

SENATE BILL No. 342

By Senators Sykes, Corson, Faust-Goudeau, Francisco, Haley, Hawk, Holland, Holscher, Pettey, Pittman and Ware

1-13

1 AN ACT concerning taxation; relating to sales and compensating use tax;
2 providing a 0% state rate for sales of food and food ingredients and
3 providing for the levying of such tax by cities and counties; providing
4 for an exemption for sales of farm products sold at farmers' markets;
5 relating to income tax; discontinuing the nonrefundable food sales tax
6 credit; amending K.S.A. 79-32,271, 79-3620 and 79-3710 and K.S.A.
7 2021 Supp. 12-189a, 79-3602, 79-3603, 79-3606 and 79-3703 and
8 repealing the existing sections.
9

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

11 Section 1. K.S.A. 2021 Supp. 12-189a is hereby amended to read as
12 follows: 12-189a. The following sales shall be subject to the taxes levied
13 and collected by all cities and counties under the provisions of K.S.A. 12-
14 187 et seq., and amendments thereto:

15 (a) All sales of natural gas, electricity, heat and water delivered
16 through mains, lines or pipes to residential premises for noncommercial
17 use by the occupant of such premises and all sales of natural gas,
18 electricity, heat and water delivered through mains, lines or pipes for
19 agricultural use, except that effective January 1, 2006, the provisions of
20 this subsection shall expire for sales of water pursuant to this subsection;

21 (b) all sales of propane gas, LP-gas, coal, wood and other fuel sources
22 for the production of heat or lighting for noncommercial use of an
23 occupant of residential premises; ~~and~~

24 (c) all sales of intrastate telephone and telegraph services for
25 noncommercial use; *and*

26 (d) *all sales of food and food ingredients.*

27 Sec. 2. K.S.A. 79-32,271 is hereby amended to read as follows: 79-
28 32,271. (a) For any taxable year commencing after December 31, 2014,
29 *and ending prior to January 1, 2023*, a credit shall be allowed against the
30 tax imposed by the Kansas income tax act on the Kansas taxable income of
31 an individual income taxpayer who purchased food in this state, had
32 federal adjusted gross income for the tax year that did not exceed \$30,615,
33 and meets the qualifications in subsections (b) and (c).

34 (b) During the entire tax year a taxpayer filing single, head of
35 household, or married filing separate, or the taxpayer and the taxpayer's

1 spouse if married filing jointly, must be domiciled in this state. For
2 purposes of this credit, "domicile" shall not include any correctional
3 facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments
4 thereto, any juvenile correctional facility, or portion thereof, as defined in
5 K.S.A. 38-2302, and amendments thereto, any correctional facility of the
6 federal bureau of prisons located in the state of Kansas, or any city or
7 county jail facility in the state of Kansas.

8 (c) During the entire tax year a taxpayer filing single, head of
9 household, or married filing separate, or the taxpayer or the taxpayer's
10 spouse if married filing jointly, must be either: (1) A person having a
11 disability, regardless of age; (2) a person without a disability who is 55
12 years of age or older; or (3) a person without a disability who is younger
13 than 55 years of age who claims an exemption for one or more dependent
14 children under 18 years of age.

15 (d) The amount of the credit shall be \$125 for every exemption
16 claimed on the taxpayer's federal income tax return, except that no
17 exemption shall be counted for a dependent unless the dependent is a child
18 under 18 years of age.

19 (e) The credit allowed under this provision shall be applied against
20 the taxpayer's income tax liability after all other credits allowed under the
21 income tax act. It shall not be refundable and may not be carried forward.

22 (f) (1) Every taxpayer claiming the credit shall supply the division in
23 support of a claim, reasonable proof of domicile, age and disability.

24 (2) A claim alleging disability shall be supported by a report of the
25 examining physician of the claimant with a statement or certificate that the
26 applicant has a disability as defined in subsection (g).

27 (g) "Disability" means: (1) Inability to engage in any substantial
28 gainful activity by reason of any medically determinable physical or
29 mental impairment which can be expected to result in death or has lasted
30 or can be expected to last for a continuous period of not less than 12
31 months, and an individual shall be determined to be under a disability only
32 if the physical or mental impairment or impairments are of such severity
33 that the individual is not only unable to do the individual's previous work
34 but cannot, considering age, education and work experience, engage in any
35 other kind of substantial gainful work which exists in the national
36 economy, regardless of whether such work exists in the immediate area in
37 which the individual lives or whether a specific job vacancy exists for the
38 individual, or whether the individual would be hired if application was
39 made for work. For purposes of this paragraph, with respect to any
40 individual, "work which exists in the national economy" means work
41 which exists in significant numbers either in the region where the
42 individual lives or in several regions of the country; and "physical or
43 mental impairment" means an impairment that results from anatomical,

1 physiological or psychological abnormalities which are demonstrable by
2 medically acceptable clinical and laboratory diagnostic techniques; or

3 (2) blindness and inability by reason of blindness to engage in
4 substantial gainful activity requiring skills or abilities comparable to those
5 of any gainful activity in which the individual has previously engaged with
6 some regularity and over a substantial period of time. For purposes of this
7 paragraph, "blindness" means central visual acuity of $^{20}/_{200}$ or less in the
8 better eye with the use of a correcting lens. An eye which is accompanied
9 by a limitation in the fields of vision such that the widest diameter of the
10 visual field subtends an angle no greater than 20 degrees shall be
11 considered for the purpose of this paragraph as having a central visual
12 acuity of $^{20}/_{200}$ or less.

13 (h) The secretary of revenue is hereby authorized to adopt such rules
14 and regulations as may be necessary for the administration of the
15 provisions of this section.

16 Sec. 3. K.S.A. 2021 Supp. 79-3602 is hereby amended to read as
17 follows: 79-3602. Except as otherwise provided, as used in the Kansas
18 retailers' sales tax act:

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

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

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

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

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

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

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

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

41 (i) "Delivery charges" means charges by the seller of personal
42 property or services for preparation and delivery to a location designated
43 by the purchaser of personal property or services including, but not limited

1 to, transportation, shipping, postage, handling, crating and packing.
2 Delivery charges shall not include charges for delivery of direct mail if the
3 charges are separately stated on an invoice or similar billing document
4 given to the purchaser.

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

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

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

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

36 (n) "Food and food ingredients" means substances, whether in liquid,
37 concentrated, solid, frozen, dried or dehydrated form, that are sold for
38 ingestion or chewing by humans and are consumed for their taste or
39 nutritional value. *"Food and food ingredients" includes bottled water,*
40 *candy, dietary supplements, food sold through vending machines and soft*
41 *drinks.* "Food and food ingredients" does not include alcoholic beverages
42 or tobacco.

43 (o) "Gross receipts" means the total selling price or the amount

1 received as defined in this act, in money, credits, property or other
2 consideration valued in money from sales at retail within this state; and
3 embraced within the provisions of this act. The taxpayer, may take credit
4 in the report of gross receipts for: (1) An amount equal to the selling price
5 of property returned by the purchaser when the full sale price thereof,
6 including the tax collected, is refunded in cash or by credit; and (2) an
7 amount equal to the allowance given for the trade-in of property.

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

19 (1) Containers, labels and shipping cases used in the distribution of
20 property produced, manufactured or compounded for sale that are not to be
21 returned to the producer, manufacturer or compounder for reuse.

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

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

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

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

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

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

1 such property. Such term shall include:

2 (1) Any sale by a bank, savings and loan institution, credit union or
3 any finance company licensed under the provisions of the Kansas uniform
4 consumer credit code of tangible personal property that has been
5 repossessed by any such entity; and

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

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

14 (1) Lease or rental does not include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (aa) "Political subdivision" means any municipality, agency or
30 subdivision of the state that is, or shall hereafter be, authorized to levy
31 taxes upon tangible property within the state or that certifies a levy to a
32 municipality, agency or subdivision of the state that is, or shall hereafter
33 be, authorized to levy taxes upon tangible property within the state. Such
34 term also shall include any public building commission, housing, airport,
35 port, metropolitan transit or similar authority established pursuant to law
36 and the horsethief reservoir benefit district established pursuant to K.S.A.
37 82a-2201, and amendments thereto.

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

41 (cc) "Prewritten computer software" means computer software,
42 including prewritten upgrades, that is not designed and developed by the
43 author or other creator to the specifications of a specific purchaser. The

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

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

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

22 (2) the providing of services;

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

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

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

35 (B) electricity, gas and water; and

36 (C) petroleum products, lubricants, chemicals, solvents, reagents and
37 catalysts.

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

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

42 (gg) "Quasi-municipal corporation" means any county, township,
43 school district, drainage district or any other governmental subdivision in

1 the state of Kansas having authority to receive or hold moneys or funds.

2 (hh) "Registered under this agreement" means registration by a seller
3 with the member states under the central registration system provided in
4 article IV of the agreement.

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

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

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

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

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

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

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

34 (D) delivery charges; and

35 (E) installation charges.

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

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

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

43 (C) the amount of the consideration attributable to the sale is fixed

1 and determinable by the seller at the time of the sale of the item to the
2 purchaser; and

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

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

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

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

17 (3) "Sales or selling price" shall not include:

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

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

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

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

30 (E) commencing on July 1, 2018, and ending on June 30, 2024, cash
31 rebates granted by a manufacturer to a purchaser or lessee of a new motor
32 vehicle if paid directly to the retailer as a result of the original sale.

33 (mm) "Seller" means a person making sales, leases or rentals of
34 personal property or services.

35 (nn) "Service" means those services described in and taxed under the
36 provisions of K.S.A. 79-3603, and amendments thereto.

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

42 (pp) "Tangible personal property" means personal property that can
43 be seen, weighed, measured, felt or touched, or that is in any other manner

1 perceptible to the senses. Tangible personal property includes electricity,
2 water, gas, steam and prewritten computer software.

3 (qq) "Taxpayer" means any person obligated to account to the
4 director for taxes collected under the terms of this act.

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

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

11 (tt) "Over-the-counter drug" means a drug that contains a label that
12 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
13 over-the-counter drug label includes:

14 (1) A drug facts panel; or

15 (2) a statement of the active ingredients with a list of those
16 ingredients contained in the compound, substance or preparation. Over-
17 the-counter drugs do not include grooming and hygiene products such as
18 soaps, cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
19 lotions and screens.

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

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

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

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

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

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

43 (aaa) "Telecommunications service" means the electronic

1 transmission, conveyance or routing of voice, data, audio, video or any
2 other information or signals to a point, or between or among points. The
3 term telecommunications service includes such transmission, conveyance
4 or routing in which computer processing applications are used to act on the
5 form, code or protocol of the content for purposes of transmissions,
6 conveyance or routing without regard to whether such service is referred to
7 as voice over internet protocol services or is classified by the federal
8 communications commission as enhanced or value added.
9 Telecommunications service does not include:

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

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

17 (3) tangible personal property;

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

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

20 (6) internet access service;

21 (7) radio and television audio and video programming services,
22 regardless of the medium, including the furnishing of transmission,
23 conveyance and routing of such services by the programming service
24 provider. Radio and television audio and video programming services shall
25 include, but not be limited to, cable service as defined in 47 U.S.C. §
26 522(6) and audio and video programming services delivered by
27 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

28 (8) ancillary services; or

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

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

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

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

6 (eee) "International" means a telecommunications service that
7 originates or terminates in the United States and terminates or originates
8 outside the United States, respectively. United States includes the District
9 of Columbia or a U.S. territory or possession.

