

SENATE BILL No. 178

By Committee on Assessment and Taxation

2-13

1 AN ACT concerning sales taxation; relating to exemptions; nonprofit
2 integrated community care organizations, definitions; ***{requirements of***
3 ***new exemptions;*** amending K.S.A. 2018 Supp. 79-3602 and 79-3606
4 and repealing the existing ~~section~~ ***{sections}***.

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

7 Section 1. K.S.A. 2018 Supp. 79-3602 is hereby amended to read as
8 follows: 79-3602. Except as otherwise provided, as used in the Kansas
9 retailers' sales tax act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (n) "Food and food ingredients" means substances, whether in liquid,
35 concentrated, solid, frozen, dried or dehydrated form, that are sold for
36 ingestion or chewing by humans and are consumed for their taste or
37 nutritional value. "Food and food ingredients" does not include alcoholic
38 beverages or tobacco.

39 (o) "Gross receipts" means the total selling price or the amount
40 received as defined in this act, in money, credits, property or other
41 consideration valued in money from sales at retail within this state; and
42 embraced within the provisions of this act. The taxpayer, may take credit
43 in the report of gross receipts for: (1) An amount equal to the selling price

1 of property returned by the purchaser when the full sale price thereof,
2 including the tax collected, is refunded in cash or by credit; and (2) an
3 amount equal to the allowance given for the trade-in of property.

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

15 (1) Containers, labels and shipping cases used in the distribution of
16 property produced, manufactured or compounded for sale which are not to
17 be returned to the producer, manufacturer or compounder for reuse.

18 (2) Containers, labels, shipping cases, paper bags, drinking straws,
19 paper plates, paper cups, twine and wrapping paper used in the distribution
20 and sale of property taxable under the provisions of this act by wholesalers
21 and retailers and which is not to be returned to such wholesaler or retailer
22 for reuse.

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

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

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

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

34 (q) "Isolated or occasional sale" means the nonrecurring sale of
35 tangible personal property, or services taxable hereunder by a person not
36 engaged at the time of such sale in the business of selling such property or
37 services. Any religious organization which makes a nonrecurring sale of
38 tangible personal property acquired for the purpose of resale shall be
39 deemed to be not engaged at the time of such sale in the business of selling
40 such property. Such term shall include: (1) Any sale by a bank, savings and
41 loan institution, credit union or any finance company licensed under the
42 provisions of the Kansas uniform consumer credit code of tangible
43 personal property which has been repossessed by any such entity; and (2)

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

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

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

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

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

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

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

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

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

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

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

42 (v) "Model 2 seller" means a seller that has selected a CAS to
43 perform part of its sales and use tax functions, but retains responsibility for

1 remitting the tax.

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

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

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

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

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

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

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

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

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

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

28 (B) electricity, gas and water; and

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

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

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

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

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

41 (ii) "Retailer" means a seller regularly engaged in the business of
42 selling, leasing or renting tangible personal property at retail or furnishing
43 electrical energy, gas, water, services or entertainment, and selling only to

1 the user or consumer and not for resale.

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

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

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

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

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

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

27 (D) delivery charges; and

28 (E) installation charges.

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

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

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

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

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

40 (i) The purchaser presents a coupon, certificate or other
41 documentation to the seller to claim a price reduction or discount where
42 the coupon, certificate or documentation is authorized, distributed or
43 granted by a third party with the understanding that the third party will

1 reimburse any seller to whom the coupon, certificate or documentation is
2 presented;

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

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

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

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

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

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

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

23 (E) commencing on July 1, 2018, and ending on June 30, 2021, cash
24 rebates granted by a manufacturer to a purchaser or lessee of a new motor
25 vehicle if paid directly to the retailer as a result of the original sale.

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

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

30 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2018 Supp.
31 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
32 thereto, which shall apply to identify and determine the state and local
33 taxing jurisdiction sales or use taxes to pay, or collect and remit on a
34 particular retail sale.

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

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

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

43 (ss) "Entity-based exemption" means an exemption based on who

1 purchases the product or who sells the product. An exemption that is
2 available to all individuals shall not be considered an entity-based
3 exemption.

