

## **SENATE Substitute for Substitute for Substitute for HOUSE BILL No. 2689**

By Committee on Assessment and Taxation

5-2

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11 AN ACT concerning sales taxation; relating to authority for countywide  
12 retailers' sales tax in certain counties; city retailers' sales tax, class D  
13 cities; exemptions; amending K.S.A. 2005 Supp. 12-187, as amended  
14 by section 1 of 2006 House Bill No. 2698, 12-188, 12-189, as amended  
15 by section 2 of 2006 House Bill No. 2698, 12-192 and 79-3606, as  
16 amended by section 4 of 2006 Senate Bill No. 76 and repealing the  
17 existing sections.  
18

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

20 Section 1. K.S.A. 2005 Supp. 12-187, as amended by section 1 of  
21 2006 House Bill No. 2698, is hereby amended to read as follows: 12-187.  
22 (a) (1) No city shall impose a retailers' sales tax under the provisions of  
23 this act without the governing body of such city having first submitted  
24 such proposition to and having received the approval of a majority of the  
25 electors of the city voting thereon at an election called and held therefor.  
26 The governing body of any city may submit the question of imposing a  
27 retailers' sales tax and the governing body shall be required to submit the  
28 question upon submission of a petition signed by electors of such city  
29 equal in number to not less than 10% of the electors of such city.  
30 (2) The governing body of any class B city located in any county which  
31 does not impose a countywide retailers' sales tax pursuant to paragraph  
32 (5) of subsection (b) may submit the question of imposing a retailers' sales  
33 tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue re-  
34 ceived therefrom for the purpose of financing the provision of health care  
35 services, as enumerated in the question, to the electors at an election  
36 called and held thereon. The tax imposed pursuant to this paragraph shall  
37 be deemed to be in addition to the rate limitations prescribed in K.S.A.  
38 12-189, and amendments thereto. As used in this paragraph, health care  
39 services shall include but not be limited to the following: Local health  
40 departments, city, county or district hospitals, city or county nursing  
41 homes, preventive health care services including immunizations, prenatal  
42 care and the postponement of entry into nursing homes by home health  
43 care services, mental health services, indigent health care, physician or

1 health care worker recruitment, health education, emergency medical  
2 services, rural health clinics, integration of health care services, home  
3 health services and rural health networks.

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

18 (2) The board of county commissioners of Anderson, Atchison, Bar-  
19 ton, Butler, Chase, Cowley, Cherokee, Crawford, Ford, Jefferson, Lyon,  
20 *Marion*, Montgomery, Neosho, Osage, Ottawa, *Reno*, Riley, Saline, Sew-  
21 ard, Sumner, Wabaunsee, Wilson and Wyandotte counties may submit  
22 the question of imposing a countywide retailers' sales tax and pledging  
23 the revenue received therefrom for the purpose of financing the construc-  
24 tion or remodeling of a courthouse, jail, law enforcement center facility  
25 or other county administrative facility, to the electors at an election called  
26 and held thereon. The tax imposed pursuant to this paragraph shall expire  
27 when sales tax sufficient to pay all of the costs incurred in the financing  
28 of such facility has been collected by retailers as determined by the sec-  
29 retary of revenue. Nothing in this paragraph shall be construed to allow  
30 the rate of tax imposed by Butler, Chase, Cowley, Lyon, Montgomery,  
31 Neosho, Riley, Sumner or Wilson county pursuant to this paragraph to  
32 exceed or be imposed at any rate other than the rates prescribed in K.S.A.  
33 12-189, and amendments thereto.

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

43 (B) The result of the election held on November 8, 1994, on the

1 question submitted by the board of county commissioners of Ottawa  
2 county for the purpose of increasing its countywide retailers' sales tax by  
3 1% is hereby declared valid, and the revenue received therefrom by the  
4 county shall be expended solely for the purpose of financing the erection,  
5 construction and furnishing of a law enforcement center and jail facility.

