AN ACT concerning sales taxations; relating to exemptions; certain sales of school supplies, computers and clothing during sales tax holiday; amending K.S.A. 2010 Supp. 79-3606 and repealing the existing section.

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

Section 1. K.S.A. 2010 Supp. 79-3606 is hereby amended to read as follows: 79-3606. The following shall be exempt from the tax imposed by this act:

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

(b) All sales of tangible personal property or service, including the renting and leasing of tangible personal property, purchased directly by the state of Kansas, a political subdivision thereof, other than a school or educational institution, or purchased by a public or private nonprofit hospital or public hospital authority or nonprofit blood, tissue or organ bank and used exclusively for state, political subdivision, hospital or public hospital authority or nonprofit blood, tissue or organ bank purposes, except when: (1) Such state, hospital or public hospital authority is engaged or proposes to engage in any business specifically taxable under the provisions of this act and such items of tangible personal property or service are used or proposed to be used in such business, or (2) such political subdivision is engaged or proposes to engage in the business of furnishing gas, electricity or heat to others and such items of personal property or service are used or proposed to be used in such business;
(c) all sales of tangible personal property or services, including the
renting and leasing of tangible personal property, purchased directly by a
public or private elementary or secondary school or public or private
nonprofit educational institution and used primarily by such school or
institution for nonsectarian programs and activities provided or sponsored
by such school or institution or in the erection, repair or enlargement of
buildings to be used for such purposes. The exemption herein provided
shall not apply to erection, construction, repair, enlargement or equipment
of buildings used primarily for human habitation;
(d) all sales of tangible personal property or services purchased by a
contractor for the purpose of constructing, equipping, reconstructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities for
any public or private nonprofit hospital or public hospital authority,
public or private elementary or secondary school, a public or private
nonprofit educational institution, state correctional institution including a
privately constructed correctional institution contracted for state use and
ownership, which would be exempt from taxation under the provisions of
this act if purchased directly by such hospital or public hospital authority,
school, educational institution or a state correctional institution; and all
sales of tangible personal property or services purchased by a contractor
for the purpose of constructing, equipping, reconstructing, maintaining,
repairing, enlarging, furnishing or remodeling facilities for any political
subdivision of the state or district described in subsection (s), the total
cost of which is paid from funds of such political subdivision or district
and which would be exempt from taxation under the provisions of this act
if purchased directly by such political subdivision or district. Nothing in
this subsection or in the provisions of K.S.A. 12-3418, and amendments
thereto, shall be deemed to exempt the purchase of any construction
machinery, equipment or tools used in the constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities for any political subdivision of the state or any such
district. As used in this subsection, K.S.A. 12-3418 and 79-3640, and
amendments thereto, "funds of a political subdivision" shall mean general
tax revenues, the proceeds of any bonds and gifts or grants-in-aid. Gifts
shall not mean funds used for the purpose of constructing, equipping,
reconstructing, repairing, enlarging, furnishing or remodeling facilities
which are to be leased to the donor. When any political subdivision of the
state, district described in subsection (s), public or private nonprofit
hospital or public hospital authority, public or private elementary or
secondary school, public or private nonprofit educational institution, state
 correctional institution including a privately constructed correctional
institution contracted for state use and ownership shall contract for the
purpose of constructing, equipping, reconstructing, maintaining,
repairing, enlarging, furnishing or remodeling facilities, it shall obtain
from the state and furnish to the contractor an exemption certificate for
the project involved, and the contractor may purchase materials for
incorporation in such project. The contractor shall furnish the number of
such certificate to all suppliers from whom such purchases are made, and
such suppliers shall execute invoices covering the same bearing the
number of such certificate. Upon completion of the project the contractor
shall furnish to the political subdivision, district described in subsection
(s), hospital or public hospital authority, school, educational institution or
department of corrections concerned a sworn statement, on a form to be
provided by the director of taxation, that all purchases so made were
entitled to exemption under this subsection. As an alternative to the
foresaid procedure, any such contracting entity may apply to the
secretary of revenue for agent status for the sole purpose of issuing and
furnishing project exemption certificates to contractors pursuant to rules
and regulations adopted by the secretary establishing conditions and
standards for the granting and maintaining of such status. All invoices
shall be held by the contractor for a period of five years and shall be
subject to audit by the director of taxation. If any materials purchased
under such a certificate are found not to have been incorporated in the
building or other project or not to have been returned for credit or the
sales or compensating tax otherwise imposed upon such materials which
will not be so incorporated in the building or other project reported and
paid by such contractor to the director of taxation not later than the 20th
day of the month following the close of the month in which it shall be
determined that such materials will not be used for the purpose for which
such certificate was issued, the political subdivision, district described in
subsection (s), hospital or public hospital authority, school, educational
institution or the contractor contracting with the department of
corrections for a correctional institution concerned shall be liable for tax
on all materials purchased for the project, and upon payment thereof it
may recover the same from the contractor together with reasonable
attorney fees. Any contractor or any agent, employee or subcontractor
thereof, who shall use or otherwise dispose of any materials purchased
under such a certificate for any purpose other than that for which such a
certificate is issued without the payment of the sales or compensating tax
otherwise imposed upon such materials, shall be guilty of a misdemeanor
and, upon conviction therefor, shall be subject to the penalties provided
for in subsection (g) of K.S.A. 79-3615, and amendments thereto;
(e) all sales of tangible personal property or services purchased by a
contractor for the erection, repair or enlargement of buildings or other
projects for the government of the United States, its agencies or
instrumentalities, which would be exempt from taxation if purchased
directly by the government of the United States, its agencies or instrumentalities. When the government of the United States, its agencies or instrumentalities shall contract for the erection, repair, or enlargement of any building or other project, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the government of the United States, its agencies or instrumentalities concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. As an alternative to the foregoing procedure, any such contracting entity may apply to the secretary of revenue for agent status for the sole purpose of issuing and furnishing project exemption certificates to contractors pursuant to rules and regulations adopted by the secretary establishing conditions and standards for the granting and maintaining of such status. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

