

Substitute for SENATE BILL No. 375

By Committee on Assessment and Taxation

3-12

9 AN ACT concerning taxation; relating to the creation of the Johnson
10 county education research triangle authority, taxing authority, powers
11 and duties; sales tax authority in Johnson county for public safety pro-
12 jects; sales tax authority for Franklin, Linn and Miami counties; sales
13 tax exemptions, precision farming equipment; amending K.S.A. 2006
14 Supp. 12-187, 12-189, 12-192, 19-101a and 79-3606 and repealing the
15 existing sections; also repealing K.S.A. 2006 Supp. 12-187b, 12-189f,
16 19-101a, as amended by section 4 of chapter 192 of the 2006 Session
17 Laws of Kansas, and 19-101l.

18

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

20 New Section 1. (a) Sections 1 through 5, and amendments thereto,
21 shall be known and may be cited as the Johnson county education re-
22 search triangle authority act.

23 (b) The powers conferred by this act are for public uses or purposes
24 for which public money may be expended.

25 (c) Powers granted pursuant to this act shall be in addition to any
26 other power provided by law.

27 New Sec. 2. Within two years after the effective date of this act, the
28 board of county commissioners of Johnson county shall determine
29 whether to submit to the electors of Johnson county during a primary,
30 general or special election a proposition to create the Johnson county
31 education research triangle authority and to impose a sales tax pursuant
32 to the provisions of this act in an amount not to exceed .2%, or levy an
33 annual tax at the rate of not more than two mills on the dollar on all real
34 property within such county, or a combination of both with any such
35 combination not to exceed the lesser of the .2% sales tax or the two mills
36 of property tax, for the purpose of supporting in equal shares the under-
37 graduate and graduate programs at the edwards campus of the university
38 of Kansas, the research and education programs in animal health and food
39 safety and security at the Johnson county location of Kansas state univer-
40 sity, and the medical education and life sciences and cancer research
41 programs at the university of Kansas medical center's Johnson county
42 locations. Alternatively, such proposition, within two years after the ef-
43 fective date of this act, may be placed before the Johnson county voters

1 through the county's established petition process.

2 New Sec. 3. (a) If a majority of the electors voting at the election
3 provided in section 2, and amendments thereto, shall approve such prop-
4 position to create the Johnson county education research triangle authority
5 and to grant authority to impose a retailers' sales or levy an annual tax on
6 real property within the county, or combination of both, the authority
7 shall be created and the board of county commissioners shall provide by
8 resolution for the imposition of the sales tax or levy of the annual tax on
9 real property, or combination of both, and pledging the revenues received
10 therefrom for such purposes as specified in this section. With regard to
11 the retailers' sales tax, Johnson county shall utilize the services of the state
12 department of revenue to administer, enforce and collect such tax. The
13 sales tax shall be administered, enforced and collected in the same man-
14 ner and by the same procedure as other countywide retailers' sales taxes
15 are levied and collected and shall be in addition to any other sales tax
16 authorized by law. Upon receipt of a certified copy of a resolution au-
17 thORIZING the levy of a countywide retailers' sales tax pursuant to this act,
18 the state director of taxation shall cause such tax to be collected within
19 and outside the boundaries of Johnson county at the same time and in
20 the same manner provided for the collection of the state retailers' sales
21 tax and local retailers' sales tax. All retailers' sales tax moneys collected
22 by the director of taxation under the provisions of this act shall be re-
23 mitted to the state treasurer in accordance with the provisions of K.S.A.
24 75-4215, and amendments thereto. Upon receipt of each such remittance,
25 the state treasurer shall deposit the entire amount in the state treasury
26 to the credit of the Johnson county education research triangle authority
27 retailers' sales tax fund which fund is hereby established in the state treas-
28 ury. Any refund due on any retailers' sales tax collected pursuant to this
29 act shall be paid out of the sales tax refund fund and reimbursed by the
30 director of taxation from retailers' sales tax revenue collected pursuant to
31 this act. All retailers' sales tax revenue collected within any county pur-
32 suant to this act shall be remitted at least quarterly by the state treasurer,
33 on instruction from the director of taxation, to the treasurer of Johnson
34 county.

35 (b) Any such sales tax imposed or tax levy on real property enacted
36 by the voters of Johnson county shall be subject to voter recall upon
37 proper petition and submission of the issue to a recall ballot in a general
38 election.

39 New Sec. 4. If the creation of the Johnson county education research
40 triangle authority is approved as provided by this act, the board of direc-
41 tors of the authority shall consist of seven voting members, who shall be
42 elected officials of Johnson county and who shall be appointed as follows:
43 (a) One member appointed by the governor of the state of Kansas;

1 (b) one member appointed by the board of regents of the state of
2 Kansas;

3 (c) one member appointed upon majority vote of the board of com-
4 missioners of Johnson county;

5 (d) one member appointed by the board of trustees of Johnson county
6 community college;

7 (e) two members appointed by the chancellor of the university of
8 Kansas from nominees submitted by the executive vice chancellor of the
9 university of Kansas medical center and the vice chancellor of the edwards
10 campus of the university of Kansas, respectively; and

11 (f) one member appointed by the president of Kansas state university.

12 Each such member shall have one vote, and shall serve for a maximum
13 of two terms of four years duration each. The board shall select its chair-
14 person by vote of the members. Vacancies shall be filled in the same
15 manner as the original appointment. Employees of the university of Kan-
16 sas, Kansas state university and the university of Kansas medical center
17 shall not be eligible for appointment to the board. All members of the
18 board and any employees of the authority shall submit an annual state-
19 ment of substantial interests to the secretary of state. Any appointees to
20 the board who lose or resign the elected office upon which such ap-
21 pointee's appointment is based shall vacate such appointee's positions
22 effective as of the date of departure from such elected office. The chan-
23 cellor of the university of Kansas or the chancellor's designee, the presi-
24 dent of Kansas state university or the president's designee, the president
25 of Johnson county community college or the president's designee and the
26 executive vice chancellor of the university of Kansas medical center or
27 the vice chancellor's designee shall serve as ex officio, non-voting mem-
28 bers of the board.

29 New Sec. 5. (a) All revenue received by the county treasurer pur-
30 suant to this act shall be appropriated by the county to the Johnson county
31 education research triangle authority. The authority shall remit such
32 funds for expenditure in equal shares by designated officials for the ed-
33 wards campus of the university of Kansas, the Johnson county location of
34 Kansas state university and the university of Kansas medical center's John-
35 son county locations. All such funds shall be spent for building construc-
36 tion, academic and research program development and growth, faculty
37 and staff recruitment and retention, and operations and maintenance in
38 support of: (1) The undergraduate and graduate programs at the edwards
39 campus of the university of Kansas;

40 (2) the research and education programs in animal health and food
41 safety and security at the Johnson county location of Kansas state univer-
42 sity; and

43 (3) the medical education and life sciences and cancer research pro-

1 grams at the university of Kansas medical center's Johnson county
2 locations.

3 (b) All such expenditures shall be in compliance with the purposes
4 of this act and shall be certified as such to the authority and to the Kansas
5 state board of regents by appropriate officials at the university of Kansas,
6 Kansas state university and the university of Kansas medical center. Such
7 expenditures shall also comply with the policies of the Kansas state board
8 of regents and applicable state and federal laws.

9 (c) No more than two percent of funds so collected in any fiscal year
10 shall be used for the administrative expenses of the authority or its board
11 of directors.

12 (d) The authority shall have no authority to issue bonds or to exercise
13 the power of eminent domain.

14 (e) The authority shall issue an annual report to the board of regents,
15 the legislature and the board of commissioners of Johnson county.

16 (f) The authority shall be subject to legislative post audit and audit
17 by the board of commissioners of the Johnson county internal auditor.

18 (g) Meetings of the board of directors of the authority shall be subject
19 to the Kansas open meetings act and records of the authority and the
20 board shall be subject to the Kansas open records act.

21 (h) Unless state general fund appropriations for the university of Kan-
22 sas, Kansas state university, and the university of Kansas medical center
23 are reduced by action of the legislature or the governor, state general
24 fund support of such institutions shall not be reduced below the level of
25 support in effect on the effective date of this act.

26 (i) The Kansas board of regents shall remain responsible for the gov-
27 ernance of these institutions, including approval of any academic pro-
28 grams and the regulation thereof, and shall be responsible to the authority
29 for institutional compliance with the purposes of this act.

30 Sec. 6. K.S.A. 2006 Supp. 12-187 is hereby amended to read as fol-
31 lows: 12-187. (a) ~~(1)~~ No city shall impose a retailers' sales tax under the
32 provisions of this act without the governing body of such city having first
33 submitted such proposition to and having received the approval of a ma-
34 jority of the electors of the city voting thereon at an election called and
35 held therefor. The governing body of any city may submit the question
36 of imposing a retailers' sales tax and the governing body shall be required
37 to submit the question upon submission of a petition signed by electors
38 of such city equal in number to not less than 10% of the electors of such
39 city.

40 ~~(2) The governing body of any class B city located in any county which~~
41 ~~does not impose a countywide retailers' sales tax pursuant to paragraph~~
42 ~~(5) of subsection (b) may submit the question of imposing a retailers' sales~~
43 ~~tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue re-~~

1 ~~ceived therefrom for the purpose of financing the provision of health care~~
2 ~~services, as enumerated in the question, to the electors at an election~~
3 ~~called and held thereon. The tax imposed pursuant to this paragraph shall~~
4 ~~be deemed to be in addition to the rate limitations prescribed in K.S.A.~~
5 ~~12-189, and amendments thereto. As used in this paragraph, health care~~
6 ~~services shall include but not be limited to the following: Local health~~
7 ~~departments, city, county or district hospitals, city or county nursing~~
8 ~~homes, preventive health care services including immunizations, prenatal~~
9 ~~care and the postponement of entry into nursing homes by home health~~
10 ~~care services, mental health services, indigent health care, physician or~~
11 ~~health care worker recruitment, health education, emergency medical~~
12 ~~services, rural health clinics, integration of health care services, home~~
13 ~~health services and rural health networks.~~

14 (b) (1) The board of county commissioners of any county may submit
15 the question of imposing a countywide retailers' sales tax to the electors
16 at an election called and held thereon, and any such board shall be re-
17 quired to submit the question upon submission of a petition signed by
18 electors of such county equal in number to not less than 10% of the
19 electors of such county who voted at the last preceding general election
20 for the office of secretary of state, or upon receiving resolutions request-
21 ing such an election passed by not less than $\frac{2}{3}$ of the membership of the
22 governing body of each of one or more cities within such county which
23 contains a population of not less than 25% of the entire population of the
24 county, or upon receiving resolutions requesting such an election passed
25 by $\frac{2}{3}$ of the membership of the governing body of each of one or more
26 taxing subdivisions within such county which levy not less than 25% of
27 the property taxes levied by all taxing subdivisions within the county.