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

21 (4) The board of county commissioners of Finney and Ford counties  
22 may submit the question of imposing a countywide retailers' sales tax at  
23 the rate of .25% and pledging the revenue received therefrom for the  
24 purpose of financing all or any portion of the cost to be paid by Finney  
25 or Ford county for construction of highway projects identified as system  
26 enhancements under the provisions of paragraph (5) of subsection (b) of  
27 K.S.A. 68-2314, and amendments thereto, to the electors at an election  
28 called and held thereon. Such election shall be called and held in the  
29 manner provided by the general bond law. The tax imposed pursuant to  
30 this paragraph shall expire upon the payment of all costs authorized pur-  
31 suant to this paragraph in the financing of such highway projects. Nothing  
32 in this paragraph shall be construed to allow the rate of tax imposed by  
33 Finney or Ford county pursuant to this paragraph to exceed the maximum  
34 rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds  
35 remain upon the payment of all costs authorized pursuant to this para-  
36 graph in the financing of such highway projects in Finney county, the  
37 state treasurer shall remit such funds to the treasurer of Finney county  
38 and upon receipt of such moneys shall be deposited to the credit of the  
39 county road and bridge fund. If any funds remain upon the payment of  
40 all costs authorized pursuant to this paragraph in the financing of such  
41 highway projects in Ford county, the state treasurer shall remit such funds  
42 to the treasurer of Ford county and upon receipt of such moneys shall  
43 be deposited to the credit of the county road and bridge fund.

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

22 (6) The board of county commissioners of Allen county may submit  
23 the question of imposing a countywide retailers' sales tax at the rate of  
24 .5% and pledging the revenue received therefrom for the purpose of  
25 financing the costs of operation and construction of a solid waste disposal  
26 area or the modification of an existing landfill to comply with federal  
27 regulations to the electors at an election called and held thereon. The tax  
28 imposed pursuant to this paragraph shall expire upon the payment of all  
29 costs incurred in the financing of the project undertaken. Nothing in this  
30 paragraph shall be construed to allow the rate of tax imposed by Allen  
31 county pursuant to this paragraph to exceed or be imposed at any rate  
32 other than the rates prescribed in K.S.A. 12-189 and amendments  
33 thereto.

34 (7) The board of county commissioners of Clay, Dickinson and Miami  
35 county may submit the question of imposing a countywide retailers' sales  
36 tax at the rate of .50% in the case of Clay and Dickinson county and at a  
37 rate of up to 1% in the case of Miami county, and pledging the revenue  
38 received therefrom for the purpose of financing the costs of roadway  
39 construction and improvement to the electors at an election called and  
40 held thereon. Except as otherwise provided, the tax imposed pursuant to  
41 this paragraph shall expire after five years from the date such tax is first  
42 collected. The result of the election held on November 2, 2004, on the  
43 question submitted by the board of county commissioners of Miami

1 county for the purpose of extending for an additional five-year period the  
2 countywide retailers' sales tax imposed pursuant to this subsection in Mi-  
3 ami county is hereby declared valid. The countywide retailers' sales tax  
4 imposed pursuant to this subsection in Clay and Miami county may be  
5 extended or reenacted for additional five-year periods upon the board of  
6 county commissioners of Clay and Miami county submitting such ques-  
7 tion to the electors at an election called and held thereon for each addi-  
8 tional five-year period as provided by law.

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

16 (9) The board of county commissioners of Cowley, *Crawford*, Russell  
17 and Woodson county may submit the question of imposing a countywide  
18 retailers' sales tax at the rate of .5% in the case of *Crawford*, Russell and  
19 Woodson county and at a rate of up to .25%, in the case of Cowley county  
20 and pledging the revenue received therefrom for the purpose of financing  
21 economic development initiatives or public infrastructure projects. The  
22 tax imposed pursuant to this paragraph shall expire after five years from  
23 the date such tax is first collected.

