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3 *As Amended by Senate Committee*

4 *Session of 2001*

5  
6 **HOUSE BILL No. 2009**

7  
8 By Special Committee on Utilities

9  
10 1-5

11  
12 AN ACT ~~concerning property taxation, providing exemptions for certain~~  
13 ~~property relating to state government financing; providing tax~~  
14 ~~revenue enhancements therefor; amending K.S.A. [12-198a,] 79-~~  
15 ~~3310, 79-3312, 79-3371, 79-3378 and 79-41a02 and K.S.A. 2001~~  
16 ~~Supp. 17-7503, 17-7504, 17-7505, 17-76,139, 41-501, 79-32,110,~~  
17 ~~79-32,205, 79-3311, 79-3603, 79-3620, 79-3633, 79-3635, 79-~~  
18 ~~3703, 79-3710, 79-4101 and 79-41a03 and repealing the existing~~  
19 ~~sections; [and 79-3312 and K.S.A. 2001 Supp. 41-501, 79-3311,~~  
20 ~~79-3603, 79-3606, 79-3620, 79-3635, 79-3703 and 79-3710 and~~  
21 ~~repealing the existing sections; also repealing K.S.A. 2001 Supp.~~  
22 ~~79-3603, as amended by section 1 of 2002 Senate Bill No. 372.]~~  
23

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

25 ~~Section 1. The following described property, to the extent herein~~  
26 ~~specified, shall be exempt from all property or ad valorem taxes levied~~  
27 ~~under the laws of the state of Kansas:~~

28 ~~— (a) All property actually and regularly used exclusively in the produc-~~  
29 ~~tion of biodiesel by a Kansas biodiesel producer.~~

30 ~~— (b) As used in this section:~~

31 ~~— (1) “Biodiesel” means mono-alkyl esters derived from vegetable oil~~  
32 ~~or animal fat, as defined by the American Society of Testing and Materials~~  
33 ~~(ASTM) Provisional Specification 121 (PS 121).~~

34 ~~— (2) “Kansas biodiesel producer” means a producer of biodiesel whose~~  
35 ~~principal place of business and facility for the production of biodiesel are~~  
36 ~~located within the state of Kansas.~~

37 ~~— (c) The provisions of this section shall apply to property which is~~  
38 ~~acquired or the construction of which is completed after December 31,~~  
39 ~~2000, and for the 10 taxable years immediately following the taxable year~~  
40 ~~in which such property is first used in production of biodiesel.~~

41 ~~— (d) The provisions of this section shall apply to all taxable years com-~~  
42 ~~mencing after December 31, 2000. —~~

43 ~~— Sec. 2. This act shall take effect and be in force from and after its~~

1 publication in the statute book.

2 ~~Section 1. K.S.A. 2001 Supp. 17-7503 is hereby amended to~~  
3 ~~read as follows: 17-7503. (a) Every domestic corporation organized~~  
4 ~~for profit shall make an annual report in writing to the secretary of~~  
5 ~~state, stating the prescribed information concerning the corporation~~  
6 ~~at the close of business on the last day of its tax period next preced-~~  
7 ~~ing the date of filing, but if a corporation's tax period is other than~~  
8 ~~the calendar year, it shall give notice thereof to the secretary of~~  
9 ~~state prior to December 31 of the year it commences such tax period.~~  
10 ~~The reports shall be made on forms prescribed by the secretary of~~  
11 ~~state. The report shall be filed at the time prescribed by law for~~  
12 ~~filing the corporation's annual Kansas income tax return, except~~  
13 ~~that if any such corporation shall apply for an extension of time for~~  
14 ~~filing its annual income tax return under the internal revenue serv-~~  
15 ~~ice or under subsection (c) of K.S.A. 79-3221, and amendments~~  
16 ~~thereto, such corporation shall also apply, not more than 90 days~~  
17 ~~after the due date of its annual report, to the secretary of state for~~  
18 ~~an extension of the time for filing the report and an extension shall~~  
19 ~~be granted for a period of time corresponding to that granted under~~  
20 ~~the internal revenue code or K.S.A. 79-3221, and amendments~~  
21 ~~thereto. Such application shall include a copy of the application to~~  
22 ~~income tax authorities. The report shall contain the following~~  
23 ~~information:~~

24 ~~—(1) The name of the corporation;~~  
25 ~~—(2) the location of the principal office;~~  
26 ~~—(3) the names of the president, secretary, treasurer and mem-~~  
27 ~~bers of the board of directors, with the residence address of each;~~  
28 ~~—(4) the number of shares of capital stock issued and the amount~~  
29 ~~of capital stock paid up;~~  
30 ~~—(5) the nature and kind of business in which the corporation is~~  
31 ~~engaged; and~~

32 ~~—(6) a list of stockholders owning at least 5% of the capital stock~~  
33 ~~of the corporation, with the post office address of each.~~

34 ~~—(b) Every corporation subject to the provisions of this section~~  
35 ~~which holds agricultural land, as defined in K.S.A. 17-5903, and~~  
36 ~~amendments thereto, within this state shall show the following ad-~~  
37 ~~ditional information on the report:~~

38 ~~—(1) The acreage and location listed by section, range, township~~  
39 ~~and county of each lot, tract or parcel of agricultural land in this~~  
40 ~~state owned or leased by or to the corporation;~~

41 ~~—(2) the purposes for which such agricultural land is owned or~~  
42 ~~leased and, if leased, to whom such agricultural land is leased;~~

43 ~~—(3) the value of the nonagricultural assets and the agricultural~~

1 ~~assets, stated separately, owned and controlled by the corporation~~  
2 ~~both within and without the state of Kansas and where situated;~~  
3 ~~— (4) the total number of stockholders of the corporation;~~  
4 ~~— (5) the number of acres owned or operated by the corporation,~~  
5 ~~the number of acres leased by the corporation and the number of~~  
6 ~~acres leased to the corporation;~~

7 ~~— (6) the number of acres of agricultural land, held and reported~~  
8 ~~in each category under provision (5), state separately, being irri-~~  
9 ~~gated; and~~

10 ~~— (7) whether any of the agricultural land held and reported un-~~  
11 ~~der this subsection was acquired after July 1, 1981.~~

12 ~~— (c) The report shall be signed by its president, secretary, trea-~~  
13 ~~surer or other officer duly authorized so to act, or by any two of its~~  
14 ~~directors, or by an incorporator in the event its board of directors~~  
15 ~~shall not have been elected. The fact that an individual's name is~~  
16 ~~signed on such report shall be prima facie evidence that such indi-~~  
17 ~~vidual is authorized to sign the report on behalf of the corporation;~~  
18 ~~however, the official title or position of the individual signing the~~  
19 ~~report shall be designated. This report will be dated and subscribed~~  
20 ~~by the person as true, under penalty of perjury. At the time of filing~~  
21 ~~such annual report it shall be the duty of each domestic corporation~~  
22 ~~organized for profit to pay to the secretary of state an annual fran-~~  
23 ~~chise tax in an amount equal to \$1 \$2 for each \$1,000 of the cor-~~  
24 ~~poration's shareholder's equity attributable to Kansas, except that~~  
25 ~~no such tax shall be less than \$20 \$40 or more than \$2,500 \$5,000.~~  
26 ~~The amount of any such franchise tax paid by the corporation to~~  
27 ~~the secretary as provided by this subsection shall not be disclosed~~  
28 ~~by the secretary.~~

29 ~~— Sec. 2. K.S.A. 2001 Supp. 17-7504 is hereby amended to read~~  
30 ~~as follows: 17-7504. (a) Every corporation organized not for profit~~  
31 ~~shall make an annual report in writing to the secretary of state,~~  
32 ~~stating the prescribed information concerning the corporation at~~  
33 ~~the close of business on the last day of its tax period next preceding~~  
34 ~~the date of filing, but if a corporation's tax period is other than the~~  
35 ~~calendar year, it shall give notice thereof to the secretary of state~~  
36 ~~prior to December 31 of the year it commences such tax period. The~~  
37 ~~reports shall be made on forms prescribed by the secretary of state.~~  
38 ~~The report shall be filed on the 15th day of the sixth month following~~  
39 ~~the close of the taxable year, except that such corporation may ap-~~  
40 ~~ply to the secretary of state not more than 90 days after the due~~  
41 ~~date of its annual report for an extension of the time for filing the~~  
42 ~~report, and an extension shall be granted for a period of time cor-~~  
43 ~~responding to that granted under the internal revenue code or~~

1 ~~K.S.A. 79-3221, and amendments thereto. The report shall contain~~  
2 ~~the following information:~~

3 ~~—(1) The name of the corporation;~~

4 ~~—(2) the location of the principal office;~~

5 ~~—(3) the names of the president, secretary and treasurer, and the~~  
6 ~~members of the board of directors, with the residence address of~~  
7 ~~each;~~

8 ~~—(4) the number of memberships or the number of shares of cap-~~  
9 ~~ital stock issued and the amount of capital stock paid up.~~

10 ~~—(b) Every corporation subject to the provisions of this section~~  
11 ~~which holds agricultural land, as defined in K.S.A. 17-5903, and~~  
12 ~~amendments thereto, within this state shall show the following ad-~~  
13 ~~ditional information on the report:~~

14 ~~—(1) The acreage and location listed by section, range, township~~  
15 ~~and county of each lot, tract or parcel of agricultural land in this~~  
16 ~~state owned or leased by or to the corporation;~~

17 ~~—(2) the purposes for which such agricultural land is owned or~~  
18 ~~leased and, if leased, to whom such agricultural land is leased;~~

19 ~~—(3) the value of the nonagricultural assets and the agricultural~~  
20 ~~assets, stated separately, owned and controlled by the corporation~~  
21 ~~both within and without the state of Kansas and where situated;~~

22 ~~—(4) the total number of stockholders of the corporation;~~

23 ~~—(5) the number of acres owned or operated by the corporation,~~  
24 ~~the number of acres leased by the corporation and the number of~~  
25 ~~acres leased to the corporation;~~

26 ~~—(6) the number of acres of agricultural land, held and reported~~  
27 ~~in each category under paragraph (5) of this subsection (b), stated~~  
28 ~~separately, being irrigated; and~~

29 ~~—(7) whether any of the agricultural land held and reported un-~~  
30 ~~der this subsection was acquired after July 1, 1981.~~

31 ~~—(c) The report shall be signed by its president, secretary, trea-~~  
32 ~~surer or other officer duly authorized so to act, or by any two of its~~  
33 ~~directors, or by an incorporator in the event its board of directors~~  
34 ~~shall not have been elected. The fact that an individual's name is~~  
35 ~~signed on such report shall be prima facie evidence that such indi-~~  
36 ~~vidual is authorized to sign the report on behalf of the corporation;~~  
37 ~~however, the official title or position of the individual signing the~~  
38 ~~report shall be designated. This report will be dated and subscribed~~  
39 ~~by the person as true, under penalty of perjury. At the time of filing~~  
40 ~~such report, each nonprofit corporation shall pay an annual privi-~~  
41 ~~lege fee of \$5, except that the annual fee for tax periods ending after~~  
42 ~~December 31, 1992, shall be \$20 \$40 for all tax years commencing after~~  
43 ~~December 31, 2001.~~

1 ~~—Sec. 3. K.S.A. 2001 Supp. 17-7505 is hereby amended to read~~  
2 ~~as follows: 17-7505. (a) Every foreign corporation organized for~~  
3 ~~profit, or organized under the cooperative type statutes of the state,~~  
4 ~~territory or foreign country of incorporation, now or hereafter do-~~  
5 ~~ing business in this state, and owning or using a part or all of its~~  
6 ~~capital in this state, and subject to compliance with the laws relat-~~  
7 ~~ing to the admission of foreign corporations to do business in Kan-~~  
8 ~~sas, shall make an annual report in writing to the secretary of state,~~  
9 ~~stating the prescribed information concerning the corporation at~~  
10 ~~the close of business on the last day of its tax period next preceding~~  
11 ~~the date of filing, but if a corporation operates on a fiscal year other~~  
12 ~~than the calendar year it shall give written notice thereof to the~~  
13 ~~secretary of state prior to December 31 of the year commencing~~  
14 ~~such fiscal year. The report shall be made on a form prescribed by~~  
15 ~~the secretary of state. The report shall be filed at the time prescribed~~  
16 ~~by law for filing the corporation's annual Kansas income tax return,~~  
17 ~~except that if any such corporation shall apply for an extension of~~  
18 ~~time for filing its annual income tax return under the internal re-~~  
19 ~~venue service or under subsection (c) of K.S.A. 79-3221, and amend-~~  
20 ~~ments thereto, such corporation shall also apply, not more than 90~~  
21 ~~days after the due date of its annual report, to the secretary of state~~  
22 ~~for an extension of the time for filing the report and an extension~~  
23 ~~shall be granted for a period of time corresponding to that granted~~  
24 ~~under the internal revenue code or K.S.A. 79-3221, and amendments~~  
25 ~~thereto. Such application shall include a copy of the application to~~  
26 ~~income tax authorities. The report shall contain the following facts:~~  
27 ~~—(1) The name of the corporation and under the laws of what~~  
28 ~~state or country organized;~~  
29 ~~—(2) the location of its principal office;~~  
30 ~~—(3) the names of the president, secretary, treasurer and mem-~~  
31 ~~bers of the board of directors, with the residence address of each;~~  
32 ~~—(4) the number of shares of capital stock issued and the amount~~  
33 ~~of capital stock paid up;~~  
34 ~~—(5) the nature and kind of business in which the company is~~  
35 ~~engaged and its place or places of business both within and without~~  
36 ~~the state of Kansas;~~  
37 ~~—(6) the value of the property owned and used by the company~~  
38 ~~in Kansas, where situated, and the value of the property owned and~~  
39 ~~used outside of Kansas and where situated; and~~  
40 ~~—(7) the corporation's shareholder's equity attributable to~~  
41 ~~Kansas;~~  
42 ~~—(b) Every corporation subject to the provisions of this section~~  
43 ~~which holds agricultural land, as defined in K.S.A. 17-5903, and~~

1 ~~amendments thereto, within this state shall show the following ad-~~  
2 ~~ditional information on the report:~~

3 ~~—(1) The acreage and location listed by section, range, township~~  
4 ~~and county of each lot, tract or parcel of agricultural land in this~~  
5 ~~state owned or leased by or to the corporation;~~

6 ~~—(2) the purposes for which such agricultural land is owned or~~  
7 ~~leased and, if leased, to whom such agricultural land is leased;~~

8 ~~—(3) the value of the nonagricultural assets and the agricultural~~  
9 ~~assets, stated separately, owned and controlled by the corporation~~  
10 ~~both within and without the state of Kansas and where situated;~~

11 ~~—(4) the total number of stockholders of the corporation;~~

12 ~~—(5) the number of acres owned or operated by the corporation,~~  
13 ~~the number of acres leased by the corporation and the number of~~  
14 ~~acres leased to the corporation;~~

15 ~~—(6) the number of acres of agricultural land, held and reported~~  
16 ~~in each category under paragraph (5) of this subsection (b), stated~~  
17 ~~separately, being irrigated; and~~

18 ~~—(7) whether any of the agricultural land held and reported un-~~  
19 ~~der this subsection was acquired after July 1, 1981.~~

20 ~~—The report shall be signed by its president, secretary, treasurer~~  
21 ~~or other officer duly authorized so to act, or by any two of its di-~~  
22 ~~rectors, or by an incorporator in the event its board of directors~~  
23 ~~shall not have been elected. The fact that an individual's name is~~  
24 ~~signed on such report shall be prima facie evidence that such indi-~~  
25 ~~vidual is authorized to sign the report on behalf of the corporation;~~  
26 ~~however, the official title or position of the individual signing the~~  
27 ~~report shall be designated. This report will be dated and subscribed~~  
28 ~~by the person as true, under penalty of perjury. At the time of filing~~  
29 ~~its annual report, each such foreign corporation shall pay to the~~  
30 ~~secretary of state an annual franchise tax in an amount equal to \$1~~  
31 ~~\$2 for each \$1,000 of the corporation's shareholder's equity attrib-~~  
32 ~~utable to Kansas, except that no such tax shall be less than \$20 \$40~~  
33 ~~or more than \$2,500 \$5,000. The amount of any such franchise tax~~  
34 ~~paid by the foreign corporation to the secretary as provided by this~~  
35 ~~subsection shall not be disclosed by the secretary.~~