28 (2) The board of county commissioners of Anderson, Atchison, Bar-
29 ton, Butler, Chase, Cowley, Cherokee, Crawford, Ford, *Franklin*, Jeffer-
30 son, *Linn*, Lyon, Marion, *Miami*, Montgomery, Neosho, Osage, Ottawa,
31 Reno, Riley, Saline, Seward, Sumner, Wabaunsee, Wilson and Wyandotte
32 counties may submit the question of imposing a countywide retailers' sales
33 tax and pledging the revenue received therefrom for the purpose of fi-
34 nancing the construction or remodeling of a courthouse, jail, law enforce-
35 ment center facility or other county administrative facility, to the electors
36 at an election called and held thereon. The tax imposed pursuant to this
37 paragraph shall expire when sales tax sufficient to pay all of the costs
38 incurred in the financing of such facility has been collected by retailers
39 as determined by the secretary of revenue. Nothing in this paragraph
40 shall be construed to allow the rate of tax imposed by Butler, Chase,
41 Cowley, Lyon, Montgomery, Neosho, Riley, Sumner or Wilson county
42 pursuant to this paragraph to exceed or be imposed at any rate other than
43 the rates prescribed in K.S.A. 12-189, and amendments thereto.

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

10 (B) The result of the election held on November 8, 1994, on the
11 question submitted by the board of county commissioners of Ottawa
12 county for the purpose of increasing its countywide retailers' sales tax by
13 1% is hereby declared valid, and the revenue received therefrom by the
14 county shall be expended solely for the purpose of financing the erection,
15 construction and furnishing of a law enforcement center and jail facility.

16 (C) Except as otherwise provided in this paragraph, the result of the
17 election held on November 2, 2004, on the question submitted by the
18 board of county commissioners of Sedgwick county for the purpose of
19 increasing its countywide retailers' sales tax by 1% is hereby declared
20 valid, and the revenue received therefrom by the county shall be used
21 only to pay the costs of: (i) Acquisition of a site and constructing and
22 equipping thereon a new regional events center, associated parking and
23 infrastructure improvements and related appurtenances thereto, to be
24 located in the downtown area of the city of Wichita, Kansas, (the "down-
25 town arena"); (ii) design for the Kansas coliseum complex and construc-
26 tion of improvements to the pavilions; and (iii) establishing an operating
27 and maintenance reserve for the downtown arena and the Kansas coli-
28 seum complex. The tax imposed pursuant to this paragraph shall com-
29 mence on July 1, 2005, and shall terminate not later than 30 months after
30 the commencement thereof.

31 (4) The board of county commissioners of Finney and Ford counties
32 may submit the question of imposing a countywide retailers' sales tax at
33 the rate of .25% and pledging the revenue received therefrom for the
34 purpose of financing all or any portion of the cost to be paid by Finney
35 or Ford county for construction of highway projects identified as system
36 enhancements under the provisions of paragraph (5) of subsection (b) of
37 K.S.A. 68-2314, and amendments thereto, to the electors at an election
38 called and held thereon. Such election shall be called and held in the
39 manner provided by the general bond law. The tax imposed pursuant to
40 this paragraph shall expire upon the payment of all costs authorized pur-
41 suant to this paragraph in the financing of such highway projects. Nothing
42 in this paragraph shall be construed to allow the rate of tax imposed by
43 Finney or Ford county pursuant to this paragraph to exceed the maximum

1 rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds
2 remain upon the payment of all costs authorized pursuant to this para-
3 graph in the financing of such highway projects in Finney county, the
4 state treasurer shall remit such funds to the treasurer of Finney county
5 and upon receipt of such moneys shall be deposited to the credit of the
6 county road and bridge fund. If any funds remain upon the payment of
7 all costs authorized pursuant to this paragraph in the financing of such
8 highway projects in Ford county, the state treasurer shall remit such funds
9 to the treasurer of Ford county and upon receipt of such moneys shall
10 be deposited to the credit of the county road and bridge fund.

11 (5) The board of county commissioners of any county may submit the
12 question of imposing a retailers' sales tax at the rate of .25%, .5%, .75%
13 or 1% and pledging the revenue received therefrom for the purpose of
14 financing the provision of health care services, as enumerated in the ques-
15 tion, to the electors at an election called and held thereon. Whenever any
16 county imposes a tax pursuant to this paragraph, any tax imposed pursuant
17 to paragraph (2) of subsection (a) by any city located in such county shall
18 expire upon the effective date of the imposition of the countywide tax,
19 and thereafter the state treasurer shall remit to each such city that portion
20 of the countywide tax revenue collected by retailers within such city as
21 certified by the director of taxation. The tax imposed pursuant to this
22 paragraph shall be deemed to be in addition to the rate limitations pre-
23 scribed in K.S.A. 12-189, and amendments thereto. As used in this par-
24 agraph, health care services shall include but not be limited to the follow-
25 ing: Local health departments, city or county hospitals, city or county
26 nursing homes, preventive health care services including immunizations,
27 prenatal care and the postponement of entry into nursing homes by home
28 care services, mental health services, indigent health care, physician or
29 health care worker recruitment, health education, emergency medical
30 services, rural health clinics, integration of health care services, home
31 health services and rural health networks.

32 (6) The board of county commissioners of Allen county may submit
33 the question of imposing a countywide retailers' sales tax at the rate of
34 .5% and pledging the revenue received therefrom for the purpose of
35 financing the costs of operation and construction of a solid waste disposal
36 area or the modification of an existing landfill to comply with federal
37 regulations to the electors at an election called and held thereon. The tax
38 imposed pursuant to this paragraph shall expire upon the payment of all
39 costs incurred in the financing of the project undertaken. Nothing in this
40 paragraph shall be construed to allow the rate of tax imposed by Allen
41 county pursuant to this paragraph to exceed or be imposed at any rate
42 other than the rates prescribed in K.S.A. 12-189 and amendments
43 thereto.

1 (7) The board of county commissioners of Clay, Dickinson and Miami
2 county may submit the question of imposing a countywide retailers' sales
3 tax at the rate of .50% in the case of Clay and Dickinson county and at a
4 rate of up to 1% in the case of Miami county, and pledging the revenue
5 received therefrom for the purpose of financing the costs of roadway
6 construction and improvement to the electors at an election called and
7 held thereon. Except as otherwise provided, the tax imposed pursuant to
8 this paragraph shall expire after five years from the date such tax is first
9 collected. The result of the election held on November 2, 2004, on the
10 question submitted by the board of county commissioners of Miami
11 county for the purpose of extending for an additional five-year period the
12 countywide retailers' sales tax imposed pursuant to this subsection in Mi-
13 ami county is hereby declared valid. The countywide retailers' sales tax
14 imposed pursuant to this subsection in Clay and Miami county may be
15 extended or reenacted for additional five-year periods upon the board of
16 county commissioners of Clay and Miami county submitting such ques-
17 tion to the electors at an election called and held thereon for each addi-
18 tional five-year period as provided by law.

19 (8) The board of county commissioners of Sherman county may sub-
20 mit the question of imposing a countywide retailers' sales tax at the rate
21 of 1% and pledging the revenue received therefrom for the purpose of
22 financing the costs of street and roadway improvements to the electors
23 at an election called and held thereon. The tax imposed pursuant to this
24 paragraph shall expire upon payment of all costs authorized pursuant to
25 this paragraph in the financing of such project.

26 (9) The board of county commissioners of Cowley, Crawford, Russell
27 and Woodson county may submit the question of imposing a countywide
28 retailers' sales tax at the rate of .5% in the case of Crawford, Russell and
29 Woodson county and at a rate of up to .25%, in the case of Cowley county
30 and pledging the revenue received therefrom for the purpose of financing
31 economic development initiatives or public infrastructure projects. The
32 tax imposed pursuant to this paragraph shall expire after five years from
33 the date such tax is first collected.

34 (10) The board of county commissioners of Franklin county may sub-
35 mit the question of imposing a countywide retailers' sales tax at the rate
36 of .25% and pledging the revenue received therefrom for the purpose of
37 financing recreational facilities. The tax imposed pursuant to this para-
38 graph shall expire upon payment of all costs authorized in financing such
39 facilities.

40 (11) The board of county commissioners of Douglas county may sub-
41 mit the question of imposing a countywide retailers' sales tax at the rate
42 of .25% and pledging the revenue received therefrom for the purposes
43 of preservation, access and management of open space, and for industrial

1 and business park related economic development.

2 (12) The board of county commissioners of Shawnee county may sub-
3 mit the question of imposing a countywide retailers' sales tax at the rate
4 of .25% and pledging the revenue received therefrom to the city of To-
5 peka for the purpose of financing the costs of rebuilding the Topeka
6 boulevard bridge and other public infrastructure improvements associ-
7 ated with such project to the electors at an election called and held
8 thereon. The tax imposed pursuant to this paragraph shall expire upon
9 payment of all costs authorized in financing such project.

