

As Amended by House Committee

Session of 2021

SENATE BILL No. 147

By Committee on Assessment and Taxation

2-4

1 AN ACT concerning sales taxation; relating to exemptions; defining
2 nonprofit integrated community care organizations and providing an
3 exemption therefor; **providing an exemption for friends of hospice of**
4 **Jefferson county**; amending K.S.A. 79-3602 and 79-3606 and
5 repealing the existing section.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 79-3602 is hereby amended to read as follows: 79-
9 3602. Except as otherwise provided, as used in the Kansas retailers' sales
10 tax act:

11 (a) "Agent" means a person appointed by a seller to represent the
12 seller before the member states.

13 (b) "Agreement" means the multistate agreement entitled the
14 streamlined sales and use tax agreement approved by the streamlined sales
15 tax implementing states at Chicago, Illinois on November 12, 2002.

16 (c) "Alcoholic beverages" means beverages that are suitable for
17 human consumption and contain 0.05% or more of alcohol by volume.

18 (d) "Certified automated system (CAS)" means software certified
19 under the agreement to calculate the tax imposed by each jurisdiction on a
20 transaction, determine the amount of tax to remit to the appropriate state
21 and maintain a record of the transaction.

22 (e) "Certified service provider (CSP)" means an agent certified under
23 the agreement to perform all the seller's sales and use tax functions, other
24 than the seller's obligation to remit tax on its own purchases.

25 (f) "Computer" means an electronic device that accepts information
26 in digital or similar form and manipulates it for a result based on a
27 sequence of instructions.

28 (g) "Computer software" means a set of coded instructions designed
29 to cause a computer or automatic data processing equipment to perform a
30 task.

31 (h) "Delivered electronically" means delivered to the purchaser by
32 means other than tangible storage media.

33 (i) "Delivery charges" means charges by the seller of personal
34 property or services for preparation and delivery to a location designated
35 by the purchaser of personal property or services including, but not limited
36 to, transportation, shipping, postage, handling, crating and packing.

1 Delivery charges shall not include charges for delivery of direct mail if the
2 charges are separately stated on an invoice or similar billing document
3 given to the purchaser.

4 (j) "Direct mail" means printed material delivered or distributed by
5 United States mail or other delivery services to a mass audience or to
6 addressees on a mailing list provided by the purchaser or at the direction of
7 the purchaser when the cost of the items are not billed directly to the
8 recipients. Direct mail includes tangible personal property supplied
9 directly or indirectly by the purchaser to the direct mail seller for inclusion
10 in the package containing the printed material. Direct mail does not
11 include multiple items of printed material delivered to a single address.

12 (k) "Director" means the state director of taxation.

13 (l) "Educational institution" means any nonprofit school, college and
14 university that offers education at a level above the 12th grade, and
15 conducts regular classes and courses of study required for accreditation by,
16 or membership in, the higher learning commission, the state board of
17 education, or that otherwise qualify as an "educational institution," as
18 defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall
19 include: (1) A group of educational institutions that operates exclusively
20 for an educational purpose; (2) nonprofit endowment associations and
21 foundations organized and operated exclusively to receive, hold, invest
22 and administer moneys and property as a permanent fund for the support
23 and sole benefit of an educational institution; (3) nonprofit trusts,
24 foundations and other entities organized and operated principally to hold
25 and own receipts from intercollegiate sporting events and to disburse such
26 receipts, as well as grants and gifts, in the interest of collegiate and
27 intercollegiate athletic programs for the support and sole benefit of an
28 educational institution; and (4) nonprofit trusts, foundations and other
29 entities organized and operated for the primary purpose of encouraging,
30 fostering and conducting scholarly investigations and industrial and other
31 types of research for the support and sole benefit of an educational
32 institution.

33 (m) "Electronic" means relating to technology having electrical,
34 digital, magnetic, wireless, optical, electromagnetic or similar capabilities.

35 (n) "Food and food ingredients" means substances, whether in liquid,
36 concentrated, solid, frozen, dried or dehydrated form, that are sold for
37 ingestion or chewing by humans and are consumed for their taste or
38 nutritional value. "Food and food ingredients" does not include alcoholic
39 beverages or tobacco.

40 (o) "Gross receipts" means the total selling price or the amount
41 received as defined in this act, in money, credits, property or other
42 consideration valued in money from sales at retail within this state; and
43 embraced within the provisions of this act. The taxpayer, may take credit

1 in the report of gross receipts for: (1) An amount equal to the selling price
2 of property returned by the purchaser when the full sale price thereof,
3 including the tax collected, is refunded in cash or by credit; and (2) an
4 amount equal to the allowance given for the trade-in of property.

5 (p) "Ingredient or component part" means tangible personal property
6 which is necessary or essential to, and which is actually used in and
7 becomes an integral and material part of tangible personal property or
8 services produced, manufactured or compounded for sale by the producer,
9 manufacturer or compounder in its regular course of business. The
10 following items of tangible personal property are hereby declared to be
11 ingredients or component parts, but the listing of such property shall not be
12 deemed to be exclusive nor shall such listing be construed to be a
13 restriction upon, or an indication of, the type or types of property to be
14 included within the definition of "ingredient or component part" as herein
15 set forth:

16 (1) Containers, labels and shipping cases used in the distribution of
17 property produced, manufactured or compounded for sale which are not to
18 be returned to the producer, manufacturer or compounder for reuse.

19 (2) Containers, labels, shipping cases, paper bags, drinking straws,
20 paper plates, paper cups, twine and wrapping paper used in the distribution
21 and sale of property taxable under the provisions of this act by wholesalers
22 and retailers and which is not to be returned to such wholesaler or retailer
23 for reuse.

24 (3) Seeds and seedlings for the production of plants and plant
25 products produced for resale.

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

27 (5) Fertilizer used in the production of plants and plant products
28 produced for resale.

29 (6) Feed for animals, fowl and aquatic plants and animals, the
30 primary purpose of which is use in agriculture or aquaculture, as defined in
31 K.S.A. 47-1901, and amendments thereto, the production of food for
32 human consumption, the production of animal, dairy, poultry or aquatic
33 plant and animal products, fiber, fur, or the production of offspring for use
34 for any such purpose or purposes.

35 (q) "Isolated or occasional sale" means the nonrecurring sale of
36 tangible personal property, or services taxable hereunder by a person not
37 engaged at the time of such sale in the business of selling such property or
38 services. Any religious organization which makes a nonrecurring sale of
39 tangible personal property acquired for the purpose of resale shall be
40 deemed to be not engaged at the time of such sale in the business of selling
41 such property. Such term shall include:

42 (1) Any sale by a bank, savings and loan institution, credit union or
43 any finance company licensed under the provisions of the Kansas uniform

1 consumer credit code of tangible personal property which has been
2 repossessed by any such entity; and

3 (2) any sale of tangible personal property made by an auctioneer or
4 agent on behalf of not more than two principals or households if such sale
5 is nonrecurring and any such principal or household is not engaged at the
6 time of such sale in the business of selling tangible personal property.

7 (r) "Lease or rental" means any transfer of possession or control of
8 tangible personal property for a fixed or indeterminate term for
9 consideration. A lease or rental may include future options to purchase or
10 extend.

11 (1) Lease or rental does not include:

12 (A) A transfer of possession or control of property under a security
13 agreement or deferred payment plan that requires the transfer of title upon
14 completion of the required payments;

15 (B) a transfer of possession or control of property under an agreement
16 that requires the transfer of title upon completion of required payments and
17 payment of an option price does not exceed the greater of \$100 or 1% of
18 the total required payments; or

19 (C) providing tangible personal property along with an operator for a
20 fixed or indeterminate period of time. A condition of this exclusion is that
21 the operator is necessary for the equipment to perform as designed. For the
22 purpose of this subsection, an operator must do more than maintain,
23 inspect or set-up the tangible personal property.

24 (2) Lease or rental does include agreements covering motor vehicles
25 and trailers where the amount of consideration may be increased or
26 decreased by reference to the amount realized upon sale or disposition of
27 the property as defined in 26 U.S.C. § 7701(h)(1).

28 (3) This definition shall be used for sales and use tax purposes
29 regardless if a transaction is characterized as a lease or rental under
30 generally accepted accounting principles, the internal revenue code, the
31 uniform commercial code, K.S.A. 84-1-101 et seq., and amendments
32 thereto, or other provisions of federal, state or local law.

33 (4) This definition will be applied only prospectively from the
34 effective date of this act and will have no retroactive impact on existing
35 leases or rentals.

36 (s) "Load and leave" means delivery to the purchaser by use of a
37 tangible storage media where the tangible storage media is not physically
38 transferred to the purchaser.

39 (t) "Member state" means a state that has entered in the agreement,
40 pursuant to provisions of article VIII of the agreement.

41 (u) "Model 1 seller" means a seller that has selected a CSP as its
42 agent to perform all the seller's sales and use tax functions, other than the
43 seller's obligation to remit tax on its own purchases.

1 (v) "Model 2 seller" means a seller that has selected a CAS to
2 perform part of its sales and use tax functions, but retains responsibility for
3 remitting the tax.

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

11 (x) "Municipal corporation" means any city incorporated under the
12 laws of Kansas.

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

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

26 (aa) "Political subdivision" means any municipality, agency or
27 subdivision of the state which is, or shall hereafter be, authorized to levy
28 taxes upon tangible property within the state or which certifies a levy to a
29 municipality, agency or subdivision of the state which is, or shall hereafter
30 be, authorized to levy taxes upon tangible property within the state. Such
31 term also shall include any public building commission, housing, airport,
32 port, metropolitan transit or similar authority established pursuant to law
33 and the horsethief reservoir benefit district established pursuant to K.S.A.
34 82a-2201, and amendments thereto.

