, other than federal deductions for personal exemptions, as~~
2 ~~provided in the federal internal revenue code with the modifications~~
3 ~~specified in this section: (A) 100% of charitable contributions that qualify~~
4 ~~as charitable contributions allowable as deductions in section 170 of the~~
5 ~~federal internal revenue code; (B) 75% of expenses for medical care~~
6 ~~allowable as deductions in section 213 of the federal internal revenue~~
7 ~~code; (C) 75% of the amount of qualified residence interest as provided in~~
8 ~~section 163(h) of the federal internal revenue code; and (D) 75% of the~~
9 ~~amount of taxes on real and personal property as provided in section~~
10 ~~164(a) of the federal internal revenue code.~~

11 ~~(7)(4)~~ For the tax years commencing on and after January 1, ~~2020~~
12 ~~2019~~, the Kansas itemized deduction of an individual means the following
13 deductions from federal adjusted gross income, other than federal
14 deductions for personal exemptions, as provided in the federal internal
15 revenue code with the modifications specified in this section: (A) 100% of
16 charitable contributions that qualify as charitable contributions allowable
17 as deductions in section 170 of the federal internal revenue code; (B)
18 100% of expenses for medical care allowable as deductions in section 213
19 of the federal internal revenue code; (C) 100% of the amount of qualified
20 residence interest as provided in section 163(h) of the federal internal
21 revenue code; and (D) 100% of the amount of taxes on real and personal
22 property as provided in section 164(a) of the federal internal revenue code.

23 (b) The total amount of deductions from federal adjusted gross
24 income shall be reduced by the total amount of income taxes imposed by
25 or paid to this state or any other taxing jurisdiction to the extent that the
26 same are deducted in determining the federal itemized deductions and by
27 the amount of all depreciation deductions claimed for any real or tangible
28 personal property upon which the deduction allowed by K.S.A. 2018
29 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,
30 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

31 (c) *A taxpayer may file an amended return on or before December*
32 *31, 2019, in order to elect to deduct the Kansas itemized deduction in lieu*
33 *of the Kansas standard deduction pursuant to subsection (a)(1) for tax*
34 *year 2018.*

35 Sec. 7. K.S.A. 2018 Supp. 79-32,143a is hereby amended to read as
36 follows: 79-32,143a. (a) For taxable years beginning after December 31,
37 ~~2011~~ 2018, a taxpayer may elect to take an expense deduction from
38 Kansas net income before expensing or recapture allocated or apportioned
39 to this state for the cost of the following property placed in service in this
40 state during the taxable year: (1) Tangible property eligible for
41 depreciation under the modified accelerated cost recovery system in
42 section 168 of the internal revenue code, as amended, but not including
43 residential rental property, nonresidential real property, any railroad

1 grading or tunnel bore or any other property with an applicable recovery
2 period in excess of 25 years as defined under section 168(c) or (g) of the
3 internal revenue code, as amended; and (2) computer software as defined
4 in section 197(e)(3)(B) of the internal revenue code, as amended, and as
5 described in section 197(e)(3)(A)(i) of the internal revenue code, as
6 amended, to which section 167 of the internal revenue code, as amended,
7 applies. If such election is made, the amount of expense deduction for such
8 cost shall equal the difference between the depreciable cost of such
9 property for federal income tax purposes and the *sum of the* amount of
10 bonus depreciation being claimed for such property pursuant to section
11 168(k) *and the amount of expensing deduction being claimed for such*
12 *property pursuant to section 179* of the internal revenue code, as amended,
13 for federal income tax purposes in such tax year, ~~but without regard to any~~
14 ~~expense deduction being claimed for such property under section 179 of~~
15 ~~the internal revenue code, as amended,~~ multiplied by the applicable factor,
16 determined by using, the table provided in subsection (f), based on the
17 method of depreciation selected pursuant to section 168(b)(1), (2), or (3)
18 or (g) of the internal revenue code, as amended, and the applicable
19 recovery period for such property as defined under section 168(c) or (g) of
20 the internal revenue code, as amended. This election shall be made by the
21 due date of the original return, including any extensions, and may be made
22 only for the taxable year in which the property is placed in service, and
23 once made, shall be irrevocable. ~~If the section 179 expense deduction~~
24 ~~election has been made for federal income tax purposes for any asset, the~~
25 ~~applicable factor to be utilized is in the IRC § 168 (b)(1) column of the~~
26 ~~table provided in subsection (f) for the applicable recovery period of the~~
27 ~~respective assets.~~

28 (b) If the amount of expense deduction calculated pursuant to
29 subsection (a) exceeds the taxpayer's Kansas net income before expensing
30 or recapture allocated or apportioned to this state, such excess amount
31 shall be treated as a Kansas net operating loss as provided in K.S.A. 79-
32 32,143, and amendments thereto.

33 (c) If the property for which an expense deduction is taken pursuant
34 to subsection (a) is subsequently sold during the applicable recovery
35 period for such property as defined under section 168(c) of the internal
36 revenue code, as amended, and in a manner that would cause recapture of
37 any previously taken expense or depreciation deductions for federal
38 income tax purposes, or if the situs of such property is otherwise changed
39 such that the property is relocated outside the state of Kansas during such
40 applicable recovery period, then the expense deduction determined
41 pursuant to subsection (a) shall be subject to recapture and treated as
42 Kansas taxable income allocated to this state. The amount of recapture
43 shall be the Kansas expense deduction determined pursuant to subsection

1 (a) multiplied by a fraction, the numerator of which is the number of years
 2 remaining in the applicable recovery period for such property as defined
 3 under section 168(c) or (g) of the internal revenue code, as amended, after
 4 such property is sold or removed from the state including the year of such
 5 disposition, and the denominator of which is the total number of years in
 6 such applicable recovery period.

7 (d) The situs of tangible property for purposes of claiming and
 8 recapture of the expense deduction shall be the physical location of such
 9 property. If such property is mobile, the situs shall be the physical location
 10 of the business operations from where such property is used or based. The
 11 situs of computer software shall be apportioned to Kansas based on the
 12 fraction, the numerator of which is the number of the taxpayer's users
 13 located in Kansas of licenses for such computer software used in the active
 14 conduct of the taxpayer's business operations, and the denominator of
 15 which is the total number of the taxpayer's users of the licenses for such
 16 computer software used in the active conduct of the taxpayer's business
 17 operations everywhere.

18 (e) Any member of a unitary group filing a combined report may
 19 elect to take an expense deduction pursuant to subsection (a) for an
 20 investment in property made by any member of the combined group,
 21 provided that the amount calculated pursuant to subsection (a) may only be
 22 deducted from the Kansas net income before expensing or recapture
 23 allocated to or apportioned to this state by such member making the
 24 election.

25 (f) The following table shall be used in determining the expense
 26 deduction calculated pursuant to subsection (a):

Factors				
IRC§168 Recover Period (year)	IRC§168(b)(1) Depreciation Method	IRC§168(b)(2) Depreciation Method	IRC§168(b)(3) or (g) Depreciation Method	
2.5	*	.077	.092	
3	.075	.091	.106	
3.5	*	.102	.116	
4	*	.114	.129	
5	.116	.135	.150	
6	*	.154	.170	
6.5	*	.163	.179	
7	.151	.173	.190	
7.5	*	.181	.199	
8	*	.191	.208	
8.5	*	.199	.217	
9	*	.208	.226	
9.5	*	.216	.235	
10	.198	.224	.244	

1	10.5	*	.232	.252
2	11	*	.240	.261
3	11.5	*	.248	.269
4	12	*	.256	.277
5	12.5	*	.263	.285
6	13	*	.271	.293
7	13.5	*	.278	.300
8	14	*	.285	.308
9	15	*	.299	.323
10	16	*	.313	.337
11	16.5	*	.319	.344
12	17	*	.326	.351
13	18	*	.339	.365
14	19	*	.351	.378
15	20	*	.363	.391
16	22	*	.386	.415
17	24	*	.408	.438
18	25	*	.419	.449

19 *Not Applicable

20 (g) If a taxpayer elects to expense any investment pursuant to
 21 subsection (a), such taxpayer shall not be eligible for any tax credit,
 22 accelerated depreciation, or deduction for such investment allowed
 23 pursuant to K.S.A. 2018 Supp. 79-32,160a(e), 79-32,182b, 79-32,201, 79-
 24 32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-
 25 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-
 26 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and
 27 amendments thereto.