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

(i) the lease or rental of all films, records, tapes, or any type of sound or picture transcriptions used by motion picture exhibitors;
(j) meals served without charge or food used in the preparation of such meals to employees of any restaurant, eating house, dining car, hotel, drugstore or other place where meals or drinks are regularly sold to the public if such employees' duties are related to the furnishing or sale of such meals or drinks;

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

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

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

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

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

(p) all sales of drugs dispensed pursuant to a prescription order by a licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-1626, and amendments thereto. As used in this subsection, "drug" means
a compound, substance or preparation and any component of a
compound, substance or preparation, other than food and food
ingredients, dietary supplements or alcoholic beverages, recognized in the
official United States pharmacopoeia, official homeopathic
pharmacopoeia of the United States or official national formulary, and
supplement to any of them, intended for use in the diagnosis, cure,
mitigation, treatment or prevention of disease or intended to affect the
structure or any function of the body;
(q) all sales of insulin dispensed by a person licensed by the state
board of pharmacy to a person for treatment of diabetes at the direction of
a person licensed to practice medicine by the board of healing arts;
(r) all sales of oxygen delivery equipment, kidney dialysis
equipment, enteral feeding systems, prosthetic devices and mobility
enhancing equipment prescribed in writing by a person licensed to
practice the healing arts, dentistry or optometry, and in addition to such
sales, all sales of hearing aids, as defined by subsection (c) of K.S.A. 74-
5807, and amendments thereto, and repair and replacement parts therefor,
including batteries, by a person licensed in the practice of dispensing and
fitting hearing aids pursuant to the provisions of K.S.A. 74-5808, and
amendments thereto. For the purposes of this subsection: (1) "Mobility
enhancing equipment" means equipment including repair and
replacement parts to same, but does not include durable medical
equipment, which is primarily and customarily used to provide or
increase the ability to move from one place to another and which is
appropriate for use either in a home or a motor vehicle; is not generally
used by persons with normal mobility; and does not include any motor
vehicle or equipment on a motor vehicle normally provided by a motor
vehicle manufacturer; and (2) "prosthetic device" means a replacement,
corrective or supportive device including repair and replacement parts for
same worn on or in the body to artificially replace a missing portion of
the body, prevent or correct physical deformity or malfunction or support
a weak or deformed portion of the body;
(s) except as provided in K.S.A. 2010 Supp. 82a-2101, and
amendments thereto, all sales of tangible personal property or services
purchased directly or indirectly by a groundwater management district
organized or operating under the authority of K.S.A. 82a-1020 et seq.,
and amendments thereto, by a rural water district organized or operating
under the authority of K.S.A. 82a-612, and amendments thereto, or by a
water supply district organized or operating under the authority of K.S.A.
19-3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto,
which property or services are used in the construction activities,
operation or maintenance of the district;
(t) all sales of farm machinery and equipment or aquaculture
machinery and equipment, repair and replacement parts therefor and
services performed in the repair and maintenance of such machinery and
equipment. For the purposes of this subsection the term "farm machinery
and equipment or aquaculture machinery and equipment" shall include a
work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
thereto, and is equipped with a bed or cargo box for hauling materials,
and shall also include machinery and equipment used in the operation of
Christmas tree farming but shall not include any passenger vehicle, truck,
truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
machinery and equipment" includes precision farming equipment that is
portable or is installed or purchased to be installed on farm machinery
and equipment. "Precision farming equipment" includes the following
items used only in computer-assisted farming, ranching or aquaculture
production operations: Soil testing sensors, yield monitors, computers,
monitors, software, global positioning and mapping systems, guiding
systems, modems, data communications equipment and any necessary
mounting hardware, wiring and antennas. Each purchaser of farm
machinery and equipment or aquaculture machinery and equipment
exempted herein must certify in writing on the copy of the invoice or
sales ticket to be retained by the seller that the farm machinery and
equipment or aquaculture machinery and equipment purchased will be
used only in farming, ranching or aquaculture production. Farming or
ranching shall include the operation of a feedlot and farm and ranch work
for hire and the operation of a nursery;
(u) all leases or rentals of tangible personal property used as a
dwelling if such tangible personal property is leased or rented for a period
of more than 28 consecutive days;
(v) all sales of tangible personal property to any contractor for use in
preparing meals for delivery to homebound elderly persons over 60 years
of age and to homebound disabled persons or to be served at a group-
sitting at a location outside of the home to otherwise homebound elderly
persons over 60 years of age and to otherwise homebound disabled
persons, as all or part of any food service project funded in whole or in