10 (13) The board of county commissioners of Jackson county may sub-
11 mit the question of imposing a countywide retailers' sales tax at a rate of
12 .4% and pledging the revenue received therefrom as follows: 50% of such
13 revenues for the purpose of financing for economic development initia-
14 tives; and 50% of such revenues for the purpose of financing public in-
15 frastructure projects to the electors at an election called and held thereon.
16 The tax imposed pursuant to this paragraph shall expire after seven years
17 from the date such tax is first collected.

18 (14) The board of county commissioners of Neosho county may sub-
19 mit the question of imposing a countywide retailers' sales tax at the rate
20 of .5% and pledging the revenue received therefrom for the purpose of
21 financing the costs of roadway construction and improvement to the elec-
22 tors at an election called and held thereon. The tax imposed pursuant to
23 this paragraph shall expire upon payment of all costs authorized pursuant
24 to this paragraph in the financing of such project.

25 (15) The board of county commissioners of Saline county may submit
26 the question of imposing a countywide retailers' sales tax at the rate of
27 up to .5% and pledging the revenue received therefrom for the purpose
28 of financing the costs of construction and operation of an expo center to
29 the electors at an election called and held thereon. The tax imposed pur-
30 suant to this paragraph shall expire after five years from the date such tax
31 is first collected.

32 (16) The board of county commissioners of Harvey county may sub-
33 mit the question of imposing a countywide retailers' sales tax at the rate
34 of 1.0% and pledging the revenue received therefrom for the purpose of
35 financing the costs of property tax relief, economic development initia-
36 tives and public infrastructure improvements to the electors at an election
37 called and held thereon.

38 (17) The board of county commissioners of Atchison county may sub-
39 mit the question of imposing a countywide retailers' sales tax at the rate
40 of .25% and pledging the revenue received therefrom for the purpose of
41 financing the costs of construction and maintenance of sports and rec-
42 reational facilities to the electors at an election called and held thereon.
43 The tax imposed pursuant to this paragraph shall expire upon payment

1 of all costs authorized in financing such facilities.

2 (18) *The board of county commissioners of Johnson county may sub-*
3 *mit the question of imposing a countywide retailers' sales tax at the rate*
4 *of .25% and pledging the revenue received therefrom for the purpose of*
5 *financing the construction costs of public safety projects, including, but*
6 *not limited to, a jail, detention center, sheriff's resource center, crime lab*
7 *or other county administrative or operational facility dedicated to public*
8 *safety, to the electors at an election called and held thereon. The tax im-*
9 *posed pursuant to this paragraph shall expire after a period not exceeding*
10 *10 years from the date such tax is first collected. The countywide retailers'*
11 *sales tax imposed pursuant to this subsection may be extended or reen-*
12 *acted for additional periods not exceeding 10 years upon the board of*
13 *county commissioners of Johnson county submitting such question to the*
14 *electors at an election called and held thereon for each additional ten-*
15 *year period as provided by law.*

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

34 (d) Any city retailers' sales tax ~~in the amount of .5%~~ being levied by
35 a city ~~on~~ prior to July 1, ~~1990~~ 2006, shall continue in effect until repealed
36 in the manner provided herein for the adoption and approval of such tax
37 or until repealed by the adoption of an ordinance ~~so providing. In addition~~
38 ~~to any city retailers' sales tax being levied by a city on July 1, 1990, any~~
39 ~~such city may adopt an additional city retailers' sales tax in the amount of~~
40 ~~.25% or .5%, provided that such additional tax is adopted and approved~~
41 ~~in the manner provided for the adoption and approval of a city retailers'~~
42 ~~sales tax for such repeal.~~ Any countywide retailers' sales tax in the amount
43 of .5% or 1% in effect on July 1, 1990, shall continue in effect until

1 repealed in the manner provided herein for the adoption and approval of
2 such tax.

3 ~~(e) A class D city shall have the same power to levy and collect a city~~
4 ~~retailers' sales tax that a class A city is authorized to levy and collect and~~
5 ~~in addition, the governing body of any class D city may submit the ques-~~
6 ~~tion of imposing an additional city retailers' sales tax in the amount of~~
7 ~~.125%, .25%, .5% or .75% and pledging the revenue received therefrom~~
8 ~~for economic development initiatives, strategic planning initiatives or for~~
9 ~~public infrastructure projects including buildings to the electors at an~~
10 ~~election called and held thereon. Any additional sales tax imposed pur-~~
11 ~~suant to this paragraph shall expire no later than five years from the date~~
12 ~~of imposition thereof, except that any such tax imposed by any class D~~
13 ~~city after the effective date of this act shall expire no later than 10 years~~
14 ~~from the date of imposition thereof.~~

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

31 ~~(g)~~ (f) The sufficiency of the number of signers of any petition filed
32 under this section shall be determined by the county election officer.
33 Every election held under this act shall be conducted by the county elec-
34 tion officer.

35 ~~(h)~~ (g) The governing body of the city or county proposing to levy
36 any retailers' sales tax shall specify the purpose or purposes for which the
37 revenue would be used, and a statement generally describing such pur-
38 pose or purposes shall be included as a part of the ballot proposition.

39 Sec. 7. K.S.A. 2006 Supp. 12-189 is hereby amended to read as fol-
40 lows: 12-189. ~~Except as otherwise provided by paragraph (2) of subsection~~
41 ~~(a) of K.S.A. 12-187, and amendments thereto, The rate of any class A,~~
42 ~~class B or class C city retailers' sales tax shall be fixed in increments of~~
43 ~~.05% and in the an amount of .25%, .5%, .75% or 1% not to exceed 2%~~

1 *for general purposes and not to exceed 1% for special purposes* which
2 ~~amount~~ shall be determined by the governing body of the city. ~~Except as~~
3 ~~otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187,~~
4 ~~and amendments thereto, the rate of any class D city retailers' sales tax~~
5 ~~shall be fixed in the amount of .10%, .25%, .5%, .75%, 1%, 1.125%,~~
6 ~~1.25%, 1.5% or 1.75%.~~ The rate of any countywide retailers' sales tax shall
7 be fixed in an amount of either .25%, .5%, .75% or 1% which amount
8 shall be determined by the board of county commissioners, except that:

9 (a) The board of county commissioners of Wabaunsee county, for the
10 purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amend-
11 ments thereto, may fix such rate at 1.25%; the board of county commis-
12 sioners of Osage or Reno county, for the purposes of paragraph (2) of
13 subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such
14 rate at 1.25% or 1.5%; the board of county commissioners of Cherokee,
15 Crawford, Ford, Saline, Seward or Wyandotte county, for the purposes
16 of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments
17 thereto, may fix such rate at 1.5%, the board of county commissioners of
18 Atchison county, for the purposes of paragraph (2) of subsection (b) of
19 K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5% or
20 1.75%; the board of county commissioners of Anderson, Barton, Jefferson
21 or Ottawa county, for the purposes of paragraph (2) of subsection (b) of
22 K.S.A. 12-187, and amendments thereto, may fix such rate at 2%; and
23 the board of county commissioners of Marion county, for the purposes
24 of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments
25 thereto, may fix such rate at 2.5%; *the board of county commissioners of*
26 *Franklin, Linn and Miami counties, for the purposes of paragraph (2) of*
27 *subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such*
28 *rate at a percentage which is equal to the sum of the rate allowed to be*
29 *imposed by the respective board of county commissioners on July 1, 2007,*
30 *plus up to 1.0%;*

31 (b) the board of county commissioners of Jackson county, for the
32 purposes of paragraph (3) of subsection (b) of K.S.A. 12-187, and amend-
33 ments thereto, may fix such rate at 2%;

34 (c) the boards of county commissioners of Finney and Ford counties,
35 for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187, and
36 amendments thereto, may fix such rate at .25%;

37 (d) the board of county commissioners of any county for the purposes
38 of paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments
39 thereto, may fix such rate at a percentage which is equal to the sum of
40 the rate allowed to be imposed by a board of county commissioners on
41 the effective date of this act plus .25%, .5%, .75% or 1%, as the case
42 requires;

43 (e) the board of county commissioners of Dickinson county, for the

- 1 purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amend-
2 ments thereto, may fix such rate at 1.5%, and the board of county com-
3 missioners of Miami county, for the purposes of paragraph (7) of subsec-
4 tion (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at
5 1.25%, 1.5%, 1.75% or 2%;
- 6 (f) the board of county commissioners of Sherman county, for the
7 purposes of paragraph (8) of subsection (b) of K.S.A. 12-187, and amend-
8 ments thereto, may fix such rate at 2.25%;
- 9 (g) the board of county commissioners of Crawford or Russell county
10 for the purposes of paragraph (9) of subsection (b) of K.S.A. 12-187, and
11 amendments thereto, may fix such rate at 1.5%;
- 12 (h) the board of county commissioners of Franklin county, for the
13 purposes of paragraph (10) of subsection (b) of K.S.A. 12-187, and
14 amendments thereto, may fix such rate at 1.75%;
- 15 (i) the board of county commissioners of Douglas county, for the
16 purposes of paragraph (11) of subsection (b) of K.S.A. 12-187, and
17 amendments thereto, may fix such rate at 1.25%;
- 18 (j) the board of county commissioners of Jackson county, for the pur-
19 poses of subsection (b)(13) of K.S.A. 12-187 and amendments thereto,
20 may fix such rate at 1.4%;
- 21 (k) the board of county commissioners of Sedgwick county, for the
22 purposes of paragraph (3)(C) of subsection (b) of K.S.A. 12-187, and
23 amendments thereto, may fix such rate at 2%;
- 24 (l) the board of county commissioners of Neosho county, for the pur-
25 poses of paragraph (14) of subsection (b) of K.S.A. 12-187, and amend-
26 ments thereto, may fix such rate at 1.0% or 1.5%;
- 27 (m) the board of county commissioners of Saline county, for the pur-
28 poses of subsection (15) of subsection (b) of K.S.A. 12-187, and amend-
29 ments thereto, may fix such rate at up to 1.5%;
- 30 (n) the board of county commissioners of Harvey county, for the pur-
31 poses of paragraph (16) of subsection (b) of K.S.A. 12-187, and amend-
32 ments thereto, may fix such rate at 2.0%; ~~and~~
- 33 (o) the board of county commissioners of Atchison county, for the
34 purpose of paragraph (17) of subsection (b) of K.S.A. 12-187, and amend-
35 ments thereto, may fix such rate at a percentage which is equal to the
36 sum of the rate allowed to be imposed by the board of county commis-
37 sioners of Atchison county on the effective date of this act plus .25%; *and*
- 38 (p) *the board of county commissioners of Johnson county for the pur-*
39 *poses of paragraph (18) of subsection (b) of K.S.A. 12-187, and amend-*
40 *ments thereto, may fix such rate at a percentage which is equal to the sum*
41 *of the rate allowed to be imposed by the board of county commissioners*
42 *of Johnson county on July 1, 2007, plus .25%.*
- 43 Any county or city levying a retailers' sales tax is hereby prohibited