28 (h) (1) For tax year 2013, the deduction allowed by this section shall
 29 only be available to taxpayers subject to the income tax on corporations
 30 imposed pursuant to ~~subsection (e) of~~ K.S.A. 79-32,110(c), and
 31 amendments thereto, and used only to determine such taxpayer's corporate
 32 income tax liability.

33 (2) For tax year ~~years~~ 2014, ~~and all tax years thereafter~~ 2015, 2016,
 34 2017 and 2018, the deduction allowed by this section shall only be
 35 available to taxpayers subject to the income tax on corporations imposed
 36 pursuant to ~~subsection (e) of~~ K.S.A. 79-32,110(c), and amendments
 37 thereto, or the privilege tax imposed upon any national banking
 38 association, state bank, savings bank, trust company or savings and loan
 39 association pursuant to article 11 of chapter 79 of the Kansas Statutes
 40 Annotated, and amendments thereto, and used only to determine such
 41 taxpayer's corporate income or privilege tax liability.

42 (i) For tax year 2019, and all tax years thereafter, the deduction
 43 allowed by this section shall be available to all taxpayers subject to the

1 *income tax imposed pursuant to K.S.A. 79-32,110, and amendments*
2 *thereto, or the privilege tax imposed upon any national banking*
3 *association, state bank, savings bank, trust company or savings and loan*
4 *association pursuant to article 11 of chapter 79 of the Kansas Statutes*
5 *Annotated, and amendments thereto, and used only to determine such*
6 *taxpayer's income or privilege tax liability.*

7 Sec. 8. K.S.A. 2018 Supp. 79-3401 is hereby amended to read as
8 follows: 79-3401. This act, and amendments thereto, shall be known and
9 may be cited as the "motor-fuel tax law," and as so constituted is
10 hereinafter referred to as "this act." The following words, terms and
11 phrases, when used in this act, shall have the meanings ascribed to them in
12 this section, except in those instances clearly indicating a different
13 meaning:

14 (a) "Aviation fuel" means motor fuels for use as fuel for aircraft;

15 (b) "agricultural ethyl alcohol" means a motor-vehicle fuel
16 component with a purity of at least 99%, exclusive of any added
17 denaturants, denatured in conformity with one of the methods approved by
18 the United States department of the treasury, bureau of alcohol, tobacco
19 and firearms, and distilled in the United States of America from grain
20 produced in the United States of America;

21 (c) "bulk plant" means a motor fuels storage facility, other than a
22 terminal, that is primarily used to redistribute motor fuels;

23 (d) "dealer" means any person engaged in the retail sale of motor-
24 vehicle fuels or special fuels;

25 (e) "director" means the director of taxation, a duly authorized
26 deputy, agent or representative;

27 (f) "distributor" means any person, who:

28 (1) Imports or causes to be imported from any other state or territory
29 of the United States motor-vehicle fuels or special fuels for such person's
30 own use in the state of Kansas, or for sale and delivery therein, after the
31 same shall have come to rest or storage therein, whether or not in the
32 original package, receptacle or container; or

33 (2) imports or causes to be imported, from a foreign country, motor-
34 vehicle fuels or special fuels for such person's own use in the state of
35 Kansas, or for sale and delivery therein, after the same shall have come to
36 rest or storage, whether or not in the original package, receptacle or
37 container;

38 (3) purchases or receives motor-vehicle fuels or special fuels in the
39 original package, receptacle or container in the state of Kansas for such
40 person's own use therein, or for sale and delivery therein, from any person
41 who has imported the same from any other state or territory of the United
42 States, or any other nation, in case such motor-vehicle fuels or special
43 fuels have not, prior to such purchase or receipt, come to rest or storage in

1 the state of Kansas; or

2 (4) received and, in any manner, uses, sells or delivers motor-vehicle
3 fuels or special fuels in the state of Kansas on which the tax provided for
4 in this act has not been previously paid;

5 (g) "exporter" means any person who exports or causes to be
6 exported motor vehicle fuels or special fuels from Kansas to any other
7 state or territory of the United States or to a foreign country, for such
8 person's own use or for sale or delivery therein, whether or not in the
9 original package, receptacle or container;

10 (h) "importer" means any person who imports or causes to be
11 imported motor-vehicle fuels or special fuels from any other state or
12 territory of the United States or from a foreign country, for such person's
13 own use in the state of Kansas or for sale or delivery therein, whether or
14 not in the original package, receptacle or container;

15 (i) "liquid fuels" or "motor fuels" means any inflammable liquid by
16 whatever name such liquid shall be known or sold, which is used, or
17 practically or commercially usable, either alone or when mixed or
18 combined in an internal-combustion engine for the generation of power;

19 (j) "manufacturer" or "refiner" means any person who or which
20 produces, refines, prepares, blends, distills, manufactures or compounds
21 motor-vehicle fuels or special fuels in the state of Kansas for such person's
22 own use therein, or for sale or delivery therein. The term "manufacturer"
23 shall not include any person who or which mechanically separates liquids
24 from natural gas at production facilities or gathering system pipelines on
25 the lease. No person who produces, refines, prepares, blends, distills,
26 manufactures, or compounds motor-vehicle fuels or special fuels shall be
27 required to render a distributor's (manufacturer's) report as to any
28 particular lot or lots of motor-vehicle fuels or special fuels until such
29 motor-vehicle fuels or special fuels have been loaded at a refinery or other
30 place of production into tank cars, or placed in any tank at such refinery or
31 other place of production from which any withdrawals are made direct into
32 tanks, tank wagons or other types of transportation equipment, containers
33 or facilities;

34 (k) "motor vehicle" means a motor vehicle as defined by K.S.A. 8-
35 126, and amendments thereto, and which is required to be registered
36 pursuant to K.S.A. 8-126 et seq., and amendments thereto;

37 (l) "motor-vehicle fuels" means gasoline, casinghead gasoline, natural
38 gasoline, drip gasoline, aviation gasoline, gasohol, gasoline-oxygenate
39 blend and any other spark-ignition motor fuel as defined by the 1995
40 United States department of commerce, national institute of standards and
41 technology handbook 130 issued December of 1994, and as may
42 subsequently be defined in rules and regulations which the director may
43 adopt pursuant to K.S.A. 79-3419, and amendments thereto;

1 (m) "oil inspector" means the director of taxation, a duly authorized
2 deputy, agent or representative;

3 (n) "person" means every natural person, association, partnership,
4 limited partnership, limited liability company or corporation. When used
5 in any statute, prescribing and imposing a fine or imprisonment, or both,
6 the term "person" as applied to firms and associations means the partners
7 or members thereof and, as applied to corporations, the corporation and the
8 officers thereof;

9 (o) "public highways" means and includes every way or place, of
10 whatever nature, generally open to the use of the public as a matter of
11 right, for the purposes of vehicular travel and notwithstanding that the
12 same shall have been temporarily closed for the purpose of construction,
13 reconstruction or repair;

14 (p) "received" means motor-vehicle fuel or special fuel produced,
15 refined, prepared, distilled, manufactured, blended or compounded at any
16 refinery or other place, in the state of Kansas by any person, or imported
17 into this state from any other state, territory, or foreign country by pipeline
18 or connecting pipeline at a pipeline terminal or pipeline tank farm for
19 storage, shall be deemed to be "received" by such person thereat when the
20 same shall have been loaded at such refinery, pipeline terminal, pipeline
21 tank farm or other place, into tank cars, tank trucks or other container, or
22 placed in any tank from which any withdrawals are made direct into tank
23 cars, tank trucks or other types of transportation equipment, containers or
24 facilities;

25 (q) "retailer" means a person that engages in the business of selling or
26 distributing motor fuels to the end user;