part by government or as part of a private nonprofit food service project
available to all such elderly or disabled persons residing within an area of
service designated by the private nonprofit organization, and all sales of
tangible personal property for use in preparing meals for consumption by
indigent or homeless individuals whether or not such meals are consumed
at a place designated for such purpose, and all sales of food products by
or on behalf of any such contractor or organization for any such purpose;
(w) all sales of natural gas, electricity, heat and water delivered
through mains, lines or pipes: (1) To residential premises for
noncommercial use by the occupant of such premises; (2) for agricultural
use and also, for such use, all sales of propane gas; (3) for use in the
severing of oil; and (4) to any property which is exempt from property
taxation pursuant to K.S.A. 79-201b Second through Sixth. As used in this
paragraph, "severing" shall have the meaning ascribed thereto by
subsection (k) of K.S.A. 79-4216, and amendments thereto. For all sales
of natural gas, electricity and heat delivered through mains, lines or pipes
pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions
of this subsection shall expire on December 31, 2005;
(x) all sales of propane gas, LP-gas, coal, wood and other fuel
sources for the production of heat or lighting for noncommercial use of
an occupant of residential premises occurring prior to January 1, 2006;
(y) all sales of materials and services used in the repairing,
servicing, altering, maintaining, manufacturing, remanufacturing, or
modification of railroad rolling stock for use in interstate or foreign
commerce under authority of the laws of the United States;
(z) all sales of tangible personal property and services purchased
directly by a port authority or by a contractor therefor as provided by the
provisions of K.S.A. 12-3418, and amendments thereto;
(aa) all sales of materials and services applied to equipment which is
transported into the state from without the state for repair, service,
alteration, maintenance, remanufacture or modification and which is
subsequently transported outside the state for use in the transmission of
liquids or natural gas by means of pipeline in interstate or foreign
commerce under authority of the laws of the United States;
(bb) all sales of used mobile homes or manufactured homes. As used
in this subsection: (1) "Mobile homes" and "manufactured homes" shall
have the meanings ascribed thereto by K.S.A. 58-4202, and amendments thereto; and (2) "sales of used mobile homes or manufactured homes"
means sales other than the original retail sale thereof;
(cc) all sales of tangible personal property or services purchased for
the purpose of and in conjunction with constructing, reconstructing,
enlarging or remodeling a business or retail business which meets the
requirements established in K.S.A. 74-50,115, and amendments thereto,
and the sale and installation of machinery and equipment purchased for
installation at any such business or retail business. When a person shall
contract for the construction, reconstruction, enlargement or remodeling
of any such business or retail business, such person shall obtain from the
state and furnish to the contractor an exemption certificate for the project
involved, and the contractor may purchase materials, machinery and
equipment for incorporation in such project. The contractor shall furnish
the number of such certificates to all suppliers from whom such
purchases are made, and such suppliers shall execute invoices covering
the same bearing the number of such certificate. Upon completion of the
project the contractor shall furnish to the owner of the business or retail
business a sworn statement, on a form to be provided by the director of
taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of
five years and shall be subject to audit by the director of taxation. Any
contractor or any agent, employee or subcontractor thereof, who shall use
or otherwise dispose of any materials, machinery or equipment purchased
under such a certificate for any purpose other than that for which such a
certificate is issued without the payment of the sales or compensating tax
otherwise imposed thereon, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in
subsection (g) of K.S.A. 79-3615, and amendments thereto. As used in
this subsection, "business" and "retail business" have the meanings
respectively ascribed thereto by K.S.A. 74-50,114, and amendments
thereto;

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

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

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

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

(hh) all sales of medical supplies and equipment, including durable
medical equipment, purchased directly by a nonprofit skilled nursing
home or nonprofit intermediate nursing care home, as defined by K.S.A.
39-923, and amendments thereto, for the purpose of providing medical
services to residents thereof. This exemption shall not apply to tangible
personal property customarily used for human habitation purposes. As
used in this subsection, "durable medical equipment" means equipment
including repair and replacement parts for such equipment, which can
withstand repeated use, is primarily and customarily used to serve a
medical purpose, generally is not useful to a person in the absence of
illness or injury and is not worn in or on the body, but does not include
mobility enhancing equipment as defined in subsection (r), oxygen
delivery equipment, kidney dialysis equipment or enteral feeding
systems;
(ii) all sales of tangible personal property purchased directly by a nonprofit organization for nonsectarian comprehensive multidiscipline youth development programs and activities provided or sponsored by such organization, and all sales of tangible personal property by or on behalf of any such organization. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;