1 from administering or collecting such tax locally, but shall utilize the serv-
2 ices of the state department of revenue to administer, enforce and collect
3 such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and
4 amendments thereto, such tax shall be identical in its application, and
5 exemptions therefrom, to the Kansas retailers' sales tax act and all laws
6 and administrative rules and regulations of the state department of rev-
7 enue relating to the Kansas retailers' sales tax shall apply to such local
8 sales tax insofar as such laws and rules and regulations may be made
9 applicable. The state director of taxation is hereby authorized to admin-
10 ister, enforce and collect such local sales taxes and to adopt such rules
11 and regulations as may be necessary for the efficient and effective ad-
12 ministration and enforcement thereof.

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

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

35 The director of taxation shall provide, upon request by a city or county
36 clerk or treasurer or finance officer of any city or county levying a local
37 retailers' sales tax, monthly reports identifying each retailer doing busi-
38 ness in such city or county or making taxable sales sourced to such city
39 or county, setting forth the tax liability and the amount of such tax re-
40 mitted by each retailer during the preceding month and identifying each
41 business location maintained by the retailer and such retailer's sales or
42 use tax registration or account number. Such report shall be made avail-
43 able to the clerk or treasurer or finance officer of such city or county

1 within a reasonable time after it has been requested from the director of
2 taxation. The director of taxation shall be allowed to assess a reasonable
3 fee for the issuance of such report. Information received by any city or
4 county pursuant to this section shall be confidential, and it shall be un-
5 lawful for any officer or employee of such city or county to divulge any
6 such information in any manner. Any violation of this paragraph by a city
7 or county officer or employee is a class A misdemeanor, and such officer
8 or employee shall be dismissed from office. Reports of violations of this
9 paragraph shall be investigated by the attorney general. The district at-
10 torney or county attorney and the attorney general shall have authority
11 to prosecute violations of this paragraph.

12 Sec. 8. K.S.A. 2006 Supp. 12-192 is hereby amended to read as fol-
13 lows: 12-192. (a) Except as otherwise provided by subsection (b), (d) or
14 (h), all revenue received by the director of taxation from a countywide
15 retailers' sales tax shall be apportioned among the county and each city
16 located in such county in the following manner: (1) One-half of all reve-
17 nue received by the director of taxation shall be apportioned among the
18 county and each city located in such county in the proportion that the
19 total tangible property tax levies made in such county in the preceding
20 year for all funds of each such governmental unit bear to the total of all
21 such levies made in the preceding year, and (2) $\frac{1}{2}$ of all revenue received
22 by the director of taxation from such countywide retailers' sales tax shall
23 be apportioned among the county and each city located in such county,
24 first to the county that portion of the revenue equal to the proportion
25 that the population of the county residing in the unincorporated area of
26 the county bears to the total population of the county, and second to the
27 cities in the proportion that the population of each city bears to the total
28 population of the county, except that no persons residing within the Fort
29 Riley military reservation shall be included in the determination of the
30 population of any city located within Riley county. All revenue appor-
31 tioned to a county shall be paid to its county treasurer and shall be cred-
32 ited to the general fund of the county.

33 (b) (1) ~~As an alternative and~~ In lieu of the apportionment formula
34 provided in subsection (a), all revenue received by the director of taxation
35 from a countywide retailers' sales tax imposed within Johnson county at
36 the rate of .75% ~~or, 1% or 1.25%~~ after the effective date of this act may
37 *July 1, 2007, shall* be apportioned among the county and each city located
38 in such county in the following manner: (A) The revenue received from
39 the first .5% rate of tax shall be apportioned in the manner prescribed by
40 subsection (a) and (B) the revenue received from the rate of tax exceeding
41 .5% shall be apportioned as follows: (i) One-fourth shall be apportioned
42 among the county and each city located in such county in the proportion
43 that the total tangible property tax levies made in such county in the

1 preceding year for all funds of each such governmental unit bear to the
2 total of all such levies made in the preceding year and (ii) one-fourth shall
3 be apportioned among the county and each city located in such county,
4 first to the county that portion of the revenue equal to the proportion
5 that the population of the county residing in the unincorporated area of
6 the county bears to the total population of the county, and second to the
7 cities in the proportion that the population of each city bears to the total
8 population of the county and (iii) one-half shall be retained by the county
9 for its sole use and benefit.

10 (2) In lieu of the apportionment formula provided in subsection (a),
11 all money received by the director of taxation from a countywide sales tax
12 imposed within Montgomery county pursuant to the election held on
13 November 8, 1994, shall be remitted to and shall be retained by the
14 county and expended only for the purpose for which the revenue received
15 from the tax was pledged. All revenue apportioned and paid from the
16 imposition of such tax to the treasurer of any city prior to the effective
17 date of this act shall be remitted to the county treasurer and expended
18 only for the purpose for which the revenue received from the tax was
19 pledged.

20 (3) In lieu of the apportionment formula provided in subsection (a),
21 on and after the effective date of this act, all moneys received by the
22 director of taxation from a countywide retailers' sales tax imposed within
23 Phillips county pursuant to the election held on September 20, 2005, shall
24 be remitted to and shall be retained by the county and expended only for
25 the purpose for which the revenue received from the tax was pledged.

26 (c) (1) Except as otherwise provided by paragraph (2) of this subsec-
27 tion, for purposes of subsections (a) and (b), the term "total tangible
28 property tax levies" means the aggregate dollar amount of tax revenue
29 derived from ad valorem tax levies applicable to all tangible property
30 located within each such city or county. The ad valorem property tax levy
31 of any county or city district entity or subdivision shall be included within
32 this term if the levy of any such district entity or subdivision is applicable
33 to all tangible property located within each such city or county.

34 (2) For the purposes of subsections (a) and (b), any ad valorem prop-
35 erty tax levied on property located in a city in Johnson county for the
36 purpose of providing fire protection service in such city shall be included
37 within the term "total tangible property tax levies" for such city regardless
38 of its applicability to all tangible property located within each such city.
39 If the tax is levied by a district which extends across city boundaries, for
40 purposes of this computation, the amount of such levy shall be appor-
41 tioned among each city in which such district extends in the proportion
42 that such tax levied within each city bears to the total tax levied by the
43 district.

- 1 (d) (1) All revenue received from a countywide retailers' sales tax
2 imposed pursuant to paragraphs (2), (3)(C), (6), (7), (8), (9), (12), (14),
3 (15), (16) or (17) of subsection (b) of K.S.A. 12-187, and amendments
4 thereto, shall be remitted to and shall be retained by the county and
5 expended only for the purpose for which the revenue received from the
6 tax was pledged.
- 7 (2) Except as otherwise provided in paragraph (5) of subsection (b)
8 of K.S.A. 12-187, and amendments thereto, all revenues received from a
9 countywide retailers' sales tax imposed pursuant to paragraph (5) of sub-
10 section (b) of K.S.A. 12-187, and amendments thereto, shall be remitted
11 to and shall be retained by the county and expended only for the purpose
12 for which the revenue received from the tax was pledged.
- 13 (e) All revenue apportioned to the several cities of the county shall
14 be paid to the respective treasurers thereof and deposited in the general
15 fund of the city. Whenever the territory of any city is located in two or
16 more counties and any one or more of such counties do not levy a coun-
17 tywide retailers' sales tax, or whenever such counties do not levy coun-
18 tywide retailers' sales taxes at a uniform rate, the revenue received by
19 such city from the proceeds of the countywide retailers' sales tax, as an
20 alternative to depositing the same in the general fund, may be used for
21 the purpose of reducing the tax levies of such city upon the taxable tan-
22 gible property located within the county levying such countywide retail-
23 ers' sales tax.
- 24 (f) Prior to March 1 of each year, the secretary of revenue shall advise
25 each county treasurer of the revenue collected in such county from the
26 state retailers' sales tax for the preceding calendar year.
- 27 (g) Prior to December 31 of each year, the clerk of every county
28 imposing a countywide retailers' sales tax shall provide such information
29 deemed necessary by the secretary of revenue to apportion and remit
30 revenue to the counties and cities pursuant to this section.
- 31 (h) The provisions of subsections (a) and (b) for the apportionment
32 of countywide retailers' sales tax shall not apply to any revenues received
33 pursuant to a county or countywide retailers' sales tax levied or collected
34 under K.S.A. 74-8929, and amendments thereto. All such revenue col-
35 lected under K.S.A. 74-8929, and amendments thereto, shall be deposited
36 into the redevelopment bond fund established by K.S.A. 74-8927, and
37 amendments thereto, for the period of time set forth in K.S.A. 74-8927,
38 and amendments thereto.
- 39 Sec. 9. K.S.A. 2006 Supp. 19-101a is hereby amended to read as
40 follows: 19-101a. (a) The board of county commissioners may transact all
41 county business and perform all powers of local legislation and adminis-
42 tration it deems appropriate, subject only to the following limitations,
43 restrictions or prohibitions:

- 1 (1) Counties shall be subject to all acts of the legislature which apply
2 uniformly to all counties.
- 3 (2) Counties may not affect the courts located therein.
- 4 (3) Counties shall be subject to acts of the legislature prescribing
5 limits of indebtedness.
- 6 (4) In the exercise of powers of local legislation and administration
7 authorized under provisions of this section, the home rule power con-
8 ferred on cities to determine their local affairs and government shall not
9 be superseded or impaired without the consent of the governing body of
10 each city within a county which may be affected.
- 11 (5) Counties may not legislate on social welfare administered under
12 state law enacted pursuant to or in conformity with public law No. 271—
13 74th congress, or amendments thereof.
- 14 (6) Counties shall be subject to all acts of the legislature concerning
15 elections, election commissioners and officers and their duties as such
16 officers and the election of county officers.
- 17 (7) Counties shall be subject to the limitations and prohibitions im-
18 posed under K.S.A. 12-187 to 12-195, inclusive, and amendments thereto,
19 prescribing limitations upon the levy of retailers' sales taxes by counties.
- 20 (8) Counties may not exempt from or effect changes in statutes made
21 nonuniform in application solely by reason of authorizing exceptions for
22 counties having adopted a charter for county government.
- 23 (9) No county may levy ad valorem taxes under the authority of this
24 section upon real property located within any redevelopment project area
25 established under the authority of K.S.A. 12-1772, and amendments
26 thereto, unless the resolution authorizing the same specifically authorized
27 a portion of the proceeds of such levy to be used to pay the principal of
28 and interest upon bonds issued by a city under the authority of K.S.A.
29 12-1774, and amendments thereto.
- 30 (10) Counties shall have no power under this section to exempt from
31 any statute authorizing or requiring the levy of taxes and providing sub-
32 stitute and additional provisions on the same subject, unless the resolution
33 authorizing the same specifically provides for a portion of the proceeds
34 of such levy to be used to pay a portion of the principal and interest on
35 bonds issued by cities under the authority of K.S.A. 12-1774, and amend-
36 ments thereto.
- 37 (11) Counties may not exempt from or effect changes in the provi-
38 sions of K.S.A. 19-4601 through 19-4625, and amendments thereto.
- 39 (12) Except as otherwise specifically authorized by K.S.A. 12-1,101
40 through 12-1,109, and amendments thereto, counties may not levy and
41 collect taxes on incomes from whatever source derived.
- 42 (13) Counties may not exempt from or effect changes in K.S.A. 19-
43 430, and amendments thereto.

- 1 (14) Counties may not exempt from or effect changes in K.S.A. 19-
2 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.
- 3 (15) (A) Counties may not exempt from or effect changes in K.S.A.
4 13-13a26, and amendments thereto.
- 5 (B) This provision shall expire on June 30, 2006.
- 6 (16) (A) Counties may not exempt from or effect changes in K.S.A.
7 71-301a, and amendments thereto.
- 8 (B) This provision shall expire on June 30, 2006.
- 9 (17) Counties may not exempt from or effect changes in K.S.A. 19-
10 15,139, 19-15,140 and 19-15,141, and amendments thereto.
- 11 (18) Counties may not exempt from or effect changes in the provi-
12 sions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c and 12-
13 1226, and amendments thereto, or the provisions of K.S.A. 12-1260
14 through 12-1270 and 12-1276, and amendments thereto.
- 15 (19) Counties may not exempt from or effect changes in the provi-
16 sions of K.S.A. 19-211, and amendments thereto.
- 17 (20) Counties may not exempt from or effect changes in the provi-
18 sions of K.S.A. 19-4001 through 19-4015, and amendments thereto.
- 19 (21) Counties may not regulate the production or drilling of any oil
20 or gas well in any manner which would result in the duplication of reg-
21 ulation by the state corporation commission and the Kansas department
22 of health and environment pursuant to chapter 55 and chapter 65 of the
23 Kansas Statutes Annotated, and amendments thereto, and any rules and
24 regulations adopted pursuant thereto. Counties may not require any li-
25 cense or permit for the drilling or production of oil and gas wells. Counties
26 may not impose any fee or charge for the drilling or production of any
27 oil or gas well.
- 28 (22) Counties may not exempt from or effect changes in K.S.A. 79-
29 41a04, and amendments thereto.
- 30 (23) Counties may not exempt from or effect changes in K.S.A. 79-
31 1611, and amendments thereto.
- 32 (24) Counties may not exempt from or effect changes in K.S.A. 79-
33 1494, and amendments thereto.
- 34 (25) Counties may not exempt from or effect changes in subsection
35 (b) of K.S.A. 19-202, and amendments thereto.
- 36 (26) Counties may not exempt from or effect changes in subsection
37 (b) of K.S.A. 19-204, and amendments thereto.
- 38 (27) Counties may not levy or impose an excise, severance or any
39 other tax in the nature of an excise tax upon the physical severance and
40 production of any mineral or other material from the earth or water.
- 41 (28) Counties may not exempt from or effect changes in K.S.A. 79-
42 2017 or 79-2101, and amendments thereto.
- 43 (29) Counties may not exempt from or effect changes in K.S.A. 2-

1 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-
2 1,178 through 65-1,199, and amendments thereto.

3 (30) Counties may not exempt from or effect changes in K.S.A. 2006
4 Supp. 80-121, and amendments thereto.

5 (31) Counties may not exempt from or effect changes in K.S.A. 19-
6 228, and amendments thereto.

7 (32) Counties may not exempt from or effect changes in the wireless
8 enhanced 911 act, *in the VoIP enhanced 911 act* or in the provisions of
9 K.S.A. 12-5301 through 12-5308, and amendments thereto.

10 (33) Counties may not exempt from or effect changes in K.S.A. 2006
11 Supp. 26-601, and amendments thereto.

12 (34) (A) From and after November 15, 2005, counties may not ex-
13 empt from or effect changes in the Kansas liquor control act except as
14 provided by paragraph (B).

15 (B) From and after November 15, 2005, counties may adopt resolu-
16 tions which are not in conflict with the Kansas liquor control act.

17 (35) (A) From and after November 15, 2005, counties may not ex-
18 empt from or effect changes in the Kansas cereal malt beverage act except
19 as provided by paragraph (B).

20 (B) From and after November 15, 2005, counties may adopt resolu-
21 tions which are not in conflict with the Kansas cereal malt beverage act.

22 (36) *Counties may neither exempt from nor effect changes to the em-*
23 *inent domain procedure act.*

24 (37) *Any county granted authority pursuant to the provisions of sec-*
25 *tions 1 through 5, and amendments thereto, shall be subject to the limi-*
26 *tations and prohibitions imposed under sections 1 through 5, and amend-*
27 *ments thereto.*

28 (38) *Except as otherwise specifically authorized by sections 1 through*
29 *5, and amendments thereto, counties may not exercise any authority*
30 *granted pursuant to sections 1 through 5, and amendments thereto, in-*
31 *cluding the imposition or levy of any retailers' sales tax.*

32 (b) Counties shall apply the powers of local legislation granted in
33 subsection (a) by resolution of the board of county commissioners. If no
34 statutory authority exists for such local legislation other than that set forth
35 in subsection (a) and the local legislation proposed under the authority
36 of such subsection is not contrary to any act of the legislature, such local
37 legislation shall become effective upon passage of a resolution of the
38 board and publication in the official county newspaper. If the legislation
39 proposed by the board under authority of subsection (a) is contrary to an
40 act of the legislature which is applicable to the particular county but not
41 uniformly applicable to all counties, such legislation shall become effec-
42 tive by passage of a charter resolution in the manner provided in K.S.A.
43 19-101b, and amendments thereto.

1 (c) Any resolution adopted by a county which conflicts with the re-
2 strictions in subsection (a) is null and void.

3 Sec. 10. K.S.A. 2006 Supp. 79-3606 is hereby amended to read as
4 follows: 79-3606. The following shall be exempt from the tax imposed by
5 this act:

6 (a) All sales of motor-vehicle fuel or other articles upon which a sales
7 or excise tax has been paid, not subject to refund, under the laws of this
8 state except cigarettes as defined by K.S.A. 79-3301 and amendments
9 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
10 3817 and amendments thereto, including wort, liquid malt, malt syrup
11 and malt extract, which is not subject to taxation under the provisions of
12 K.S.A. 79-41a02 and amendments thereto, motor vehicles taxed pursuant
13 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to
14 K.S.A. 65-3424d, and amendments thereto, drycleaning and laundry serv-
15 ices taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and
16 gross receipts from regulated sports contests taxed pursuant to the Kansas
17 professional regulated sports act, and amendments 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 sold to persons using directly or through an authorized agent such aircraft
15 as certified or licensed carriers of persons or property in interstate or
16 foreign commerce under authority of the laws of the United States or any
17 foreign government or sold to any foreign government or agency or in-
18 strumentality of such foreign government and all sales of aircraft for use
19 outside of the United States and sales of aircraft repair, modification and
20 replacement parts and sales of services employed in the remanufacture,
21 modification and repair of aircraft;
- 22 (h) all rentals of nonsectarian textbooks by public or private elemen-
23 tary or secondary schools;
- 24 (i) the lease or rental of all films, records, tapes, or any type of sound
25 or picture transcriptions used by motion picture exhibitors;
- 26 (j) meals served without charge or food used in the preparation of
27 such meals to employees of any restaurant, eating house, dining car, hotel,
28 drugstore or other place where meals or drinks are regularly sold to the
29 public if such employees' duties are related to the furnishing or sale of
30 such meals or drinks;
- 31 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
32 defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and
33 delivered in this state to a bona fide resident of another state, which motor
34 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
35 in this state and which vehicle, semitrailer, pole trailer or aircraft will not
36 remain in this state more than 10 days;
- 37 (l) all isolated or occasional sales of tangible personal property, serv-
38 ices, substances or things, except isolated or occasional sale of motor
39 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.
40 79-3603 and amendments thereto;
- 41 (m) all sales of tangible personal property which become an ingre-
42 dient or component part of tangible personal property or services pro-
43 duced, manufactured or compounded for ultimate sale at retail within or

