

## HOUSE BILL No. 2368

By Committee on Taxation

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9 AN ACT concerning sales taxation; relating to certain exemptions; certain  
10 nonprofit organizations; amending K.S.A. 2008 Supp. 79-3603, 79-  
11 3606 and 79-3692 and repealing the existing sections.  
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13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. (a) The following shall be exempt from the tax im-  
15 posed under the Kansas retailers' sales tax act:

16 (1) All sales of tangible personal property or services purchased by  
17 organizations which are exempt or would be exempt from federal income  
18 taxation pursuant to section 501(c)(3) of the federal internal revenue  
19 code, and which such tangible personal property and services are used  
20 for the purpose of providing adoption and foster care services, aging ser-  
21 vices, child and family disability and welfare services, domestic violence  
22 services, drug abuse and alcohol addiction counseling services, food bank  
23 services for persons of low income, health care research and services,  
24 homeless assistance programs including transitional programs, housing  
25 programs in which the primary purpose is to construct, repair or recon-  
26 struct houses for elderly or low-income families, programs designed to  
27 give aid to low-income individuals or communities, or the disadvantaged  
28 and services for individuals who are legally blind or deaf. Only sales of  
29 tangible personal property and services purchased by the organization for  
30 programs of such organization which provide the services specified in the  
31 subsection shall qualify for the exemption provided by this subsection;

32 (2) the gross receipts from the sale of admissions or tickets to fund-  
33 raising activities or events not exceeding one day and not exceeding two  
34 such activities or events per year, all sales of tangible personal property  
35 or services donated for fund-raising purposes, and all sales of publications  
36 developed by an organization for fund-raising purposes, all by an organ-  
37 ization which is exempt from federal income taxation pursuant to section  
38 501(c)(3) of the federal internal revenue code, and which such sales are  
39 dedicated to further the religious, charitable, scientific, testing for public  
40 safety, literary or educational purpose, or any other purpose specified by  
41 section 501(c)(3) of the federal internal revenue code, of the organization;

42 (3) all sales of tangible personal property and services purchased by  
43 any organization which is exempt from federal income taxation pursuant

1 to section 501(c)(3) of the federal internal revenue code, and which such  
2 tangible personal property and services are used for the purpose of pres-  
3 ervation, renovation and beautification of state property; and

4 (4) (A) fees and charges by any organization exempt from property  
5 taxation pursuant to paragraph *Ninth* of K.S.A. 79-201, and amendments  
6 thereto, or by any youth recreation organization exclusively providing  
7 services to persons 18 years of age or younger which is exempt from  
8 federal income taxation pursuant to section 501 (c)(3) of the federal in-  
9 ternal revenue code of 1986, for participation in sports, games and other  
10 recreation activities; (B) dues charged by any organization exempt from  
11 property taxation pursuant to paragraph *Eighth* or *Ninth* of K.S.A. 79-  
12 201, and amendments thereto; and (C) all sales of tangible personal prop-  
13 erty purchased directly by a nonprofit organization for nonsectarian com-  
14 prehensive multidiscipline youth programs and activities provided or  
15 sponsored by such organization, and all sales of tangible personal property  
16 by or on behalf of any such organization, except that this provision shall  
17 not apply to tangible personal property customarily used for human hab-  
18 itation purposes.

19 (b) Any organization which is denied an exemption to the tax imposed  
20 by this act in which the organization believes that the organization should  
21 have been provided such exemption may request an informal conference  
22 with the secretary of revenue under K.S.A. 79-3226, and amendments  
23 thereto, within 60 days of notice of such denial for a determination of  
24 whether such organization should be provided an exemption under the  
25 provisions of this section.

26 (c) Any nonprofit organization which was provided an exemption  
27 from the tax imposed by the Kansas retailers' sales tax act prior to January  
28 1, 2010, shall retain such exemption until December 31, 2014. At such  
29 time any such organization shall be required to meet the requirements  
30 of this section to be allowed an exemption pursuant to this section. If the  
31 organization meets the requirements of this section, the organization shall  
32 be allowed an exemption subject to the requirements of this section. If  
33 the organization does not apply for an exemption or does not meet the  
34 requirements of this section, the secretary shall notify the organization of  
35 such denial and the exemption shall be forfeited.

36 (d) The secretary of revenue shall adopt rules and regulations to carry  
37 out the provisions of this act. Such rules and regulations shall include  
38 provisions to: (1) Provide a clear procedure to be utilized by the organi-  
39 zation to make application for an exemption, and the department of rev-  
40 enue to review and make determinations to substantiate such organiza-  
41 tion's qualification for exemption status, including proof of exempt status  
42 under section 501(c)(3) of the federal internal revenue code or, for or-  
43 ganizations not required by the federal internal revenue service to have

1 a section 501(c)(3) determination letter or for organizations that would  
2 be exempt from federal income taxation pursuant to section 501(c)(3),  
3 satisfactory verification that the organization is not used or held for profit,  
4 proof that the organization has registered with the office of secretary of  
5 state and has a current annual report on file with such office, and other  
6 documentation needed by the department to make a determination of  
7 exemption status; (2) provide a clear procedure for the organization to  
8 seek a review of any adverse determination of exemption status; and (3)  
9 provide a clear procedure for the organization to reapply for an exemption  
10 every five years as provided in subsection (e).

11 (e) Any organization allowed an exemption pursuant to this section  
12 or any organization described in subsection (c) shall reapply for such  
13 exemption every five years from the time of such organization's initial  
14 exemption allowance, and at such time of renewal, such organization shall  
15 be subject to all requirements of this section to be allowed to continue  
16 to have the exemption provided by this section.

17 (f) The provisions of this section shall be part of and supplemental to  
18 the Kansas retailers' sales tax act.

19 (g) The provisions of this section shall apply on and after January 1,  
20 2010.

21 Sec. 2. K.S.A. 2008 Supp. 79-3603 is hereby amended to read as  
22 follows: 79-3603. For the privilege of engaging in the business of selling  
23 tangible personal property at retail in this state or rendering or furnishing  
24 any of the services taxable under this act, there is hereby levied and there  
25 shall be collected and paid a tax at the rate of 5.3%. Within a redevelop-  
26 ment district established pursuant to K.S.A. 74-8921, and amendments  
27 thereto, there is hereby levied and there shall be collected and paid an  
28 additional tax at the rate of 2% until the earlier of the date the bonds  
29 issued to finance or refinance the redevelopment project have been paid  
30 in full or the final scheduled maturity of the first series of bonds issued  
31 to finance any part of the project upon:

32 (a) The gross receipts received from the sale of tangible personal  
33 property at retail within this state;

34 (b) the gross receipts from intrastate, interstate or international tel-  
35 ecommunications services and any ancillary services sourced to this state  
36 in accordance with K.S.A. 2008 Supp. 79-3673, and amendments thereto,  
37 except that telecommunications service does not include: (1) Any inter-  
38 state or international 800 or 900 service; (2) any interstate or international  
39 private communications service as defined in K.S.A. 2008 Supp. 79-3673,  
40 and amendments thereto; (3) any value-added nonvoice data service; (4)  
41 any telecommunication service to a provider of telecommunication serv-  
42 ices which will be used to render telecommunications services, including  
43 carrier access services; or (5) any service or transaction defined in this