27 (r) "school bus" means every bus, as defined by K.S.A. 8-1406, and
28 amendments thereto, which is: (1) Privately owned and contracted for,
29 leased or hired by a school district or nonpublic school for the
30 transportation of pupils, students or school personnel to or from school or
31 to or from school-related functions or activities; or (2) owned and operated
32 by a school district or nonpublic school which is registered under the
33 provisions of K.S.A. 8-126 et seq., and amendments thereto, used for the
34 transportation of pupils, students or school personnel to or from school or
35 to or from school-related functions or activities;

36 (s) "special fuels" means all combustible liquids suitable for the
37 generation of power for the propulsion of motor vehicles including, but not
38 limited to, diesel fuel, ~~alcohol~~ and such fuels not defined under the motor-
39 vehicle fuels definition, hereinafter referred to as motor-vehicle fuel;

40 (t) "terminal" means a fuel storage and distribution facility that is
41 supplied by motor vehicle, pipeline or marine vessel, and from which
42 motor fuels may be removed at a rack. "Terminal" does not include any
43 facility at which motor fuel blend stocks and additives are used in the

1 manufacture of products other than motor fuels and from which no motor
2 fuels are removed;

3 (u) "terminal operator" means the person who by ownership or
4 contractual agreement is charged with the responsibility for, or physical
5 control over, and operation of a terminal;

6 (v) "transporter" means a person who has been issued a liquid-fuels
7 carrier's license pursuant to K.S.A. 55-506 et seq., and amendments
8 thereto; and

9 (w) "E85 fuels" means an alternative fuel that is a blend of denatured
10 ethanol and hydrocarbon that typically contains 85% ethanol by volume,
11 but at a minimum must contain 70% ethanol by volume, and complies with
12 ASTM specification D5798-99.

13 Sec. 9. K.S.A. 2018 Supp. 79-3606 is hereby amended to read as
14 follows: 79-3606. The following shall be exempt from the tax imposed by
15 this act:

16 (a) All sales of motor-vehicle fuel or other articles upon which a sales
17 or excise tax has been paid, not subject to refund, under the laws of this
18 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
19 3301, and amendments thereto, including consumable material for such
20 electronic cigarettes, cereal malt beverages and malt products as defined
21 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
22 malt syrup and malt extract, that is not subject to taxation under the
23 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
24 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
25 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
26 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
27 thereto, and gross receipts from regulated sports contests taxed pursuant to
28 the Kansas professional regulated sports act, and amendments thereto;

29 (b) all sales of tangible personal property or service, including the
30 renting and leasing of tangible personal property, purchased directly by the
31 state of Kansas, a political subdivision thereof, other than a school or
32 educational institution, or purchased by a public or private nonprofit
33 hospital or public hospital authority or nonprofit blood, tissue or organ
34 bank and used exclusively for state, political subdivision, hospital or
35 public hospital authority or nonprofit blood, tissue or organ bank purposes,
36 except when: (1) Such state, hospital or public hospital authority is
37 engaged or proposes to engage in any business specifically taxable under
38 the provisions of this act and such items of tangible personal property or
39 service are used or proposed to be used in such business; or (2) such
40 political subdivision is engaged or proposes to engage in the business of
41 furnishing gas, electricity or heat to others and such items of personal
42 property or service are used or proposed to be used in such business;

43 (c) all sales of tangible personal property or services, including the

1 renting and leasing of tangible personal property, purchased directly by a
2 public or private elementary or secondary school or public or private
3 nonprofit educational institution and used primarily by such school or
4 institution for nonsectarian programs and activities provided or sponsored
5 by such school or institution or in the erection, repair or enlargement of
6 buildings to be used for such purposes. The exemption herein provided
7 shall not apply to erection, construction, repair, enlargement or equipment
8 of buildings used primarily for human habitation;

9 (d) all sales of tangible personal property or services purchased by a
10 contractor for the purpose of constructing, equipping, reconstructing,
11 maintaining, repairing, enlarging, furnishing or remodeling facilities for
12 any public or private nonprofit hospital or public hospital authority, public
13 or private elementary or secondary school, a public or private nonprofit
14 educational institution, state correctional institution including a privately
15 constructed correctional institution contracted for state use and ownership,
16 that would be exempt from taxation under the provisions of this act if
17 purchased directly by such hospital or public hospital authority, school,
18 educational institution or a state correctional institution; and all sales of
19 tangible personal property or services purchased by a contractor for the
20 purpose of constructing, equipping, reconstructing, maintaining, repairing,
21 enlarging, furnishing or remodeling facilities for any political subdivision
22 of the state or district described in subsection (s), the total cost of which is
23 paid from funds of such political subdivision or district and that would be
24 exempt from taxation under the provisions of this act if purchased directly
25 by such political subdivision or district. Nothing in this subsection or in
26 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
27 deemed to exempt the purchase of any construction machinery, equipment
28 or tools used in the constructing, equipping, reconstructing, maintaining,
29 repairing, enlarging, furnishing or remodeling facilities for any political
30 subdivision of the state or any such district. As used in this subsection,
31 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
32 political subdivision" shall mean general tax revenues, the proceeds of any
33 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
34 purpose of constructing, equipping, reconstructing, repairing, enlarging,
35 furnishing or remodeling facilities that are to be leased to the donor. When
36 any political subdivision of the state, district described in subsection (s),
37 public or private nonprofit hospital or public hospital authority, public or
38 private elementary or secondary school, public or private nonprofit
39 educational institution, state correctional institution including a privately
40 constructed correctional institution contracted for state use and ownership
41 shall contract for the purpose of constructing, equipping, reconstructing,
42 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
43 shall obtain from the state and furnish to the contractor an exemption

1 certificate for the project involved, and the contractor may purchase
2 materials for incorporation in such project. The contractor shall furnish the
3 number of such certificate to all suppliers from whom such purchases are
4 made, and such suppliers shall execute invoices covering the same bearing
5 the number of such certificate. Upon completion of the project the
6 contractor shall furnish to the political subdivision, district described in
7 subsection (s), hospital or public hospital authority, school, educational
8 institution or department of corrections concerned a sworn statement, on a
9 form to be provided by the director of taxation, that all purchases so made
10 were entitled to exemption under this subsection. As an alternative to the
11 foregoing procedure, any such contracting entity may apply to the
12 secretary of revenue for agent status for the sole purpose of issuing and
13 furnishing project exemption certificates to contractors pursuant to rules
14 and regulations adopted by the secretary establishing conditions and
15 standards for the granting and maintaining of such status. All invoices
16 shall be held by the contractor for a period of five years and shall be
17 subject to audit by the director of taxation. If any materials purchased
18 under such a certificate are found not to have been incorporated in the
19 building or other project or not to have been returned for credit or the sales
20 or compensating tax otherwise imposed upon such materials that will not
21 be so incorporated in the building or other project reported and paid by
22 such contractor to the director of taxation not later than the 20th day of the
23 month following the close of the month in which it shall be determined
24 that such materials will not be used for the purpose for which such
25 certificate was issued, the political subdivision, district described in
26 subsection (s), hospital or public hospital authority, school, educational
27 institution or the contractor contracting with the department of corrections
28 for a correctional institution concerned shall be liable for tax on all
29 materials purchased for the project, and upon payment thereof it may
30 recover the same from the contractor together with reasonable attorney
31 fees. Any contractor or any agent, employee or subcontractor thereof, who
32 shall use or otherwise dispose of any materials purchased under such a
33 certificate for any purpose other than that for which such a certificate is
34 issued without the payment of the sales or compensating tax otherwise
35 imposed upon such materials, shall be guilty of a misdemeanor and, upon
36 conviction therefor, shall be subject to the penalties provided for in K.S.A.
37 79-3615(h), and amendments thereto;

38 (e) all sales of tangible personal property or services purchased by a
39 contractor for the erection, repair or enlargement of buildings or other
40 projects for the government of the United States, its agencies or
41 instrumentalities, that would be exempt from taxation if purchased directly
42 by the government of the United States, its agencies or instrumentalities.
43 When the government of the United States, its agencies or

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

26 (f) tangible personal property purchased by a railroad or public utility
27 for consumption or movement directly and immediately in interstate
28 commerce;

