

SENATE BILL No. 576

By Committee on Assessment and Taxation

2-12

AN ACT relating to all-terrain vehicles; providing for an all-terrain permit; exempting sales of all-terrain vehicles from sales tax; amending K.S.A. 8-145d and K.S.A. 2001 Supp. 79-3606 and repealing the existing sections.

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

New Section 1. On and after January 1, 2003:

(a) Every owner of any all-terrain vehicle, as defined in K.S.A. 8-126, and amendments thereto, shall during the month of January of each year apply for and obtain an all-terrain permit in accordance with the provisions of this section.

(b) Applications for an all-terrain permit shall be made by the owner, by mail or otherwise, in the office of the county treasurer of the county in which such owner resides. Such applications for all-terrain permits shall be made upon forms designed and furnished by the division of vehicles and shall contain such information as the division may require. All applications for all-terrain permits shall be accompanied by an annual permit fee of \$5. The county treasurer shall remit all such fees collected together with the original applications to the secretary of revenue. The secretary of revenue shall remit all such fees remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the all-terrain vehicle permit fee fund.

(c) (1) An application for an all-terrain permit under this section shall not be accepted unless the applicant shall:

(A) Present satisfactory evidence of ownership;

(B) exhibit a receipt showing that such person has paid all personal property taxes levied against such person for the preceding year, including taxes upon such all-terrain vehicle, except that if such application is made before June 21 such receipt need show payment of only $\frac{1}{2}$ the preceding year's tax; or

(C) evidence that such all-terrain vehicle has been listed and assessed for personal property taxation purposes, or was exempt from taxation under the laws of this state.

1 (2) An application for an all-terrain permit shall not be accepted if
2 the records of the county treasurer show that the applicant is delinquent
3 and owes personal property taxes levied against the applicant for any
4 preceding year.

5 (d) The division of vehicles shall furnish to every owner of an all-
6 terrain vehicle a permit sticker which shall have displayed on it a permit
7 number and the year for which it is valid. Such permit sticker shall be of
8 appropriate size and design as determined by the division of vehicles. The
9 all-terrain permit shall be attached to the all-terrain vehicle at the location
10 specified by the division of vehicles.

11 (e) Any person violating the provisions of this section shall be guilty
12 of a class C misdemeanor.

13 (f) The application for and the furnishing of an all-terrain permit shall
14 not be deemed for any reason a vehicle registration under the provisions
15 of article 1 of chapter 8 of the Kansas Statutes Annotated.

16 (g) The secretary of revenue may adopt such rules and regulations
17 necessary to carry out the provisions of this section.

18 New Sec. 2. There is hereby created in the state treasury, the all-
19 terrain vehicle permit fee fund. All moneys credited to the all-terrain
20 vehicle permit fee fund shall be used by the department of revenue only
21 for the purpose of funding the administration and operations associated
22 with the processing of all-terrain vehicle permits under section 1, and
23 amendments thereto. All expenditures from the all-terrain vehicle permit
24 fee fund shall be made in accordance with appropriation acts, upon war-
25 rants of the director of accounts and reports issued pursuant to vouchers
26 approved by the secretary of the department of revenue.

27 Sec. 3. On and after January 1, 2003, K.S.A. 8-145d is hereby
28 amended to read as follows: 8-145d. In addition to the annual vehicle
29 registration fees prescribed by K.S.A. 8-143, 8-143b, 8-143c, 8-143g, 8-
30 143h, 8-143i, 8-167, 8-172 and 8-195, and amendments ~~to any of such~~
31 ~~sections thereto~~, any applicant for vehicle registration or renewal thereof
32 for registration ~~or~~, any applicant for a placard or identification card issued
33 under K.S.A. 8-1,125, and amendments thereto, *or any applicant for an*
34 *all-terrain vehicle permit under section 1, and amendments thereto*, shall
35 pay a service fee in the amount of \$3 to the county treasurer at the time
36 of making such application. In addition to such service fee, the county
37 treasurer may charge any applicant for vehicle registration or renewal
38 thereof for registration, a satellite registration fee in an amount not to
39 exceed \$5 per vehicle registration or renewal thereof for registration,
40 when such application is made at a satellite registration facility established
41 by the county treasurer. The county treasurer shall deposit all amounts
42 received under this section in the special fund created pursuant to K.S.A.
43 8-145, and amendments thereto, and such amounts shall be used by the

1 county treasurer for all purposes for which such fund has been appro-
2 priated by law, and such additional amounts are hereby appropriated as
3 other amounts deposited in such fund.

