

[As Amended by Senate Committee of the Whole]

As Amended by Senate Committee

Session of 2008

HOUSE BILL No. 2641

By Committee on Taxation

1-17

12 AN ACT concerning ~~income~~ taxation; relating to **income tax deduc-**
13 **tions**, property taxes paid by certain taxpayers; **sales taxation of cer-**
14 **tain cash rebates on sales or leases of new motor vehicles; sales**
15 **tax exemptions**; amending K.S.A. 2007 Supp. 79-32,117, **79-3602**
16 **and 79-3606** and repealing the existing ~~section~~ **sections**.
17

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

19 Section 1. K.S.A. 2007 Supp. 79-32,117 is hereby amended to read
20 as follows: 79-32,117. (a) The Kansas adjusted gross income of an indi-
21 vidual means such individual's federal adjusted gross income for the tax-
22 able year, with the modifications specified in this section.

23 (b) There shall be added to federal adjusted gross income:

24 (i) Interest income less any related expenses directly incurred in the
25 purchase of state or political subdivision obligations, to the extent that
26 the same is not included in federal adjusted gross income, on obligations
27 of any state or political subdivision thereof, but to the extent that interest
28 income on obligations of this state or a political subdivision thereof issued
29 prior to January 1, 1988, is specifically exempt from income tax under the
30 laws of this state authorizing the issuance of such obligations, it shall be
31 excluded from computation of Kansas adjusted gross income whether or
32 not included in federal adjusted gross income. Interest income on obli-
33 gations of this state or a political subdivision thereof issued after Decem-
34 ber 31, 1987, shall be excluded from computation of Kansas adjusted
35 gross income whether or not included in federal adjusted gross income.

36 (ii) Taxes on or measured by income or fees or payments in lieu of
37 income taxes imposed by this state or any other taxing jurisdiction to the
38 extent deductible in determining federal adjusted gross income and not
39 credited against federal income tax. This paragraph shall not apply to taxes
40 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amend-
41 ments thereto, for privilege tax year 1995, and all such years thereafter.

42 (iii) The federal net operating loss deduction.

43 (iv) Federal income tax refunds received by the taxpayer if the de-

1 duction of the taxes being refunded resulted in a tax benefit for Kansas
2 income tax purposes during a prior taxable year. Such refunds shall be
3 included in income in the year actually received regardless of the method
4 of accounting used by the taxpayer. For purposes hereof, a tax benefit
5 shall be deemed to have resulted if the amount of the tax had been de-
6 ducted in determining income subject to a Kansas income tax for a prior
7 year regardless of the rate of taxation applied in such prior year to the
8 Kansas taxable income, but only that portion of the refund shall be in-
9 cluded as bears the same proportion to the total refund received as the
10 federal taxes deducted in the year to which such refund is attributable
11 bears to the total federal income taxes paid for such year. For purposes
12 of the foregoing sentence, federal taxes shall be considered to have been
13 deducted only to the extent such deduction does not reduce Kansas tax-
14 able income below zero.

15 (v) The amount of any depreciation deduction or business expense
16 deduction claimed on the taxpayer's federal income tax return for any
17 capital expenditure in making any building or facility accessible to the
18 handicapped, for which expenditure the taxpayer claimed the credit al-
19 lowed by K.S.A. 79-32,177, and amendments thereto.

20 (vi) Any amount of designated employee contributions picked up by
21 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
22 and amendments to such sections.

23 (vii) The amount of any charitable contribution made to the extent
24 the same is claimed as the basis for the credit allowed pursuant to K.S.A.
25 79-32,196, and amendments thereto.

26 (viii) The amount of any costs incurred for improvements to a swine
27 facility, claimed for deduction in determining federal adjusted gross in-
28 come, to the extent the same is claimed as the basis for any credit allowed
29 pursuant to K.S.A. 2007 Supp. 79-32,204 and amendments thereto.

30 (ix) The amount of any ad valorem taxes and assessments paid and
31 the amount of any costs incurred for habitat management or construction
32 and maintenance of improvements on real property, claimed for deduc-
33 tion in determining federal adjusted gross income, to the extent the same
34 is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203
35 and amendments thereto.

36 (x) Amounts received as nonqualified withdrawals, as defined by
37 K.S.A. 2007 Supp. 75-643, and amendments thereto, if, at the time of
38 contribution to a family postsecondary education savings account, such
39 amounts were subtracted from the federal adjusted gross income pur-
40 suant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amend-
41 ments thereto, or if such amounts are not already included in the federal
42 adjusted gross income.

43 (xi) The amount of any contribution made to the same extent the

- 1 same is claimed as the basis for the credit allowed pursuant to K.S.A.
2 2007 Supp. 74-50,154, and amendments thereto.
- 3 (xii) For taxable years commencing after December 31, 2004,
4 amounts received as withdrawals not in accordance with the provisions
5 of K.S.A. 2007 Supp. 74-50,204, and amendments thereto, if, at the time
6 of contribution to an individual development account, such amounts were
7 subtracted from the federal adjusted gross income pursuant to paragraph
8 (xiii) of subsection (c), or if such amounts are not already included in the
9 federal adjusted gross income.
- 10 (xiii) The amount of any expenditures claimed for deduction in deter-
11 termining federal adjusted gross income, to the extent the same is claimed
12 as the basis for any credit allowed pursuant to K.S.A. 2007 Supp. 79-
13 32,217 through 79-32,220 or 79-32,222, and amendments thereto.
- 14 (xiv) The amount of any amortization deduction claimed in deter-
15 mining federal adjusted gross income to the extent the same is claimed
16 for deduction pursuant to K.S.A. 2007 Supp. 79-32,221, and amendments
17 thereto.
- 18 (xv) The amount of any expenditures claimed for deduction in deter-
19 mining federal adjusted gross income, to the extent the same is claimed
20 as the basis for any credit allowed pursuant to K.S.A. 2007 Supp. 79-
21 32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
22 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
23 32,248 or 79-32,251 through 79-32,254, and amendments thereto.
- 24 (xvi) The amount of any amortization deduction claimed in deter-
25 mining federal adjusted gross income to the extent the same is claimed
26 for deduction pursuant to K.S.A. 2007 Supp. 79-32,227, 79-32,232, 79-
27 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.
- 28 (xvii) The amount of any amortization deduction claimed in deter-
29 mining federal adjusted gross income to the extent the same is claimed
30 for deduction pursuant to K.S.A. 2007 Supp. 79-32,256, and amendments
31 thereto.
- 32 (xviii) *For taxable years commencing after December 31, 2006, the*
33 *amount of any ad valorem or property taxes and assessments paid to a*
34 *state other than Kansas or local government located in a state other than*
35 *Kansas by a taxpayer who resides in a state other than Kansas, when the*
36 *law of such state does not allow a resident of Kansas who earns income*
37 *in such other state to claim a deduction for ad valorem or property taxes*
38 *or assessments paid to a political subdivision of the state of Kansas in*
39 *determining taxable income for income tax purposes in such other state,*
40 *to the extent that such taxes and assessments are claimed as an itemized*
41 *deduction for federal income tax purposes.*
- 42 (c) There shall be subtracted from federal adjusted gross income:
- 43 (i) Interest or dividend income on obligations or securities of any

1 authority, commission or instrumentality of the United States and its pos-
2 sessions less any related expenses directly incurred in the purchase of
3 such obligations or securities, to the extent included in federal adjusted
4 gross income but exempt from state income taxes under the laws of the
5 United States.

6 (ii) Any amounts received which are included in federal adjusted
7 gross income but which are specifically exempt from Kansas income tax-
8 ation under the laws of the state of Kansas.

9 (iii) The portion of any gain or loss from the sale or other disposition
10 of property having a higher adjusted basis for Kansas income tax purposes
11 than for federal income tax purposes on the date such property was sold
12 or disposed of in a transaction in which gain or loss was recognized for
13 purposes of federal income tax that does not exceed such difference in
14 basis, but if a gain is considered a long-term capital gain for federal in-
15 come tax purposes, the modification shall be limited to that portion of
16 such gain which is included in federal adjusted gross income.

17 (iv) The amount necessary to prevent the taxation under this act of
18 any annuity or other amount of income or gain which was properly in-
19 cluded in income or gain and was taxed under the laws of this state for a
20 taxable year prior to the effective date of this act, as amended, to the
21 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
22 the right to receive the income or gain, or to a trust or estate from which
23 the taxpayer received the income or gain.

24 (v) The amount of any refund or credit for overpayment of taxes on
25 or measured by income or fees or payments in lieu of income taxes im-
26 posed by this state, or any taxing jurisdiction, to the extent included in
27 gross income for federal income tax purposes.

28 (vi) Accumulation distributions received by a taxpayer as a beneficiary
29 of a trust to the extent that the same are included in federal adjusted
30 gross income.

31 (vii) Amounts received as annuities under the federal civil service
32 retirement system from the civil service retirement and disability fund
33 and other amounts received as retirement benefits in whatever form
34 which were earned for being employed by the federal government or for
35 service in the armed forces of the United States.

36 (viii) Amounts received by retired railroad employees as a supple-
37 mental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1)
38 et seq.

39 (ix) Amounts received by retired employees of a city and by retired
40 employees of any board of such city as retirement allowances pursuant to
41 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
42 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
43 amendments thereto.

- 1 (x) For taxable years beginning after December 31, 1976, the amount
2 of the federal tentative jobs tax credit disallowance under the provisions
3 of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978,
4 the amount of the targeted jobs tax credit and work incentive credit dis-
5 allowances under 26 U.S.C. 280 C.
- 6 (xi) For taxable years beginning after December 31, 1986, dividend
7 income on stock issued by Kansas Venture Capital, Inc.
- 8 (xii) For taxable years beginning after December 31, 1989, amounts
9 received by retired employees of a board of public utilities as pension and
10 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249
11 and amendments thereto.
- 12 (xiii) For taxable years beginning after December 31, 2004, amounts
13 contributed to and the amount of income earned on contributions de-
14 posited to an individual development account under K.S.A. 2007 Supp.
15 74-50,201, et seq., and amendments thereto.
- 16 (xiv) For all taxable years commencing after December 31, 1996, that
17 portion of any income of a bank organized under the laws of this state or
18 any other state, a national banking association organized under the laws
19 of the United States, an association organized under the savings and loan
20 code of this state or any other state, or a federal savings association or-
21 ganized under the laws of the United States, for which an election as an
22 S corporation under subchapter S of the federal internal revenue code is
23 in effect, which accrues to the taxpayer who is a stockholder of such
24 corporation and which is not distributed to the stockholders as dividends
25 of the corporation.
- 26 (xv) For all taxable years beginning after December 31, 2006,
27 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
28 joint return, for each designated beneficiary which are contributed to a
29 family postsecondary education savings account established under the
30 Kansas postsecondary education savings program or a qualified tuition
31 program established and maintained by another state or agency or instru-
32 mentality thereof pursuant to section 529 of the internal revenue code of
33 1986, as amended, for the purpose of paying the qualified higher edu-
34 cation expenses of a designated beneficiary at an institution of postsec-
35 ondary education. The terms and phrases used in this paragraph shall have
36 the meaning respectively ascribed thereto by the provisions of K.S.A.
37 2007 Supp. 75-643, and amendments thereto, and the provisions of such
38 section are hereby incorporated by reference for all purposes thereof.
- 39 (xvi) For the tax year beginning after December 31, 2004, an amount
40 not exceeding \$500; for the tax year beginning after December 31, 2005,
41 an amount not exceeding \$600; for the tax year beginning after December
42 31, 2006, an amount not exceeding \$700; for the tax year beginning after
43 December 31, 2007, an amount not exceeding \$800; for the tax year

1 beginning December 31, 2008, an amount not exceeding \$900; and for
2 all taxable years commencing after December 31, 2009, an amount not
3 exceeding \$1,000 of the premium costs for qualified long-term care in-
4 surance contracts, as defined by subsection (b) of section 7702B of public
5 law 104-191.

6 (xvii) For all taxable years beginning after December 31, 2004,
7 amounts received by taxpayers who are or were members of the armed
8 forces of the United States, including service in the Kansas army and air
9 national guard, as a recruitment, sign up or retention bonus received by
10 such taxpayer as an incentive to join, enlist or remain in the armed services
11 of the United States, including service in the Kansas army and air national
12 guard, and amounts received for repayment of educational or student
13 loans incurred by or obligated to such taxpayer and received by such
14 taxpayer as a result of such taxpayer's service in the armed forces of the
15 United States, including service in the Kansas army and air national guard.

16 (xviii) For all taxable years beginning after December 31, 2004,
17 amounts received by taxpayers who are eligible members of the Kansas
18 army and air national guard as a reimbursement pursuant to K.S.A. 48-
19 281, and amendments thereto, and amounts received for death benefits
20 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to sec-
21 tion 1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and
22 amendments thereto, to the extent that such death benefits are included
23 in federal adjusted gross income of the taxpayer.

24 (xix) For the taxable year beginning after December 31, 2006,
25 amounts received as benefits under the federal social security act which
26 are included in federal adjusted gross income of a taxpayer with federal
27 adjusted gross income of \$50,000 or less, whether such taxpayer's filing
28 status is single, head of household, married filing separate or married
29 filing jointly; and for all taxable years beginning after December 31, 2007,
30 amounts received as benefits under the federal social security act which
31 are included in federal adjusted gross income of a taxpayer with federal
32 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
33 status is single, head of household, married filing separate or married
34 filing jointly.

35 (d) There shall be added to or subtracted from federal adjusted gross
36 income the taxpayer's share, as beneficiary of an estate or trust, of the
37 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
38 amendments thereto.

39 (e) The amount of modifications required to be made under this sec-
40 tion by a partner which relates to items of income, gain, loss, deduction
41 or credit of a partnership shall be determined under K.S.A. 79-32,131,
42 and amendments thereto, to the extent that such items affect federal
43 adjusted gross income of the partner.

- 1 **Sec. 2. K.S.A. 2007 Supp. 79-3602 is hereby amended to read**
2 **as follows: 79-3602. Except as otherwise provided, as used in the**
3 **Kansas retailers' sales tax act:**
- 4 **(a) "Agent" means a person appointed by a seller to represent**
5 **the seller before the member states.**
- 6 **(b) "Agreement" means the multistate agreement entitled the**
7 **streamlined sales and use tax agreement approved by the stream-**
8 **lined sales tax implementing states at Chicago, Illinois on November**
9 **12, 2002.**
- 10 **(c) "Alcoholic beverages" means beverages that are suitable for**
11 **human consumption and contain .05% or more of alcohol by**
12 **volume.**
- 13 **(d) "Certified automated system (CAS)" means software certi-**
14 **fied under the agreement to calculate the tax imposed by each ju-**
15 **risdiction on a transaction, determine the amount of tax to remit to**
16 **the appropriate state and maintain a record of the transaction.**
- 17 **(e) "Certified service provider (CSP)" means an agent certified**
18 **under the agreement to perform all the seller's sales and use tax**
19 **functions, other than the seller's obligation to remit tax on its own**
20 **purchases.**
- 21 **(f) "Computer" means an electronic device that accepts infor-**
22 **mation in digital or similar form and manipulates it for a result**
23 **based on a sequence of instructions.**
- 24 **(g) "Computer software" means a set of coded instructions de-**
25 **signed to cause a computer or automatic data processing equipment**
26 **to perform a task.**
- 27 **(h) "Delivered electronically" means delivered to the purchaser**
28 **by means other than tangible storage media.**
- 29 **(i) "Delivery charges" means charges by the seller of personal**
30 **property or services for preparation and delivery to a location des-**
31 **ignated by the purchaser of personal property or services including,**
32 **but not limited to, transportation, shipping, postage, handling, crat-**
33 **ing and packing. Delivery charges shall not include charges for de-**
34 **livery of direct mail if the charges are separately stated on an in-**
35 **voice or similar billing document given to the purchaser.**
- 36 **(j) "Direct mail" means printed material delivered or distrib-**
37 **uted by United States mail or other delivery services to a mass au-**
38 **dience or to addressees on a mailing list provided by the purchaser**
39 **or at the direction of the purchaser when the cost of the items are**
40 **not billed directly to the recipients. Direct mail includes tangible**
41 **personal property supplied directly or indirectly by the purchaser**
42 **to the direct mail seller for inclusion in the package containing the**
43 **printed material. Direct mail does not include multiple items of**

1 *printed material delivered to a single address.*

2 (k) “Director” means the state director of taxation.