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

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

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

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

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

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

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

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

1 Telecommunications service does not include:

- 2 (1) Data processing and information services that allow data to be
3 generated, acquired, stored, processed or retrieved and delivered by an
4 electronic transmission to a purchaser where such purchaser's primary
5 purpose for the underlying transaction is the processed data or
6 information;
- 7 (2) installation or maintenance of wiring or equipment on a
8 customer's premises;
- 9 (3) tangible personal property;
- 10 (4) advertising, including, but not limited to, directory advertising;
- 11 (5) billing and collection services provided to third parties;
- 12 (6) internet access service;
- 13 (7) radio and television audio and video programming services,
14 regardless of the medium, including the furnishing of transmission,
15 conveyance and routing of such services by the programming service
16 provider. Radio and television audio and video programming services shall
17 include, but not be limited to, cable service as defined in 47 U.S.C. §
18 522(6) and audio and video programming services delivered by
19 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;
- 20 (8) ancillary services; or
- 21 (9) digital products delivered electronically, including, but not limited
22 to, software, music, video, reading materials or ring tones.
- 23 (bbb) "800 service" means a telecommunications service that allows a
24 caller to dial a toll-free number without incurring a charge for the call. The
25 service is typically marketed under the name 800, 855, 866, 877 and 888
26 toll-free calling, and any subsequent numbers designated by the federal
27 communications commission.
- 28 (ccc) "900 service" means an inbound toll telecommunications
29 service purchased by a subscriber that allows the subscriber's customers to
30 call in to the subscriber's prerecorded announcement or live service. 900
31 service does not include the charge for collection services provided by the
32 seller of the telecommunications services to the subscriber, or service or
33 product sold by the subscriber to the subscriber's customer. The service is
34 typically marketed under the name 900 service, and any subsequent
35 numbers designated by the federal communications commission.
- 36 (ddd) "Value-added non-voice data service" means a service that
37 otherwise meets the definition of telecommunications services in which
38 computer processing applications are used to act on the form, content,
39 code or protocol of the information or data primarily for a purpose other
40 than transmission, conveyance or routing.
- 41 (eee) "International" means a telecommunications service that
42 originates or terminates in the United States and terminates or originates
43 outside the United States, respectively. United States includes the District

1 of Columbia or a U.S. territory or possession.

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

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

10 (*hhh*) "*Nonprofit integrated community care organization*" means an
11 entity that is: (1) Exempt from federal income taxation pursuant to section
12 501(c)(3) of the federal internal revenue code of 1986; (2) certified to
13 participate in the medicare program as a hospice under 42 C.F.R. § 418 *et*
14 *seq.*, and amendments thereto, and focused on providing care to the aging
15 and indigent population at home and through inpatient care, adult daycare
16 or assisted living facilities, and related facilities and services across
17 multiple counties; and (3) approved by the Kansas department for aging
18 and disability services as an organization providing services under the
19 program of all-inclusive care for the elderly as defined in 42 U.S.C. §
20 1396u-4 and its implementing regulations.

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

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

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

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

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

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

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

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

5 (e) all sales of tangible personal property or services purchased by a
6 contractor for the erection, repair or enlargement of buildings or other
7 projects for the government of the United States, its agencies or
8 instrumentalities, that would be exempt from taxation if purchased directly
9 by the government of the United States, its agencies or instrumentalities.

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

36 (f) tangible personal property purchased by a railroad or public utility
37 for consumption or movement directly and immediately in interstate
38 commerce;

39 (g) sales of aircraft including remanufactured and modified aircraft
40 sold to persons using directly or through an authorized agent such aircraft
41 as certified or licensed carriers of persons or property in interstate or
42 foreign commerce under authority of the laws of the United States or any
43 foreign government or sold to any foreign government or agency or

1 instrumentality of such foreign government and all sales of aircraft for use
2 outside of the United States and sales of aircraft repair, modification and
3 replacement parts and sales of services employed in the remanufacture,
4 modification and repair of aircraft;

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

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

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

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

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

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

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

43 (o) all sales of animals, fowl and aquatic plants and animals, the

1 primary purpose of which is use in agriculture or aquaculture, as defined in
2 K.S.A. 47-1901, and amendments thereto, the production of food for
3 human consumption, the production of animal, dairy, poultry or aquatic
4 plant and animal products, fiber or fur, or the production of offspring for
5 use for any such purpose or purposes;