1 section among entities classified as members of an affiliated group as  
2 provided by section 1504 of the federal internal revenue code of 1986, as  
3 in effect on January 1, 2001;

4 (c) the gross receipts from the sale or furnishing of gas, water, elec-  
5 tricity and heat, which sale is not otherwise exempt from taxation under  
6 the provisions of this act, and whether furnished by municipally or pri-  
7 vately owned utilities, except that, on and after January 1, 2006, for sales  
8 of gas, electricity and heat delivered through mains, lines or pipes to  
9 residential premises for noncommercial use by the occupant of such  
10 premises, and for agricultural use and also, for such use, all sales of pro-  
11 pane gas, the state rate shall be 0%; and for all sales of propane gas, LP  
12 gas, coal, wood and other fuel sources for the production of heat or light-  
13 ing for noncommercial use of an occupant of residential premises, the  
14 state rate shall be 0%, but such tax shall not be levied and collected upon  
15 the gross receipts from: (1) The sale of a rural water district benefit unit;  
16 (2) a water system impact fee, system enhancement fee or similar fee  
17 collected by a water supplier as a condition for establishing service; or (3)  
18 connection or reconnection fees collected by a water supplier;

19 (d) the gross receipts from the sale of meals or drinks furnished at  
20 any private club, drinking establishment, catered event, restaurant, eating  
21 house, dining car, hotel, drugstore or other place where meals or drinks  
22 are regularly sold to the public;

23 (e) the gross receipts from the sale of admissions to any place pro-  
24 viding amusement, entertainment or recreation services including admis-  
25 sions to state, county, district and local fairs, but such tax shall not be  
26 levied and collected upon the gross receipts received from sales of ad-  
27 missions to any cultural and historical event which occurs triennially;

28 (f) the gross receipts from the operation of any coin-operated device  
29 dispensing or providing tangible personal property, amusement or other  
30 services except laundry services, whether automatic or manually operated;

31 (g) the gross receipts from the service of renting of rooms by hotels,  
32 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-  
33 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto  
34 but such tax shall not be levied and collected upon the gross receipts  
35 received from sales of such service to the federal government and any  
36 agency, officer or employee thereof in association with the performance  
37 of official government duties;

38 (h) the gross receipts from the service of renting or leasing of tangible  
39 personal property except such tax shall not apply to the renting or leasing  
40 of machinery, equipment or other personal property owned by a city and  
41 purchased from the proceeds of industrial revenue bonds issued prior to  
42 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
43 12-1749, and amendments thereto, and any city or lessee renting or leas-

1 ing such machinery, equipment or other personal property purchased  
2 with the proceeds of such bonds who shall have paid a tax under the  
3 provisions of this section upon sales made prior to July 1, 1973, shall be  
4 entitled to a refund from the sales tax refund fund of all taxes paid  
5 thereon;

6 (i) the gross receipts from the rendering of dry cleaning, pressing,  
7 dyeing and laundry services except laundry services rendered through a  
8 coin-operated device whether automatic or manually operated;

9 (j) the gross receipts from the rendering of the services of washing  
10 and washing and waxing of vehicles;

11 (k) the gross receipts from cable, community antennae and other sub-  
12 scriber radio and television services;

13 (l) (1) except as otherwise provided by paragraph (2), the gross re-  
14 cepts received from the sales of tangible personal property to all con-  
15 tractors, subcontractors or repairmen for use by them in erecting struc-  
16 tures, or building on, or otherwise improving, altering, or repairing real  
17 or personal property.

18 (2) Any such contractor, subcontractor or repairman who maintains  
19 an inventory of such property both for sale at retail and for use by them  
20 for the purposes described by paragraph (1) shall be deemed a retailer  
21 with respect to purchases for and sales from such inventory, except that  
22 the gross receipts received from any such sale, other than a sale at retail,  
23 shall be equal to the total purchase price paid for such property and the  
24 tax imposed thereon shall be paid by the deemed retailer;

25 (m) the gross receipts received from fees and charges by public and  
26 private clubs, drinking establishments, organizations and businesses for  
27 participation in sports, games and other recreational activities, but such  
28 tax shall not be levied and collected upon the gross receipts received from:  
29 (1) Fees and charges by any political subdivision, by any organization  
30 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-  
31 201, and amendments thereto, or by any youth recreation organization  
32 exclusively providing services to persons 18 years of age or younger which  
33 is exempt from federal income taxation pursuant to section 501(c)(3) of  
34 the federal internal revenue code of 1986, for participation in sports,  
35 games and other recreational activities; and (2) entry fees and charges for  
36 participation in a special event or tournament sanctioned by a national  
37 sporting association to which spectators are charged an admission which  
38 is taxable pursuant to subsection (e);

39 (n) the gross receipts received from dues charged by public and pri-  
40 vate clubs, drinking establishments, organizations and businesses, pay-  
41 ment of which entitles a member to the use of facilities for recreation or  
42 entertainment, but such tax shall not be levied and collected upon the  
43 gross receipts received from: (1) Dues charged by any organization ex-

1   empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of  
2   K.S.A. 79-201, and amendments thereto; and (2) sales of memberships  
3   in a nonprofit organization which is exempt from federal income taxation  
4   pursuant to section 501 (c)(3) of the federal internal revenue code of  
5   1986, and whose purpose is to support the operation of a nonprofit zoo;  
6   (o) the gross receipts received from the isolated or occasional sale of  
7   motor vehicles or trailers but not including: (1) The transfer of motor  
8   vehicles or trailers by a person to a corporation or limited liability com-  
9   pany solely in exchange for stock securities or membership interest in  
10  such corporation or limited liability company; or (2) the transfer of motor  
11  vehicles or trailers by one corporation or limited liability company to  
12  another when all of the assets of such corporation or limited liability  
13  company are transferred to such other corporation or limited liability  
14  company; or (3) the sale of motor vehicles or trailers which are subject  
15  to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and  
16  amendments thereto, by an immediate family member to another im-  
17  mediate family member. For the purposes of clause (3), immediate family  
18  member means lineal ascendants or descendants, and their spouses. Any  
19  amount of sales tax paid pursuant to the Kansas retailers sales tax act on  
20  the isolated or occasional sale of motor vehicles or trailers on and after  
21  July 1, 2004, which the base for computing the tax was the value pursuant  
22  to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments  
23  thereto, when such amount was higher than the amount of sales tax which  
24  would have been paid under the law as it existed on June 30, 2004, shall  
25  be refunded to the taxpayer pursuant to the procedure prescribed by this  
26  section. Such refund shall be in an amount equal to the difference be-  
27  tween the amount of sales tax paid by the taxpayer and the amount of  
28  sales tax which would have been paid by the taxpayer under the law as it  
29  existed on June 30, 2004. Each claim for a sales tax refund shall be verified  
30  and submitted not later than six months from the effective date of this  
31  act to the director of taxation upon forms furnished by the director and  
32  shall be accompanied by any additional documentation required by the  
33  director. The director shall review each claim and shall refund that  
34  amount of tax paid as provided by this act. All such refunds shall be paid  
35  from the sales tax refund fund, upon warrants of the director of accounts  
36  and reports pursuant to vouchers approved by the director of taxation or  
37  the director's designee. No refund for an amount less than \$10 shall be  
38  paid pursuant to this act. In determining the base for computing the tax  
39  on such isolated or occasional sale, the fair market value of any motor  
40  vehicle or trailer traded in by the purchaser to the seller may be deducted  
41  from the selling price;  
42  (p) the gross receipts received for the service of installing or applying  
43  tangible personal property which when installed or applied is not being