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

30 (11) The board of county commissioners of Douglas county may sub-  
31 mit the question of imposing a countywide retailers' sales tax at the rate  
32 of .25% and pledging the revenue received therefrom for the purposes  
33 of preservation, access and management of open space, and for industrial  
34 and business park related economic development.

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

43 (13) The board of county commissioners of Jackson county may sub-

1 mit the question of imposing a countywide retailers' sales tax at a rate of  
2 .4% and pledging the revenue received therefrom as follows: 50% of such  
3 revenues for the purpose of financing for economic development initia-  
4 tives; and 50% of such revenues for the purpose of financing public in-  
5 frastructure projects to the electors at an election called and held thereon.  
6 The tax imposed pursuant to this paragraph shall expire after seven years  
7 from the date such tax is first collected.

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

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

22 (16) *The board of county commissioners of Harvey county may sub-*  
23 *mit the question of imposing a countywide retailers' sales tax at the rate*  
24 *of 1.0% and pledging the revenue received therefrom for the purpose of*  
25 *financing the costs of property tax relief, economic development initiatives*  
26 *and public infrastructure improvements to the electors at an election*  
27 *called and held thereon.*

28 (17) *The board of county commissioners of Atchison county may sub-*  
29 *mit the question of imposing a countywide retailers' sales tax at the rate*  
30 *of .25% and pledging the revenue received therefrom for the purpose of*  
31 *financing the costs of construction and maintenance of sports and recre-*  
32 *ational facilities to the electors at an election called and held thereon. The*  
33 *tax imposed pursuant to this paragraph shall expire upon payment of all*  
34 *costs authorized in financing such facilities.*

35 (c) The boards of county commissioners of any two or more contig-  
36 uous counties, upon adoption of a joint resolution by such boards, may  
37 submit the question of imposing a retailers' sales tax within such counties  
38 to the electors of such counties at an election called and held thereon  
39 and such boards of any two or more contiguous counties shall be required  
40 to submit such question upon submission of a petition in each of such  
41 counties, signed by a number of electors of each of such counties where  
42 submitted equal in number to not less than 10% of the electors of each  
43 of such counties who voted at the last preceding general election for the

1 office of secretary of state, or upon receiving resolutions requesting such  
2 an election passed by not less than  $\frac{2}{3}$  of the membership of the governing  
3 body of each of one or more cities within each of such counties which  
4 contains a population of not less than 25% of the entire population of  
5 each of such counties, or upon receiving resolutions requesting such an  
6 election passed by  $\frac{2}{3}$  of the membership of the governing body of each  
7 of one or more taxing subdivisions within each of such counties which  
8 levy not less than 25% of the property taxes levied by all taxing subdivi-  
9 sions within each of such counties.

10 (d) Any city retailers' sales tax in the amount of .5% being levied by  
11 a city on July 1, 1990, shall continue in effect until repealed in the manner  
12 provided herein for the adoption and approval of such tax or until re-  
13 pealed by the adoption of an ordinance so providing. In addition to any  
14 city retailers' sales tax being levied by a city on July 1, 1990, any such city  
15 may adopt an additional city retailers' sales tax in the amount of .25% or  
16 .5%, provided that such additional tax is adopted and approved in the  
17 manner provided for the adoption and approval of a city retailers' sales  
18 tax. Any countywide retailers' sales tax in the amount of .5% or 1% in  
19 effect on July 1, 1990, shall continue in effect until repealed in the manner  
20 provided herein for the adoption and approval of such tax.