(jj) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly on behalf of a community-based mental retardation facility or mental health center organized pursuant to K.S.A. 19-4001 et seq., and amendments thereto, and licensed in accordance with the provisions of K.S.A. 75-3307b, and amendments thereto, and all sales of tangible personal property or services purchased by contractors during the time period from July, 2003, through June, 2006, for the purpose of constructing, equipping, maintaining or furnishing a new facility for a community-based mental retardation facility or mental health center located in Riverton, Cherokee County, Kansas, which would have been eligible for sales tax exemption pursuant to this subsection if purchased directly by such facility or center. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;

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

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

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

(2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(J) to cool, heat, filter, refine or otherwise treat water, steam, acid,
oil, solvents or other substances that are used in production operations;
(K) to provide and control an environment required to maintain
limited areas of the plant or facility, where such regulation of temperature
or humidity is part of and essential to the production process;
(L) to treat, transport or store waste or other byproducts of
production operations at the plant or facility; or
(M) to control pollution at the plant or facility where the pollution is
produced by the manufacturing or processing operation.
(4) The following machinery, equipment and materials shall be
deemed to be exempt even though it may not otherwise qualify as
machinery and equipment used as an integral or essential part of an
integrated production operation: (A) Computers and related peripheral
equipment that are utilized by a manufacturing or processing business for
engineering of the finished product or for research and development or
product design; (B) machinery and equipment that is utilized by a
manufacturing or processing business to manufacture or rebuild tangible
personal property that is used in manufacturing or processing operations,
including tools, dies, molds, forms and other parts of qualifying
machinery and equipment; (C) portable plants for aggregate concrete,
bulk cement and asphalt including cement mixing drums to be attached to
a motor vehicle; (D) industrial fixtures, devices, support facilities and
special foundations necessary for manufacturing and production
operations, and materials and other tangible personal property sold for the
purpose of fabricating such fixtures, devices, facilities and foundations.
An exemption certificate for such purchases shall be signed by the
manufacturer or processor. If the fabricator purchases such material, the
fabricator shall also sign the exemption certificate; and (E) a
manufacturing or processing business' laboratory equipment that is not
located at the plant or facility, but that would otherwise qualify for
exemption under subsection (3)(E).
(5) "Machinery and equipment used as an integral or essential part
of an integrated production operation" shall not include:
(A) Machinery and equipment used for nonproduction purposes,
including, but not limited to, machinery and equipment used for plant
security, fire prevention, first aid, accounting, administration, record
keeping, advertising, marketing, sales or other related activities, plant
cleaning, plant communications; and employee work scheduling;
(B) machinery, equipment and tools used primarily in maintaining
and repairing any type of machinery and equipment or the building and
plant;
(C) transportation, transmission and distribution equipment not
primarily used in a production, warehousing or material handling
operation at the plant or facility, including the means of conveyance of
natural gas, electricity, oil or water, and equipment related thereto,
located outside the plant or facility;
(D) office machines and equipment including computers and related
peripheral equipment not used directly and primarily to control or
measure the manufacturing process;
(E) furniture and other furnishings;
(F) buildings, other than exempt machinery and equipment that is
permanently affixed to or becomes a physical part of the building, and
any other part of real estate that is not otherwise exempt;
(G) building fixtures that are not integral to the manufacturing
operation, such as utility systems for heating, ventilation, air
conditioning, communications, plumbing or electrical;
(H) machinery and equipment used for general plant heating,
cooling and lighting;
(I) motor vehicles that are registered for operation on public
highways; or
(J) employee apparel, except safety and protective apparel that is
purchased by an employer and furnished gratuitously to employees who
are involved in production or research activities.
(6) Subsections (3) and (5) shall not be construed as exclusive
listings of the machinery and equipment that qualify or do not qualify as
an integral or essential part of an integrated production operation. When
machinery or equipment is used as an integral or essential part of
production operations part of the time and for nonproduction purpose at
other times, the primary use of the machinery or equipment shall
determine whether or not such machinery or equipment qualifies for
exemption.
(7) The secretary of revenue shall adopt rules and regulations
necessary to administer the provisions of this subsection;
(ll) all sales of educational materials purchased for distribution to the
public at no charge by a nonprofit corporation organized for the purpose
of encouraging, fostering and conducting programs for the improvement
of public health;
(mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
herbicides, germicides, pesticides and fungicides; and services, purchased
and used for the purpose of producing plants in order to prevent soil
erosion on land devoted to agricultural use;
(nn) except as otherwise provided in this act, all sales of services
rendered by an advertising agency or licensed broadcast station or any
member, agent or employee thereof;
(oo) all sales of tangible personal property purchased by a
community action group or agency for the exclusive purpose of repairing
or weatherizing housing occupied by low income individuals;
(p) all sales of drill bits and explosives actually utilized in the
exploration and production of oil or gas;
(q) all sales of tangible personal property and services purchased
by a nonprofit museum or historical society or any combination thereof,
including a nonprofit organization which is organized for the purpose of
stimulating public interest in the exploration of space by providing
educational information, exhibits and experiences, which is exempt from
federal income taxation pursuant to section 501(c)(3) of the federal
internal revenue code of 1986;
(r) all sales of tangible personal property which will admit the
purchaser thereof to any annual event sponsored by a nonprofit
organization which is exempt from federal income taxation pursuant to
section 501(c)(3) of the federal internal revenue code of 1986;
(s) all sales of tangible personal property and services purchased by
a public broadcasting station licensed by the federal communications
commission as a noncommercial educational television or radio station;
(t) all sales of tangible personal property and services purchased by
or on behalf of a not-for-profit corporation which is exempt from federal
income taxation pursuant to section 501(c)(3) of the federal internal
revenue code of 1986, for the sole purpose of constructing a Kansas
Korean War memorial;
(u) all sales of tangible personal property and services purchased
by or on behalf of any rural volunteer fire-fighting organization for use
exclusively in the performance of its duties and functions;
(v) all sales of tangible personal property purchased by any of the
following organizations which are exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
for the following purposes, and all sales of any such property by or on
behalf of any such organization for any such purpose:
(1) The American Heart Association, Kansas Affiliate, Inc. for the
purposes of providing education, training, certification in emergency
cardiac care, research and other related services to reduce disability and
death from cardiovascular diseases and stroke;
(2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
advocacy for persons with mental illness and to education, research and
support for their families;
(3) the Kansas Mental Illness Awareness Council for the purposes of
advocacy for persons who are mentally ill and to education, research and
support for them and their families;
(4) the American Diabetes Association Kansas Affiliate, Inc. for the
purpose of eliminating diabetes through medical research, public
education focusing on disease prevention and education, patient
education including information on coping with diabetes, and
professional education and training;
(5) the American Lung Association of Kansas, Inc. for the purpose
of eliminating all lung diseases through medical research, public
education including information on coping with lung diseases,
professional education and training related to lung disease and other
related services to reduce the incidence of disability and death due to lung
disease;
(6) the Kansas chapters of the Alzheimer's Disease and Related
Disorders Association, Inc. for the purpose of providing assistance and
support to persons in Kansas with Alzheimer's disease, and their families
and caregivers;
(7) the Kansas chapters of the Parkinson's Disease Association for the
purpose of eliminating Parkinson's disease through medical research and
public and professional education related to such disease;
(8) the National Kidney Foundation of Kansas and Western Missouri
for the purpose of eliminating kidney disease through medical research
and public and private education related to such disease;
(9) the Heartstrings Community Foundation for the purpose of
providing training, employment and activities for adults with
developmental disabilities;
(10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
the purposes of assuring the development of the means to cure and
control cystic fibrosis and improving the quality of life for those with the
disease;
(11) the Spina Bifida Association of Kansas for the purpose of
providing financial, educational and practical aid to families and
individuals with spina bifida. Such aid includes, but is not limited to,
funding for medical devices, counseling and medical educational
opportunities;
(12) the CHWC, Inc., for the purpose of rebuilding urban core
neighborhoods through the construction of new homes, acquiring and
renovating existing homes and other related activities, and promoting
economic development in such neighborhoods;
(13) the Cross-Lines Cooperative Council for the purpose of providing
social services to low income individuals and families;
(14) the Dreams Work, Inc., for the purpose of providing young
adult day services to individuals with developmental disabilities and
assisting families in avoiding institutional or nursing home care for a
developmentally disabled member of their family;
(15) the KSDS, Inc., for the purpose of promoting the independence
and inclusion of people with disabilities as fully participating and
contributing members of their communities and society through the
training and providing of guide and service dogs to people with
disabilities, and providing disability education and awareness to the
general public;