36 ~~—Sec. 4. K.S.A. 2001 Supp. 17-76,139 is hereby amended to read~~  
37 ~~as follows: 17-76,139. (a) Every limited liability company organized~~  
38 ~~under the laws of this state shall make an annual report in writing~~  
39 ~~to the secretary of state, stating the prescribed information con-~~  
40 ~~cerning the limited liability company at the close of business on the~~  
41 ~~last day of its tax period next preceding the date of filing. If the~~  
42 ~~limited liability company's tax period is other than the calendar~~  
43 ~~year, it shall give notice of its different tax period in writing to the~~

1 ~~secretary of state prior to December 31 of the year it commences~~  
2 ~~the different tax period. The annual report shall be filed at the time~~  
3 ~~prescribed by law for filing the limited liability company's annual~~  
4 ~~Kansas income tax return. If the limited liability company applies~~  
5 ~~for an extension of time for filing its annual income tax return under~~  
6 ~~the internal revenue code, the limited liability company shall also~~  
7 ~~apply, not more than 90 days after the due date of its annual report,~~  
8 ~~to the secretary of state for an extension of the time for filing its~~  
9 ~~report and an extension shall be granted for a period of time cor-~~  
10 ~~responding to that granted under the internal revenue code. The~~  
11 ~~application shall include a copy of the application to income tax~~  
12 ~~authorities. The annual report shall be made on a form prescribed~~  
13 ~~by the secretary of state. The report shall contain the following~~  
14 ~~information:~~

15 ~~—(1) The name of the limited liability company; and~~

16 ~~—(2) a list of the members owning at least 5% of the capital of the~~  
17 ~~company, with the post office address of each.~~

18 ~~—(b) Every foreign limited liability company shall make an an-~~  
19 ~~annual report in writing to the secretary of state, stating the pre-~~  
20 ~~scribed information concerning the limited liability company at the~~  
21 ~~close of business on the last day of its tax period next preceding the~~  
22 ~~date of filing. If the limited liability company's tax period is other~~  
23 ~~than the calendar year, it shall give notice in writing of its different~~  
24 ~~tax period to the secretary of state prior to December 31 of the year~~  
25 ~~it commences the different tax period. The annual report shall be~~  
26 ~~filed at the time prescribed by law for filing the limited liability~~  
27 ~~company's annual Kansas income tax return. If the limited liability~~  
28 ~~company applies for an extension of time for filing its annual income~~  
29 ~~tax return under the internal revenue code, the limited liability~~  
30 ~~company also shall apply, not more than 90 days after the due date~~  
31 ~~of its annual report, to the secretary of state for an extension of the~~  
32 ~~time for filing its report and an extension shall be granted for a~~  
33 ~~period of time corresponding to that granted under the internal rev-~~  
34 ~~enue code. The application shall include a copy of the application~~  
35 ~~to income tax authorities. The annual report shall be made on a~~  
36 ~~form prescribed by the secretary of state. The report shall contain~~  
37 ~~the name of the limited liability company.~~

38 ~~—(c) The annual report required by this section shall be signed~~  
39 ~~by a member of the limited liability company and forwarded to the~~  
40 ~~secretary of state. At the time of filing the report, the limited li-~~  
41 ~~ability company shall pay to the secretary of state an annual fran-~~  
42 ~~chise tax in an amount equal to \$1 \$2 for each \$1,000 of the net~~  
43 ~~capital accounts located in or used in this state at the end of the~~

~~preceding taxable year as required to be reported on the federal partnership return of income, or for a one-member LLC taxed as a sole proprietorship, \$1 \$2 for each \$1,000 of net book value of the LLC as calculated on an income tax basis located in or used in this state at the end of the preceding taxable year, except that no annual tax shall be less than \$20 \$40 or more than \$2,500 \$5,000. The amount of any such franchise tax paid by the limited liability company to the secretary as provided by this subsection shall not be disclosed by the secretary.~~

~~—(d) The provisions of K.S.A. 17-7509, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (a) of K.S.A. 17-7510 and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, shall be applicable to the articles of organization of any domestic limited liability company or to the authority of any foreign limited liability company which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the articles of organization of a domestic limited liability company or the authority of any foreign limited liability company are forfeited for failure to file an annual report or to pay the required franchise tax, the domestic limited liability company or the authority of a foreign limited liability company may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of incorporation.~~

~~—(e) When reinstatement is effective, it relates back to and takes effect as of the effective date of the forfeiture and the company may resume its business as if the forfeiture had never occurred.~~

~~—(f) No limited liability company shall be required to file its first annual report under this act, or pay any annual franchise tax required to accompany such report, unless such limited liability company has filed its articles of organization or application for authority at least six months prior to the last day of its tax period. If any limited liability company files with the secretary of state a notice of change in its tax period and the next annual report filed by such limited liability company subsequent to such notice is based on a tax period of less than 12 months, the annual tax liability shall be~~



~~determined by multiplying the annual franchise tax liability for such year by a fraction, the numerator of which is the number of months or any portion thereof covered by the annual report and the denominator of which is 12, except that the tax shall not be less than \$20.~~

Sec. ~~5~~. [1.] On and after June 1, 2002, K.S.A. 2001 Supp. 41-501 is hereby amended to read as follows: 41-501. (a) As used in this section and K.S.A. 41-501a, and amendments thereto:

(1) “Gallon” means wine gallon.

(2) “Federal area” means any lands or premises which are located within the exterior boundaries of this state and which are held or acquired by or for the use of the United States or any department, establishment or agency of the United States.

(3) “Malt product” means malt syrup, malt extract, liquid malt or wort.

(b) (1) For the purpose of raising revenue a tax is imposed upon the manufacturing, using, selling, storing or purchasing alcoholic liquor, cereal malt beverage or malt products in this state or a federal area at a rate of ~~\$18~~  ~~$\frac{\$22}{\text{gallon}}$~~   $[\$.25]$  per gallon on beer and cereal malt beverage;  ~~$\frac{\$20}{\text{gallon}}$~~   ~~$\frac{\$26}{\text{gallon}}$~~   $[\$.28]$  per gallon on all wort or liquid malt;  ~~$\frac{\$10}{\text{pound}}$~~   ~~$\frac{\$13}{\text{pound}}$~~   $[\$.14]$  per pound on all malt syrup or malt extract;  ~~$\frac{\$30}{\text{gallon}}$~~   ~~$\frac{\$40}{\text{gallon}}$~~   $[\$.45]$  per gallon on wine containing 14% or less alcohol by volume;  ~~$\frac{\$.75}{\text{gallon}}$~~   ~~$\frac{\$1.00}{\text{gallon}}$~~   $[\$1.25]$  per gallon on wine containing more than 14% alcohol by volume; and  ~~$\frac{\$2.50}{\text{gallon}}$~~   ~~$\frac{\$3.25}{\text{gallon}}$~~   $[\$3.30]$  per gallon on alcohol and spirits.

(2) The tax imposed by this section shall be paid only once and shall be paid by the person in this state or federal area who first manufactures, uses, sells, stores, purchases or receives the alcoholic liquor or cereal malt beverage. The tax shall be collected and paid to the director as provided in this act. If the alcoholic liquor or cereal malt beverage is manufactured and sold in this state or a federal area, the tax shall be paid by the manufacturer, microbrewery or farm winery producing it. If the alcoholic liquor or cereal malt beverage is imported into this state by a distributor for the purpose of sale at wholesale in this state or a federal area, the tax shall be paid by the distributor, and in no event shall such tax be paid by the manufacturer unless the alcoholic liquor or cereal malt beverage is manufactured in this state. If not to exceed one gallon, or metric equivalent, per person of alcoholic liquor has been purchased by a private citizen outside the borders of the United States and is brought into this state by the private citizen in such person’s personal possession for such person’s own personal use and not for sale or resale, such import is lawful and no tax payment shall be

1 *due thereon.*

2 (c) *Manufacturers, microbreweries, farm wineries or distribu-*  
3 *tors at wholesale of alcoholic liquor or cereal malt beverage shall*  
4 *be exempt from the payment of the gallonage tax imposed on alco-*  
5 *holic liquor and cereal malt beverage, upon satisfactory proof, in-*  
6 *cluding bills of lading furnished to the director by affidavit or oth-*  
7 *erwise as the director requires, that the liquor or cereal malt*  
8 *beverage was manufactured in this state but was shipped out of the*  
9 *state for sale and consumption outside the state.*

10 (d) *Wines manufactured or imported solely and exclusively for*  
11 *sacramental purposes and uses shall not be subject to the tax pro-*  
12 *vided for by this section.*

13 (e) *The tax provided for by this section is not imposed upon:*

14 (1) *Any alcohol or wine, whether manufactured in or imported*  
15 *into this state, when sold to a nonbeverage user licensed by the*  
16 *state, for use in the manufacture of any of the following when they*  
17 *are unfit for beverage purposes: Patent and proprietary medicines*  
18 *and medicinal, antiseptic and toilet preparations; flavoring extracts*  
19 *and syrups and food products; scientific, industrial and chemical*  
20 *products; or scientific, chemical, experimental or mechanical pur-*  
21 *poses; or*

22 (2) *the privilege of engaging in any business of interstate com-*  
23 *merce or otherwise, which business may not be made the subject of*  
24 *taxation by this state under the constitution and statutes of the*  
25 *United States.*

26 (f) *The tax imposed by this section shall be in addition to all*  
27 *other taxes imposed by the state of Kansas or by any municipal*  
28 *corporation or political subdivision thereof.*

29 (g) *Retail sales of alcoholic liquor, sales of beer to consumers*  
30 *by microbreweries and sales of wine to consumers by farm wineries*  
31 *shall not be subject to the tax imposed by the Kansas retailers' sales*  
32 *tax act but shall be subject to the enforcement tax provided for in*  
33 *this act.*

34 (h) *Notwithstanding any ordinance to the contrary, no city shall*  
35 *impose an occupation or privilege tax on the business of any person,*  
36 *firm or corporation licensed as a manufacturer, distributor, micro-*  
37 *brewery, farm winery, retailer or nonbeverage user under this act*  
38 *and doing business within the boundaries of the city except as spe-*  
39 *cifically authorized by K.S.A. 41-310, and amendments thereto.*

40 (i) *The director shall collect the taxes imposed by this section*  
41 *and shall account for and remit all moneys collected from the tax*  
42 *to the state treasurer in accordance with the provisions of K.S.A.*  
43 *75-4215, and amendments thereto. Upon receipt of each such re-*

1 *mittance, the state treasurer shall deposit the entire amount in the*  
2 *state treasury and the state treasurer shall credit ~~1/10 7.14%~~ [7.57%]*  
3 *of the moneys collected from taxes imposed upon alcohol and spirits*  
4 *under subsection (b)(1) to the community alcoholism and intoxi-*  
5 *cation programs fund created by K.S.A. 41-1126, and amendments*  
6 *thereto, and shall credit the balance of the moneys collected to the*  
7 *state general fund.*

8 *(j) If any alcoholic liquor manufactured in or imported into this*  
9 *state is sold to a licensed manufacturer or distributor of this state*  
10 *to be used solely as an ingredient in the manufacture of any bev-*  
11 *erage for human consumption, the tax imposed upon the manufac-*  
12 *turer or distributor shall be reduced by the amount of the taxes*  
13 *which have been paid under this section as to the alcoholic liquor*  
14 *so used.*

15 *(k) The tax provided for by this section is not imposed upon*  
16 *alcohol or wine used by any school or college for scientific, chem-*  
17 *ical, experimental or mechanical purposes or by hospitals, sanatoria*  
18 *or other institutions caring for the sick. Any school, college, hos-*  
19 *pital, sanatorium or other institution caring for the sick may import*  
20 *alcohol or wine for scientific, chemical, experimental, mechanical*  
21 *or medicinal purposes by making application to the director for a*  
22 *permit to import it and receiving such a permit. Application for the*  
23 *permit shall be on a form prescribed and furnished by the director,*  
24 *and a separate permit shall be required for each purchase of alcohol*  
25 *or wine. A fee of \$2 shall accompany each application. All permits*  
26 *shall be issued in triplicate to the applicant and shall be under the*  
27 *seal of the office of the director. Two copies of the permit shall be*  
28 *forwarded by the applicant to the microbrewery, farm winery, man-*  
29 *ufacturer or distributor from which the alcohol or wine is pur-*  
30 *chased, and the microbrewery, farm winery, manufacturer or dis-*  
31 *tributor shall return to the office of the director one copy of the*  
32 *permit with its shipping affidavit and invoice. Within 10 days after*  
33 *receipt of any alcohol or wine, the school, college, hospital or san-*  
34 *atorium ordering it shall file a report in the office of the director*  
35 *upon forms furnished by the director, showing the amount of al-*  
36 *cohol or wine received, the place where it is to be stored, from whom*  
37 *it was received, the purpose for which it is to be used and such other*  
38 *information as required by the director. Any school, college, hos-*  
39 *pital, sanatorium or institution caring for the sick, which complies*  
40 *with the provisions of this subsection, shall not be required to have*  
41 *any other license to purchase alcohol or wine from a microbrewery,*  
42 *farm winery, manufacturer or distributor.*

43 *New Sec. ~~6~~ [2.] On June 1, 2002, a tax at the rate of ~~\$.05~~ [\$.07]*

1 per gallon on all beer and cereal malt beverage, ~~\$.10~~ [\$.15] per  
2 gallon for wine containing 14% or less of alcohol by volume, ~~\$.25~~  
3 [\$.50] per gallon for wine containing more than 14% of alcohol by  
4 volume, ~~\$.75~~ [\$.80] per gallon on alcohol and spirits, ~~\$.06~~ [\$.08]  
5 per gallon on wort and liquid malt, and ~~\$.03~~ [\$.04] per pound of  
6 malt syrup and malt extract, is hereby imposed on the manufacture,  
7 use, sale, storage or purchase of such alcoholic liquors owned at  
8 12:01 a.m. on June 1, 2002, by a licensed distributor or retail dealer  
9 as to which the tax has been imposed as provided in K.S.A. 41-501,  
10 and amendments thereto. Such tax shall be paid by the licensed  
11 distributor or retail dealer owning such alcoholic liquors, cereal  
12 malt beverage or beer at such time and date. On or before June 25,  
13 2002, every such distributor and retail dealer shall make a report  
14 to the director on a form prescribed and furnished by the director  
15 showing the total number of gallons of such alcoholic liquors, cereal  
16 malt beverage or beer so owned at 12:01 a.m. on June 2, 2002, and  
17 such report shall be accompanied by a remittance [of 33<sup>1</sup>/<sub>3</sub>%] of the  
18 tax due. [The remainder of such tax shall be remitted in equal pay-  
19 ments on or before September 25, 2002, and on or before December  
20 24, 2002.]

21 The license of any licensed distributor or retail dealer who shall  
22 fail to make such report or pay such tax, within the time hereinbe-  
23 fore prescribed, shall be subject to suspension or revocation as pro-  
24 vided by K.S.A. 41-320 and amendments thereto. All taxes collected  
25 by the director under this section shall be paid into the state treas-  
26 ury and the state treasurer shall credit the same to the state general  
27 fund.