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

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

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

22 (p) all sales of drugs dispensed pursuant to a prescription order by a
23 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
24 1626, and amendments thereto. As used in this subsection, "drug" means
25 a compound, substance or preparation and any component of a com-
26 pound, substance or preparation, other than food and food ingredients,
27 dietary supplements or alcoholic beverages, recognized in the official
28 United States pharmacopoeia, official homeopathic pharmacopoeia of the
29 United States or official national formulary, and supplement to any of
30 them, intended for use in the diagnosis, cure, mitigation, treatment or
31 prevention of disease or intended to affect the structure or any function
32 of the body;

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

36 (r) all sales of prosthetic devices and mobility enhancing equipment
37 prescribed in writing by a person licensed to practice the healing arts,
38 dentistry or optometry, and in addition to such sales, all sales of hearing
39 aids, as defined by subsection (c) of K.S.A. 74-5807, and amendments
40 thereto, and repair and replacement parts therefor, including batteries,
41 by a person licensed in the practice of dispensing and fitting hearing aids
42 pursuant to the provisions of K.S.A. 74-5808, and amendments thereto.
43 For the purposes of this subsection: (1) "Mobility enhancing equipment"

1 means equipment including repair and replacement parts to same, but
2 does not include durable medical equipment, which is primarily and cus-
3 tomarily used to provide or increase the ability to move from one place
4 to another and which is appropriate for use either in a home or a motor
5 vehicle; is not generally used by persons with normal mobility; and does
6 not include any motor vehicle or equipment on a motor vehicle normally
7 provided by a motor vehicle manufacturer; and (2) “prosthetic device”
8 means a replacement, corrective or supportive device including repair
9 and replacement parts for same worn on or in the body to artificially
10 replace a missing portion of the body, prevent or correct physical defor-
11 mity or malfunction or support a weak or deformed portion of the body;
12 (s) except as provided in K.S.A. 2006 Supp. 82a-2101, and amend-
13 ments thereto, all sales of tangible personal property or services pur-
14 chased directly or indirectly by a groundwater management district or-
15 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and
16 amendments thereto, by a rural water district organized or operating un-
17 der the authority of K.S.A. 82a-612, and amendments thereto, or by a
18 water supply district organized or operating under the authority of K.S.A.
19 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,
20 which property or services are used in the construction activities, opera-
21 tion or maintenance of the district;

22 (t) all sales of farm machinery and equipment or aquaculture ma-
23 chinery and equipment, repair and replacement parts therefor and serv-
24 ices performed in the repair and maintenance of such machinery and
25 equipment. For the purposes of this subsection the term “farm machinery
26 and equipment or aquaculture machinery and equipment” shall include
27 a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
28 thereto, and is equipped with a bed or cargo box for hauling materials,
29 and shall also include machinery and equipment used in the operation of
30 Christmas tree farming but shall not include any passenger vehicle, truck,
31 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer,
32 as such terms are defined by K.S.A. 8-126 and amendments thereto.
33 *“Farm machinery and equipment” includes precision farming equipment*
34 *that is portable or is installed or purchased to be installed on farm ma-*
35 *chinery and equipment. “Precision farming equipment” includes the fol-*
36 *lowing items used only in computer-assisted farming, ranching or aqua-*
37 *culture production operations: Soil testing sensors, yield monitors,*
38 *computers, monitors, software, global positioning and mapping systems,*
39 *guiding systems, modems, data communications equipment and any nec-*
40 *essary mounting hardware, wiring and antennas. Each purchaser of farm*
41 *machinery and equipment or aquaculture machinery and equipment ex-*
42 *empted herein must certify in writing on the copy of the invoice or sales*
43 *ticket to be retained by the seller that the farm machinery and equipment*

- 1 or aquaculture machinery and equipment purchased will be used only in
2 farming, ranching or aquaculture production. Farming or ranching shall
3 include the operation of a feedlot and farm and ranch work for hire and
4 the operation of a nursery;
- 5 (u) all leases or rentals of tangible personal property used as a dwell-
6 ing if such tangible personal property is leased or rented for a period of
7 more than 28 consecutive days;
- 8 (v) all sales of tangible personal property to any contractor for use in
9 preparing meals for delivery to homebound elderly persons over 60 years
10 of age and to homebound disabled persons or to be served at a group-
11 sitting at a location outside of the home to otherwise homebound elderly
12 persons over 60 years of age and to otherwise homebound disabled per-
13 sons, as all or part of any food service project funded in whole or in part
14 by government or as part of a private nonprofit food service project avail-
15 able to all such elderly or disabled persons residing within an area of
16 service designated by the private nonprofit organization, and all sales of
17 tangible personal property for use in preparing meals for consumption by
18 indigent or homeless individuals whether or not such meals are consumed
19 at a place designated for such purpose, and all sales of food products by
20 or on behalf of any such contractor or organization for any such purpose;
- 21 (w) all sales of natural gas, electricity, heat and water delivered
22 through mains, lines or pipes: (1) To residential premises for noncom-
23 mercial use by the occupant of such premises; (2) for agricultural use and
24 also, for such use, all sales of propane gas; (3) for use in the severing of
25 oil; and (4) to any property which is exempt from property taxation pur-
26 suant to K.S.A. 79-201b *Second* through *Sixth*. As used in this paragraph,
27 “severing” shall have the meaning ascribed thereto by subsection (k) of
28 K.S.A. 79-4216, and amendments thereto. For all sales of natural gas,
29 electricity and heat delivered through mains, lines or pipes pursuant to
30 the provisions of subsection (w)(1) and (w)(2), the provisions of this sub-
31 section shall expire on December 31, 2005;
- 32 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources
33 for the production of heat or lighting for noncommercial use of an oc-
34 cupant of residential premises occurring prior to January 1, 2006;
- 35 (y) all sales of materials and services used in the repairing, servicing,
36 altering, maintaining, manufacturing, remanufacturing, or modification of
37 railroad rolling stock for use in interstate or foreign commerce under
38 authority of the laws of the United States;
- 39 (z) all sales of tangible personal property and services purchased di-
40 rectly by a port authority or by a contractor therefor as provided by the
41 provisions of K.S.A. 12-3418 and amendments thereto;
- 42 (aa) all sales of materials and services applied to equipment which is
43 transported into the state from without the state for repair, service, al-

1 teration, maintenance, remanufacture or modification and which is sub-
2 sequently transported outside the state for use in the transmission of
3 liquids or natural gas by means of pipeline in interstate or foreign com-
4 merce under authority of the laws of the United States;

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

10 (cc) all sales of tangible personal property or services purchased for
11 the purpose of and in conjunction with constructing, reconstructing, en-
12 larging or remodeling a business or retail business which meets the
13 requirements established in K.S.A. 74-50,115 and amendments thereto,
14 and the sale and installation of machinery and equipment purchased for
15 installation at any such business or retail business. When a person shall
16 contract for the construction, reconstruction, enlargement or remodeling
17 of any such business or retail business, such person shall obtain from the
18 state and furnish to the contractor an exemption certificate for the project
19 involved, and the contractor may purchase materials, machinery and
20 equipment for incorporation in such project. The contractor shall furnish
21 the number of such certificates to all suppliers from whom such purchases
22 are made, and such suppliers shall execute invoices covering the same
23 bearing the number of such certificate. Upon completion of the project
24 the contractor shall furnish to the owner of the business or retail business
25 a sworn statement, on a form to be provided by the director of taxation,
26 that all purchases so made were entitled to exemption under this subsec-
27 tion. All invoices shall be held by the contractor for a period of five years
28 and shall be subject to audit by the director of taxation. Any contractor
29 or any agent, employee or subcontractor thereof, who shall use or oth-
30 erwise dispose of any materials, machinery or equipment purchased un-
31 der such a certificate for any purpose other than that for which such a
32 certificate is issued without the payment of the sales or compensating tax
33 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon
34 conviction therefor, shall be subject to the penalties provided for in sub-
35 section (g) of K.S.A. 79-3615 and amendments thereto. As used in this
36 subsection, “business” and “retail business” have the meanings respec-
37 tively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;

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

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

42 (ff) on and after July 1, 1988, all sales of new mobile homes or man-
43 ufactured homes to the extent of 40% of the gross receipts, determined

- 1 without regard to any trade-in allowance, received from such sale. As used
2 in this subsection, “mobile homes” and “manufactured homes” shall have
3 the meanings ascribed thereto by K.S.A. 58-4202 and amendments
4 thereto;
- 5 (gg) all sales of tangible personal property purchased in accordance
6 with vouchers issued pursuant to the federal special supplemental food
7 program for women, infants and children;
- 8 (hh) all sales of medical supplies and equipment, including durable
9 medical equipment, purchased directly by a nonprofit skilled nursing
10 home or nonprofit intermediate nursing care home, as defined by K.S.A.
11 39-923, and amendments thereto, for the purpose of providing medical
12 services to residents thereof. This exemption shall not apply to tangible
13 personal property customarily used for human habitation purposes. As
14 used in this subsection, “durable medical equipment” means equipment
15 including repair and replacement parts for such equipment, but does not
16 include mobility enhancing equipment as defined in subsection (r) which
17 can withstand repeated use, is primarily and customarily used to serve a
18 medical purpose, generally is not useful to a person in the absence of
19 illness or injury and is not worn in or on the body;
- 20 (ii) all sales of tangible personal property purchased directly by a non-
21 profit organization for nonsectarian comprehensive multidiscipline youth
22 development programs and activities provided or sponsored by such or-
23 ganization, and all sales of tangible personal property by or on behalf of
24 any such organization. This exemption shall not apply to tangible personal
25 property customarily used for human habitation purposes;
- 26 (jj) all sales of tangible personal property or services, including the
27 renting and leasing of tangible personal property, purchased directly on
28 behalf of a community-based mental retardation facility or mental health
29 center organized pursuant to K.S.A. 19-4001 et seq., and amendments
30 thereto, and licensed in accordance with the provisions of K.S.A. 75-
31 3307b and amendments thereto and all sales of tangible personal property
32 or services purchased by contractors during the time period from July,
33 2003, through June, 2006, for the purpose of constructing, equipping,
34 maintaining or furnishing a new facility for a community-based mental
35 retardation facility or mental health center located in Riverton, Cherokee
36 County, Kansas, which would have been eligible for sales tax exemption
37 pursuant to this subsection if purchased directly by such facility or center.
38 This exemption shall not apply to tangible personal property customarily
39 used for human habitation purposes;
- 40 (kk) (1) (A) all sales of machinery and equipment which are used in
41 this state as an integral or essential part of an integrated production op-
42 eration by a manufacturing or processing plant or facility;
- 43 (B) all sales of installation, repair and maintenance services per-