10 (fff) "Interstate" means a telecommunications service that originates
11 in one United States state, or a United States territory or possession, and
12 terminates in a different United States state or a United States territory or
13 possession.

14 (ggg) "Intrastate" means a telecommunications service that originates
15 in one United States state or a United States territory or possession, and
16 terminates in the same United States state or a United States territory or
17 possession.

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

24 (iii) "Nonprofit integrated community care organization" means an
25 entity that is:

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

28 (2) certified to participate in the medicare program as a hospice under
29 42 C.F.R. § 418 et seq. and focused on providing care to the aging and
30 indigent population at home and through inpatient care, adult daycare or
31 assisted living facilities and related facilities and services across multiple
32 counties; and

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

37 (jjj) (1) *"Bottled water" means water that is placed in a safety sealed*
38 *container or package for human consumption. "Bottled water" is calorie*
39 *free and does not contain sweeteners or other additives, except that it may*
40 *contain:*

41 (A) *Antimicrobial agents;*

42 (B) *fluoride;*

43 (C) *carbonation;*

- 1 (D) vitamins, minerals and electrolytes;
2 (E) oxygen;
3 (F) preservatives; or
4 (G) only those flavors, extracts or essences derived from a spice or
5 fruit.

6 (2) "Bottled water" includes water that is delivered to the buyer in a
7 reusable container that is not sold with the water.

8 (lll) (1) "Candy" means a preparation of sugar, honey or other
9 natural or artificial sweeteners in combination with chocolate, fruits, nuts
10 or other ingredients or flavorings in the form of bars, drops or pieces.

11 (2) "Candy" does not include any preparation containing flour and
12 shall require no refrigeration.

13 (mmm) "Dietary supplement" means the same as defined in K.S.A.
14 79-3606(jjj), and amendments thereto.

15 (nnn) "Food sold through vending machines" means food dispensed
16 from a machine or other mechanical device that accepts payment.

17 (ooo) (1) "Prepared food" means:

18 (A) Food sold in a heated state or heated by the seller;

19 (B) two or more food ingredients mixed or combined by the seller for
20 sale as a single item; or

21 (C) food sold with eating utensils provided by the seller, including,
22 but not limited to, plates, knives, forks, spoons, glasses, cups, napkins or
23 straws. A plate does not include a container or packaging used to
24 transport the food.

25 (2) "Prepared food" does not include:

26 (A) Food that is only cut, repackaged or pasteurized by the seller; or

27 (B) eggs, fish, meat, poultry or foods containing these raw animal
28 foods that require cooking by the consumer as recommended by the food
29 and drug administration in chapter 3, part 401.11 of the food and drug
30 administration food code so as to prevent food borne illnesses.

31 (ppp) (1) "Soft drinks" means nonalcoholic beverages that contain
32 natural or artificial sweeteners.

33 (2) "Soft drinks" does not include beverages that contain milk or milk
34 products, soy, rice or similar milk substitutes or beverages that are greater
35 than 50% vegetable or fruit juice by volume.

36 Sec. 4. K.S.A. 2021 Supp. 79-3603 is hereby amended to read as
37 follows: 79-3603. For the privilege of engaging in the business of selling
38 tangible personal property at retail in this state or rendering or furnishing
39 any of the services taxable under this act, there is hereby levied and there
40 shall be collected and paid a tax at the rate of 6.5%. On and after July 1,
41 2021 2022, ~~16.154%~~ 18.222% of the 6.5% rate imposed shall be levied for
42 the state highway fund, the state highway fund purposes and those
43 purposes specified in K.S.A. 68-416, and amendments thereto, and all

1 revenue collected and received from such tax levy shall be deposited in the
2 state highway fund.

3 Within a redevelopment district established pursuant to K.S.A. 74-
4 8921, and amendments thereto, there is hereby levied and there shall be
5 collected and paid an additional tax at the rate of 2% until the earlier of the
6 date the bonds issued to finance or refinance the redevelopment project
7 have been paid in full or the final scheduled maturity of the first series of
8 bonds issued to finance any part of the project.

9 *Such tax shall be imposed upon:*

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

12 (b) the gross receipts from intrastate, interstate or international
13 telecommunications services and any ancillary services sourced to this
14 state in accordance with K.S.A. 79-3673, and amendments thereto, except
15 that telecommunications service does not include: (1) Any interstate or
16 international 800 or 900 service; (2) any interstate or international private
17 communications service as defined in K.S.A. 79-3673, and amendments
18 thereto; (3) any value-added nonvoice data service; (4) any
19 telecommunication service to a provider of telecommunication services
20 which will be used to render telecommunications services, including
21 carrier access services; or (5) any service or transaction defined in this
22 section among entities classified as members of an affiliated group as
23 provided by section 1504 of the federal internal revenue code of 1986, as
24 in effect on January 1, 2001;

25 (c) the gross receipts from the sale or furnishing of gas, water,
26 electricity and heat, which sale is not otherwise exempt from taxation
27 under the provisions of this act, and whether furnished by municipally or
28 privately owned utilities, except that, on and after January 1, 2006, for
29 sales of gas, electricity and heat delivered through mains, lines or pipes to
30 residential premises for noncommercial use by the occupant of such
31 premises, and for agricultural use and also, for such use, all sales of
32 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
33 gas, coal, wood and other fuel sources for the production of heat or
34 lighting for noncommercial use of an occupant of residential premises, the
35 state rate shall be 0%, but such tax shall not be levied and collected upon
36 the gross receipts from: (1) The sale of a rural water district benefit unit;
37 (2) a water system impact fee, system enhancement fee or similar fee
38 collected by a water supplier as a condition for establishing service; or (3)
39 connection or reconnection fees collected by a water supplier;

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

1 (e) the gross receipts from the sale of admissions to any place
2 providing amusement, entertainment or recreation services including
3 admissions to state, county, district and local fairs, but such tax shall not
4 be levied and collected upon the gross receipts received from sales of
5 admissions to any cultural and historical event which occurs triennially;

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

9 (g) the gross receipts from the service of renting of rooms by hotels,
10 as defined by K.S.A. 36-501, and amendments thereto, or by
11 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
12 thereto, but such tax shall not be levied and collected upon the gross
13 receipts received from sales of such service to the federal government and
14 any agency, officer or employee thereof in association with the
15 performance of official government duties;

16 (h) the gross receipts from the service of renting or leasing of tangible
17 personal property except such tax shall not apply to the renting or leasing
18 of machinery, equipment or other personal property owned by a city and
19 purchased from the proceeds of industrial revenue bonds issued prior to
20 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
21 12-1749, and amendments thereto, and any city or lessee renting or leasing
22 such machinery, equipment or other personal property purchased with the
23 proceeds of such bonds who shall have paid a tax under the provisions of
24 this section upon sales made prior to July 1, 1973, shall be entitled to a
25 refund from the sales tax refund fund of all taxes paid thereon;

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

29 (j) the gross receipts from the rendering of the services of washing
30 and washing and waxing of vehicles;

31 (k) the gross receipts from cable, community antennae and other
32 subscriber radio and television services;

33 (l) (1) except as otherwise provided by paragraph (2), the gross
34 receipts received from the sales of tangible personal property to all
35 contractors, subcontractors or repairmen for use by them in erecting
36 structures, or building on, or otherwise improving, altering, or repairing
37 real or personal property.

38 (2) Any such contractor, subcontractor or repairman who maintains
39 an inventory of such property both for sale at retail and for use by them for
40 the purposes described by paragraph (1) shall be deemed a retailer with
41 respect to purchases for and sales from such inventory, except that the
42 gross receipts received from any such sale, other than a sale at retail, shall
43 be equal to the total purchase price paid for such property and the tax

1 imposed thereon shall be paid by the deemed retailer;

2 (m) the gross receipts received from fees and charges by public and
3 private clubs, drinking establishments, organizations and businesses for
4 participation in sports, games and other recreational activities, but such tax
5 shall not be levied and collected upon the gross receipts received from: (1)
6 Fees and charges by any political subdivision, by any organization exempt
7 from property taxation pursuant to K.S.A. 79-201 *Ninth*, and amendments
8 thereto, or by any youth recreation organization exclusively providing
9 services to persons 18 years of age or younger which is exempt from
10 federal income taxation pursuant to section 501(c)(3) of the federal
11 internal revenue code of 1986, for participation in sports, games and other
12 recreational activities; and (2) entry fees and charges for participation in a
13 special event or tournament sanctioned by a national sporting association
14 to which spectators are charged an admission which is taxable pursuant to
15 subsection (e);

16 (n) the gross receipts received from dues charged by public and
17 private clubs, drinking establishments, organizations and businesses,
18 payment of which entitles a member to the use of facilities for recreation
19 or entertainment, but such tax shall not be levied and collected upon the
20 gross receipts received from: (1) Dues charged by any organization exempt
21 from property taxation pursuant to K.S.A. 79-201 *Eighth* and *Ninth*, and
22 amendments thereto; and (2) sales of memberships in a nonprofit
23 organization which is exempt from federal income taxation pursuant to
24 section 501(c)(3) of the federal internal revenue code of 1986, and whose
25 purpose is to support the operation of a nonprofit zoo;

26 (o) the gross receipts received from the isolated or occasional sale of
27 motor vehicles or trailers but not including: (1) The transfer of motor
28 vehicles or trailers by a person to a corporation or limited liability
29 company solely in exchange for stock securities or membership interest in
30 such corporation or limited liability company; (2) the transfer of motor
31 vehicles or trailers by one corporation or limited liability company to
32 another when all of the assets of such corporation or limited liability
33 company are transferred to such other corporation or limited liability
34 company; or (3) the sale of motor vehicles or trailers which are subject to
35 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
36 amendments thereto, by an immediate family member to another
37 immediate family member. For the purposes of paragraph (3), immediate
38 family member means lineal ascendants or descendants, and their spouses.
39 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
40 on the isolated or occasional sale of motor vehicles or trailers on and after
41 July 1, 2004, which the base for computing the tax was the value pursuant
42 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
43 such amount was higher than the amount of sales tax which would have

1 been paid under the law as it existed on June 30, 2004, shall be refunded to
2 the taxpayer pursuant to the procedure prescribed by this section. Such
3 refund shall be in an amount equal to the difference between the amount of
4 sales tax paid by the taxpayer and the amount of sales tax which would
5 have been paid by the taxpayer under the law as it existed on June 30,
6 2004. Each claim for a sales tax refund shall be verified and submitted not
7 later than six months from the effective date of this act to the director of
8 taxation upon forms furnished by the director and shall be accompanied by
9 any additional documentation required by the director. The director shall
10 review each claim and shall refund that amount of tax paid as provided by
11 this act. All such refunds shall be paid from the sales tax refund fund, upon
12 warrants of the director of accounts and reports pursuant to vouchers
13 approved by the director of taxation or the director's designee. No refund
14 for an amount less than \$10 shall be paid pursuant to this act. In
15 determining the base for computing the tax on such isolated or occasional
16 sale, the fair market value of any motor vehicle or trailer traded in by the
17 purchaser to the seller may be deducted from the selling price;

18 (p) the gross receipts received for the service of installing or applying
19 tangible personal property which when installed or applied is not being
20 held for sale in the regular course of business, and whether or not such
21 tangible personal property when installed or applied remains tangible
22 personal property or becomes a part of real estate, except that no tax shall
23 be imposed upon the service of installing or applying tangible personal
24 property in connection with the original construction of a building or
25 facility, the original construction, reconstruction, restoration, remodeling,
26 renovation, repair or replacement of a residence or the construction,
27 reconstruction, restoration, replacement or repair of a bridge or highway.