29 (g) sales of aircraft including remanufactured and modified aircraft
30 sold to persons using directly or through an authorized agent such aircraft
31 as certified or licensed carriers of persons or property in interstate or
32 foreign commerce under authority of the laws of the United States or any
33 foreign government or sold to any foreign government or agency or
34 instrumentality of such foreign government and all sales of aircraft for use
35 outside of the United States and sales of aircraft repair, modification and
36 replacement parts and sales of services employed in the remanufacture,
37 modification and repair of aircraft;

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

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

42 (j) meals served without charge or food used in the preparation of
43 such meals to employees of any restaurant, eating house, dining car, hotel,

1 drugstore or other place where meals or drinks are regularly sold to the
2 public if such employees' duties are related to the furnishing or sale of
3 such meals or drinks;

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

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

14 (m) all sales of tangible personal property that become an ingredient
15 or component part of tangible personal property or services produced,
16 manufactured or compounded for ultimate sale at retail within or without
17 the state of Kansas; and any such producer, manufacturer or compounder
18 may obtain from the director of taxation and furnish to the supplier an
19 exemption certificate number for tangible personal property for use as an
20 ingredient or component part of the property or services produced,
21 manufactured or compounded;

22 (n) all sales of tangible personal property that is consumed in the
23 production, manufacture, processing, mining, drilling, refining or
24 compounding of tangible personal property, the treating of by-products or
25 wastes derived from any such production process, the providing of
26 services or the irrigation of crops for ultimate sale at retail within or
27 without the state of Kansas; and any purchaser of such property may
28 obtain from the director of taxation and furnish to the supplier an
29 exemption certificate number for tangible personal property for
30 consumption in such production, manufacture, processing, mining,
31 drilling, refining, compounding, treating, irrigation and in providing such
32 services;

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

39 (p) all sales of drugs dispensed pursuant to a prescription order by a
40 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
41 1626, and amendments thereto. As used in this subsection, "drug" means a
42 compound, substance or preparation and any component of a compound,
43 substance or preparation, other than food and food ingredients, dietary

1 supplements or alcoholic beverages, recognized in the official United
2 States pharmacopeia, official homeopathic pharmacopoeia of the United
3 States or official national formulary, and supplement to any of them,
4 intended for use in the diagnosis, cure, mitigation, treatment or prevention
5 of disease or intended to affect the structure or any function of the body,
6 except that for taxable years commencing after December 31, 2013, this
7 subsection shall not apply to any sales of drugs used in the performance or
8 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
9 thereto;

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

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

33 (s) except as provided in K.S.A. 2018 Supp. 82a-2101, and
34 amendments thereto, all sales of tangible personal property or services
35 purchased directly or indirectly by a groundwater management district
36 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
37 amendments thereto, by a rural water district organized or operating under
38 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
39 supply district organized or operating under the authority of K.S.A. 19-
40 3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which
41 property or services are used in the construction activities, operation or
42 maintenance of the district;

43 (t) all sales of farm machinery and equipment or aquaculture

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

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

29 (v) all sales of tangible personal property to any contractor for use in
30 preparing meals for delivery to homebound elderly persons over 60 years
31 of age and to homebound disabled persons or to be served at a group-
32 sitting at a location outside of the home to otherwise homebound elderly
33 persons over 60 years of age and to otherwise homebound disabled
34 persons, as all or part of any food service project funded in whole or in
35 part by government or as part of a private nonprofit food service project
36 available to all such elderly or disabled persons residing within an area of
37 service designated by the private nonprofit organization, and all sales of
38 tangible personal property for use in preparing meals for consumption by
39 indigent or homeless individuals whether or not such meals are consumed
40 at a place designated for such purpose, and all sales of food products by or
41 on behalf of any such contractor or organization for any such purpose;

42 (w) all sales of natural gas, electricity, heat and water delivered
43 through mains, lines or pipes: (1) To residential premises for

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

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

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

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

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

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

31 (cc) all sales of tangible personal property or services purchased prior
32 to January 1, 2012, except as otherwise provided, for the purpose of and in
33 conjunction with constructing, reconstructing, enlarging or remodeling a
34 business or retail business that meets the requirements established in
35 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
36 machinery and equipment purchased for installation at any such business
37 or retail business, and all sales of tangible personal property or services
38 purchased on or after January 1, 2012, for the purpose of and in
39 conjunction with constructing, reconstructing, enlarging or remodeling a
40 business that meets the requirements established in K.S.A. 74-50,115(e),
41 and amendments thereto, and the sale and installation of machinery and
42 equipment purchased for installation at any such business. When a person
43 shall contract for the construction, reconstruction, enlargement or

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

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

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

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

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

1 (hh) all sales of medical supplies and equipment, including durable
2 medical equipment, purchased directly by a nonprofit skilled nursing home
3 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
4 and amendments thereto, for the purpose of providing medical services to
5 residents thereof. This exemption shall not apply to tangible personal
6 property customarily used for human habitation purposes. As used in this
7 subsection, "durable medical equipment" means equipment including
8 repair and replacement parts for such equipment, that can withstand
9 repeated use, is primarily and customarily used to serve a medical purpose,
10 generally is not useful to a person in the absence of illness or injury and is
11 not worn in or on the body, but does not include mobility enhancing
12 equipment as defined in subsection (r), oxygen delivery equipment, kidney
13 dialysis equipment or enteral feeding systems;

14 (ii) all sales of tangible personal property purchased directly by a
15 nonprofit organization for nonsectarian comprehensive multidiscipline
16 youth development programs and activities provided or sponsored by such
17 organization, and all sales of tangible personal property by or on behalf of
18 any such organization. This exemption shall not apply to tangible personal
19 property customarily used for human habitation purposes;

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

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

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

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

42 (2) For purposes of this subsection:

43 (A) "Integrated production operation" means an integrated series of

1 operations engaged in at a manufacturing or processing plant or facility to
2 process, transform or convert tangible personal property by physical,
3 chemical or other means into a different form, composition or character
4 from that in which it originally existed. Integrated production operations
5 shall include: (i) Production line operations, including packaging
6 operations; (ii) preproduction operations to handle, store and treat raw
7 materials; (iii) post production handling, storage, warehousing and
8 distribution operations; and (iv) waste, pollution and environmental
9 control operations, if any;

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

13 (C) "manufacturing or processing plant or facility" means a single,
14 fixed location owned or controlled by a manufacturing or processing
15 business that consists of one or more structures or buildings in a
16 contiguous area where integrated production operations are conducted to
17 manufacture or process tangible personal property to be ultimately sold at
18 retail. Such term shall not include any facility primarily operated for the
19 purpose of conveying or assisting in the conveyance of natural gas,
20 electricity, oil or water. A business may operate one or more manufacturing
21 or processing plants or facilities at different locations to manufacture or
22 process a single product of tangible personal property to be ultimately sold
23 at retail;

24 (D) "manufacturing or processing business" means a business that
25 utilizes an integrated production operation to manufacture, process,
26 fabricate, finish or assemble items for wholesale and retail distribution as
27 part of what is commonly regarded by the general public as an industrial
28 manufacturing or processing operation or an agricultural commodity
29 processing operation. (i) Industrial manufacturing or processing operations
30 include, by way of illustration but not of limitation, the fabrication of
31 automobiles, airplanes, machinery or transportation equipment, the
32 fabrication of metal, plastic, wood or paper products, electricity power
33 generation, water treatment, petroleum refining, chemical production,
34 wholesale bottling, newspaper printing, ready mixed concrete production,
35 and the remanufacturing of used parts for wholesale or retail sale. Such
36 processing operations shall include operations at an oil well, gas well,
37 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
38 sand or gravel that has been extracted from the earth is cleaned, separated,
39 crushed, ground, milled, screened, washed or otherwise treated or prepared
40 before its transmission to a refinery or before any other wholesale or retail
41 distribution. (ii) Agricultural commodity processing operations include, by
42 way of illustration but not of limitation, meat packing, poultry slaughtering
43 and dressing, processing and packaging farm and dairy products in sealed