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

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

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

14 (dd) "Property which is consumed" means tangible personal property
15 which is essential or necessary to and which is used in the actual process
16 of and consumed, depleted or dissipated within one year in:

17 (1) The production, manufacture, processing, mining, drilling,
18 refining or compounding of tangible personal property;

19 (2) the providing of services;

20 (3) the irrigation of crops, for sale in the regular course of business;
21 or

22 (4) the storage or processing of grain by a public grain warehouse or
23 other grain storage facility, and which is not reusable for such purpose.
24 The following is a listing of tangible personal property, included by way of
25 illustration but not of limitation, which qualifies as property which is
26 consumed:

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

32 (B) electricity, gas and water; and

33 (C) petroleum products, lubricants, chemicals, solvents, reagents and
34 catalysts.

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

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

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

42 (hh) "Registered under this agreement" means registration by a seller
43 with the member states under the central registration system provided in

1 article IV of the agreement.

2 (ii) "Retailer" means a seller regularly engaged in the business of
3 selling, leasing or renting tangible personal property at retail or furnishing
4 electrical energy, gas, water, services or entertainment, and selling only to
5 the user or consumer and not for resale.

6 (jj) "Retail sale" or "sale at retail" means any sale, lease or rental for
7 any purpose other than for resale, sublease or subrent.

8 (kk) "Sale" or "sales" means the exchange of tangible personal
9 property, as well as the sale thereof for money, and every transaction,
10 conditional or otherwise, for a consideration, constituting a sale, including
11 the sale or furnishing of electrical energy, gas, water, services or
12 entertainment taxable under the terms of this act and including, except as
13 provided in the following provision, the sale of the use of tangible personal
14 property by way of a lease, license to use or the rental thereof regardless of
15 the method by which the title, possession or right to use the tangible
16 personal property is transferred. The term "sale" or "sales" shall not mean
17 the sale of the use of any tangible personal property used as a dwelling by
18 way of a lease or rental thereof for a term of more than 28 consecutive
19 days.

20 (ll) (1) "Sales or selling price" applies to the measure subject to sales
21 tax and means the total amount of consideration, including cash, credit,
22 property and services, for which personal property or services are sold,
23 leased or rented, valued in money, whether received in money or
24 otherwise, without any deduction for the following:

25 (A) The seller's cost of the property sold;

26 (B) the cost of materials used, labor or service cost, interest, losses,
27 all costs of transportation to the seller, all taxes imposed on the seller and
28 any other expense of the seller;

29 (C) charges by the seller for any services necessary to complete the
30 sale, other than delivery and installation charges;

31 (D) delivery charges; and

32 (E) installation charges.

33 (2) "Sales or selling price" includes consideration received by the
34 seller from third parties if:

35 (A) The seller actually receives consideration from a party other than
36 the purchaser and the consideration is directly related to a price reduction
37 or discount on the sale;

38 (B) the seller has an obligation to pass the price reduction or discount
39 through to the purchaser;

40 (C) the amount of the consideration attributable to the sale is fixed
41 and determinable by the seller at the time of the sale of the item to the
42 purchaser; and

43 (D) one of the following criteria is met:

- 1 (i) The purchaser presents a coupon, certificate or other
2 documentation to the seller to claim a price reduction or discount where
3 the coupon, certificate or documentation is authorized, distributed or
4 granted by a third party with the understanding that the third party will
5 reimburse any seller to whom the coupon, certificate or documentation is
6 presented;
- 7 (ii) the purchaser identifies to the seller that the purchaser is a
8 member of a group or organization entitled to a price reduction or
9 discount. A preferred customer card that is available to any patron does not
10 constitute membership in such a group; or
- 11 (iii) the price reduction or discount is identified as a third party price
12 reduction or discount on the invoice received by the purchaser or on a
13 coupon, certificate or other documentation presented by the purchaser.
- 14 (3) "Sales or selling price" shall not include:
- 15 (A) Discounts, including cash, term or coupons that are not
16 reimbursed by a third party that are allowed by a seller and taken by a
17 purchaser on a sale;
- 18 (B) interest, financing and carrying charges from credit extended on
19 the sale of personal property or services, if the amount is separately stated
20 on the invoice, bill of sale or similar document given to the purchaser;
- 21 (C) any taxes legally imposed directly on the consumer that are
22 separately stated on the invoice, bill of sale or similar document given to
23 the purchaser;
- 24 (D) the amount equal to the allowance given for the trade-in of
25 property, if separately stated on the invoice, billing or similar document
26 given to the purchaser; and
- 27 (E) commencing on July 1, 2018, and ending on June 30, 2021, cash
28 rebates granted by a manufacturer to a purchaser or lessee of a new motor
29 vehicle if paid directly to the retailer as a result of the original sale.
- 30 (mm) "Seller" means a person making sales, leases or rentals of
31 personal property or services.
- 32 (nn) "Service" means those services described in and taxed under the
33 provisions of K.S.A. 79-3603, and amendments thereto.
- 34 (oo) "Sourcing rules" means the rules set forth in K.S.A. *12-191, 12-*
35 *191a and 79-3670 through 79-3673, ~~K.S.A. 12-191 and 12-191a,~~* and
36 amendments thereto, which shall apply to identify and determine the state
37 and local taxing jurisdiction sales or use taxes to pay, or collect and remit
38 on a particular retail sale.
- 39 (pp) "Tangible personal property" means personal property that can
40 be seen, weighed, measured, felt or touched, or that is in any other manner
41 perceptible to the senses. Tangible personal property includes electricity,
42 water, gas, steam and prewritten computer software.
- 43 (qq) "Taxpayer" means any person obligated to account to the

1 director for taxes collected under the terms of this act.

2 (rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or
3 any other item that contains tobacco.

4 (ss) "Entity-based exemption" means an exemption based on who
5 purchases the product or who sells the product. An exemption that is
6 available to all individuals shall not be considered an entity-based
7 exemption.

8 (tt) "Over-the-counter drug" means a drug that contains a label that
9 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
10 over-the-counter drug label includes: (1) A drug facts panel; or (2) a
11 statement of the active ingredients with a list of those ingredients
12 contained in the compound, substance or preparation. Over-the-counter
13 drugs do not include grooming and hygiene products such as soaps,
14 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
15 lotions and screens.

16 (uu) "Ancillary services" means services that are associated with or
17 incidental to the provision of telecommunications services, including, but
18 not limited to, detailed telecommunications billing, directory assistance,
19 vertical service and voice mail services.

20 (vv) "Conference bridging service" means an ancillary service that
21 links two or more participants of an audio or video conference call and
22 may include the provision of a telephone number. "Conference bridging
23 service" does not include the telecommunications services used to reach
24 the conference bridge.

25 (ww) "Detailed telecommunications billing service" means an
26 ancillary service of separately stating information pertaining to individual
27 calls on a customer's billing statement.

28 (xx) "Directory assistance" means an ancillary service of providing
29 telephone number information or address information, or both.

30 (yy) "Vertical service" means an ancillary service that is offered in
31 connection with one or more telecommunications services, which offers
32 advanced calling features that allow customers to identify callers and to
33 manage multiple calls and call connections, including conference bridging
34 services.

35 (zz) "Voice mail service" means an ancillary service that enables the
36 customer to store, send or receive recorded messages. Voice mail service
37 does not include any vertical services that the customer may be required to
38 have in order to utilize the voice mail service.

39 (aaa) "Telecommunications service" means the electronic
40 transmission, conveyance or routing of voice, data, audio, video or any
41 other information or signals to a point, or between or among points. The
42 term telecommunications service includes such transmission, conveyance
43 or routing in which computer processing applications are used to act on the

1 form, code or protocol of the content for purposes of transmissions,
2 conveyance or routing without regard to whether such service is referred to
3 as voice over internet protocol services or is classified by the federal
4 communications commission as enhanced or value added.
5 Telecommunications service does not include:

6 (1) Data processing and information services that allow data to be
7 generated, acquired, stored, processed or retrieved and delivered by an
8 electronic transmission to a purchaser where such purchaser's primary
9 purpose for the underlying transaction is the processed data or
10 information;

11 (2) installation or maintenance of wiring or equipment on a
12 customer's premises;

13 (3) tangible personal property;

14 (4) advertising, including, but not limited to, directory advertising;

15 (5) billing and collection services provided to third parties;

16 (6) internet access service;

17 (7) radio and television audio and video programming services,
18 regardless of the medium, including the furnishing of transmission,
19 conveyance and routing of such services by the programming service
20 provider. Radio and television audio and video programming services shall
21 include, but not be limited to, cable service as defined in 47 U.S.C. §
22 522(6) and audio and video programming services delivered by
23 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

24 (8) ancillary services; or

25 (9) digital products delivered electronically, including, but not limited
26 to, software, music, video, reading materials or ring tones.

27 (bbb) "800 service" means a telecommunications service that allows a
28 caller to dial a toll-free number without incurring a charge for the call. The
29 service is typically marketed under the name 800, 855, 866, 877 and 888
30 toll-free calling, and any subsequent numbers designated by the federal
31 communications commission.

32 (ccc) "900 service" means an inbound toll telecommunications
33 service purchased by a subscriber that allows the subscriber's customers to
34 call in to the subscriber's prerecorded announcement or live service. 900
35 service does not include the charge for collection services provided by the
36 seller of the telecommunications services to the subscriber, or service or
37 product sold by the subscriber to the subscriber's customer. The service is
38 typically marketed under the name 900 service, and any subsequent
39 numbers designated by the federal communications commission.

40 (ddd) "Value-added non-voice data service" means a service that
41 otherwise meets the definition of telecommunications services in which
42 computer processing applications are used to act on the form, content,
43 code or protocol of the information or data primarily for a purpose other

1 than transmission, conveyance or routing.