3 (l) “Educational institution” means any nonprofit school, col-
4 lege and university that offers education at a level above the twelfth
5 grade, and conducts regular classes and courses of study required
6 for accreditation by, or membership in, the North Central Associ-
7 ation of Colleges and Schools, the state board of education, or that
8 otherwise qualify as an “educational institution,” as defined by
9 K.S.A. 74-50,103, and amendments thereto. Such phrase shall in-
10 clude: (1) A group of educational institutions that operates exclu-
11 sively for an educational purpose; (2) nonprofit endowment asso-
12 ciations and foundations organized and operated exclusively to
13 receive, hold, invest and administer moneys and property as a per-
14 manent fund for the support and sole benefit of an educational in-
15 stitution; (3) nonprofit trusts, foundations and other entities organ-
16 ized and operated principally to hold and own receipts from
17 intercollegiate sporting events and to disburse such receipts, as well
18 as grants and gifts, in the interest of collegiate and intercollegiate
19 athletic programs for the support and sole benefit of an educational
20 institution; and (4) nonprofit trusts, foundations and other entities
21 organized and operated for the primary purpose of encouraging,
22 fostering and conducting scholarly investigations and industrial
23 and other types of research for the support and sole benefit of an
24 educational institution.

25 (m) “Electronic” means relating to technology having electri-
26 cal, digital, magnetic, wireless, optical, electromagnetic or similar
27 capabilities.

28 (n) “Food and food ingredients” means substances, whether in
29 liquid, concentrated, solid, frozen, dried or dehydrated form, that
30 are sold for ingestion or chewing by humans and are consumed for
31 their taste or nutritional value. “Food and food ingredients” does
32 not include alcoholic beverages or tobacco.

33 (o) “Gross receipts” means the total selling price or the amount
34 received as defined in this act, in money, credits, property or other
35 consideration valued in money from sales at retail within this state;
36 and embraced within the provisions of this act. The taxpayer, may
37 take credit in the report of gross receipts for: (1) An amount equal
38 to the selling price of property returned by the purchaser when the
39 full sale price thereof, including the tax collected, is refunded in
40 cash or by credit; and (2) an amount equal to the allowance given
41 for the trade-in of property.

42 (p) “Ingredient or component part” means tangible personal
43 property which is necessary or essential to, and which is actually

1 *used in and becomes an integral and material part of tangible per-*
2 *sonal property or services produced, manufactured or compounded*
3 *for sale by the producer, manufacturer or compounder in its regular*
4 *course of business. The following items of tangible personal prop-*
5 *erty are hereby declared to be ingredients or component parts, but*
6 *the listing of such property shall not be deemed to be exclusive nor*
7 *shall such listing be construed to be a restriction upon, or an indi-*
8 *cation of, the type or types of property to be included within the*
9 *definition of “ingredient or component part” as herein set forth:*

10 (1) *Containers, labels and shipping cases used in the distribu-*
11 *tion of property produced, manufactured or compounded for sale*
12 *which are not to be returned to the producer, manufacturer or com-*
13 *pounder for reuse.*

14 (2) *Containers, labels, shipping cases, paper bags, drinking*
15 *straws, paper plates, paper cups, twine and wrapping paper used*
16 *in the distribution and sale of property taxable under the provisions*
17 *of this act by wholesalers and retailers and which is not to be re-*
18 *turned to such wholesaler or retailer for reuse.*

19 (3) *Seeds and seedlings for the production of plants and plant*
20 *products produced for resale.*

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

22 (5) *Fertilizer used in the production of plants and plant prod-*
23 *ucts produced for resale.*

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

30 (q) *“Isolated or occasional sale” means the nonrecurring sale of*
31 *tangible personal property, or services taxable hereunder by a per-*
32 *son not engaged at the time of such sale in the business of selling*
33 *such property or services. Any religious organization which makes*
34 *a nonrecurring sale of tangible personal property acquired for the*
35 *purpose of resale shall be deemed to be not engaged at the time of*
36 *such sale in the business of selling such property. Such term shall*
37 *include: (1) Any sale by a bank, savings and loan institution, credit*
38 *union or any finance company licensed under the provisions of the*
39 *Kansas uniform consumer credit code of tangible personal property*
40 *which has been repossessed by any such entity; and (2) any sale of*
41 *tangible personal property made by an auctioneer or agent on be-*
42 *half of not more than two principals or households if such sale is*
43 *nonrecurring and any such principal or household is not engaged*

- 1 *at the time of such sale in the business of selling tangible personal*
2 *property.*
- 3 (r) *“Lease or rental” means any transfer of possession or control*
4 *of tangible personal property for a fixed or indeterminate term for*
5 *consideration. A lease or rental may include future options to pur-*
6 *chase or extend.*
- 7 (1) *Lease or rental does not include: (A) A transfer of possession*
8 *or control of property under a security agreement or deferred pay-*
9 *ment plan that requires the transfer of title upon completion of the*
10 *required payments;*
- 11 (B) *a transfer or possession or control of property under an*
12 *agreement that requires the transfer of title upon completion of re-*
13 *quired payments and payment of an option price does not exceed*
14 *the greater of \$100 or 1% of the total required payments; or*
- 15 (C) *providing tangible personal property along with an opera-*
16 *tor for a fixed or indeterminate period of time. A condition of this*
17 *exclusion is that the operator is necessary for the equipment to per-*
18 *form as designed. For the purpose of this subsection, an operator*
19 *must do more than maintain, inspect or set-up the tangible personal*
20 *property.*
- 21 (2) *Lease or rental does include agreements covering motor ve-*
22 *hicles and trailers where the amount of consideration may be in-*
23 *creased or decreased by reference to the amount realized upon sale*
24 *or disposition of the property as defined in 26 U.S.C. 7701(h)(1).*
- 25 (3) *This definition shall be used for sales and use tax purposes*
26 *regardless if a transaction is characterized as a lease or rental under*
27 *generally accepted accounting principles, the internal revenue*
28 *code, the uniform commercial code, K.S.A. 84-1-101 et seq. and*
29 *amendments thereto, or other provisions of federal, state or local*
30 *law.*
- 31 (4) *This definition will be applied only prospectively from the*
32 *effective date of this act and will have no retroactive impact on*
33 *existing leases or rentals.*
- 34 (s) *“Load and leave” means delivery to the purchaser by use of*
35 *a tangible storage media where the tangible storage media is not*
36 *physically transferred to the purchaser.*
- 37 (t) *“Member state” means a state that has entered in the agree-*
38 *ment, pursuant to provisions of article VIII of the agreement.*
- 39 (u) *“Model 1 seller” means a seller that has selected a CSP as*
40 *its agent to perform all the seller’s sales and use tax functions, other*
41 *than the seller’s obligation to remit tax on its own purchases.*
- 42 (v) *“Model 2 seller” means a seller that has selected a CAS to*
43 *perform part of its sales and use tax functions, but retains respon-*

1 *sibility for remitting the tax.*

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

10 (x) “Municipal corporation” means any city incorporated under
11 the laws of Kansas.

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

20 (z) “Persons” means any individual, firm, copartnership, joint
21 adventure, association, corporation, estate or trust, receiver or trust-
22 tee, or any group or combination acting as a unit, and the plural as
23 well as the singular number; and shall specifically mean any city
24 or other political subdivision of the state of Kansas engaging in a
25 business or providing a service specifically taxable under the pro-
26 visions of this act.

27 (aa) “Political subdivision” means any municipality, agency or
28 subdivision of the state which is, or shall hereafter be, authorized
29 to levy taxes upon tangible property within the state or which cer-
30 tifies a levy to a municipality, agency or subdivision of the state
31 which is, or shall hereafter be, authorized to levy taxes upon tan-
32 gible property within the state. Such term also shall include any
33 public building commission, housing, airport, port, metropolitan
34 transit or similar authority established pursuant to law.

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

38 (cc) “Prewritten computer software” means computer software,
39 including prewritten upgrades, which is not designed and developed
40 by the author or other creator to the specifications of a specific
41 purchaser. The combining of two or more prewritten computer soft-
42 ware programs or prewritten portions thereof does not cause the
43 combination to be other than prewritten computer software. Pre-

1 *written computer software includes software designed and devel-*
2 *oped by the author or other creator to the specifications of a specific*
3 *purchaser when it is sold to a person other than the purchaser.*
4 *Where a person modifies or enhances computer software of which*
5 *the person is not the author or creator, the person shall be deemed*
6 *to be the author or creator only of such person's modifications or*
7 *enhancements. Prewritten computer software or a prewritten por-*
8 *tion thereof that is modified or enhanced to any degree, where such*
9 *modification or enhancement is designed and developed to the spec-*
10 *ifications of a specific purchaser, remains prewritten computer soft-*
11 *ware, except that where there is a reasonable, separately stated*
12 *charge or an invoice or other statement of the price given to the*
13 *purchaser for such modification or enhancement, such modification*
14 *or enhancement shall not constitute prewritten computer software.*

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

26 *(A) Insecticides, herbicides, germicides, pesticides, fungicides,*
27 *fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and*
28 *chemicals for use in commercial or agricultural production, proc-*
29 *essing or storage of fruit, vegetables, feeds, seeds, grains, animals*
30 *or animal products whether fed, injected, applied, combined with*
31 *or otherwise used;*

32 *(B) electricity, gas and water; and*

33 *(C) petroleum products, lubricants, chemicals, solvents, rea-*
34 *gents and catalysts.*

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

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

39 *(gg) "Quasi-municipal corporation" means any county, town-*
40 *ship, school district, drainage district or any other governmental*
41 *subdivision in the state of Kansas having authority to receive or*
42 *hold moneys or funds.*

43 *(hh) "Registered under this agreement" means registration by*

- 1 *a seller with the member states under the central registration system*
2 *provided in article IV of the agreement.*
- 3 (ii) *“Retailer” means a seller regularly engaged in the business*
4 *of selling, leasing or renting tangible personal property at retail or*
5 *furnishing electrical energy, gas, water, services or entertainment,*
6 *and selling only to the user or consumer and not for resale.*
- 7 (jj) *“Retail sale” or “sale at retail” means any sale, lease or*
8 *rental for any purpose other than for resale, sublease or subrent.*
- 9 (kk) *“Sale” or “sales” means the exchange of tangible personal*
10 *property, as well as the sale thereof for money, and every transac-*
11 *tion, conditional or otherwise, for a consideration, constituting a*
12 *sale, including the sale or furnishing of electrical energy, gas, water,*
13 *services or entertainment taxable under the terms of this act and*
14 *including, except as provided in the following provision, the sale of*
15 *the use of tangible personal property by way of a lease, license to*
16 *use or the rental thereof regardless of the method by which the title,*
17 *possession or right to use the tangible personal property is trans-*
18 *ferred. The term “sale” or “sales” shall not mean the sale of the use*
19 *of any tangible personal property used as a dwelling by way of a*
20 *lease or rental thereof for a term of more than 28 consecutive days.*
- 21 (ll) (1) *“Sales or selling price” applies to the measure subject*
22 *to sales tax and means the total amount of consideration, including*
23 *cash, credit, property and services, for which personal property or*
24 *services are sold, leased or rented, valued in money, whether re-*
25 *ceived in money or otherwise, without any deduction for the*
26 *following:*
- 27 (A) *The seller’s cost of the property sold;*
28 (B) *the cost of materials used, labor or service cost, interest,*
29 *losses, all costs of transportation to the seller, all taxes imposed on*
30 *the seller and any other expense of the seller;*
31 (C) *charges by the seller for any services necessary to complete*
32 *the sale, other than delivery and installation charges;*
33 (D) *delivery charges; and*
34 (E) *installation charges.*
- 35 (2) *“Sales or selling price” includes consideration received by*
36 *the seller from third parties if:*
- 37 (A) *The seller actually receives consideration from a party*
38 *other than the purchaser and the consideration is directly related*
39 *to a price reduction or discount on the sale;*
40 (B) *the seller has an obligation to pass the price reduction or*
41 *discount through to the purchaser;*
42 (C) *the amount of the consideration attributable to the sale is*
43 *fixed and determinable by the seller at the time of the sale of the*

1 *item to the purchaser; and*

2 *(D) one of the following criteria is met:*

3 *(i) The purchaser presents a coupon, certificate or other docu-*
4 *mentation to the seller to claim a price reduction or discount where*
5 *the coupon, certificate or documentation is authorized, distributed*
6 *or granted by a third party with the understanding that the third*
7 *party will reimburse any seller to whom the coupon, certificate or*
8 *documentation is presented;*

9 *(ii) the purchaser identifies to the seller that the purchaser is a*
10 *member of a group or organization entitled to a price reduction or*
11 *discount. A preferred customer card that is available to any patron*
12 *does not constitute membership in such a group; or*

13 *(iii) the price reduction or discount is identified as a third party*
14 *price reduction or discount on the invoice received by the purchaser*
15 *or on a coupon, certificate or other documentation presented by the*
16 *purchaser.*

17 *(3) “Sales or selling price” shall not include:*

18 *(A) Discounts, including cash, term or coupons that are not re-*
19 *imbursed by a third party that are allowed by a seller and taken*
20 *by a purchaser on a sale;*

21 *(B) interest, financing and carrying charges from credit ex-*
22 *tended on the sale of personal property or services, if the amount*
23 *is separately stated on the invoice, bill of sale or similar document*
24 *given to the purchaser;*

25 *(C) any taxes legally imposed directly on the consumer that are*
26 *separately stated on the invoice, bill of sale or similar document*
27 *given to the purchaser;*

28 *(D) the amount equal to the allowance given for the trade-in of*
29 *property, if separately stated on the invoice, billing or similar doc-*
30 *ument given to the purchaser; and*

31 *(E) ~~commencing on July 1, 2006, and ending on June 30, 2009,~~ cash*
32 *rebates granted by a manufacturer to a purchaser or lessee of a new*
33 *motor vehicle if paid directly to the retailer as a result of the orig-*
34 *inal sale.*

35 *(mm) “Seller” means a person making sales, leases or rentals of*
36 *personal property or services.*

37 *(nn) “Service” means those services described in and taxed un-*
38 *der the provisions of K.S.A. 79-3603 and amendments thereto.*

39 *(oo) “Sourcing rules” means the rules set forth in K.S.A. 2007*
40 *Supp. 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and*
41 *amendments thereto, which shall apply to identify and determine*
42 *the state and local taxing jurisdiction sales or use taxes to pay, or*
43 *collect and remit on a particular retail sale.*