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

9 For the purposes of this subsection:

10 (1) "Original construction" shall mean the first or initial construction  
11 of a new building or facility. The term "original construction" shall include  
12 the addition of an entire room or floor to any existing building or facility,  
13 the completion of any unfinished portion of any existing building or fa-  
14 cility and the restoration, reconstruction or replacement of a building,  
15 facility or utility structure damaged or destroyed by fire, flood, tornado,  
16 lightning, explosion, windstorm, ice loading and attendant winds, terror-  
17 ism or earthquake, but such term, except with regard to a residence, shall  
18 not include replacement, remodeling, restoration, renovation or recon-  
19 struction under any other circumstances;

20 (2) "building" shall mean only those enclosures within which individ-  
21 uals customarily are employed, or which are customarily used to house  
22 machinery, equipment or other property, and including the land improve-  
23 ments immediately surrounding such building;

24 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water  
25 well, feedlot or any conveyance, transmission or distribution line of any  
26 cooperative, nonprofit, membership corporation organized under or sub-  
27 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,  
28 or municipal or quasi-municipal corporation, including the land improve-  
29 ments immediately surrounding such facility;

30 (4) "residence" shall mean only those enclosures within which indi-  
31 viduals customarily live;

32 (5) "utility structure" shall mean transmission and distribution lines  
33 owned by an independent transmission company or cooperative, the Kan-  
34 sas electric transmission authority or natural gas or electric public utility;  
35 and

36 (6) "windstorm" shall mean straight line winds of at least 80 miles  
37 per hour as determined by a recognized meteorological reporting agency  
38 or organization;

39 (q) the gross receipts received for the service of repairing, servicing,  
40 altering or maintaining tangible personal property which when such serv-  
41 ices are rendered is not being held for sale in the regular course of busi-  
42 ness, and whether or not any tangible personal property is transferred in  
43 connection therewith. The tax imposed by this subsection shall be appli-

1 cable to the services of repairing, servicing, altering or maintaining an  
2 item of tangible personal property which has been and is fastened to,  
3 connected with or built into real property;

4 (r) the gross receipts from fees or charges made under service or  
5 maintenance agreement contracts for services, charges for the providing  
6 of which are taxable under the provisions of subsection (p) or (q);

7 (s) on and after January 1, 2005, the gross receipts received from the  
8 sale of prewritten computer software and the sale of the services of mod-  
9 ifying, altering, updating or maintaining prewritten computer software,  
10 whether the prewritten computer software is installed or delivered elec-  
11 tronically by tangible storage media physically transferred to the pur-  
12 chaser or by load and leave;

13 (t) the gross receipts received for telephone answering services;

14 (u) the gross receipts received from the sale of prepaid calling service  
15 and prepaid wireless calling service as defined in K.S.A. 2008 Supp. 79-  
16 3673, and amendments thereto; and

17 (v) the gross receipts received from the sales of bingo cards, bingo  
18 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,  
19 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,  
20 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before  
21 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo  
22 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,  
23 and amendments thereto, shall be exempt from taxes imposed pursuant  
24 to this section.

25 *Any nonprofit organization provided an exemption prior to January 1,*  
26 *2010, from the imposition of the tax imposed by this act shall retain such*  
27 *exemption until December 31, 2014, and on and after January 1, 2015,*  
28 *such organization shall be subject to the requirements of section 1, and*  
29 *amendments thereto.*

30 Sec. 3. K.S.A. 2008 Supp. 79-3606 is hereby amended to read as  
31 follows: 79-3606. *Any nonprofit organization provided an exemption from*  
32 *the tax imposed by this act prior to January 1, 2010, shall retain such*  
33 *exemption until December 31, 2014, and on and after January 1, 2015,*  
34 *such organization shall be subject to the requirements of subsection (c) of*  
35 *section 1, and amendments thereto.* The following shall be exempt from  
36 the tax imposed by this act:

37 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
38 or excise tax has been paid, not subject to refund, under the laws of this  
39 state except cigarettes as defined by K.S.A. 79-3301 and amendments  
40 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-  
41 3817 and amendments thereto, including wort, liquid malt, malt syrup  
42 and malt extract, which is not subject to taxation under the provisions of  
43 K.S.A. 79-41a02 and amendments thereto, motor vehicles taxed pursuant



1 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to  
2 K.S.A. 65-3424d, and amendments thereto, drycleaning and laundry serv-  
3 ices taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and  
4 gross receipts from regulated sports contests taxed pursuant to the Kansas  
5 professional regulated sports act, and amendments thereto;

6 (b) all sales of tangible personal property or service, including the  
7 renting and leasing of tangible personal property, purchased directly by  
8 the state of Kansas, a political subdivision thereof, other than a school or  
9 educational institution, or purchased by a public or private nonprofit hos-  
10 pital or public hospital authority or nonprofit blood, tissue or organ bank  
11 and used exclusively for state, political subdivision, hospital or public hos-  
12 pital authority or nonprofit blood, tissue or organ bank purposes, except  
13 when: (1) Such state, hospital or public hospital authority is engaged or  
14 proposes to engage in any business specifically taxable under the provi-  
15 sions of this act and such items of tangible personal property or service  
16 are used or proposed to be used in such business, or (2) such political  
17 subdivision is engaged or proposes to engage in the business of furnishing  
18 gas, electricity or heat to others and such items of personal property or  
19 service are used or proposed to be used in such business;

20 (c) all sales of tangible personal property or services, including the  
21 renting and leasing of tangible personal property, purchased directly by  
22 a public or private elementary or secondary school or public or private  
23 nonprofit educational institution and used primarily by such school or  
24 institution for nonsectarian programs and activities provided or sponsored  
25 by such school or institution or in the erection, repair or enlargement of  
26 buildings to be used for such purposes. The exemption herein provided  
27 shall not apply to erection, construction, repair, enlargement or equip-  
28 ment of buildings used primarily for human habitation;

29 (d) all sales of tangible personal property or services purchased by a  
30 contractor for the purpose of constructing, equipping, reconstructing,  
31 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
32 any public or private nonprofit hospital or public hospital authority, public  
33 or private elementary or secondary school, a public or private nonprofit  
34 educational institution, state correctional institution including a privately  
35 constructed correctional institution contracted for state use and owner-  
36 ship, which would be exempt from taxation under the provisions of this  
37 act if purchased directly by such hospital or public hospital authority,  
38 school, educational institution or a state correctional institution; and all  
39 sales of tangible personal property or services purchased by a contractor  
40 for the purpose of constructing, equipping, reconstructing, maintaining,  
41 repairing, enlarging, furnishing or remodeling facilities for any political  
42 subdivision of the state or district described in subsection (s), the total  
43 cost of which is paid from funds of such political subdivision or district