4 Sec. 4. K.S.A. 2001 Supp. 79-3606 is hereby amended to read as
5 follows: 79-3606. The following shall be exempt from the tax imposed by
6 this act:

7 (a) All sales of motor-vehicle fuel or other articles upon which a sales
8 or excise tax has been paid, not subject to refund, under the laws of this
9 state except cigarettes as defined by K.S.A. 79-3301 and amendments
10 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
11 3817 and amendments thereto, including wort, liquid malt, malt syrup
12 and malt extract, which is not subject to taxation under the provisions of
13 K.S.A. 79-41a02 and amendments thereto, motor vehicles taxed pursuant
14 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to
15 K.S.A. 65-3424d, and amendments thereto, and drycleaning and laundry
16 services taxed pursuant to K.S.A. 2001 Supp. 65-34,150, and amendments
17 thereto;

18 (b) all sales of tangible personal property or service, including the
19 renting and leasing of tangible personal property, purchased directly by
20 the state of Kansas, a political subdivision thereof, other than a school or
21 educational institution, or purchased by a public or private nonprofit hos-
22 pital or public hospital authority or nonprofit blood, tissue or organ bank
23 and used exclusively for state, political subdivision, hospital or public hos-
24 pital authority or nonprofit blood, tissue or organ bank purposes, except
25 when: (1) Such state, hospital or public hospital authority is engaged or
26 proposes to engage in any business specifically taxable under the provi-
27 sions of this act and such items of tangible personal property or service
28 are used or proposed to be used in such business, or (2) such political
29 subdivision is engaged or proposes to engage in the business of furnishing
30 gas, electricity or heat to others and such items of personal property or
31 service are used or proposed to be used in such business;

32 (c) all sales of tangible personal property or services, including the
33 renting and leasing of tangible personal property, purchased directly by
34 a public or private elementary or secondary school or public or private
35 nonprofit educational institution and used primarily by such school or
36 institution for nonsectarian programs and activities provided or sponsored
37 by such school or institution or in the erection, repair or enlargement of
38 buildings to be used for such purposes. The exemption herein provided
39 shall not apply to erection, construction, repair, enlargement or equip-
40 ment of buildings used primarily for human habitation;

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

1 any public or private nonprofit hospital or public hospital authority, public
2 or private elementary or secondary school or a public or private nonprofit
3 educational institution, which would be exempt from taxation under the
4 provisions of this act if purchased directly by such hospital or public hos-
5 pital authority, school or educational institution; and all sales of tangible
6 personal property or services purchased by a contractor for the purpose
7 of constructing, equipping, reconstructing, maintaining, repairing, en-
8 larging, furnishing or remodeling facilities for any political subdivision of
9 the state or district described in subsection (s), the total cost of which is
10 paid from funds of such political subdivision or district and which would
11 be exempt from taxation under the provisions of this act if purchased
12 directly by such political subdivision or district. Nothing in this subsection
13 or in the provisions of K.S.A. 12-3418 and amendments thereto, shall be
14 deemed to exempt the purchase of any construction machinery, equip-
15 ment or tools used in the constructing, equipping, reconstructing, main-
16 taining, repairing, enlarging, furnishing or remodeling facilities for any
17 political subdivision of the state or any such district. As used in this sub-
18 section, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds
19 of a political subdivision" shall mean general tax revenues, the proceeds
20 of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used
21 for the purpose of constructing, equipping, reconstructing, repairing, en-
22 larging, furnishing or remodeling facilities which are to be leased to the
23 donor. When any political subdivision of the state, district described in
24 subsection (s), public or private nonprofit hospital or public hospital au-
25 thority, public or private elementary or secondary school or public or
26 private nonprofit educational institution shall contract for the purpose of
27 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
28 ing, furnishing or remodeling facilities, it shall obtain from the state and
29 furnish to the contractor an exemption certificate for the project involved,
30 and the contractor may purchase materials for incorporation in such pro-
31 ject. The contractor shall furnish the number of such certificate to all
32 suppliers from whom such purchases are made, and such suppliers shall
33 execute invoices covering the same bearing the number of such certifi-
34 cate. Upon completion of the project the contractor shall furnish to the
35 political subdivision, district described in subsection (s), hospital or public
36 hospital authority, school or educational institution concerned a sworn
37 statement, on a form to be provided by the director of taxation, that all
38 purchases so made were entitled to exemption under this subsection. As
39 an alternative to the foregoing procedure, any such contracting entity may
40 apply to the secretary of revenue for agent status for the sole purpose of
41 issuing and furnishing project exemption certificates to contractors pur-
42 suant to rules and regulations adopted by the secretary establishing con-
43 ditions and standards for the granting and maintaining of such status. All