- 1 (pp) *“Tangible personal property” means personal property*
2 *that can be seen, weighed, measured, felt or touched, or that is in*
3 *any other manner perceptible to the senses. Tangible personal prop-*
4 *erty includes electricity, water, gas, steam and prewritten computer*
5 *software.*
- 6 (qq) *“Taxpayer” means any person obligated to account to the*
7 *director for taxes collected under the terms of this act.*
- 8 (rr) *“Tobacco” means cigarettes, cigars, chewing or pipe to-*
9 *bacco or any other item that contains tobacco.*
- 10 (ss) *“Entity-based exemption” means an exemption based on*
11 *who purchases the product or who sells the product. An exemption*
12 *that is available to all individuals shall not be considered an entity-*
13 *based exemption.*
- 14 (tt) *“Over-the-counter” drug means a drug that contains a label*
15 *that identifies the product as a drug as required by 21 C.F.R. §*
16 *201.66. The over-the-counter drug label includes: (1) A drug facts*
17 *panel; or (2) a statement of the active ingredients with a list of those*
18 *ingredients contained in the compound, substance or preparation.*
19 *Over-the-counter drugs do not include grooming and hygiene prod-*
20 *ucts such as soaps, cleaning solutions, shampoo, toothpaste, anti-*
21 *perspirants and sun tan lotions and screens.*
- 22 (uu) *“Ancillary services” means services that are associated*
23 *with or incidental to the provision of telecommunications services,*
24 *including, but not limited to, detailed telecommunications billing,*
25 *directory assistance, vertical service and voice mail services.*
- 26 (vv) *“Conference bridging service” means an ancillary service*
27 *that links two or more participants of an audio or video conference*
28 *call and may include the provision of a telephone number. Confer-*
29 *ence bridging service does not include the telecommunications serv-*
30 *ices used to reach the conference bridge.*
- 31 (wv) *“Detailed telecommunications billing service” means an*
32 *ancillary service of separately stating information pertaining to in-*
33 *dividual calls on a customer’s billing statement.*
- 34 (xx) *“Directory assistance” means an ancillary service of pro-*
35 *viding telephone number information or address information, or*
36 *both.*
- 37 (yy) *“Vertical service” means an ancillary service that is offered*
38 *in connection with one or more telecommunications services, which*
39 *offers advanced calling features that allow customers to identify*
40 *callers and to manage multiple calls and call connections, including*
41 *conference bridging services.*
- 42 (zz) *“Voice mail service” means an ancillary service that ena-*
43 *bles the customer to store, send or receive recorded messages. Voice*

1 *mail service does not include any vertical services that the customer*
2 *may be required to have in order to utilize the voice mail service.*
3 *(aaa) “Telecommunications service” means the electronic*
4 *transmission, conveyance or routing of voice, data, audio, video or*
5 *any other information or signals to a point, or between or among*
6 *points. The term telecommunications service includes such trans-*
7 *mission, conveyance or routing in which computer processing ap-*
8 *plications are used to act on the form, code or protocol of the con-*
9 *tent for purposes of transmissions, conveyance or routing without*
10 *regard to whether such service is referred to as voice over Internet*
11 *protocol services or is classified by the federal communications*
12 *commission as enhanced or value added. Telecommunications serv-*
13 *ice does not include:*
14 *(1) Data processing and information services that allow data to*
15 *be generated, acquired, stored, processed or retrieved and delivered*
16 *by an electronic transmission to a purchaser where such pur-*
17 *chaser’s primary purpose for the underlying transaction is the pro-*
18 *cessed data or information;*
19 *(2) installation or maintenance of wiring or equipment on a cus-*
20 *tomer’s premises;*
21 *(3) tangible personal property;*
22 *(4) advertising, including, but not limited to, directory*
23 *advertising;*
24 *(5) billing and collection services provided to third parties;*
25 *(6) internet access service;*
26 *(7) radio and television audio and video programming services,*
27 *regardless of the medium, including the furnishing of transmission,*
28 *conveyance and routing of such services by the programming serv-*
29 *ice provider. Radio and television audio and video programming*
30 *services shall include, but not be limited to, cable service as defined*
31 *in 47 U.S.C. 522(6) and audio and video programming services de-*
32 *livered by commercial mobile radio service providers, as defined in*
33 *47 C.F.R. 20.3;*
34 *(8) ancillary services; or*
35 *(9) digital products delivered electronically, including, but not*
36 *limited to, software, music, video, reading materials or ring tones.*
37 *(bbb) “800 service” means a telecommunications service that*
38 *allows a caller to dial a toll-free number without incurring a charge*
39 *for the call. The service is typically marketed under the name 800,*
40 *855, 866, 877 and 888 toll-free calling, and any subsequent num-*
41 *bers designated by the federal communications commission.*
42 *(ccc) “900 service” means an inbound toll telecommunications*
43 *service purchased by a subscriber that allows the subscriber’s cus-*

1 *tomers to call in to the subscriber's prerecorded announcement or*
2 *live service. 900 service does not include the charge for collection*
3 *services provided by the seller of the telecommunications services*
4 *to the subscriber, or service or product sold by the subscriber to*
5 *the subscriber's customer. The service is typically marketed under*
6 *the name 900 service, and any subsequent numbers designated by*
7 *the federal communications commission.*

8 (ddd) *"Value-added non-voice data service" means a service*
9 *that otherwise meets the definition of telecommunications services*
10 *in which computer processing applications are used to act on the*
11 *form, content, code or protocol of the information or data primarily*
12 *for a purpose other than transmission, conveyance or routing.*

13 (eee) *"International" means a telecommunications service that*
14 *originates or terminates in the United States and terminates or orig-*
15 *inates outside the United States, respectively. United States includes*
16 *the District of Columbia or a U.S. territory or possession.*

17 (fff) *"Interstate" means a telecommunications service that orig-*
18 *inates in one United States state, or a United States territory or*
19 *possession, and terminates in a different United States state or a*
20 *United States territory or possession.*

21 (ggg) *"Intrastate" means a telecommunications service that*
22 *originates in one United States state or a United States territory or*
23 *possession, and terminates in the same United States state or a*
24 *United States territory or possession.*

25 *Sec. 3. K.S.A. 2007 Supp. 79-3606 is hereby amended to read*
26 *as follows: 79-3606. The following shall be exempt from the tax im-*
27 *posed by this act:*

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

41 (b) *all sales of tangible personal property or service, including*
42 *the renting and leasing of tangible personal property, purchased*
43 *directly by the state of Kansas, a political subdivision thereof, other*

1 *than a school or educational institution, or purchased by a public*
2 *or private nonprofit hospital or public hospital authority or non-*
3 *profit blood, tissue or organ bank and used exclusively for state,*
4 *political subdivision, hospital or public hospital authority or non-*
5 *profit blood, tissue or organ bank purposes, except when: (1) Such*
6 *state, hospital or public hospital authority is engaged or proposes*
7 *to engage in any business specifically taxable under the provisions*
8 *of this act and such items of tangible personal property or service*
9 *are used or proposed to be used in such business, or (2) such polit-*
10 *ical subdivision is engaged or proposes to engage in the business of*
11 *furnishing gas, electricity or heat to others and such items of per-*
12 *sonal property or service are used or proposed to be used in such*
13 *business;*

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

24 *(d) all sales of tangible personal property or services purchased*
25 *by a contractor for the purpose of constructing, equipping, recon-*
26 *structing, maintaining, repairing, enlarging, furnishing or remod-*
27 *eling facilities for any public or private nonprofit hospital or public*
28 *hospital authority, public or private elementary or secondary*
29 *school, a public or private nonprofit educational institution, state*
30 *correctional institution including a privately constructed correc-*
31 *tional institution contracted for state use and ownership, which*
32 *would be exempt from taxation under the provisions of this act if*
33 *purchased directly by such hospital or public hospital authority,*
34 *school, educational institution or a state correctional institution;*
35 *and all sales of tangible personal property or services purchased by*
36 *a contractor for the purpose of constructing, equipping, recon-*
37 *structing, maintaining, repairing, enlarging, furnishing or remod-*
38 *eling facilities for any political subdivision of the state or district*
39 *described in subsection (s), the total cost of which is paid from funds*
40 *of such political subdivision or district and which would be exempt*
41 *from taxation under the provisions of this act if purchased directly*
42 *by such political subdivision or district. Nothing in this subsection*
43 *or in the provisions of K.S.A. 12-3418 and amendments thereto,*

1 *shall be deemed to exempt the purchase of any construction ma-*
2 *chinery, equipment or tools used in the constructing, equipping,*
3 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*
4 *modeling facilities for any political subdivision of the state or any*
5 *such district. As used in this subsection, K.S.A. 12-3418 and 79-*
6 *3640, and amendments thereto, “funds of a political subdivision”*
7 *shall mean general tax revenues, the proceeds of any bonds and gifts*
8 *or grants-in-aid. Gifts shall not mean funds used for the purpose of*
9 *constructing, equipping, reconstructing, repairing, enlarging, fur-*
10 *nishing or remodeling facilities which are to be leased to the donor.*
11 *When any political subdivision of the state, district described in*
12 *subsection (s), public or private nonprofit hospital or public hos-*
13 *pital authority, public or private elementary or secondary school,*
14 *public or private nonprofit educational institution, state correc-*
15 *tional institution including a privately constructed correctional in-*
16 *stitution contracted for state use and ownership shall contract for*
17 *the purpose of constructing, equipping, reconstructing, maintain-*
18 *ing, repairing, enlarging, furnishing or remodeling facilities, it shall*
19 *obtain from the state and furnish to the contractor an exemption*
20 *certificate for the project involved, and the contractor may pur-*
21 *chase materials for incorporation in such project. The contractor*
22 *shall furnish the number of such certificate to all suppliers from*
23 *whom such purchases are made, and such suppliers shall execute*
24 *invoices covering the same bearing the number of such certificate.*
25 *Upon completion of the project the contractor shall furnish to the*
26 *political subdivision, district described in subsection (s), hospital*
27 *or public hospital authority, school, educational institution or de-*
28 *partment of corrections concerned a sworn statement, on a form to*
29 *be provided by the director of taxation, that all purchases so made*
30 *were entitled to exemption under this subsection. As an alternative*
31 *to the foregoing procedure, any such contracting entity may apply*
32 *to the secretary of revenue for agent status for the sole purpose of*
33 *issuing and furnishing project exemption certificates to contractors*
34 *pursuant to rules and regulations adopted by the secretary estab-*
35 *lishing conditions and standards for the granting and maintaining*
36 *of such status. All invoices shall be held by the contractor for a*
37 *period of five years and shall be subject to audit by the director of*
38 *taxation. If any materials purchased under such a certificate are*
39 *found not to have been incorporated in the building or other project*
40 *or not to have been returned for credit or the sales or compensating*
41 *tax otherwise imposed upon such materials which will not be so*
42 *incorporated in the building or other project reported and paid by*
43 *such contractor to the director of taxation not later than the 20th*

1 *day of the month following the close of the month in which it shall*
2 *be determined that such materials will not be used for the purpose*
3 *for which such certificate was issued, the political subdivision, dis-*
4 *trict described in subsection (s), hospital or public hospital author-*
5 *ity, school, educational institution or the contractor contracting*
6 *with the department of corrections for a correctional institution*
7 *concerned shall be liable for tax on all materials purchased for the*
8 *project, and upon payment thereof it may recover the same from*
9 *the contractor together with reasonable attorney fees. Any contrac-*
10 *tor or any agent, employee or subcontractor thereof, who shall use*
11 *or otherwise dispose of any materials purchased under such a cer-*
12 *tificate for any purpose other than that for which such a certificate*
13 *is issued without the payment of the sales or compensating tax oth-*
14 *erwise imposed upon such materials, shall be guilty of a misde-*
15 *meanor and, upon conviction therefor, shall be subject to the pen-*
16 *alties provided for in subsection (g) of K.S.A. 79-3615, and*
17 *amendments thereto;*

18 *(e) all sales of tangible personal property or services purchased*
19 *by a contractor for the erection, repair or enlargement of buildings*
20 *or other projects for the government of the United States, its agen-*
21 *cies or instrumentalities, which would be exempt from taxation if*
22 *purchased directly by the government of the United States, its agen-*
23 *cies or instrumentalities. When the government of the United States,*
24 *its agencies or instrumentalities shall contract for the erection, re-*
25 *pair, or enlargement of any building or other project, it shall obtain*
26 *from the state and furnish to the contractor an exemption certificate*
27 *for the project involved, and the contractor may purchase materials*
28 *for incorporation in such project. The contractor shall furnish the*
29 *number of such certificates to all suppliers from whom such pur-*
30 *chases are made, and such suppliers shall execute invoices covering*
31 *the same bearing the number of such certificate. Upon completion*
32 *of the project the contractor shall furnish to the government of the*
33 *United States, its agencies or instrumentalities concerned a sworn*
34 *statement, on a form to be provided by the director of taxation, that*
35 *all purchases so made were entitled to exemption under this sub-*
36 *section. As an alternative to the foregoing procedure, any such con-*
37 *tracting entity may apply to the secretary of revenue for agent*
38 *status for the sole purpose of issuing and furnishing project exemp-*
39 *tion certificates to contractors pursuant to rules and regulations*
40 *adopted by the secretary establishing conditions and standards for*
41 *the granting and maintaining of such status. All invoices shall be*
42 *held by the contractor for a period of five years and shall be subject*
43 *to audit by the director of taxation. Any contractor or any agent,*

- 1 *employee or subcontractor thereof, who shall use or otherwise dis-*
2 *pose of any materials purchased under such a certificate for any*
3 *purpose other than that for which such a certificate is issued with-*
4 *out the payment of the sales or compensating tax otherwise imposed*
5 *upon such materials, shall be guilty of a misdemeanor and, upon*
6 *conviction therefor, shall be subject to the penalties provided for in*
7 *subsection (g) of K.S.A. 79-3615 and amendments thereto;*
8 *(f) tangible personal property purchased by a railroad or public*
9 *utility for consumption or movement directly and immediately in*
10 *interstate commerce;*
11 *(g) sales of aircraft including remanufactured and modified air-*
12 *craft sold to persons using directly or through an authorized agent*
13 *such aircraft as certified or licensed carriers of persons or property*
14 *in interstate or foreign commerce under authority of the laws of the*
15 *United States or any foreign government or sold to any foreign gov-*
16 *ernment or agency or instrumentality of such foreign government*
17 *and all sales of aircraft for use outside of the United States and sales*
18 *of aircraft repair, modification and replacement parts and sales of*
19 *services employed in the remanufacture, modification and repair of*
20 *aircraft;*
21 *(h) all rentals of nonsectarian textbooks by public or private*
22 *elementary or secondary schools;*
23 *(i) the lease or rental of all films, records, tapes, or any type of*
24 *sound or picture transcriptions used by motion picture exhibitors;*
25 *(j) meals served without charge or food used in the preparation*
26 *of such meals to employees of any restaurant, eating house, dining*
27 *car, hotel, drugstore or other place where meals or drinks are reg-*
28 *ularly sold to the public if such employees' duties are related to the*
29 *furnishing or sale of such meals or drinks;*
30 *(k) any motor vehicle, semitrailer or pole trailer, as such terms*
31 *are defined by K.S.A. 8-126 and amendments thereto, or aircraft*
32 *sold and delivered in this state to a bona fide resident of another*
33 *state, which motor vehicle, semitrailer, pole trailer or aircraft is not*
34 *to be registered or based in this state and which vehicle, semitrailer,*
35 *pole trailer or aircraft will not remain in this state more than 10*
36 *days;*
37 *(l) all isolated or occasional sales of tangible personal property,*
38 *services, substances or things, except isolated or occasional sale of*
39 *motor vehicles specifically taxed under the provisions of subsection*
40 *(o) of K.S.A. 79-3603 and amendments thereto;*
41 *(m) all sales of tangible personal property which become an in-*
42 *redient or component part of tangible personal property or serv-*
43 *ices produced, manufactured or compounded for ultimate sale at*