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

33 (f) Any city or county proposing to adopt a retailers' sales tax shall  
34 give notice of its intention to submit such proposition for approval by the  
35 electors in the manner required by K.S.A. 10-120, and amendments  
36 thereto. The notices shall state the time of the election and the rate and  
37 effective date of the proposed tax. If a majority of the electors voting  
38 thereon at such election fail to approve the proposition, such proposition  
39 may be resubmitted under the conditions and in the manner provided in  
40 this act for submission of the proposition. If a majority of the electors  
41 voting thereon at such election shall approve the levying of such tax, the  
42 governing body of any such city or county shall provide by ordinance or  
43 resolution, as the case may be, for the levy of the tax. Any repeal of such

1 tax or any reduction or increase in the rate thereof, within the limits  
2 prescribed by K.S.A. 12-189, and amendments thereto, shall be accom-  
3 plished in the manner provided herein for the adoption and approval of  
4 such tax except that the repeal of any such city retailers' sales tax may be  
5 accomplished by the adoption of an ordinance so providing.

6 (g) The sufficiency of the number of signers of any petition filed  
7 under this section shall be determined by the county election officer.  
8 Every election held under this act shall be conducted by the county elec-  
9 tion officer.

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

14 Sec. 2. K.S.A. 2005 Supp. 12-188 is hereby amended to read as fol-  
15 lows: 12-188. The following classes of cities are hereby established for  
16 the purpose of imposing limitations and prohibitions upon the levying of  
17 sales and excise taxes or taxes in the nature of an excise upon sales or  
18 transfers of personal or real property or the use thereof, or the rendering  
19 or furnishing of services by cities as authorized and provided by article  
20 12, section 5, of the constitution of the state of Kansas:

21 Class A cities. All cities in the state of Kansas which have the authority  
22 to levy and collect excise taxes or taxes in the nature of an excise upon  
23 the sales or transfers of personal or real property or the use thereof, or  
24 the rendering or furnishing of services by cities.

25 Class B cities. All cities in the state of Kansas which have the authority  
26 to levy and collect excise taxes or taxes in the nature of an excise upon  
27 the sales or transfers of personal or real property or the use thereof, or  
28 the rendering or furnishing of services for the purpose of financing the  
29 provision of health care services.

30 Class C cities. All cities in the state of Kansas having a population of  
31 more than 290,000 located in a county having a population of more than  
32 350,000 which has the authority to levy and collect excise taxes or taxes  
33 in the nature of an excise upon the sales or transfers of personal or real  
34 property or the use thereof, or the rendering or furnishing of services.

35 Class D cities. All cities in the state of Kansas located in Cowley, Ellis,  
36 Ellsworth, Finney, Harper, Johnson, Labette, Lyon, Montgomery, Osage,  
37 Reno, Woodson or Wyandotte county or in both Riley and Pottawatomie  
38 counties *and the city of Paola*, all of which have the authority to levy and  
39 collect excise taxes or taxes in the nature of an excise upon the sales or  
40 transfers of personal or real property or the use thereof, or the rendering  
41 or furnishing of services.

42 Sec. 3. K.S.A. 2005 Supp. 12-189, as amended by section 2 of 2006  
43 House Bill No. 2698, is hereby amended to read as follows: 12-189. Ex-



1 cept as otherwise provided by paragraph (2) of subsection (a) of K.S.A.  
2 12-187, and amendments thereto, the rate of any class A, class B or class  
3 C city retailers' sales tax shall be fixed in the amount of .25%, .5%, .75%  
4 or 1% which amount shall be determined by the governing body of the  
5 city. Except as otherwise provided by paragraph (2) of subsection (a) of  
6 K.S.A. 12-187, and amendments thereto, the rate of any class D city  
7 retailers' sales tax shall be fixed in the amount of .10%, .25%, .5%, .75%,  
8 1%, 1.125%, 1.25%, 1.5% or 1.75%. The rate of any countywide retailers'  
9 sales tax shall be fixed in an amount of either .25%, .5%, .75% or 1%  
10 which amount shall be determined by the board of county commissioners,  
11 except that:

12 (a) The board of county commissioners of Wabaunsee county, for the  
13 purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amend-  
14 ments thereto, may fix such rate at 1.25%; the board of county commis-  
15 sioners of Osage *or Reno* county, for the purposes of paragraph (2) of  
16 subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such  
17 rate at 1.25% or 1.5%; the board of county commissioners of Cherokee,  
18 Crawford, Ford, Saline, Seward or Wyandotte county, for the purposes  
19 of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments  
20 thereto, may fix such rate at 1.5%, the board of county commissioners of  
21 Atchison county, for the purposes of paragraph (2) of subsection (b) of  
22 K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5% or  
23 1.75% ~~and~~; the board of county commissioners of Anderson, Barton, Jef-  
24 ferson or Ottawa county, for the purposes of paragraph (2) of subsection  
25 (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%;  
26 *and the board of county commissioners of Marion county, for the purposes*  
27 *of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments*  
28 *thereto, may fix such rate at 2.5%;*

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

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

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

41 (e) the board of county commissioners of Dickinson county, for the  
42 purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amend-  
43 ments thereto, may fix such rate at 1.5%, and the board of county com-

- 1 missioners of Miami county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at  
2 1.25%, 1.5%, 1.75% or 2%;
- 3 (f) the board of county commissioners of Sherman county, for the  
4 purposes of paragraph (8) of subsection (b) of K.S.A. 12-187, and amend-  
5 ments thereto, may fix such rate at 2.25%;
- 6 (g) the board of county commissioners of *Crawford or* Russell county  
7 for the purposes of paragraph (9) of subsection (b) of K.S.A. 12-187, and  
8 amendments thereto, may fix such rate at 1.5%;
- 9 (h) the board of county commissioners of Franklin county, for the  
10 purposes of paragraph (10) of subsection (b) of K.S.A. 12-187, and  
11 amendments thereto, may fix such rate at 1.75%;
- 12 (i) the board of county commissioners of Douglas county, for the  
13 purposes of paragraph (11) of subsection (b) of K.S.A. 12-187, and  
14 amendments thereto, may fix such rate at 1.25%;
- 15 (j) the board of county commissioners of Jackson county, for the pur-  
16 poses of subsection (b)(13) of K.S.A. 12-187 and amendments thereto,  
17 may fix such rate at 1.4%;
- 18 (k) the board of county commissioners of Sedgwick county, for the  
19 purposes of paragraph (3)(C) of subsection (b) of K.S.A. 12-187, and  
20 amendments thereto, may fix such rate at 2%; ~~or~~
- 21 (l) the board of county commissioners of Neosho county, for the pur-  
22 poses of paragraph (14) of subsection (b) of K.S.A. 12-187, and amend-  
23 ments thereto, may fix such rate at 1.0% or 1.5%;
- 24 (m) *the board of county commissioners of Saline county, for the pur-*  
25 *poses of subsection (15) of subsection (b) of K.S.A. 12-187, and amend-*  
26 *ments thereto, may fix such rate at up to 1.5%;*
- 27 (n) *the board of county commissioners of Harvey county, for the pur-*  
28 *poses of paragraph (16) of subsection (b) of K.S.A. 12-187, and amend-*  
29 *ments thereto, may fix such rate at 2.0%; or*
- 30 (o) *the board of county commissioners of Atchison county, for the*  
31 *purpose of paragraph (17) of subsection (b) of K.S.A. 12-187, and amend-*  
32 *ments thereto, may fix such rate at a percentage which is equal to the sum*  
33 *of the rate allowed to be imposed by the board of county commissioners*  
34 *of Atchison county on the effective date of this act plus .25%.*
- 35 Any county or city levying a retailers' sales tax is hereby prohibited  
36 from administering or collecting such tax locally, but shall utilize the serv-  
37 ices of the state department of revenue to administer, enforce and collect  
38 such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and  
39 amendments thereto, such tax shall be identical in its application, and  
40 exemptions therefrom, to the Kansas retailers' sales tax act and all laws  
41 and administrative rules and regulations of the state department of rev-  
42 enue relating to the Kansas retailers' sales tax shall apply to such local  
43

1 sales tax insofar as such laws and rules and regulations may be made  
2 applicable. The state director of taxation is hereby authorized to admin-  
3 ister, enforce and collect such local sales taxes and to adopt such rules  
4 and regulations as may be necessary for the efficient and effective ad-  
5 ministration and enforcement thereof.