28 For the purposes of this subsection:

29 (1) "Original construction" ~~shall mean~~ means the first or initial
30 construction of a new building or facility. The term "original construction"
31 shall include the addition of an entire room or floor to any existing
32 building or facility, the completion of any unfinished portion of any
33 existing building or facility and the restoration, reconstruction or
34 replacement of a building, facility or utility structure damaged or
35 destroyed by fire, flood, tornado, lightning, explosion, windstorm, ice
36 loading and attendant winds, terrorism or earthquake, but such term,
37 except with regard to a residence, shall not include replacement,
38 remodeling, restoration, renovation or reconstruction under any other
39 circumstances;

40 (2) "building" ~~shall mean~~ means only those enclosures within which
41 individuals customarily are employed, or which are customarily used to
42 house machinery, equipment or other property, and including the land
43 improvements immediately surrounding such building;

1 (3) "facility"~~shall mean~~ *means* a mill, plant, refinery, oil or gas well,
2 water well, feedlot or any conveyance, transmission or distribution line of
3 any cooperative, nonprofit, membership corporation organized under or
4 subject to the provisions of K.S.A. 17-4601 et seq., and amendments
5 thereto, or municipal or quasi-municipal corporation, including the land
6 improvements immediately surrounding such facility;

7 (4) "residence"~~shall mean~~ *means* only those enclosures within which
8 individuals customarily live;

9 (5) "utility structure"~~shall mean~~ *means* transmission and distribution
10 lines owned by an independent transmission company or cooperative, the
11 Kansas electric transmission authority or natural gas or electric public
12 utility; and

13 (6) "windstorm"~~shall mean~~ *means* straight line winds of at least 80
14 miles per hour as determined by a recognized meteorological reporting
15 agency or organization;

16 (q) the gross receipts received for the service of repairing, servicing,
17 altering or maintaining tangible personal property which when such
18 services are rendered is not being held for sale in the regular course of
19 business, and whether or not any tangible personal property is transferred
20 in connection therewith. The tax imposed by this subsection shall be
21 applicable to the services of repairing, servicing, altering or maintaining an
22 item of tangible personal property which has been and is fastened to,
23 connected with or built into real property;

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

27 (s) on and after January 1, 2005, the gross receipts received from the
28 sale of prewritten computer software and the sale of the services of
29 modifying, altering, updating or maintaining prewritten computer
30 software, whether the prewritten computer software is installed or
31 delivered electronically by tangible storage media physically transferred to
32 the purchaser or by load and leave;

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

34 (u) the gross receipts received from the sale of prepaid calling service
35 and prepaid wireless calling service as defined in K.S.A. 79-3673, and
36 amendments thereto;

37 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
38 licensees under K.S.A. 75-5171 et seq., and amendments thereto, shall be
39 exempt from taxes imposed pursuant to this section;~~and~~

40 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
41 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
42 pursuant to this section; *and*

43 (x) (1) *commencing on July 1, 2022, and thereafter, the state rate*

1 *shall be 0% on the gross receipts from the sale of food and food*
2 *ingredients.*

3 *(2) The provisions of this subsection shall not apply to prepared food,*
4 *unless sold without eating utensils provided by the seller and described*
5 *below:*

6 *(A) Food sold by a seller whose proper primary NAICS classification*
7 *is manufacturing in sector 311, except subsector 3118 (bakeries);*

8 *(B) (i) food sold in an unheated state by weight or volume as a single*
9 *item; or*

10 *(ii) only meat or seafood sold in an unheated state by weight or*
11 *volume as a single item;*

12 *(C) bakery items, including bread, rolls, buns, biscuits, bagels,*
13 *croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,*
14 *cookies and tortillas; or*

15 *(D) food sold that ordinarily requires additional cooking, as opposed*
16 *to just reheating, by the consumer prior to consumption.*

17 Sec. 5. K.S.A. 2021 Supp. 79-3606 is hereby amended to read as
18 follows: 79-3606. The following shall be exempt from the tax imposed by
19 this act:

20 (a) All sales of motor-vehicle fuel or other articles upon which a sales
21 or excise tax has been paid, not subject to refund, under the laws of this
22 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
23 3301, and amendments thereto, including consumable material for such
24 electronic cigarettes, cereal malt beverages and malt products as defined
25 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
26 malt syrup and malt extract, that is not subject to taxation under the
27 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
28 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
29 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
30 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
31 thereto, and gross receipts from regulated sports contests taxed pursuant to
32 the Kansas professional regulated sports act, and amendments thereto;

33 (b) all sales of tangible personal property or service, including the
34 renting and leasing of tangible personal property, purchased directly by the
35 state of Kansas, a political subdivision thereof, other than a school or
36 educational institution, or purchased by a public or private nonprofit
37 hospital, public hospital authority, nonprofit blood, tissue or organ bank or
38 nonprofit integrated community care organization and used exclusively for
39 state, political subdivision, hospital, public hospital authority, nonprofit
40 blood, tissue or organ bank or nonprofit integrated community care
41 organization purposes, except when: (1) Such state, hospital or public
42 hospital authority is engaged or proposes to engage in any business
43 specifically taxable under the provisions of this act and such items of

1 tangible personal property or service are used or proposed to be used in
2 such business; or (2) such political subdivision is engaged or proposes to
3 engage in the business of furnishing gas, electricity or heat to others and
4 such items of personal property or service are used or proposed to be used
5 in such business;

6 (c) all sales of tangible personal property or services, including the
7 renting and leasing of tangible personal property, purchased directly by a
8 public or private elementary or secondary school or public or private
9 nonprofit educational institution and used primarily by such school or
10 institution for nonsectarian programs and activities provided or sponsored
11 by such school or institution or in the erection, repair or enlargement of
12 buildings to be used for such purposes. The exemption herein provided
13 shall not apply to erection, construction, repair, enlargement or equipment
14 of buildings used primarily for human habitation, except that such
15 exemption shall apply to the erection, construction, repair, enlargement or
16 equipment of buildings used for human habitation by the cerebral palsy
17 research foundation of Kansas located in Wichita, Kansas, and multi
18 community diversified services, incorporated, located in McPherson,
19 Kansas;

20 (d) all sales of tangible personal property or services purchased by a
21 contractor for the purpose of constructing, equipping, reconstructing,
22 maintaining, repairing, enlarging, furnishing or remodeling facilities for
23 any public or private nonprofit hospital or public hospital authority, public
24 or private elementary or secondary school, a public or private nonprofit
25 educational institution, state correctional institution including a privately
26 constructed correctional institution contracted for state use and ownership,
27 that would be exempt from taxation under the provisions of this act if
28 purchased directly by such hospital or public hospital authority, school,
29 educational institution or a state correctional institution; and all sales of
30 tangible personal property or services purchased by a contractor for the
31 purpose of constructing, equipping, reconstructing, maintaining, repairing,
32 enlarging, furnishing or remodeling facilities for any political subdivision
33 of the state or district described in subsection (s), the total cost of which is
34 paid from funds of such political subdivision or district and that would be
35 exempt from taxation under the provisions of this act if purchased directly
36 by such political subdivision or district. Nothing in this subsection or in
37 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
38 deemed to exempt the purchase of any construction machinery, equipment
39 or tools used in the constructing, equipping, reconstructing, maintaining,
40 repairing, enlarging, furnishing or remodeling facilities for any political
41 subdivision of the state or any such district. As used in this subsection,
42 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
43 political subdivision" shall mean general tax revenues, the proceeds of any

1 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
2 purpose of constructing, equipping, reconstructing, repairing, enlarging,
3 furnishing or remodeling facilities that are to be leased to the donor. When
4 any political subdivision of the state, district described in subsection (s),
5 public or private nonprofit hospital or public hospital authority, public or
6 private elementary or secondary school, public or private nonprofit
7 educational institution, state correctional institution including a privately
8 constructed correctional institution contracted for state use and ownership
9 shall contract for the purpose of constructing, equipping, reconstructing,
10 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
11 shall obtain from the state and furnish to the contractor an exemption
12 certificate for the project involved, and the contractor may purchase
13 materials for incorporation in such project. The contractor shall furnish the
14 number of such certificate to all suppliers from whom such purchases are
15 made, and such suppliers shall execute invoices covering the same bearing
16 the number of such certificate. Upon completion of the project the
17 contractor shall furnish to the political subdivision, district described in
18 subsection (s), hospital or public hospital authority, school, educational
19 institution or department of corrections concerned a sworn statement, on a
20 form to be provided by the director of taxation, that all purchases so made
21 were entitled to exemption under this subsection. As an alternative to the
22 foregoing procedure, any such contracting entity may apply to the
23 secretary of revenue for agent status for the sole purpose of issuing and
24 furnishing project exemption certificates to contractors pursuant to rules
25 and regulations adopted by the secretary establishing conditions and
26 standards for the granting and maintaining of such status. All invoices
27 shall be held by the contractor for a period of five years and shall be
28 subject to audit by the director of taxation. If any materials purchased
29 under such a certificate are found not to have been incorporated in the
30 building or other project or not to have been returned for credit or the sales
31 or compensating tax otherwise imposed upon such materials that will not
32 be so incorporated in the building or other project reported and paid by
33 such contractor to the director of taxation not later than the 20th day of
34 the month following the close of the month in which it shall be determined
35 that such materials will not be used for the purpose for which such
36 certificate was issued, the political subdivision, district described in
37 subsection (s), hospital or public hospital authority, school, educational
38 institution or the contractor contracting with the department of corrections
39 for a correctional institution concerned shall be liable for tax on all
40 materials purchased for the project, and upon payment thereof it may
41 recover the same from the contractor together with reasonable attorney
42 fees. Any contractor or any agent, employee or subcontractor thereof, who
43 shall use or otherwise dispose of any materials purchased under such a