2 (eee) "International" means a telecommunications service that
3 originates or terminates in the United States and terminates or originates
4 outside the United States, respectively. United States includes the District
5 of Columbia or a U.S. territory or possession.

6 (fff) "Interstate" means a telecommunications service that originates
7 in one United States state, or a United States territory or possession, and
8 terminates in a different United States state or a United States territory or
9 possession.

10 (ggg) "Intrastate" means a telecommunications service that originates
11 in one United States state or a United States territory or possession, and
12 terminates in the same United States state or a United States territory or
13 possession.

14 (hhh) "Cereal malt beverage" shall have the same meaning as such
15 term is defined in K.S.A. 41-2701, and amendments thereto, except that
16 for the purposes of the Kansas retailers sales tax act and for no other
17 purpose, such term shall include beer containing not more than 6% alcohol
18 by volume when such beer is sold by a retailer licensed under the Kansas
19 cereal malt beverage act.

20 (iii) *"Nonprofit integrated community care organization" means an*
21 *entity that is:*

22 (1) *Exempt from federal income taxation pursuant to section 501(c)*
23 *(3) of the federal internal revenue code of 1986;*

24 (2) *certified to participate in the medicare program as a hospice*
25 *under 42 C.F.R. § 418 et seq. and focused on providing care to the aging*
26 *and indigent population at home and through inpatient care, adult daycare*
27 *or assisted living facilities, and related facilities and services across*
28 *multiple counties; and*

29 (3) *approved by the Kansas department for aging and disability*
30 *services as an organization providing services under the program of all-*
31 *inclusive care for the elderly as defined in 42 U.S.C. § 1396u-4 and*
32 *regulations implementing such section.*

33 Sec. 2. K.S.A. 79-3606 is hereby amended to read as follows: 79-
34 3606. The following shall be exempt from the tax imposed by this act:

35 (a) All sales of motor-vehicle fuel or other articles upon which a sales
36 or excise tax has been paid, not subject to refund, under the laws of this
37 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
38 3301, and amendments thereto, including consumable material for such
39 electronic cigarettes, cereal malt beverages and malt products as defined
40 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
41 malt syrup and malt extract, that is not subject to taxation under the
42 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
43 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed

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

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

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

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

1 paid from funds of such political subdivision or district and that would be
2 exempt from taxation under the provisions of this act if purchased directly
3 by such political subdivision or district. Nothing in this subsection or in
4 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
5 deemed to exempt the purchase of any construction machinery, equipment
6 or tools used in the constructing, equipping, reconstructing, maintaining,
7 repairing, enlarging, furnishing or remodeling facilities for any political
8 subdivision of the state or any such district. As used in this subsection,
9 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
10 political subdivision" shall mean general tax revenues, the proceeds of any
11 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
12 purpose of constructing, equipping, reconstructing, repairing, enlarging,
13 furnishing or remodeling facilities that are to be leased to the donor. When
14 any political subdivision of the state, district described in subsection (s),
15 public or private nonprofit hospital or public hospital authority, public or
16 private elementary or secondary school, public or private nonprofit
17 educational institution, state correctional institution including a privately
18 constructed correctional institution contracted for state use and ownership
19 shall contract for the purpose of constructing, equipping, reconstructing,
20 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
21 shall obtain from the state and furnish to the contractor an exemption
22 certificate for the project involved, and the contractor may purchase
23 materials for incorporation in such project. The contractor shall furnish the
24 number of such certificate to all suppliers from whom such purchases are
25 made, and such suppliers shall execute invoices covering the same bearing
26 the number of such certificate. Upon completion of the project the
27 contractor shall furnish to the political subdivision, district described in
28 subsection (s), hospital or public hospital authority, school, educational
29 institution or department of corrections concerned a sworn statement, on a
30 form to be provided by the director of taxation, that all purchases so made
31 were entitled to exemption under this subsection. As an alternative to the
32 foregoing procedure, any such contracting entity may apply to the
33 secretary of revenue for agent status for the sole purpose of issuing and
34 furnishing project exemption certificates to contractors pursuant to rules
35 and regulations adopted by the secretary establishing conditions and
36 standards for the granting and maintaining of such status. All invoices
37 shall be held by the contractor for a period of five years and shall be
38 subject to audit by the director of taxation. If any materials purchased
39 under such a certificate are found not to have been incorporated in the
40 building or other project or not to have been returned for credit or the sales
41 or compensating tax otherwise imposed upon such materials that will not
42 be so incorporated in the building or other project reported and paid by
43 such 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
3 certificate was issued, the political subdivision, district described in
4 subsection (s), hospital or public hospital authority, school, educational
5 institution or the contractor contracting with the department of corrections
6 for a correctional institution concerned shall be liable for tax on all
7 materials purchased for the project, and upon payment thereof it may
8 recover the same from the contractor together with reasonable attorney
9 fees. Any contractor or any agent, employee or subcontractor thereof, who
10 shall use or otherwise dispose of any materials purchased under such a
11 certificate for any purpose other than that for which such a certificate is
12 issued without the payment of the sales or compensating tax otherwise
13 imposed upon such materials, shall be guilty of a misdemeanor and, upon
14 conviction therefor, shall be subject to the penalties provided for in K.S.A.
15 79-3615(h), 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
19 instrumentalities, that 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
22 instrumentalities shall contract for the erection, repair, or enlargement of
23 any building or other project, it shall obtain from the state and furnish to
24 the contractor an exemption certificate for the project involved, and the
25 contractor 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 of
30 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 an
33 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
36 pursuant to rules and regulations adopted by the secretary establishing
37 conditions and standards for the granting and maintaining of such status.
38 All invoices shall be held by the contractor for a period of five years and
39 shall be subject to audit by the director of taxation. Any contractor or any
40 agent, employee or subcontractor thereof, who shall use or otherwise
41 dispose of any materials purchased under such a certificate for any purpose
42 other than that for which such a certificate is issued without the payment
43 of 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 K.S.A. 79-3615(h), and
3 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
12 instrumentality 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
17 elementary 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,
32 services, substances or things, except isolated or occasional sale of motor
33 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and
34 amendments thereto;

35 (m) all sales of tangible personal property that become an ingredient
36 or component part of tangible personal property or services produced,
37 manufactured or compounded for ultimate sale at retail within or without
38 the state of Kansas; and any such producer, manufacturer or compounder
39 may obtain from the director of taxation and furnish to the supplier an
40 exemption certificate number for tangible personal property for use as an
41 ingredient or component part of the property or services produced,
42 manufactured or compounded;

43 (n) all sales of tangible personal property that is consumed in the

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

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

17 (p) all sales of drugs dispensed pursuant to a prescription order by a
18 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
19 1626, and amendments thereto. As used in this subsection, "drug" means a
20 compound, substance or preparation and any component of a compound,
21 substance or preparation, other than food and food ingredients, dietary
22 supplements or alcoholic beverages, recognized in the official United
23 States pharmacopeia, official homeopathic pharmacopoeia of the United
24 States or official national formulary, and supplement to any of them,
25 intended for use in the diagnosis, cure, mitigation, treatment or prevention
26 of disease or intended to affect the structure or any function of the body,
27 except that for taxable years commencing after December 31, 2013, this
28 subsection shall not apply to any sales of drugs used in the performance or
29 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
30 thereto;

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

34 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
35 enteral feeding systems, prosthetic devices and mobility enhancing
36 equipment prescribed in writing by a person licensed to practice the
37 healing arts, dentistry or optometry, and in addition to such sales, all sales
38 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
39 and repair and replacement parts therefor, including batteries, by a person
40 licensed in the practice of dispensing and fitting hearing aids pursuant to
41 the provisions of K.S.A. 74-5808, and amendments thereto. For the
42 purposes of this subsection: (1) "Mobility enhancing equipment" means
43 equipment including repair and replacement parts to same, but does not

1 include durable medical equipment, which is primarily and customarily
2 used to provide or increase the ability to move from one place to another
3 and which is appropriate for use either in a home or a motor vehicle; is not
4 generally used by persons with normal mobility; and does not include any
5 motor vehicle or equipment on a motor vehicle normally provided by a
6 motor vehicle manufacturer; and (2) "prosthetic device" means a
7 replacement, corrective or supportive device including repair and
8 replacement parts for same worn on or in the body to artificially replace a
9 missing portion of the body, prevent or correct physical deformity or
10 malfunction or support a weak or deformed portion of the body;

11 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
12 all sales of tangible personal property or services purchased directly or
13 indirectly by a groundwater management district organized or operating
14 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
15 by a rural water district organized or operating under the authority of
16 K.S.A. 82a-612, and amendments thereto, or by a water supply district
17 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
18 3522 et seq. or 19-3545, and amendments thereto, which property or
19 services are used in the construction activities, operation or maintenance of
20 the district;

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

1 farming, ranching or aquaculture production. Farming or ranching shall
2 include the operation of a feedlot and farm and ranch work for hire and the
3 operation of a nursery;

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

7 (v) all sales of tangible personal property to any contractor for use in
8 preparing meals for delivery to homebound elderly persons over 60 years
9 of age and to homebound disabled persons or to be served at a group-
10 sitting at a location outside of the home to otherwise homebound elderly
11 persons over 60 years of age and to otherwise homebound disabled
12 persons, as all or part of any food service project funded in whole or in
13 part by government or as part of a private nonprofit food service project
14 available to all such elderly or disabled persons residing within an area of
15 service designated by the private nonprofit organization, and all sales of
16 tangible personal property for use in preparing meals for consumption by
17 indigent or homeless individuals whether or not such meals are consumed
18 at a place designated for such purpose, and all sales of food products by or
19 on behalf of any such contractor or organization for any such purpose;