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

(17) the Dream Factory, Inc., for the purpose of granting the dreams
of children with critical and chronic illnesses;

(18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
students and families with education and resources necessary to enable
each child to develop fine character and musical ability to the fullest
potential;

(19) the International Association of Lions Clubs for the purpose of
creating and fostering a spirit of understanding among all people for
humanitarian needs by providing voluntary services through community
involvement and international cooperation;

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

(21) the American Cancer Society, Inc., for the purpose of
eliminating cancer as a major health problem by preventing cancer,
saving lives and diminishing suffering from cancer, through research,
education, advocacy and service;

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

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

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

(ww) all sales of tangible personal property purchased by the Habitat
for Humanity for the exclusive use of being incorporated within a
housing project constructed by such organization;

(xx) all sales of tangible personal property and services purchased
by a nonprofit zoo which is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
or on behalf of such zoo by an entity itself exempt from federal income
taxation pursuant to section 501(c)(3) of the federal internal revenue code
of 1986 contracted with to operate such zoo and all sales of tangible
personal property or services purchased by a contractor for the purpose of
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
furnishing or remodeling facilities for any nonprofit zoo which would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit zoo or the entity operating such zoo. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo. When any nonprofit zoo shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the nonprofit zoo concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the nonprofit zoo concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