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

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

28 The director of taxation shall provide, upon request by a city or county  
29 clerk or treasurer or finance officer of any city or county levying a local  
30 retailers' sales tax, monthly reports identifying each retailer doing busi-  
31 ness in such city or county or making taxable sales sourced to such city  
32 or county, setting forth the tax liability and the amount of such tax re-  
33 mitted by each retailer during the preceding month and identifying each  
34 business location maintained by the retailer and such retailer's sales or  
35 use tax registration or account number. Such report shall be made avail-  
36 able to the clerk or treasurer or finance officer of such city or county  
37 within a reasonable time after it has been requested from the director of  
38 taxation. The director of taxation shall be allowed to assess a reasonable  
39 fee for the issuance of such report. Information received by any city or  
40 county pursuant to this section shall be confidential, and it shall be un-  
41 lawful for any officer or employee of such city or county to divulge any  
42 such information in any manner. Any violation of this paragraph by a city  
43 or county officer or employee is a class A misdemeanor, and such officer

1 or employee shall be dismissed from office. Reports of violations of this  
2 paragraph shall be investigated by the attorney general. The district at-  
3 torney or county attorney and the attorney general shall have authority  
4 to prosecute violations of this paragraph.

5 Sec. 4. K.S.A. 2005 Supp. 12-192 is hereby amended to read as fol-  
6 lows: 12-192. (a) Except as otherwise provided by subsection (b), (d) or  
7 (h), all revenue received by the director of taxation from a countywide  
8 retailers' sales tax shall be apportioned among the county and each city  
9 located in such county in the following manner: (1) One-half of all reve-  
10 nue received by the director of taxation shall be apportioned among the  
11 county and each city located in such county in the proportion that the  
12 total tangible property tax levies made in such county in the preceding  
13 year for all funds of each such governmental unit bear to the total of all  
14 such levies made in the preceding year, and (2)  $\frac{1}{2}$  of all revenue received  
15 by the director of taxation from such countywide retailers' sales tax shall  
16 be apportioned among the county and each city located in such county,  
17 first to the county that portion of the revenue equal to the proportion  
18 that the population of the county residing in the unincorporated area of  
19 the county bears to the total population of the county, and second to the  
20 cities in the proportion that the population of each city bears to the total  
21 population of the county, except that no persons residing within the Fort  
22 Riley military reservation shall be included in the determination of the  
23 population of any city located within Riley county. All revenue appor-  
24 tioned to a county shall be paid to its county treasurer and shall be cred-  
25 ited to the general fund of the county.

26 (b) (1) As an alternative and in lieu of the apportionment formula  
27 provided in subsection (a), all revenue received by the director of taxation  
28 from a countywide retailers' sales tax imposed within Johnson county at  
29 the rate of .75% or 1% after the effective date of this act may be appor-  
30 tioned among the county and each city located in such county in the  
31 following manner: (A) The revenue received from the first .5% rate of  
32 tax shall be apportioned in the manner prescribed by subsection (a) and  
33 (B) the revenue received from the rate of tax exceeding .5% shall be  
34 apportioned as follows: (i) One-fourth shall be apportioned among the  
35 county and each city located in such county in the proportion that the  
36 total tangible property tax levies made in such county in the preceding  
37 year for all funds of each such governmental unit bear to the total of all  
38 such levies made in the preceding year and (ii) one-fourth shall be ap-  
39 portioned among the county and each city located in such county, first to  
40 the county that portion of the revenue equal to the proportion that the  
41 population of the county residing in the unincorporated area of the county  
42 bears to the total population of the county, and second to the cities in the  
43 proportion that the population of each city bears to the total population

1 of the county and (iii) one-half shall be retained by the county for its sole  
2 use and benefit.