20 (w) all sales of natural gas, electricity, heat and water delivered
21 through mains, lines or pipes: (1) To residential premises for
22 noncommercial use by the occupant of such premises; (2) for agricultural
23 use and also, for such use, all sales of propane gas; (3) for use in the
24 severing of oil; and (4) to any property which is exempt from property
25 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this
26 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
27 and amendments thereto. For all sales of natural gas, electricity and heat
28 delivered through mains, lines or pipes pursuant to the provisions of
29 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
30 on December 31, 2005;

31 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources
32 for the production of heat or lighting for noncommercial use of an
33 occupant of residential premises occurring prior to January 1, 2006;

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

38 (z) all sales of tangible personal property and services purchased
39 directly by a port authority or by a contractor therefor as provided by the
40 provisions of K.S.A. 12-3418, and amendments thereto;

41 (aa) all sales of materials and services applied to equipment that is
42 transported into the state from without the state for repair, service,
43 alteration, maintenance, remanufacture or modification and that is

1 subsequently transported outside the state for use in the transmission of
2 liquids or natural gas by means of pipeline in interstate or foreign
3 commerce under authority of the laws of the United States;

4 (bb) all sales of used mobile homes or manufactured homes. As used
5 in this subsection: (1) "Mobile homes" and "manufactured homes" mean
6 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)
7 "sales of used mobile homes or manufactured homes" means sales other
8 than the original retail sale thereof;

9 (cc) all sales of tangible personal property or services purchased prior
10 to January 1, 2012, except as otherwise provided, for the purpose of and in
11 conjunction with constructing, reconstructing, enlarging or remodeling a
12 business or retail business that meets the requirements established in
13 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
14 machinery and equipment purchased for installation at any such business
15 or retail business, and all sales of tangible personal property or services
16 purchased on or after January 1, 2012, for the purpose of and in
17 conjunction with constructing, reconstructing, enlarging or remodeling a
18 business that meets the requirements established in K.S.A. 74-50,115(e),
19 and amendments thereto, and the sale and installation of machinery and
20 equipment purchased for installation at any such business. When a person
21 shall contract for the construction, reconstruction, enlargement or
22 remodeling of any such business or retail business, such person shall
23 obtain from the state and furnish to the contractor an exemption certificate
24 for the project involved, and the contractor may purchase materials,
25 machinery and equipment for incorporation in such project. The contractor
26 shall furnish the number of such certificates to all suppliers from whom
27 such purchases are made, and such suppliers shall execute invoices
28 covering the same bearing the number of such certificate. Upon
29 completion of the project the contractor shall furnish to the owner of the
30 business or retail business a sworn statement, on a form to be provided by
31 the director of taxation, that all purchases so made were entitled to
32 exemption under this subsection. All invoices shall be held by the
33 contractor for a period of five years and shall be subject to audit by the
34 director of taxation. Any contractor or any agent, employee or
35 subcontractor thereof, who shall use or otherwise dispose of any materials,
36 machinery or equipment purchased under such a certificate for any
37 purpose other than that for which such a certificate is issued without the
38 payment of the sales or compensating tax otherwise imposed thereon, shall
39 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
40 to the penalties provided for in K.S.A. 79-3615(h), and amendments
41 thereto. As used in this subsection, "business" and "retail business" mean
42 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
43 exemption certificates that have been previously issued under this

1 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
2 and amendments thereto, but not including K.S.A. 74-50,115(e), and
3 amendments thereto, prior to January 1, 2012, and have not expired will be
4 effective for the term of the project or two years from the effective date of
5 the certificate, whichever occurs earlier. Project exemption certificates that
6 are submitted to the department of revenue prior to January 1, 2012, and
7 are found to qualify will be issued a project exemption certificate that will
8 be effective for a two-year period or for the term of the project, whichever
9 occurs earlier;

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

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

14 (ff) on and after July 1, 1988, all sales of new mobile homes or
15 manufactured homes to the extent of 40% of the gross receipts, determined
16 without regard to any trade-in allowance, received from such sale. As used
17 in this subsection, "mobile homes" and "manufactured homes" mean the
18 same as defined in K.S.A. 58-4202, and amendments thereto;

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

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

35 (ii) all sales of tangible personal property purchased directly by a
36 nonprofit organization for nonsectarian comprehensive multidiscipline
37 youth development programs and activities provided or sponsored by such
38 organization, and all sales of tangible personal property by or on behalf of
39 any such organization. This exemption shall not apply to tangible personal
40 property customarily used for human habitation purposes;

41 (jj) all sales of tangible personal property or services, including the
42 renting and leasing of tangible personal property, purchased directly on
43 behalf of a community-based facility for people with intellectual disability

1 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
2 amendments thereto, and licensed in accordance with the provisions of
3 K.S.A. 2020 Supp. 39-2001 et seq., and amendments thereto, and all sales
4 of tangible personal property or services purchased by contractors during
5 the time period from July, 2003, through June, 2006, for the purpose of
6 constructing, equipping, maintaining or furnishing a new facility for a
7 community-based facility for people with intellectual disability or mental
8 health center located in Riverton, Cherokee County, Kansas, that would
9 have been eligible for sales tax exemption pursuant to this subsection if
10 purchased directly by such facility or center. This exemption shall not
11 apply to tangible personal property customarily used for human habitation
12 purposes;

13 (kk) (1) (A) all sales of machinery and equipment that are used in this
14 state as an integral or essential part of an integrated production operation
15 by a manufacturing or processing plant or facility;

16 (B) all sales of installation, repair and maintenance services
17 performed on such machinery and equipment; and

18 (C) all sales of repair and replacement parts and accessories
19 purchased for such machinery and equipment.

20 (2) For purposes of this subsection:

21 (A) "Integrated production operation" means an integrated series of
22 operations engaged in at a manufacturing or processing plant or facility to
23 process, transform or convert tangible personal property by physical,
24 chemical or other means into a different form, composition or character
25 from that in which it originally existed. Integrated production operations
26 shall include: (i) Production line operations, including packaging
27 operations; (ii) preproduction operations to handle, store and treat raw
28 materials; (iii) post production handling, storage, warehousing and
29 distribution operations; and (iv) waste, pollution and environmental
30 control operations, if any;

31 (B) "production line" means the assemblage of machinery and
32 equipment at a manufacturing or processing plant or facility where the
33 actual transformation or processing of tangible personal property occurs;

34 (C) "manufacturing or processing plant or facility" means a single,
35 fixed location owned or controlled by a manufacturing or processing
36 business that consists of one or more structures or buildings in a
37 contiguous area where integrated production operations are conducted to
38 manufacture or process tangible personal property to be ultimately sold at
39 retail. Such term shall not include any facility primarily operated for the
40 purpose of conveying or assisting in the conveyance of natural gas,
41 electricity, oil or water. A business may operate one or more manufacturing
42 or processing plants or facilities at different locations to manufacture or
43 process a single product of tangible personal property to be ultimately sold

1 at retail;

2 (D) "manufacturing or processing business" means a business that
3 utilizes an integrated production operation to manufacture, process,
4 fabricate, finish or assemble items for wholesale and retail distribution as
5 part of what is commonly regarded by the general public as an industrial
6 manufacturing or processing operation or an agricultural commodity
7 processing operation. (i) Industrial manufacturing or processing operations
8 include, by way of illustration but not of limitation, the fabrication of
9 automobiles, airplanes, machinery or transportation equipment, the
10 fabrication of metal, plastic, wood or paper products, electricity power
11 generation, water treatment, petroleum refining, chemical production,
12 wholesale bottling, newspaper printing, ready mixed concrete production,
13 and the remanufacturing of used parts for wholesale or retail sale. Such
14 processing operations shall include operations at an oil well, gas well,
15 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
16 sand or gravel that has been extracted from the earth is cleaned, separated,
17 crushed, ground, milled, screened, washed or otherwise treated or prepared
18 before its transmission to a refinery or before any other wholesale or retail
19 distribution. (ii) Agricultural commodity processing operations include, by
20 way of illustration but not of limitation, meat packing, poultry slaughtering
21 and dressing, processing and packaging farm and dairy products in sealed
22 containers for wholesale and retail distribution, feed grinding, grain
23 milling, frozen food processing, and grain handling, cleaning, blending,
24 fumigation, drying and aeration operations engaged in by grain elevators
25 or other grain storage facilities. (iii) Manufacturing or processing
26 businesses do not include, by way of illustration but not of limitation,
27 nonindustrial businesses whose operations are primarily retail and that
28 produce or process tangible personal property as an incidental part of
29 conducting the retail business, such as retailers who bake, cook or prepare
30 food products in the regular course of their retail trade, grocery stores,
31 meat lockers and meat markets that butcher or dress livestock or poultry in
32 the regular course of their retail trade, contractors who alter, service, repair
33 or improve real property, and retail businesses that clean, service or
34 refurbish and repair tangible personal property for its owner;

35 (E) "repair and replacement parts and accessories" means all parts
36 and accessories for exempt machinery and equipment, including, but not
37 limited to, dies, jigs, molds, patterns and safety devices that are attached to
38 exempt machinery or that are otherwise used in production, and parts and
39 accessories that require periodic replacement such as belts, drill bits,
40 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
41 other refractory items for exempt kiln equipment used in production
42 operations;

43 (F) "primary" or "primarily" mean more than 50% of the time.