28 ~~Sec. 7. On and after June 1, 2002, K.S.A. 79-4101 is hereby~~  
29 ~~amended to read as follows: 79-4101. (a) For the purpose of pro-~~  
30 ~~viding revenue which may be used by the state, counties and cities~~  
31 ~~in the enforcement of the provisions of this act, from and after the~~  
32 ~~effective date of this act, for the privilege of engaging in the business~~  
33 ~~of selling alcoholic liquor by retailers or farm wineries to consumers~~  
34 ~~in this state or selling alcoholic liquor or cereal malt beverage by~~  
35 ~~distributors to clubs, drinking establishments or caterers in this~~  
36 ~~state, there is hereby levied and there shall be collected and paid a~~  
37 ~~tax at the rate of 8% 10% upon the gross receipts received from: (1)~~  
38 ~~The sale of alcoholic liquor by retailers, microbreweries or farm~~  
39 ~~wineries to consumers within this state; and (2) the sale of alcoholic~~  
40 ~~liquor or cereal malt beverage by distributors to clubs, drinking~~  
41 ~~establishments or caterers in this state.~~

42 ~~—(b) The tax imposed by this section shall be in addition to the~~  
43 ~~license fee imposed on distributors, retailers, microbreweries and~~

1 ~~farm wineries by K.S.A. 41-310 and amendments thereto.~~

2 ~~—Sec. 8. On and after June 1, 2002, K.S.A. 79-41a02 is hereby~~  
3 ~~amended to read as follows: 79-41a02. (a) There is hereby imposed,~~  
4 ~~for the privilege of selling alcoholic liquor, a tax at the rate of 10%~~  
5 ~~12% upon the gross receipts derived from the sale of alcoholic liquor~~  
6 ~~by any club, caterer, drinking establishment or temporary permit~~  
7 ~~holder.~~

8 ~~—(b) The tax imposed by this section shall be paid by the con-~~  
9 ~~sumer to the club, caterer, drinking establishment or temporary~~  
10 ~~permit holder and it shall be the duty of each and every club, ca-~~  
11 ~~terer, drinking establishment or temporary permit holder subject~~  
12 ~~to this section to collect from the consumer the full amount of such~~  
13 ~~tax, or an amount equal as nearly as possible or practicable to the~~  
14 ~~average equivalent thereto. Each club, caterer, drinking establish-~~  
15 ~~ment or temporary permit holder collecting the tax imposed here-~~  
16 ~~under shall be responsible for paying over the same to the state~~  
17 ~~department of revenue in the manner prescribed by K.S.A. 79-41a03~~  
18 ~~and amendments thereto and the state department of revenue shall~~  
19 ~~administer and enforce the collection of such tax.~~

20 ~~—Sec. 9. On and after June 1, 2002, K.S.A. 2001 Supp. 79-41a03~~  
21 ~~is hereby amended to read as follows: 79-41a03. (a) The tax levied~~  
22 ~~and collected pursuant to K.S.A. 79-41a02, and amendments~~  
23 ~~thereto, shall become due and payable by the club, caterer, drinking~~  
24 ~~establishment or temporary permit holder monthly, or on or before~~  
25 ~~the 25th day of the month immediately succeeding the month in~~  
26 ~~which it is collected, but any club, caterer, drinking establishment~~  
27 ~~or temporary permit holder filing an annual or quarterly return~~  
28 ~~under the Kansas retailers' sales tax act, as prescribed in K.S.A. 79-~~  
29 ~~3607, and amendments thereto, shall, upon such conditions as the~~  
30 ~~secretary of revenue may prescribe, pay the tax required by this act~~  
31 ~~on the same basis and at the same time the club, caterer, drinking~~  
32 ~~establishment or temporary permit holder pays such retailers' sales~~  
33 ~~tax. Each club, caterer, drinking establishment or temporary permit~~  
34 ~~holder shall make a true report to the department of revenue, on a~~  
35 ~~form prescribed by the secretary of revenue, providing such infor-~~  
36 ~~mation as may be necessary to determine the amounts to which any~~  
37 ~~such tax shall apply for all gross receipts derived from the sale of~~  
38 ~~alcoholic liquor by the club, caterer, drinking establishment or tem-~~  
39 ~~porary permit holder for the applicable month or months, which~~  
40 ~~report shall be accompanied by the tax disclosed thereby. Records~~  
41 ~~of gross receipts derived from the sale of alcoholic liquor shall be~~  
42 ~~kept separate and apart from the records of other retail sales made~~  
43 ~~by a club, caterer, drinking establishment or temporary permit~~

1 ~~holder in order to facilitate the examination of books and records~~  
2 ~~as provided herein.~~

3 ~~—(b) The secretary of revenue or the secretary's authorized rep-~~  
4 ~~resentative shall have the right at all reasonable times during busi-~~  
5 ~~ness hours to make such examination and inspection of the books~~  
6 ~~and records of a club, caterer, drinking establishment or temporary~~  
7 ~~permit holder as may be necessary to determine the accuracy of~~  
8 ~~such reports required hereunder.~~

9 ~~—(c) The secretary of revenue is hereby authorized to administer~~  
10 ~~and collect the tax imposed hereunder and to adopt such rules and~~  
11 ~~regulations as may be necessary for the efficient and effective ad-~~  
12 ~~ministration and enforcement of the collection thereof. Whenever~~  
13 ~~any club, caterer, drinking establishment or temporary permit~~  
14 ~~holder liable to pay the tax imposed hereunder refuses or neglects~~  
15 ~~to pay the same, the amount, including any penalty, shall be col-~~  
16 ~~lected in the manner prescribed for the collection of the retailers'~~  
17 ~~sales tax by K.S.A. 79-3617, and amendments thereto.~~

18 ~~—(d) The secretary of revenue shall remit all revenue collected~~  
19 ~~under the provisions of this act to the state treasurer in accordance~~  
20 ~~with the provisions of K.S.A. 75-4215, and amendments thereto.~~  
21 ~~Upon receipt of each such remittance, the state treasurer shall de-~~  
22 ~~posit the entire amount in the state treasury. Subject to the main-~~  
23 ~~tenance requirements of the local alcoholic liquor refund fund cre-~~  
24 ~~ated under K.S.A. 79-41a09, and amendments thereto, 25% 37.5%~~  
25 ~~of the remittance shall be credited to the state general fund, 5%~~  
26 ~~4.17% shall be credited to the community alcoholism and intoxica-~~  
27 ~~tion programs fund created by K.S.A. 41-1126, and amendments~~  
28 ~~thereto, and the balance shall be credited to the local alcoholic liq-~~  
29 ~~uor fund created by K.S.A. 79-41a04, and amendments thereto.~~

30 ~~—(e) Whenever, in the judgment of the secretary of revenue, it is~~  
31 ~~necessary, in order to secure the collection of any tax, penalties or~~  
32 ~~interest due, or to become due, under the provisions of this act, the~~  
33 ~~secretary may require any person subject to such tax to file a bond~~  
34 ~~with the director of taxation under conditions established by and~~  
35 ~~in such form and amount as prescribed by rules and regulations~~  
36 ~~adopted by the secretary.~~

37 ~~—(f) The amount of tax imposed by this act shall be assessed~~  
38 ~~within three years after the return is filed, and no proceedings in~~  
39 ~~court for the collection of such taxes shall be begun after the expi-~~  
40 ~~ration of such period except in the cases of fraud. In the case of a~~  
41 ~~false or fraudulent return with intent to evade tax, the tax may be~~  
42 ~~assessed or a proceeding in court for collection of such tax may be~~  
43 ~~begun at any time, within two years from the discovery of such~~

~~1 fraud. No refund or credit shall be allowed by the director after  
2 three years from the date of payment of the tax as provided in this  
3 act unless before the expiration of such period a claim therefor is  
4 filed by the taxpayer, and no suit or action to recover on any claim  
5 for refund shall be commenced until after the expiration of six  
6 months from the date of filing a claim therefor with the director.  
7 Before the expiration of time prescribed in this section for the as-  
8 sessment of additional tax or the filing of a claim for refund, the  
9 director is hereby authorized to enter into an agreement in writing  
10 with the taxpayer consenting to the extension of the periods of lim-  
11 itations for the assessment of tax or for the filing of a claim for  
12 refund, at any time prior to the expiration of the periods of limita-  
13 tions. The period so agreed upon may be extended by subsequent  
14 agreements in writing made before the expiration of the period pre-  
15 viously agreed upon.~~

16 ~~Sec. 10.~~ [3.] On and after June 1, 2002, K.S.A. 79-3310 is  
17 hereby amended to read as follows: 79-3310. There is imposed a tax  
18 upon all cigarettes sold, distributed or given away within the state  
19 of Kansas. The rate of such tax shall be ~~\$.24~~ ~~\$.89~~ [\$1.00] on each 20  
20 cigarettes or fractional part thereof or ~~\$.30~~ ~~\$1.125~~ [\$1.25] on each  
21 25 cigarettes, as the case requires. Such tax shall be collected and  
22 paid to the director as provided in this act. Such tax shall be paid  
23 only once and shall be paid by the wholesale dealer first receiving  
24 the cigarettes as herein provided.

25 The taxes imposed by this act are hereby levied upon all sales of  
26 cigarettes made to any department, institution or agency of the state  
27 of Kansas, and to the political subdivisions thereof and their de-  
28 partments, institutions and agencies.

29 ~~New Sec. 11.~~ [4.] On or before June 30, 2002, each wholesale  
30 dealer, retail dealer and vending machine operator shall file a re-  
31 port with the director in such form as the director may prescribe  
32 showing cigarettes, cigarette stamps and meter imprints on hand at  
33 12:01 a.m. on June 1, 2002. A tax of ~~\$.65~~ [\$1.76] on each 20 cigarettes  
34 or fractional part thereof or ~~\$.8125~~ [\$1.95] on each 25 cigarettes, as  
35 the case requires and ~~\$.65 or \$.8125~~ [\$1.76 or \$1.95], as the case  
36 requires upon all tax stamps and all meter imprints purchased from  
37 the director and not affixed to cigarettes prior to June 1, 2002, is  
38 hereby imposed and shall be due and payable [in equal install-  
39 ments] on or before June 30, 2002[, on or before September 30,  
40 2002, and on or before December 30, 2002]. The tax imposed upon  
41 such cigarettes, tax stamps and meter imprints shall be imposed only  
42 once under this act. The director shall remit all moneys collected  
43 pursuant to this section to the state treasurer who shall credit the

1 *entire amount thereof to the state general fund.*

2 *Sec. ~~12~~ [5.] On and after June 1, 2002, K.S.A. 2001 Supp. 79-*  
3 *3311 is hereby amended to read as follows: 79-3311. The director*  
4 *shall design and designate indicia of tax payment to be affixed to*  
5 *each package of cigarettes as provided by this act. The director shall*  
6 *sell water applied stamps only to licensed wholesale dealers in the*  
7 *amounts of 1,000 or multiples thereof. Stamps applied by the heat*  
8 *process shall be sold only in amounts of 30,000 or multiples thereof,*  
9 *except that such stamps which are suitable for packages containing*  
10 *25 cigarettes each shall be sold in amounts prescribed by the direc-*  
11 *tor. Meter imprints shall be sold only in amounts of 10,000 or mul-*  
12 *tiples thereof. Water applied stamps in amounts of 10,000 or mul-*  
13 *tiples thereof and stamps applied by the heat process and meter*  
14 *imprints shall be supplied to wholesale dealers at a discount of*  
15 *~~2.65%~~ 0.71% [0.636%] from the face value thereof, and shall be de-*  
16 *ducted at the time of purchase or from the remittance therefor as*  
17 *hereinafter provided. Any wholesale cigarette dealer who shall file*  
18 *with the director a bond, of acceptable form, payable to the state*  
19 *of Kansas with a corporate surety authorized to do business in Kan-*  
20 *sas, shall be permitted to purchase stamps, and remit therefor to*  
21 *the director within 30 days after each such purchase, up to a max-*  
22 *imum outstanding at any one time of 85% of the amount of the bond.*  
23 *Failure on the part of any wholesale dealer to remit as herein spec-*  
24 *ified shall be cause for forfeiture of such dealer's bond. All revenue*  
25 *received from the sale of such stamps or meter imprints shall be*  
26 *remitted to the state treasurer in accordance with the provisions of*  
27 *K.S.A. 75-4215, and amendments thereto. Upon receipt of each such*  
28 *remittance, the state treasurer shall deposit the entire amount in*  
29 *the state treasury. The state treasurer shall first credit such amount*  
30 *as the director shall order to the cigarette tax refund fund and shall*  
31 *credit the remaining balance to the state general fund. A refund*  
32 *fund designated the cigarette tax refund fund not to exceed \$10,000*  
33 *at any time shall be set apart and maintained by the director from*  
34 *taxes collected under this act and held by the state treasurer for*  
35 *prompt payment of all refunds authorized by this act. Such cigarette*  
36 *tax refund fund shall be in such amount as the director shall deter-*  
37 *mine is necessary to meet current refunding requirements under*  
38 *this act.*

39 *The wholesale cigarette dealer shall affix to each package of cig-*  
40 *arettes stamps or tax meter imprints required by this act prior to*  
41 *the sale of cigarettes to any person, by such dealer or such dealer's*  
42 *agent or agents, within the state of Kansas. The director is empow-*  
43 *ered to authorize wholesale dealers to affix revenue tax meter im-*



1 *prints upon original packages of cigarettes and is charged with the*  
2 *duty of regulating the use of tax meters to secure payment of the*  
3 *proper taxes. No wholesale dealer shall affix revenue tax meter im-*  
4 *prints to original packages of cigarettes without first having ob-*  
5 *tained permission from the director to employ this method of affix-*  
6 *ation. If the director approves the wholesale dealer's application*  
7 *for permission to affix revenue tax meter imprints to original pack-*  
8 *ages of cigarettes, the director shall require such dealer to file a*  
9 *suitable bond payable to the state of Kansas executed by a corporate*  
10 *surety authorized to do business in Kansas. The director may, to*  
11 *assure the proper collection of taxes imposed by the act, revoke or*  
12 *suspend the privilege of imprinting tax meter imprints upon original*  
13 *packages of cigarettes. All meters shall be under the direct control*  
14 *of the director, and all transfer assignments or anything pertaining*  
15 *thereto must first be authorized by the director. All inks used in the*  
16 *stamping of cigarettes must be of a special type devised for use in*  
17 *connection with the machine employed and approved by the direc-*  
18 *tor. All repairs to the meter are strictly prohibited except by a duly*  
19 *authorized representative of the director. Requests for service shall*  
20 *be directed to the director. Meter machine ink imprints on all pack-*  
21 *ages shall be clear and legible. If a wholesale dealer continuously*  
22 *issues illegible cigarette tax meter imprints, it shall be considered*  
23 *sufficient cause for revocation of such dealer's permit to use a cig-*  
24 *arette tax meter.*

25 *A licensed wholesale dealer may, for the purpose of sale in an-*  
26 *other state, transport cigarettes not bearing Kansas indicia of tax*  
27 *payment through the state of Kansas provided such cigarettes are*  
28 *contained in sealed and original cartons.*

29 *Sec. ~~13~~ [6.] On and after June 1, 2002, K.S.A. 79-3312 is*  
30 *hereby amended to read as follows: 79-3312. The director shall re-*  
31 *deem any unused stamps or meter imprints that any wholesale*  
32 *dealer presents for redemption within six months after the purchase*  
33 *thereof, at the face value less ~~2.65%~~ ~~0.71%~~ [0.636%] thereof if such*  
34 *stamps or meter imprints have been purchased from the director.*  
35 *The director shall prepare a voucher showing the net amount of*  
36 *such refund due, and the director of accounts and reports shall draw*  
37 *a warrant on the state treasurer for the same. Wholesale dealers*  
38 *shall be entitled to a refund of the tax paid on cigarettes which have*  
39 *become unfit for sale upon proof thereof less ~~2.65%~~ ~~0.71%~~ [0.636%]*  
40 *of such tax.*

41 *~~Sec. 14. On and after June 1, 2002, K.S.A. 79-3371 is hereby~~*  
42 *~~amended to read as follows: 79-3371. A tax is hereby imposed upon~~*  
43 *~~the privilege of selling or dealing in tobacco products in this state~~*

1 ~~by any person engaged in business as a distributor thereof, at the~~  
2 ~~rate of ten percent (10%) 20% of the wholesale sales price of such~~  
3 ~~tobacco products. Such tax shall be imposed at the time the distrib-~~  
4 ~~utor (a) brings or causes to be brought into this state from without~~  
5 ~~the state tobacco products for sale; (b) makes, manufactures, or~~  
6 ~~fabricates tobacco products in this state for sale in this state; or (c)~~  
7 ~~ships or transports tobacco products to retailers in this state to be~~  
8 ~~sold by those retailers.~~