- 1 *retail within or without the state of Kansas; and any such producer,*
2 *manufacturer or compounder may obtain from the director of tax-*
3 *ation and furnish to the supplier an exemption certificate number*
4 *for tangible personal property for use as an ingredient or compo-*
5 *nent part of the property or services produced, manufactured or*
6 *compounded;*
- 7 (n) *all sales of tangible personal property which is consumed in*
8 *the production, manufacture, processing, mining, drilling, refining*
9 *or compounding of tangible personal property, the treating of by-*
10 *products or wastes derived from any such production process, the*
11 *providing of services or the irrigation of crops for ultimate sale at*
12 *retail within or without the state of Kansas; and any purchaser of*
13 *such property may obtain from the director of taxation and furnish*
14 *to the supplier an exemption certificate number for tangible per-*
15 *sonal property for consumption in such production, manufacture,*
16 *processing, mining, drilling, refining, compounding, treating, irri-*
17 *gation and in providing such services;*
- 18 (o) *all sales of animals, fowl and aquatic plants and animals, the*
19 *primary purpose of which is use in agriculture or aquaculture, as*
20 *defined in K.S.A. 47-1901, and amendments thereto, the production*
21 *of food for human consumption, the production of animal, dairy,*
22 *poultry or aquatic plant and animal products, fiber or fur, or the*
23 *production of offspring for use for any such purpose or purposes;*
- 24 (p) *all sales of drugs dispensed pursuant to a prescription order*
25 *by a licensed practitioner or a mid-level practitioner as defined by*
26 *K.S.A. 65-1626, and amendments thereto. As used in this subsection,*
27 *“drug” means a compound, substance or preparation and any com-*
28 *ponent of a compound, substance or preparation, other than food*
29 *and food ingredients, dietary supplements or alcoholic beverages,*
30 *recognized in the official United States pharmacopoeia, official ho-*
31 *meopathic pharmacopoeia of the United States or official national*
32 *formulary, and supplement to any of them, intended for use in the*
33 *diagnosis, cure, mitigation, treatment or prevention of disease or*
34 *intended to affect the structure or any function of the body;*
- 35 (q) *all sales of insulin dispensed by a person licensed by the*
36 *state board of pharmacy to a person for treatment of diabetes at the*
37 *direction of a person licensed to practice medicine by the board of*
38 *healing arts;*
- 39 (r) *all sales of oxygen delivery equipment, kidney dialysis*
40 *equipment, enteral feeding systems, prosthetic devices and mobility*
41 *enhancing equipment prescribed in writing by a person licensed to*
42 *practice the healing arts, dentistry or optometry, and in addition to*
43 *such sales, all sales of hearing aids, as defined by subsection (c) of*

1 *K.S.A. 74-5807, and amendments thereto, and repair and replace-*
2 *ment parts therefor, including batteries, by a person licensed in the*
3 *practice of dispensing and fitting hearing aids pursuant to the pro-*
4 *visions of K.S.A. 74-5808, and amendments thereto. For the pur-*
5 *poses of this subsection: (1) “Mobility enhancing equipment” means*
6 *equipment including repair and replacement parts to same, but does*
7 *not include durable medical equipment, which is primarily and cus-*
8 *tomarily used to provide or increase the ability to move from one*
9 *place to another and which is appropriate for use either in a home*
10 *or a motor vehicle; is not generally used by persons with normal*
11 *mobility; and does not include any motor vehicle or equipment on*
12 *a motor vehicle normally provided by a motor vehicle manufact-*
13 *urer; and (2) “prosthetic device” means a replacement, corrective*
14 *or supportive device including repair and replacement parts for*
15 *same worn on or in the body to artificially replace a missing portion*
16 *of the body, prevent or correct physical deformity or malfunction*
17 *or support a weak or deformed portion of the body;*
18 *(s) except as provided in K.S.A. 2007 Supp. 82a-2101, and*
19 *amendments thereto, all sales of tangible personal property or serv-*
20 *ices purchased directly or indirectly by a groundwater management*
21 *district organized or operating under the authority of K.S.A. 82a-*
22 *1020 et seq. and amendments thereto, by a rural water district or-*
23 *ganized or operating under the authority of K.S.A. 82a-612, and*
24 *amendments thereto, or by a water supply district organized or op-*
25 *erating under the authority of K.S.A. 19-3501 et seq., 19-3522 et*
26 *seq. or 19-3545, and amendments thereto, which property or serv-*
27 *ices are used in the construction activities, operation or mainte-*
28 *nance of the district;*
29 *(t) all sales of farm machinery and equipment or aquaculture*
30 *machinery and equipment, repair and replacement parts therefor*
31 *and services performed in the repair and maintenance of such ma-*
32 *chinery and equipment. For the purposes of this subsection the term*
33 *“farm machinery and equipment or aquaculture machinery and*
34 *equipment” shall include a work-site utility vehicle, as defined in*
35 *K.S.A. 8-126, and amendments thereto, and is equipped with a bed*
36 *or cargo box for hauling materials, and shall also include machinery*
37 *and equipment used in the operation of Christmas tree farming but*
38 *shall not include any passenger vehicle, truck, truck tractor, trailer,*
39 *semitrailer or pole trailer, other than a farm trailer, as such terms*
40 *are defined by K.S.A. 8-126 and amendments thereto. “Farm ma-*
41 *chinery and equipment” includes precision farming equipment that*
42 *is portable or is installed or purchased to be installed on farm ma-*
43 *chinery and equipment. “Precision farming equipment” includes*

1 *the following items used only in computer-assisted farming, ranch-*
2 *ing or aquaculture production operations: Soil testing sensors, yield*
3 *monitors, computers, monitors, software, global positioning and*
4 *mapping systems, guiding systems, modems, data communications*
5 *equipment and any necessary mounting hardware, wiring and an-*
6 *tennas. Each purchaser of farm machinery and equipment or aqua-*
7 *culture machinery and equipment exempted herein must certify in*
8 *writing on the copy of the invoice or sales ticket to be retained by*
9 *the seller that the farm machinery and equipment or aquaculture*
10 *machinery and equipment purchased will be used only in farming,*
11 *ranching or aquaculture production. Farming or ranching shall in-*
12 *clude the operation of a feedlot and farm and ranch work for hire*
13 *and the operation of a nursery;*

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

17 *(v) all sales of tangible personal property to any contractor for*
18 *use in preparing meals for delivery to homebound elderly persons*
19 *over 60 years of age and to homebound disabled persons or to be*
20 *served at a group-sitting at a location outside of the home to oth-*
21 *erwise homebound elderly persons over 60 years of age and to oth-*
22 *erwise homebound disabled persons, as all or part of any food serv-*
23 *ice project funded in whole or in part by government or as part of*
24 *a private nonprofit food service project available to all such elderly*
25 *or disabled persons residing within an area of service designated by*
26 *the private nonprofit organization, and all sales of tangible personal*
27 *property for use in preparing meals for consumption by indigent or*
28 *homeless individuals whether or not such meals are consumed at a*
29 *place designated for such purpose, and all sales of food products by*
30 *or on behalf of any such contractor or organization for any such*
31 *purpose;*

32 *(w) all sales of natural gas, electricity, heat and water delivered*
33 *through mains, lines or pipes: (1) To residential premises for non-*
34 *commercial use by the occupant of such premises; (2) for agricul-*
35 *tural use and also, for such use, all sales of propane gas; (3) for use*
36 *in the severing of oil; and (4) to any property which is exempt from*
37 *property taxation pursuant to K.S.A. 79-201b Second through Sixth.*
38 *As used in this paragraph, “severing” shall have the meaning as-*
39 *cribed thereto by subsection (k) of K.S.A. 79-4216, and amendments*
40 *thereto. For all sales of natural gas, electricity and heat delivered*
41 *through mains, lines or pipes pursuant to the provisions of subsec-*
42 *tion (w)(1) and (w)(2), the provisions of this subsection shall expire*
43 *on December 31, 2005;*

- 1 *(x) all sales of propane gas, LP-gas, coal, wood and other fuel*
2 *sources for the production of heat or lighting for noncommercial*
3 *use of an occupant of residential premises occurring prior to Jan-*
4 *uary 1, 2006;*
- 5 *(y) all sales of materials and services used in the repairing, serv-*
6 *icing, altering, maintaining, manufacturing, remanufacturing, or*
7 *modification of railroad rolling stock for use in interstate or foreign*
8 *commerce under authority of the laws of the United States;*
- 9 *(z) all sales of tangible personal property and services pur-*
10 *chased directly by a port authority or by a contractor therefor as*
11 *provided by the provisions of K.S.A. 12-3418 and amendments*
12 *thereto;*
- 13 *(aa) all sales of materials and services applied to equipment*
14 *which is transported into the state from without the state for repair,*
15 *service, alteration, maintenance, remanufacture or modification*
16 *and which is subsequently transported outside the state for use in*
17 *the transmission of liquids or natural gas by means of pipeline in*
18 *interstate or foreign commerce under authority of the laws of the*
19 *United States;*
- 20 *(bb) all sales of used mobile homes or manufactured homes. As*
21 *used in this subsection: (1) “Mobile homes” and “manufactured*
22 *homes” shall have the meanings ascribed thereto by K.S.A. 58-4202*
23 *and amendments thereto; and (2) “sales of used mobile homes or*
24 *manufactured homes” means sales other than the original retail sale*
25 *thereof;*
- 26 *(cc) all sales of tangible personal property or services pur-*
27 *chased for the purpose of and in conjunction with constructing, re-*
28 *constructing, enlarging or remodeling a business or retail business*
29 *which meets the requirements established in K.S.A. 74-50,115 and*
30 *amendments thereto, and the sale and installation of machinery and*
31 *equipment purchased for installation at any such business or retail*
32 *business. When a person shall contract for the construction, recon-*
33 *struction, enlargement or remodeling of any such business or retail*
34 *business, such person shall obtain from the state and furnish to the*
35 *contractor an exemption certificate for the project involved, and the*
36 *contractor may purchase materials, machinery and equipment for*
37 *incorporation in such project. The contractor shall furnish the num-*
38 *ber of such certificates to all suppliers from whom such purchases*
39 *are made, and such suppliers shall execute invoices covering the*
40 *same bearing the number of such certificate. Upon completion of*
41 *the project the contractor shall furnish to the owner of the business*
42 *or retail business a sworn statement, on a form to be provided by*
43 *the director of taxation, that all purchases so made were entitled to*

1 *exemption under this subsection. All invoices shall be held by the*
2 *contractor for a period of five years and shall be subject to audit*
3 *by the director of taxation. Any contractor or any agent, employee*
4 *or subcontractor thereof, who shall use or otherwise dispose of any*
5 *materials, machinery or equipment purchased under such a certifi-*
6 *cate for any purpose other than that for which such a certificate is*
7 *issued without the payment of the sales or compensating tax oth-*
8 *erwise imposed thereon, shall be guilty of a misdemeanor and, upon*
9 *conviction therefor, shall be subject to the penalties provided for in*
10 *subsection (g) of K.S.A. 79-3615 and amendments thereto. As used*
11 *in this subsection, “business” and “retail business” have the mean-*
12 *ings respectively ascribed thereto by K.S.A. 74-50,114 and amend-*
13 *ments thereto;*

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

16 *(ee) all sales of lottery tickets and shares made as part of a lot-*
17 *tery operated by the state of Kansas;*

18 *(ff) on and after July 1, 1988, all sales of new mobile homes or*
19 *manufactured homes to the extent of 40% of the gross receipts, de-*
20 *termined without regard to any trade-in allowance, received from*
21 *such sale. As used in this subsection, “mobile homes” and “manu-*
22 *factured homes” shall have the meanings ascribed thereto by K.S.A.*
23 *58-4202 and amendments thereto;*

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

27 *(hh) all sales of medical supplies and equipment, including du-*
28 *rabable medical equipment, purchased directly by a nonprofit skilled*
29 *nursing home or nonprofit intermediate nursing care home, as de-*
30 *finied by K.S.A. 39-923, and amendments thereto, for the purpose of*
31 *providing medical services to residents thereof. This exemption*
32 *shall not apply to tangible personal property customarily used for*
33 *human habitation purposes. As used in this subsection, “durable*
34 *medical equipment” means equipment including repair and re-*
35 *placement parts for such equipment, which can withstand repeated*
36 *use, is primarily and customarily used to serve a medical purpose,*
37 *generally is not useful to a person in the absence of illness or injury*
38 *and is not worn in or on the body, but does not include mobility*
39 *enhancing equipment as defined in subsection (r), oxygen delivery*
40 *equipment, kidney dialysis equipment or enteral feeding systems;*

41 *(ii) all sales of tangible personal property purchased directly*
42 *by a nonprofit organization for nonsectarian comprehensive mul-*
43 *tidiscipline youth development programs and activities provided or*

1 *sponsored by such organization, and all sales of tangible personal*
2 *property by or on behalf of any such organization. This exemption*
3 *shall not apply to tangible personal property customarily used for*
4 *human habitation purposes;*

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

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

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

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

28 *(2) For purposes of this subsection:*

29 *(A) "Integrated production operation" means an integrated se-*
30 *ries of operations engaged in at a manufacturing or processing plant*
31 *or facility to process, transform or convert tangible personal prop-*
32 *erty by physical, chemical or other means into a different form,*
33 *composition or character from that in which it originally existed.*
34 *Integrated production operations shall include: (i) Production line*
35 *operations, including packaging operations; (ii) preproduction op-*
36 *erations to handle, store and treat raw materials; (iii) post produc-*
37 *tion handling, storage, warehousing and distribution operations;*
38 *and (iv) waste, pollution and environmental control operations, if*
39 *any;*

40 *(B) "production line" means the assemblage of machinery and*
41 *equipment at a manufacturing or processing plant or facility where*
42 *the actual transformation or processing of tangible personal prop-*
43 *erty occurs;*

1 (C) “*manufacturing or processing plant or facility*” means a sin-
2 *gle, fixed location owned or controlled by a manufacturing or proc-*
3 *essing business that consists of one or more structures or buildings*
4 *in a contiguous area where integrated production operations are*
5 *conducted to manufacture or process tangible personal property to*
6 *be ultimately sold at retail. Such term shall not include any facility*
7 *primarily operated for the purpose of conveying or assisting in the*
8 *conveyance of natural gas, electricity, oil or water. A business may*
9 *operate one or more manufacturing or processing plants or facilities*
10 *at different locations to manufacture or process a single product of*
11 *tangible personal property to be ultimately sold at retail;*