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

6 (e) all sales of tangible personal property or services purchased by a
7 contractor for the erection, repair or enlargement of buildings or other
8 projects for the government of the United States, its agencies or
9 instrumentalities, that would be exempt from taxation if purchased directly
10 by the government of the United States, its agencies or instrumentalities.
11 When the government of the United States, its agencies or
12 instrumentalities shall contract for the erection, repair, or enlargement of
13 any building or other project, it shall obtain from the state and furnish to
14 the contractor an exemption certificate for the project involved, and the
15 contractor may purchase materials for incorporation in such project. The
16 contractor shall furnish the number of such certificates to all suppliers
17 from whom such purchases are made, and such suppliers shall execute
18 invoices covering the same bearing the number of such certificate. Upon
19 completion of the project the contractor shall furnish to the government of
20 the United States, its agencies or instrumentalities concerned a sworn
21 statement, on a form to be provided by the director of taxation, that all
22 purchases so made were entitled to exemption under this subsection. As an
23 alternative to the foregoing procedure, any such contracting entity may
24 apply to the secretary of revenue for agent status for the sole purpose of
25 issuing and furnishing project exemption certificates to contractors
26 pursuant to rules and regulations adopted by the secretary establishing
27 conditions and standards for the granting and maintaining of such status.
28 All invoices shall be held by the contractor for a period of five years and
29 shall be subject to audit by the director of taxation. Any contractor or any
30 agent, employee or subcontractor thereof, who shall use or otherwise
31 dispose of any materials purchased under such a certificate for any purpose
32 other than that for which such a certificate is issued without the payment
33 of the sales or compensating tax otherwise imposed upon such materials,
34 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
35 subject to the penalties provided for in K.S.A. 79-3615(h), and
36 amendments thereto;

37 (f) tangible personal property purchased by a railroad or public utility
38 for consumption or movement directly and immediately in interstate
39 commerce;

40 (g) sales of aircraft including remanufactured and modified aircraft
41 sold to persons using directly or through an authorized agent such aircraft
42 as certified or licensed carriers of persons or property in interstate or
43 foreign commerce under authority of the laws of the United States or any

1 foreign government or sold to any foreign government or agency or
2 instrumentality of such foreign government and all sales of aircraft for use
3 outside of the United States and sales of aircraft repair, modification and
4 replacement parts and sales of services employed in the remanufacture,
5 modification and repair of aircraft;

6 (h) all rentals of nonsectarian textbooks by public or private
7 elementary or secondary schools;

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

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

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

21 (l) all isolated or occasional sales of tangible personal property,
22 services, substances or things, except isolated or occasional sale of motor
23 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and
24 amendments thereto;

25 (m) all sales of tangible personal property that become an ingredient
26 or component part of tangible personal property or services produced,
27 manufactured or compounded for ultimate sale at retail within or without
28 the state of Kansas; and any such producer, manufacturer or compounder
29 may obtain from the director of taxation and furnish to the supplier an
30 exemption certificate number for tangible personal property for use as an
31 ingredient or component part of the property or services produced,
32 manufactured or compounded;

33 (n) all sales of tangible personal property that is consumed in the
34 production, manufacture, processing, mining, drilling, refining or
35 compounding of tangible personal property, the treating of by-products or
36 wastes derived from any such production process, the providing of
37 services or the irrigation of crops for ultimate sale at retail within or
38 without the state of Kansas; and any purchaser of such property may
39 obtain from the director of taxation and furnish to the supplier an
40 exemption certificate number for tangible personal property for
41 consumption in such production, manufacture, processing, mining,
42 drilling, refining, compounding, treating, irrigation and in providing such
43 services;

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

7 (p) all sales of drugs dispensed pursuant to a prescription order by a
8 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
9 1626, and amendments thereto. As used in this subsection, "drug" means a
10 compound, substance or preparation and any component of a compound,
11 substance or preparation, other than food and food ingredients, dietary
12 supplements or alcoholic beverages, recognized in the official United
13 States pharmacopeia, official homeopathic pharmacopoeia of the United
14 States or official national formulary, and supplement to any of them,
15 intended for use in the diagnosis, cure, mitigation, treatment or prevention
16 of disease or intended to affect the structure or any function of the body,
17 except that for taxable years commencing after December 31, 2013, this
18 subsection shall not apply to any sales of drugs used in the performance or
19 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
20 thereto;

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

24 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
25 enteral feeding systems, prosthetic devices and mobility enhancing
26 equipment prescribed in writing by a person licensed to practice the
27 healing arts, dentistry or optometry, and in addition to such sales, all sales
28 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
29 and repair and replacement parts therefor, including batteries, by a person
30 licensed in the practice of dispensing and fitting hearing aids pursuant to
31 the provisions of K.S.A. 74-5808, and amendments thereto. For the
32 purposes of this subsection: (1) "Mobility enhancing equipment" means
33 equipment including repair and replacement parts to same, but does not
34 include durable medical equipment, which is primarily and customarily
35 used to provide or increase the ability to move from one place to another
36 and which is appropriate for use either in a home or a motor vehicle; is not
37 generally used by persons with normal mobility; and does not include any
38 motor vehicle or equipment on a motor vehicle normally provided by a
39 motor vehicle manufacturer; and (2) "prosthetic device" means a
40 replacement, corrective or supportive device including repair and
41 replacement parts for same worn on or in the body to artificially replace a
42 missing portion of the body, prevent or correct physical deformity or
43 malfunction or support a weak or deformed portion of the body;

1 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
2 all sales of tangible personal property or services purchased directly or
3 indirectly by a groundwater management district organized or operating
4 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
5 by a rural water district organized or operating under the authority of
6 K.S.A. 82a-612, and amendments thereto, or by a water supply district
7 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
8 3522 et seq. or 19-3545, and amendments thereto, which property or
9 services are used in the construction activities, operation or maintenance of
10 the district;

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

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

40 (v) all sales of tangible personal property to any contractor for use in
41 preparing meals for delivery to homebound elderly persons over 60 years
42 of age and to homebound disabled persons or to be served at a group-
43 sitting at a location outside of the home to otherwise homebound elderly

1 persons over 60 years of age and to otherwise homebound disabled
2 persons, as all or part of any food service project funded in whole or in
3 part by government or as part of a private nonprofit food service project
4 available to all such elderly or disabled persons residing within an area of
5 service designated by the private nonprofit organization, and all sales of
6 tangible personal property for use in preparing meals for consumption by
7 indigent or homeless individuals whether or not such meals are consumed
8 at a place designated for such purpose, and all sales of food products by or
9 on behalf of any such contractor or organization for any such purpose;

10 (w) all sales of natural gas, electricity, heat and water delivered
11 through mains, lines or pipes: (1) To residential premises for
12 noncommercial use by the occupant of such premises; (2) for agricultural
13 use and also, for such use, all sales of propane gas; (3) for use in the
14 severing of oil; and (4) to any property which is exempt from property
15 taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this
16 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
17 and amendments thereto. For all sales of natural gas, electricity and heat
18 delivered through mains, lines or pipes pursuant to the provisions of
19 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
20 on December 31, 2005;

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

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

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

31 (aa) all sales of materials and services applied to equipment that is
32 transported into the state from without the state for repair, service,
33 alteration, maintenance, remanufacture or modification and that is
34 subsequently transported outside the state for use in the transmission of
35 liquids or natural gas by means of pipeline in interstate or foreign
36 commerce under authority of the laws of the United States;

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

42 (cc) all sales of tangible personal property or services purchased prior
43 to January 1, 2012, except as otherwise provided, for the purpose of and in

1 conjunction with constructing, reconstructing, enlarging or remodeling a
2 business or retail business that meets the requirements established in
3 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
4 machinery and equipment purchased for installation at any such business
5 or retail business, and all sales of tangible personal property or services
6 purchased on or after January 1, 2012, for the purpose of and in
7 conjunction with constructing, reconstructing, enlarging or remodeling a
8 business that meets the requirements established in K.S.A. 74-50,115(e),
9 and amendments thereto, and the sale and installation of machinery and
10 equipment purchased for installation at any such business. When a person
11 shall contract for the construction, reconstruction, enlargement or
12 remodeling of any such business or retail business, such person shall
13 obtain from the state and furnish to the contractor an exemption certificate
14 for the project involved, and the contractor may purchase materials,
15 machinery and equipment for incorporation in such project. The contractor
16 shall furnish the number of such certificates to all suppliers from whom
17 such purchases are made, and such suppliers shall execute invoices
18 covering the same bearing the number of such certificate. Upon
19 completion of the project the contractor shall furnish to the owner of the
20 business or retail business a sworn statement, on a form to be provided by
21 the director of taxation, that all purchases so made were entitled to
22 exemption under this subsection. All invoices shall be held by the
23 contractor for a period of five years and shall be subject to audit by the
24 director of taxation. Any contractor or any agent, employee or
25 subcontractor thereof, who shall use or otherwise dispose of any materials,
26 machinery or equipment purchased under such a certificate for any
27 purpose other than that for which such a certificate is issued without the
28 payment of the sales or compensating tax otherwise imposed thereon, shall
29 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
30 to the penalties provided for in K.S.A. 79-3615(h), and amendments
31 thereto. As used in this subsection, "business" and "retail business" mean
32 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
33 exemption certificates that have been previously issued under this
34 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
35 and amendments thereto, but not including K.S.A. 74-50,115(e), and
36 amendments thereto, prior to January 1, 2012, and have not expired will be
37 effective for the term of the project or two years from the effective date of
38 the certificate, whichever occurs earlier. Project exemption certificates that
39 are submitted to the department of revenue prior to January 1, 2012, and
40 are found to qualify will be issued a project exemption certificate that will
41 be effective for a two-year period or for the term of the project, whichever
42 occurs earlier;

43 (dd) all sales of tangible personal property purchased with food

- 1 stamps issued by the United States department of agriculture;
- 2 (ee) all sales of lottery tickets and shares made as part of a lottery
3 operated by the state of Kansas;
- 4 (ff) on and after July 1, 1988, all sales of new mobile homes or
5 manufactured homes to the extent of 40% of the gross receipts, determined
6 without regard to any trade-in allowance, received from such sale. As used
7 in this subsection, "mobile homes" and "manufactured homes" mean the
8 same as defined in K.S.A. 58-4202, and amendments thereto;
- 9 (gg) all sales of tangible personal property purchased in accordance
10 with vouchers issued pursuant to the federal special supplemental food
11 program for women, infants and children;
- 12 (hh) all sales of medical supplies and equipment, including durable
13 medical equipment, purchased directly by a nonprofit skilled nursing home
14 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
15 and amendments thereto, for the purpose of providing medical services to
16 residents thereof. This exemption shall not apply to tangible personal
17 property customarily used for human habitation purposes. As used in this
18 subsection, "durable medical equipment" means equipment including
19 repair and replacement parts for such equipment, that can withstand
20 repeated use, is primarily and customarily used to serve a medical purpose,
21 generally is not useful to a person in the absence of illness or injury and is
22 not worn in or on the body, but does not include mobility enhancing
23 equipment as defined in subsection (r), oxygen delivery equipment, kidney
24 dialysis equipment or enteral feeding systems;
- 25 (ii) all sales of tangible personal property purchased directly by a
26 nonprofit organization for nonsectarian comprehensive multidiscipline
27 youth development programs and activities provided or sponsored by such
28 organization, and all sales of tangible personal property by or on behalf of
29 any such organization. This exemption shall not apply to tangible personal
30 property customarily used for human habitation purposes;
- 31 (jj) all sales of tangible personal property or services, including the
32 renting and leasing of tangible personal property, purchased directly on
33 behalf of a community-based facility for people with intellectual disability
34 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
35 amendments thereto, and licensed in accordance with the provisions of
36 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
37 personal property or services purchased by contractors during the time
38 period from July, 2003, through June, 2006, for the purpose of
39 constructing, equipping, maintaining or furnishing a new facility for a
40 community-based facility for people with intellectual disability or mental
41 health center located in Riverton, Cherokee County, Kansas, that would
42 have been eligible for sales tax exemption pursuant to this subsection if
43 purchased directly by such facility or center. This exemption shall not