1 and which would be exempt from taxation under the provisions of this  
2 act if purchased directly by such political subdivision or district. Nothing  
3 in this subsection or in the provisions of K.S.A. 12-3418 and amendments  
4 thereto, shall be deemed to exempt the purchase of any construction  
5 machinery, equipment or tools used in the constructing, equipping, re-  
6 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
7 facilities for any political subdivision of the state or any such district. As  
8 used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments  
9 thereto, "funds of a political subdivision" shall mean general tax revenues,  
10 the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not mean  
11 funds used for the purpose of constructing, equipping, reconstructing,  
12 repairing, enlarging, furnishing or remodeling facilities which are to be  
13 leased to the donor. When any political subdivision of the state, district  
14 described in subsection (s), public or private nonprofit hospital or public  
15 hospital authority, public or private elementary or secondary school, pub-  
16 lic or private nonprofit educational institution, state correctional institu-  
17 tion including a privately constructed correctional institution contracted  
18 for state use and ownership shall contract for the purpose of constructing,  
19 equipping, reconstructing, maintaining, repairing, enlarging, furnishing  
20 or remodeling facilities, it shall obtain from the state and furnish to the  
21 contractor an exemption certificate for the project involved, and the con-  
22 tractor may purchase materials for incorporation in such project. The  
23 contractor shall furnish the number of such certificate to all suppliers  
24 from whom such purchases are made, and such suppliers shall execute  
25 invoices covering the same bearing the number of such certificate. Upon  
26 completion of the project the contractor shall furnish to the political sub-  
27 division, district described in subsection (s), hospital or public hospital  
28 authority, school, educational institution or department of corrections  
29 concerned a sworn statement, on a form to be provided by the director  
30 of taxation, that all purchases so made were entitled to exemption under  
31 this subsection. As an alternative to the foregoing procedure, any such  
32 contracting entity may apply to the secretary of revenue for agent status  
33 for the sole purpose of issuing and furnishing project exemption certifi-  
34 cates to contractors pursuant to rules and regulations adopted by the  
35 secretary establishing conditions and standards for the granting and main-  
36 taining 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 taxation.  
38 If any materials purchased under such a certificate are found not to have  
39 been incorporated in the building or other project or not to have been  
40 returned for credit or the sales or compensating tax otherwise imposed  
41 upon such materials which will not be so incorporated in the building or  
42 other project reported and paid by such contractor to the director of  
43 taxation not later than the 20th day of the month following the close of

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

16 (e) all sales of tangible personal property or services purchased by a  
17 contractor for the erection, repair or enlargement of buildings or other  
18 projects for the government of the United States, its agencies or instru-  
19 mentalities, which would be exempt from taxation if purchased directly  
20 by the government of the United States, its agencies or instrumentalities.  
21 When the government of the United States, its agencies or instrumen-  
22 talities shall contract for the erection, repair, or enlargement of any build-  
23 ing or other project, it shall obtain from the state and furnish to the  
24 contractor an exemption certificate for the project involved, and the con-  
25 tractor may purchase materials for incorporation in such project. The  
26 contractor shall furnish the number of such certificates to all suppliers  
27 from whom such purchases are made, and such suppliers shall execute  
28 invoices covering the same bearing the number of such certificate. Upon  
29 completion of the project the contractor shall furnish to the government  
30 of the United States, its agencies or instrumentalities concerned a sworn  
31 statement, on a form to be provided by the director of taxation, that all  
32 purchases so made were entitled to exemption under this subsection. As  
33 an alternative to the foregoing procedure, any such contracting entity may  
34 apply to the secretary of revenue for agent status for the sole purpose of  
35 issuing and furnishing project exemption certificates to contractors pur-  
36 suant to rules and regulations adopted by the secretary establishing con-  
37 ditions and standards for the granting and maintaining of such status. All  
38 invoices shall be held by the contractor for a period of five years and shall  
39 be subject to audit by the director of taxation. Any contractor or any agent,  
40 employee or subcontractor thereof, who shall use or otherwise dispose of  
41 any materials purchased under such a certificate for any purpose other  
42 than that for which such a certificate is issued without the payment of  
43 the sales or compensating tax otherwise imposed upon such materials,

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

1 production, manufacture, processing, mining, drilling, refining or com-  
2 pounding of tangible personal property, the treating of by-products or  
3 wastes derived from any such production process, the providing of serv-  
4 ices or the irrigation of crops for ultimate sale at retail within or without  
5 the state of Kansas; and any purchaser of such property may obtain from  
6 the director of taxation and furnish to the supplier an exemption certifi-  
7 cate number for tangible personal property for consumption in such pro-  
8 duction, manufacture, processing, mining, drilling, refining, compound-  
9 ing, treating, irrigation and in providing such services;

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

16 (p) all sales of drugs dispensed pursuant to a prescription order by a  
17 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
18 1626, and amendments thereto. As used in this subsection, “drug” means  
19 a compound, substance or preparation and any component of a com-  
20 pound, substance or preparation, other than food and food ingredients,  
21 dietary supplements or alcoholic beverages, recognized in the official  
22 United States pharmacopoeia, official homeopathic pharmacopoeia of the  
23 United States or official national formulary, and supplement to any of  
24 them, intended for use in the diagnosis, cure, mitigation, treatment or  
25 prevention of disease or intended to affect the structure or any function  
26 of the body;

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

30 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,  
31 enteral feeding systems, prosthetic devices and mobility enhancing equip-  
32 ment prescribed in writing by a person licensed to practice the healing  
33 arts, dentistry or optometry, and in addition to such sales, all sales of  
34 hearing aids, as defined by subsection (c) of K.S.A. 74-5807, and amend-  
35 ments thereto, and repair and replacement parts therefor, including bat-  
36 teries, by a person licensed in the practice of dispensing and fitting hear-  
37 ing aids pursuant to the provisions of K.S.A. 74-5808, and amendments  
38 thereto. For the purposes of this subsection: (1) “Mobility enhancing  
39 equipment” means equipment including repair and replacement parts to  
40 same, but does not include durable medical equipment, which is primarily  
41 and customarily used to provide or increase the ability to move from one  
42 place to another and which is appropriate for use either in a home or a  
43 motor vehicle; is not generally used by persons with normal mobility; and

1 does not include any motor vehicle or equipment on a motor vehicle  
2 normally provided by a motor vehicle manufacturer; and (2) “prosthetic  
3 device” means a replacement, corrective or supportive device including  
4 repair and replacement parts for same worn on or in the body to artificially  
5 replace a missing portion of the body, prevent or correct physical defor-  
6 mity or malfunction or support a weak or deformed portion of the body;

7 (s) except as provided in K.S.A. 2008 Supp. 82a-2101, and amend-  
8 ments thereto, all sales of tangible personal property or services pur-  
9 chased directly or indirectly by a groundwater management district or-  
10 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and  
11 amendments thereto, by a rural water district organized or operating un-  
12 der the authority of K.S.A. 82a-612, and amendments thereto, or by a  
13 water supply district organized or operating under the authority of K.S.A.  
14 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,  
15 which property or services are used in the construction activities, opera-  
16 tion or maintenance of the district;