9 ~~— New Sec. 15. — On or before June 30, 2002, each distributor hav-~~  
10 ~~ing a place of business in this state shall file a report with the di-~~  
11 ~~rector in such form as the director may prescribe, showing the to-~~  
12 ~~bacco products on hand at 12:01 a.m. on June 1, 2002. A tax at a~~  
13 ~~rate equal to 10% of the wholesale sales price of such tobacco prod-~~  
14 ~~ucts is hereby imposed upon such tobacco products and shall be~~  
15 ~~due and payable on or before June 30, 2002. The tax upon such~~  
16 ~~tobacco products shall be imposed only once under this act. The~~  
17 ~~director shall remit all moneys collected pursuant to this section to~~  
18 ~~the state treasurer who shall credit the entire amount thereof to the~~  
19 ~~state general fund.~~

20 ~~— Sec. 16. — On and after June 1, 2002, K.S.A. 79-3378 is hereby~~  
21 ~~amended to read as follows: 79-3378. On or before the twentieth 20th~~  
22 ~~day of each calendar month every distributor with a place of busi-~~  
23 ~~ness in this state shall file a return with the director showing the~~  
24 ~~quantity and wholesale sales price of each tobacco product (1)~~  
25 ~~brought, or caused to be brought, into this state for sale; and (2)~~  
26 ~~made, manufactured, or fabricated in this state for sale in this state~~  
27 ~~during the preceding calendar month. Every licensed distributor~~  
28 ~~outside this state shall in like manner file a return showing the quan-~~  
29 ~~tity and wholesale sales price of each tobacco product shipped or~~  
30 ~~transported to retailers in this state to be sold by those retailers,~~  
31 ~~during the preceding calendar month. Returns shall be made upon~~  
32 ~~forms furnished and prescribed by the director. Each return shall~~  
33 ~~be accompanied by a remittance for the full tax liability shown~~  
34 ~~therein, less four percent (4%) 2% of such liability as compensation~~  
35 ~~to reimburse the distributor for his or her expenses incurred in the~~  
36 ~~administration of this act. As soon as practicable after any return~~  
37 ~~is filed, the director shall examine the return. If the director finds~~  
38 ~~that, in his or her judgment, the return is incorrect and any amount~~  
39 ~~of tax is due from the distributor and unpaid, he or she the director~~  
40 ~~shall notify the distributor of the deficiency. If a deficiency dis-~~  
41 ~~closed by the director's examination cannot be allocated by him to~~  
42 ~~a particular month or months, he or she the director may nevertheless~~  
43 ~~notify the distributor that a deficiency exists and state the amount~~

1 ~~of tax due. Such notice shall be given to the distributor by registered~~  
2 ~~or certified mail.~~

3 ~~New Sec. 17. [7.] (a) On and after March 1, 2002, in addition~~  
4 ~~to the tax imposed by the Kansas estate tax act, a tax is hereby~~  
5 ~~imposed on the privilege of succeeding to the ownership of any prop-~~  
6 ~~erty, corporeal or incorporeal, and any interest therein within the~~  
7 ~~jurisdiction of this state by any relative, or stranger in the blood,~~  
8 ~~of a decedent other than the spouse, brothers and sisters, lineal~~  
9 ~~ancestors, lineal descendants, step-parents, step-children, adopted~~  
10 ~~children, lineal descendants of any adopted child or step-child, the~~  
11 ~~spouse or surviving spouse of a son or daughter, or the spouse or~~  
12 ~~surviving spouse of an adopted child or step-child of the decedent.~~  
13 ~~In the case of an adopted child or step-child, a spouse or surviving~~  
14 ~~spouse of an adopted child or step-child or the lineal descendant of~~  
15 ~~an adopted child or step-child of the decedent, such person shall~~  
16 ~~file with the department of revenue an affidavit setting forth the~~  
17 ~~relationship of such person to the decedent. Such affidavit shall be~~  
18 ~~sufficient proof of the adoptive or step-child relationship in ques-~~  
19 ~~tion, and the department, or any officer or employee thereof, shall~~  
20 ~~not require any additional proof of such relationship. As used in~~  
21 ~~this paragraph, "step-child" means a child of a spouse or former~~  
22 ~~spouse of the decedent or the brothers and sisters of the decedent.~~

23 (b) ~~The tax shall be charged upon the value of the property suc-~~  
24 ~~ceeded to and shall be in an amount equal to a percentage of such~~  
25 ~~value as follows: On any amount up to \$100,000, 10%; or any~~  
26 ~~amount in excess of \$100,000 and up to \$200,000, 12%; on all sums~~  
27 ~~in excess of \$200,000, 15%.~~

28 (c) ~~All moneys collected pursuant to the provisions of this sec-~~  
29 ~~tion shall be remitted to the state treasurer who shall credit the~~  
30 ~~entire amount thereof to the state general fund.~~

31 (d) ~~The provisions of this section shall be deemed supplemental~~  
32 ~~to the Kansas estate tax act.~~

33 ~~Sec. 18. K.S.A. 2001 Supp. 79-32,110 is hereby amended to~~  
34 ~~read as follows: 79-32,110. (a) Resident Individuals. Except as oth-~~  
35 ~~erwise provided by subsection (a) of K.S.A. 79-3220, and amend-~~  
36 ~~ments thereto, a tax is hereby imposed upon the Kansas taxable~~  
37 ~~income of every resident individual, which tax shall be computed~~  
38 ~~in accordance with the following tax schedules:~~

39 ~~—(I) Married individuals filing joint returns.~~

40 ~~—(A) For tax years 2002, 2003, 2004 and 2005:~~

<del>If the taxable income is:</del>	<del>The tax is:</del>
<del>Not over \$30,000 .....</del>	<del>3.6% of Kansas taxable income</del>

1 ~~Over \$30,000 but not over \$60,000 ..... \$1,080 plus 6.55% of excess over \$30,000~~  
 2 ~~Over \$60,000 ..... \$3,045 plus 6.75% of excess over \$60,000~~

3 ~~—(B) For tax years 2006, and all tax years thereafter:~~

4 ~~***If the taxable income is:*** ***The tax is:***~~  
 5 ~~***Not over \$30,000 ..... 3.5% of Kansas taxable income***~~  
 6 ~~***Over \$30,000 but not over \$60,000 ..... \$1,050 plus 6.25% of excess over***~~  
 7 ~~***\$30,000***~~  
 8 ~~***Over \$60,000 ..... \$2,925 plus 6.45% of excess over***~~  
 9 ~~***\$60,000***~~

10 ~~—(2) All other individuals.~~

11 ~~(A) For tax year 1997 years 2002, 2003, 2004 and 2005:~~

12 ~~***If the taxable income is:*** ***The tax is:***~~  
 13 ~~***Not over \$20,000 \$15,000 ..... 4.1% 3.6% of Kansas taxable income***~~  
 14 ~~***Over \$20,000 \$15,000 but not over \$30,000 ..... \$920 plus 7.5% \$540 plus 6.55% of excess***~~  
 15 ~~***over \$20,000 \$15,000***~~  
 16 ~~***Over \$30,000 ..... \$1,570 plus 7.75% \$1,522.50 plus 6.75% of***~~  
 17 ~~***excess over \$30,000***~~

18 ~~—(B) For tax year 1998 2006, and all tax years thereafter:~~

19 ~~***If the taxable income is:*** ***The tax is:***~~  
 20 ~~***Not over \$15,000 ..... 3.5% of Kansas taxable income***~~  
 21 ~~***Over \$15,000 but not over \$30,000 ..... \$525 plus 6.25% of excess over \$15,000***~~  
 22 ~~***Over \$30,000 ..... \$1,462.50 plus 6.45% of excess over***~~  
 23 ~~***\$30,000***~~

24 ~~—(b) Nonresident Individuals. A tax is hereby imposed upon the~~  
 25 ~~***Kansas taxable income of every nonresident individual, which tax***~~  
 26 ~~***shall be an amount equal to the tax computed under subsection (a)***~~  
 27 ~~***as if the nonresident were a resident multiplied by the ratio of mod-***~~  
 28 ~~***ified Kansas source income to Kansas adjusted gross income.***~~

29 ~~—(c) Corporations. A tax is hereby imposed upon the Kansas tax-~~  
 30 ~~***able income of every corporation doing business within this state***~~  
 31 ~~***or deriving income from sources within this state. Such tax shall***~~  
 32 ~~***consist of a normal tax and a surtax and shall be computed as fol-***~~  
 33 ~~***lows:***~~

34 ~~—(1) The normal tax shall be in an amount equal to 4% of the~~  
 35 ~~***Kansas taxable income of such corporation; and***~~

36 ~~—(2) the surtax shall be in an amount equal to 3.35% of the Kan-~~  
 37 ~~***sas taxable income of such corporation in excess of \$50,000.***~~

38 ~~—(d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable~~  
 39 ~~***income of estates and trusts at the rates provided in paragraph (2)***~~  
 40 ~~***of subsection (a) hereof.***~~

41 ~~Sec. 19. [8.] On and after June 1, 2002, K.S.A. 2001 Supp. 79-~~  
 42 ~~3603 is hereby amended to read as follows: 79-3603. For the priv-~~  
 43 ~~ilege of engaging in the business of selling tangible personal prop-~~

1 *erty at retail in this state or rendering or furnishing any of the*  
2 *services taxable under this act, there is hereby levied and there shall*  
3 *be collected and paid a tax at the rate of ~~4.9%~~ ~~5.2%~~ [5.3% on and*  
4 *after June 1, 2002, and before June 1, 2004, 5.2% on and after June*  
5 *1, 2004, and before June 1, 2005, and 5% on and after June 1, 2005,]*  
6 *and, within a redevelopment district established pursuant to K.S.A.*  
7 *74-8921, and amendments thereto, there is hereby levied and there*  
8 *shall be collected and paid an additional tax at the rate of 2% until*  
9 *the earlier of the date the bonds issued to finance or refinance the*  
10 *redevelopment project have been paid in full or the final scheduled*  
11 *maturity of the first series of bonds issued to finance any part of*  
12 *the project upon:*

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

15 *(b) (1) the gross receipts from intrastate telephone or telegraph*  
16 *services; (2) the gross receipts received from the sale of interstate*  
17 *telephone or telegraph services, which (A) originate within this state*  
18 *and terminate outside the state and are billed to a customer's tele-*  
19 *phone number or account in this state; or (B) originate outside this*  
20 *state and terminate within this state and are billed to a customer's*  
21 *telephone number or account in this state except that the sale of*  
22 *interstate telephone or telegraph service does not include: (A) Any*  
23 *interstate incoming or outgoing wide area telephone service or wide*  
24 *area transmission type service which entitles the subscriber to make*  
25 *or receive an unlimited number of communications to or from per-*  
26 *sons having telephone service in a specified area which is outside*  
27 *the state in which the station provided this service is located; (B)*  
28 *any interstate private communications service to the persons con-*  
29 *tracting for the receipt of that service that entitles the purchaser to*  
30 *exclusive or priority use of a communications channel or group of*  
31 *channels between exchanges; (C) any value-added nonvoice service*  
32 *in which computer processing applications are used to act on the*  
33 *form, content, code or protocol of the information to be transmitted;*  
34 *(D) any telecommunication service to a provider of telecommuni-*  
35 *cation services which will be used to render telecommunications*  
36 *services, including carrier access services; or (E) any service or*  
37 *transaction defined in this section among entities classified as mem-*  
38 *bers of an affiliated group as provided by section 1504 of the federal*  
39 *internal revenue code of 1986, as in effect on January 1, 2001. For*  
40 *the purposes of this subsection the term gross receipts does not in-*  
41 *clude purchases of telephone, telegraph or telecommunications us-*  
42 *ing a prepaid telephone calling card or prepaid authorization num-*  
43 *ber. As used in this subsection, a prepaid telephone calling card or*

1 *prepaid authorization number means the right to exclusively make*  
2 *telephone calls, paid for in advance, with the prepaid value meas-*  
3 *ured in minutes or other time units, that enables the origination of*  
4 *calls using an access number or authorization code or both, whether*  
5 *manually or electronically dialed; and (3) the gross receipts from*  
6 *the provision of services taxable under this subsection which are*  
7 *billed on a combined basis with nontaxable services, shall be ac-*  
8 *counted for and the tax remitted as follows: The taxable portion of*  
9 *the selling price of those combined services shall include only those*  
10 *charges for taxable services if the selling price for the taxable serv-*  
11 *ices can be readily distinguishable in the retailer's books and rec-*  
12 *ords from the selling price for the nontaxable services. Otherwise,*  
13 *the gross receipts from the sale of both taxable and nontaxable serv-*  
14 *ices billed on a combined basis shall be deemed attributable to the*  
15 *taxable services included therein. Within 90 days of billing taxable*  
16 *services on a combined basis with nontaxable services, the retailer*  
17 *shall enter into a written agreement with the secretary identifying*  
18 *the methodology to be used in determining the taxable portion of*  
19 *the selling price of those combined services. The burden of proving*  
20 *that any receipt or charge is not taxable shall be upon the retailer.*  
21 *Upon request from the customer, the retailer shall disclose to the*  
22 *customer the selling price for the taxable services included in the*  
23 *selling price for the taxable and nontaxable services billed on a*  
24 *combined basis;*

25 *(c) the gross receipts from the sale or furnishing of gas, water,*  
26 *electricity and heat, which sale is not otherwise exempt from taxa-*  
27 *tion under the provisions of this act, and whether furnished by mu-*  
28 *nicipally or privately owned utilities but such tax shall not be levied*  
29 *and collected upon the gross receipts from: (1) The sale of a rural*  
30 *water district benefit unit; (2) a water system impact fee, system*  
31 *enhancement fee or similar fee collected by a water supplier as a*  
32 *condition for establishing service; or (3) connection or reconnection*  
33 *fees collected by a water supplier;*

34 *(d) the gross receipts from the sale of meals or drinks furnished*  
35 *at any private club, drinking establishment, catered event, restau-*  
36 *rant, eating house, dining car, hotel, drugstore or other place where*  
37 *meals or drinks are regularly sold to the public;*

38 *(e) the gross receipts from the sale of admissions to any place*  
39 *providing amusement, entertainment or recreation services includ-*  
40 *ing admissions to state, county, district and local fairs, but such tax*  
41 *shall not be levied and collected upon the gross receipts received*  
42 *from sales of admissions to any cultural and historical event which*  
43 *occurs triennially;*

1     ***(f) the gross receipts from the operation of any coin-operated***  
2 ***device dispensing or providing tangible personal property, amuse-***  
3 ***ment or other services except laundry services, whether automatic***  
4 ***or manually operated;***

5     ***(g) the gross receipts from the service of renting of rooms by***  
6 ***hotels, as defined by K.S.A. 36-501 and amendments thereto, or by***  
7 ***accommodation brokers, as defined by K.S.A. 12-1692, and amend-***  
8 ***ments thereto;***

9     ***(h) the gross receipts from the service of renting or leasing of***  
10 ***tangible personal property except such tax shall not apply to the***  
11 ***renting or leasing of machinery, equipment or other personal prop-***  
12 ***erty owned by a city and purchased from the proceeds of industrial***  
13 ***revenue bonds issued prior to July 1, 1973, in accordance with the***  
14 ***provisions of K.S.A. 12-1740 through 12-1749, and amendments***  
15 ***thereto, and any city or lessee renting or leasing such machinery,***  
16 ***equipment or other personal property purchased with the proceeds***  
17 ***of such bonds who shall have paid a tax under the provisions of this***  
18 ***section upon sales made prior to July 1, 1973, shall be entitled to a***  
19 ***refund from the sales tax refund fund of all taxes paid thereon;***

20     ***(i) the gross receipts from the rendering of dry cleaning, press-***  
21 ***ing, dyeing and laundry services except laundry services rendered***  
22 ***through a coin-operated device whether automatic or manually op-***  
23 ***erated;***

24     ***(j) the gross receipts from the rendering of the services of wash-***  
25 ***ing and washing and waxing of vehicles;***

26     ***(k) the gross receipts from cable, community antennae and***  
27 ***other subscriber radio and television services;***