6 (p) all sales of drugs dispensed pursuant to a prescription order by a
7 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
8 1626, and amendments thereto. As used in this subsection, "drug" means a
9 compound, substance or preparation and any component of a compound,
10 substance or preparation, other than food and food ingredients, dietary
11 supplements or alcoholic beverages, recognized in the official United
12 States pharmacopeia, official homeopathic pharmacopoeia of the United
13 States or official national formulary, and supplement to any of them,
14 intended for use in the diagnosis, cure, mitigation, treatment or prevention
15 of disease or intended to affect the structure or any function of the body,
16 except that for taxable years commencing after December 31, 2013, this
17 subsection shall not apply to any sales of drugs used in the performance or
18 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
19 thereto;

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

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

43 (s) except as provided in K.S.A. 2018 Supp. 82a-2101, and

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

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

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

39 (v) all sales of tangible personal property to any contractor for use in
40 preparing meals for delivery to homebound elderly persons over 60 years
41 of age and to homebound disabled persons or to be served at a group-
42 sitting at a location outside of the home to otherwise homebound elderly
43 persons over 60 years of age and to otherwise homebound disabled

1 persons, as all or part of any food service project funded in whole or in
2 part by government or as part of a private nonprofit food service project
3 available to all such elderly or disabled persons residing within an area of
4 service designated by the private nonprofit organization, and all sales of
5 tangible personal property for use in preparing meals for consumption by
6 indigent or homeless individuals whether or not such meals are consumed
7 at a place designated for such purpose, and all sales of food products by or
8 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

41 (cc) all sales of tangible personal property or services purchased prior
42 to January 1, 2012, except as otherwise provided, for the purpose of and in
43 conjunction with constructing, reconstructing, enlarging or remodeling a

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

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

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

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

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

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

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

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

1 purposes;

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

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

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

9 (2) For purposes of this subsection:

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

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

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

34 (D) "manufacturing or processing business" means a business that
35 utilizes an integrated production operation to manufacture, process,
36 fabricate, finish or assemble items for wholesale and retail distribution as
37 part of what is commonly regarded by the general public as an industrial
38 manufacturing or processing operation or an agricultural commodity
39 processing operation. (i) Industrial manufacturing or processing operations
40 include, by way of illustration but not of limitation, the fabrication of
41 automobiles, airplanes, machinery or transportation equipment, the
42 fabrication of metal, plastic, wood or paper products, electricity power
43 generation, water treatment, petroleum refining, chemical production,

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

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

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

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

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

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

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

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

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

6 (F) to plan, manage, control or record the receipt and flow of
7 inventories of raw materials, consumables and component parts, the flow
8 of the property undergoing manufacturing or processing and the
9 management of inventories of the finished product;

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

13 (H) to package the property being manufactured or processed in a
14 container or wrapping in which such property is normally sold or
15 transported;

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

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

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

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

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

32 (4) The following machinery, equipment and materials shall be
33 deemed to be exempt even though it may not otherwise qualify as
34 machinery and equipment used as an integral or essential part of an
35 integrated production operation: (A) Computers and related peripheral
36 equipment that are utilized by a manufacturing or processing business for
37 engineering of the finished product or for research and development or
38 product design; (B) machinery and equipment that is utilized by a
39 manufacturing or processing business to manufacture or rebuild tangible
40 personal property that is used in manufacturing or processing operations,
41 including tools, dies, molds, forms and other parts of qualifying machinery
42 and equipment; (C) portable plants for aggregate concrete, bulk cement
43 and asphalt including cement mixing drums to be attached to a motor

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

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

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

21 (B) machinery, equipment and tools used primarily in maintaining
22 and repairing any type of machinery and equipment or the building and
23 plant;

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

29 (D) office machines and equipment including computers and related
30 peripheral equipment not used directly and primarily to control or measure
31 the manufacturing process;

32 (E) furniture and other furnishings;

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

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

39 (H) machinery and equipment used for general plant heating, cooling
40 and lighting;

41 (I) motor vehicles that are registered for operation on public
42 highways; or

43 (J) employee apparel, except safety and protective apparel that is

1 purchased by an employer and furnished gratuitously to employees who
2 are involved in production or research activities.