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

43 (u) all leases or rentals of tangible personal property used as a dwell-

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

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

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

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

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

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

43 (gg) all sales of tangible personal property purchased in accordance



- 1 with vouchers issued pursuant to the federal special supplemental food  
2 program for women, infants and children;
- 3 (hh) all sales of medical supplies and equipment, including durable  
4 medical equipment, purchased directly by a nonprofit skilled nursing  
5 home or nonprofit intermediate nursing care home, as defined by K.S.A.  
6 39-923, and amendments thereto, for the purpose of providing medical  
7 services to residents thereof. This exemption shall not apply to tangible  
8 personal property customarily used for human habitation purposes. As  
9 used in this subsection, “durable medical equipment” means equipment  
10 including repair and replacement parts for such equipment, which can  
11 withstand repeated use, is primarily and customarily used to serve a med-  
12 ical purpose, generally is not useful to a person in the absence of illness  
13 or injury and is not worn in or on the body, but does not include mobility  
14 enhancing equipment as defined in subsection (r), oxygen delivery equip-  
15 ment, kidney dialysis equipment or enteral feeding systems;
- 16 (ii) all sales of tangible personal property purchased directly by a non-  
17 profit organization for nonsectarian comprehensive multidiscipline youth  
18 development programs and activities provided or sponsored by such or-  
19 ganization, and all sales of tangible personal property by or on behalf of  
20 any such organization. This exemption shall not apply to tangible personal  
21 property customarily used for human habitation purposes;
- 22 (jj) all sales of tangible personal property or services, including the  
23 renting and leasing of tangible personal property, purchased directly on  
24 behalf of a community-based mental retardation facility or mental health  
25 center organized pursuant to K.S.A. 19-4001 et seq., and amendments  
26 thereto, and licensed in accordance with the provisions of K.S.A. 75-  
27 3307b and amendments thereto and all sales of tangible personal property  
28 or services purchased by contractors during the time period from July,  
29 2003, through June, 2006, for the purpose of constructing, equipping,  
30 maintaining or furnishing a new facility for a community-based mental  
31 retardation facility or mental health center located in Riverton, Cherokee  
32 County, Kansas, which would have been eligible for sales tax exemption  
33 pursuant to this subsection if purchased directly by such facility or center.  
34 This exemption shall not apply to tangible personal property customarily  
35 used for human habitation purposes;
- 36 (kk) (1) (A) all sales of machinery and equipment which are used in  
37 this state as an integral or essential part of an integrated production op-  
38 eration by a manufacturing or processing plant or facility;
- 39 (B) all sales of installation, repair and maintenance services per-  
40 formed on such machinery and equipment; and
- 41 (C) all sales of repair and replacement parts and accessories pur-  
42 chased for such machinery and equipment.
- 43 (2) For purposes of this subsection:

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

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

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

25 (D) “manufacturing or processing business” means a business that  
26 utilizes an integrated production operation to manufacture, process, fab-  
27 ricate, finish, or assemble items for wholesale and retail distribution as  
28 part of what is commonly regarded by the general public as an industrial  
29 manufacturing or processing operation or an agricultural commodity  
30 processing operation. (i) Industrial manufacturing or processing opera-  
31 tions include, by way of illustration but not of limitation, the fabrication  
32 of automobiles, airplanes, machinery or transportation equipment, the  
33 fabrication of metal, plastic, wood, or paper products, electricity power  
34 generation, water treatment, petroleum refining, chemical production,  
35 wholesale bottling, newspaper printing, ready mixed concrete production,  
36 and the remanufacturing of used parts for wholesale or retail sale. Such  
37 processing operations shall include operations at an oil well, gas well, mine  
38 or other excavation site where the oil, gas, minerals, coal, clay, stone, sand  
39 or gravel that has been extracted from the earth is cleaned, separated,  
40 crushed, ground, milled, screened, washed, or otherwise treated or pre-  
41 pared before its transmission to a refinery or before any other wholesale  
42 or retail distribution. (ii) Agricultural commodity processing operations  
43 include, by way of illustration but not of limitation, meat packing, poultry

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 nomic development in such neighborhoods;
- 2 (13) the cross-lines cooperative council for the purpose of providing  
3 social services to low income individuals and families;
- 4 (14) the Dreams Work, Inc., for the purpose of providing young adult  
5 day services to individuals with developmental disabilities and assisting  
6 families in avoiding institutional or nursing home care for a developmen-  
7 tally disabled member of their family;
- 8 (15) the KSDS, Inc., for the purpose of promoting the independence  
9 and inclusion of people with disabilities as fully participating and contrib-  
10 uting members of their communities and society through the training and  
11 providing of guide and service dogs to people with disabilities, and pro-  
12 viding disability education and awareness to the general public;
- 13 (16) the lyme association of greater Kansas City, Inc., for the purpose  
14 of providing support to persons with lyme disease and public education  
15 relating to the prevention, treatment and cure of lyme disease;
- 16 (17) the Dream Factory, Inc., for the purpose of granting the dreams  
17 of children with critical and chronic illnesses;
- 18 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing  
19 students and families with education and resources necessary to enable  
20 each child to develop fine character and musical ability to the fullest  
21 potential;
- 22 (19) the International Association of Lions Clubs for the purpose of  
23 creating and fostering a spirit of understanding among all people for hu-  
24 manitarian needs by providing voluntary services through community in-  
25 volvement and international cooperation;
- 26 (20) the Johnson county young matrons, inc., for the purpose of pro-  
27 moting a positive future for members of the community through volun-  
28 teerism, financial support and education through the efforts of an all  
29 volunteer organization;
- 30 (21) the American Cancer Society, Inc., for the purpose of eliminat-  
31 ing cancer as a major health problem by preventing cancer, saving lives  
32 and diminishing suffering from cancer, through research, education, ad-  
33 vocacy and service;
- 34 (22) the community services of Shawnee, inc., for the purpose of  
35 providing food and clothing to those in need; and
- 36 (23) the angel babies association, for the purpose of providing assis-  
37 tance, support and items of necessity to teenage mothers and their babies;
- 38 (ww) all sales of tangible personal property purchased by the Habitat  
39 for Humanity for the exclusive use of being incorporated within a housing  
40 project constructed by such organization;
- 41 (xx) all sales of tangible personal property and services purchased by  
42 a nonprofit zoo which is exempt from federal income taxation pursuant  
43 to section 501(c)(3) of the federal internal revenue code of 1986, or on



1 behalf of such zoo by an entity itself exempt from federal income taxation  
2 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
3 contracted with to operate such zoo and all sales of tangible personal  
4 property or services purchased by a contractor for the purpose of con-  
5 structing, equipping, reconstructing, maintaining, repairing, enlarging,  
6 furnishing or remodeling facilities for any nonprofit zoo which would be  
7 exempt from taxation under the provisions of this section if purchased  
8 directly by such nonprofit zoo or the entity operating such zoo. Nothing  
9 in this subsection shall be deemed to exempt the purchase of any con-  
10 struction machinery, equipment or tools used in the constructing, equip-  
11 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-  
12 modeling facilities for any nonprofit zoo. When any nonprofit zoo shall  
13 contract for the purpose of constructing, equipping, reconstructing, main-  
14 taining, repairing, enlarging, furnishing or remodeling facilities, it shall  
15 obtain from the state and furnish to the contractor an exemption certifi-  
16 cate for the project involved, and the contractor may purchase materials  
17 for incorporation in such project. The contractor shall furnish the number  
18 of such certificate to all suppliers from whom such purchases are made,  
19 and such suppliers shall execute invoices covering the same bearing the  
20 number of such certificate. Upon completion of the project the contractor  
21 shall furnish to the nonprofit zoo concerned a sworn statement, on a form  
22 to be provided by the director of taxation, that all purchases so made were  
23 entitled to exemption under this subsection. All invoices shall be held by  
24 the contractor for a period of five years and shall be subject to audit by  
25 the director of taxation. If any materials purchased under such a certifi-  
26 cate are found not to have been incorporated in the building or other  
27 project or not to have been returned for credit or the sales or compen-  
28 sating tax otherwise imposed upon such materials which will not be so  
29 incorporated in the building or other project reported and paid by such  
30 contractor to the director of taxation not later than the 20th day of the  
31 month following the close of the month in which it shall be determined  
32 that such materials will not be used for the purpose for which such cer-  
33 tificate was issued, the nonprofit zoo concerned shall be liable for tax on  
34 all materials purchased for the project, and upon payment thereof it may  
35 recover the same from the contractor together with reasonable attorney  
36 fees. Any contractor or any agent, employee or subcontractor thereof,  
37 who shall use or otherwise dispose of any materials purchased under such  
38 a certificate for any purpose other than that for which such a certificate  
39 is issued without the payment of the sales or compensating tax otherwise  
40 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
41 conviction therefor, shall be subject to the penalties provided for in sub-  
42 section (g) of K.S.A. 79-3615, and amendments thereto;  
43 (yy) all sales of tangible personal property and services purchased by