1 invoices shall be held by the contractor for a period of five years and shall
2 be subject to audit by the director of taxation. If any materials purchased
3 under such a certificate are found not to have been incorporated in the
4 building or other project or not to have been returned for credit or the
5 sales or compensating tax otherwise imposed upon such materials which
6 will not be so incorporated in the building or other project reported and
7 paid by such contractor to the director of taxation not later than the 20th
8 day of the month following the close of the month in which it shall be
9 determined that such materials will not be used for the purpose for which
10 such certificate was issued, the political subdivision, district described in
11 subsection (s), hospital or public hospital authority, school or educational
12 institution concerned shall be liable for tax on all materials purchased for
13 the project, and upon payment thereof it may recover the same from the
14 contractor together with reasonable attorney fees. Any contractor or any
15 agent, employee or subcontractor thereof, who shall use or otherwise
16 dispose of any materials purchased under such a certificate for any pur-
17 pose other than that for which such a certificate is issued without the
18 payment of the sales or compensating tax otherwise imposed upon such
19 materials, shall be guilty of a misdemeanor and, upon conviction therefor,
20 shall be subject to the penalties provided for in subsection (g) of K.S.A.
21 79-3615, and amendments thereto;

22 (e) all sales of tangible personal property or services purchased by a
23 contractor for the erection, repair or enlargement of buildings or other
24 projects for the government of the United States, its agencies or instru-
25 mentalities, which would be exempt from taxation if purchased directly
26 by the government of the United States, its agencies or instrumentalities.
27 When the government of the United States, its agencies or instrumen-
28 talities shall contract for the erection, repair, or enlargement of any build-
29 ing or other project, it shall obtain from the state and furnish to the
30 contractor an exemption certificate for the project involved, and the con-
31 tractor may purchase materials for incorporation in such project. The
32 contractor shall furnish the number of such certificates to all suppliers
33 from whom such purchases are made, and such suppliers shall execute
34 invoices covering the same bearing the number of such certificate. Upon
35 completion of the project the contractor shall furnish to the government
36 of the United States, its agencies or instrumentalities concerned a sworn
37 statement, on a form to be provided by the director of taxation, that all
38 purchases so made were entitled to exemption under this subsection. As
39 an alternative to the foregoing procedure, any such contracting entity may
40 apply to the secretary of revenue for agent status for the sole purpose of
41 issuing and furnishing project exemption certificates to contractors pur-
42 suant to rules and regulations adopted by the secretary establishing con-
43 ditions and standards for the granting and maintaining of such status. All

1 invoices shall be held by the contractor for a period of five years and shall
2 be subject to audit by the director of taxation. Any contractor or any agent,
3 employee or subcontractor thereof, who shall use or otherwise dispose of
4 any materials purchased under such a certificate for any purpose other
5 than that for which such a certificate is issued without the payment of
6 the sales or compensating tax otherwise imposed upon such materials,
7 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
8 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615
9 and amendments thereto;