   (aaa) all sales of tangible personal property and services purchased
by a religious organization which is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code, and
used exclusively for religious purposes, and all sales of tangible personal
property or services purchased by a contractor for the purpose of
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
furnishing or remodeling facilities for any such organization which would
be exempt from taxation under the provisions of this section if purchased
directly by such organization. Nothing in this subsection shall be deemed
to exempt the purchase of any construction machinery, equipment or tools
used in the constructing, equipping, reconstructing, maintaining,
repairing, enlarging, furnishing or remodeling facilities for any such
organization. When any such organization shall contract for the purpose
of constructing, equipping, reconstructing, maintaining, repairing,
enlarging, furnishing or remodeling facilities, it shall obtain from the state
and furnish to the contractor an exemption certificate for the project
involved, and the contractor may purchase materials for incorporation in
such project. The contractor shall furnish the number of such certificate to
all suppliers from whom such purchases are made, and such suppliers
shall execute invoices covering the same bearing the number of such
certificate. Upon completion of the project the contractor shall furnish to
such organization concerned a sworn statement, on a form to be provided
by the director of taxation, that all purchases so made were entitled to
exemption under this subsection. All invoices shall be held by the
contractor for a period of five years and shall be subject to audit by the
director of taxation. If any materials purchased under such a certificate
are found not to have been incorporated in the building or other project or
not to have been returned for credit or the sales or compensating tax
otherwise imposed upon such materials which will not be so incorporated
in the building or other project reported and paid by such contractor to the
director of taxation not later than the 20th day of the month following the
close of the month in which it shall be determined that such materials will
not be used for the purpose for which such certificate was issued, such
organization concerned shall be liable for tax on all materials purchased
for the project, and upon payment thereof it may recover the same from
the contractor together with reasonable attorney fees. Any contractor or
any agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any
purpose other than that for which such a certificate is issued without the
payment of the sales or compensating tax otherwise imposed upon such
materials, shall be guilty of a misdemeanor and, upon conviction therefor,
shall be subject to the penalties provided for in subsection (g) of K.S.A.
79-3615, and amendments thereto. Sales tax paid on and after July 1,
1998, but prior to the effective date of this act upon the gross receipts
received from any sale exempted by the amendatory provisions of this
subsection shall be refunded. Each claim for a sales tax refund shall be
verified and submitted to the director of taxation upon forms furnished by
the director and shall be accompanied by any additional documentation
required by the director. The director shall review each claim and shall
refund that amount of sales tax paid as determined under the provisions
of this subsection. All refunds shall be paid from the sales tax refund fund
upon warrants of the director of accounts and reports pursuant to
vouchers approved by the director or the director's designee;
(bbb) all sales of food for human consumption by an organization
which is exempt from federal income taxation pursuant to section 501(c)
(3) of the federal internal revenue code of 1986, pursuant to a food
distribution program which offers such food at a price below cost in
exchange for the performance of community service by the purchaser
thereof;
(ccc) on and after July 1, 1999, all sales of tangible personal
property and services purchased by a primary care clinic or health center
the primary purpose of which is to provide services to medically
underserved individuals and families, and which is exempt from federal
income taxation pursuant to section 501(c)(3) of the federal internal
revenue code, and all sales of tangible personal property or services
purchased by a contractor for the purpose of constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities for any such clinic or center which would be exempt
from taxation under the provisions of this section if purchased directly by
such clinic or center. Nothing in this subsection shall be deemed to
exempt the purchase of any construction machinery, equipment or tools
used in the constructing, equipping, reconstructing, maintaining,
repairing, enlarging, furnishing or remodeling facilities for any such
clinic or center. When any such clinic or center shall contract for the
purpose of constructing, equipping, reconstructing, maintaining,
repairing, enlarging, furnishing or remodeling facilities, it shall obtain
from the state and furnish to the contractor an exemption certificate for
the project involved, and the contractor may purchase materials for
incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such clinic or center concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such clinic or center concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

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

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

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

(iii) all sales of personal property and services purchased by an organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such personal property and services are used by any such organization in the collection, storage and distribution of food products to nonprofit organizations which distribute such food products to persons pursuant to a food distribution program on a charitable basis without fee or charge, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities used for the collection and storage of such food products for any such organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the
purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after July 1, 2005, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendingary provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

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

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

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

(nnn) all sales of tangible personal property and services purchased by the West Sedgwick County-Sunrise Rotary Club and Sunrise Charitable Fund for the purpose of constructing a boundless playground which is an integrated, barrier free and developmentally advantageous play environment for children of all abilities and disabilities;

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

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

(qqq) all sales of tangible personal property and services purchased by TLC for children and families, inc., hereinafter referred to as TLC, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing emergency shelter and treatment for abused and neglected children as well as meeting additional critical needs for children, juveniles and family, and all sales of any such property by or on behalf of TLC for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for TLC for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by TLC. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for TLC. When TLC contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to TLC a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, TLC shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax
otherwise imposed upon such materials, shall be guilty of a misdemeanor
and, upon conviction therefor, shall be subject to the penalties provided
for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