1 a parent-teacher association or organization, and all sales of tangible per-  
2 sonal property by or on behalf of such association or organization;

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

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

1 the close of the month in which it shall be determined that such materials  
2 will not be used for the purpose for which such certificate was issued,  
3 such organization concerned shall be liable for tax on all materials pur-  
4 chased for the project, and upon payment thereof it may recover the same  
5 from the contractor together with reasonable attorney fees. Any contrac-  
6 tor or any agent, employee or subcontractor thereof, who shall use or  
7 otherwise dispose of any materials purchased under such a certificate for  
8 any purpose other than that for which such a certificate is issued without  
9 the payment of the sales or compensating tax otherwise imposed upon  
10 such materials, shall be guilty of a misdemeanor and, upon conviction  
11 therefor, shall be subject to the penalties provided for in subsection (g)  
12 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after  
13 July 1, 1998, but prior to the effective date of this act upon the gross  
14 receipts received from any sale exempted by the amendatory provisions  
15 of this subsection shall be refunded. Each claim for a sales tax refund  
16 shall be verified and submitted to the director of taxation upon forms  
17 furnished by the director and shall be accompanied by any additional  
18 documentation required by the director. The director shall review each  
19 claim and shall refund that amount of sales tax paid as determined under  
20 the provisions of this subsection. All refunds shall be paid from the sales  
21 tax refund fund upon warrants of the director of accounts and reports  
22 pursuant to vouchers approved by the director or the director's designee;

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

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

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

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

42 (eee) on and after January 1, 1999, and before January 1, 2001, all  
43 sales of materials and services purchased for the original construction,

1 reconstruction, repair or replacement of grain storage facilities, including  
2 railroad sidings providing access thereto;

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

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

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

27 (iii) all sales of personal property and services purchased by an or-  
28 ganization which is exempt from federal income taxation pursuant to sec-  
29 tion 501(c)(3) of the federal internal revenue code of 1986, and which  
30 such personal property and services are used by any such organization in  
31 the collection, storage and distribution of food products to nonprofit or-  
32 ganizations which distribute such food products to persons pursuant to a  
33 food distribution program on a charitable basis without fee or charge, and  
34 all sales of tangible personal property or services purchased by a contrac-  
35 tor for the purpose of constructing, equipping, reconstructing, maintain-  
36 ing, repairing, enlarging, furnishing or remodeling facilities used for the  
37 collection and storage of such food products for any such organization  
38 which is exempt from federal income taxation pursuant to section  
39 501(c)(3) of the federal internal revenue code of 1986, which would be  
40 exempt from taxation under the provisions of this section if purchased  
41 directly by such organization. Nothing in this subsection shall be deemed  
42 to exempt the purchase of any construction machinery, equipment or  
43 tools used in the constructing, equipping, reconstructing, maintaining,

1 repairing, enlarging, furnishing or remodeling facilities for any such or-  
2 ganization. When any such organization shall contract for the purpose of  
3 constructing, equipping, reconstructing, maintaining, repairing, enlarg-  
4 ing, furnishing or remodeling facilities, it shall obtain from the state and  
5 furnish to the contractor an exemption certificate for the project involved,  
6 and the contractor may purchase materials for incorporation in such pro-  
7 ject. The contractor shall furnish the number of such certificate to all  
8 suppliers from whom such purchases are made, and such suppliers shall  
9 execute invoices covering the same bearing the number of such certifi-  
10 cate. Upon completion of the project the contractor shall furnish to such  
11 organization concerned a sworn statement, on a form to be provided by  
12 the director of taxation, that all purchases so made were entitled to ex-  
13 emption under this subsection. All invoices shall be held by the contractor  
14 for a period of five years and shall be subject to audit by the director of  
15 taxation. If any materials purchased under such a certificate are found  
16 not to have been incorporated in such facilities or not to have been re-  
17 turned for credit or the sales or compensating tax otherwise imposed upon  
18 such materials which will not be so incorporated in such facilities reported  
19 and paid by such contractor to the director of taxation not later than the  
20 20th day of the month following the close of the month in which it shall  
21 be determined that such materials will not be used for the purpose for  
22 which such certificate was issued, such organization concerned shall be  
23 liable for tax on all materials purchased for the project, and upon payment  
24 thereof it may recover the same from the contractor together with rea-  
25 sonable attorney fees. Any contractor or any agent, employee or subcon-  
26 tractor thereof, who shall use or otherwise dispose of any materials pur-  
27 chased under such a certificate for any purpose other than that for which  
28 such a certificate is issued without the payment of the sales or compen-  
29 sating tax otherwise imposed upon such materials, shall be guilty of a  
30 misdemeanor and, upon conviction therefor, shall be subject to the pen-  
31 alties provided for in subsection (g) of K.S.A. 79-3615, and amendments  
32 thereto. Sales tax paid on and after July 1, 2005, but prior to the effective  
33 date of this act upon the gross receipts received from any sale exempted  
34 by the amendatory provisions of this subsection shall be refunded. Each  
35 claim for a sales tax refund shall be verified and submitted to the director  
36 of taxation upon forms furnished by the director and shall be accompanied  
37 by any additional documentation required by the director. The director  
38 shall review each claim and shall refund that amount of sales tax paid as  
39 determined under the provisions of this subsection. All refunds shall be  
40 paid from the sales tax refund fund upon warrants of the director of  
41 accounts and reports pursuant to vouchers approved by the director or  
42 the director's designee;

43 (jjj) all sales of dietary supplements dispensed pursuant to a prescrip-

1 tion order by a licensed practitioner or a mid-level practitioner as defined  
2 by K.S.A. 65-1626, and amendments thereto. As used in this subsection,  
3 “dietary supplement” means any product, other than tobacco, intended  
4 to supplement the diet that: (1) Contains one or more of the following  
5 dietary ingredients: A vitamin, a mineral, an herb or other botanical, an  
6 amino acid, a dietary substance for use by humans to supplement the diet  
7 by increasing the total dietary intake or a concentrate, metabolite, con-  
8 stituent, extract or combination of any such ingredient; (2) is intended  
9 for ingestion in tablet, capsule, powder, softgel, gelcap or liquid form, or  
10 if not intended for ingestion, in such a form, is not represented as con-  
11 ventional food and is not represented for use as a sole item of a meal or  
12 of the diet; and (3) is required to be labeled as a dietary supplement,  
13 identifiable by the supplemental facts box found on the label and as re-  
14 quired pursuant to 21 C.F.R. § 101.36;