28     ***(l) (1) except as otherwise provided by paragraph (2), the gross***  
29 ***receipts received from the sales of tangible personal property to all***  
30 ***contractors, subcontractors or repairmen for use by them in erect-***  
31 ***ing structures, or building on, or otherwise improving, altering, or***  
32 ***repairing real or personal property.***

33     ***(2) Any such contractor, subcontractor or repairman who main-***  
34 ***tains an inventory of such property both for sale at retail and for***  
35 ***use by them for the purposes described by paragraph (1) shall be***  
36 ***deemed a retailer with respect to purchases for and sales from such***  
37 ***inventory, except that the gross receipts received from any such***  
38 ***sale, other than a sale at retail, shall be equal to the total purchase***  
39 ***price paid for such property and the tax imposed thereon shall be***  
40 ***paid by the deemed retailer;***

41     ***(m) the gross receipts received from fees and charges by public***  
42 ***and private clubs, drinking establishments, organizations and busi-***  
43 ***nesses for participation in sports, games and other recreational ac-***

1 *tivities, but such tax shall not be levied and collected upon the gross*  
2 *receipts received from: (1) Fees and charges by any political sub-*  
3 *division, by any organization exempt from property taxation pur-*  
4 *suant to paragraph Ninth of K.S.A. 79-201, and amendments thereto,*  
5 *or by any youth recreation organization exclusively providing serv-*  
6 *ices to persons 18 years of age or younger which is exempt from*  
7 *federal income taxation pursuant to section 501(c)(3) of the federal*  
8 *internal revenue code of 1986, for participation in sports, games*  
9 *and other recreational activities; and (2) entry fees and charges for*  
10 *participation in a special event or tournament sanctioned by a na-*  
11 *tional sporting association to which spectators are charged an ad-*  
12 *mission which is taxable pursuant to subsection (e);*

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

24 *(o) the gross receipts received from the isolated or occasional*  
25 *sale of motor vehicles or trailers but not including: (1) The transfer*  
26 *of motor vehicles or trailers by a person to a corporation or limited*  
27 *liability company solely in exchange for stock securities or mem-*  
28 *bership interest in such corporation or limited liability company;*  
29 *or (2) the transfer of motor vehicles or trailers by one corporation*  
30 *or limited liability company to another when all of the assets of*  
31 *such corporation or limited liability company are transferred to*  
32 *such other corporation or limited liability company; or (3) the sale*  
33 *of motor vehicles or trailers which are subject to taxation pursuant*  
34 *to the provisions of K.S.A. 79-5101 et seq., and amendments thereto,*  
35 *by an immediate family member to another immediate family mem-*  
36 *ber. For the purposes of clause (3), immediate family member means*  
37 *lineal ascendants or descendants, and their spouses. In determining*  
38 *the base for computing the tax on such isolated or occasional sale,*  
39 *the fair market value of any motor vehicle or trailer traded in by*  
40 *the purchaser to the seller may be deducted from the selling price;*

41 *(p) the gross receipts received for the service of installing or*  
42 *applying tangible personal property which when installed or ap-*  
43 *plied is not being held for sale in the regular course of business,*



1 *and whether or not such tangible personal property when installed*  
2 *or applied remains tangible personal property or becomes a part of*  
3 *real estate, except that no tax shall be imposed upon the service of*  
4 *installing or applying tangible personal property in connection with*  
5 *the original construction of a building or facility, the original con-*  
6 *struction, reconstruction, restoration, remodeling, renovation, re-*  
7 *pair or replacement of a residence or the construction, reconstruc-*  
8 *tion, restoration, replacement or repair of a bridge or highway.*

9 *For the purposes of this subsection:*

10 (1) *“Original construction” shall mean the first or initial con-*  
11 *struction of a new building or facility. The term “original construc-*  
12 *tion” shall include the addition of an entire room or floor to any*  
13 *existing building or facility, the completion of any unfinished por-*  
14 *tion of any existing building or facility and the restoration, recon-*  
15 *struction or replacement of a building or facility damaged or de-*  
16 *stroyed by fire, flood, tornado, lightning, explosion or earthquake,*  
17 *but such term, except with regard to a residence, shall not include*  
18 *replacement, remodeling, restoration, renovation or reconstruction*  
19 *under any other circumstances;*

20 (2) *“building” shall mean only those enclosures within which*  
21 *individuals customarily are employed, or which are customarily*  
22 *used to house machinery, equipment or other property, and includ-*  
23 *ing the land improvements immediately surrounding such building;*

24 (3) *“facility” shall mean a mill, plant, refinery, oil or gas well,*  
25 *water well, feedlot or any conveyance, transmission or distribution*  
26 *line of any cooperative, nonprofit, membership corporation organ-*  
27 *ized under or subject to the provisions of K.S.A. 17-4601 et seq.,*  
28 *and amendments thereto, or of any municipal or quasi-municipal*  
29 *corporation, including the land improvements immediately sur-*  
30 *rounding such facility; and*

31 (4) *“residence” shall mean only those enclosures within which*  
32 *individuals customarily live;*

33 (q) *the gross receipts received for the service of repairing, serv-*  
34 *icing, altering or maintaining tangible personal property, except*  
35 *computer software described in subsection (s), which when such*  
36 *services are rendered is not being held for sale in the regular course*  
37 *of business, and whether or not any tangible personal property is*  
38 *transferred in connection therewith. The tax imposed by this sub-*  
39 *section shall be applicable to the services of repairing, servicing,*  
40 *altering or maintaining an item of tangible personal property which*  
41 *has been and is fastened to, connected with or built into real prop-*  
42 *erty;*

43 (r) *the gross receipts from fees or charges made under service*

1 or maintenance agreement contracts for services, charges for the  
2 providing of which are taxable under the provisions of subsection  
3 (p) or (q);

4 (s) the gross receipts received from the sale of computer soft-  
5 ware, and the sale of the services of modifying, altering, updating  
6 or maintaining computer software. As used in this subsection, “com-  
7 puter software” means information and directions loaded into a  
8 computer which dictate different functions to be performed by the  
9 computer. Computer software includes any canned or prewritten  
10 program which is held or existing for general or repeated sale, even  
11 if the program was originally developed for a single end user as  
12 custom computer software. The sale of computer software or serv-  
13 ices does not include: (1) The initial sale of any custom computer  
14 program which is originally developed for the exclusive use of a  
15 single end user; or (2) those services rendered in the modification  
16 of computer software when the modification is developed exclu-  
17 sively for a single end user only to the extent of the modification  
18 and only to the extent that the actual amount charged for the mod-  
19 ification is separately stated on invoices, statements and other bill-  
20 ing documents provided to the end user. The services of modifica-  
21 tion, alteration, updating and maintenance of computer software  
22 shall only include the modification, alteration, updating and main-  
23 tenance of computer software taxable under this subsection whether  
24 or not the services are actually provided;

25 (t) the gross receipts received for telephone answering services,  
26 ~~including mobile phone~~ [mobile telecommunication] services,  
27 beeper services and other similar services[. On and after August 1,  
28 2002, the provisions of the federal mobile telecommunications  
29 sourcing act as in effect on January 1, 2002, shall be applicable to  
30 all sales of mobile telecommunication services taxable pursuant to  
31 this subsection. The secretary of revenue is hereby authorized and  
32 directed to perform any act deemed necessary to properly imple-  
33 ment such provisions];

34 (u) the gross receipts received from the sale of prepaid tele-  
35 phone calling cards or prepaid authorization numbers and the re-  
36 charge of such cards or numbers. A prepaid telephone calling card  
37 or prepaid authorization number means the right to exclusively  
38 make telephone calls, paid for in advance, with the prepaid value  
39 measured in minutes or other time units, that enables the origina-  
40 tion of calls using an access number or authorization code or both,  
41 whether manually or electronically dialed. If the sale or recharge  
42 of such card or number does not take place at the vendor’s place of  
43 business, it shall be conclusively determined to take place at the

1 *customer's shipping address; if there is no item shipped then it shall*  
2 *be the customer's billing address; and*

3 *(v) the gross receipts received from the sales of bingo cards,*  
4 *bingo faces and instant bingo tickets by licensees under K.S.A. 79-*  
5 *4701, et seq., and amendments thereto, shall be taxed at a rate of:*  
6 *(1) 4.9% on July 1, 2000, and before July 1, 2001; and (2) 2.5% on*  
7 *July 1, 2001, and before July 1, 2002. From and after July 1, 2002,*  
8 *all sales of bingo cards, bingo faces and instant bingo tickets by*  
9 *licensees under K.S.A. 79-4701 et seq., and amendments thereto,*  
10 *shall be exempt from taxes imposed pursuant to this section.*

11 *[Sec. 9. K.S.A. 2001 Supp. 79-3606 is hereby amended to read*  
12 *as follows: 79-3606. The following shall be exempt from the tax im-*  
13 *posed by this act:*

14 *[(a) All sales of motor-vehicle fuel or other articles upon which*  
15 *a sales or excise tax has been paid, not subject to refund, under the*  
16 *laws of this state except cigarettes as defined by K.S.A. 79-3301 and*  
17 *amendments thereto, cereal malt beverages and malt products as*  
18 *defined by K.S.A. 79-3817 and amendments thereto, including wort,*  
19 *liquid malt, malt syrup and malt extract, which is not subject to*  
20 *taxation under the provisions of K.S.A. 79-41a02 and amendments*  
21 *thereto, motor vehicles taxed pursuant to K.S.A. 79-5117, and*  
22 *amendments thereto, tires taxed pursuant to K.S.A. 65-3424d, and*  
23 *amendments thereto, and drycleaning and laundry services taxed*  
24 *pursuant to K.S.A. 2001 Supp. 65-34,150, and amendments thereto;*

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

41 *[(c) all sales of tangible personal property or services, including*  
42 *the renting and leasing of tangible personal property, purchased*  
43 *directly by a public or private elementary or secondary school or*

1 *public or private nonprofit educational institution and used pri-*  
2 *marily by such school or institution for nonsectarian programs and*  
3 *activities provided or sponsored by such school or institution or in*  
4 *the erection, repair or enlargement of buildings to be used for such*  
5 *purposes. The exemption herein provided shall not apply to erec-*  
6 *tion, construction, repair, enlargement or equipment of buildings*  
7 *used primarily for human habitation;*

8 *[(d) all sales of tangible personal property or services pur-*  
9 *chased by a contractor for the purpose of constructing, equipping,*  
10 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*  
11 *modeling facilities for any public or private nonprofit hospital or*  
12 *public hospital authority, public or private elementary or second-*  
13 *ary school or a public or private nonprofit educational institution,*  
14 *which would be exempt from taxation under the provisions of this*  
15 *act if purchased directly by such hospital or public hospital au-*  
16 *thority, school or educational institution; and all sales of tangible*  
17 *personal property or services purchased by a contractor for the*  
18 *purpose of constructing, equipping, reconstructing, maintaining,*  
19 *repairing, enlarging, furnishing or remodeling facilities for any po-*  
20 *litical subdivision of the state or district described in subsection (s),*  
21 *the total cost of which is paid from funds of such political subdivi-*  
22 *sion or district and which would be exempt from taxation under the*  
23 *provisions of this act if purchased directly by such political subdivi-*  
24 *vision or district. Nothing in this subsection or in the provisions of*  
25 *K.S.A. 12-3418 and amendments thereto, shall be deemed to exempt*  
26 *the purchase of any construction machinery, equipment or tools*  
27 *used in the constructing, equipping, reconstructing, maintaining,*  
28 *repairing, enlarging, furnishing or remodeling facilities for any po-*  
29 *litical subdivision of the state or any such district. As used in this*  
30 *subsection, K.S.A. 12-3418 and 79-3640, and amendments thereto,*  
31 *“funds of a political subdivision” shall mean general tax revenues,*  
32 *the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not*  
33 *mean funds used for the purpose of constructing, equipping, recon-*  
34 *structing, repairing, enlarging, furnishing or remodeling facilities*  
35 *which are to be leased to the donor. When any political subdivision*  
36 *of the state, district described in subsection (s), public or private*  
37 *nonprofit hospital or public hospital authority, public or private*  
38 *elementary or secondary school or public or private nonprofit ed-*  
39 *ucational institution shall contract for the purpose of constructing,*  
40 *equipping, reconstructing, maintaining, repairing, enlarging, fur-*  
41 *nishing or remodeling facilities, it shall obtain from the state and*  
42 *furnish to the contractor an exemption certificate for the project*  
43 *involved, and the contractor may purchase materials for incorpo-*

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

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

1 *its agencies or instrumentalities shall contract for the erection, re-*  
2 *pair, or enlargement of any building or other project, it shall obtain*  
3 *from the state and furnish to the contractor an exemption certificate*  
4 *for the project involved, and the contractor may purchase materials*  
5 *for incorporation in such project. The contractor shall furnish the*  
6 *number of such certificates to all suppliers from whom such pur-*  
7 *chases are made, and such suppliers shall execute invoices covering*  
8 *the same bearing the number of such certificate. Upon completion*  
9 *of the project the contractor shall furnish to the government of the*  
10 *United States, its agencies or instrumentalities concerned a sworn*  
11 *statement, on a form to be provided by the director of taxation, that*  
12 *all purchases so made were entitled to exemption under this sub-*  
13 *section. As an alternative to the foregoing procedure, any such con-*  
14 *tracting entity may apply to the secretary of revenue for agent*  
15 *status for the sole purpose of issuing and furnishing project exemp-*  
16 *tion certificates to contractors pursuant to rules and regulations*  
17 *adopted by the secretary establishing conditions and standards for*  
18 *the granting and maintaining of such status. All invoices shall be*  
19 *held by the contractor for a period of five years and shall be subject*  
20 *to audit by the director of taxation. Any contractor or any agent,*  
21 *employee or subcontractor thereof, who shall use or otherwise dis-*  
22 *pose of any materials purchased under such a certificate for any*  
23 *purpose other than that for which such a certificate is issued with-*  
24 *out the payment of the sales or compensating tax otherwise imposed*  
25 *upon such materials, shall be guilty of a misdemeanor and, upon*  
26 *conviction therefor, shall be subject to the penalties provided for in*  
27 *subsection (g) of K.S.A. 79-3615 and amendments thereto;*

28 *[(f) tangible personal property purchased by a railroad or pub-*  
29 *lic utility for consumption or movement directly and immediately*  
30 *in interstate commerce;*

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

43 *[(h) all rentals of nonsectarian textbooks by public or private*

1 *elementary or secondary schools;*

2 *[(i) the lease or rental of all films, records, tapes, or any type*  
3 *of sound or picture transcriptions used by motion picture exhibi-*  
4 *tors;*

5 *[(j) meals served without charge or food used in the preparation*  
6 *of such meals to employees of any restaurant, eating house, dining*  
7 *car, hotel, drugstore or other place where meals or drinks are reg-*  
8 *ularly sold to the public if such employees' duties are related to the*  
9 *furnishing or sale of such meals or drinks;*

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

17 *[(l) all isolated or occasional sales of tangible personal prop-*  
18 *erty, services, substances or things, except isolated or occasional*  
19 *sale of motor vehicles specifically taxed under the provisions of sub-*  
20 *section (o) of K.S.A. 79-3603 and amendments thereto;*

21 *[(m) all sales of tangible personal property which become an*  
22 *ingredient or component part of tangible personal property or serv-*  
23 *ices produced, manufactured or compounded for ultimate sale at*  
24 *retail within or without the state of Kansas; and any such producer,*  
25 *manufacturer or compounder may obtain from the director of tax-*  
26 *ation and furnish to the supplier an exemption certificate number*  
27 *for tangible personal property for use as an ingredient or compo-*  
28 *nent part of the property or services produced, manufactured or*  
29 *compounded;*

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

41 *[(o) all sales of animals, fowl and aquatic plants and animals,*  
42 *the primary purpose of which is use in agriculture or aquaculture,*  
43 *as defined in K.S.A. 47-1901, and amendments thereto, the produc-*

1 *tion of food for human consumption, the production of animal,*  
2 *dairy, poultry or aquatic plant and animal products, fiber or fur,*  
3 *or the production of offspring for use for any such purpose or pur-*  
4 *poses;*