1 containers for wholesale and retail distribution, feed grinding, grain
2 milling, frozen food processing, and grain handling, cleaning, blending,
3 fumigation, drying and aeration operations engaged in by grain elevators
4 or other grain storage facilities. (iii) Manufacturing or processing
5 businesses do not include, by way of illustration but not of limitation,
6 nonindustrial businesses whose operations are primarily retail and that
7 produce or process tangible personal property as an incidental part of
8 conducting the retail business, such as retailers who bake, cook or prepare
9 food products in the regular course of their retail trade, grocery stores,
10 meat lockers and meat markets that butcher or dress livestock or poultry in
11 the regular course of their retail trade, contractors who alter, service, repair
12 or improve real property, and retail businesses that clean, service or
13 refurbish and repair tangible personal property for its owner;

14 (E) "repair and replacement parts and accessories" means all parts
15 and accessories for exempt machinery and equipment, including, but not
16 limited to, dies, jigs, molds, patterns and safety devices that are attached to
17 exempt machinery or that are otherwise used in production, and parts and
18 accessories that require periodic replacement such as belts, drill bits,
19 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
20 other refractory items for exempt kiln equipment used in production
21 operations;

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

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

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

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

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

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

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

39 (F) to plan, manage, control or record the receipt and flow of
40 inventories of raw materials, consumables and component parts, the flow
41 of the property undergoing manufacturing or processing and the
42 management of inventories of the finished product;

43 (G) to produce energy for, lubricate, control the operating of or

1 otherwise enable the functioning of other production machinery and
2 equipment and the continuation of production operations;

3 (H) to package the property being manufactured or processed in a
4 container or wrapping in which such property is normally sold or
5 transported;

6 (I) to transmit or transport electricity, coke, gas, water, steam or
7 similar substances used in production operations from the point of
8 generation, if produced by the manufacturer or processor at the plant site,
9 to that manufacturer's production operation; or, if purchased or delivered
10 from off-site, from the point where the substance enters the site of the
11 plant or facility to that manufacturer's production operations;

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

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

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

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

22 (4) The following machinery, equipment and materials shall be
23 deemed to be exempt even though it may not otherwise qualify as
24 machinery and equipment used as an integral or essential part of an
25 integrated production operation: (A) Computers and related peripheral
26 equipment that are utilized by a manufacturing or processing business for
27 engineering of the finished product or for research and development or
28 product design; (B) machinery and equipment that is utilized by a
29 manufacturing or processing business to manufacture or rebuild tangible
30 personal property that is used in manufacturing or processing operations,
31 including tools, dies, molds, forms and other parts of qualifying machinery
32 and equipment; (C) portable plants for aggregate concrete, bulk cement
33 and asphalt including cement mixing drums to be attached to a motor
34 vehicle; (D) industrial fixtures, devices, support facilities and special
35 foundations necessary for manufacturing and production operations, and
36 materials and other tangible personal property sold for the purpose of
37 fabricating such fixtures, devices, facilities and foundations. An exemption
38 certificate for such purchases shall be signed by the manufacturer or
39 processor. If the fabricator purchases such material, the fabricator shall
40 also sign the exemption certificate; (E) a manufacturing or processing
41 business' laboratory equipment that is not located at the plant or facility,
42 but that would otherwise qualify for exemption under subsection (3)(E);
43 (F) all machinery and equipment used in surface mining activities as

1 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
2 from the time a reclamation plan is filed to the acceptance of the
3 completed final site reclamation.

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

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

11 (B) machinery, equipment and tools used primarily in maintaining
12 and repairing any type of machinery and equipment or the building and
13 plant;

14 (C) transportation, transmission and distribution equipment not
15 primarily used in a production, warehousing or material handling
16 operation at the plant or facility, including the means of conveyance of
17 natural gas, electricity, oil or water, and equipment related thereto, located
18 outside the plant or facility;

19 (D) office machines and equipment including computers and related
20 peripheral equipment not used directly and primarily to control or measure
21 the manufacturing process;

22 (E) furniture and other furnishings;

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

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

29 (H) machinery and equipment used for general plant heating, cooling
30 and lighting;

31 (I) motor vehicles that are registered for operation on public
32 highways; or

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

36 (6) Subsections (3) and (5) shall not be construed as exclusive listings
37 of the machinery and equipment that qualify or do not qualify as an
38 integral or essential part of an integrated production operation. When
39 machinery or equipment is used as an integral or essential part of
40 production operations part of the time and for nonproduction purposes at
41 other times, the primary use of the machinery or equipment shall
42 determine whether or not such machinery or equipment qualifies for
43 exemption.

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

3 (ll) all sales of educational materials purchased for distribution to the
4 public at no charge by a nonprofit corporation organized for the purpose of
5 encouraging, fostering and conducting programs for the improvement of
6 public health, except that for taxable years commencing after December
7 31, 2013, this subsection shall not apply to any sales of such materials
8 purchased by a nonprofit corporation which performs any abortion, as
9 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

40 (tt) all sales of tangible personal property and services purchased by
41 or on behalf of a not-for-profit corporation that is exempt from federal
42 income taxation pursuant to section 501(c)(3) of the federal internal
43 revenue code of 1986, for the sole purpose of constructing a Kansas

1 Korean War memorial;

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

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

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

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

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

20 (4) the American diabetes association Kansas affiliate, inc. for the
21 purpose of eliminating diabetes through medical research, public education
22 focusing on disease prevention and education, patient education including
23 information on coping with diabetes, and professional education and
24 training;

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

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

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

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

40 (9) the heartstrings community foundation for the purpose of
41 providing training, employment and activities for adults with
42 developmental disabilities;

43 (10) the cystic fibrosis foundation, heart of America chapter, for the

1 purposes of assuring the development of the means to cure and control
2 cystic fibrosis and improving the quality of life for those with the disease;

3 (11) the spina bifida association of Kansas for the purpose of
4 providing financial, educational and practical aid to families and
5 individuals with spina bifida. Such aid includes, but is not limited to,
6 funding for medical devices, counseling and medical educational
7 opportunities;

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

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

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

18 (15) the KSDS, Inc., for the purpose of promoting the independence
19 and inclusion of people with disabilities as fully participating and
20 contributing members of their communities and society through the
21 training and providing of guide and service dogs to people with
22 disabilities, and providing disability education and awareness to the
23 general public;

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

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

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

33 (19) the international association of lions clubs for the purpose of
34 creating and fostering a spirit of understanding among all people for
35 humanitarian needs by providing voluntary services through community
36 involvement and international cooperation;

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

41 (21) the American cancer society, inc., for the purpose of eliminating
42 cancer as a major health problem by preventing cancer, saving lives and
43 diminishing suffering from cancer, through research, education, advocacy

1 and service;

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

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

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

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

12 (xx) all sales of tangible personal property and services purchased by
13 a nonprofit zoo that is exempt from federal income taxation pursuant to
14 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
15 of such zoo by an entity itself exempt from federal income taxation
16 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
17 contracted with to operate such zoo and all sales of tangible personal
18 property or services purchased by a contractor for the purpose of
19 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
20 furnishing or remodeling facilities for any nonprofit zoo that would be
21 exempt from taxation under the provisions of this section if purchased
22 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
23 this subsection shall be deemed to exempt the purchase of any construction
24 machinery, equipment or tools used in the constructing, equipping,
25 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
26 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
27 the purpose of constructing, equipping, reconstructing, maintaining,
28 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
29 from the state and furnish to the contractor an exemption certificate for the
30 project involved, and the contractor may purchase materials for
31 incorporation in such project. The contractor shall furnish the number of
32 such certificate to all suppliers from whom such purchases are made, and
33 such suppliers shall execute invoices covering the same bearing the
34 number of such certificate. Upon completion of the project the contractor
35 shall furnish to the nonprofit zoo concerned a sworn statement, on a form
36 to be provided by the director of taxation, that all purchases so made were
37 entitled to exemption under this subsection. All invoices shall be held by
38 the contractor for a period of five years and shall be subject to audit by the
39 director of taxation. If any materials purchased under such a certificate are
40 found not to have been incorporated in the building or other project or not
41 to have been returned for credit or the sales or compensating tax otherwise
42 imposed upon such materials that will not be so incorporated in the
43 building or other project reported and paid by such contractor to the