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

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

6 (B) to transport, convey, handle or store the property undergoing
7 manufacturing or processing at any point from the beginning of the
8 production line through any warehousing or distribution operation of the
9 final product that occurs at the plant or facility;

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

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

14 (E) to test or measure raw materials, the property undergoing
15 manufacturing or processing or the finished product, as a necessary part of
16 the manufacturer's integrated production operations;

17 (F) to plan, manage, control or record the receipt and flow of
18 inventories of raw materials, consumables and component parts, the flow
19 of the property undergoing manufacturing or processing and the
20 management of inventories of the finished product;

21 (G) to produce energy for, lubricate, control the operating of or
22 otherwise enable the functioning of other production machinery and
23 equipment and the continuation of production operations;

24 (H) to package the property being manufactured or processed in a
25 container or wrapping in which such property is normally sold or
26 transported;

27 (I) to transmit or transport electricity, coke, gas, water, steam or
28 similar substances used in production operations from the point of
29 generation, if produced by the manufacturer or processor at the plant site,
30 to that manufacturer's production operation; or, if purchased or delivered
31 from off-site, from the point where the substance enters the site of the
32 plant or facility to that manufacturer's production operations;

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

35 (K) to provide and control an environment required to maintain
36 certain levels of air quality, humidity or temperature in special and limited
37 areas of the plant or facility, where such regulation of temperature or
38 humidity is part of and essential to the production process;

39 (L) to treat, transport or store waste or other byproducts of production
40 operations at the plant or facility; or

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

43 (4) The following machinery, equipment and materials shall be

1 deemed to be exempt even though it may not otherwise qualify as
2 machinery and equipment used as an integral or essential part of an
3 integrated production operation: (A) Computers and related peripheral
4 equipment that are utilized by a manufacturing or processing business for
5 engineering of the finished product or for research and development or
6 product design; (B) machinery and equipment that is utilized by a
7 manufacturing or processing business to manufacture or rebuild tangible
8 personal property that is used in manufacturing or processing operations,
9 including tools, dies, molds, forms and other parts of qualifying machinery
10 and equipment; (C) portable plants for aggregate concrete, bulk cement
11 and asphalt including cement mixing drums to be attached to a motor
12 vehicle; (D) industrial fixtures, devices, support facilities and special
13 foundations necessary for manufacturing and production operations, and
14 materials and other tangible personal property sold for the purpose of
15 fabricating such fixtures, devices, facilities and foundations. An exemption
16 certificate for such purchases shall be signed by the manufacturer or
17 processor. If the fabricator purchases such material, the fabricator shall
18 also sign the exemption certificate; (E) a manufacturing or processing
19 business' laboratory equipment that is not located at the plant or facility,
20 but that would otherwise qualify for exemption under subsection (3)(E);
21 (F) all machinery and equipment used in surface mining activities as
22 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
23 from the time a reclamation plan is filed to the acceptance of the
24 completed final site reclamation.

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

27 (A) Machinery and equipment used for nonproduction purposes,
28 including, but not limited to, machinery and equipment used for plant
29 security, fire prevention, first aid, accounting, administration, record
30 keeping, advertising, marketing, sales or other related activities, plant
31 cleaning, plant communications and employee work scheduling;

32 (B) machinery, equipment and tools used primarily in maintaining
33 and repairing any type of machinery and equipment or the building and
34 plant;

35 (C) transportation, transmission and distribution equipment not
36 primarily used in a production, warehousing or material handling
37 operation at the plant or facility, including the means of conveyance of
38 natural gas, electricity, oil or water, and equipment related thereto, located
39 outside the plant or facility;

40 (D) office machines and equipment including computers and related
41 peripheral equipment not used directly and primarily to control or measure
42 the manufacturing process;

43 (E) furniture and other furnishings;

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

4 (G) building fixtures that are not integral to the manufacturing
5 operation, such as utility systems for heating, ventilation, air conditioning,
6 communications, plumbing or electrical;

7 (H) machinery and equipment used for general plant heating, cooling
8 and lighting;

9 (I) motor vehicles that are registered for operation on public
10 highways; or

11 (J) employee apparel, except safety and protective apparel that is
12 purchased by an employer and furnished gratuitously to employees who
13 are involved in production or research activities.

14 (6) Subsections (3) and (5) shall not be construed as exclusive listings
15 of the machinery and equipment that qualify or do not qualify as an
16 integral or essential part of an integrated production operation. When
17 machinery or equipment is used as an integral or essential part of
18 production operations part of the time and for nonproduction purposes at
19 other times, the primary use of the machinery or equipment shall
20 determine whether or not such machinery or equipment qualifies for
21 exemption.

22 (7) The secretary of revenue shall adopt rules and regulations
23 necessary to administer the provisions of this subsection;

24 (ll) all sales of educational materials purchased for distribution to the
25 public at no charge by a nonprofit corporation organized for the purpose of
26 encouraging, fostering and conducting programs for the improvement of
27 public health, except that for taxable years commencing after December
28 31, 2013, this subsection shall not apply to any sales of such materials
29 purchased by a nonprofit corporation which performs any abortion, as
30 defined in K.S.A. 65-6701, and amendments thereto;

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

35 (nn) except as otherwise provided in this act, all sales of services
36 rendered by an advertising agency or licensed broadcast station or any
37 member, agent or employee thereof;

38 (oo) all sales of tangible personal property purchased by a community
39 action group or agency for the exclusive purpose of repairing or
40 weatherizing housing occupied by low-income individuals;

41 (pp) all sales of drill bits and explosives actually utilized in the
42 exploration and production of oil or gas;

43 (qq) all sales of tangible personal property and services purchased by

1 a nonprofit museum or historical society or any combination thereof,
2 including a nonprofit organization that is organized for the purpose of
3 stimulating public interest in the exploration of space by providing
4 educational information, exhibits and experiences, that is exempt from
5 federal income taxation pursuant to section 501(c)(3) of the federal
6 internal revenue code of 1986;

7 (rr) all sales of tangible personal property that will admit the
8 purchaser thereof to any annual event sponsored by a nonprofit
9 organization that is exempt from federal income taxation pursuant to
10 section 501(c)(3) of the federal internal revenue code of 1986, except that
11 for taxable years commencing after December 31, 2013, this subsection
12 shall not apply to any sales of such tangible personal property purchased
13 by a nonprofit organization which performs any abortion, as defined in
14 K.S.A. 65-6701, and amendments thereto;

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

18 (tt) all sales of tangible personal property and services purchased by
19 or on behalf of a not-for-profit corporation that is exempt from federal
20 income taxation pursuant to section 501(c)(3) of the federal internal
21 revenue code of 1986, for the sole purpose of constructing a Kansas
22 Korean War memorial;

23 (uu) all sales of tangible personal property and services purchased by
24 or on behalf of any rural volunteer fire-fighting organization for use
25 exclusively in the performance of its duties and functions;

26 (vv) all sales of tangible personal property purchased by any of the
27 following organizations that are exempt from federal income taxation
28 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
29 for the following purposes, and all sales of any such property by or on
30 behalf of any such organization for any such purpose:

31 (1) The American heart association, Kansas affiliate, inc. for the
32 purposes of providing education, training, certification in emergency
33 cardiac care, research and other related services to reduce disability and
34 death from cardiovascular diseases and stroke;

35 (2) the Kansas alliance for the mentally ill, inc. for the purpose of
36 advocacy for persons with mental illness and to education, research and
37 support for their families;

38 (3) the Kansas mental illness awareness council for the purposes of
39 advocacy for persons who are mentally ill and for education, research and
40 support for them and their families;

41 (4) the American diabetes association Kansas affiliate, inc. for the
42 purpose of eliminating diabetes through medical research, public education
43 focusing on disease prevention and education, patient education including

1 information on coping with diabetes, and professional education and
2 training;

3 (5) the American lung association of Kansas, inc. for the purpose of
4 eliminating all lung diseases through medical research, public education
5 including information on coping with lung diseases, professional education
6 and training related to lung disease and other related services to reduce the
7 incidence of disability and death due to lung disease;

8 (6) the Kansas chapters of the Alzheimer's disease and related
9 disorders association, inc. for the purpose of providing assistance and
10 support to persons in Kansas with Alzheimer's disease, and their families
11 and caregivers;

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

15 (8) the national kidney foundation of Kansas and western Missouri
16 for the purpose of eliminating kidney disease through medical research
17 and public and private education related to such disease;

18 (9) the heartstrings community foundation for the purpose of
19 providing training, employment and activities for adults with
20 developmental disabilities;

21 (10) the cystic fibrosis foundation, heart of America chapter, for the
22 purposes of assuring the development of the means to cure and control
23 cystic fibrosis and improving the quality of life for those with the disease;

24 (11) the spina bifida association of Kansas for the purpose of
25 providing financial, educational and practical aid to families and
26 individuals with spina bifida. Such aid includes, but is not limited to,
27 funding for medical devices, counseling and medical educational
28 opportunities;

29 (12) the CHWC, Inc., for the purpose of rebuilding urban core
30 neighborhoods through the construction of new homes, acquiring and
31 renovating existing homes and other related activities, and promoting
32 economic development in such neighborhoods;

33 (13) the cross-lines cooperative council for the purpose of providing
34 social services to low income individuals and families;

35 (14) the dreams work, inc., for the purpose of providing young adult
36 day services to individuals with developmental disabilities and assisting
37 families in avoiding institutional or nursing home care for a
38 developmentally disabled member of their family;

39 (15) the KSDS, Inc., for the purpose of promoting the independence
40 and inclusion of people with disabilities as fully participating and
41 contributing members of their communities and society through the
42 training and providing of guide and service dogs to people with
43 disabilities, and providing disability education and awareness to the

1 general public;

2 (16) the lyme association of greater Kansas City, Inc., for the purpose
3 of providing support to persons with lyme disease and public education
4 relating to the prevention, treatment and cure of lyme disease;

5 (17) the dream factory, inc., for the purpose of granting the dreams of
6 children with critical and chronic illnesses;

7 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
8 students and families with education and resources necessary to enable
9 each child to develop fine character and musical ability to the fullest
10 potential;

11 (19) the international association of lions clubs for the purpose of
12 creating and fostering a spirit of understanding among all people for
13 humanitarian needs by providing voluntary services through community
14 involvement and international cooperation;