5 *[(p) all sales of drugs, as defined by K.S.A. 65-1626 and amend-*  
6 *ments thereto, dispensed pursuant to a prescription order, as de-*  
7 *defined by K.S.A. 65-1626 and amendments thereto, by a licensed*  
8 *practitioner or a mid-level practitioner as defined by K.S.A. 65-*  
9 *1626, and amendments thereto;*

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

14 *[(r) all sales of prosthetic and orthopedic appliances prescribed*  
15 *in writing by a person licensed to practice the healing arts, dentistry*  
16 *or optometry. For the purposes of this subsection, the term pros-*  
17 *thetic and orthopedic appliances means any apparatus, instrument,*  
18 *device, or equipment used to replace or substitute for any missing*  
19 *part of the body; used to alleviate the malfunction of any part of*  
20 *the body; or used to assist any disabled person in leading a normal*  
21 *life by facilitating such person's mobility; such term shall include*  
22 *accessories attached or to be attached to motor vehicles, but such*  
23 *term shall not include motor vehicles or personal property which*  
24 *when installed becomes a fixture to real property;*

25 *[(s) except as provided in K.S.A. 2001 Supp. 82a-2101, and*  
26 *amendments thereto, all sales of tangible personal property or serv-*  
27 *ices purchased directly or indirectly by a groundwater management*  
28 *district organized or operating under the authority of K.S.A. 82a-*  
29 *1020 et seq. and amendments thereto, by a rural water district or-*  
30 *ganized or operating under the authority of K.S.A. 82a-612, and*  
31 *amendments thereto, or by a water supply district organized or op-*  
32 *erating under the authority of K.S.A. 19-3501 et seq., 19-3522 et seq.*  
33 *or 19-3545, and amendments thereto, which property or services*  
34 *are used in the construction activities, operation or maintenance of*  
35 *the district;*

36 *[(t) all sales of farm machinery and equipment or aquaculture*  
37 *machinery and equipment, repair and replacement parts therefor*  
38 *and services performed in the repair and maintenance of such ma-*  
39 *chinery and equipment. For the purposes of this subsection the term*  
40 *“farm machinery and equipment or aquaculture machinery and*  
41 *equipment” shall include machinery and equipment used in the op-*  
42 *eration of Christmas tree farming but shall not include any passen-*  
43 *ger vehicle, truck, truck tractor, trailer, semitrailer or pole trailer,*



1 *other than a farm trailer, as such terms are defined by K.S.A. 8-126*  
2 *and amendments thereto. Each purchaser of farm machinery and*  
3 *equipment or aquaculture machinery and equipment exempted*  
4 *herein must certify in writing on the copy of the invoice or sales*  
5 *ticket to be retained by the seller that the farm machinery and*  
6 *equipment or aquaculture machinery and equipment purchased*  
7 *will be used only in farming, ranching or aquaculture production.*  
8 *Farming or ranching shall include the operation of a feedlot and*  
9 *farm and ranch work for hire and the operation of a nursery;*

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

13 *[(v) all sales of food products to any contractor for use in pre-*  
14 *paring meals for delivery to homebound elderly persons over 60*  
15 *years of age and to homebound disabled persons or to be served at*  
16 *a group-sitting at a location outside of the home to otherwise home-*  
17 *bound elderly persons over 60 years of age and to otherwise home-*  
18 *bound disabled persons, as all or part of any food service project*  
19 *funded in whole or in part by government or as part of a private*  
20 *nonprofit food service project available to all such elderly or dis-*  
21 *abled persons residing within an area of service designated by the*  
22 *private nonprofit organization, and all sales of food products for*  
23 *use in preparing meals for consumption by indigent or homeless*  
24 *individuals whether or not such meals are consumed at a place des-*  
25 *ignated for such purpose;*

26 *[(w) all sales of natural gas, electricity, heat and water deliv-*  
27 *ered through mains, lines or pipes: (1) To residential premises for*  
28 *noncommercial use by the occupant of such premises; (2) for agri-*  
29 *cultural use and also, for such use, all sales of propane gas; (3) for*  
30 *use in the severing of oil; and (4) to any property which is exempt*  
31 *from property taxation pursuant to K.S.A. 79-201b Second through*  
32 *Sixth. As used in this paragraph, “severing” shall have the meaning*  
33 *ascribed thereto by subsection (k) of K.S.A. 79-4216, and amend-*  
34 *ments thereto;*

35 *[(x) all sales of propane gas, LP-gas, coal, wood and other fuel*  
36 *sources for the production of heat or lighting for noncommercial*  
37 *use of an occupant of residential premises;*

38 *[(y) all sales of materials and services used in the repairing,*  
39 *servicing, altering, maintaining, manufacturing, remanufacturing,*  
40 *or modification of railroad rolling stock for use in interstate or for-*  
41 *foreign commerce under authority of the laws of the United States;*

42 *[(z) all sales of tangible personal property and services pur-*  
43 *chased directly by a port authority or by a contractor therefor as*

1 *provided by the provisions of K.S.A. 12-3418 and amendments*  
2 *thereto;*

3 *[(aa) all sales of materials and services applied to equipment*  
4 *which is transported into the state from without the state for repair,*  
5 *service, alteration, maintenance, remanufacture or modification*  
6 *and which is subsequently transported outside the state for use in*  
7 *the transmission of liquids or natural gas by means of pipeline in*  
8 *interstate or foreign commerce under authority of the laws of the*  
9 *United States;*

10 *[(bb) all sales of used mobile homes or manufactured homes. As*  
11 *used in this subsection: (1) “Mobile homes” and “manufactured*  
12 *homes” shall have the meanings ascribed thereto by K.S.A. 58-4202*  
13 *and amendments thereto; and (2) “sales of used mobile homes or*  
14 *manufactured homes” means sales other than the original retail sale*  
15 *thereof;*

16 *[(cc) all sales of tangible personal property or services pur-*  
17 *chased for the purpose of and in conjunction with constructing, re-*  
18 *constructing, enlarging or remodeling a business or retail business*  
19 *which meets the requirements established in K.S.A. 74-50,115 and*  
20 *amendments thereto, and the sale and installation of machinery and*  
21 *equipment purchased for installation at any such business or retail*  
22 *business. When a person shall contract for the construction, recon-*  
23 *struction, enlargement or remodeling of any such business or retail*  
24 *business, such person shall obtain from the state and furnish to the*  
25 *contractor an exemption certificate for the project involved, and the*  
26 *contractor may purchase materials, machinery and equipment for*  
27 *incorporation in such project. The contractor shall furnish the num-*  
28 *ber of such certificates to all suppliers from whom such purchases*  
29 *are made, and such suppliers shall execute invoices covering the*  
30 *same bearing the number of such certificate. Upon completion of*  
31 *the project the contractor shall furnish to the owner of the business*  
32 *or retail business a sworn statement, on a form to be provided by*  
33 *the director of taxation, that all purchases so made were entitled to*  
34 *exemption under this subsection. All invoices shall be held by the*  
35 *contractor for a period of five years and shall be subject to audit*  
36 *by the director of taxation. Any contractor or any agent, employee*  
37 *or subcontractor thereof, who shall use or otherwise dispose of any*  
38 *materials, machinery or equipment purchased under such a certif-*  
39 *icate for any purpose other than that for which such a certificate is*  
40 *issued without the payment of the sales or compensating tax oth-*  
41 *erwise imposed thereon, shall be guilty of a misdemeanor and, upon*  
42 *conviction therefor, shall be subject to the penalties provided for in*  
43 *subsection (g) of K.S.A. 79-3615 and amendments thereto. As used*

1 *in this subsection, “business” and “retail business” have the mean-*  
2 *ings respectively ascribed thereto by K.S.A. 74-50,114 and amend-*  
3 *ments thereto;*

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

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

8 *[(ff) on and after July 1, 1988, all sales of new mobile homes or*  
9 *manufactured homes to the extent of 40% of the gross receipts, de-*  
10 *termined without regard to any trade-in allowance, received from*  
11 *such sale. As used in this subsection, “mobile homes” and “manu-*  
12 *factured homes” shall have the meanings ascribed thereto by K.S.A.*  
13 *58-4202 and amendments thereto;*

14 *[(gg) all sales of tangible personal property purchased in ac-*  
15 *cordance with vouchers issued pursuant to the federal special sup-*  
16 *plemental food program for women, infants and children;*

17 *[(hh) all sales of medical supplies and equipment purchased di-*  
18 *rectly by a nonprofit skilled nursing home or nonprofit intermediate*  
19 *nursing care home, as defined by K.S.A. 39-923, and amendments*  
20 *thereto, for the purpose of providing medical services to residents*  
21 *thereof. This exemption shall not apply to tangible personal prop-*  
22 *erty customarily used for human habitation purposes;*

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

30 *[(jj) all sales of tangible personal property or services, includ-*  
31 *ing the renting and leasing of tangible personal property, purchased*  
32 *directly on behalf of a community-based mental retardation facility*  
33 *or mental health center organized pursuant to K.S.A. 19-4001 et seq.,*  
34 *and amendments thereto, and licensed in accordance with the pro-*  
35 *visions of K.S.A. 75-3307b and amendments thereto. This exemption*  
36 *shall not apply to tangible personal property customarily used for*  
37 *human habitation purposes;*

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

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

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

3     [(2) *For purposes of this subsection:*

4     [(A) *“Integrated production operation” means an integrated se-*  
5 *ries of operations engaged in at a manufacturing or processing plant*  
6 *or facility to process, transform or convert tangible personal prop-*  
7 *erty by physical, chemical or other means into a different form,*  
8 *composition or character from that in which it originally existed.*  
9 *Integrated production operations shall include: (i) Production line*  
10 *operations, including packaging operations; (ii) preproduction op-*  
11 *erations to handle, store and treat raw materials; (iii) post produc-*  
12 *tion handling, storage, warehousing and distribution operations;*  
13 *and (iv) waste, pollution and environmental control operations, if*  
14 *any;*

15     [(B) *“production line” means the assemblage of machinery and*  
16 *equipment at a manufacturing or processing plant or facility where*  
17 *the actual transformation or processing of tangible personal prop-*  
18 *erty occurs;*

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

30     [(D) *“manufacturing or processing business” means a business*  
31 *that utilizes an integrated production operation to manufacture,*  
32 *process, fabricate, finish, or assemble items for wholesale and retail*  
33 *distribution as part of what is commonly regarded by the general*  
34 *public as an industrial manufacturing or processing operation or*  
35 *an agricultural commodity processing operation. (i) Industrial*  
36 *manufacturing or processing operations include, by way of illustra-*  
37 *tion but not of limitation, the fabrication of automobiles, airplanes,*  
38 *machinery or transportation equipment, the fabrication of metal,*  
39 *plastic, wood, or paper products, electricity power generation, wa-*  
40 *ter treatment, petroleum refining, chemical production, wholesale*  
41 *bottling, newspaper printing, ready mixed concrete production, and*  
42 *the remanufacturing of used parts for wholesale or retail sale. Such*  
43 *processing operations shall include operations at an oil well, gas*

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

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

32 *[(F) “primary” or “primarily” mean more than 50% of the time.*

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

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

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

42 *[(C) to act upon, effect, promote or otherwise facilitate a phys-*  
43 *ical change to the property undergoing manufacturing or process-*

1 *ing;*

2 *[(D) to guide, control or direct the movement of property un-*  
3 *dergoing manufacturing or processing;*

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

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

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

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

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

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

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

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

34 *[(M) to control pollution at the plant or facility where the pol-*  
35 *lution is produced by the manufacturing or processing operation.*

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

1 *ness to manufacture or rebuild tangible personal property that is*  
2 *used in manufacturing or processing operations, including tools,*  
3 *dies, molds, forms and other parts of qualifying machinery and*  
4 *equipment; (C) portable plants for aggregate concrete, bulk cement*  
5 *and asphalt including cement mixing drums to be attached to a mo-*  
6 *tor vehicle; (D) industrial fixtures, devices, support facilities and*  
7 *special foundations necessary for manufacturing and production*  
8 *operations, and materials and other tangible personal property sold*  
9 *for the purpose of fabricating such fixtures, devices, facilities and*  
10 *foundations. An exemption certificate for such purchases shall be*  
11 *signed by the manufacturer or processor. If the fabricator pur-*  
12 *chases such material, the fabricator shall also sign the exemption*  
13 *certificate; and (E) a manufacturing or processing business' labo-*  
14 *ratory equipment that is not located at the plant or facility, but that*  
15 *would otherwise qualify for exemption under subsection (3)(E).*

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

18 *[(A) Machinery and equipment used for nonproduction pur-*  
19 *poses, including, but not limited to, machinery and equipment used*  
20 *for plant security, fire prevention, first aid, accounting, administra-*  
21 *tion, record keeping, advertising, marketing, sales or other related*  
22 *activities, plant cleaning, plant communications, and employee*  
23 *work scheduling;*

24 *[(B) machinery, equipment and tools used primarily in main-*  
25 *taining and repairing any type of machinery and equipment or the*  
26 *building and plant;*

27 *[(C) transportation, transmission and distribution equipment*  
28 *not primarily used in a production, warehousing or material han-*  
29 *dling operation at the plant or facility, including the means of con-*  
30 *veyance of natural gas, electricity, oil or water, and equipment re-*  
31 *lated thereto, located outside the plant or facility;*

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

35 *[(E) furniture and other furnishings;*

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

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

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

1 *cooling and lighting;*

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

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

7 *[(6) Subsections (3) and (5) shall not be construed as exclusive*  
8 *listings of the machinery and equipment that qualify or do not qual-*  
9 *ify as an integral or essential part of an integrated production op-*  
10 *eration. When machinery or equipment is used as an integral or*  
11 *essential part of production operations part of the time and for non-*  
12 *production purpose at other times, the primary use of the machin-*  
13 *ery or equipment shall determine whether or not such machinery*  
14 *or equipment qualifies for exemption.*

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

17 *[(ll) all sales of educational materials purchased for distribu-*  
18 *tion to the public at no charge by a nonprofit corporation organized*  
19 *for the purpose of encouraging, fostering and conducting programs*  
20 *for the improvement of public health;*

21 *[(mm) all sales of seeds and tree seedlings; fertilizers, insecti-*  
22 *cides, herbicides, germicides, pesticides and fungicides; and serv-*  
23 *ices, purchased and used for the purpose of producing plants in*  
24 *order to prevent soil erosion on land devoted to agricultural use;*

25 *[(nn) except as otherwise provided in this act, all sales of serv-*  
26 *ices rendered by an advertising agency or licensed broadcast station*  
27 *or any member, agent or employee thereof;*

28 *[(oo) all sales of tangible personal property purchased by a*  
29 *community action group or agency for the exclusive purpose of re-*  
30 *pairing or weatherizing housing occupied by low income individu-*  
31 *als;*

32 *[(pp) all sales of drill bits and explosives actually utilized in the*  
33 *exploration and production of oil or gas;*

34 *[(qq) all sales of tangible personal property and services pur-*  
35 *chased by a nonprofit museum or historical society or any combi-*  
36 *nation thereof, including a nonprofit organization which is organ-*  
37 *ized for the purpose of stimulating public interest in the exploration*  
38 *of space by providing educational information, exhibits and expe-*  
39 *riences, which is exempt from federal income taxation pursuant to*  
40 *section 501(c)(3) of the federal internal revenue code of 1986;*

41 *[(rr) all sales of tangible personal property which will admit the*  
42 *purchaser thereof to any annual event sponsored by a nonprofit*  
43 *organization which is exempt from federal income taxation pursu-*



1 *ant to section 501(c)(3) of the federal internal revenue code of 1986;*  
2 *[(ss) all sales of tangible personal property and services pur-*  
3 *chased by a public broadcasting station licensed by the federal com-*  
4 *munications commission as a noncommercial educational television*  
5 *or radio station;*

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

11 *[(uu) all sales of tangible personal property and services pur-*  
12 *chased by or on behalf of any rural volunteer fire-fighting organi-*  
13 *zation for use exclusively in the performance of its duties and func-*  
14 *tions;*