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

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

17 (zz) all sales of machinery and equipment purchased by over-the-air,
18 free access radio or television station that is used directly and primarily for
19 the purpose of producing a broadcast signal or is such that the failure of
20 the machinery or equipment to operate would cause broadcasting to cease.
21 For purposes of this subsection, machinery and equipment shall include,
22 but not be limited to, that required by rules and regulations of the federal
23 communications commission, and all sales of electricity which are
24 essential or necessary for the purpose of producing a broadcast signal or is
25 such that the failure of the electricity would cause broadcasting to cease;

26 (aaa) all sales of tangible personal property and services purchased by
27 a religious organization that is exempt from federal income taxation
28 pursuant to section 501(c)(3) of the federal internal revenue code, and used
29 exclusively for religious purposes, and all sales of tangible personal
30 property or services purchased by a contractor for the purpose of
31 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
32 furnishing or remodeling facilities for any such organization that would be
33 exempt from taxation under the provisions of this section if purchased
34 directly by such organization. Nothing in this subsection shall be deemed
35 to exempt the purchase of any construction machinery, equipment or tools
36 used in the constructing, equipping, reconstructing, maintaining, repairing,
37 enlarging, furnishing or remodeling facilities for any such organization.
38 When any such organization shall contract for the purpose of constructing,
39 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
40 remodeling facilities, 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 the building or other project or not to have been returned
10 for credit or the sales or compensating tax otherwise imposed upon such
11 materials that will not be so incorporated in the building or other project
12 reported and paid by such contractor to the director of taxation not later
13 than the 20th day of the month following the close of the month in which it
14 shall be determined that such materials will not be used for the purpose for
15 which such certificate was issued, such organization concerned shall be
16 liable for tax on all materials purchased for the project, and upon payment
17 thereof it may recover the same from the contractor together with
18 reasonable attorney fees. Any contractor or any agent, employee or
19 subcontractor thereof, who shall use or otherwise dispose of any materials
20 purchased under such a certificate for any purpose other than that for
21 which such a certificate is issued without the payment of the sales or
22 compensating tax otherwise imposed upon such materials, shall be guilty
23 of a misdemeanor and, upon conviction therefor, shall be subject to the
24 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
25 Sales tax paid on and after July 1, 1998, but prior to the effective date of
26 this act upon the gross receipts received from any sale exempted by the
27 amendatory provisions of this subsection shall be refunded. Each claim for
28 a sales tax refund shall be verified and submitted to the director of taxation
29 upon forms furnished by the director and shall be accompanied by any
30 additional documentation required by the director. The director shall
31 review each claim and shall refund that amount of sales tax paid as
32 determined under the provisions of this subsection. All refunds shall be
33 paid from the sales tax refund fund upon warrants of the director of
34 accounts and reports pursuant to vouchers approved by the director or the
35 director's designee;

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

41 (ccc) on and after July 1, 1999, all sales of tangible personal property
42 and services purchased by a primary care clinic or health center the
43 primary purpose of which is to provide services to medically underserved

1 individuals and families, and that is exempt from federal income taxation
2 pursuant to section 501(c)(3) of the federal internal revenue code, and all
3 sales of tangible personal property or services purchased by a contractor
4 for the purpose of constructing, equipping, reconstructing, maintaining,
5 repairing, enlarging, furnishing or remodeling facilities for any such clinic
6 or center that would be exempt from taxation under the provisions of this
7 section if purchased directly by such clinic or center, except that for
8 taxable years commencing after December 31, 2013, this subsection shall
9 not apply to any sales of such tangible personal property and services
10 purchased by a primary care clinic or health center which performs any
11 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
12 in this subsection shall be deemed to exempt the purchase of any
13 construction machinery, equipment or tools used in the constructing,
14 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
15 remodeling facilities for any such clinic or center. When any such clinic or
16 center shall contract for the purpose of constructing, equipping,
17 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
18 facilities, it shall obtain from the state and furnish to the contractor an
19 exemption certificate for the project involved, and the contractor may
20 purchase materials for incorporation in such project. The contractor shall
21 furnish the number of such certificate to all suppliers from whom such
22 purchases are made, and such suppliers shall execute invoices covering the
23 same bearing the number of such certificate. Upon completion of the
24 project the contractor shall furnish to such clinic or center concerned a
25 sworn statement, on a form to be provided by the director of taxation, that
26 all purchases so made were entitled to exemption under this subsection.
27 All invoices shall be held by the contractor for a period of five years and
28 shall be subject to audit by the director of taxation. If any materials
29 purchased under such a certificate are found not to have been incorporated
30 in the building or other project or not to have been returned for credit or
31 the sales or compensating tax otherwise imposed upon such materials that
32 will not be so incorporated in the building or other project reported and
33 paid by such contractor to the director of taxation not later than the 20th
34 day of the month following the close of the month in which it shall be
35 determined that such materials will not be used for the purpose for which
36 such certificate was issued, such clinic or center concerned shall be liable
37 for tax on all materials purchased for the project, and upon payment
38 thereof it may recover the same from the contractor together with
39 reasonable attorney fees. Any contractor or any agent, employee or
40 subcontractor thereof, who shall use or otherwise dispose of any materials
41 purchased under such a certificate for any purpose other than that for
42 which such a certificate is issued without the payment of the sales or
43 compensating tax otherwise imposed upon such materials, shall be guilty

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

3 (ddd) on and after January 1, 1999, and before January 1, 2000, all
4 sales of materials and services purchased by any class II or III railroad as
5 classified by the federal surface transportation board for the construction,
6 renovation, repair or replacement of class II or III railroad track and
7 facilities used directly in interstate commerce. In the event any such track
8 or facility for which materials and services were purchased sales tax
9 exempt is not operational for five years succeeding the allowance of such
10 exemption, the total amount of sales tax that would have been payable
11 except for the operation of this subsection shall be recouped in accordance
12 with rules and regulations adopted for such purpose by the secretary of
13 revenue;

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

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

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

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

42 (iii) all sales of personal property and services purchased by an
43 organization that is exempt from federal income taxation pursuant to

1 section 501(c)(3) of the federal internal revenue code of 1986, and such
2 personal property and services are used by any such organization in the
3 collection, storage and distribution of food products to nonprofit
4 organizations that distribute such food products to persons pursuant to a
5 food distribution program on a charitable basis without fee or charge, and
6 all sales of tangible personal property or services purchased by a
7 contractor for the purpose of constructing, equipping, reconstructing,
8 maintaining, repairing, enlarging, furnishing or remodeling facilities used
9 for the collection and storage of such food products for any such
10 organization which is exempt from federal income taxation pursuant to
11 section 501(c)(3) of the federal internal revenue code of 1986, that would
12 be exempt from taxation under the provisions of this section if purchased
13 directly by such organization. Nothing in this subsection shall be deemed
14 to exempt the purchase of any construction machinery, equipment or tools
15 used in the constructing, equipping, reconstructing, maintaining, repairing,
16 enlarging, furnishing or remodeling facilities for any such organization.
17 When any such organization shall contract for the purpose of constructing,
18 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
19 remodeling facilities, 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 certificate to all suppliers from
23 whom such purchases are made, and such suppliers shall execute invoices
24 covering the same bearing the number of such certificate. Upon
25 completion of the project the contractor shall furnish to such organization
26 concerned 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 such facilities or not to have been returned for credit or the
32 sales or compensating tax otherwise imposed upon such materials that will
33 not be so incorporated in such facilities reported and paid by such
34 contractor to the director of taxation not later than the 20th day of the
35 month following the close of the month in which it shall be determined
36 that such materials will not be used for the purpose for which such
37 certificate was issued, such organization concerned shall be liable for tax
38 on all materials purchased for the project, and upon payment thereof it
39 may recover the same from the contractor together with reasonable
40 attorney fees. Any contractor or any agent, employee or subcontractor
41 thereof, who shall use or otherwise dispose of any materials purchased
42 under such a certificate for any purpose other than that for which such a
43 certificate is issued without the payment of the sales or compensating tax