12 (D) “*manufacturing or processing business*” means a business
13 *that utilizes an integrated production operation to manufacture,*
14 *process, fabricate, finish, or assemble items for wholesale and retail*
15 *distribution as part of what is commonly regarded by the general*
16 *public as an industrial manufacturing or processing operation or*
17 *an agricultural commodity processing operation. (i) Industrial*
18 *manufacturing or processing operations include, by way of illustra-*
19 *tion but not of limitation, the fabrication of automobiles, airplanes,*
20 *machinery or transportation equipment, the fabrication of metal,*
21 *plastic, wood, or paper products, electricity power generation, wa-*
22 *ter treatment, petroleum refining, chemical production, wholesale*
23 *bottling, newspaper printing, ready mixed concrete production, and*
24 *the remanufacturing of used parts for wholesale or retail sale. Such*
25 *processing operations shall include operations at an oil well, gas*
26 *well, mine or other excavation site where the oil, gas, minerals, coal,*
27 *clay, stone, sand or gravel that has been extracted from the earth is*
28 *cleaned, separated, crushed, ground, milled, screened, washed, or*
29 *otherwise treated or prepared before its transmission to a refinery*
30 *or before any other wholesale or retail distribution. (ii) Agricul-*
31 *tural commodity processing operations include, by way of illustra-*
32 *tion but not of limitation, meat packing, poultry slaughtering and*
33 *dressing, processing and packaging farm and dairy products in*
34 *sealed containers for wholesale and retail distribution, feed grind-*
35 *ing, grain milling, frozen food processing, and grain handling,*
36 *cleaning, blending, fumigation, drying and aeration operations en-*
37 *gaged in by grain elevators or other grain storage facilities. (iii)*
38 *Manufacturing or processing businesses do not include, by way of*
39 *illustration but not of limitation, nonindustrial businesses whose*
40 *operations are primarily retail and that produce or process tangible*
41 *personal property as an incidental part of conducting the retail*
42 *business, such as retailers who bake, cook or prepare food products*
43 *in the regular course of their retail trade, grocery stores, meat lock-*

1 *ers and meat markets that butcher or dress livestock or poultry in*
2 *the regular course of their retail trade, contractors who alter, serv-*
3 *ice, repair or improve real property, and retail businesses that*
4 *clean, service or refurbish and repair tangible personal property*
5 *for its owner;*

6 (E) *“repair and replacement parts and accessories” means all*
7 *parts and accessories for exempt machinery and equipment, includ-*
8 *ing, but not limited to, dies, jigs, molds, patterns and safety devices*
9 *that are attached to exempt machinery or that are otherwise used*
10 *in production, and parts and accessories that require periodic re-*
11 *placement such as belts, drill bits, grinding wheels, grinding balls,*
12 *cutting bars, saws, refractory brick and other refractory items for*
13 *exempt kiln equipment used in production operations;*

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

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

18 (A) *To receive, transport, convey, handle, treat or store raw ma-*
19 *terials in preparation of its placement on the production line;*

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

24 (C) *to act upon, effect, promote or otherwise facilitate a phys-*
25 *ical change to the property undergoing manufacturing or*
26 *processing;*

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

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

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

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

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

42 (I) *to transmit or transport electricity, coke, gas, water, steam*
43 *or similar substances used in production operations from the point*

- 1 of generation, if produced by the manufacturer or processor at the
2 plant site, to that manufacturer's production operation; or, if pur-
3 chased or delivered from offsite, from the point where the substance
4 enters the site of the plant or facility to that manufacturer's pro-
5 duction operations;
- 6 (J) to cool, heat, filter, refine or otherwise treat water, steam,
7 acid, oil, solvents or other substances that are used in production
8 operations;
- 9 (K) to provide and control an environment required to maintain
10 certain levels of air quality, humidity or temperature in special and
11 limited areas of the plant or facility, where such regulation of tem-
12 perature or humidity is part of and essential to the production
13 process;
- 14 (L) to treat, transport or store waste or other byproducts of pro-
15 duction operations at the plant or facility; or
- 16 (M) to control pollution at the plant or facility where the pol-
17 lution is produced by the manufacturing or processing operation.
- 18 (4) The following machinery, equipment and materials shall be
19 deemed to be exempt even though it may not otherwise qualify as
20 machinery and equipment used as an integral or essential part of
21 an integrated production operation: (A) Computers and related pe-
22 ripheral equipment that are utilized by a manufacturing or proc-
23 essing business for engineering of the finished product or for re-
24 search and development or product design; (B) machinery and
25 equipment that is utilized by a manufacturing or processing busi-
26 ness to manufacture or rebuild tangible personal property that is
27 used in manufacturing or processing operations, including tools,
28 dies, molds, forms and other parts of qualifying machinery and
29 equipment; (C) portable plants for aggregate concrete, bulk cement
30 and asphalt including cement mixing drums to be attached to a mo-
31 tor vehicle; (D) industrial fixtures, devices, support facilities and
32 special foundations necessary for manufacturing and production
33 operations, and materials and other tangible personal property sold
34 for the purpose of fabricating such fixtures, devices, facilities and
35 foundations. An exemption certificate for such purchases shall be
36 signed by the manufacturer or processor. If the fabricator pur-
37 chases such material, the fabricator shall also sign the exemption
38 certificate; and (E) a manufacturing or processing business' labo-
39 ratory equipment that is not located at the plant or facility, but that
40 would otherwise qualify for exemption under subsection (3)(E).
- 41 (5) "Machinery and equipment used as an integral or essential
42 part of an integrated production operation" shall not include:
- 43 (A) Machinery and equipment used for nonproduction pur-

- 1 *poses, including, but not limited to, machinery and equipment used*
2 *for plant security, fire prevention, first aid, accounting, administra-*
3 *tion, record keeping, advertising, marketing, sales or other related*
4 *activities, plant cleaning, plant communications, and employee*
5 *work scheduling;*
- 6 *(B) machinery, equipment and tools used primarily in main-*
7 *taining and repairing any type of machinery and equipment or the*
8 *building and plant;*
- 9 *(C) transportation, transmission and distribution equipment*
10 *not primarily used in a production, warehousing or material han-*
11 *dling operation at the plant or facility, including the means of con-*
12 *voyance of natural gas, electricity, oil or water, and equipment re-*
13 *lated thereto, located outside the plant or facility;*
- 14 *(D) office machines and equipment including computers and re-*
15 *lated peripheral equipment not used directly and primarily to con-*
16 *trol or measure the manufacturing process;*
- 17 *(E) furniture and other furnishings;*
- 18 *(F) buildings, other than exempt machinery and equipment that*
19 *is permanently affixed to or becomes a physical part of the building,*
20 *and any other part of real estate that is not otherwise exempt;*
- 21 *(G) building fixtures that are not integral to the manufacturing*
22 *operation, such as utility systems for heating, ventilation, air con-*
23 *ditioning, communications, plumbing or electrical;*
- 24 *(H) machinery and equipment used for general plant heating,*
25 *cooling and lighting;*
- 26 *(I) motor vehicles that are registered for operation on public*
27 *highways; or*
- 28 *(J) employee apparel, except safety and protective apparel that*
29 *is purchased by an employer and furnished gratuitously to employ-*
30 *ees who are involved in production or research activities.*
- 31 *(6) Subsections (3) and (5) shall not be construed as exclusive*
32 *listings of the machinery and equipment that qualify or do not qual-*
33 *ify as an integral or essential part of an integrated production op-*
34 *eration. When machinery or equipment is used as an integral or*
35 *essential part of production operations part of the time and for non-*
36 *production purpose at other times, the primary use of the machin-*
37 *ery or equipment shall determine whether or not such machinery*
38 *or equipment qualifies for exemption.*
- 39 *(7) The secretary of revenue shall adopt rules and regulations*
40 *necessary to administer the provisions of this subsection;*
- 41 *(ll) all sales of educational materials purchased for distribution*
42 *to the public at no charge by a nonprofit corporation organized for*
43 *the purpose of encouraging, fostering and conducting programs for*

- 1 *the improvement of public health;*
2 *(mm) all sales of seeds and tree seedlings; fertilizers, insecti-*
3 *cides, herbicides, germicides, pesticides and fungicides; and serv-*
4 *ices, purchased and used for the purpose of producing plants in*
5 *order to prevent soil erosion on land devoted to agricultural use;*
6 *(nn) except as otherwise provided in this act, all sales of services*
7 *rendered by an advertising agency or licensed broadcast station or*
8 *any member, agent or employee thereof;*
9 *(oo) all sales of tangible personal property purchased by a com-*
10 *munity action group or agency for the exclusive purpose of repair-*
11 *ing or weatherizing housing occupied by low income individuals;*
12 *(pp) all sales of drill bits and explosives actually utilized in the*
13 *exploration and production of oil or gas;*
14 *(qq) all sales of tangible personal property and services pur-*
15 *chased by a nonprofit museum or historical society or any combi-*
16 *nation thereof, including a nonprofit organization which is organ-*
17 *ized for the purpose of stimulating public interest in the exploration*
18 *of space by providing educational information, exhibits and expe-*
19 *riences, which is exempt from federal income taxation pursuant to*
20 *section 501(c)(3) of the federal internal revenue code of 1986;*
21 *(rr) all sales of tangible personal property which will admit the*
22 *purchaser thereof to any annual event sponsored by a nonprofit*
23 *organization which is exempt from federal income taxation pursu-*
24 *ant to section 501(c)(3) of the federal internal revenue code of 1986;*
25 *(ss) all sales of tangible personal property and services pur-*
26 *chased by a public broadcasting station licensed by the federal com-*
27 *munications commission as a noncommercial educational television*
28 *or radio station;*
29 *(tt) all sales of tangible personal property and services pur-*
30 *chased by or on behalf of a not-for-profit corporation which is ex-*
31 *empt from federal income taxation pursuant to section 501(c)(3) of*
32 *the federal internal revenue code of 1986, for the sole purpose of*
33 *constructing a Kansas Korean War memorial;*
34 *(uu) all sales of tangible personal property and services pur-*
35 *chased by or on behalf of any rural volunteer fire-fighting organi-*
36 *zation for use exclusively in the performance of its duties and*
37 *functions;*
38 *(vv) all sales of tangible personal property purchased by any of*
39 *the following organizations which are exempt from federal income*
40 *taxation pursuant to section 501 (c)(3) of the federal internal rev-*
41 *enue code of 1986, for the following purposes, and all sales of any*
42 *such property by or on behalf of any such organization for any such*
43 *purpose:*

- 1 (1) *The American Heart Association, Kansas Affiliate, Inc. for*
2 *the purposes of providing education, training, certification in emer-*
3 *gency cardiac care, research and other related services to reduce*
4 *disability and death from cardiovascular diseases and stroke;*
- 5 (2) *the Kansas Alliance for the Mentally Ill, Inc. for the purpose*
6 *of advocacy for persons with mental illness and to education, re-*
7 *search and support for their families;*
- 8 (3) *the Kansas Mental Illness Awareness Council for the pur-*
9 *poses of advocacy for persons who are mentally ill and to education,*
10 *research and support for them and their families;*
- 11 (4) *the American Diabetes Association Kansas Affiliate, Inc. for*
12 *the purpose of eliminating diabetes through medical research, pub-*
13 *lic education focusing on disease prevention and education, patient*
14 *education including information on coping with diabetes, and pro-*
15 *fessional education and training;*
- 16 (5) *the American Lung Association of Kansas, Inc. for the pur-*
17 *pose of eliminating all lung diseases through medical research, pub-*
18 *lic education including information on coping with lung diseases,*
19 *professional education and training related to lung disease and*
20 *other related services to reduce the incidence of disability and death*
21 *due to lung disease;*
- 22 (6) *the Kansas chapters of the Alzheimer’s Disease and Related*
23 *Disorders Association, Inc. for the purpose of providing assistance*
24 *and support to persons in Kansas with Alzheimer’s disease, and their*
25 *families and caregivers;*
- 26 (7) *the Kansas chapters of the Parkinson’s disease association*
27 *for the purpose of eliminating Parkinson’s disease through medical*
28 *research and public and professional education related to such*
29 *disease;*
- 30 (8) *the National Kidney Foundation of Kansas and Western Mis-*
31 *souri for the purpose of eliminating kidney disease through medical*
32 *research and public and private education related to such disease;*
- 33 (9) *the heartstrings community foundation for the purpose of*
34 *providing training, employment and activities for adults with de-*
35 *velopmental disabilities;*
- 36 (10) *the Cystic Fibrosis Foundation, Heart of America Chapter,*
37 *for the purposes of assuring the development of the means to cure*
38 *and control cystic fibrosis and improving the quality of life for those*
39 *with the disease;*
- 40 (11) *the spina bifida association of Kansas for the purpose of*
41 *providing financial, educational and practical aid to families and*
42 *individuals with spina bifida. Such aid includes, but is not limited*
43 *to, funding for medical devices, counseling and medical educational*

1 *opportunities;*

2 (12) *the CHWC, Inc., for the purpose of rebuilding urban core*
3 *neighborhoods through the construction of new homes, acquiring*
4 *and renovating existing homes and other related activities, and pro-*
5 *moting economic development in such neighborhoods;*

6 (13) *the cross-lines cooperative council for the purpose of pro-*
7 *viding social services to low income individuals and families;*

8 (14) *the Dreams Work, Inc., for the purpose of providing young*
9 *adult day services to individuals with developmental disabilities*
10 *and assisting families in avoiding institutional or nursing home care*
11 *for a developmentally disabled member of their family;*

12 (15) *the KSDS, Inc., for the purpose of promoting the independ-*
13 *ence and inclusion of people with disabilities as fully participating*
14 *and contributing members of their communities and society through*
15 *the training and providing of guide and service dogs to people with*
16 *disabilities, and providing disability education and awareness to*
17 *the general public;*

18 (16) *the lyme association of greater Kansas City, Inc., for the*
19 *purpose of providing support to persons with lyme disease and pub-*
20 *lic education relating to the prevention, treatment and cure of lyme*
21 *disease;*

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

24 (18) *the Ottawa Suzuki Strings, Inc., for the purpose of provid-*
25 *ing students and families with education and resources necessary*
26 *to enable each child to develop fine character and musical ability*
27 *to the fullest potential;*

28 (19) *the International Association of Lions Clubs for the pur-*
29 *pose of creating and fostering a spirit of understanding among all*
30 *people for humanitarian needs by providing voluntary services*
31 *through community involvement and international cooperation;*

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

36 (21) *the American Cancer Society, Inc., for the purpose of elim-*
37 *inating cancer as a major health problem by preventing cancer,*
38 *saving lives and diminishing suffering from cancer, through re-*
39 *search, education, advocacy and service; and*

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

42 ~~(23)~~ (22) *the angel babies association, for the purpose of provid-*
43 *ing assistance, support and items of necessity to teenage mothers*

1 *and their babies;*

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

5 *(xx) all sales of tangible personal property and services pur-*
6 *chased by a nonprofit zoo which is exempt from federal income tax-*
7 *ation pursuant to section 501(c)(3) of the federal internal revenue*
8 *code of 1986, or on behalf of such zoo by an entity itself exempt*
9 *from federal income taxation pursuant to section 501(c)(3) of the*
10 *federal internal revenue code of 1986 contracted with to operate*
11 *such zoo and all sales of tangible personal property or services pur-*
12 *chased by a contractor for the purpose of constructing, equipping,*
13 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*
14 *modeling facilities for any nonprofit zoo which would be exempt*
15 *from taxation under the provisions of this section if purchased di-*
16 *rectly by such nonprofit zoo or the entity operating such zoo. Noth-*
17 *ing in this subsection shall be deemed to exempt the purchase of*
18 *any construction machinery, equipment or tools used in the con-*
19 *structing, equipping, reconstructing, maintaining, repairing, en-*
20 *larging, furnishing or remodeling facilities for any nonprofit zoo.*
21 *When any nonprofit zoo shall contract for the purpose of construct-*
22 *ing, equipping, reconstructing, maintaining, repairing, enlarging,*
23 *furnishing or remodeling facilities, it shall obtain from the state and*
24 *furnish to the contractor an exemption certificate for the project*
25 *involved, and the contractor may purchase materials for incorpo-*
26 *ration in such project. The contractor shall furnish the number of*
27 *such certificate to all suppliers from whom such purchases are*
28 *made, and such suppliers shall execute invoices covering the same*
29 *bearing the number of such certificate. Upon completion of the pro-*
30 *ject the contractor shall furnish to the nonprofit zoo concerned a*
31 *sworn statement, on a form to be provided by the director of taxa-*
32 *tion, that all purchases so made were entitled to exemption under*
33 *this subsection. All invoices shall be held by the contractor for a*
34 *period of five years and shall be subject to audit by the director of*
35 *taxation. If any materials purchased under such a certificate are*
36 *found not to have been incorporated in the building or other project*
37 *or not to have been returned for credit or the sales or compensating*
38 *tax otherwise imposed upon such materials which will not be so*
39 *incorporated in the building or other project reported and paid by*
40 *such contractor to the director of taxation not later than the 20th*
41 *day of the month following the close of the month in which it shall*
42 *be determined that such materials will not be used for the purpose*
43 *for which such certificate was issued, the nonprofit zoo concerned*