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

21 *[(1) The American Heart Association, Kansas Affiliate, Inc. for*  
22 *the purposes of providing education, training, certification in emer-*  
23 *gency cardiac care, research and other related services to reduce*  
24 *disability and death from cardiovascular diseases and stroke;*

25 *[(2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose*  
26 *of advocacy for persons with mental illness and to education, re-*  
27 *search and support for their families;*

28 *[(3) the Kansas Mental Illness Awareness Council for the pur-*  
29 *poses of advocacy for persons who are mentally ill and to education,*  
30 *research and support for them and their families;*

31 *[(4) the American Diabetes Association Kansas Affiliate, Inc. for*  
32 *the purpose of eliminating diabetes through medical research, pub-*  
33 *lic education focusing on disease prevention and education, patient*  
34 *education including information on coping with diabetes, and pro-*  
35 *fessional education and training;*

36 *[(5) the American Lung Association of Kansas, Inc. for the pur-*  
37 *pose of eliminating all lung diseases through medical research, pub-*  
38 *lic education including information on coping with lung diseases,*  
39 *professional education and training related to lung disease and*  
40 *other related services to reduce the incidence of disability and death*  
41 *due to lung disease;*

42 *[(6) the Kansas chapters of the Alzheimer's Disease and Related*  
43 *Disorders Association, Inc. for the purpose of providing assistance*

1 *and support to persons in Kansas with Alzheimer's disease, and their*  
2 *families and caregivers;*

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

7 *[(8) the National Kidney Foundation of Kansas and Western*  
8 *Missouri for the purpose of eliminating kidney disease through med-*  
9 *ical research and public and private education related to such dis-*  
10 *ease;*

11 *[(w) all sales of tangible personal property purchased by the*  
12 *Habitat for Humanity for the exclusive use of being incorporated*  
13 *within a housing project constructed by such organization;*

14 *[(xx) all sales of tangible personal property and services pur-*  
15 *chased by a nonprofit zoo which is exempt from federal income tax-*  
16 *ation pursuant to section 501(c)(3) of the federal internal revenue*  
17 *code of 1986, or on behalf of such zoo by an entity itself exempt*  
18 *from federal income taxation pursuant to section 501(c)(3) of the*  
19 *federal internal revenue code of 1986 contracted with to operate*  
20 *such zoo and all sales of tangible personal property or services pur-*  
21 *chased by a contractor for the purpose of constructing, equipping,*  
22 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*  
23 *modeling facilities for any nonprofit zoo which would be exempt*  
24 *from taxation under the provisions of this section if purchased di-*  
25 *rectly by such nonprofit zoo or the entity operating such zoo. Noth-*  
26 *ing in this subsection shall be deemed to exempt the purchase of*  
27 *any construction machinery, equipment or tools used in the con-*  
28 *structing, equipping, reconstructing, maintaining, repairing, en-*  
29 *larging, furnishing or remodeling facilities for any nonprofit zoo.*  
30 *When any nonprofit zoo shall contract for the purpose of construct-*  
31 *ing, equipping, reconstructing, maintaining, repairing, enlarging,*  
32 *furnishing or remodeling facilities, it shall obtain from the state and*  
33 *furnish to the contractor an exemption certificate for the project*  
34 *involved, and the contractor may purchase materials for incorpo-*  
35 *ration in such project. The contractor shall furnish the number of*  
36 *such certificate to all suppliers from whom such purchases are*  
37 *made, and such suppliers shall execute invoices covering the same*  
38 *bearing the number of such certificate. Upon completion of the pro-*  
39 *ject the contractor shall furnish to the nonprofit zoo concerned a*  
40 *sworn statement, on a form to be provided by the director of taxa-*  
41 *tion, that all purchases so made were entitled to exemption under*  
42 *this subsection. All invoices shall be held by the contractor for a*  
43 *period of five years and shall be subject to audit by the director of*

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

20 *[(yy) all sales of tangible personal property and services pur-*  
21 *chased by a parent-teacher association or organization, and all*  
22 *sales of tangible personal property by or on behalf of such associ-*  
23 *ation or organization;*

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

34 *[(aaa) all sales of tangible personal property and services pur-*  
35 *chased by a religious organization which is exempt from federal*  
36 *income taxation pursuant to section 501(c)(3) of the federal internal*  
37 *revenue code, and used exclusively for religious purposes, and all*  
38 *sales of tangible personal property or services purchased by a con-*  
39 *tractor for the purpose of constructing, equipping, reconstructing,*  
40 *maintaining, repairing, enlarging, furnishing or remodeling facili-*  
41 *ties for any such organization which would be exempt from taxation*  
42 *under the provisions of this section if purchased directly by such*  
43 *organization. Nothing in this subsection shall be deemed to exempt*

1 *the purchase of any construction machinery, equipment or tools*  
2 *used in the constructing, equipping, reconstructing, maintaining,*  
3 *repairing, enlarging, furnishing or remodeling facilities for any*  
4 *such organization. When any such organization shall contract for*  
5 *the purpose of constructing, equipping, reconstructing, maintain-*  
6 *ing, repairing, enlarging, furnishing or remodeling facilities, it shall*  
7 *obtain from the state and furnish to the contractor an exemption*  
8 *certificate for the project involved, and the contractor may pur-*  
9 *chase materials for incorporation in such project. The contractor*  
10 *shall furnish the number of such certificate to all suppliers from*  
11 *whom such purchases are made, and such suppliers shall execute*  
12 *invoices covering the same bearing the number of such certificate.*  
13 *Upon completion of the project the contractor shall furnish to such*  
14 *organization concerned a sworn statement, on a form to be provided*  
15 *by the director of taxation, that all purchases so made were entitled*  
16 *to exemption under this subsection. All invoices shall be held by the*  
17 *contractor for a period of five years and shall be subject to audit*  
18 *by the director of taxation. If any materials purchased under such*  
19 *a certificate are found not to have been incorporated in the building*  
20 *or other project or not to have been returned for credit or the sales*  
21 *or compensating tax otherwise imposed upon such materials which*  
22 *will not be so incorporated in the building or other project reported*  
23 *and paid by such contractor to the director of taxation not later*  
24 *than the 20th day of the month following the close of the month in*  
25 *which it shall be determined that such materials will not be used*  
26 *for the purpose for which such certificate was issued, such organi-*  
27 *zation concerned shall be liable for tax on all materials purchased*  
28 *for the project, and upon payment thereof it may recover the same*  
29 *from the contractor together with reasonable attorney fees. Any*  
30 *contractor or any agent, employee or subcontractor thereof, who*  
31 *shall use or otherwise dispose of any materials purchased under*  
32 *such a certificate for any purpose other than that for which such a*  
33 *certificate is issued without the payment of the sales or compensat-*  
34 *ing tax otherwise imposed upon such materials, shall be guilty of a*  
35 *misdemeanor and, upon conviction therefor, shall be subject to the*  
36 *penalties provided for in subsection (g) of K.S.A. 79-3615, and*  
37 *amendments thereto. Sales tax paid on and after July 1, 1998, but*  
38 *prior to the effective date of this act upon the gross receipts received*  
39 *from any sale exempted by the amendatory provisions of this sub-*  
40 *section shall be refunded. Each claim for a sales tax refund shall be*  
41 *verified and submitted to the director of taxation upon forms fur-*  
42 *nished by the director and shall be accompanied by any additional*  
43 *documentation required by the director. The director shall review*

1 *each claim and shall refund that amount of sales tax paid as deter-*  
2 *mined under the provisions of this subsection. All refunds shall be*  
3 *paid from the sales tax refund fund upon warrants of the director*  
4 *of accounts and reports pursuant to vouchers approved by the di-*  
5 *rector or the director's designee;*

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

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

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

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

30 *[(eee) on and after January 1, 1999, and before January 1, 2001,*  
31 *all sales of materials and services purchased for the original con-*  
32 *struction, reconstruction, repair or replacement of grain storage*  
33 *facilities, including railroad sidings providing access thereto;*

34 *[(fff) all sales of material handling equipment, racking systems*  
35 *and other related machinery and equipment that is used for the*  
36 *handling, movement or storage of tangible personal property in a*  
37 *warehouse or distribution facility in this state; all sales of instal-*  
38 *lation, repair and maintenance services performed on such machin-*  
39 *ery and equipment; and all sales of repair and replacement parts*  
40 *for such machinery and equipment. For purposes of this subsection,*  
41 *a warehouse or distribution facility means a single, fixed location*  
42 *that consists of buildings or structures in a contiguous area where*  
43 *storage or distribution operations are conducted that are separate*

1 *and apart from the business' retail operations, if any, and which do*  
2 *not otherwise qualify for exemption as occurring at a manufactur-*  
3 *ing or processing plant or facility. Material handling and storage*  
4 *equipment shall include aeration, dust control, cleaning, handling*  
5 *and other such equipment that is used in a public grain warehouse*  
6 *or other commercial grain storage facility, whether used for grain*  
7 *handling, grain storage, grain refining or processing, or other grain*  
8 *treatment operation; and*

9 *[(ggg) all sales of tangible personal property and services pur-*  
10 *chased by or on behalf of the Kansas Academy of Science which is*  
11 *exempt from federal income taxation pursuant to section 501(c)(3)*  
12 *of the federal internal revenue code of 1986, and used solely by*  
13 *such academy for the preparation, publication and dissemination*  
14 *of education materials.*

15 *[(hhh) (1) (A) All sales of any article of clothing or footwear designed*  
16 *to be worn on or about the human body if the sales price of the article is*  
17 *less than \$500, and the sale takes place during a period beginning at 12:01*  
18 *a.m. on the first Saturday in August and ending at 12 midnight on the*  
19 *following Sunday.*

20 *[(B) This exemption shall not apply to the sale of:*

21 *[(i) Any special clothing or footwear that is primarily designed for*  
22 *athletic activity or protective use and that is not normally worn except*  
23 *when used for the athletic activity or protective use for which it is de-*  
24 *signed;*

25 *[(ii) accessories, including jewelry, handbags, luggage, umbrellas,*  
26 *wallets, watches and similar items carried on or about the human body,*  
27 *without regard to whether worn on the body in a manner characteristic*  
28 *of clothing; and*

29 *[(iii) the rental of clothing or footwear.*

30 *[(2) All sales of computers, printers and printer supplies and com-*  
31 *puter software if the sales price is less than \$500, and the sale takes place*  
32 *during a period beginning at 12:01 a.m. on the first Saturday in August*  
33 *and ending at 12 midnight on the following Sunday.*

34 *[(3) The provisions of this subsection shall expire on September 1,*  
35 *2004.*

36 ***[Sec. 10. K.S.A. 12-189a is hereby amended to read as follows:***  
37 ***12-189a. The following sales shall be subject to the taxes levied and***  
38 ***collected by all cities and counties under the provisions of K.S.A.***  
39 ***12-187 et seq. and amendments thereto:***

40 ***[(a) All sales of natural gas, electricity, heat and water deliv-***  
41 ***ered through mains, lines or pipes to residential premises for non-***  
42 ***commercial use by the occupant of such premises and all sales of***  
43 ***natural gas, electricity, heat and water delivered through mains,***

1 *lines or pipes for agricultural use;*

2 *[(b) All sales of propane gas, LP-gas, coal, wood and other fuel*  
3 *sources for the production of heat or lighting for noncommercial*  
4 *use of an occupant of residential premises;*

5 *[(c) All sales of intrastate telephone and telegraph services for*  
6 *noncommercial use; and*

7 *[(d) All sales of tangible personal property exempted by the provisions*  
8 *of subsection (hhh) of K.S.A. 79-3606, and amendments thereto.]*

9 **Sec. ~~20~~ [11.]** **On and after June 1, 2002, K.S.A. 2001 Supp. 79-**  
10 **3620 is hereby amended to read as follows: 79-3620. (a) All revenue**  
11 **collected or received by the director of taxation from the taxes im-**  
12 **posed by this act shall be remitted to the state treasurer in accord-**  
13 **ance with the provisions of K.S.A. 75-4215, and amendments**  
14 **thereto. Upon receipt of each such remittance, the state treasurer**  
15 **shall deposit the entire amount in the state treasury, less amounts**  
16 **withheld as provided in subsection (b) and amounts credited as pro-**  
17 **vided in subsection (c) and (d), to the credit of the state general**  
18 **fund.**

19 *(b) A refund fund, designated as “sales tax refund fund” not to*  
20 *exceed \$100,000 shall be set apart and maintained by the director*  
21 *from sales tax collections and estimated tax collections and held by*  
22 *the state treasurer for prompt payment of all sales tax refunds in-*  
23 *cluding refunds authorized under the provisions of K.S.A. 79-3635,*  
24 *and amendments thereto. Such fund shall be in such amount, within*  
25 *the limit set by this section, as the director shall determine is nec-*  
26 *essary to meet current refunding requirements under this act. In*  
27 *the event such fund as established by this section is, at any time,*  
28 *insufficient to provide for the payment of refunds due claimants*  
29 *thereof, the director shall certify the amount of additional funds*  
30 *required to the director of accounts and reports who shall promptly*  
31 *transfer the required amount from the state general fund to the sales*  
32 *tax refund fund, and notify the state treasurer, who shall make*  
33 *proper entry in the records.*

34 *(c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue col-*  
35 *lected or received from the tax imposed by K.S.A. 79-3603, and*  
36 *amendments thereto, at the rate of 4.9%, and deposited as provided*  
37 *in subsection (a), exclusive of amounts credited pursuant to subsec-*  
38 *tion (d), in the state highway fund.*

39 *(2) The state treasurer shall credit  $\frac{5}{104}$  of the revenue collected or*  
40 *received from the tax imposed by K.S.A. 79-3603, and amendments*  
41 *thereto, at the rate of 5.2%, and deposited as provided in subsection (a),*  
42 *exclusive of amounts credited pursuant to subsection (d), in the state high-*  
43 *way fund.*



1     [(3) The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected  
2 or received from the tax imposed by K.S.A. 79-3603, and amend-  
3 ments thereto, at the rate of 5.3%, and deposited as provided in  
4 subsection (a), exclusive of amounts credited pursuant to subsection  
5 (d), in the state highway fund.

6     [(4) The state treasurer shall credit  $\frac{1}{20}$  of the revenue collected  
7 and received from the tax imposed by K.S.A. 79-3603, and amend-  
8 ments thereto, at the rate of 5%, and deposited as provided by sub-  
9 section (a) exclusive of amounts credited pursuant to subsection (d),  
10 in the state highway fund.]

11     (d) The state treasurer shall credit all revenue collected or re-  
12 ceived from the tax imposed by K.S.A. 79-3603, and amendments  
13 thereto, as certified by the director, from taxpayers doing business  
14 within that portion of a redevelopment district occupied by a re-  
15 development project that was determined by the secretary of com-  
16 merce and housing to be of statewide as well as local importance or  
17 will create a major tourism area for the state as defined in K.S.A.  
18 12-1770a, and amendments thereto, to the city bond finance fund,  
19 which fund is hereby created. The provisions of this subsection shall  
20 expire when the total of all amounts credited hereunder and under  
21 subsection (d) of K.S.A. 79-3710, and amendments thereto, is suf-  
22 ficient to retire the special obligation bonds issued for the purpose  
23 of financing all or a portion of the costs of such redevelopment pro-  
24 ject.