15 (20) the Johnson county young matrons, inc., for the purpose of
16 promoting a positive future for members of the community through
17 volunteerism, financial support and education through the efforts of an all
18 volunteer organization;

19 (21) the American cancer society, inc., for the purpose of eliminating
20 cancer as a major health problem by preventing cancer, saving lives and
21 diminishing suffering from cancer, through research, education, advocacy
22 and service;

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

25 (23) the angel babies association, for the purpose of providing
26 assistance, support and items of necessity to teenage mothers and their
27 babies; and

28 (24) the Kansas fairgrounds foundation for the purpose of the
29 preservation, renovation and beautification of the Kansas state fairgrounds;

30 (ww) all sales of tangible personal property purchased by the habitat
31 for humanity for the exclusive use of being incorporated within a housing
32 project constructed by such organization;

33 (xx) all sales of tangible personal property and services purchased by
34 a nonprofit zoo that is exempt from federal income taxation pursuant to
35 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
36 of such zoo by an entity itself exempt from federal income taxation
37 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
38 contracted with to operate such zoo and all sales of tangible personal
39 property or services purchased by a contractor for the purpose of
40 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
41 furnishing or remodeling facilities for any nonprofit zoo that would be
42 exempt from taxation under the provisions of this section if purchased
43 directly by such nonprofit zoo or the entity operating such zoo. Nothing in

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

35 (yy) all sales of tangible personal property and services purchased by
36 a parent-teacher association or organization, and all sales of tangible
37 personal property by or on behalf of such association or organization;

38 (zz) all sales of machinery and equipment purchased by over-the-air,
39 free access radio or television station that is used directly and primarily for
40 the purpose of producing a broadcast signal or is such that the failure of
41 the machinery or equipment to operate would cause broadcasting to cease.
42 For purposes of this subsection, machinery and equipment shall include,
43 but not be limited to, that required by rules and regulations of the federal

1 communications commission, and all sales of electricity which are
2 essential or necessary for the purpose of producing a broadcast signal or is
3 such that the failure of the electricity would cause broadcasting to cease;

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

1 of a misdemeanor and, upon conviction therefor, shall be subject to the
2 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
3 Sales tax paid on and after July 1, 1998, but prior to the effective date of
4 this act upon the gross receipts received from any sale exempted by the
5 amendatory provisions of this subsection shall be refunded. Each claim for
6 a sales tax refund shall be verified and submitted to the director of taxation
7 upon forms furnished by the director and shall be accompanied by any
8 additional documentation required by the director. The director shall
9 review each claim and shall refund that amount of sales tax paid as
10 determined under the provisions of this subsection. All refunds shall be
11 paid from the sales tax refund fund upon warrants of the director of
12 accounts and reports pursuant to vouchers approved by the director or the
13 director's designee;

14 (bbb) all sales of food for human consumption by an organization that
15 is exempt from federal income taxation pursuant to section 501(c)(3) of
16 the federal internal revenue code of 1986, pursuant to a food distribution
17 program that offers such food at a price below cost in exchange for the
18 performance of community service by the purchaser thereof;

19 (ccc) on and after July 1, 1999, all sales of tangible personal property
20 and services purchased by a primary care clinic or health center the
21 primary purpose of which is to provide services to medically underserved
22 individuals and families, and that is exempt from federal income taxation
23 pursuant to section 501(c)(3) of the federal internal revenue code, and all
24 sales of tangible personal property or services purchased by a contractor
25 for the purpose of constructing, equipping, reconstructing, maintaining,
26 repairing, enlarging, furnishing or remodeling facilities for any such clinic
27 or center that would be exempt from taxation under the provisions of this
28 section if purchased directly by such clinic or center, except that for
29 taxable years commencing after December 31, 2013, this subsection shall
30 not apply to any sales of such tangible personal property and services
31 purchased by a primary care clinic or health center which performs any
32 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
33 in this subsection shall be deemed to exempt the purchase of any
34 construction machinery, equipment or tools used in the constructing,
35 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
36 remodeling facilities for any such clinic or center. When any such clinic or
37 center shall contract for the purpose of constructing, equipping,
38 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
39 facilities, it shall obtain from the state and furnish to the contractor an
40 exemption certificate for the project involved, and the contractor may
41 purchase materials for incorporation in such project. The contractor shall
42 furnish the number of such certificate to all suppliers from whom such
43 purchases are made, and such suppliers shall execute invoices covering the

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

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

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

39 (fff) all sales of material handling equipment, racking systems and
40 other related machinery and equipment that is used for the handling,
41 movement or storage of tangible personal property in a warehouse or
42 distribution facility in this state; all sales of installation, repair and
43 maintenance services performed on such machinery and equipment; and

1 all sales of repair and replacement parts for such machinery and
2 equipment. For purposes of this subsection, a warehouse or distribution
3 facility means a single, fixed location that consists of buildings or
4 structures in a contiguous area where storage or distribution operations are
5 conducted that are separate and apart from the business' retail operations,
6 if any, and that do not otherwise qualify for exemption as occurring at a
7 manufacturing or processing plant or facility. Material handling and
8 storage equipment shall include aeration, dust control, cleaning, handling
9 and other such equipment that is used in a public grain warehouse or other
10 commercial grain storage facility, whether used for grain handling, grain
11 storage, grain refining or processing, or other grain treatment operation;

12 (ggg) all sales of tangible personal property and services purchased
13 by or on behalf of the Kansas academy of science, which is exempt from
14 federal income taxation pursuant to section 501(c)(3) of the federal
15 internal revenue code of 1986, and used solely by such academy for the
16 preparation, publication and dissemination of education materials;

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

20 (iii) all sales of personal property and services purchased by an
21 organization that is exempt from federal income taxation pursuant to
22 section 501(c)(3) of the federal internal revenue code of 1986, and such
23 personal property and services are used by any such organization in the
24 collection, storage and distribution of food products to nonprofit
25 organizations that distribute such food products to persons pursuant to a
26 food distribution program on a charitable basis without fee or charge, and
27 all sales of tangible personal property or services purchased by a
28 contractor for the purpose of constructing, equipping, reconstructing,
29 maintaining, repairing, enlarging, furnishing or remodeling facilities used
30 for the collection and storage of such food products for any such
31 organization which is exempt from federal income taxation pursuant to
32 section 501(c)(3) of the federal internal revenue code of 1986, that would
33 be exempt from taxation under the provisions of this section if purchased
34 directly by such organization. Nothing in this subsection shall be deemed
35 to exempt the purchase of any construction machinery, equipment or tools
36 used in the constructing, equipping, reconstructing, maintaining, repairing,
37 enlarging, furnishing or remodeling facilities for any such organization.
38 When any such organization shall contract for the purpose of constructing,
39 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
40 remodeling facilities, it shall obtain from the state and furnish to the
41 contractor an exemption certificate for the project involved, and the
42 contractor may purchase materials for incorporation in such project. The
43 contractor shall furnish the number of such certificate to all suppliers from

1 whom such purchases are made, and such suppliers shall execute invoices
2 covering the same bearing the number of such certificate. Upon
3 completion of the project the contractor shall furnish to such organization
4 concerned a sworn statement, on a form to be provided by the director of
5 taxation, that all purchases so made were entitled to exemption under this
6 subsection. All invoices shall be held by the contractor for a period of five
7 years and shall be subject to audit by the director of taxation. If any
8 materials purchased under such a certificate are found not to have been
9 incorporated in such facilities or not to have been returned for credit or the
10 sales or compensating tax otherwise imposed upon such materials that will
11 not be so incorporated in such facilities reported and paid by such
12 contractor to the director of taxation not later than the 20th day of the
13 month following the close of the month in which it shall be determined
14 that such materials will not be used for the purpose for which such
15 certificate was issued, such organization concerned shall be liable for tax
16 on all materials purchased for the project, and upon payment thereof it
17 may recover the same from the contractor together with reasonable
18 attorney fees. Any contractor or any agent, employee or subcontractor
19 thereof, who shall use or otherwise dispose of any materials purchased
20 under such a certificate for any purpose other than that for which such a
21 certificate is issued without the payment of the sales or compensating tax
22 otherwise imposed upon such materials, shall be guilty of a misdemeanor
23 and, upon conviction therefor, shall be subject to the penalties provided for
24 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
25 July 1, 2005, but prior to the effective date of this act upon the gross
26 receipts received from any sale exempted by the amendatory provisions of
27 this subsection shall be refunded. Each claim for a sales tax refund shall be
28 verified and submitted to the director of taxation upon forms furnished by
29 the director and shall be accompanied by any additional documentation
30 required by the director. The director shall review each claim and shall
31 refund that amount of sales tax paid as determined under the provisions of
32 this subsection. All refunds shall be paid from the sales tax refund fund
33 upon warrants of the director of accounts and reports pursuant to vouchers
34 approved by the director or the director's designee;

35 (jjj) all sales of dietary supplements dispensed pursuant to a
36 prescription order by a licensed practitioner or a mid-level practitioner as
37 defined by K.S.A. 65-1626, and amendments thereto. As used in this
38 subsection, "dietary supplement" means any product, other than tobacco,
39 intended to supplement the diet that: (1) Contains one or more of the
40 following dietary ingredients: A vitamin, a mineral, an herb or other
41 botanical, an amino acid, a dietary substance for use by humans to
42 supplement the diet by increasing the total dietary intake or a concentrate,
43 metabolite, constituent, extract or combination of any such ingredient; (2)

1 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or
2 liquid form, or if not intended for ingestion, in such a form, is not
3 represented as conventional food and is not represented for use as a sole
4 item of a meal or of the diet; and (3) is required to be labeled as a dietary
5 supplement, identifiable by the supplemental facts box found on the label
6 and as required pursuant to 21 C.F.R. § 101.36;