(sss) all sales of tangible personal property and services purchased
by catholic charities or youthville, hereinafter referred to as charitable
family providers, which is exempt from federal income taxation pursuant
to section 501(c)(3) of the federal internal revenue code of 1986, and
which such property and services are used for the purpose of providing
emergency shelter and treatment for abused and neglected children as
well as meeting additional critical needs for children, juveniles and
family, and all sales of any such property by or on behalf of charitable
family providers for any such purpose; and all sales of tangible personal
property or services purchased by a contractor for the purpose of
constructing, maintaining, repairing, enlarging, furnishing or remodeling
facilities for the operation of services for charitable family providers for
any such purpose which would be exempt from taxation under the
provisions of this section if purchased directly by charitable family
providers. Nothing in this subsection shall be deemed to exempt the
purchase of any construction machinery, equipment or tools used in the
constructing, maintaining, repairing, enlarging, furnishing or remodeling
such facilities for charitable family providers. When charitable family
providers contracts for the purpose of constructing, maintaining,
repairing, enlarging, furnishing or remodeling such facilities, it shall
obtain from the state and furnish to the contractor an exemption
证书 for the project involved, and the contractor may purchase
materials for incorporation in such project. The contractor shall furnish
the number of such certificate to all suppliers from whom such purchases
are made, and such suppliers shall execute invoices covering the same
bearing the number of such certificate. Upon completion of the project
the contractor shall furnish to charitable family providers a sworn
statement, on a form to be provided by the director of taxation, that all
purchases so made were entitled to exemption under this subsection. All
invoices shall be held by the contractor for a period of five years and
shall be subject to audit by the director of taxation. If any materials
purchased under such a certificate are found not to have been
incorporated in the building or other project or not to have been returned
for credit or the sales or compensating tax otherwise imposed upon such
materials which will not be so incorporated in the building or other
project reported and paid by such contractor to the director of taxation not
later than the 20th day of the month following the close of the month in
which it shall be determined that such materials will not be used for the
purpose for which such certificate was issued, charitable family providers
shall be liable for tax on all materials purchased for the project, and upon
payment thereof it may recover the same from the contractor together
with reasonable attorney fees. Any contractor or any agent, employee or
subcontractor thereof, who shall use or otherwise dispose of any materials
purchased under such a certificate for any purpose other than that for
which such a certificate is issued without the payment of the sales or
compensating tax otherwise imposed upon such materials, shall be guilty
of a misdemeanor and, upon conviction therefor, shall be subject to the
penalties provided for in subsection (g) of K.S.A. 79-3615, and
amendments thereto;

(ttt) all sales of tangible personal property or services purchased by a
contractor for a project for the purpose of restoring, constructing,
equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling a home or facility owned by a nonprofit museum which has
been granted an exemption pursuant to subsection (qq), which such home
or facility is located in a city which has been designated as a qualified
hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
amendments thereto, and which such project is related to the purposes of
K.S.A. 75-5071 et seq., and amendments thereto, and which would be
exempt from taxation under the provisions of this section if purchased
directly by such nonprofit museum. Nothing in this subsection shall be
deemed to exempt the purchase of any construction machinery,
equipment or tools used in the restoring, constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling a home or facility for any such nonprofit museum. When any
such nonprofit museum shall contract for the purpose of restoring,
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
furnishing or remodeling a home or facility, it shall obtain from the state
and furnish to the contractor an exemption certificate for the project
involved, and the contractor may purchase materials for incorporation in
such project. The contractor shall furnish the number of such certificates
to all suppliers from whom such purchases are made, and such suppliers
shall execute invoices covering the same bearing the number of such
certificate. Upon completion of the project, the contractor shall furnish to
such nonprofit museum a sworn statement on a form to be provided by
the director of taxation that all purchases so made were entitled to
exemption under this subsection. All invoices shall be held by the
contractor for a period of five years and shall be subject to audit by the
director of taxation. If any materials purchased under such a certificate
are found not to have been incorporated in the building or other project or
not to have been returned for credit or the sales or compensating tax
otherwise imposed upon such materials which will not be so incorporated
in a home or facility or other project reported and paid by such contractor
to the director of taxation not later than the 20th day of the month
following the close of the month in which it shall be determined that such
materials will not be used for the purpose for which such certificate was
issued, such nonprofit museum shall be liable for tax on all materials
purchased for the project, and upon payment thereof it may recover the
same from the contractor together with reasonable attorney fees. Any
contractor or any agent, employee or subcontractor thereof, who shall use
or otherwise dispose of any materials purchased under such a certificate
for any purpose other than that for which such a certificate is issued
without the payment of the sales or compensating tax otherwise imposed
upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in
subsection (g) of K.S.A. 79-3615, and amendments thereto;