1 *shall be liable for tax on all materials purchased for the project,*
2 *and upon payment thereof it may recover the same from the con-*
3 *tractor together with reasonable attorney fees. Any contractor or*
4 *any agent, employee or subcontractor thereof, who shall use or oth-*
5 *erwise dispose of any materials purchased under such a certificate*
6 *for any purpose other than that for which such a certificate is issued*
7 *without the payment of the sales or compensating tax otherwise im-*
8 *posed upon such materials, shall be guilty of a misdemeanor and,*
9 *upon conviction therefor, shall be subject to the penalties provided*
10 *for in subsection (g) of K.S.A. 79-3615, and amendments thereto;*
11 *(yy) all sales of tangible personal property and services pur-*
12 *chased by a parent-teacher association or organization, and all*
13 *sales of tangible personal property by or on behalf of such associ-*
14 *ation or organization;*
15 *(zz) all sales of machinery and equipment purchased by over-*
16 *the-air, free access radio or television station which is used directly*
17 *and primarily for the purpose of producing a broadcast signal or is*
18 *such that the failure of the machinery or equipment to operate*
19 *would cause broadcasting to cease. For purposes of this subsection,*
20 *machinery and equipment shall include, but not be limited to, that*
21 *required by rules and regulations of the federal communications*
22 *commission, and all sales of electricity which are essential or nec-*
23 *essary for the purpose of producing a broadcast signal or is such*
24 *that the failure of the electricity would cause broadcasting to cease;*
25 *(aaa) all sales of tangible personal property and services pur-*
26 *chased by a religious organization which is exempt from federal*
27 *income taxation pursuant to section 501(c)(3) of the federal internal*
28 *revenue code, and used exclusively for religious purposes, and all*
29 *sales of tangible personal property or services purchased by a con-*
30 *tractor for the purpose of constructing, equipping, reconstructing,*
31 *maintaining, repairing, enlarging, furnishing or remodeling facili-*
32 *ties for any such organization which would be exempt from taxation*
33 *under the provisions of this section if purchased directly by such*
34 *organization. Nothing in this subsection shall be deemed to exempt*
35 *the purchase of any construction machinery, equipment or tools*
36 *used in the constructing, equipping, reconstructing, maintaining,*
37 *repairing, enlarging, furnishing or remodeling facilities for any*
38 *such organization. When any such organization shall contract for*
39 *the purpose of constructing, equipping, reconstructing, maintain-*
40 *ing, repairing, enlarging, furnishing or remodeling facilities, it shall*
41 *obtain from the state and furnish to the contractor an exemption*
42 *certificate for the project involved, and the contractor may pur-*
43 *chase materials for incorporation in such project. The contractor*

1 *shall furnish the number of such certificate to all suppliers from*
2 *whom such purchases are made, and such suppliers shall execute*
3 *invoices covering the same bearing the number of such certificate.*
4 *Upon completion of the project the contractor shall furnish to such*
5 *organization concerned a sworn statement, on a form to be provided*
6 *by the director of taxation, that all purchases so made were entitled*
7 *to exemption under this subsection. All invoices shall be held by the*
8 *contractor for a period of five years and shall be subject to audit*
9 *by the director of taxation. If any materials purchased under such*
10 *a certificate are found not to have been incorporated in the building*
11 *or other project or not to have been returned for credit or the sales*
12 *or compensating tax otherwise imposed upon such materials which*
13 *will not be so incorporated in the building or other project reported*
14 *and paid by such contractor to the director of taxation not later*
15 *than the 20th day of the month following the close of the month in*
16 *which it shall be determined that such materials will not be used*
17 *for the purpose for which such certificate was issued, such organi-*
18 *zation concerned shall be liable for tax on all materials purchased*
19 *for the project, and upon payment thereof it may recover the same*
20 *from the contractor together with reasonable attorney fees. Any*
21 *contractor or any agent, employee or subcontractor thereof, who*
22 *shall use or otherwise dispose of any materials purchased under*
23 *such a certificate for any purpose other than that for which such a*
24 *certificate is issued without the payment of the sales or compensat-*
25 *ing tax otherwise imposed upon such materials, shall be guilty of a*
26 *misdemeanor and, upon conviction therefor, shall be subject to the*
27 *penalties provided for in subsection (g) of K.S.A. 79-3615, and*
28 *amendments thereto. Sales tax paid on and after July 1, 1998, but*
29 *prior to the effective date of this act upon the gross receipts received*
30 *from any sale exempted by the amendatory provisions of this sub-*
31 *section shall be refunded. Each claim for a sales tax refund shall be*
32 *verified and submitted to the director of taxation upon forms fur-*
33 *nished by the director and shall be accompanied by any additional*
34 *documentation required by the director. The director shall review*
35 *each claim and shall refund that amount of sales tax paid as deter-*
36 *mined under the provisions of this subsection. All refunds shall be*
37 *paid from the sales tax refund fund upon warrants of the director*
38 *of accounts and reports pursuant to vouchers approved by the di-*
39 *rector or the director's designee;*
40 *(bbb) all sales of food for human consumption by an organiza-*
41 *tion which is exempt from federal income taxation pursuant to sec-*
42 *tion 501 (c)(3) of the federal internal revenue code of 1986, pur-*
43 *suant to a food distribution program which offers such food at a*

1 *price below cost in exchange for the performance of community*
2 *service by the purchaser thereof;*
3 *(ccc) on and after July 1, 1999, all sales of tangible personal*
4 *property and services purchased by a primary care clinic or health*
5 *center the primary purpose of which is to provide services to med-*
6 *ically underserved individuals and families, and which is exempt*
7 *from federal income taxation pursuant to section 501 (c)(3) of the*
8 *federal internal revenue code, and all sales of tangible personal*
9 *property or services purchased by a contractor for the purpose of*
10 *constructing, equipping, reconstructing, maintaining, repairing, en-*
11 *larging, furnishing or remodeling facilities for any such clinic or*
12 *center which would be exempt from taxation under the provisions*
13 *of this section if purchased directly by such clinic or center. Nothing*
14 *in this subsection shall be deemed to exempt the purchase of any*
15 *construction machinery, equipment or tools used in the construct-*
16 *ing, equipping, reconstructing, maintaining, repairing, enlarging,*
17 *furnishing or remodeling facilities for any such clinic or center.*
18 *When any such clinic or center shall contract for the purpose of*
19 *constructing, equipping, reconstructing, maintaining, repairing, en-*
20 *larging, furnishing or remodeling facilities, it shall obtain from the*
21 *state and furnish to the contractor an exemption certificate for the*
22 *project involved, and the contractor may purchase materials for*
23 *incorporation in such project. The contractor shall furnish the num-*
24 *ber of such certificate to all suppliers from whom such purchases*
25 *are made, and such suppliers shall execute invoices covering the*
26 *same bearing the number of such certificate. Upon completion of*
27 *the project the contractor shall furnish to such clinic or center con-*
28 *cerned a sworn statement, on a form to be provided by the director*
29 *of taxation, that all purchases so made were entitled to exemption*
30 *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*
32 *of taxation. If any materials purchased under such a certificate are*
33 *found not to have been incorporated in the building or other project*
34 *or not to have been returned for credit or the sales or compensating*
35 *tax otherwise imposed upon such materials which will not be so*
36 *incorporated in the building or other project reported and paid by*
37 *such contractor to the director of taxation not later than the 20th*
38 *day of the month following the close of the month in which it shall*
39 *be determined that such materials will not be used for the purpose*
40 *for which such certificate was issued, such clinic or center con-*
41 *cerned shall be liable for tax on all materials purchased for the*
42 *project, and upon payment thereof it may recover the same from*
43 *the contractor together with reasonable attorney fees. Any contrac-*

1 *tor or any agent, employee or subcontractor thereof, who shall use*
2 *or otherwise dispose of any materials purchased under such a cer-*
3 *tificate for any purpose other than that for which such a certificate*
4 *is issued without the payment of the sales or compensating tax oth-*
5 *erwise imposed upon such materials, shall be guilty of a misde-*
6 *meanor and, upon conviction therefor, shall be subject to the pen-*
7 *alties provided for in subsection (g) of K.S.A. 79-3615, and*
8 *amendments thereto;*
9 *(ddd) on and after January 1, 1999, and before January 1, 2000,*
10 *all sales of materials and services purchased by any class II or III*
11 *railroad as classified by the federal surface transportation board*
12 *for the construction, renovation, repair or replacement of class II*
13 *or III railroad track and facilities used directly in interstate com-*
14 *merce. In the event any such track or facility for which materials*
15 *and services were purchased sales tax exempt is not operational for*
16 *five years succeeding the allowance of such exemption, the total*
17 *amount of sales tax which would have been payable except for the*
18 *operation of this subsection shall be recouped in accordance with*
19 *rules and regulations adopted for such purpose by the secretary of*
20 *revenue;*
21 *(eee) on and after January 1, 1999, and before January 1, 2001,*
22 *all sales of materials and services purchased for the original con-*
23 *struction, reconstruction, repair or replacement of grain storage*
24 *facilities, including railroad sidings providing access thereto;*
25 *(fff) all sales of material handling equipment, racking systems*
26 *and other related machinery and equipment that is used for the*
27 *handling, movement or storage of tangible personal property in a*
28 *warehouse or distribution facility in this state; all sales of instal-*
29 *lation, repair and maintenance services performed on such machin-*
30 *ery and equipment; and all sales of repair and replacement parts*
31 *for such machinery and equipment. For purposes of this subsection,*
32 *a warehouse or distribution facility means a single, fixed location*
33 *that consists of buildings or structures in a contiguous area where*
34 *storage or distribution operations are conducted that are separate*
35 *and apart from the business' retail operations, if any, and which do*
36 *not otherwise qualify for exemption as occurring at a manufactur-*
37 *ing or processing plant or facility. Material handling and storage*
38 *equipment shall include aeration, dust control, cleaning, handling*
39 *and other such equipment that is used in a public grain warehouse*
40 *or other commercial grain storage facility, whether used for grain*
41 *handling, grain storage, grain refining or processing, or other grain*
42 *treatment operation;*
43 *(ggg) all sales of tangible personal property and services pur-*

1 *chased by or on behalf of the Kansas Academy of Science which is*
2 *exempt from federal income taxation pursuant to section 501(c)(3)*
3 *of the federal internal revenue code of 1986, and used solely by*
4 *such academy for the preparation, publication and dissemination*
5 *of education materials;*
6 *(hhh) all sales of tangible personal property and services pur-*
7 *chased by or on behalf of all domestic violence shelters that are*
8 *member agencies of the Kansas coalition against sexual and domes-*
9 *tic violence;*
10 *(iii) all sales of personal property and services purchased by an*
11 *organization which is exempt from federal income taxation pursu-*
12 *ant to section 501(c)(3) of the federal internal revenue code of 1986,*
13 *and which such personal property and services are used by any such*
14 *organization in the collection, storage and distribution of food prod-*
15 *ucts to nonprofit organizations which distribute such food products*
16 *to persons pursuant to a food distribution program on a charitable*
17 *basis without fee or charge, and all sales of tangible personal prop-*
18 *erty or services purchased by a contractor for the purpose of con-*
19 *structing, equipping, reconstructing, maintaining, repairing, en-*
20 *larging, furnishing or remodeling facilities used for the collection*
21 *and storage of such food products for any such organization which*
22 *is exempt from federal income taxation pursuant to section*
23 *501(c)(3) of the federal internal revenue code of 1986, which would*
24 *be exempt from taxation under the provisions of this section if pur-*
25 *chased directly by such organization. Nothing in this subsection*
26 *shall be deemed to exempt the purchase of any construction ma-*
27 *chinery, equipment or tools used in the constructing, equipping,*
28 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*
29 *modeling facilities for any such organization. When any such or-*
30 *ganization shall contract for the purpose of constructing, equipping,*
31 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*
32 *modeling facilities, it shall obtain from the state and furnish to the*
33 *contractor an exemption certificate for the project involved, and the*
34 *contractor may purchase materials for incorporation in such pro-*
35 *ject. The contractor shall furnish the number of such certificate to*
36 *all suppliers from whom such purchases are made, and such sup-*
37 *pliers shall execute invoices covering the same bearing the number*
38 *of such certificate. Upon completion of the project the contractor*
39 *shall furnish to such organization concerned a sworn statement, on*
40 *a form to be provided by the director of taxation, that all purchases*
41 *so made were entitled to exemption under this subsection. All in-*
42 *voices shall be held by the contractor for a period of five years and*
43 *shall be subject to audit by the director of taxation. If any materials*

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

31 *(jjj) all sales of dietary supplements dispensed pursuant to a*
32 *prescription order by a licensed practitioner or a mid-level practi-*
33 *tioner as defined by K.S.A. 65-1626, and amendments thereto. As*
34 *used in this subsection, "dietary supplement" means any product,*
35 *other than tobacco, intended to supplement the diet that: (1) Con-*
36 *tains one or more of the following dietary ingredients: A vitamin, a*
37 *mineral, an herb or other botanical, an amino acid, a dietary sub-*
38 *stance for use by humans to supplement the diet by increasing the*
39 *total dietary intake or a concentrate, metabolite, constituent, ex-*
40 *tract or combination of any such ingredient; (2) is intended for in-*
41 *gestion in tablet, capsule, powder, softgel, gelcap or liquid form, or*
42 *if not intended for ingestion, in such a form, is not represented as*
43 *conventional food and is not represented for use as a sole item of a*

- 1 *meal or of the diet; and (3) is required to be labeled as a dietary*
2 *supplement, identifiable by the supplemental facts box found on the*
3 *label and as required pursuant to 21 C.F.R. § 101.36;*
- 4 *(lll) all sales of tangible personal property and services pur-*
5 *chased by special olympics Kansas, inc. for the purpose of providing*
6 *year-round sports training and athletic competition in a variety of*
7 *olympic-type sports for individuals with intellectual disabilities by*
8 *giving them continuing opportunities to develop physical fitness,*
9 *demonstrate courage, experience joy and participate in a sharing of*
10 *gifts, skills and friendship with their families, other special olympics*
11 *athletes and the community, and activities provided or sponsored*
12 *by such organization, and all sales of tangible personal property by*
13 *or on behalf of any such organization;*
- 14 *(mmm) all sales of tangible personal property purchased by or*
15 *on behalf of the Marillac Center, Inc., which is exempt from federal*
16 *income taxation pursuant to section 501(c)(3) of the federal internal*
17 *revenue code, for the purpose of providing psycho-social-biological*
18 *and special education services to children, and all sales of any such*
19 *property by or on behalf of such organization for such purpose;*
- 20 *(nnn) all sales of tangible personal property and services pur-*
21 *chased by the West Sedgwick County-Sunrise Rotary Club and Sun-*
22 *rise Charitable Fund for the purpose of constructing a boundless*
23 *playground which is an integrated, barrier free and developmen-*
24 *tally advantageous play environment for children of all abilities and*
25 *disabilities;*
- 26 *(ooo) all sales of tangible personal property by or on behalf of*
27 *a public library serving the general public and supported in whole*
28 *or in part with tax money or a not-for-profit organization whose*
29 *purpose is to raise funds for or provide services or other benefits to*
30 *any such public library;*
- 31 *(ppp) all sales of tangible personal property and services pur-*
32 *chased by or on behalf of a homeless shelter which is exempt from*
33 *federal income taxation pursuant to section 501(c)(3) of the federal*
34 *income tax code of 1986, and used by any such homeless shelter to*
35 *provide emergency and transitional housing for individuals and*
36 *families experiencing homelessness, and all sales of any such prop-*
37 *erty by or on behalf of any such homeless shelter for any such*
38 *purpose;*
- 39 *(qqq) all sales of tangible personal property and services pur-*
40 *chased by TLC for children and families, inc., hereinafter referred*
41 *to as TLC, which is exempt from federal income taxation pursuant*
42 *to section 501(c)(3) of the federal internal revenue code of 1986,*
43 *and which such property and services are used for the purpose of*