25     ~~Sec. 21.— On and after June 1, 2002, K.S.A. 2001 Supp. 79-3633~~  
26 ~~is hereby amended to read as follows: 79-3633. As used in K.S.A.~~  
27 ~~79-3620 and 79-3632 to 79-3639 and amendments thereto, unless~~  
28 ~~the context clearly indicates otherwise:~~

29     ~~—(a) “Income” means adjusted gross income determined under~~  
30 ~~the Kansas income tax act without regard to the modifications spec-~~  
31 ~~ified by subsections (c)(i), (ii) regarding Kansas public employee~~  
32 ~~retirement system retirement benefits, (vii), (ix) and (xii) of K.S.A.~~  
33 ~~79-32,117, and amendments thereto.~~

34     ~~—(b) “Household” means a claimant and all other persons for~~  
35 ~~whom a personal exemption is claimed who together occupy a com-~~  
36 ~~mon residence.~~

37     ~~—(c) “Claimant” means a person who has filed a claim for a re-~~  
38 ~~fund or credit under the provisions of this act and was, during the~~  
39 ~~entire calendar year preceding the year in which the claim was filed~~  
40 ~~for relief under this act, domiciled in this state, was a member of a~~  
41 ~~household, had income of not more than \$25,000 \$35,000 in the cal-~~  
42 ~~endar year for which a claim is filed and was: (1) A person having~~  
43 ~~a disability; (2) a person other than a person included under (1),~~

1 ~~who has attained 55 years of age in the calendar year for which a~~  
2 ~~claim is filed or (3) a person other than a person included under (1)~~  
3 ~~or (2) having one or more dependent children under 18 years of age~~  
4 ~~residing at the person's homestead during the calendar year for~~  
5 ~~which a claim is filed.~~

6 ~~—(d) “Head of household” means the person filing a claim under~~  
7 ~~the provisions of this act.~~

8 ~~—(e) “Disability” means (1) inability to engage in any substantial~~  
9 ~~gainful activity by reason of any medically determinable physical~~  
10 ~~or mental impairment which can be expected to result in death or~~  
11 ~~has lasted or can be expected to last for a continuous period of not~~  
12 ~~less than 12 months, and an individual shall be determined to be~~  
13 ~~under a disability only if the physical or mental impairment or im-~~  
14 ~~pairments are of such severity that the individual is not only unable~~  
15 ~~to do the individual's previous work but cannot, considering age,~~  
16 ~~education and work experience, engage in any other kind of sub-~~  
17 ~~stantial gainful work which exists in the national economy, regard-~~  
18 ~~less of whether such work exists in the immediate area in which the~~  
19 ~~individual lives or whether a specific job vacancy exists for the in-~~  
20 ~~dividual, or whether the individual would be hired if application~~  
21 ~~was made for work. For purposes of the preceding sentence (with~~  
22 ~~respect to any individual), “work which exists in the national econ-~~  
23 ~~omy” means work which exists in significant numbers either in the~~  
24 ~~region where the individual lives or in several regions of the coun-~~  
25 ~~try; for purposes of this subsection, a “physical or mental impair-~~  
26 ~~ment” is an impairment that results from anatomical, physiological~~  
27 ~~or psychological abnormalities which are demonstrable by medi-~~  
28 ~~cally acceptable clinical and laboratory diagnostic techniques; or~~  
29 ~~—(2) blindness and inability by reason of blindness to engage in~~  
30 ~~substantial gainful activity requiring skills or abilities comparable~~  
31 ~~to those of any gainful activity in which the individual has previ-~~  
32 ~~ously engaged with some regularity and over a substantial period~~  
33 ~~of time.~~

34 ~~—(f) “Blindness” means central visual acuity of  $\frac{20}{200}$  or less in the~~  
35 ~~better eye with the use of a correcting lens. An eye which is accom-~~  
36 ~~panied by a limitation in the fields of vision such that the widest~~  
37 ~~diameter of the visual field subtends an angle no greater than 20~~  
38 ~~degrees shall be considered for the purpose of this paragraph as~~  
39 ~~having a central visual acuity of  $\frac{20}{200}$  or less.~~

40 ~~—Sec. 22. On and after June 1, 2002, K.S.A. 2001 Supp. 79-3635~~  
41 ~~is hereby amended to read as follows: 79-3635. (a) (1) A claimant~~  
42 ~~shall be entitled to a refund of retailers' sales taxes paid upon food~~  
43 ~~during the calendar year 1998-2002 and each year thereafter in the~~

1 ~~amount hereinafter provided. There shall be allowed for each mem-~~  
2 ~~ber of a household of a claimant having income of \$12,500-\$17,500~~  
3 ~~or less, an amount equal to \$60-\$70. There shall be allowed for each~~  
4 ~~member of a household of a claimant having income of more than~~  
5 ~~\$12,500-\$17,500 but not more than \$25,000-\$35,000, an amount equal~~  
6 ~~to \$30-\$35. There shall be allowed for a claimant who qualifies for~~  
7 ~~an additional personal exemption amount pursuant to K.S.A. 79-~~  
8 ~~32,121, and amendments thereto, an additional amount of \$30 or~~  
9 ~~\$60-\$35 or \$70, as the case requires. All such claims shall be paid~~  
10 ~~from the sales tax refund fund upon warrants of the director of~~  
11 ~~accounts and reports pursuant to vouchers approved by the director~~  
12 ~~of taxation or by a person or persons designated by the director.~~

13 ~~—(2) As an alternative to the procedure described by paragraph~~  
14 ~~1, for all taxable years commencing after December 31, 1997-2001,~~  
15 ~~there shall be allowed as a credit against the tax liability of a resi-~~  
16 ~~dent individual imposed under the Kansas income tax act an amount~~  
17 ~~equal to \$60 or \$30-\$35 or \$70, as the case requires, for each member~~  
18 ~~of a household. There shall be allowed for a claimant who qualifies~~  
19 ~~for an additional personal exemption amount pursuant to K.S.A. 79-~~  
20 ~~32,121, and amendments thereto, an additional amount of \$30 or~~  
21 ~~\$60-\$35 or \$70, as the case requires. If the amount of such tax credit~~  
22 ~~exceeds the claimant's income tax liability for such taxable year,~~  
23 ~~such excess amount shall be refunded to the claimant.~~

24 ~~—(b) A head of household shall make application for refunds for~~  
25 ~~all members of the same household upon a common form provided~~  
26 ~~for the making of joint claims. All claims paid to members of the~~  
27 ~~same household shall be paid as a joint claim by means of a single~~  
28 ~~warrant.~~

29 ~~—(c) No claim for a refund of taxes under the provisions of K.S.A.~~  
30 ~~79-3632 et seq. shall be paid or allowed unless such claim is actually~~  
31 ~~filed with and in the possession of the department of revenue on or~~  
32 ~~before April 15 of the year next succeeding the year in which such~~  
33 ~~taxes were paid. The director of taxation may: (1) Extend the time~~  
34 ~~for filing any claim under the provisions of this act when good cause~~  
35 ~~exists therefor; or (2) accept a claim filed after the deadline for filing~~  
36 ~~in the case of sickness, absence or disability of the claimant if such~~  
37 ~~claim has been filed within four years of such deadline.~~

38 ~~—(d) In the case of all tax years commencing after December 31, 2002,~~  
39 ~~the threshold income amounts prescribed in this section and subsection~~  
40 ~~(e) of K.S.A. 79-3633, and amendments thereto, shall be increased by an~~  
41 ~~amount equal to such threshold amount multiplied by the cost-of-living~~  
42 ~~adjustment determined under section 1(f)(3) of the federal internal reve-~~  
43 ~~nue code for the calendar year in which the taxable year commences.~~

1     **[Sec. 12. On and after June 1, 2002, K.S.A. 2001 Supp. 79-3635**  
2 **is hereby amended to read as follows: 79-3635. (a) (1) A claimant**  
3 **shall be entitled to a refund of retailers' sales taxes paid upon food**  
4 **during the calendar year 1998 and each year thereafter in the**  
5 **amount hereinafter provided. There shall be allowed for each mem-**  
6 **ber of a household of a claimant having income of \$12,500 or less,**  
7 **an amount equal to \$60. There shall be allowed for each member**  
8 **of a household of a claimant having income of more than \$12,500**  
9 **but not more than \$25,000, an amount equal to \$30. There shall be**  
10 **allowed for a claimant who qualifies for an additional personal ex-**  
11 **emption amount pursuant to K.S.A. 79-32,121, and amendments**  
12 **thereto, an additional amount of \$30 or \$60, as the case requires.**  
13 **All such claims shall be paid from the sales tax refund fund upon**  
14 **warrants of the director of accounts and reports pursuant to vouch-**  
15 **ers approved by the director of taxation or by a person or persons**  
16 **designated by the director.**

17     **[(2) As an alternative to the procedure described by paragraph**  
18 **1, for all taxable years commencing after December 31, 1997, there**  
19 **shall be allowed as a credit against the tax liability of a resident**  
20 **individual imposed under the Kansas income tax act an amount**  
21 **equal to \$60 or \$30, as the case requires, for each member of a**  
22 **household. There shall be allowed for a claimant who qualifies for**  
23 **an additional personal exemption amount pursuant to K.S.A. 79-**  
24 **32,121, and amendments thereto, an additional amount of \$30 or**  
25 **\$60, as the case requires. If the amount of such tax credit exceeds**  
26 **the claimant's income tax liability for such taxable year, such excess**  
27 **amount shall be refunded to the claimant.**

28     **[(b) A head of household shall make application for refunds for**  
29 **all members of the same household upon a common form provided**  
30 **for the making of joint claims. All claims paid to members of the**  
31 **same household shall be paid as a joint claim by means of a single**  
32 **warrant.**

33     **[(c) No claim for a refund of taxes under the provisions of K.S.A.**  
34 **79-3632 et seq. shall be paid or allowed unless such claim is actually**  
35 **filed with and in the possession of the department of revenue on or**  
36 **before April 15 of the year next succeeding the year in which such**  
37 **taxes were paid. The director of taxation may: (1) Extend the time**  
38 **for filing any claim under the provisions of this act when good cause**  
39 **exists therefor; or (2) accept a claim filed after the deadline for filing**  
40 **in the case of sickness, absence or disability of the claimant if such**  
41 **claim has been filed within four years of such deadline.**

42     **[(d) In the case of all tax years commencing after December 31, 2001,**  
43 **the threshold income amounts prescribed in this section and subsection**

1 (c) of K.S.A. 79-3633, and amendments thereto, shall be increased by an  
2 amount equal to such threshold amount multiplied by the cost-of-living  
3 adjustment determined under section 1 (f)(3) of the federal internal rev-  
4 enue code for the calendar year in which the taxable year commences.]

5 **Sec. ~~23~~. [13.] On and after June 1, 2002, K.S.A. 2001 Supp. 79-**  
6 **3703 is hereby amended to read as follows: 79-3703. There is hereby**  
7 **levied and there shall be collected from every person in this state a**  
8 **tax or excise for the privilege of using, storing, or consuming within**  
9 **this state any article of tangible personal property. Such tax shall**  
10 **be levied and collected in an amount equal to the consideration paid**  
11 **by the taxpayer multiplied by the rate of 4.9% ~~5.2%~~ [5.3% on and**  
12 **after June 1, 2002, and before June 1, 2004, 5.2% on and after June**  
13 **1, 2004, and before June 1, 2005, and 5% on and after June 1, 2005].**  
14 **Within a redevelopment district established pursuant to K.S.A. 2001**  
15 **Supp. 74-8921, and amendments thereto, there is hereby levied and**  
16 **there shall be collected and paid an additional tax of 2% until the**  
17 **earlier of: (1) The date the bonds issued to finance or refinance the**  
18 **redevelopment project undertaken in the district have been paid in**  
19 **full; or (2) the final scheduled maturity of the first series of bonds**  
20 **issued to finance the redevelopment project. All property purchased**  
21 **or leased within or without this state and subsequently used, stored**  
22 **or consumed in this state shall be subject to the compensating tax**  
23 **if the same property or transaction would have been subject to the**  
24 **Kansas retailers' sales tax had the transaction been wholly within**  
25 **this state.**

26 **Sec. ~~24~~. [14.] On and after June 1, 2002, K.S.A. 2001 Supp. 79-**  
27 **3710 is hereby amended to read as follows: 79-3710. (a) All revenue**  
28 **collected or received by the director under the provisions of this act**  
29 **shall be remitted to the state treasurer in accordance with the pro-**  
30 **visions of K.S.A. 75-4215, and amendments thereto. Upon receipt of**  
31 **each such remittance, the state treasurer shall deposit the entire**  
32 **amount in the state treasury, less amounts set apart as provided in**  
33 **subsection (b) and amounts credited as provided in subsection (c)**  
34 **and (d), to the credit of the state general fund.**

35 **(b) A revolving fund, designated as "compensating tax refund**  
36 **fund" not to exceed \$10,000 shall be set apart and maintained by**  
37 **the director from compensating tax collections and estimated tax**  
38 **collections and held by the state treasurer for prompt payment of**  
39 **all compensating tax refunds. Such fund shall be in such amount,**  
40 **within the limit set by this section, as the director shall determine**  
41 **is necessary to meet current refunding requirements under this act.**

42 **(c) (1) The state treasurer shall credit  $\frac{5}{9}$ s of the revenue col-**  
43 **lected or received from the tax imposed by K.S.A. 79-3703, and**

1 *amendments thereto, at the rate of 4.9%, and deposited as provided*  
2 *in subsection (a), exclusive of amounts credited pursuant to subsec-*  
3 *tion (d), in the state highway fund.*

4 (2) *The state treasurer shall credit  $\frac{5}{104}$  of the revenue collected or*  
5 *received from the tax imposed by K.S.A. 79-3703, and amendments*  
6 *thereto, at the rate of 5.2%, and deposited as provided in subsection (a),*  
7 *exclusive of amounts credited pursuant to subsection (d), in the state high-*  
8 *way fund.*

9 [(3) *The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected*  
10 *or received from the tax imposed by K.S.A. 79-3703, and amend-*  
11 *ments thereto, at the rate of 5.3%, and deposited as provided in*  
12 *subsection (a), exclusive of amounts credited pursuant to subsection*  
13 *(d), in the state highway fund.*

14 [(4) *The state treasurer shall credit  $\frac{1}{20}$  of the revenue collected*  
15 *or received from the tax imposed by K.S.A. 79-3703, and amend-*  
16 *ments thereto, at the rate of 5%, and deposited as provided by sub-*  
17 *section (a), exclusive of amounts credited pursuant to subsection*  
18 *(d), in the state highway fund.]*

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

33 ~~*Sec. 25. K.S.A. 2001 Supp. 79-32,205 is hereby amended to*~~  
34 ~~*read as follows: 79-32,205. (a) There shall be allowed as a credit*~~  
35 ~~*against the tax liability of a resident individual imposed under the*~~  
36 ~~*Kansas income tax act an amount equal to 10% 15% for tax year*~~  
37 ~~*1998 2002, and all tax years thereafter, of the amount of the earned*~~  
38 ~~*income credit allowed against such taxpayer's federal income tax*~~  
39 ~~*liability pursuant to section 32 of the federal internal revenue code*~~  
40 ~~*for the taxable year in which such credit was claimed against the*~~  
41 ~~*taxpayer's federal income tax liability.*~~

42 ~~*— (b) If the amount of the credit allowed by subsection (a) exceeds*~~  
43 ~~*the taxpayer's income tax liability imposed under the Kansas income*~~

1 ~~tax act, such excess amount shall be refunded to the taxpayer.~~

2 ~~—(c) The provisions of this section shall be applicable to all tax-~~  
3 ~~able years commencing after December 31, 1997.~~

4 ~~—Sec. 26. K.S.A. 2001 Supp. 17-7503, 17-7504, 17-7505, 17-~~  
5 ~~76,139, 79-32,110 and 79-32,205 are hereby repealed.~~

6 ~~—Sec. 27. On and after June 1, 2002, K.S.A. 79-3310, 79-3312,~~  
7 ~~79-3371, 79-3378 and 79-41a02 and K.S.A. 2001 Supp. 41-501, 79-~~  
8 ~~3311, 79-3603, 79-3620, 79-3633, 79-3635, 79-3703, 79-3710, 79-~~  
9 ~~4101 and 79-41a03 are hereby repealed.~~

10 [Sec. 15. K.S.A. 12-198a and K.S.A. 2001 Supp. 79-3606 are  
11 hereby repealed.]

12 [Sec. 16. On and after June 1, 2002, K.S.A. 79-3310 and 79-  
13 3312 and K.S.A. 2001 Supp. 41-501, 79-3311, 79-3603, 79-3620, 79-  
14 3635, 79-3703 and 79-3710 are hereby repealed.]

15 [Sec. 17. On July 1, 2002, K.S.A. 2001 Supp. 79-3603, as  
16 amended by section 1 of 2002 Senate Bill No. 372 is hereby re-  
17 pealed.]

18 ~~Sec. 28.~~ [18.] This act shall take effect and be in force from and  
19 after its publication in the Kansas register.

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