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

13 (g) sales of aircraft including remanufactured and modified aircraft,
14 sales of aircraft repair, modification and replacement parts and sales of
15 services employed in the remanufacture, modification and repair of air-
16 craft sold to persons using directly or through an authorized agent such
17 aircraft and aircraft repair, modification and replacement parts as certified
18 or licensed carriers of persons or property in interstate or foreign com-
19 merce under authority of the laws of the United States or any foreign
20 government or sold to any foreign government or agency or instrumen-
21 tality of such foreign government and all sales of aircraft, aircraft parts,
22 replacement parts and services employed in the remanufacture, modifi-
23 cation and repair of aircraft for use outside of the United States;

24 (h) all rentals of nonsectarian textbooks by public or private elemen-
25 tary or secondary schools;

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

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

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

39 (l) all isolated or occasional sales of tangible personal property, serv-
40 ices, substances or things, except isolated or occasional sale of motor
41 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.
42 79-3603 and amendments thereto;

43 (m) all sales of tangible personal property which become an ingre-

1 dient or component part of tangible personal property or services pro-
2 duced, manufactured or compounded for ultimate sale at retail within or
3 without the state of Kansas; and any such producer, manufacturer or
4 compounder may obtain from the director of taxation and furnish to the
5 supplier an exemption certificate number for tangible personal property
6 for use as an ingredient or component part of the property or services
7 produced, manufactured or compounded;

8 (n) all sales of tangible personal property which is consumed in the
9 production, manufacture, processing, mining, drilling, refining or com-
10 pounding of tangible personal property, the treating of by-products or
11 wastes derived from any such production process, the providing of serv-
12 ices or the irrigation of crops for ultimate sale at retail within or without
13 the state of Kansas; and any purchaser of such property may obtain from
14 the director of taxation and furnish to the supplier an exemption certifi-
15 cate number for tangible personal property for consumption in such pro-
16 duction, manufacture, processing, mining, drilling, refining, compound-
17 ing, treating, irrigation and in providing such services;

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

24 (p) all sales of drugs, as defined by K.S.A. 65-1626 and amendments
25 thereto, dispensed pursuant to a prescription order, as defined by K.S.A.
26 65-1626 and amendments thereto, by a licensed practitioner or a mid-
27 level practitioner as defined by K.S.A. 65-1626, and amendments thereto;

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

31 (r) all sales of prosthetic and orthopedic appliances prescribed in
32 writing by a person licensed to practice the healing arts, dentistry or
33 optometry. For the purposes of this subsection, the term prosthetic and
34 orthopedic appliances means any apparatus, instrument, device, or equip-
35 ment used to replace or substitute for any missing part of the body; used
36 to alleviate the malfunction of any part of the body; or used to assist any
37 disabled person in leading a normal life by facilitating such person's mo-
38 bility; such term shall include accessories attached or to be attached to
39 motor vehicles, but such term shall not include motor vehicles or personal
40 property which when installed becomes a fixture to real property;

41 (s) except as provided in K.S.A. 2001 Supp. 82a-2101, and amend-
42 ments thereto, all sales of tangible personal property or services pur-
43 chased directly or indirectly by a groundwater management district or-

1 ganized or operating under the authority of K.S.A. 82a-1020 *et seq.* and
2 amendments thereto, by a rural water district organized or operating un-
3 der the authority of K.S.A. 82a-612, and amendments thereto, or by a
4 water supply district organized or operating under the authority of K.S.A.
5 19-3501 *et seq.*, 19-3522 *et seq.* or 19-3545, and amendments thereto,
6 which property or services are used in the construction activities, opera-
7 tion or maintenance of the district;