1 otherwise imposed upon such materials, shall be guilty of a misdemeanor
2 and, upon conviction therefor, shall be subject to the penalties provided for
3 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
4 July 1, 2005, but prior to the effective date of this act upon the gross
5 receipts received from any sale exempted by the amendatory provisions of
6 this subsection shall be refunded. Each claim for a sales tax refund shall be
7 verified and submitted to the director of taxation upon forms furnished by
8 the director and shall be accompanied by any additional documentation
9 required by the director. The director shall review each claim and shall
10 refund that amount of sales tax paid as determined under the provisions of
11 this subsection. All refunds shall be paid from the sales tax refund fund
12 upon warrants of the director of accounts and reports pursuant to vouchers
13 approved by the director or the director's designee;

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

29 (lll) all sales of tangible personal property and services purchased by
30 special olympics Kansas, inc. for the purpose of providing year-round
31 sports training and athletic competition in a variety of olympic-type sports
32 for individuals with intellectual disabilities by giving them continuing
33 opportunities to develop physical fitness, demonstrate courage, experience
34 joy and participate in a sharing of gifts, skills and friendship with their
35 families, other special olympics athletes and the community, and activities
36 provided or sponsored by such organization, and all sales of tangible
37 personal property by or on behalf of any such organization;

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

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

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

10 (ppp) all sales of tangible personal property and services purchased
11 by or on behalf of a homeless shelter that is exempt from federal income
12 taxation pursuant to section 501(c)(3) of the federal income tax code of
13 1986, and used by any such homeless shelter to provide emergency and
14 transitional housing for individuals and families experiencing
15 homelessness, and all sales of any such property by or on behalf of any
16 such homeless shelter for any such purpose;

17 (qqq) all sales of tangible personal property and services purchased
18 by TLC for children and families, inc., hereinafter referred to as TLC,
19 which is exempt from federal income taxation pursuant to section 501(c)
20 (3) of the federal internal revenue code of 1986, and such property and
21 services are used for the purpose of providing emergency shelter and
22 treatment for abused and neglected children as well as meeting additional
23 critical needs for children, juveniles and family, and all sales of any such
24 property by or on behalf of TLC for any such purpose; and all sales of
25 tangible personal property or services purchased by a contractor for the
26 purpose of constructing, maintaining, repairing, enlarging, furnishing or
27 remodeling facilities for the operation of services for TLC for any such
28 purpose that would be exempt from taxation under the provisions of this
29 section if purchased directly by TLC. Nothing in this subsection shall be
30 deemed to exempt the purchase of any construction machinery, equipment
31 or tools used in the constructing, maintaining, repairing, enlarging,
32 furnishing or remodeling such facilities for TLC. When TLC contracts for
33 the purpose of constructing, maintaining, repairing, enlarging, furnishing
34 or remodeling such facilities, it shall obtain from the state and furnish to
35 the contractor an exemption certificate for the project involved, and the
36 contractor may purchase materials for incorporation in such project. The
37 contractor shall furnish the number of such certificate to all suppliers from
38 whom such purchases are made, and such suppliers shall execute invoices
39 covering the same bearing the number of such certificate. Upon
40 completion of the project the contractor shall furnish to TLC a sworn
41 statement, on a form to be provided by the director of taxation, that all
42 purchases so made were entitled to exemption under this subsection. All
43 invoices shall be held by the contractor for a period of five years and shall

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

19 (rrr) all sales of tangible personal property and services purchased by
20 any county law library maintained pursuant to law and sales of tangible
21 personal property and services purchased by an organization that would
22 have been exempt from taxation under the provisions of this subsection if
23 purchased directly by the county law library for the purpose of providing
24 legal resources to attorneys, judges, students and the general public, and
25 all sales of any such property by or on behalf of any such county law
26 library;

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

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

31 (ttt) all sales of tangible personal property or services purchased by a
32 contractor for a project for the purpose of restoring, constructing,
33 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
34 remodeling a home or facility owned by a nonprofit museum that has been
35 granted an exemption pursuant to subsection (qq), which such home or
36 facility is located in a city that has been designated as a qualified
37 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
38 amendments thereto, and which such project is related to the purposes of
39 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
40 exempt from taxation under the provisions of this section if purchased
41 directly by such nonprofit museum. Nothing in this subsection shall be
42 deemed to exempt the purchase of any construction machinery, equipment
43 or tools used in the restoring, constructing, equipping, reconstructing,

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

33 (uuu) all sales of tangible personal property and services purchased
34 by Kansas children's service league, hereinafter referred to as KCSL,
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 providing for the prevention and
38 treatment of child abuse and maltreatment as well as meeting additional
39 critical needs for children, juveniles and family, and all sales of any such
40 property by or on behalf of KCSL for any such purpose; and all sales of
41 tangible personal property or services purchased by a contractor for the
42 purpose of constructing, maintaining, repairing, enlarging, furnishing or
43 remodeling facilities for the operation of services for KCSL for any such

1 purpose that would be exempt from taxation under the provisions of this
2 section if purchased directly by KCSL. Nothing in this subsection shall be
3 deemed to exempt the purchase of any construction machinery, equipment
4 or tools used in the constructing, maintaining, repairing, enlarging,
5 furnishing or remodeling such facilities for KCSL. When KCSL 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 KCSL a
14 sworn statement, on a form to be provided by the director of taxation, that
15 all purchases so made were entitled to exemption under this subsection.
16 All invoices shall be held by the contractor for a period of five years and
17 shall be subject to audit by the director of taxation. If any materials
18 purchased under such a certificate are found not to have been incorporated
19 in the building or other project or not to have been returned for credit or
20 the sales or compensating tax otherwise imposed upon such materials that
21 will not be so incorporated in the building or other project reported and
22 paid by such contractor to the director of taxation not later than the 20th
23 day of the month following the close of the month in which it shall be
24 determined that such materials will not be used for the purpose for which
25 such certificate was issued, KCSL shall be liable for tax on all materials
26 purchased for the project, and upon payment thereof it may recover the
27 same from the contractor together with reasonable attorney fees. Any
28 contractor or any agent, employee or subcontractor thereof, who shall use
29 or otherwise dispose of any materials purchased under such a certificate
30 for any purpose other than that for which such a certificate is issued
31 without the payment of the sales or compensating tax otherwise imposed
32 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 (vvv) all sales of tangible personal property or services, including the
36 renting and leasing of tangible personal property or services, purchased by
37 jazz in the woods, inc., a Kansas corporation that is exempt from federal
38 income taxation pursuant to section 501(c)(3) of the federal internal
39 revenue code, for the purpose of providing jazz in the woods, an event
40 benefiting children-in-need and other nonprofit charities assisting such
41 children, and all sales of any such property by or on behalf of such
42 organization for such purpose;

43 (www) all sales of tangible personal property purchased by or on

1 behalf of the Frontenac education foundation, which is exempt from
2 federal income taxation pursuant to section 501(c)(3) of the federal
3 internal revenue code, for the purpose of providing education support for
4 students, and all sales of any such property by or on behalf of such
5 organization for such purpose;

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

1 any agent, employee or subcontractor thereof, who shall use or otherwise
2 dispose of any materials purchased under such a certificate for any purpose
3 other than that for which such a certificate is issued without the payment
4 of the sales or compensating tax otherwise imposed upon such materials,
5 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
6 subject to the penalties provided for in K.S.A. 79-3615(h), and
7 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
8 to the effective date of this act upon the gross receipts received from any
9 sale which would have been exempted by the provisions of this subsection
10 had such sale occurred after the effective date of this act shall be refunded.
11 Each claim for a sales tax refund shall be verified and submitted to the
12 director of taxation upon forms furnished by the director and shall be
13 accompanied by any additional documentation required by the director.
14 The director shall review each claim and shall refund that amount of sales
15 tax paid as determined under the provisions of this subsection. All refunds
16 shall be paid from the sales tax refund fund upon warrants of the director
17 of accounts and reports pursuant to vouchers approved by the director or
18 the director's designee;