1 formed on such machinery and equipment; and
2 (C) all sales of repair and replacement parts and accessories pur-
3 chased for such machinery and equipment.
4 (2) For purposes of this subsection:
5 (A) “Integrated production operation” means an integrated series of
6 operations engaged in at a manufacturing or processing plant or facility
7 to process, transform or convert tangible personal property by physical,
8 chemical or other means into a different form, composition or character
9 from that in which it originally existed. Integrated production operations
10 shall include: (i) Production line operations, including packaging opera-
11 tions; (ii) preproduction operations to handle, store and treat raw mate-
12 rials; (iii) post production handling, storage, warehousing and distribution
13 operations; and (iv) waste, pollution and environmental control opera-
14 tions, if any;
15 (B) “production line” means the assemblage of machinery and equip-
16 ment at a manufacturing or processing plant or facility where the actual
17 transformation or processing of tangible personal property occurs;
18 (C) “manufacturing or processing plant or facility” means a single,
19 fixed location owned or controlled by a manufacturing or processing busi-
20 ness that consists of one or more structures or buildings in a contiguous
21 area where integrated production operations are conducted to manufac-
22 ture or process tangible personal property to be ultimately sold at retail.
23 Such term shall not include any facility primarily operated for the purpose
24 of conveying or assisting in the conveyance of natural gas, electricity, oil
25 or water. A business may operate one or more manufacturing or proc-
26 essing plants or facilities at different locations to manufacture or process
27 a single product of tangible personal property to be ultimately sold at
28 retail;
29 (D) “manufacturing or processing business” means a business that
30 utilizes an integrated production operation to manufacture, process, fab-
31 ricate, finish, or assemble items for wholesale and retail distribution as
32 part of what is commonly regarded by the general public as an industrial
33 manufacturing or processing operation or an agricultural commodity
34 processing operation. (i) Industrial manufacturing or processing opera-
35 tions include, by way of illustration but not of limitation, the fabrication
36 of automobiles, airplanes, machinery or transportation equipment, the
37 fabrication of metal, plastic, wood, or paper products, electricity power
38 generation, water treatment, petroleum refining, chemical production,
39 wholesale bottling, newspaper printing, ready mixed concrete production,
40 and the remanufacturing of used parts for wholesale or retail sale. Such
41 processing operations shall include operations at an oil well, gas well, mine
42 or other excavation site where the oil, gas, minerals, coal, clay, stone, sand
43 or gravel that has been extracted from the earth is cleaned, separated,

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

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

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

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

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

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

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

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

41 (E) to test or measure raw materials, the property undergoing man-
42 ufacturing or processing or the finished product, as a necessary part of
43 the manufacturer’s integrated production operations;

- 1 (F) to plan, manage, control or record the receipt and flow of inven-
2 tories of raw materials, consumables and component parts, the flow of
3 the property undergoing manufacturing or processing and the manage-
4 ment of inventories of the finished product;
- 5 (G) to produce energy for, lubricate, control the operating of or oth-
6 erwise enable the functioning of other production machinery and equip-
7 ment and the continuation of production operations;
- 8 (H) to package the property being manufactured or processed in a
9 container or wrapping in which such property is normally sold or
10 transported;
- 11 (I) to transmit or transport electricity, coke, gas, water, steam or sim-
12 ilar substances used in production operations from the point of genera-
13 tion, if produced by the manufacturer or processor at the plant site, to
14 that manufacturer's production operation; or, if purchased or delivered
15 from offsite, from the point where the substance enters the site of the
16 plant or facility to that manufacturer's production operations;
- 17 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,
18 oil, solvents or other substances that are used in production operations;
- 19 (K) to provide and control an environment required to maintain cer-
20 tain levels of air quality, humidity or temperature in special and limited
21 areas of the plant or facility, where such regulation of temperature or
22 humidity is part of and essential to the production process;
- 23 (L) to treat, transport or store waste or other byproducts of produc-
24 tion operations at the plant or facility; or
- 25 (M) to control pollution at the plant or facility where the pollution is
26 produced by the manufacturing or processing operation.
- 27 (4) The following machinery, equipment and materials shall be
28 deemed to be exempt even though it may not otherwise qualify as ma-
29 chinery and equipment used as an integral or essential part of an inte-
30 grated production operation: (A) Computers and related peripheral
31 equipment that are utilized by a manufacturing or processing business
32 for engineering of the finished product or for research and development
33 or product design; (B) machinery and equipment that is utilized by a
34 manufacturing or processing business to manufacture or rebuild tangible
35 personal property that is used in manufacturing or processing operations,
36 including tools, dies, molds, forms and other parts of qualifying machinery
37 and equipment; (C) portable plants for aggregate concrete, bulk cement
38 and asphalt including cement mixing drums to be attached to a motor
39 vehicle; (D) industrial fixtures, devices, support facilities and special foun-
40 dations necessary for manufacturing and production operations, and ma-
41 terials and other tangible personal property sold for the purpose of fab-
42 ricating such fixtures, devices, facilities and foundations. An exemption
43 certificate for such purchases shall be signed by the manufacturer or

1 processor. If the fabricator purchases such material, the fabricator shall
2 also sign the exemption certificate; and (E) a manufacturing or processing
3 business' laboratory equipment that is not located at the plant or facility,
4 but that would otherwise qualify for exemption under subsection (3)(E).
5 (5) "Machinery and equipment used as an integral or essential part
6 of an integrated production operation" shall not include:
7 (A) Machinery and equipment used for nonproduction purposes, in-
8 cluding, but not limited to, machinery and equipment used for plant se-
9 curity, fire prevention, first aid, accounting, administration, record keep-
10 ing, advertising, marketing, sales or other related activities, plant cleaning,
11 plant communications, and employee work scheduling;
12 (B) machinery, equipment and tools used primarily in maintaining
13 and repairing any type of machinery and equipment or the building and
14 plant;
15 (C) transportation, transmission and distribution equipment not pri-
16 marily used in a production, warehousing or material handling operation
17 at the plant or facility, including the means of conveyance of natural gas,
18 electricity, oil or water, and equipment related thereto, located outside
19 the plant or facility;
20 (D) office machines and equipment including computers and related
21 peripheral equipment not used directly and primarily to control or mea-
22 sure the manufacturing process;
23 (E) furniture and other furnishings;
24 (F) buildings, other than exempt machinery and equipment that is
25 permanently affixed to or becomes a physical part of the building, and
26 any other part of real estate that is not otherwise exempt;
27 (G) building fixtures that are not integral to the manufacturing op-
28 eration, such as utility systems for heating, ventilation, air conditioning,
29 communications, plumbing or electrical;
30 (H) machinery and equipment used for general plant heating, cooling
31 and lighting;
32 (I) motor vehicles that are registered for operation on public high-
33 ways; or
34 (J) employee apparel, except safety and protective apparel that is pur-
35 chased by an employer and furnished gratuitously to employees who are
36 involved in production or research activities.
37 (6) Subsections (3) and (5) shall not be construed as exclusive listings
38 of the machinery and equipment that qualify or do not qualify as an
39 integral or essential part of an integrated production operation. When
40 machinery or equipment is used as an integral or essential part of pro-
41 duction operations part of the time and for nonproduction purpose at
42 other times, the primary use of the machinery or equipment shall deter-
43 mine whether or not such machinery or equipment qualifies for

- 1 exemption.
- 2 (7) The secretary of revenue shall adopt rules and regulations nec-
- 3 essary to administer the provisions of this subsection;
- 4 (ll) all sales of educational materials purchased for distribution to the
- 5 public at no charge by a nonprofit corporation organized for the purpose
- 6 of encouraging, fostering and conducting programs for the improvement
- 7 of public health;
- 8 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
- 9 herbicides, germicides, pesticides and fungicides; and services, purchased
- 10 and used for the purpose of producing plants in order to prevent soil
- 11 erosion on land devoted to agricultural use;
- 12 (nn) except as otherwise provided in this act, all sales of services ren-
- 13 dered by an advertising agency or licensed broadcast station or any mem-
- 14 ber, agent or employee thereof;
- 15 (oo) all sales of tangible personal property purchased by a community
- 16 action group or agency for the exclusive purpose of repairing or weath-
- 17 erizing housing occupied by low income individuals;
- 18 (pp) all sales of drill bits and explosives actually utilized in the explo-
- 19 ration and production of oil or gas;
- 20 (qq) all sales of tangible personal property and services purchased by
- 21 a nonprofit museum or historical society or any combination thereof, in-
- 22 cluding a nonprofit organization which is organized for the purpose of
- 23 stimulating public interest in the exploration of space by providing edu-
- 24 cational information, exhibits and experiences, which is exempt from fed-
- 25 eral income taxation pursuant to section 501(c)(3) of the federal internal
- 26 revenue code of 1986;
- 27 (rr) all sales of tangible personal property which will admit the pur-
- 28 chaser thereof to any annual event sponsored by a nonprofit organization
- 29 which is exempt from federal income taxation pursuant to section
- 30 501(c)(3) of the federal internal revenue code of 1986;
- 31 (ss) all sales of tangible personal property and services purchased by
- 32 a public broadcasting station licensed by the federal communications
- 33 commission as a noncommercial educational television or radio station;
- 34 (tt) all sales of tangible personal property and services purchased by
- 35 or on behalf of a not-for-profit corporation which is exempt from federal
- 36 income taxation pursuant to section 501(c)(3) of the federal internal rev-
- 37 enue code of 1986, for the sole purpose of constructing a Kansas Korean
- 38 War memorial;
- 39 (uu) all sales of tangible personal property and services purchased by
- 40 or on behalf of any rural volunteer fire-fighting organization for use ex-
- 41 clusively in the performance of its duties and functions;
- 42 (vv) all sales of tangible personal property purchased by any of the
- 43 following organizations which are exempt from federal income taxation