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

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

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

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

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

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

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

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

39 (rr) all sales of tangible personal property that will admit the
40 purchaser thereof to any annual event sponsored by a nonprofit
41 organization that is exempt from federal income taxation pursuant to
42 section 501(c)(3) of the federal internal revenue code of 1986, except that
43 for taxable years commencing after December 31, 2013, this subsection

1 shall not apply to any sales of such tangible personal property purchased
2 by a nonprofit organization which performs any abortion, as defined in
3 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (19) the international association of lions clubs for the purpose of

1 creating and fostering a spirit of understanding among all people for
2 humanitarian needs by providing voluntary services through community
3 involvement and international cooperation;

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

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

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

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

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

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

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

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

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

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

36 (aaa) all sales of tangible personal property and services purchased by
37 a religious organization that is exempt from federal income taxation
38 pursuant to section 501(c)(3) of the federal internal revenue code, and used
39 exclusively for religious purposes, and all sales of tangible personal
40 property or services purchased by a contractor for the purpose of
41 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
42 furnishing or remodeling facilities for any such organization that would be
43 exempt from taxation under the provisions of this section if purchased

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

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

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

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

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

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

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

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

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

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

9 (iii) all sales of personal property and services purchased by an
10 organization that is exempt from federal income taxation pursuant to
11 section 501(c)(3) of the federal internal revenue code of 1986, and such
12 personal property and services are used by any such organization in the
13 collection, storage and distribution of food products to nonprofit
14 organizations that distribute such food products to persons pursuant to a
15 food distribution program on a charitable basis without fee or charge, and
16 all sales of tangible personal property or services purchased by a
17 contractor for the purpose of constructing, equipping, reconstructing,
18 maintaining, repairing, enlarging, furnishing or remodeling facilities used
19 for the collection and storage of such food products for any such
20 organization which is exempt from federal income taxation pursuant to
21 section 501(c)(3) of the federal internal revenue code of 1986, that would
22 be exempt from taxation under the provisions of this section if purchased
23 directly by such organization. Nothing in this subsection shall be deemed
24 to exempt the purchase of any construction machinery, equipment or tools
25 used in the constructing, equipping, reconstructing, maintaining, repairing,
26 enlarging, furnishing or remodeling facilities for any such organization.
27 When any such organization shall contract for the purpose of constructing,
28 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
29 remodeling facilities, it shall obtain from the state and furnish to the
30 contractor an exemption certificate for the project involved, and the
31 contractor may purchase materials for incorporation in such project. The
32 contractor shall furnish the number of such certificate to all suppliers from
33 whom such purchases are made, and such suppliers shall execute invoices
34 covering the same bearing the number of such certificate. Upon
35 completion of the project the contractor shall furnish to such organization
36 concerned a sworn statement, on a form to be provided by the director of
37 taxation, that all purchases so made were entitled to exemption under this
38 subsection. All invoices shall be held by the contractor for a period of five
39 years and shall be subject to audit by the director of taxation. If any
40 materials purchased under such a certificate are found not to have been
41 incorporated in such facilities or not to have been returned for credit or the
42 sales or compensating tax otherwise imposed upon such materials that will
43 not be so incorporated in such facilities reported and paid by such

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

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

39 (lll) all sales of tangible personal property and services purchased by
40 special olympics Kansas, inc. for the purpose of providing year-round
41 sports training and athletic competition in a variety of olympic-type sports
42 for individuals with intellectual disabilities by giving them continuing
43 opportunities to develop physical fitness, demonstrate courage, experience

1 joy and participate in a sharing of gifts, skills and friendship with their
2 families, other special olympics athletes and the community, and activities
3 provided or sponsored by such organization, and all sales of tangible
4 personal property by or on behalf of any such organization;

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

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

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

20 (ppp) all sales of tangible personal property and services purchased
21 by or on behalf of a homeless shelter that is exempt from federal income
22 taxation pursuant to section 501(c)(3) of the federal income tax code of
23 1986, and used by any such homeless shelter to provide emergency and
24 transitional housing for individuals and families experiencing
25 homelessness, and all sales of any such property by or on behalf of any
26 such homeless shelter for any such purpose;