19 (yyy) all sales of tangible personal property and services purchased
20 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
21 which is exempt from federal income taxation pursuant to section 501(c)
22 (3) of the federal internal revenue code of 1986, and which such property
23 and services are used for the purpose of encouraging private philanthropy
24 to further the vision, values, and goals of TLC for children and families,
25 inc.; and all sales of such property and services by or on behalf of TLC
26 charities for any such purpose and all sales of tangible personal property or
27 services purchased by a contractor for the purpose of constructing,
28 maintaining, repairing, enlarging, furnishing or remodeling facilities for
29 the operation of services for TLC charities for any such purpose that would
30 be exempt from taxation under the provisions of this section if purchased
31 directly by TLC charities. Nothing in this subsection shall be deemed to
32 exempt the purchase of any construction machinery, equipment or tools
33 used in the constructing, maintaining, repairing, enlarging, furnishing or
34 remodeling such facilities for TLC charities. When TLC charities contracts
35 for the purpose of constructing, maintaining, repairing, enlarging,
36 furnishing or remodeling such facilities, it shall obtain from the state and
37 furnish to the contractor an exemption certificate for the project involved,
38 and the contractor may purchase materials for incorporation in such
39 project. The contractor shall furnish the number of such certificate to all
40 suppliers from whom such purchases are made, and such suppliers shall
41 execute invoices covering the same bearing the number of such certificate.
42 Upon completion of the project the contractor shall furnish to TLC
43 charities a sworn statement, on a form to be provided by the director of

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

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

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

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

37 (cccc) all sales of tangible personal property or services purchased by
38 or on behalf of wayside waifs, inc., which is exempt from federal income
39 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
40 for the purpose of providing such organization's annual fundraiser, an
41 event whose purpose is to support the care of homeless and abandoned
42 animals, animal adoption efforts, education programs for children and
43 efforts to reduce animal over-population and animal welfare services, and

1 all sales of any such property, including entry or participation fees or
2 charges, by or on behalf of such organization for such purpose;

3 (dddd) all sales of tangible personal property or services purchased
4 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
5 of which are exempt from federal income taxation pursuant to section
6 501(c)(3) of the federal internal revenue code, for the purpose of providing
7 education, training and employment opportunities for people with
8 disabilities and other barriers to employment;

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

16 (ffff) all sales of tangible personal property and services purchased by
17 sheltered living, inc., which is exempt from federal income taxation
18 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
19 and which such property and services are used for the purpose of
20 providing residential and day services for people with developmental
21 disabilities or intellectual disability, or both, and all sales of any such
22 property by or on behalf of sheltered living, inc., for any such purpose; and
23 all sales of tangible personal property or services purchased by a
24 contractor for the purpose of rehabilitating, constructing, maintaining,
25 repairing, enlarging, furnishing or remodeling homes and facilities for
26 sheltered living, inc., for any such purpose that would be exempt from
27 taxation under the provisions of this section if purchased directly by
28 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
29 the purchase of any construction machinery, equipment or tools used in the
30 constructing, maintaining, repairing, enlarging, furnishing or remodeling
31 such homes and facilities for sheltered living, inc. When sheltered living,
32 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
33 repairing, enlarging, furnishing or remodeling such homes and facilities, it
34 shall obtain from the state and furnish to the contractor an exemption
35 certificate for the project involved, and the contractor may purchase
36 materials for incorporation in such project. The contractor shall furnish the
37 number of such certificate to all suppliers from whom such purchases are
38 made, and such suppliers shall execute invoices covering the same bearing
39 the number of such certificate. Upon completion of the project the
40 contractor shall furnish to sheltered living, inc., a sworn statement, on a
41 form to be provided by the director of taxation, that all purchases so made
42 were entitled to exemption under this subsection. All invoices shall be held
43 by the contractor for a period of five years and shall be subject to audit by

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

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

21 (hhhh) all sales of tangible personal property or services purchased
22 on or after July 1, 2014, for the purpose of and in conjunction with
23 constructing, reconstructing, enlarging or remodeling a business identified
24 under the North American industry classification system (NAICS)
25 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
26 installation of machinery and equipment purchased for installation at any
27 such business. The exemption provided in this subsection shall not apply
28 to projects that have actual total costs less than \$50,000. When a person
29 contracts for the construction, reconstruction, enlargement or remodeling
30 of any such business, such person shall obtain from the state and furnish to
31 the contractor an exemption certificate for the project involved, and the
32 contractor may purchase materials, machinery and equipment for
33 incorporation in such project. The contractor shall furnish the number of
34 such certificates 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 the owner of the business a sworn statement, on a form to
38 be 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. Any contractor or any agent, employee or
42 subcontractor of the contractor, who shall use or otherwise dispose of any
43 materials, machinery or equipment purchased under such a certificate for

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

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

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

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

13 (lll) all sales of tangible personal property and services purchased by
14 Gove county healthcare endowment foundation, inc., which is exempt
15 from federal income taxation pursuant to section 501(c)(3) of the federal
16 internal revenue code of 1986, and which such property and services are
17 used for the purpose of constructing and equipping an airport in Quinter,
18 Kansas, and all sales of tangible personal property or services purchased
19 by a contractor for the purpose of constructing and equipping an airport in
20 Quinter, Kansas, for such organization, that would be exempt from
21 taxation under the provisions of this section if purchased directly by such
22 organization. Nothing in this subsection shall be deemed to exempt the
23 purchase of any construction machinery, equipment or tools used in the
24 constructing or equipping of facilities for such organization. When such
25 organization shall contract for the purpose of constructing or equipping an
26 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
27 contractor an exemption certificate for the project involved, and the
28 contractor may purchase materials for incorporation in such project. The
29 contractor shall furnish the number of such certificate to all suppliers from
30 whom such purchases are made, and such suppliers shall execute invoices
31 covering the same bearing the number of such certificate. Upon
32 completion of the project, the contractor shall furnish to such organization
33 concerned a sworn statement, on a form to be provided by the director of
34 taxation, that all purchases so made were entitled to exemption under this
35 subsection. All invoices shall be held by the contractor for a period of five
36 years and shall be subject to audit by the director of taxation. If any
37 materials purchased under such a certificate are found not to have been
38 incorporated in such facilities or not to have been returned for credit or the
39 sales or compensating tax otherwise imposed upon such materials that will
40 not be so incorporated in such facilities reported and paid by such
41 contractor to the director of taxation no later than the 20th day of the month
42 following the close of the month in which it shall be determined that such
43 materials will not be used for the purpose for which such certificate was

1 issued, such organization concerned shall be liable for tax on all materials
2 purchased for the project, and upon payment thereof it may recover the
3 same from the contractor together with reasonable attorney fees. Any
4 contractor or any agent, employee or subcontractor thereof, who purchased
5 under such a certificate for any purpose other than that for which such a
6 certificate is issued without the payment of the sales or compensating tax
7 otherwise imposed upon such materials, shall be guilty of a misdemeanor
8 and, upon conviction therefor, shall be subject to the penalties provided for
9 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
10 subsection shall expire and have no effect on and after July 1, 2019;

11 *(mmmm) all sales of gold or silver coins; and palladium, platinum,*
12 *gold or silver bullion. For the purposes of this subsection, "bullion" means*
13 *bars, ingots, or commemorative medallions of gold, silver, platinum,*
14 *palladium, or a combination thereof, for which the value of the metal*
15 *depends on its content and not the form; and*

16 *(nnnn) all sales of tangible personal property and services purchased*
17 *by midland care connection, inc., that is exempt from federal income*
18 *taxation pursuant to section 501(c)(3) of the federal internal revenue code*
19 *of 1986, and such property and services are used for the purpose of*
20 *providing healthcare services to persons in the community.*

21 Sec. 10. K.S.A. 74-50,222 and K.S.A. 2018 Supp. 12-187, 12-189,
22 79-2925c, 79-32,120, 79-32,143a, 79-3401 and 79-3606 are hereby
23 repealed.

24 Sec. 11. This act shall take effect and be in force from and after its
25 publication in the statute book.