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

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

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

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

39 (ppp) all sales of tangible personal property and services purchased  
40 by or on behalf of a homeless shelter which is exempt from federal income  
41 taxation pursuant to section 501(c)(3) of the federal income tax code of  
42 1986, and used by any such homeless shelter to provide emergency and  
43 transitional housing for individuals and families experiencing homeless-

1   ness, and all sales of any such property by or on behalf of any such home-  
2   less shelter for any such purpose;  
3    (qqq) all sales of tangible personal property and services purchased  
4   by TLC for children and families, inc., hereinafter referred to as TLC,  
5   which is exempt from federal income taxation pursuant to section  
6   501(c)(3) of the federal internal revenue code of 1986, and which such  
7   property and services are used for the purpose of providing emergency  
8   shelter and treatment for abused and neglected children as well as meet-  
9   ing additional critical needs for children, juveniles and family, and all sales  
10  of any such property by or on behalf of TLC for any such purpose; and  
11  all sales of tangible personal property or services purchased by a contrac-  
12  tor for the purpose of constructing, maintaining, repairing, enlarging, fur-  
13  nishing or remodeling facilities for the operation of services for TLC for  
14  any such purpose which would be exempt from taxation under the pro-  
15  visions of this section if purchased directly by TLC. Nothing in this sub-  
16  section shall be deemed to exempt the purchase of any construction ma-  
17  chinery, equipment or tools used in the constructing, maintaining,  
18  repairing, enlarging, furnishing or remodeling such facilities for TLC.  
19  When TLC contracts for the purpose of constructing, maintaining, re-  
20  pairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
21  from the state and furnish to the contractor an exemption certificate for  
22  the project involved, and the contractor may purchase materials for in-  
23  corporation in such project. The contractor shall furnish the number of  
24  such certificate to all suppliers from whom such purchases are made, and  
25  such suppliers shall execute invoices covering the same bearing the num-  
26  ber of such certificate. Upon completion of the project the contractor  
27  shall furnish to TLC a sworn statement, on a form to be provided by the  
28  director of taxation, that all purchases so made were entitled to exemption  
29  under this subsection. All invoices shall be held by the contractor for a  
30  period of five years and shall be subject to audit by the director of taxation.  
31  If any materials purchased under such a certificate are found not to have  
32  been incorporated in the building or other project or not to have been  
33  returned for credit or the sales or compensating tax otherwise imposed  
34  upon such materials which will not be so incorporated in the building or  
35  other project reported and paid by such contractor to the director of  
36  taxation not later than the 20th day of the month following the close of  
37  the month in which it shall be determined that such materials will not be  
38  used for the purpose for which such certificate was issued, TLC shall be  
39  liable for tax on all materials purchased for the project, and upon payment  
40  thereof it may recover the same from the contractor together with rea-  
41  sonable attorney fees. Any contractor or any agent, employee or subcon-  
42  tractor thereof, who shall use or otherwise dispose of any materials pur-  
43  chased under such a certificate for any purpose other than that for which



1 such a certificate is issued without the payment of the sales or compen-  
2 sating tax otherwise imposed upon such materials, shall be guilty of a  
3 misdemeanor and, upon conviction therefor, shall be subject to the pen-  
4 alties provided for in subsection (g) of K.S.A. 79-3615, and amendments  
5 thereto;

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

14 (sss) all sales of tangible personal property and services purchased by  
15 catholic charities or youthville, hereinafter referred to as charitable family  
16 providers, which is exempt from federal income taxation pursuant to sec-  
17 tion 501(c)(3) of the federal internal revenue code of 1986, and which  
18 such property and services are used for the purpose of providing emer-  
19 gency shelter and treatment for abused and neglected children as well as  
20 meeting additional critical needs for children, juveniles and family, and  
21 all sales of any such property by or on behalf of charitable family providers  
22 for any such purpose; and all sales of tangible personal property or serv-  
23 ices purchased by a contractor for the purpose of constructing, maintain-  
24 ing, repairing, enlarging, furnishing or remodeling facilities for the op-  
25 eration of services for charitable family providers for any such purpose  
26 which would be exempt from taxation under the provisions of this section  
27 if purchased directly by charitable family providers. Nothing in this sub-  
28 section shall be deemed to exempt the purchase of any construction ma-  
29 chinery, equipment or tools used in the constructing, maintaining, re-  
30 pairing, enlarging, furnishing or remodeling such facilities for charitable  
31 family providers. When charitable family providers contracts for the pur-  
32 pose of constructing, maintaining, repairing, enlarging, furnishing or re-  
33 modeling such facilities, it shall obtain from the state and furnish to the  
34 contractor an exemption certificate for the project involved, and the con-  
35 tractor may purchase materials for incorporation in such project. The  
36 contractor shall furnish the number of such certificate to all suppliers  
37 from whom such purchases are made, and such suppliers shall execute  
38 invoices covering the same bearing the number of such certificate. Upon  
39 completion of the project the contractor shall furnish to charitable family  
40 providers a sworn statement, on a form to be provided by the director of  
41 taxation, that all purchases so made were entitled to exemption under  
42 this subsection. All invoices shall be held by the contractor for a period  
43 of five years and shall be subject to audit by the director of taxation. If

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

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

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

22 (uuu) all sales of tangible personal property and services purchased  
23 by Kansas children's service league, hereinafter referred to as KCSL,  
24 which is exempt from federal income taxation pursuant to section  
25 501(c)(3) of the federal internal revenue code of 1986, and which such  
26 property and services are used for the purpose of providing for the pre-  
27 vention and treatment of child abuse and maltreatment as well as meeting  
28 additional critical needs for children, juveniles and family, and all sales of  
29 any such property by or on behalf of KCSL for any such purpose; and all  
30 sales of tangible personal property or services purchased by a contractor  
31 for the purpose of constructing, maintaining, repairing, enlarging, fur-  
32 nishing or remodeling facilities for the operation of services for KCSL  
33 for any such purpose which would be exempt from taxation under the  
34 provisions of this section if purchased directly by KCSL. Nothing in this  
35 subsection shall be deemed to exempt the purchase of any construction  
36 machinery, equipment or tools used in the constructing, maintaining, re-  
37 pairing, enlarging, furnishing or remodeling such facilities for KCSL.  
38 When KCSL contracts for the purpose of constructing, maintaining, re-  
39 pairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
40 from the state and furnish to the contractor an exemption certificate for  
41 the project involved, and the contractor may purchase materials for in-  
42 corporation in such project. The contractor shall furnish the number of  
43 such certificate to all suppliers from whom such purchases are made, and

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

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

33 (www) all sales of tangible personal property purchased by or on be-  
34 half of the Frontenac Education Foundation, which is exempt from fed-  
35 eral income taxation pursuant to section 501 (c)(3) of the federal internal  
36 revenue code, for the purpose of providing education support for stu-  
37 dents, and all sales of any such property by or on behalf of such organi-  
38 zation for such purpose;