1 apply to tangible personal property customarily used for human habitation
2 purposes;

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

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

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

10 (2) For purposes of this subsection:

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

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

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

35 (D) "manufacturing or processing business" means a business that
36 utilizes an integrated production operation to manufacture, process,
37 fabricate, finish or assemble items for wholesale and retail distribution as
38 part of what is commonly regarded by the general public as an industrial
39 manufacturing or processing operation or an agricultural commodity
40 processing operation. (i) Industrial manufacturing or processing operations
41 include, by way of illustration but not of limitation, the fabrication of
42 automobiles, airplanes, machinery or transportation equipment, the
43 fabrication of metal, plastic, wood or paper products, electricity power

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

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

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

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

37 (A) ~~To~~ Receive, transport, convey, handle, treat or store raw materials
 38 in preparation of its placement on the production line;

39 (B) ~~to~~ transport, convey, handle or store the property undergoing
 40 manufacturing or processing at any point from the beginning of the
 41 production line through any warehousing or distribution operation of the
 42 final product that occurs at the plant or facility;

43 (C) ~~to~~ act upon, effect, promote or otherwise facilitate a physical

- 1 change to the property undergoing manufacturing or processing;
- 2 (D) ~~to~~ guide, control or direct the movement of property undergoing
3 manufacturing or processing;
- 4 (E) ~~to~~ test or measure raw materials, the property undergoing
5 manufacturing or processing or the finished product, as a necessary part of
6 the manufacturer's integrated production operations;
- 7 (F) ~~to~~ plan, manage, control or record the receipt and flow of
8 inventories of raw materials, consumables and component parts, the flow
9 of the property undergoing manufacturing or processing and the
10 management of inventories of the finished product;
- 11 (G) ~~to~~ produce energy for, lubricate, control the operating of or
12 otherwise enable the functioning of other production machinery and
13 equipment and the continuation of production operations;
- 14 (H) ~~to~~ package the property being manufactured or processed in a
15 container or wrapping in which such property is normally sold or
16 transported;
- 17 (I) ~~to~~ transmit or transport electricity, coke, gas, water, steam or
18 similar substances used in production operations from the point of
19 generation, if produced by the manufacturer or processor at the plant site,
20 to that manufacturer's production operation; or, if purchased or delivered
21 from off-site, from the point where the substance enters the site of the
22 plant or facility to that manufacturer's production operations;
- 23 (J) ~~to~~ cool, heat, filter, refine or otherwise treat water, steam, acid, oil,
24 solvents or other substances that are used in production operations;
- 25 (K) ~~to~~ provide and control an environment required to maintain
26 certain levels of air quality, humidity or temperature in special and limited
27 areas of the plant or facility, where such regulation of temperature or
28 humidity is part of and essential to the production process;
- 29 (L) ~~to~~ treat, transport or store waste or other byproducts of production
30 operations at the plant or facility; or
- 31 (M) ~~to~~ control pollution at the plant or facility where the pollution is
32 produced by the manufacturing or processing operation.
- 33 (4) The following machinery, equipment and materials shall be
34 deemed to be exempt even though it may not otherwise qualify as
35 machinery and equipment used as an integral or essential part of an
36 integrated production operation: (A) Computers and related peripheral
37 equipment that are utilized by a manufacturing or processing business for
38 engineering of the finished product or for research and development or
39 product design; (B) machinery and equipment that is utilized by a
40 manufacturing or processing business to manufacture or rebuild tangible
41 personal property that is used in manufacturing or processing operations,
42 including tools, dies, molds, forms and other parts of qualifying machinery
43 and equipment; (C) portable plants for aggregate concrete, bulk cement

1 and asphalt including cement mixing drums to be attached to a motor
2 vehicle; (D) industrial fixtures, devices, support facilities and special
3 foundations necessary for manufacturing and production operations, and
4 materials and other tangible personal property sold for the purpose of
5 fabricating such fixtures, devices, facilities and foundations. An exemption
6 certificate for such purchases shall be signed by the manufacturer or
7 processor. If the fabricator purchases such material, the fabricator shall
8 also sign the exemption certificate; (E) a manufacturing or processing
9 business' laboratory equipment that is not located at the plant or facility,
10 but that would otherwise qualify for exemption under subsection (3)(E);
11 (F) all machinery and equipment used in surface mining activities as
12 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
13 from the time a reclamation plan is filed to the acceptance of the
14 completed final site reclamation.

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

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

22 (B) machinery, equipment and tools used primarily in maintaining
23 and repairing any type of machinery and equipment or the building and
24 plant;

25 (C) transportation, transmission and distribution equipment not
26 primarily used in a production, warehousing or material handling
27 operation at the plant or facility, including the means of conveyance of
28 natural gas, electricity, oil or water, and equipment related thereto, located
29 outside the plant or facility;

30 (D) office machines and equipment including computers and related
31 peripheral equipment not used directly and primarily to control or measure
32 the manufacturing process;

33 (E) furniture and other furnishings;

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

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

40 (H) machinery and equipment used for general plant heating, cooling
41 and lighting;

42 (I) motor vehicles that are registered for operation on public
43 highways; or

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

4 (6) ~~Subsections~~ *Paragraphs* (3) and (5) shall not be construed as
5 exclusive listings of the machinery and equipment that qualify or do not
6 qualify as an integral or essential part of an integrated production
7 operation. When machinery or equipment is used as an integral or essential
8 part of production operations part of the time and for nonproduction
9 purposes at other times, the primary use of the machinery or equipment
10 shall determine whether or not such machinery or equipment qualifies for
11 exemption.

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

14 (ll) all sales of educational materials purchased for distribution to the
15 public at no charge by a nonprofit corporation organized for the purpose of
16 encouraging, fostering and conducting programs for the improvement of
17 public health, except that for taxable years commencing after December
18 31, 2013, this subsection shall not apply to any sales of such materials
19 purchased by a nonprofit corporation which performs any abortion, as
20 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

33 (qq) all sales of tangible personal property and services purchased by
34 a nonprofit museum or historical society or any combination thereof,
35 including a nonprofit organization that is organized for the purpose of
36 stimulating public interest in the exploration of space by providing
37 educational information, exhibits and experiences, that is exempt from
38 federal income taxation pursuant to section 501(c)(3) of the federal
39 internal revenue code of 1986;

40 (rr) all sales of tangible personal property that will admit the
41 purchaser thereof to any annual event sponsored by a nonprofit
42 organization that is exempt from federal income taxation pursuant to
43 section 501(c)(3) of the federal internal revenue code of 1986, except that

1 for taxable years commencing after December 31, 2013, this subsection
2 shall not apply to any sales of such tangible personal property purchased
3 by a nonprofit organization which performs any abortion, as defined in
4 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

31 (4) the American diabetes association Kansas affiliate, inc. for the
32 purpose of eliminating diabetes through medical research, public education
33 focusing on disease prevention and education, patient education including
34 information on coping with diabetes, and professional education and
35 training;

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

41 (6) the Kansas chapters of the Alzheimer's disease and related
42 disorders association, inc. for the purpose of providing assistance and
43 support to persons in Kansas with Alzheimer's disease, and their families

1 and caregivers;

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

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

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

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

14 (11) the spina bifida association of Kansas for the purpose of
15 providing financial, educational and practical aid to families and
16 individuals with spina bifida. Such aid includes, but is not limited to,
17 funding for medical devices, counseling and medical educational
18 opportunities;

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

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

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

29 (15) the KSDS, Inc., for the purpose of promoting the independence
30 and inclusion of people with disabilities as fully participating and
31 contributing members of their communities and society through the
32 training and providing of guide and service dogs to people with
33 disabilities, and providing disability education and awareness to the
34 general public;

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

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

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

1 (19) the international association of lions clubs for the purpose of
2 creating and fostering a spirit of understanding among all people for
3 humanitarian needs by providing voluntary services through community
4 involvement and international cooperation;

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

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

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

15 (23) the angel babies association, for the purpose of providing
16 assistance, support and items of necessity to teenage mothers and their
17 babies; and

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

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

23 (xx) all sales of tangible personal property and services purchased by
24 a nonprofit zoo that is exempt from federal income taxation pursuant to
25 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
26 of such zoo by an entity itself exempt from federal income taxation
27 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
28 contracted with to operate such zoo and all sales of tangible personal
29 property or services purchased by a contractor for the purpose of
30 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
31 furnishing or remodeling facilities for any nonprofit zoo that would be
32 exempt from taxation under the provisions of this section if purchased
33 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
34 this subsection shall be deemed to exempt the purchase of any construction
35 machinery, equipment or tools used in the constructing, equipping,
36 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
37 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
38 the purpose of constructing, equipping, reconstructing, maintaining,
39 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
40 from the state and furnish to the contractor an exemption certificate for the
41 project involved, and the contractor may purchase materials for
42 incorporation in such project. The contractor shall furnish the number of
43 such certificate to all suppliers from whom such purchases are made, and

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

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

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

37 (aaa) all sales of tangible personal property and services purchased by
38 a religious organization that is exempt from federal income taxation
39 pursuant to section 501(c)(3) of the federal internal revenue code, and used
40 exclusively for religious purposes, and all sales of tangible personal
41 property or services purchased by a contractor for the purpose of
42 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
43 furnishing or remodeling facilities for any such organization that would be

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

1 paid from the sales tax refund fund upon warrants of the director of
2 accounts and reports pursuant to vouchers approved by the director or the
3 director's designee;