7 (lll) all sales of tangible personal property and services purchased by
8 special olympics Kansas, inc. for the purpose of providing year-round
9 sports training and athletic competition in a variety of olympic-type sports
10 for individuals with intellectual disabilities by giving them continuing
11 opportunities to develop physical fitness, demonstrate courage, experience
12 joy and participate in a sharing of gifts, skills and friendship with their
13 families, other special olympics athletes and the community, and activities
14 provided or sponsored by such organization, and all sales of tangible
15 personal property by or on behalf of any such organization;

16 (mmm) all sales of tangible personal property purchased by or on
17 behalf of the Marillac center, inc., which is exempt from federal income
18 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
19 for the purpose of providing psycho-social-biological and special
20 education services to children, and all sales of any such property by or on
21 behalf of such organization for such purpose;

22 (nnn) all sales of tangible personal property and services purchased
23 by the west Sedgwick county-sunrise rotary club and sunrise charitable
24 fund for the purpose of constructing a boundless playground which is an
25 integrated, barrier free and developmentally advantageous play
26 environment for children of all abilities and disabilities;

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

31 (ppp) all sales of tangible personal property and services purchased
32 by or on behalf of a homeless shelter that is exempt from federal income
33 taxation pursuant to section 501(c)(3) of the federal income tax code of
34 1986, and used by any such homeless shelter to provide emergency and
35 transitional housing for individuals and families experiencing
36 homelessness, and all sales of any such property by or on behalf of any
37 such homeless shelter for any such purpose;

38 (qqq) all sales of tangible personal property and services purchased
39 by TLC for children and families, inc., hereinafter referred to as TLC,
40 which is exempt from federal income taxation pursuant to section 501(c)
41 (3) of the federal internal revenue code of 1986, and such property and
42 services are used for the purpose of providing emergency shelter and
43 treatment for abused and neglected children as well as meeting additional

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

40 (rrr) all sales of tangible personal property and services purchased by
41 any county law library maintained pursuant to law and sales of tangible
42 personal property and services purchased by an organization that would
43 have been exempt from taxation under the provisions of this subsection if

1 purchased directly by the county law library for the purpose of providing
2 legal resources to attorneys, judges, students and the general public, and
3 all sales of any such property by or on behalf of any such county law
4 library;

5 (sss) all sales of tangible personal property and services purchased by
6 catholic charities or youthville, hereinafter referred to as charitable family
7 providers, which is exempt from federal income taxation pursuant to
8 section 501(c)(3) of the federal internal revenue code of 1986, and which
9 such property and services are used for the purpose of providing
10 emergency shelter and treatment for abused and neglected children as well
11 as meeting additional critical needs for children, juveniles and family, and
12 all sales of any such property by or on behalf of charitable family
13 providers for any such purpose; and all sales of tangible personal property
14 or services purchased by a contractor for the purpose of constructing,
15 maintaining, repairing, enlarging, furnishing or remodeling facilities for
16 the operation of services for charitable family providers for any such
17 purpose which would be exempt from taxation under the provisions of this
18 section if purchased directly by charitable family providers. Nothing in
19 this subsection shall be deemed to exempt the purchase of any construction
20 machinery, equipment or tools used in the constructing, maintaining,
21 repairing, enlarging, furnishing or remodeling such facilities for charitable
22 family providers. When charitable family providers contracts for the
23 purpose of constructing, maintaining, repairing, enlarging, furnishing or
24 remodeling such facilities, it shall obtain from the state and furnish to the
25 contractor an exemption certificate for the project involved, and the
26 contractor may purchase materials for incorporation in such project. The
27 contractor shall furnish the number of such certificate to all suppliers from
28 whom such purchases are made, and such suppliers shall execute invoices
29 covering the same bearing the number of such certificate. Upon
30 completion of the project the contractor shall furnish to charitable family
31 providers a sworn statement, on a form to be provided by the director of
32 taxation, that all purchases so made were entitled to exemption under this
33 subsection. All invoices shall be held by the contractor for a period of five
34 years and shall be subject to audit by the director of taxation. If any
35 materials purchased under such a certificate are found not to have been
36 incorporated in the building or other project or not to have been returned
37 for credit or the sales or compensating tax otherwise imposed upon such
38 materials that will not be so incorporated in the building or other project
39 reported and paid by such contractor to the director of taxation not later
40 than the 20th day of the month following the close of the month in which it
41 shall be determined that such materials will not be used for the purpose for
42 which such certificate was issued, charitable family providers shall be
43 liable for tax on all materials purchased for the project, and upon payment

1 thereof it may recover the same from the contractor together with
2 reasonable attorney fees. Any contractor or any agent, employee or
3 subcontractor thereof, who shall use or otherwise dispose of any materials
4 purchased under such a certificate for any purpose other than that for
5 which such a certificate is issued without the payment of the sales or
6 compensating tax otherwise imposed upon such materials, shall be guilty
7 of a misdemeanor and, upon conviction therefor, shall be subject to the
8 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

9 (ttt) all sales of tangible personal property or services purchased by a
10 contractor for a project for the purpose of restoring, constructing,
11 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
12 remodeling a home or facility owned by a nonprofit museum that has been
13 granted an exemption pursuant to subsection (qq), which such home or
14 facility is located in a city that has been designated as a qualified
15 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
16 amendments thereto, and which such project is related to the purposes of
17 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
18 exempt from taxation under the provisions of this section if purchased
19 directly by such nonprofit museum. Nothing in this subsection shall be
20 deemed to exempt the purchase of any construction machinery, equipment
21 or tools used in the restoring, constructing, equipping, reconstructing,
22 maintaining, repairing, enlarging, furnishing or remodeling a home or
23 facility for any such nonprofit museum. When any such nonprofit museum
24 shall contract for the purpose of restoring, constructing, equipping,
25 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
26 a home or facility, it shall obtain from the state and furnish to the
27 contractor an exemption certificate for the project involved, and the
28 contractor may purchase materials for incorporation in such project. The
29 contractor shall furnish the number of such certificates to all suppliers
30 from whom such purchases are made, and such suppliers shall execute
31 invoices covering the same bearing the number of such certificate. Upon
32 completion of the project, the contractor shall furnish to such nonprofit
33 museum a sworn statement on a form to be provided by the director of
34 taxation that all purchases so made were entitled to exemption under this
35 subsection. All invoices shall be held by the contractor for a period of five
36 years and shall be subject to audit by the director of taxation. If any
37 materials purchased under such a certificate are found not to have been
38 incorporated in the building or other project or not to have been returned
39 for credit or the sales or compensating tax otherwise imposed upon such
40 materials that will not be so incorporated in a home or facility or other
41 project reported and paid by such contractor to the director of taxation not
42 later than the 20th day of the month following the close of the month in
43 which it shall be determined that such materials will not be used for the

1 purpose for which such certificate was issued, such nonprofit museum
2 shall be liable for tax on all materials purchased for the project, and upon
3 payment thereof it may recover the same from the contractor together with
4 reasonable attorney fees. Any contractor or any agent, employee or
5 subcontractor thereof, who shall use or otherwise dispose of any materials
6 purchased under such a certificate for any purpose other than that for
7 which such a certificate is issued without the payment of the sales or
8 compensating tax otherwise imposed upon such materials, shall be guilty
9 of a misdemeanor and, upon conviction therefor, shall be subject to the
10 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

11 (uuu) all sales of tangible personal property and services purchased
12 by Kansas children's service league, hereinafter referred to as KCSL,
13 which is exempt from federal income taxation pursuant to section 501(c)
14 (3) of the federal internal revenue code of 1986, and which such property
15 and services are used for the purpose of providing for the prevention and
16 treatment of child abuse and maltreatment as well as meeting additional
17 critical needs for children, juveniles and family, and all sales of any such
18 property by or on behalf of KCSL for any such purpose; and all sales of
19 tangible personal property or services purchased by a contractor for the
20 purpose of constructing, maintaining, repairing, enlarging, furnishing or
21 remodeling facilities for the operation of services for KCSL for any such
22 purpose that would be exempt from taxation under the provisions of this
23 section if purchased directly by KCSL. Nothing in this subsection shall be
24 deemed to exempt the purchase of any construction machinery, equipment
25 or tools used in the constructing, maintaining, repairing, enlarging,
26 furnishing or remodeling such facilities for KCSL. When KCSL contracts
27 for the purpose of constructing, maintaining, repairing, enlarging,
28 furnishing or remodeling such facilities, it shall obtain from the state and
29 furnish to the contractor an exemption certificate for the project involved,
30 and the contractor may purchase materials for incorporation in such
31 project. The contractor shall furnish the number of such certificate to all
32 suppliers from whom such purchases are made, and such suppliers shall
33 execute invoices covering the same bearing the number of such certificate.
34 Upon completion of the project the contractor shall furnish to KCSL a
35 sworn statement, on a form to be provided by the director of taxation, that
36 all purchases so made were entitled to exemption under this subsection.
37 All invoices shall be held by the contractor for a period of five years and
38 shall be subject to audit by the director of taxation. If any materials
39 purchased under such a certificate are found not to have been incorporated
40 in the building or other project or not to have been returned for credit or
41 the sales or compensating tax otherwise imposed upon such materials that
42 will not be so incorporated in the building or other project reported and
43 paid by such contractor to the director of taxation not later than the 20th

1 day of the month following the close of the month in which it shall be
2 determined that such materials will not be used for the purpose for which
3 such certificate was issued, KCSL 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
11 conviction therefor, shall be subject to the penalties provided for in K.S.A.
12 79-3615(h), and amendments thereto;

13 (vuv) all sales of tangible personal property or services, including the
14 renting and leasing of tangible personal property or services, purchased by
15 jazz in the woods, inc., a Kansas corporation that is exempt from federal
16 income taxation pursuant to section 501(c)(3) of the federal internal
17 revenue code, for the purpose of providing jazz in the woods, an event
18 benefiting children-in-need and other nonprofit charities assisting such
19 children, and all sales of any such property by or on behalf of such
20 organization for such purpose;