8 (t) all sales of farm machinery and equipment or aquaculture ma-
9 chinery and equipment, repair and replacement parts therefor and serv-
10 ices performed in the repair and maintenance of such machinery and
11 equipment. For the purposes of this subsection the term “farm machinery
12 and equipment or aquaculture machinery and equipment” shall include
13 machinery and equipment used in the operation of Christmas tree farm-
14 ing but shall not include any passenger vehicle, truck, truck tractor, trailer,
15 semitrailer or pole trailer, other than a farm trailer *or all-terrain vehicle*,
16 as such terms are defined by K.S.A. 8-126 and amendments thereto. Each
17 purchaser of farm machinery and equipment or aquaculture machinery
18 and equipment exempted herein must certify in writing on the copy of
19 the invoice or sales ticket to be retained by the seller that the farm ma-
20 chinery and equipment or aquaculture machinery and equipment pur-
21 chased will be used only in farming, ranching or aquaculture production.
22 Farming or ranching shall include the operation of a feedlot and farm
23 and ranch work for hire and the operation of a nursery;

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

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

39 (w) all sales of natural gas, electricity, heat and water delivered
40 through mains, lines or pipes: (1) To residential premises for noncom-
41 mercial use by the occupant of such premises; (2) for agricultural use and
42 also, for such use, all sales of propane gas; (3) for use in the severing of
43 oil; and (4) to any property which is exempt from property taxation pur-

1 suant to K.S.A. 79-201b *Second* through *Sixth*. As used in this paragraph,
2 “severing” shall have the meaning ascribed thereto by subsection (k) of
3 K.S.A. 79-4216, and amendments thereto;

4 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources
5 for the production of heat or lighting for noncommercial use of an oc-
6 cupant of residential premises;

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

11 (z) all sales of tangible personal property and services purchased di-
12 rectly by a port authority or by a contractor therefor as provided by the
13 provisions of K.S.A. 12-3418 and amendments thereto;

14 (aa) all sales of materials and services applied to equipment which is
15 transported into the state from without the state for repair, service, al-
16 teration, maintenance, remanufacture or modification and which is sub-
17 sequently transported outside the state for use in the transmission of
18 liquids or natural gas by means of pipeline in interstate or foreign com-
19 merce under authority of the laws of the United States;

20 (bb) all sales of used mobile homes or manufactured homes. As used
21 in this subsection: (1) “Mobile homes” and “manufactured homes” shall
22 have the meanings ascribed thereto by K.S.A. 58-4202 and amendments
23 thereto; and (2) “sales of used mobile homes or manufactured homes”
24 means sales other than the original retail sale thereof;

25 (cc) all sales of tangible personal property or services purchased for
26 the purpose of and in conjunction with constructing, reconstructing, en-
27 larging or remodeling a business or retail business which meets the
28 requirements established in K.S.A. 74-50,115 and amendments thereto,
29 and the sale and installation of machinery and equipment purchased for
30 installation at any such business or retail business. When a person shall
31 contract for the construction, reconstruction, enlargement or remodeling
32 of any such business or retail business, such person shall obtain from the
33 state and furnish to the contractor an exemption certificate for the project
34 involved, and the contractor may purchase materials, machinery and
35 equipment for incorporation in such project. The contractor shall furnish
36 the number of such certificates to all suppliers from whom such purchases
37 are made, and such suppliers shall execute invoices covering the same
38 bearing the number of such certificate. Upon completion of the project
39 the contractor shall furnish to the owner of the business or retail business
40 a sworn statement, on a form to be provided by the director of taxation,
41 that all purchases so made were entitled to exemption under this subsec-
42 tion. All invoices shall be held by the contractor for a period of five years
43 and shall be subject to audit by the director of taxation. Any contractor

1 or any agent, employee or subcontractor thereof, who shall use or oth-
2 erwise dispose of any materials, machinery or equipment purchased under
3 such a certificate for any purpose other than that for which such a
4 certificate is issued without the payment of the sales or compensating tax
5 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon
6 conviction therefor, shall be subject to the penalties provided for in sub-
7 section (g) of K.S.A. 79-3615 and amendments thereto. As used in this
8 subsection, “business” and “retail business” have the meanings respec-
9 tively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;

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

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

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

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

23 (hh) all sales of medical supplies and equipment purchased directly
24 by a nonprofit skilled nursing home or nonprofit intermediate nursing
25 care home, as defined by K.S.A. 39-923, and amendments thereto, for
26 the purpose of providing medical services to residents thereof. This ex-
27 emption shall not apply to tangible personal property customarily used
28 for human habitation purposes;