- 1 pursuant to section 501 (c)(3) of the federal internal revenue code of
2 1986, for the following purposes, and all sales of any such property by or
3 on behalf of any such organization for any such purpose:
- 4 (1) The American Heart Association, Kansas Affiliate, Inc. for the
5 purposes of providing education, training, certification in emergency car-
6 diac care, research and other related services to reduce disability and
7 death from cardiovascular diseases and stroke;
 - 8 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
9 advocacy for persons with mental illness and to education, research and
10 support for their families;
 - 11 (3) the Kansas Mental Illness Awareness Council for the purposes of
12 advocacy for persons who are mentally ill and to education, research and
13 support for them and their families;
 - 14 (4) the American Diabetes Association Kansas Affiliate, Inc. for the
15 purpose of eliminating diabetes through medical research, public edu-
16 cation focusing on disease prevention and education, patient education
17 including information on coping with diabetes, and professional education
18 and training;
 - 19 (5) the American Lung Association of Kansas, Inc. for the purpose of
20 eliminating all lung diseases through medical research, public education
21 including information on coping with lung diseases, professional educa-
22 tion and training related to lung disease and other related services to
23 reduce the incidence of disability and death due to lung disease;
 - 24 (6) the Kansas chapters of the Alzheimer's Disease and Related Dis-
25 orders Association, Inc. for the purpose of providing assistance and sup-
26 port to persons in Kansas with Alzheimer's disease, and their families and
27 caregivers;
 - 28 (7) the Kansas chapters of the Parkinson's disease association for the
29 purpose of eliminating Parkinson's disease through medical research and
30 public and professional education related to such disease;
 - 31 (8) the National Kidney Foundation of Kansas and Western Missouri
32 for the purpose of eliminating kidney disease through medical research
33 and public and private education related to such disease;
 - 34 (9) the heartstrings community foundation for the purpose of provid-
35 ing training, employment and activities for adults with developmental
36 disabilities;
 - 37 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
38 the purposes of assuring the development of the means to cure and con-
39 trol cystic fibrosis and improving the quality of life for those with the
40 disease;
 - 41 (11) the spina bifida association of Kansas for the purpose of provid-
42 ing financial, educational and practical aid to families and individuals with
43 spina bifida. Such aid includes, but is not limited to, funding for medical

- 1 devices, counseling and medical educational opportunities;
- 2 (12) the CHWC, Inc., for the purpose of rebuilding urban core neigh-
3 borhoods through the construction of new homes, acquiring and reno-
4 vating existing homes and other related activities, and promoting eco-
5 nomic development in such neighborhoods;
- 6 (13) the cross-lines cooperative council for the purpose of providing
7 social services to low income individuals and families;
- 8 (14) the Dreams Work, Inc., for the purpose of providing young adult
9 day services to individuals with developmental disabilities and assisting
10 families in avoiding institutional or nursing home care for a developmen-
11 tally disabled member of their family;
- 12 (15) the KSDS, Inc., for the purpose of promoting the independence
13 and inclusion of people with disabilities as fully participating and contrib-
14 uting members of their communities and society through the training and
15 providing of guide and service dogs to people with disabilities, and pro-
16 viding disability education and awareness to the general public; and
- 17 (16) the lyme association of greater Kansas City, Inc., for the purpose
18 of providing support to persons with lyme disease and public education
19 relating to the prevention, treatment and cure of lyme disease;
- 20 (ww) all sales of tangible personal property purchased by the Habitat
21 for Humanity for the exclusive use of being incorporated within a housing
22 project constructed by such organization;
- 23 (xx) all sales of tangible personal property and services purchased by
24 a nonprofit zoo which is exempt from federal income taxation pursuant
25 to section 501(c)(3) of the federal internal revenue code of 1986, or on
26 behalf of such zoo by an entity itself exempt from federal income taxation
27 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
28 contracted with to operate such zoo and all sales of tangible personal
29 property or services purchased by a contractor for the purpose of con-
30 structing, equipping, reconstructing, maintaining, repairing, enlarging,
31 furnishing or remodeling facilities for any nonprofit zoo which would be
32 exempt from taxation under the provisions of this section if purchased
33 directly by such nonprofit zoo or the entity operating such zoo. Nothing
34 in this subsection shall be deemed to exempt the purchase of any con-
35 struction machinery, equipment or tools used in the constructing, equip-
36 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-
37 modeling facilities for any nonprofit zoo. When any nonprofit zoo shall
38 contract for the purpose of constructing, equipping, reconstructing, main-
39 taining, repairing, enlarging, furnishing or remodeling facilities, it shall
40 obtain from the state and furnish to the contractor an exemption certifi-
41 cate for the project involved, and the contractor may purchase materials
42 for incorporation in such project. The contractor shall furnish the number
43 of such certificate to all suppliers from whom such purchases are made,

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

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

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

38 (aaa) all sales of tangible personal property and services purchased
39 by a religious organization which is exempt from federal income taxation
40 pursuant to section 501(c)(3) of the federal internal revenue code, and
41 used exclusively for religious purposes, and all sales of tangible personal
42 property or services purchased by a contractor for the purpose of con-
43 structing, equipping, reconstructing, maintaining, repairing, enlarging,

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

1 claim and shall refund that amount of sales tax paid as determined under
2 the provisions of this subsection. All refunds shall be paid from the sales
3 tax refund fund upon warrants of the director of accounts and reports
4 pursuant to vouchers approved by the director or the director's designee;
5 (bbb) all sales of food for human consumption by an organization
6 which is exempt from federal income taxation pursuant to section 501
7 (c)(3) of the federal internal revenue code of 1986, pursuant to a food
8 distribution program which offers such food at a price below cost in
9 exchange for the performance of community service by the purchaser
10 thereof;

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

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

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

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

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

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

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

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

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

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

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

1 portunities to develop physical fitness, demonstrate courage, experience
2 joy and participate in a sharing of gifts, skills and friendship with their
3 families, other special olympics athletes and the community, and activities
4 provided or sponsored by such organization, and all sales of tangible per-
5 sonal property by or on behalf of any such organization;

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

12 (nnn) all sales of tangible personal property and services purchased
13 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Char-
14 itable Fund for the purpose of constructing a boundless playground which
15 is an integrated, barrier free and developmentally advantageous play en-
16 vironment for children of all abilities and disabilities;

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

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

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

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

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

39 (sss) all sales of tangible personal property and services purchased by
40 catholic charities or youthville, hereinafter referred to as charitable family
41 providers, which is exempt from federal income taxation pursuant to sec-
42 tion 501(c)(3) of the federal internal revenue code of 1986, and which
43 such property and services are used for the purpose of providing emer-

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

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

1 of a misdemeanor and, upon conviction therefor, shall be subject to the
2 penalties provided for in subsection (g) of K.S.A. 79-3615, and amend-
3 ments thereto; and
4 (uuu) all sales of tangible personal property and services purchased
5 by Kansas children's service league, hereinafter referred to as KCSL,
6 which is exempt from federal income taxation pursuant to section
7 501(c)(3) of the federal internal revenue code of 1986, and which such
8 property and services are used for the purpose of providing for the pre-
9 vention and treatment of child abuse and maltreatment as well as meeting
10 additional critical needs for children, juveniles and family, and all sales of
11 any such property by or on behalf of KCSL for any such purpose; and all
12 sales of tangible personal property or services purchased by a contractor
13 for the purpose of constructing, maintaining, repairing, enlarging, fur-
14 nishing or remodeling facilities for the operation of services for KCSL
15 for any such purpose which would be exempt from taxation under the
16 provisions of this section if purchased directly by KCSL. Nothing in this
17 subsection shall be deemed to exempt the purchase of any construction
18 machinery, equipment or tools used in the constructing, maintaining, re-
19 pairing, enlarging, furnishing or remodeling such facilities for KCSL.
20 When KCSL contracts for the purpose of constructing, maintaining, re-
21 pairing, enlarging, furnishing or remodeling such facilities, it shall obtain
22 from the state and furnish to the contractor an exemption certificate for
23 the project involved, and the contractor may purchase materials for in-
24 corporation in such project. The contractor shall furnish the number of
25 such certificate to all suppliers from whom such purchases are made, and
26 such suppliers shall execute invoices covering the same bearing the num-
27 ber of such certificate. Upon completion of the project the contractor
28 shall furnish to KCSL a sworn statement, on a form to be provided by
29 the director of taxation, that all purchases so made were entitled to ex-
30 emption under this subsection. All invoices shall be held by the contractor
31 for a period of five years and shall be subject to audit by the director of
32 taxation. If any materials purchased under such a certificate are found
33 not to have been incorporated in the building or other project or not to
34 have been returned for credit or the sales or compensating tax otherwise
35 imposed upon such materials which will not be so incorporated in the
36 building or other project reported and paid by such contractor to the
37 director of taxation not later than the 20th day of the month following
38 the close of the month in which it shall be determined that such materials
39 will not be used for the purpose for which such certificate was issued,
40 KCSL shall be liable for tax on all materials purchased for the project,
41 and upon payment thereof it may recover the same from the contractor
42 together with reasonable attorney fees. Any contractor or any agent, em-
43 ployee or subcontractor thereof, who shall use or otherwise dispose of

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

7 Sec. 11. K.S.A. 2006 Supp. 12-187, 12-187b, 12-189, 12-189f, 12-
8 192, 19-101a, 19-101a, as amended by section 4 of chapter 192 of the
9 2006 Session Laws of Kansas, 19-1011 and 79-3606 are hereby repealed.

10 Sec. 12. This act shall take effect and be in force from and after its
11 publication in the statute book.