1 *providing emergency shelter and treatment for abused and ne-*
2 *glected children as well as meeting additional critical needs for chil-*
3 *dren, juveniles and family, and all sales of any such property by or*
4 *on behalf of TLC for any such purpose; and all sales of tangible*
5 *personal property or services purchased by a contractor for the*
6 *purpose of constructing, maintaining, repairing, enlarging, furnish-*
7 *ing or remodeling facilities for the operation of services for TLC for*
8 *any such purpose which would be exempt from taxation under the*
9 *provisions of this section if purchased directly by TLC. Nothing in*
10 *this subsection shall be deemed to exempt the purchase of any con-*
11 *struction machinery, equipment or tools used in the constructing,*
12 *maintaining, repairing, enlarging, furnishing or remodeling such*
13 *facilities for TLC. When TLC contracts for the purpose of con-*
14 *structing, maintaining, repairing, enlarging, furnishing or remod-*
15 *eling such facilities, it shall obtain from the state and furnish to the*
16 *contractor an exemption certificate for the project involved, and the*
17 *contractor may purchase materials for incorporation in such pro-*
18 *ject. The contractor shall furnish the number of such certificate to*
19 *all suppliers from whom such purchases are made, and such sup-*
20 *pliers shall execute invoices covering the same bearing the number*
21 *of such certificate. Upon completion of the project the contractor*
22 *shall furnish to TLC a sworn statement, on a form to be provided*
23 *by the director of taxation, that all purchases so made were entitled*
24 *to exemption under this subsection. All invoices shall be held by the*
25 *contractor for a period of five years and shall be subject to audit*
26 *by the director of taxation. If any materials purchased under such*
27 *a certificate are found not to have been incorporated in the building*
28 *or other project or not to have been returned for credit or the sales*
29 *or compensating tax otherwise imposed upon such materials which*
30 *will not be so incorporated in the building or other project reported*
31 *and paid by such contractor to the director of taxation not later*
32 *than the 20th day of the month following the close of the month in*
33 *which it shall be determined that such materials will not be used*
34 *for the purpose for which such certificate was issued, TLC shall be*
35 *liable for tax on all materials purchased for the project, and upon*
36 *payment thereof it may recover the same from the contractor to-*
37 *gether with reasonable attorney fees. Any contractor or any agent,*
38 *employee or subcontractor thereof, who shall use or otherwise dis-*
39 *pose of any materials purchased under such a certificate for any*
40 *purpose other than that for which such a certificate is issued with-*
41 *out the payment of the sales or compensating tax otherwise imposed*
42 *upon such materials, shall be guilty of a misdemeanor and, upon*
43 *conviction therefor, shall be subject to the penalties provided for in*

1 *subsection (g) of K.S.A. 79-3615, and amendments thereto;*
2 *(rrr) all sales of tangible personal property and services pur-*
3 *chased by any county law library maintained pursuant to law and*
4 *sales of tangible personal property and services purchased by an*
5 *organization which would have been exempt from taxation under*
6 *the provisions of this subsection if purchased directly by the county*
7 *law library for the purpose of providing legal resources to attor-*
8 *neys, judges, students and the general public, and all sales of any*
9 *such property by or on behalf of any such county law library;*
10 *(sss) all sales of tangible personal property and services pur-*
11 *chased by catholic charities or youthville, hereinafter referred to*
12 *as charitable family providers, which is exempt from federal income*
13 *taxation pursuant to section 501(c)(3) of the federal internal reve-*
14 *nuue code of 1986, and which such property and services are used*
15 *for the purpose of providing emergency shelter and treatment for*
16 *abused and neglected children as well as meeting additional critical*
17 *needs for children, juveniles and family, and all sales of any such*
18 *property by or on behalf of charitable family providers for any such*
19 *purpose; and all sales of tangible personal property or services pur-*
20 *chased by a contractor for the purpose of constructing, maintaining,*
21 *repairing, enlarging, furnishing or remodeling facilities for the op-*
22 *eration of services for charitable family providers for any such pur-*
23 *pose which would be exempt from taxation under the provisions of*
24 *this section if purchased directly by charitable family providers.*
25 *Nothing in this subsection shall be deemed to exempt the purchase*
26 *of any construction machinery, equipment or tools used in the con-*
27 *structing, maintaining, repairing, enlarging, furnishing or remodel-*
28 *ing such facilities for charitable family providers. When charita-*
29 *ble family providers contracts for the purpose of constructing,*
30 *maintaining, repairing, enlarging, furnishing or remodeling such*
31 *facilities, it shall obtain from the state and furnish to the contractor*
32 *an exemption certificate for the project involved, and the contractor*
33 *may purchase materials for incorporation in such project. The con-*
34 *tractor shall furnish the number of such certificate to all suppliers*
35 *from whom such purchases are made, and such suppliers shall ex-*
36 *ecute invoices covering the same bearing the number of such cer-*
37 *tificate. Upon completion of the project the contractor shall furnish*
38 *to charitable family providers a sworn statement, on a form to be*
39 *provided by the director of taxation, that all purchases so made*
40 *were entitled to exemption under this subsection. All invoices shall*
41 *be held by the contractor for a period of five years and shall be*
42 *subject to audit by the director of taxation. If any materials pur-*
43 *chased under such a certificate are found not to have been incor-*

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

19 *(ttt) all sales of tangible personal property or services pur-*
20 *chased by a contractor for a project for the purpose of restoring,*
21 *constructing, equipping, reconstructing, maintaining, repairing, en-*
22 *larging, furnishing or remodeling a home or facility owned by a*
23 *nonprofit museum which has been granted an exemption pursuant*
24 *to subsection (qq), which such home or facility is located in a city*
25 *which has been designated as a qualified hometown pursuant to the*
26 *provisions of K.S.A. 75-5071, et seq., and amendments thereto, and*
27 *which such project is related to the purposes of K.S.A. 75-5071, et*
28 *seq., and amendments thereto, and which would be exempt from*
29 *taxation under the provisions of this section if purchased directly*
30 *by such nonprofit museum. Nothing in this subsection shall be*
31 *deemed to exempt the purchase of any construction machinery,*
32 *equipment or tools used in the restoring, constructing, equipping,*
33 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*
34 *modeling a home or facility for any such nonprofit museum. When*
35 *any such nonprofit museum shall contract for the purpose of re-*
36 *storing, constructing, equipping, reconstructing, maintaining, re-*
37 *pairing, enlarging, furnishing or remodeling a home or facility, it*
38 *shall obtain from the state and furnish to the contractor an exemp-*
39 *tion certificate for the project involved, and the contractor may*
40 *purchase materials for incorporation in such project. The contrac-*
41 *tor shall furnish the number of such certificates to all suppliers from*
42 *whom such purchases are made, and such suppliers shall execute*
43 *invoices covering the same bearing the number of such certificate.*

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

26 *(uuu) all sales of tangible personal property and services pur-*
27 *chased by Kansas children's service league, hereinafter referred to*
28 *as KCSL, which is exempt from federal income taxation pursuant to*
29 *section 501(c)(3) of the federal internal revenue code of 1986, and*
30 *which such property and services are used for the purpose of pro-*
31 *viding for the prevention and treatment of child abuse and mal-*
32 *treatment as well as meeting additional critical needs for children,*
33 *juveniles and family, and all sales of any such property by or on*
34 *behalf of KCSL for any such purpose; and all sales of tangible per-*
35 *sonal property or services purchased by a contractor for the pur-*
36 *pose of constructing, maintaining, repairing, enlarging, furnishing*
37 *or remodeling facilities for the operation of services for KCSL for*
38 *any such purpose which would be exempt from taxation under the*
39 *provisions of this section if purchased directly by KCSL. Nothing*
40 *in this subsection shall be deemed to exempt the purchase of any*
41 *construction machinery, equipment or tools used in the construct-*
42 *ing, maintaining, repairing, enlarging, furnishing or remodeling*
43 *such facilities for KCSL. When KCSL contracts for the purpose of*

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

33 *(vvv) all sales of tangible personal property or services, includ-*
34 *ing the renting and leasing of tangible personal property or services,*
35 *purchased by Jazz in the Woods, Inc., a Kansas corporation which*
36 *is exempt from federal income taxation pursuant to section 501*
37 *(c)(3) of the federal internal revenue code, for the purpose of pro-*
38 *viding Jazz in the Woods, an event benefiting children-in-need and*
39 *other nonprofit charities assisting such children, and all sales of any*
40 *such property by or on behalf of such organization for such*
41 *purpose;*

42 *(www) all sales of tangible personal property purchased by or*
43 *on behalf of the Frontenac Education Foundation, which is exempt*

1 *from federal income taxation pursuant to section 501 (c)(3) of the*
2 *federal internal revenue code, for the purpose of providing educa-*
3 *tion support for students, and all sales of any such property by or*
4 *on behalf of such organization for such purpose;*
5 *(xxx) all sales of personal property and services purchased by*
6 *the booth theatre foundation, inc., an organization which is exempt*
7 *from federal income taxation pursuant to section 501(c)(3) of the*
8 *federal internal revenue code of 1986, and which such personal*
9 *property and services are used by any such organization in the con-*
10 *structing, equipping, reconstructing, maintaining, repairing, en-*
11 *larging, furnishing or remodeling of the booth theatre, and all sales*
12 *of tangible personal property or services purchased by a contractor*
13 *for the purpose of constructing, equipping, reconstructing, main-*
14 *taining, repairing, enlarging, furnishing or remodeling the booth*
15 *theatre for such organization, which would be exempt from taxation*
16 *under the provisions of this section if purchased directly by such*
17 *organization. Nothing in this subsection shall be deemed to exempt*
18 *the purchase of any construction machinery, equipment or tools*
19 *used in the constructing, equipping, reconstructing, maintaining,*
20 *repairing, enlarging, furnishing or remodeling facilities for any*
21 *such organization. When any such organization shall contract for*
22 *the purpose of constructing, equipping, reconstructing, maintain-*
23 *ing, repairing, enlarging, furnishing or remodeling facilities, it shall*
24 *obtain from the state and furnish to the contractor an exemption*
25 *certificate for the project involved, and the contractor may pur-*
26 *chase materials for incorporation in such project. The contractor*
27 *shall furnish the number of such certificate to all suppliers from*
28 *whom such purchases are made, and such suppliers shall execute*
29 *invoices covering the same bearing the number of such certificate.*
30 *Upon completion of the project the contractor shall furnish to such*
31 *organization concerned a sworn statement, on a form to be provided*
32 *by the director of taxation, that all purchases so made were entitled*
33 *to exemption under this subsection. All invoices shall be held by the*
34 *contractor for a period of five years and shall be subject to audit*
35 *by the director of taxation. If any materials purchased under such*
36 *a certificate are found not to have been incorporated in such facil-*
37 *ities or not to have been returned for credit or the sales or compen-*
38 *sating tax otherwise imposed upon such materials which will not be*
39 *so incorporated in such facilities reported and paid by such con-*
40 *tractor to the director of taxation not later than the 20th day of the*
41 *month following the close of the month in which it shall be deter-*
42 *mined that such materials will not be used for the purpose for which*
43 *such certificate was issued, such organization concerned shall be*

1 *liable for tax on all materials purchased for the project, and upon*
2 *payment thereof it may recover the same from the contractor to-*
3 *gether with reasonable attorney fees. Any contractor or any agent,*
4 *employee or subcontractor thereof, who shall use or otherwise dis-*
5 *pose of any materials purchased under such a certificate for any*
6 *purpose other than that for which such a certificate is issued with-*
7 *out the payment of the sales or compensating tax otherwise imposed*
8 *upon such materials, shall be guilty of a misdemeanor and, upon*
9 *conviction therefor, shall be subject to the penalties provided for in*
10 *subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax*
11 *paid on and after January 1, 2007, but prior to the effective date of*
12 *this act upon the gross receipts received from any sale which would*
13 *have been exempted by the provisions of this subsection had such*
14 *sale occurred after the effective date of this act shall be refunded.*
15 *Each claim for a sales tax refund shall be verified and submitted to*
16 *the director of taxation upon forms furnished by the director and*
17 *shall be accompanied by any additional documentation required by*
18 *the director. The director shall review each claim and shall refund*
19 *that amount of sales tax paid as determined under the provisions of*
20 *this subsection. All refunds shall be paid from the sales tax refund*
21 *fund upon warrants of the director of accounts and reports pursuant*
22 *to vouchers approved by the director or the director's designee;*
23 *(yyy) all sales of tangible personal property and services pur-*
24 *chased by TLC charities foundation, inc., hereinafter referred to as*
25 *TLC charities, which is exempt from federal income taxation pur-*
26 *suant to section 501(c)(3) of the federal internal revenue code of*
27 *1986, and which such property and services are used for the pur-*
28 *pose of encouraging private philanthropy to further the vision, val-*
29 *ues, and goals of TLC for children and families, inc.; and all sales*
30 *of such property and services by or on behalf of TLC charities for*
31 *any such purpose and all sales of tangible personal property or*
32 *services purchased by a contractor for the purpose of constructing,*
33 *maintaining, repairing, enlarging, furnishing or remodeling facili-*
34 *ties for the operation of services for TLC charities for any such*
35 *purpose which would be exempt from taxation under the provisions*
36 *of this section if purchased directly by TLC charities. Nothing in*
37 *this subsection shall be deemed to exempt the purchase of any con-*
38 *struction machinery, equipment or tools used in the constructing,*
39 *maintaining, repairing, enlarging, furnishing or remodeling such*
40 *facilities for TLC charities. When TLC charities contracts for the*
41 *purpose of constructing, maintaining, repairing, enlarging, furnish-*
42 *ing or remodeling such facilities, it shall obtain from the state and*
43 *furnish to the contractor an exemption certificate for the project*