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

35 (jj) all sales of tangible personal property or services, including the
36 renting and leasing of tangible personal property, purchased directly on
37 behalf of a community-based mental retardation facility or mental health
38 center organized pursuant to K.S.A. 19-4001 *et seq.*, and amendments
39 thereto, and licensed in accordance with the provisions of K.S.A. 75-
40 3307b and amendments thereto. This exemption shall not apply to tan-
41 gible personal property customarily used for human habitation purposes;

42 (kk) (1) (A) all sales of machinery and equipment which are used
43 in this state as an integral or essential part of an integrated production

1 operation by a manufacturing or processing plant or facility;

2 (B) all sales of installation, repair and maintenance services per-
3 formed on such machinery and equipment; and

4 (C) all sales of repair and replacement parts and accessories pur-
5 chased for such machinery and equipment.

6 (2) For purposes of this subsection:

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

17 (B) “production line” means the assemblage of machinery and equip-
18 ment at a manufacturing or processing plant or facility where the actual
19 transformation or processing of tangible personal property occurs;

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

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

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

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

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

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

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

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

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

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

43 (E) to test or measure raw materials, the property undergoing man-

1 ufacturing or processing of the finished product, as a necessary part of
2 the manufacturer's integrated production operations;

3 (F) to plan, manage, control or record the receipt and flow of inven-
4 tories of raw materials, consumables and component parts, the flow of
5 the property undergoing manufacturing or processing and the manage-
6 ment of inventories of the finished product;

7 (G) to produce energy for, lubricate, control the operating of or oth-
8 erwise enable the functioning of other production machinery and equip-
9 ment and the continuation of production operations;

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

13 (I) to transmit or transport electricity, coke, gas, water, steam or sim-
14 ilar substances used in production operations from the point of genera-
15 tion, if produced by the manufacturer or processor at the plant site, to
16 that manufacturer's production operation; or, if purchased or delivered
17 from offsite, from the point where the substance enters the site of the
18 plant or facility to that manufacturer's production operations;

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

21 (K) to provide and control an environment required to maintain cer-
22 tain levels of air quality, humidity or temperature in special and limited
23 areas of the plant or facility, where such regulation of temperature or
24 humidity is part of and essential to the production process;

25 (L) to treat, transport or store waste or other byproducts of produc-
26 tion operations at the plant or facility; or

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

29 (4) The following machinery, equipment and materials shall be
30 deemed to be exempt even though it may not otherwise qualify as ma-
31 chinery and equipment used as an integral or essential part of an inte-
32 grated production operation: (A) Computers and related peripheral
33 equipment that are utilized by a manufacturing or processing business
34 for engineering of the finished product or for research and development
35 or product design; (B) machinery and equipment that is utilized by a
36 manufacturing or processing business to manufacture or rebuild tangible
37 personal property that is used in manufacturing or processing operations,
38 including tools, dies, molds, forms and other parts of qualifying machinery
39 and equipment; (C) portable plants for aggregate concrete, bulk cement
40 and asphalt including cement mixing drums to be attached to a motor
41 vehicle; (D) industrial fixtures, devices, support facilities and special foun-
42 dations necessary for manufacturing and production operations, and ma-
43 terials and other tangible personal property sold for the purpose of fab-

1 ricating such fixtures, devices, facilities and foundations. An exemption
2 certificate for such purchases shall be signed by the manufacturer or
3 processor. If the fabricator purchases such material, the fabricator shall
4 also sign the exemption certificate; and (E) a manufacturing or processing
5 business' laboratory equipment that is not located at the plant or facility,
6 but that would otherwise qualify for exemption under subsection (3)(E).