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

9 (ccc) on and after July 1, 1999, all sales of tangible personal property
10 and services purchased by a primary care clinic or health center the
11 primary purpose of which is to provide services to medically underserved
12 individuals and families, and that is exempt from federal income taxation
13 pursuant to section 501(c)(3) of the federal internal revenue code, and all
14 sales of tangible personal property or services purchased by a contractor
15 for the purpose of constructing, equipping, reconstructing, maintaining,
16 repairing, enlarging, furnishing or remodeling facilities for any such clinic
17 or center that would be exempt from taxation under the provisions of this
18 section if purchased directly by such clinic or center, except that for
19 taxable years commencing after December 31, 2013, this subsection shall
20 not apply to any sales of such tangible personal property and services
21 purchased by a primary care clinic or health center which performs any
22 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
23 in this subsection shall be deemed to exempt the purchase of any
24 construction machinery, equipment or tools used in the constructing,
25 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
26 remodeling facilities for any such clinic or center. When any such clinic or
27 center shall contract for the purpose of constructing, equipping,
28 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
29 facilities, it shall obtain from the state and furnish to the contractor an
30 exemption certificate for the project involved, and the contractor may
31 purchase materials for incorporation in such project. The contractor shall
32 furnish the number of such certificate to all suppliers from whom such
33 purchases are made, and such suppliers shall execute invoices covering the
34 same bearing the number of such certificate. Upon completion of the
35 project the contractor shall furnish to such clinic or center concerned a
36 sworn statement, on a form to be provided by the director of taxation, that
37 all purchases so made were entitled to exemption under this subsection.
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. If any materials
40 purchased under such a certificate are found not to have been incorporated
41 in the building or other project or not to have been returned for credit or
42 the sales or compensating tax otherwise imposed upon such materials that
43 will not be so incorporated in the building or other project reported and

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

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

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

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

1 storage, grain refining or processing, or other grain treatment operation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 as meeting additional critical needs for children, juveniles and family, and
2 all sales of any such property by or on behalf of charitable family
3 providers for any such purpose; and all sales of tangible personal property
4 or services purchased by a contractor for the purpose of constructing,
5 maintaining, repairing, enlarging, furnishing or remodeling facilities for
6 the operation of services for charitable family providers for any such
7 purpose which would be exempt from taxation under the provisions of this
8 section if purchased directly by charitable family providers. Nothing in
9 this subsection shall be deemed to exempt the purchase of any construction
10 machinery, equipment or tools used in the constructing, maintaining,
11 repairing, enlarging, furnishing or remodeling such facilities for charitable
12 family providers. When charitable family providers contracts for the
13 purpose of constructing, maintaining, repairing, enlarging, furnishing or
14 remodeling such facilities, it shall obtain from the state and furnish to the
15 contractor an exemption certificate for the project involved, and the
16 contractor may purchase materials for incorporation in such project. The
17 contractor shall furnish the number of such certificate to all suppliers from
18 whom such purchases are made, and such suppliers shall execute invoices
19 covering the same bearing the number of such certificate. Upon
20 completion of the project the contractor shall furnish to charitable family
21 providers 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 so incorporated in 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, charitable family providers shall be
33 liable for tax on all materials purchased for the project, and upon payment
34 thereof it may recover the same from the contractor together with
35 reasonable attorney fees. Any contractor or any agent, employee or
36 subcontractor thereof, who shall use or otherwise dispose of any materials
37 purchased under such a certificate for any purpose other than that for
38 which such a certificate is issued without the payment of the sales or
39 compensating tax otherwise imposed upon such materials, shall be guilty
40 of a misdemeanor and, upon conviction therefor, shall be subject to the
41 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

42 (ttt) all sales of tangible personal property or services purchased by a
43 contractor for a project for the purpose of restoring, constructing,

1 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
2 remodeling a home or facility owned by a nonprofit museum that has been
3 granted an exemption pursuant to subsection (qq), which such home or
4 facility is located in a city that has been designated as a qualified
5 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
6 amendments thereto, and which such project is related to the purposes of
7 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
8 exempt from taxation under the provisions of this section if purchased
9 directly by such nonprofit museum. Nothing in this subsection shall be
10 deemed to exempt the purchase of any construction machinery, equipment
11 or tools used in the restoring, constructing, equipping, reconstructing,
12 maintaining, repairing, enlarging, furnishing or remodeling a home or
13 facility for any such nonprofit museum. When any such nonprofit museum
14 shall contract for the purpose of restoring, constructing, equipping,
15 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
16 a home or facility, it shall obtain from the state and furnish to the
17 contractor an exemption certificate for the project involved, and the
18 contractor may purchase materials for incorporation in such project. The
19 contractor shall furnish the number of such certificates to all suppliers
20 from whom such purchases are made, and such suppliers shall execute
21 invoices covering the same bearing the number of such certificate. Upon
22 completion of the project, the contractor shall furnish to such nonprofit
23 museum a sworn statement on a form to be provided by the director of
24 taxation that all purchases so made were entitled to exemption under this
25 subsection. All invoices shall be held by the contractor for a period of five
26 years and shall be subject to audit by the director of taxation. If any
27 materials purchased under such a certificate are found not to have been
28 incorporated in the building or other project or not to have been returned
29 for credit or the sales or compensating tax otherwise imposed upon such
30 materials that will not be so incorporated in a home or facility or other
31 project reported and paid by such contractor to the director of taxation not
32 later than the 20th day of the month following the close of the month in
33 which it shall be determined that such materials will not be used for the
34 purpose for which such certificate was issued, such nonprofit museum
35 shall be liable for tax on all materials purchased for the project, and upon
36 payment thereof it may recover the same from the contractor together with
37 reasonable attorney fees. Any contractor or any agent, employee or
38 subcontractor thereof, who shall use or otherwise dispose of any materials
39 purchased under such a certificate for any purpose other than that for
40 which such a certificate is issued without the payment of the sales or
41 compensating tax otherwise imposed upon such materials, shall be guilty
42 of a misdemeanor and, upon conviction therefor, shall be subject to the
43 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

1 (uuu) all sales of tangible personal property and services purchased
2 by Kansas children's service league, hereinafter referred to as KCSL,
3 which is exempt from federal income taxation pursuant to section 501(c)
4 (3) of the federal internal revenue code of 1986, and which such property
5 and services are used for the purpose of providing for the prevention and
6 treatment of child abuse and maltreatment as well as meeting additional
7 critical needs for children, juveniles and family, and all sales of any such
8 property by or on behalf of KCSL for any such purpose; and all sales of
9 tangible personal property or services purchased by a contractor for the
10 purpose of constructing, maintaining, repairing, enlarging, furnishing or
11 remodeling facilities for the operation of services for KCSL for any such
12 purpose that would be exempt from taxation under the provisions of this
13 section if purchased directly by KCSL. Nothing in this subsection shall be
14 deemed to exempt the purchase of any construction machinery, equipment
15 or tools used in the constructing, maintaining, repairing, enlarging,
16 furnishing or remodeling such facilities for KCSL. When KCSL contracts
17 for the purpose of constructing, maintaining, repairing, enlarging,
18 furnishing or remodeling such facilities, it shall obtain from the state and
19 furnish to the contractor an exemption certificate for the project involved,
20 and the contractor may purchase materials for incorporation in such
21 project. The contractor shall furnish the number of such certificate to all
22 suppliers from whom such purchases are made, and such suppliers shall
23 execute invoices covering the same bearing the number of such certificate.
24 Upon completion of the project the contractor shall furnish to KCSL a
25 sworn statement, on a form to be provided by the director of taxation, that
26 all purchases so made were entitled to exemption under this subsection.
27 All invoices shall be held by the contractor for a period of five years and
28 shall be subject to audit by the director of taxation. If any materials
29 purchased under such a certificate are found not to have been incorporated
30 in the building or other project or not to have been returned for credit or
31 the sales or compensating tax otherwise imposed upon such materials that
32 will not be so incorporated in the building or other project reported and
33 paid by such contractor to the director of taxation not later than the 20th
34 day of the month following the close of the month in which it shall be
35 determined that such materials will not be used for the purpose for which
36 such certificate was issued, KCSL shall be liable for tax on all materials
37 purchased for the project, and upon payment thereof it may recover the
38 same from the contractor together with reasonable attorney fees. Any
39 contractor or any agent, employee or subcontractor thereof, who shall use
40 or otherwise dispose of any materials purchased under such a certificate
41 for any purpose other than that for which such a certificate is issued
42 without the payment of the sales or compensating tax otherwise imposed
43 upon such materials, shall be guilty of a misdemeanor and, upon

1 conviction therefor, shall be subject to the penalties provided for in K.S.A.
2 79-3615(h), and amendments thereto;

3 (vvv) all sales of tangible personal property or services, including the
4 renting and leasing of tangible personal property or services, purchased by
5 jazz in the woods, inc., a Kansas corporation that is exempt from federal
6 income taxation pursuant to section 501(c)(3) of the federal internal
7 revenue code, for the purpose of providing jazz in the woods, an event
8 benefiting children-in-need and other nonprofit charities assisting such
9 children, and all sales of any such property by or on behalf of such
10 organization for such purpose;

11 (www) all sales of tangible personal property purchased by or on
12 behalf of the Frontenac education foundation, which is exempt from
13 federal income taxation pursuant to section 501(c)(3) of the federal
14 internal revenue code, for the purpose of providing education support for
15 students, and all sales of any such property by or on behalf of such
16 organization for such purpose;

17 (xxx) all sales of personal property and services purchased by the
18 booth theatre foundation, inc., an organization, which is exempt from
19 federal income taxation pursuant to section 501(c)(3) of the federal
20 internal revenue code of 1986, and which such personal property and
21 services are used by any such organization in the constructing, equipping,
22 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
23 of the booth theatre, and all sales of tangible personal property or services
24 purchased by a contractor for the purpose of constructing, equipping,
25 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
26 the booth theatre for such organization, that would be exempt from
27 taxation under the provisions of this section if purchased directly by such
28 organization. Nothing in this subsection shall be deemed to exempt the
29 purchase of any construction machinery, equipment or tools used in the
30 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
31 furnishing or remodeling facilities for any such organization. When any
32 such organization shall contract for the purpose of constructing, equipping,
33 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
34 facilities, it shall obtain from the state and furnish to the contractor an
35 exemption certificate for the project involved, and the contractor may
36 purchase materials for incorporation in such project. The contractor shall
37 furnish the number of such certificate to all suppliers from whom such
38 purchases are made, and such suppliers shall execute invoices covering the
39 same bearing the number of such certificate. Upon completion of the
40 project the contractor shall furnish to such organization concerned a sworn
41 statement, on a form to be provided by the director of taxation, that all
42 purchases so made were entitled to exemption under this subsection. All
43 invoices shall be held by the contractor for a period of five years and shall

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

30 (yyy) all sales of tangible personal property and services purchased
31 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
32 which is exempt from federal income taxation pursuant to section 501(c)
33 (3) of the federal internal revenue code of 1986, and which such property
34 and services are used for the purpose of encouraging private philanthropy
35 to further the vision, values, and goals of TLC for children and families,
36 inc.; and all sales of such property and services by or on behalf of TLC
37 charities for any such purpose and all sales of tangible personal property or
38 services purchased by a contractor for the purpose of constructing,
39 maintaining, repairing, enlarging, furnishing or remodeling facilities for
40 the operation of services for TLC charities for any such purpose that would
41 be exempt from taxation under the provisions of this section if purchased
42 directly by TLC charities. Nothing in this subsection shall be deemed to
43 exempt the purchase of any construction machinery, equipment or tools