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

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

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

37 (sss) all sales of tangible personal property and services purchased by
38 catholic charities or youthville, hereinafter referred to as charitable family
39 providers, which is exempt from federal income taxation pursuant to
40 section 501(c)(3) of the federal internal revenue code of 1986, and which
41 such property and services are used for the purpose of providing
42 emergency shelter and treatment for abused and neglected children as well
43 as meeting additional critical needs for children, juveniles and family, and

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

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

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

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

1 79-3615(h), and amendments thereto;

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

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

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

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

29 (yyy) all sales of tangible personal property and services purchased
30 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
31 which is exempt from federal income taxation pursuant to section 501(c)
32 (3) of the federal internal revenue code of 1986, and which such property
33 and services are used for the purpose of encouraging private philanthropy
34 to further the vision, values, and goals of TLC for children and families,
35 inc.; and all sales of such property and services by or on behalf of TLC
36 charities for any such purpose and all sales of tangible personal property or
37 services purchased by a contractor for the purpose of constructing,
38 maintaining, repairing, enlarging, furnishing or remodeling facilities for
39 the operation of services for TLC charities for any such purpose that would
40 be exempt from taxation under the provisions of this section if purchased
41 directly by TLC charities. Nothing in this subsection shall be deemed to
42 exempt the purchase of any construction machinery, equipment or tools
43 used in the constructing, maintaining, repairing, enlarging, furnishing or

1 remodeling such facilities for TLC charities. When TLC charities contracts
2 for the purpose of constructing, maintaining, repairing, enlarging,
3 furnishing or remodeling such facilities, it shall obtain from the state and
4 furnish to the contractor an exemption certificate for the project involved,
5 and the contractor may purchase materials for incorporation in such
6 project. The contractor shall furnish the number of such certificate to all
7 suppliers from whom such purchases are made, and such suppliers shall
8 execute invoices covering the same bearing the number of such certificate.
9 Upon completion of the project the contractor shall furnish to TLC
10 charities 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 incorporated into 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, TLC charities shall be liable for tax on
22 all materials purchased for the project, and upon payment thereof it may
23 recover the same from the contractor together with reasonable attorney
24 fees. Any contractor or any agent, employee or subcontractor thereof, who
25 shall use or otherwise dispose of any materials purchased under such a
26 certificate for any purpose other than that for which such a certificate is
27 issued without the payment of the sales or compensating tax otherwise
28 imposed upon such materials, shall be guilty of a misdemeanor and, upon
29 conviction therefor, shall be subject to the penalties provided for in K.S.A.
30 79-3615(h), and amendments thereto;

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

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

42 (bbbb) all sales of entry or participation fees, charges or tickets by
43 Guadalupe health foundation, which is exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
2 for such organization's annual fundraising event which purpose is to
3 provide health care services for uninsured workers;

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

13 (dddd) all sales of tangible personal property or services purchased
14 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
15 of which are exempt from federal income taxation pursuant to section
16 501(c)(3) of the federal internal revenue code, for the purpose of providing
17 education, training and employment opportunities for people with
18 disabilities and other barriers to employment;

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

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

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

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

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

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

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

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

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

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

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

21 *{New Sec. 3. (a) For any legislative enactment establishing an*
22 *exemption from the Kansas retailers' sales tax on or after January 1,*
23 *2020, such enactment shall either: (1) Repeal an existing exemption*
24 *with an equal or greater fiscal liability to the state; or (2) suspend an*
25 *existing exemption with an equal or greater fiscal liability to the state for*
26 *the duration of time that the enacted exemption is to remain in effect.*

27 *(b) The provisions of this section shall be a part of and*
28 *supplemental to the Kansas retailers' sales tax act.}*

29 ~~Sec.-3. {4.}~~ K.S.A. 2018 Supp. 79-3602 and 79-3606 are hereby
30 repealed.

31 ~~Sec.-4. {5.}~~ This act shall take effect and be in force from and after its
32 publication in the statute book.