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

9 (A) Machinery and equipment used for nonproduction purposes, in-
10 cluding, but not limited to, machinery and equipment used for plant se-
11 curity, fire prevention, first aid, accounting, administration, record keep-
12 ing, advertising, marketing, sales or other related activities, plant cleaning,
13 plant communications, and employee work scheduling;

14 (B) machinery, equipment and tools used primarily in maintaining
15 and repairing any type of machinery and equipment or the building and
16 plant;

17 (C) transportation, transmission and distribution equipment not pri-
18 marily used in a production, warehousing or material handling operation
19 at the plant or facility, including the means of conveyance of natural gas,
20 electricity, oil or water, and equipment related thereto, located outside
21 the plant or facility;

22 (D) office machines and equipment including computers and related
23 peripheral equipment not used directly and primarily to control or mea-
24 sure the manufacturing process;

25 (E) furniture and other furnishings;

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

29 (G) building fixtures that are not integral to the manufacturing op-
30 eration, such as utility systems for heating, ventilation, air conditioning,
31 communications, plumbing or electrical;

32 (H) machinery and equipment used for general plant heating, cooling
33 and lighting;

34 (I) motor vehicles that are registered for operation on public high-
35 ways; or

36 (J) employee apparel, except safety and protective apparel that is pur-
37 chased by an employer and furnished gratuitously to employees who are
38 involved in production or research activities.

39 (6) Subsections (3) and (5) shall not be construed as exclusive listings
40 of the machinery and equipment that qualify or do not qualify as an
41 integral or essential part of an integrated production operation. When
42 machinery or equipment is used as an integral or essential part of pro-
43 duction operations part of the time and for nonproduction purpose at

1 other times, the primary use of the machinery or equipment shall deter-
2 mine whether or not such machinery or equipment qualifies for
3 exemption.

4 (7) The secretary of revenue shall adopt rules and regulations nec-
5 essary to administer the provisions of this subsection;

6 (ll) all sales of educational materials purchased for distribution to the
7 public at no charge by a nonprofit corporation organized for the purpose
8 of encouraging, fostering and conducting programs for the improvement
9 of public health;

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

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

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

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

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

29 (rr) all sales of tangible personal property which will admit the pur-
30 chaser thereof to any annual event sponsored by a nonprofit organization
31 which is exempt from federal income taxation pursuant to section
32 501(c)(3) of the federal internal revenue code of 1986;

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

36 (tt) all sales of tangible personal property and services purchased by
37 or on behalf of a not-for-profit corporation which is exempt from federal
38 income taxation pursuant to section 501(c)(3) of the federal internal rev-
39 enue code of 1986, for the sole purpose of constructing a Kansas Korean
40 War memorial;

41 (uu) all sales of tangible personal property and services purchased by
42 or on behalf of any rural volunteer fire-fighting organization for use ex-
43 clusively in the performance of its duties and functions;

1 (vv) all sales of tangible personal property purchased by any of the
2 following organizations which are exempt from federal income taxation
3 pursuant to section 501 (c)(3) of the federal internal revenue code of
4 1986, for the following purposes, and all sales of any such property by or
5 on behalf of any such organization for any such purpose:

6 (1) The American Heart Association, Kansas Affiliate, Inc. for the
7 purposes of providing education, training, certification in emergency car-
8 diac care, research and other related services to reduce disability and
9 death from cardiovascular diseases and stroke;

10 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
11 advocacy for persons with mental illness and to education, research and
12 support for their families;

13 (3) the Kansas Mental Illness Awareness Council for the purposes of
14 advocacy for persons who are mentally ill and to education, research and
15 support for them and their families;

16 (4) the American Diabetes Association Kansas Affiliate, Inc. for the
17 purpose of eliminating diabetes through medical research, public edu-
18 cation focusing on disease prevention and education, patient education
19 including information on coping with diabetes, and professional education
20 and training;

21 (5) the American Lung Association of Kansas, Inc. for the purpose of
22 eliminating all lung diseases through medical research, public education
23 including information on coping with lung diseases, professional educa-
24 tion and training related to lung disease and other related services to
25 reduce the incidence of disability and death due to lung disease;

26 (6) the Kansas chapters of the Alzheimer's Disease and Related Dis-
27 orders Association, Inc. for the purpose of providing assistance and sup-
28 port to persons in Kansas with Alzheimer's disease, and their families and
29 caregivers;