39 (xxx) all sales of personal property and services purchased by the  
40 booth theatre foundation, inc., an organization which is exempt from fed-  
41 eral income taxation pursuant to section 501(c)(3) of the federal internal  
42 revenue code of 1986, and which such personal property and services are  
43 used by any such organization in the constructing, equipping, recon-

1 structing, maintaining, repairing, enlarging, furnishing or remodeling of  
2 the booth theatre, and all sales of tangible personal property or services  
3 purchased by a contractor for the purpose of constructing, equipping,  
4 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-  
5 ing the booth theatre for such organization, which would be exempt from  
6 taxation under the provisions of this section if purchased directly by such  
7 organization. Nothing in this subsection shall be deemed to exempt the  
8 purchase of any construction machinery, equipment or tools used in the  
9 constructing, equipping, reconstructing, maintaining, repairing, enlarg-  
10 ing, furnishing or remodeling facilities for any such organization. When  
11 any such organization shall contract for the purpose of constructing,  
12 equipping, reconstructing, maintaining, repairing, enlarging, furnishing  
13 or remodeling facilities, it shall obtain from the state and furnish to the  
14 contractor an exemption certificate for the project involved, and the con-  
15 tractor may purchase materials for incorporation in such project. The  
16 contractor shall furnish the number of such certificate to all suppliers  
17 from whom such purchases are made, and such suppliers shall execute  
18 invoices covering the same bearing the number of such certificate. Upon  
19 completion of the project the contractor shall furnish to such organization  
20 concerned a sworn statement, on a form to be provided by the director  
21 of taxation, that all purchases so made were entitled to exemption under  
22 this subsection. All invoices shall be held by the contractor for a period  
23 of five years and shall be subject to audit by the director of taxation. If  
24 any materials purchased under such a certificate are found not to have  
25 been incorporated in such facilities or not to have been returned for credit  
26 or the sales or compensating tax otherwise imposed upon such materials  
27 which will not be so incorporated in such facilities reported and paid by  
28 such contractor to the director of taxation not later than the 20th day of  
29 the month following the close of the month in which it shall be deter-  
30 mined that such materials will not be used for the purpose for which such  
31 certificate was issued, such organization concerned shall be liable for tax  
32 on all materials purchased for the project, and upon payment thereof it  
33 may recover the same from the contractor together with reasonable at-  
34 torney fees. Any contractor or any agent, employee or subcontractor  
35 thereof, who shall use or otherwise dispose of any materials purchased  
36 under such a certificate for any purpose other than that for which such a  
37 certificate is issued without the payment of the sales or compensating tax  
38 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
39 and, upon conviction therefor, shall be subject to the penalties provided  
40 for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales  
41 tax paid on and after January 1, 2007, but prior to the effective date of  
42 this act upon the gross receipts received from any sale which would have  
43 been exempted by the provisions of this subsection had such sale occurred

1 after the effective date of this act shall be refunded. Each claim for a  
2 sales tax refund shall be verified and submitted to the director of taxation  
3 upon forms furnished by the director and shall be accompanied by any  
4 additional documentation required by the director. The director shall  
5 review each claim and shall refund that amount of sales tax paid as de-  
6 termined under the provisions of this subsection. All refunds shall be paid  
7 from the sales tax refund fund upon warrants of the director of accounts  
8 and reports pursuant to vouchers approved by the director or the direc-  
9 tor's designee;

10 (yyy) all sales of tangible personal property and services purchased  
11 by TLC charities foundation, inc., hereinafter referred to as TLC chari-  
12 ties, which is exempt from federal income taxation pursuant to section  
13 501(c)(3) of the federal internal revenue code of 1986, and which such  
14 property and services are used for the purpose of encouraging private  
15 philanthropy to further the vision, values, and goals of TLC for children  
16 and families, inc.; and all sales of such property and services by or on  
17 behalf of TLC charities for any such purpose and all sales of tangible  
18 personal property or services purchased by a contractor for the purpose  
19 of constructing, maintaining, repairing, enlarging, furnishing or remodel-  
20 ing facilities for the operation of services for TLC charities for any such  
21 purpose which would be exempt from taxation under the provisions of  
22 this section if purchased directly by TLC charities. Nothing in this sub-  
23 section shall be deemed to exempt the purchase of any construction ma-  
24 chinery, equipment or tools used in the constructing, maintaining, re-  
25 pairing, enlarging, furnishing or remodeling such facilities for TLC  
26 charities. When TLC charities contracts for the purpose of constructing,  
27 maintaining, repairing, enlarging, furnishing or remodeling such facilities,  
28 it shall obtain from the state and furnish to the contractor an exemption  
29 certificate for the project involved, and the contractor may purchase ma-  
30 terials for incorporation in such project. The contractor shall furnish the  
31 number of such certificate to all suppliers from whom such purchases are  
32 made, and such suppliers shall execute invoices covering the same bearing  
33 the number of such certificate. Upon completion of the project the con-  
34 tractor shall furnish to TLC charities 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 compen-  
41 sating tax otherwise imposed upon such materials which will not be in-  
42 corporated into the building or other project reported and paid by such  
43 contractor to the director of taxation not later than the 20th day of the

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

13 (zzz) all sales of tangible personal property purchased by the rotary  
14 club of shawnee foundation which is exempt from federal income taxation  
15 pursuant to section 501 (c)(3) of the federal internal revenue code of  
16 1986, as amended, used for the purpose of providing contributions to  
17 community service organizations and scholarships;

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

24 (bbbb) all sales of entry or participation fees, charges or tickets by  
25 Guadalupe health foundation, which is exempt from federal income tax-  
26 ation pursuant to section 501(c)(3) of the federal internal revenue code,  
27 for such organization's annual fundraising event which purpose is to pro-  
28 vide health care services for uninsured workers; and

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

38 Sec. 4. K.S.A. 2008 Supp. 79-3692 is hereby amended to read as  
39 follows: 79-3692. ~~On and after January 1, 2005,~~ Any entity or organization  
40 claiming an exemption from sales tax on its purchases of tangible personal  
41 property or services based on the status of the entity or organization,  
42 under a specific exemption provided by law, shall prior to claiming any  
43 such exemption, apply to and obtain from the secretary of revenue an

1 exempt organization identification number. *The secretary shall issue an*  
2 *exempt organization identification number to an entity or organization*  
3 *which is limited to claiming the sales tax exemption on purchases by the*  
4 *entity or organization for programs of the organization that qualify for*  
5 *the exemption as provided by section 1, and amendments thereto.* The  
6 secretary shall prescribe the application form for such number, and such  
7 entity or organization shall provide with the application information suf-  
8 ficient to establish that such entity or organization qualifies for the sales  
9 tax exemption. Such entity shall enter the issued identification number  
10 on any exemption certificate presented to any retailer when claiming the  
11 sales tax exemption on any purchases *that qualify for an exemption pur-*  
12 *suant to K.S.A. 79-3606 or section 1, and amendments thereto.*

13 Sec. 5. K.S.A. 2008 Supp. 79-3603, 79-3606 and 79-3692 are hereby  
14 repealed.

15 Sec. 6. This act shall take effect and be in force from and after its  
16 publication in the statute book.