(uuu) all sales of tangible personal property and services purchased
by Kansas children's service league, hereinafter referred to as KCSL,
which is exempt from federal income taxation pursuant to section 501(c)
(3) of the federal internal revenue code of 1986, and which such property
and services are used for the purpose of providing for the prevention and
treatment of child abuse and maltreatment as well as meeting additional
critical needs for children, juveniles and family, and all sales of any such
property by or on behalf of KCSL for any such purpose; and all sales of
tangible personal property or services purchased by a contractor for the
purpose of constructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities for the operation of services for KCSL for any such
purpose which would be exempt from taxation under the provisions of
this section if purchased directly by KCSL. Nothing in this subsection
shall be deemed to exempt the purchase of any construction machinery,
equipment or tools used in the constructing, maintaining, repairing,
enlarging, furnishing or remodeling such facilities for KCSL. When
KCSL contracts for the purpose of constructing, maintaining, repairing,
enlarging, furnishing or remodeling such facilities, it shall obtain from the
state and furnish to the contractor an exemption certificate for the project
involved, and the contractor may purchase materials for incorporation in
such project. The contractor shall furnish the number of such certificate to
all suppliers from whom such purchases are made, and such suppliers
shall execute invoices covering the same bearing the number of such
certificate. Upon completion of the project the contractor shall furnish to 
KCSL a sworn statement, on a form to be provided by the director of 
taxation, that all purchases so made were entitled to exemption under this 
subsection. All invoices shall be held by the contractor for a period of 
five years and shall be subject to audit by the director of taxation. If any 
materials purchased under such a certificate are found not to have been 
incorporated in the building or other project or not to have been returned 
for credit or the sales or compensating tax otherwise imposed upon such 
materials which will not be so incorporated in the building or other 
project reported and paid by such contractor to the director of taxation not 
later than the 20th day of the month following the close of the month in 
which it shall be determined that such materials will not be used for the 
purpose for which such certificate was issued, KCSL shall be liable for 
tax on all materials purchased for the project, and upon payment thereof it 
may recover the same from the contractor together with reasonable 
attorney fees. Any contractor or any agent, employee or subcontractor 
thereof, who shall use or otherwise dispose of any materials purchased 
under such a certificate for any purpose other than that for which such a 
certificate is issued without the payment of the sales or compensating tax 
otherwise imposed upon such materials, shall be guilty of a misdemeanor 
and, upon conviction therefor, shall be subject to the penalties provided 
for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

(xxx) all sales of personal property and services purchased by the 
booth theatre foundation, inc., an organization which is exempt from 
federal income taxation pursuant to section 501(c)(3) of the federal 
internal revenue code of 1986, and which such personal property and 
services are used by any such organization in the constructing, equipping, 
reconstructing, maintaining, repairing, enlarging, furnishing or 
remodeling of the booth theatre, and all sales of tangible personal
property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling the booth theatre for such organization, which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after January 1, 2007, but prior to the effective date of this act upon the gross receipts received from any sale which would have been exempted by the provisions of this subsection had such sale occurred after the effective date of this act shall be refunded. Each claim for a sales tax refund shall
be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

(yyy) all sales of tangible personal property and services purchased by TLC charities foundation, inc., hereinafter referred to as TLC charities, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of encouraging private philanthropy to further the vision, values, and goals of TLC for children and families, inc.; and all sales of such property and services by or on behalf of TLC charities for any such purpose and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for TLC charities for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by TLC charities. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for TLC charities. When TLC charities contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to TLC charities a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be incorporated into the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which
such certificate was issued, TLC charities shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

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

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

(dddd) all sales of tangible personal property or services purchased by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc., both of which are exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, for the purpose of providing education, training and employment opportunities for people with disabilities and other barriers to employment;

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

(fff) all sales of tangible personal property and services purchased by sheltered living, inc., which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing residential and day services for people with developmental disabilities or mental retardation, or both, and all sales of any such property by or on behalf of sheltered living, inc. for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of rehabilitating, constructing, maintaining, repairing, enlarging, furnishing or remodeling homes and facilities for sheltered living, inc. for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by sheltered living, inc. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such homes and facilities for sheltered living, inc. When sheltered living, inc. contracts for the purpose of rehabilitating, constructing, maintaining, repairing, enlarging, furnishing or remodeling such homes and facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to sheltered living, inc. a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, sheltered living, inc. shall
be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

on and after July 1, 2011, all sales of any article of clothing having a taxable value of $300 or less, all back-to-school supplies not to exceed $100 per purchase, all computer software with a taxable value of $300 or less and all personal computers or computer peripheral devices not to exceed $2,000, during a period beginning at 12:01 a.m. on the first Thursday in August and ending at midnight on the Sunday following. The provisions of this subsection apply to sales of items for personal use only.

As used in this subsection: (1) "Clothing" means any article of wearing apparel, including footwear, intended to be worn on or about the human body. The term shall include, but not be limited to, cloth and other material used to make school uniforms or other school clothing. Items normally sold in pairs shall not be separated to qualify for the exemption. The term shall not include watches, watchbands, jewelry, handbags, handkerchiefs, umbrellas, scarves, headbands, or belt buckles; (2) "personal computers" means a laptop, desktop or tower computer system which consists of a central processing unit, random access memory, a storage drive, a display monitor and a keyboard and devices designed for use in conjunction with a personal computer, such as a disk drive, memory module, compact disk drive, motherboard, digitizer, microphone, modem, motherboard, mouse, multimedia speaker, printer, scanner, single-user hardware, single-user operating system, soundcard or video card; and (3) "school supplies" means any item normally used by students in a standard classroom for educational purposes, including, but not limited to, textbooks, notebooks, paper, writing instruments, crayons, art supplies, rulers, bookbags, backpacks, handheld calculators, chalk, maps and globes. The term shall not include watches, radios, CD players, headphones, sporting equipment, portable or desktop telephones, copiers or other office equipment, furniture or fixtures.

Sec. 2. K.S.A. 2010 Supp. 79-3606 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.