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

33 (8) the National Kidney Foundation of Kansas and Western Missouri
34 for the purpose of eliminating kidney disease through medical research
35 and public and private education related to such disease;

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

39 (xx) all sales of tangible personal property and services purchased by
40 a nonprofit zoo which is exempt from federal income taxation pursuant
41 to section 501(c)(3) of the federal internal revenue code of 1986, or on
42 behalf of such zoo by an entity itself exempt from federal income taxation
43 pursuant to section 501(c)(3) of the federal internal revenue code of 1986

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

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

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

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

1 such organization concerned shall be liable for tax on all materials pur-
2 chased for the project, and upon payment thereof it may recover the same
3 from the contractor together with reasonable attorney fees. Any contrac-
4 tor or any agent, employee or subcontractor thereof, who shall use or
5 otherwise dispose of any materials purchased under such a certificate for
6 any purpose other than that for which such a certificate is issued without
7 the payment of the sales or compensating tax otherwise imposed upon
8 such materials, shall be guilty of a misdemeanor and, upon conviction
9 therefor, shall be subject to the penalties provided for in subsection (g)
10 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after
11 July 1, 1998, but prior to the effective date of this act upon the gross
12 receipts received from any sale exempted by the amendatory provisions
13 of this subsection shall be refunded. Each claim for a sales tax refund
14 shall be verified and submitted to the director of taxation upon forms
15 furnished by the director and shall be accompanied by any additional
16 documentation required by the director. The director shall review each
17 claim and shall refund that amount of sales tax paid as determined under
18 the provisions of this subsection. All refunds shall be paid from the sales
19 tax refund fund upon warrants of the director of accounts and reports
20 pursuant to vouchers approved by the director or the director's designee;

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

27 (ccc) on and after July 1, 1999, all sales of tangible personal property
28 and services purchased by a primary care clinic or health center the pri-
29 mary purpose of which is to provide services to medically underserved
30 individuals and families, and which is exempt from federal income taxa-
31 tion pursuant to section 501 (c)(3) of the federal internal revenue code,
32 and all sales of tangible personal property or services purchased by a
33 contractor for the purpose of constructing, equipping, reconstructing,
34 maintaining, repairing, enlarging, furnishing or remodeling facilities for
35 any such clinic or center which would be exempt from taxation under the
36 provisions of this section if purchased directly by such clinic or center.
37 Nothing in this subsection shall be deemed to exempt the purchase of
38 any construction machinery, equipment or tools used in the constructing,
39 equipping, reconstructing, maintaining, repairing, enlarging, furnishing
40 or remodeling facilities for any such clinic or center. When any such clinic
41 or center shall contract for the purpose of constructing, equipping, re-
42 constructing, maintaining, repairing, enlarging, furnishing or remodeling
43 facilities, it shall obtain from the state and furnish to the contractor an

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

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

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

1 (fff) all sales of material handling equipment, racking systems and
2 other related machinery and equipment that is used for the handling,
3 movement or storage of tangible personal property in a warehouse or
4 distribution facility in this state; all sales of installation, repair and main-
5 tenance services performed on such machinery and equipment; and all
6 sales of repair and replacement parts for such machinery and equipment.
7 For purposes of this subsection, a warehouse or distribution facility means
8 a single, fixed location that consists of buildings or structures in a contig-
9 uous area where storage or distribution operations are conducted that are
10 separate and apart from the business' retail operations, if any, and which
11 do not otherwise qualify for exemption as occurring at a manufacturing
12 or processing plant or facility. Material handling and storage equipment
13 shall include aeration, dust control, cleaning, handling and other such
14 equipment that is used in a public grain warehouse or other commercial
15 grain storage facility, whether used for grain handling, grain storage, grain
16 refining or processing, or other grain treatment operation; and

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

22 Sec. 5. K.S.A. 8-145d and K.S.A. 2001 Supp. 79-3606 are hereby
23 repealed.

24 Sec. 6. This act shall take effect and be in force from and after Jan-
25 uary 1, 2003, and its publication in the statute book.

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