1 *involved, and the contractor may purchase materials for incorpo-*
2 *ration in such project. The contractor shall furnish the number of*
3 *such certificate to all suppliers from whom such purchases are*
4 *made, and such suppliers shall execute invoices covering the same*
5 *bearing the number of such certificate. Upon completion of the pro-*
6 *ject the contractor shall furnish to TLC charities a sworn statement,*
7 *on a form to be provided by the director of taxation, that all pur-*
8 *chases so made were entitled to exemption under this subsection.*
9 *All invoices shall be held by the contractor for a period of five years*
10 *and shall be subject to audit by the director of taxation. If any*
11 *materials purchased under such a certificate are found not to have*
12 *been incorporated in the building or other project or not to have*
13 *been returned for credit or the sales or compensating tax otherwise*
14 *imposed upon such materials which will not be incorporated into*
15 *the building or other project reported and paid by such contractor*
16 *to the director of taxation not later than the 20th day of the month*
17 *following the close of the month in which it shall be determined that*
18 *such materials will not be used for the purpose for which such cer-*
19 *tificate was issued, TLC charities shall be liable for tax on all ma-*
20 *terials purchased for the project, and upon payment thereof it may*
21 *recover the same from the contractor together with reasonable at-*
22 *torney fees. Any contractor or any agent, employee or subcontract-*
23 *or thereof, who shall use or otherwise dispose of any materials*
24 *purchased under such a certificate for any purpose other than that*
25 *for which such a certificate is issued without the payment of the*
26 *sales or compensating tax otherwise imposed upon such materials,*
27 *shall be guilty of a misdemeanor and, upon conviction therefor,*
28 *shall be subject to the penalties provided for in subsection (g) of*
29 *K.S.A. 79-3615, and amendments thereto;*
30 *(zzz) all sales of tangible personal property purchased by the*
31 *rotary club of shawnee foundation which is exempt from federal*
32 *income taxation pursuant to section 501 (c)(3) of the federal inter-*
33 *nal revenue code of 1986, as amended, used for the purpose of pro-*
34 *viding contributions to community service organizations and schol-*
35 *arships; and*
36 *(aaaa) all sales of personal property and services purchased by*
37 *or on behalf of victory in the valley, inc., which is exempt from*
38 *federal income taxation pursuant to section 501 (c)(3) of the federal*
39 *internal revenue code, for the purpose of providing a cancer support*
40 *group and services for persons with cancer, and all sales of any such*
41 *property by or on behalf of any such organization for any such*
42 *purpose; and*
43 *(bbbb) all sales of tangible personal property and services purchased*

1 *by the mirror, inc., which is exempt from federal income taxation pursuant*
2 *to section 501(c)(3) of the federal internal revenue code of 1986, and*
3 *which such property and services are used for the purpose of providing*
4 *substance abuse treatment and all sales of any such property by or on*
5 *behalf of the mirror, inc. for any such purpose; and all sales of tangible*
6 *personal property or services purchased by a contractor for the purpose*
7 *of constructing, maintaining, repairing, enlarging, furnishing or remodel-*
8 *ing facilities for the operation of services for the mirror, inc. for any*
9 *such purpose which would be exempt from taxation under the provisions*
10 *of this section if purchased directly by the mirror, inc. Nothing in this*
11 *subsection shall be deemed to exempt the purchase of any construction*
12 *machinery, equipment or tools used in the constructing, maintaining, re-*
13 *pairing, enlarging, furnishing or remodeling such facilities for the mirror,*
14 *inc. When the mirror, inc. contracts for the purpose of constructing, main-*
15 *taining, repairing, enlarging, furnishing or remodeling such facilities, it*
16 *shall obtain from the state and furnish to the contractor an exemption*
17 *certificate for the project involved, and the contractor may purchase ma-*
18 *terials for incorporation in such project. The contractor shall furnish the*
19 *number of such certificate to all suppliers from whom such purchases are*
20 *made, and such suppliers shall execute invoices covering the same bearing*
21 *the number of such certificate. Upon completion of the project the con-*
22 *tractor shall furnish to the mirror, inc. a sworn statement, on a form to*
23 *be provided by the director of taxation, that all purchases so made were*
24 *entitled to exemption under this subsection. All invoices shall be held by*
25 *the contractor for a period of five years and shall be subject to audit by*
26 *the director of taxation. If any materials purchased under such a certifi-*
27 *cate are found not to have been incorporated in the building or other*
28 *project or not to have been returned for credit or the sales or compensating*
29 *tax otherwise imposed upon such materials which will not be so incor-*
30 *porated in the building or other project reported and paid by such con-*
31 *tractor to the director of taxation not later than the 20th day of the month*
32 *following the close of the month in which it shall be determined that such*
33 *materials will not be used for the purpose for which such certificate was*
34 *issued, the mirror, inc. shall be liable for tax on all materials purchased*
35 *for the project, and upon payment thereof it may recover the same from*
36 *the contractor together with reasonable attorney fees. Any contractor or*
37 *any 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 (cccc) all sales of entry or participation fees, charges or tickets by
2 Guadalupe health foundation, which is exempt from federal income tax-
3 ation pursuant to section 501(c)(3) of the federal internal revenue code,
4 for such organization's annual fundraising event which purpose is to pro-
5 vide health care services for uninsured workers;

6 (dddd) all sales of tangible personal property and services purchased
7 by Shawnee community services, which is exempt from federal income
8 taxation pursuant to section 501(c)(3) of the federal internal revenue code
9 of 1986, and which such property and services are used for the purpose
10 of providing food and clothing to those in need; and all sales of such
11 property and services by or on behalf of such organization for any such
12 purpose; and all sales of such personal property and services purchased
13 by such organization which are used by such organization in the con-
14 structing, equipping, reconstructing, maintaining, repairing, enlarging,
15 furnishing or remodeling of facilities for operation of services of such
16 organization and all sales of tangible personal property or services pur-
17 chased by a contractor for the purpose of constructing, equipping, recon-
18 structing, maintaining, repairing, enlarging, furnishing or remodeling of
19 facilities for the operation of services for such organization for any such
20 purpose which would be exempt from taxation under the provisions of
21 this section if purchased directly by such organization. Nothing in this
22 subsection shall be deemed to exempt the purchase of any construction
23 machinery, equipment or tools used in the constructing, equipping, re-
24 constructing, maintaining, repairing, enlarging, furnishing or remodeling
25 of such facilities for such organization. When such organization contracts
26 for the purpose of constructing, equipping, reconstructing, maintaining,
27 repairing, enlarging, furnishing or remodeling of such facilities, it shall
28 obtain from the state and furnish to the contractor an exemption certifi-
29 cate for the project involved, and the contractor may purchase materials
30 for incorporation in such project. The contractor shall furnish the number
31 of such certificate to all suppliers from whom such purchases are made,
32 and such suppliers shall execute invoices covering the same bearing the
33 number of such certificate. Upon completion of the project the contractor
34 shall furnish to such organization a sworn statement, on a form to be
35 provided by the director of taxation, that all purchases so made were
36 entitled to exemption under this subsection. All invoices shall be held by
37 the contractor for a period of five years and shall be subject to audit by
38 the director of taxation. If any materials purchased under such a certifi-
39 cate are found not to have been incorporated in the building or other
40 project or not to have been returned for credit or the sales or compensating
41 tax otherwise imposed upon such materials which will not be incorporated
42 into the building or other project reported and paid by such contractor
43 to the director of taxation not later than the 20th day of the month fol-

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

13 *(eeee) all sales of tangible personal property and services by or on*
14 *behalf of the Steve King foundation, which is exempt from federal income*
15 *taxation pursuant to section 501(c)(3) of the federal internal revenue code,*
16 *for the purpose of providing assistance to dirt track race car drivers, pit*
17 *crew members, track officials and personnel, or their families, who are*
18 *seriously ill, severely injured or killed, and obtaining and maintaining*
19 *safety equipment or implementing safety measures to enhance and im-*
20 *prove dirt track racing;*

21 *(ffff) all sales of tangible personal property purchased by or on behalf*
22 *of an educational foundation, which is exempt from federal income tax-*
23 *ation pursuant to section 501 (c)(3) of the federal internal revenue code,*
24 *for the purpose of providing support for educational programs and serv-*
25 *ices offered by a public or private elementary or secondary school, and*
26 *all sales of any such property by or on behalf of such foundation for such*
27 *purpose;*

28 *(gggg) all sales of tangible personal property and services purchased*
29 *by Kansas legal services, inc., which is exempt from federal income tax-*
30 *ation pursuant to section 501(c)(3) of the federal internal revenue code,*
31 *for the purpose of providing legal, mediation and employment training*
32 *services to low income individuals and families;*

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

42 *(iiii) all sales of personal property and services purchased by or on*
43 *behalf of Kansas CASA association, inc., and its member programs which*

1 are exempt from federal income taxation pursuant to section 501(c)(3) of
2 the federal internal revenue code, for the purpose of supporting and pro-
3 moting the growth, development and continuation of local CASA pro-
4 grams which provide advocacy services on behalf of children and youth
5 involved in the court system, and all sales of any such property by or on
6 behalf of any such organizations for any such purpose;

7 (iiii) all sales of personal property and services purchased by or on
8 behalf of St. Francis community services, inc., St. Francis community and
9 residential services, inc., St. Francis community and family services, inc.
10 and St. Francis community outreach services, inc., which are exempt from
11 federal income taxation pursuant to section 501 (c)(3) of the federal in-
12 ternal revenue code, for the purpose of providing emergency care, shelter
13 and treatment for abused and neglected children and families as well as
14 meeting additional critical needs for children, juveniles and families, and
15 all sales of any such property by or on behalf of any such organization
16 for any such purpose; and all sales of personal property and services
17 purchased by such organization which such personal property and serv-
18 ices are used by any such organization in the constructing, equipping,
19 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-
20 ing of facilities for such organization, and all sales of tangible personal
21 property or services purchased by a contractor for the purpose of con-
22 structing, equipping, reconstructing, maintaining, repairing, enlarging,
23 furnishing or remodeling the facilities for such organization, which would
24 be exempt from taxation under the provisions of this section if purchased
25 directly by such organization. Nothing in this subsection shall be deemed
26 to exempt the purchase of any construction machinery, equipment or tools
27 used in the constructing, equipping, reconstructing, maintaining, repair-
28 ing, enlarging, furnishing or remodeling facilities for any such organiza-
29 tion. When any such organization shall contract for the purpose of con-
30 structing, equipping, reconstructing, maintaining, repairing, enlarging,
31 furnishing or remodeling facilities, it shall obtain from the state and fur-
32 nish to the contractor an exemption certificate for the project involved,
33 and the contractor may purchase materials for incorporation in such pro-
34 ject. The contractor shall furnish the number of such certificate to all
35 suppliers from whom such purchases are made, and such suppliers shall
36 execute invoices covering the same bearing the number of such certificate.
37 Upon completion of the project the contractor shall furnish to such or-
38 ganization concerned a sworn statement, on a form to be provided by the
39 director of taxation, that all purchases so made were entitled to exemption
40 under this subsection. All invoices shall be held by the contractor for a
41 period of five years and shall be subject to audit by the director of taxation.
42 If any materials purchased under such a certificate are found not to have
43 been incorporated in such facilities or not to have been returned for credit

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

17 *(kkkk) all sales of personal property and services purchased by or on*
18 *behalf of east central Kansas economic opportunity corporation, which is*
19 *exempt from federal income taxation pursuant to section 501(c)(3) of the*
20 *federal internal revenue code, for the purpose of focusing public and pri-*
21 *vate resources to enable rural and urban low-income families and indi-*
22 *viduals of all ages to attain the skills, knowledge, attitudes and motivations*
23 *needed to secure opportunities to become self-sufficient, and all sales of*
24 *any such property by or on behalf of such organization for such purpose;*

25 *(llll) all sales of personal property and services purchased by any sen-*
26 *ior services center, which is exempt from federal income taxation pursuant*
27 *to section 501(c)(3) of the federal internal revenue code, for the purpose*
28 *of enhancing the lives of older citizens to help such citizens to remain*
29 *independent and active in their homes and communities, and all sales of*
30 *any such property by such organization for any such purpose;*

31 *(mmmm) all sales of tangible personal property purchased by or on*
32 *behalf of Paola senior center, which is exempt from federal income taxa-*
33 *tion pursuant to section 501(c)(3) of the federal internal revenue code,*
34 *which such tangible personal property and services are used by any such*
35 *organization in the constructing, equipping, reconstructing, maintaining,*
36 *repairing, enlarging, furnishing or remodeling of facilities for such organ-*
37 *ization, and all sales of tangible personal property or services purchased*
38 *by a contractor for the purpose of constructing, equipping, reconstructing,*
39 *maintaining, repairing, enlarging, furnishing or remodeling the facilities*
40 *for such organization, which would be exempt from taxation under the*
41 *provisions of this section if purchased directly by such organization. Noth-*
42 *ing in this subsection shall be deemed to exempt the purchase of any*
43 *construction machinery, equipment or tools used in the constructing,*

1 *equipping, reconstructing, maintaining, repairing, enlarging, furnishing*
2 *or remodeling facilities for any such organization. When any such organ-*
3 *ization shall contract for the purpose of constructing, equipping, recon-*
4 *structing, maintaining, repairing, enlarging, furnishing or remodeling fa-*
5 *ilities, it shall obtain from the state and furnish to the contractor an*
6 *exemption certificate for the project involved, and the contractor may*
7 *purchase materials for incorporation in such project. The contractor shall*
8 *furnish the number of such certificate to all suppliers from whom such*
9 *purchases are made, and such suppliers shall execute invoices covering*
10 *the same bearing the number of such certificate. Upon completion of the*
11 *project the contractor shall furnish to such organization concerned a*
12 *sworn statement, on a form to be provided by the director of taxation,*
13 *that all purchases so made were entitled to exemption under this subsec-*
14 *tion. All invoices shall be held by the contractor for a period of five years*
15 *and shall be subject to audit by the director of taxation. If any materials*
16 *purchased under such a certificate are found not to have been incorpo-*
17 *rated in such facilities or not to have been returned for credit or the sales*
18 *or compensating tax otherwise imposed upon such materials which will*
19 *not be so incorporated in such facilities reported and paid by such con-*
20 *tractor to the director of taxation not later than the 20th day of the month*
21 *following the close of the month in which it shall be determined that such*
22 *materials will not be used for the purpose for which such certificate was*
23 *issued, such organization concerned shall be liable for tax on all materials*
24 *purchased for the project, and upon payment thereof it may recover the*
25 *same from the contractor together with reasonable attorney fees. Any*
26 *contractor or any agent, employee or subcontractor thereof, who shall use*
27 *or otherwise dispose of any materials purchased under such a certificate*
28 *for any purpose other than that for which such a certificate is issued*
29 *without the payment of the sales or compensating tax otherwise imposed*
30 *upon such materials, shall be guilty of a misdemeanor and, upon convic-*
31 *tion therefor, shall be subject to the penalties provided for in subsection*
32 *(g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and*
33 *after January 1, 2007, but prior to the effective date of this act upon the*
34 *gross receipts received from any sale which would have been exempted*
35 *by the provisions of this subsection had such sale occurred after the ef-*
36 *fective date of this act shall be refunded. Each claim for a sales tax refund*
37 *shall be verified and submitted to the director of taxation upon forms*
38 *furnished by the director and shall be accompanied by any additional*
39 *documentation required by the director. The director shall review each*
40 *claim and shall refund that amount of sales tax paid as determined under*
41 *the provisions of this subsection. All refunds shall be paid from the sales*
42 *tax refund fund upon warrants of the director of accounts and reports*
43 *pursuant to vouchers approved by the director or the director's designee;*

1 *and*
2 *(nnnn) all sales of admissions or tickets to annual county fairs held*
3 *by county fair associations to provide support for the education and en-*
4 *couragement of improvement in agriculture, horticulture, livestock, poul-*
5 *try, dairy products, liberal arts, fine arts, domestic economy and 4-H club*
6 *activities of citizens of the county.*
7 Sec. ~~4~~ **4**. K.S.A. 2007 Supp. 79-32,117 ~~is~~, **79-3602 and 79-3606**
8 **are** hereby repealed.
9 Sec. ~~5~~ **5**. This act shall take effect and be in force from and after its
10 publication in the statute book.