1 used in the constructing, maintaining, repairing, enlarging, furnishing or
2 remodeling such facilities for TLC charities. When TLC charities contracts
3 for the purpose of constructing, maintaining, repairing, enlarging,
4 furnishing or remodeling such facilities, it shall obtain from the state and
5 furnish to the contractor an exemption certificate for the project involved,
6 and the contractor may purchase materials for incorporation in such
7 project. The contractor shall furnish the number of such certificate to all
8 suppliers from whom such purchases are made, and such suppliers shall
9 execute invoices covering the same bearing the number of such certificate.
10 Upon completion of the project the contractor shall furnish to TLC
11 charities 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 the building or other project or not to have been returned
17 for credit or the sales or compensating tax otherwise imposed upon such
18 materials that will not be incorporated into the building or other project
19 reported and paid by such contractor to the director of taxation not later
20 than the 20th day of the month following the close of the month in which it
21 shall be determined that such materials will not be used for the purpose for
22 which such certificate was issued, TLC charities shall be liable for tax on
23 all materials purchased for the project, and upon payment thereof it may
24 recover the same from the contractor together with reasonable attorney
25 fees. Any contractor or any agent, employee or subcontractor thereof, who
26 shall use or otherwise dispose of any materials purchased under such a
27 certificate for any purpose other than that for which such a certificate is
28 issued without the payment of the sales or compensating tax otherwise
29 imposed upon such materials, shall be guilty of a misdemeanor and, upon
30 conviction therefor, shall be subject to the penalties provided for in K.S.A.
31 79-3615(h), and amendments thereto;

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

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

43 (bbbb) all sales of entry or participation fees, charges or tickets by

1 Guadalupe health foundation, which is exempt from federal income
2 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
3 for such organization's annual fundraising event which purpose is to
4 provide health care services for uninsured workers;

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

14 (dddd) all sales of tangible personal property or services purchased
15 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
16 of which are exempt from federal income taxation pursuant to section
17 501(c)(3) of the federal internal revenue code, for the purpose of providing
18 education, training and employment opportunities for people with
19 disabilities and other barriers to employment;

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

27 (ffff) all sales of tangible personal property and services purchased by
28 sheltered living, inc., which is exempt from federal income taxation
29 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
30 and which such property and services are used for the purpose of
31 providing residential and day services for people with developmental
32 disabilities or intellectual disability, or both, and all sales of any such
33 property by or on behalf of sheltered living, inc., for any such purpose; and
34 all sales of tangible personal property or services purchased by a
35 contractor for the purpose of rehabilitating, constructing, maintaining,
36 repairing, enlarging, furnishing or remodeling homes and facilities for
37 sheltered living, inc., for any such purpose that would be exempt from
38 taxation under the provisions of this section if purchased directly by
39 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
40 the purchase of any construction machinery, equipment or tools used in the
41 constructing, maintaining, repairing, enlarging, furnishing or remodeling
42 such homes and facilities for sheltered living, inc. When sheltered living,
43 inc., contracts for the purpose of rehabilitating, constructing, maintaining,

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

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

32 (hhhh) all sales of tangible personal property or services purchased
33 on or after July 1, 2014, for the purpose of and in conjunction with
34 constructing, reconstructing, enlarging or remodeling a business identified
35 under the North American industry classification system (NAICS)
36 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
37 installation of machinery and equipment purchased for installation at any
38 such business. The exemption provided in this subsection shall not apply
39 to projects that have actual total costs less than \$50,000. When a person
40 contracts for the construction, reconstruction, enlargement or remodeling
41 of any such business, such person shall obtain from the state and furnish to
42 the contractor an exemption certificate for the project involved, and the
43 contractor may purchase materials, machinery and equipment for

1 incorporation in such project. The contractor shall furnish the number of
2 such certificates to all suppliers from whom such purchases are made, and
3 such suppliers shall execute invoices covering the same bearing the
4 number of such certificate. Upon completion of the project, the contractor
5 shall furnish to the owner of the business a sworn statement, on a form to
6 be provided by the director of taxation, that all purchases so made were
7 entitled to exemption under this subsection. All invoices shall be held by
8 the contractor for a period of five years and shall be subject to audit by the
9 director of taxation. Any contractor or any agent, employee or
10 subcontractor of the contractor, who shall use or otherwise dispose of any
11 materials, machinery or equipment purchased under such a certificate for
12 any purpose other than that for which such a certificate is issued without
13 the payment of the sales or compensating tax otherwise imposed thereon,
14 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
15 subject to the penalties provided for in K.S.A. 79-3615(h), and
16 amendments thereto;

17 (iii) all sales of tangible personal property or services purchased by a
18 contractor for the purpose of constructing, maintaining, repairing,
19 enlarging, furnishing or remodeling facilities for the operation of services
20 for Wichita children's home for any such purpose that would be exempt
21 from taxation under the provisions of this section if purchased directly by
22 Wichita children's home. Nothing in this subsection shall be deemed to
23 exempt the purchase of any construction machinery, equipment or tools
24 used in the constructing, maintaining, repairing, enlarging, furnishing or
25 remodeling such facilities for Wichita children's home. When Wichita
26 children's home contracts for the purpose of constructing, maintaining,
27 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
28 from the state and furnish to the contractor an exemption certificate for the
29 project involved, and the contractor may purchase materials for
30 incorporation in such project. The contractor shall furnish the number of
31 such certificate to all suppliers from whom such purchases are made, and
32 such suppliers shall execute invoices covering the same bearing the
33 number of such certificate. Upon completion of the project, the contractor
34 shall furnish to Wichita children's home a sworn statement, on a form to be
35 provided by the director of taxation, that all purchases so made were
36 entitled to exemption under this subsection. All invoices shall be held by
37 the contractor for a period of five years and shall be subject to audit by the
38 director of taxation. If any materials purchased under such a certificate are
39 found not to have been incorporated in the building or other project or not
40 to have been returned for credit or the sales or compensating tax otherwise
41 imposed upon such materials that will not be so incorporated in the
42 building or other project reported and paid by such contractor to the
43 director of taxation not later than the 20th day of the month following the

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

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

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

24 (llll) all sales of tangible personal property and services purchased by
25 Gove county healthcare endowment foundation, inc., which is exempt
26 from federal income taxation pursuant to section 501(c)(3) of the federal
27 internal revenue code of 1986, and which such property and services are
28 used for the purpose of constructing and equipping an airport in Quinter,
29 Kansas, and all sales of tangible personal property or services purchased
30 by a contractor for the purpose of constructing and equipping an airport in
31 Quinter, Kansas, for such organization, that would be exempt from
32 taxation under the provisions of this section if purchased directly by such
33 organization. Nothing in this subsection shall be deemed to exempt the
34 purchase of any construction machinery, equipment or tools used in the
35 constructing or equipping of facilities for such organization. When such
36 organization shall contract for the purpose of constructing or equipping an
37 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
38 contractor an exemption certificate for the project involved, and the
39 contractor may purchase materials for incorporation in such project. The
40 contractor shall furnish the number of such certificate to all suppliers from
41 whom such purchases are made, and such suppliers shall execute invoices
42 covering the same bearing the number of such certificate. Upon
43 completion of the project, the contractor shall furnish to such organization

1 concerned a sworn statement, on a form to be provided by the director of
 2 taxation, that all purchases so made were entitled to exemption under this
 3 subsection. All invoices shall be held by the contractor for a period of five
 4 years and shall be subject to audit by the director of taxation. If any
 5 materials purchased under such a certificate are found not to have been
 6 incorporated in such facilities or not to have been returned for credit or the
 7 sales or compensating tax otherwise imposed upon such materials that will
 8 not be so incorporated in such facilities reported and paid by such
 9 contractor to the director of taxation no later than the 20th day of the month
 10 following the close of the month in which it shall be determined that such
 11 materials will not be used for the purpose for which such certificate was
 12 issued, such organization concerned shall be liable for tax on all materials
 13 purchased for the project, and upon payment thereof it may recover the
 14 same from the contractor together with reasonable attorney fees. Any
 15 contractor or any agent, employee or subcontractor thereof, who purchased
 16 under such a certificate for any purpose other than that for which such a
 17 certificate is issued without the payment of the sales or compensating tax
 18 otherwise imposed upon such materials, shall be guilty of a misdemeanor
 19 and, upon conviction therefor, shall be subject to the penalties provided for
 20 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
 21 subsection shall expire and have no effect on and after July 1, 2019;

22 (mmmm) all sales of gold or silver coins; and palladium, platinum,
 23 gold or silver bullion. For the purposes of this subsection, "bullion" means
 24 bars, ingots or commemorative medallions of gold, silver, platinum,
 25 palladium, or a combination thereof, for which the value of the metal
 26 depends on its content and not the form; ~~and~~

27 (nnnn) all sales of tangible personal property or services purchased
 28 by friends of hospice of Jefferson county, an organization that is exempt
 29 from federal income taxation pursuant to section 501(c)(3) of the federal
 30 internal revenue code of 1986, for the purpose of providing support to the
 31 Jefferson county hospice agency in end-of-life care of Jefferson county
 32 families, friends and neighbors, and all sales of entry or participation fees,
 33 charges or tickets by friends of hospice of Jefferson county for such
 34 organization's fundraising event for such purpose; *and*

35 (oooo) *all sales of farm products sold at a farmers' market. For*
 36 *purposes of this subsection:*

37 (1) *"Farm products" means any fresh fruits, vegetables, mushrooms,*
 38 *nuts, shell eggs, honey or other bee products, maple syrup or maple sugar,*
 39 *flowers, nursery stock and other horticultural commodities, livestock food*
 40 *products, including meat, milk, cheese and other dairy products, food*
 41 *products of "aquaculture" as defined in K.S.A. 47-1901, and amendments*
 42 *thereto, including fish, oysters, clams, mussels and other molluscan*
 43 *shellfish taken from the waters of the state, products from any tree, vine, or*

1 *plant and other flowers, or any of the products listed in this subsection*
2 *that have been processed by the participating farmer, including, but not*
3 *limited to, baked goods made with farm products; and*

4 (2) *"farmers' market" means an individual farmer or a cooperative or*
5 *nonprofit enterprise or association that consistently occupies a given site*
6 *throughout the season, which operates principally as a common*
7 *marketplace for an individual farmer or a group of farmers to sell farm*
8 *products directly to consumers, and where the products sold are produced*
9 *by the participating farmers with the sole intent and purpose of generating*
10 *a portion of household income.*

11 Sec. 6. K.S.A. 79-3620 is hereby amended to read as follows: 79-
12 3620. (a) All revenue collected or received by the director of taxation from
13 the taxes imposed by this act shall be remitted to the state treasurer in
14 accordance with the provisions of K.S.A. 75-4215, and amendments
15 thereto. Upon receipt of each such remittance, the state treasurer shall
16 deposit the entire amount in the state treasury, less amounts withheld as
17 provided in subsection (b) and amounts credited as provided in subsections
18 (c), (d) and (e), to the credit of the state general fund.