21 (www) all sales of tangible personal property purchased by or on
22 behalf of the Frontenac education foundation, which is exempt from
23 federal income taxation pursuant to section 501(c)(3) of the federal
24 internal revenue code, for the purpose of providing education support for
25 students, and all sales of any such property by or on behalf of such
26 organization for such purpose;

27 (xxx) all sales of personal property and services purchased by the
28 booth theatre foundation, inc., an organization, which is exempt from
29 federal income taxation pursuant to section 501(c)(3) of the federal
30 internal revenue code of 1986, and which such personal property and
31 services are used by any such organization in the constructing, equipping,
32 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
33 of the booth theatre, and all sales of tangible personal property or services
34 purchased by a contractor for the purpose of constructing, equipping,
35 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
36 the booth theatre for such organization, that would be exempt from
37 taxation under the provisions of this section if purchased directly by such
38 organization. Nothing in this subsection shall be deemed to exempt the
39 purchase of any construction machinery, equipment or tools used in the
40 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
41 furnishing or remodeling facilities for any such organization. When any
42 such organization shall contract for the purpose of constructing, equipping,
43 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling

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

40 (yyy) all sales of tangible personal property and services purchased
41 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
42 which is exempt from federal income taxation pursuant to section 501(c)
43 (3) of the federal internal revenue code of 1986, and which such property

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

42 (zzz) all sales of tangible personal property purchased by the rotary
43 club of shawnee foundation, which is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
2 as amended, used for the purpose of providing contributions to community
3 service organizations and scholarships;

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

10 (bbbb) all sales of entry or participation fees, charges or tickets by
11 Guadalupe health foundation, which is exempt from federal income
12 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
13 for such organization's annual fundraising event which purpose is to
14 provide health care services for uninsured workers;

15 (cccc) all sales of tangible personal property or services purchased by
16 or on behalf of wayside waifs, inc., which is exempt from federal income
17 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
18 for the purpose of providing such organization's annual fundraiser, an
19 event whose purpose is to support the care of homeless and abandoned
20 animals, animal adoption efforts, education programs for children and
21 efforts to reduce animal over-population and animal welfare services, and
22 all sales of any such property, including entry or participation fees or
23 charges, by or on behalf of such organization for such purpose;

24 (dddd) all sales of tangible personal property or services purchased
25 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
26 of which are exempt from federal income taxation pursuant to section
27 501(c)(3) of the federal internal revenue code, for the purpose of providing
28 education, training and employment opportunities for people with
29 disabilities and other barriers to employment;

30 (eeee) all sales of tangible personal property or services purchased by
31 or on behalf of all American beef battalion, inc., which is exempt from
32 federal income taxation pursuant to section 501(c)(3) of the federal
33 internal revenue code, for the purpose of educating, promoting and
34 participating as a contact group through the beef cattle industry in order to
35 carry out such projects that provide support and morale to members of the
36 United States armed forces and military services;

37 (ffff) all sales of tangible personal property and services purchased by
38 sheltered living, inc., which is exempt from federal income taxation
39 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
40 and which such property and services are used for the purpose of
41 providing residential and day services for people with developmental
42 disabilities or intellectual disability, or both, and all sales of any such
43 property by or on behalf of sheltered living, inc., for any such purpose; and

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

40 (gggg) all sales of game birds for which the primary purpose is use in
41 hunting;

42 (hhhh) all sales of tangible personal property or services purchased
43 on or after July 1, 2014, for the purpose of and in conjunction with

1 constructing, reconstructing, enlarging or remodeling a business identified
2 under the North American industry classification system (NAICS)
3 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
4 installation of machinery and equipment purchased for installation at any
5 such business. The exemption provided in this subsection shall not apply
6 to projects that have actual total costs less than \$50,000. When a person
7 contracts for the construction, reconstruction, enlargement or remodeling
8 of any such business, such person shall obtain from the state and furnish to
9 the contractor an exemption certificate for the project involved, and the
10 contractor may purchase materials, machinery and equipment for
11 incorporation in such project. The contractor shall furnish the number of
12 such certificates to all suppliers from whom such purchases are made, and
13 such suppliers shall execute invoices covering the same bearing the
14 number of such certificate. Upon completion of the project, the contractor
15 shall furnish to the owner of the business a sworn statement, on a form to
16 be provided by the director of taxation, that all purchases so made were
17 entitled to exemption under this subsection. All invoices shall be held by
18 the contractor for a period of five years and shall be subject to audit by the
19 director of taxation. Any contractor or any agent, employee or
20 subcontractor of the contractor, who shall use or otherwise dispose of any
21 materials, machinery or equipment purchased under such a certificate for
22 any purpose other than that for which such a certificate is issued without
23 the payment of the sales or compensating tax otherwise imposed thereon,
24 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
25 subject to the penalties provided for in K.S.A. 79-3615(h), and
26 amendments thereto;

27 (iii) all sales of tangible personal property or services purchased by a
28 contractor for the purpose of constructing, maintaining, repairing,
29 enlarging, furnishing or remodeling facilities for the operation of services
30 for Wichita children's home for any such purpose that would be exempt
31 from taxation under the provisions of this section if purchased directly by
32 Wichita children's home. Nothing in this subsection shall be deemed to
33 exempt the purchase of any construction machinery, equipment or tools
34 used in the constructing, maintaining, repairing, enlarging, furnishing or
35 remodeling such facilities for Wichita children's home. When Wichita
36 children's home contracts for the purpose of constructing, maintaining,
37 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
38 from the state and furnish to the contractor an exemption certificate for the
39 project involved, and the contractor may purchase materials for
40 incorporation in such project. The contractor shall furnish the number of
41 such certificate to all suppliers from whom such purchases are made, and
42 such suppliers shall execute invoices covering the same bearing the
43 number of such certificate. Upon completion of the project, the contractor

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

22 (jjjj) all sales of tangible personal property or services purchased by
23 or on behalf of the beacon, inc., that is exempt from federal income
24 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
25 for the purpose of providing those desiring help with food, shelter, clothing
26 and other necessities of life during times of special need;

27 (kkkk) all sales of tangible personal property and services purchased
28 by or on behalf of reaching out from within, inc., which is exempt from
29 federal income taxation pursuant to section 501(c)(3) of the federal
30 internal revenue code, for the purpose of sponsoring self-help programs for
31 incarcerated persons that will enable such incarcerated persons to become
32 role models for non-violence while in correctional facilities and productive
33 family members and citizens upon return to the community;

34 (llll) all sales of tangible personal property and services purchased by
35 Gove county healthcare endowment foundation, inc., which is exempt
36 from federal income taxation pursuant to section 501(c)(3) of the federal
37 internal revenue code of 1986, and which such property and services are
38 used for the purpose of constructing and equipping an airport in Quinter,
39 Kansas, and all sales of tangible personal property or services purchased
40 by a contractor for the purpose of constructing and equipping an airport in
41 Quinter, Kansas, for such organization, that would be exempt from
42 taxation under the provisions of this section if purchased directly by such
43 organization. Nothing in this subsection shall be deemed to exempt the

1 purchase of any construction machinery, equipment or tools used in the
2 constructing or equipping of facilities for such organization. When such
3 organization shall contract for the purpose of constructing or equipping an
4 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
5 contractor an exemption certificate for the project involved, and the
6 contractor may purchase materials for incorporation in such project. The
7 contractor shall furnish the number of such certificate to all suppliers from
8 whom such purchases are made, and such suppliers shall execute invoices
9 covering the same bearing the number of such certificate. Upon
10 completion of the project, the contractor shall furnish to such organization
11 concerned a sworn statement, on a form to be provided by the director of
12 taxation, that all purchases so made were entitled to exemption under this
13 subsection. All invoices shall be held by the contractor for a period of five
14 years and shall be subject to audit by the director of taxation. If any
15 materials purchased under such a certificate are found not to have been
16 incorporated in such facilities or not to have been returned for credit or the
17 sales or compensating tax otherwise imposed upon such materials that will
18 not be so incorporated in such facilities reported and paid by such
19 contractor to the director of taxation no later than the 20th day of the month
20 following the close of the month in which it shall be determined that such
21 materials will not be used for the purpose for which such certificate was
22 issued, such organization concerned shall be liable for tax on all materials
23 purchased for the project, and upon payment thereof it may recover the
24 same from the contractor together with reasonable attorney fees. Any
25 contractor or any agent, employee or subcontractor thereof, who purchased
26 under 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 upon such materials, shall be guilty of a misdemeanor
29 and, upon conviction therefor, shall be subject to the penalties provided for
30 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
31 subsection shall expire and have no effect on and after July 1, 2019; ~~and~~

32 (mmmm) all sales of gold or silver coins; and palladium, platinum,
33 gold or silver bullion. For the purposes of this subsection, "bullion" means
34 bars, ingots or commemorative medallions of gold, silver, platinum,
35 palladium, or a combination thereof, for which the value of the metal
36 depends on its content and not the form; and

37 **(nnnn) all sales of tangible personal property or services**
38 **purchased by friends of hospice of Jefferson county, an organization**
39 **that is exempt from federal income taxation pursuant to section 501(c)**
40 **(3) of the federal internal revenue code of 1986, for the purpose of**
41 **providing support to the Jefferson county hospice agency in end-of-life**
42 **care of Jefferson county families, friends and neighbors, and all sales**
43 **of entry or participation fees, charges or tickets by friends of hospice**

1 **of Jefferson county for such organization's fundraising event for such**
2 **purpose.**

3 Sec. 3. K.S.A. 79-3602 and 79-3606 are hereby repealed.

4 Sec. 4. This act shall take effect and be in force from and after its
5 publication in the statute book.