19 (b) A refund fund, designated as "sales tax refund fund" not to exceed
20 \$100,000 shall be set apart and maintained by the director from sales tax
21 collections and estimated tax collections and held by the state treasurer for
22 prompt payment of all sales tax refunds. Such fund shall be in such
23 amount, within the limit set by this section, as the director shall determine
24 is necessary to meet current refunding requirements under this act. In the
25 event such fund as established by this section is, at any time, insufficient to
26 provide for the payment of refunds due claimants thereof, the director shall
27 certify the amount of additional funds required to the director of accounts
28 and reports who shall promptly transfer the required amount from the state
29 general fund to the sales tax refund fund, and notify the state treasurer,
30 who shall make proper entry in the records.

31 (c) (1) ~~On July 1, 2010, the state treasurer shall credit 11.427% of the~~
32 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
33 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
34 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
35 ~~the state highway fund.~~

36 (2) ~~On July 1, 2011, the state treasurer shall credit 11.26% of the~~
37 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
38 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
39 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
40 ~~the state highway fund.~~

41 (3) ~~On July 1, 2012, the state treasurer shall credit 11.233% of the~~
42 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
43 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~

1 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
2 the state highway fund.

3 ~~(4) On July 1, 2013, the state treasurer shall credit 17.073% of the~~
4 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
5 ~~and amendments thereto, at the rate of 6.15%, and deposited as provided~~
6 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~
7 ~~(d), in the state highway fund.~~

8 ~~(5) On July 1, 2015, the state treasurer shall credit 16.226% of the~~
9 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
10 ~~and amendments thereto, at the rate of 6.5%, and deposited as provided by~~
11 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
12 ~~the state highway fund.~~

13 ~~(6) On July 1, 2016, and thereafter, the state treasurer shall credit~~
14 ~~16.154% of the revenue collected and received from the tax imposed by~~
15 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and~~
16 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
17 ~~pursuant to subsection (d), in the state highway fund.~~

18 *(2) On July 1, 2022, and thereafter, the state treasurer shall credit*
19 *18.222% of the revenue collected and received from the tax imposed by*
20 *K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and*
21 *deposited as provided by subsection (a), exclusive of amounts credited*
22 *pursuant to subsection (d), in the state highway fund.*

23 (d) The state treasurer shall credit all revenue collected or received
24 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
25 certified by the director, from taxpayers doing business within that portion
26 of a STAR bond project district occupied by a STAR bond project or
27 taxpayers doing business with such entity financed by a STAR bond
28 project as defined in K.S.A. 2021 Supp. 12-17,162, and amendments
29 thereto, that was determined by the secretary of commerce to be of
30 statewide as well as local importance or will create a major tourism area
31 for the state or the project was designated as a STAR bond project as
32 defined in K.S.A. 2021 Supp. 12-17,162, and amendments thereto, to the
33 city bond finance fund, which fund is hereby created. The provisions of
34 this subsection shall expire when the total of all amounts credited
35 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is
36 sufficient to retire the special obligation bonds issued for the purpose of
37 financing all or a portion of the costs of such STAR bond project.

38 (e) All revenue certified by the director of taxation as having been
39 collected or received from the tax imposed by K.S.A. 79-3603(c), and
40 amendments thereto, on the sale or furnishing of gas, water, electricity and
41 heat for use or consumption within the intermodal facility district
42 described in this subsection, shall be credited by the state treasurer to the
43 state highway fund. Such revenue may be transferred by the secretary of

1 transportation to the rail service improvement fund pursuant to law. The
2 provisions of this subsection shall take effect upon certification by the
3 secretary of transportation that a notice to proceed has been received for
4 the construction of the improvements within the intermodal facility
5 district, but not later than December 31, 2010, and shall expire when the
6 secretary of revenue determines that the total of all amounts credited
7 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is
8 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
9 revenues shall be collected and distributed in accordance with applicable
10 law. For all tax reporting periods during which the provisions of this
11 subsection are in effect, none of the exemptions contained in K.S.A. 79-
12 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
13 of any gas, water, electricity and heat for use or consumption within the
14 intermodal facility district. As used in this subsection, "intermodal facility
15 district" shall consist of an intermodal transportation area as defined by
16 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
17 within the polygonal-shaped area having Waverly Road as the eastern
18 boundary, 191st Street as the southern boundary, Four Corners Road as the
19 western boundary, and Highway 56 as the northern boundary, and the
20 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
21 Street as the southern boundary, Waverly Road as the western boundary,
22 and the BNSF mainline track as the northern boundary, that includes
23 capital investment in an amount exceeding \$150 million for the
24 construction of an intermodal facility to handle the transfer, storage and
25 distribution of freight through railway and trucking operations.

26 Sec. 7. K.S.A. 2021 Supp. 79-3703 is hereby amended to read as
27 follows: 79-3703. (a) There is hereby levied and there shall be collected
28 from every person in this state a tax or excise for the privilege of using,
29 storing, or consuming within this state any article of tangible personal
30 property. Such tax shall be levied and collected in an amount equal to the
31 consideration paid by the taxpayer multiplied by the rate of 6.5%.

32 (b) *Commencing on July 1, 2022, and thereafter, the state rate shall*
33 *be 0% on the consideration paid by the taxpayer from the sale of food and*
34 *food ingredients as provided in K.S.A. 79-3603, and amendments thereto.*

35 (c) On and after July 1, ~~2021~~ 2022, ~~16.154%~~ 18.222% at the 6.5%
36 rate imposed shall be levied for the state highway fund, the state highway
37 fund purposes and those purposes specified in K.S.A. 68-416, and
38 amendments thereto, and all revenue collected and received from such tax
39 levy shall be deposited in the state highway fund.

40 (d) Within a redevelopment district established pursuant to K.S.A.
41 74-8921, and amendments thereto, there is hereby levied and there shall be
42 collected and paid an additional tax of 2% until the earlier of: (1) The date
43 the bonds issued to finance or refinance the redevelopment project

1 undertaken in the district have been paid in full; or (2) the final scheduled
2 maturity of the first series of bonds issued to finance the redevelopment
3 project.

4 (e) All property purchased or leased within or without this state and
5 subsequently used, stored or consumed in this state shall be subject to the
6 compensating tax if the same property or transaction would have been
7 subject to the Kansas retailers' sales tax had the transaction been wholly
8 within this state.

9 Sec. 8. K.S.A. 79-3710 is hereby amended to read as follows: 79-
10 3710. (a) All revenue collected or received by the director under the
11 provisions of this act shall be remitted to the state treasurer in accordance
12 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
13 receipt of each such remittance, the state treasurer shall deposit the entire
14 amount in the state treasury, less amounts set apart as provided in
15 subsection (b) and amounts credited as provided in subsection (c), (d) and
16 (e), to the credit of the state general fund.

17 (b) A revolving fund, designated as "compensating tax refund fund"
18 not to exceed \$10,000 shall be set apart and maintained by the director
19 from compensating tax collections and estimated tax collections and held
20 by the state treasurer for prompt payment of all compensating tax refunds.
21 Such fund shall be in such amount, within the limit set by this section, as
22 the director shall determine is necessary to meet current refunding
23 requirements under this act.

24 (c) (1) ~~On July 1, 2010, the state treasurer shall credit 11.427% of the~~
25 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
26 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
27 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
28 ~~the state highway fund.~~

29 (2) ~~On July 1, 2011, the state treasurer shall credit 11.26% of the~~
30 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
31 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
32 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
33 ~~the state highway fund.~~

34 (3) ~~On July 1, 2012, the state treasurer shall credit 11.233% of the~~
35 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
36 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~
37 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
38 ~~the state highway fund.~~

39 (4) ~~On July 1, 2013, the state treasurer shall credit 17.073% of the~~
40 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
41 ~~and amendments thereto, at the rate of 6.15%, and deposited as provided~~
42 ~~by subsection (a), exclusive of amounts credited pursuant to subsection~~
43 ~~(d), in the state highway fund.~~

1 ~~(5) On July 1, 2015, the state treasurer shall credit 16.226% of the~~
2 ~~revenue collected and received from the tax imposed by K.S.A. 79-3703,~~
3 ~~and amendments thereto, at the rate of 6.5%, and deposited as provided by~~
4 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
5 ~~the state highway fund.~~

6 ~~(6) On July 1, 2016, and thereafter, the state treasurer shall credit~~
7 ~~16.154% of the revenue collected and received from the tax imposed by~~
8 ~~K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and~~
9 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
10 ~~pursuant to subsection (d), in the state highway fund.~~

11 *(2) On July 1, 2022, and thereafter, the state treasurer shall credit*
12 *18.222% of the revenue collected and received from the tax imposed by*
13 *K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and*
14 *deposited as provided by subsection (a), exclusive of amounts credited*
15 *pursuant to subsection (d), in the state highway fund.*

16 (d) The state treasurer shall credit all revenue collected or received
17 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
18 certified by the director, from taxpayers doing business within that portion
19 of a redevelopment district occupied by a redevelopment project that was
20 determined by the secretary of commerce to be of statewide as well as
21 local importance or will create a major tourism area for the state as defined
22 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
23 fund created by K.S.A. 79-3620(d), and amendments thereto. The
24 provisions of this subsection shall expire when the total of all amounts
25 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,
26 is sufficient to retire the special obligation bonds issued for the purpose of
27 financing all or a portion of the costs of such redevelopment project.

28 This subsection shall not apply to a project designated as a special bond
29 project as defined in K.S.A. 12-1770a(z), and amendments thereto.

30 (e) All revenue certified by the director of taxation as having been
31 collected or received from the tax imposed by K.S.A. 79-3603(c), and
32 amendments thereto, on the sale or furnishing of gas, water, electricity and
33 heat for use or consumption within the intermodal facility district
34 described in this subsection, shall be credited by the state treasurer to the
35 state highway fund. Such revenue may be transferred by the secretary of
36 transportation to the rail service improvement fund pursuant to law. The
37 provisions of this subsection shall take effect upon certification by the
38 secretary of transportation that a notice to proceed has been received for
39 the construction of the improvements within the intermodal facility
40 district, but not later than December 31, 2010, and shall expire when the
41 secretary of revenue determines that the total of all amounts credited
42 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
43 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all

1 revenues shall be collected and distributed in accordance with applicable
2 law. For all tax reporting periods during which the provisions of this
3 subsection are in effect, none of the exemptions contained in K.S.A. 79-
4 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
5 of any gas, water, electricity and heat for use or consumption within the
6 intermodal facility district. As used in this subsection, "intermodal facility
7 district" shall consist of an intermodal transportation area as defined by
8 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
9 within the polygonal-shaped area having Waverly Road as the eastern
10 boundary, 191st Street as the southern boundary, Four Corners Road as the
11 western boundary, and Highway 56 as the northern boundary, and the
12 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
13 Street as the southern boundary, Waverly Road as the western boundary,
14 and the BNSF mainline track as the northern boundary, that includes
15 capital investment in an amount exceeding \$150 million for the
16 construction of an intermodal facility to handle the transfer, storage and
17 distribution of freight through railway and trucking operations.

18 Sec. 9. K.S.A. 79-32,271, 79-3620 and 79-3710 and K.S.A. 2021
19 Supp. 12-189a, 79-3602, 79-3603, 79-3606 and 79-3703 are hereby
20 repealed.

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