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

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

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

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

37 (d) (1) All revenue received from a countywide retailers' sales tax  
38 imposed pursuant to paragraphs (2), (3)(C), (6), (7), (8), (9), (12) ~~or~~, (14),  
39 (15), (16) or (17) of subsection (b) of K.S.A. 12-187, and amendments  
40 thereto, shall be remitted to and shall be retained by the county and  
41 expended only for the purpose for which the revenue received from the  
42 tax was pledged.

43 (2) Except as otherwise provided in paragraph (5) of subsection (b)

1 of K.S.A. 12-187, and amendments thereto, all revenues received from a  
2 countywide retailers' sales tax imposed pursuant to paragraph (5) of sub-  
3 section (b) of K.S.A. 12-187, and amendments thereto, shall be remitted  
4 to and shall be retained by the county and expended only for the purpose  
5 for which the revenue received from the tax was pledged.

6 (e) All revenue apportioned to the several cities of the county shall  
7 be paid to the respective treasurers thereof and deposited in the general  
8 fund of the city. Whenever the territory of any city is located in two or  
9 more counties and any one or more of such counties do not levy a coun-  
10 tywide retailers' sales tax, or whenever such counties do not levy coun-  
11 tywide retailers' sales taxes at a uniform rate, the revenue received by  
12 such city from the proceeds of the countywide retailers' sales tax, as an  
13 alternative to depositing the same in the general fund, may be used for  
14 the purpose of reducing the tax levies of such city upon the taxable tan-  
15 gible property located within the county levying such countywide retail-  
16 ers' sales tax.

17 (f) Prior to March 1 of each year, the secretary of revenue shall advise  
18 each county treasurer of the revenue collected in such county from the  
19 state retailers' sales tax for the preceding calendar year.

20 (g) Prior to December 31 of each year, the clerk of every county  
21 imposing a countywide retailers' sales tax shall provide such information  
22 deemed necessary by the secretary of revenue to apportion and remit  
23 revenue to the counties and cities pursuant to this section.

24 (h) The provisions of subsections (a) and (b) for the apportionment  
25 of countywide retailers' sales tax shall not apply to any revenues received  
26 pursuant to a county or countywide retailers' sales tax levied or collected  
27 under K.S.A. 74-8929, and amendments thereto. All such revenue col-  
28 lected under K.S.A. 74-8929, and amendments thereto, shall be deposited  
29 into the redevelopment bond fund established by K.S.A. 74-8927, and  
30 amendments thereto, for the period of time set forth in K.S.A. 74-8927,  
31 and amendments thereto.

32 Sec. 5. K.S.A. 2005 Supp. 79-3606, as amended by section 4 of 2006  
33 Senate Bill No. 76, is hereby amended to read as follows: 79-3606. The  
34 following shall be exempt from the tax imposed by this act:

35 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
36 or excise tax has been paid, not subject to refund, under the laws of this  
37 state except cigarettes as defined by K.S.A. 79-3301 and amendments  
38 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-  
39 3817 and amendments thereto, including wort, liquid malt, malt syrup  
40 and malt extract, which is not subject to taxation under the provisions of  
41 K.S.A. 79-41a02 and amendments thereto, motor vehicles taxed pursuant  
42 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to  
43 K.S.A. 65-3424d, and amendments thereto, drycleaning and laundry serv-

1 ices taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and  
2 gross receipts from regulated sports contests taxed pursuant to the Kansas  
3 professional regulated sports act, and amendments thereto;  
4 (b) all sales of tangible personal property or service, including the  
5 renting and leasing of tangible personal property, purchased directly by  
6 the state of Kansas, a political subdivision thereof, other than a school or  
7 educational institution, or purchased by a public or private nonprofit hos-  
8 pital or public hospital authority or nonprofit blood, tissue or organ bank  
9 and used exclusively for state, political subdivision, hospital or public hos-  
10 pital authority or nonprofit blood, tissue or organ bank purposes, except  
11 when: (1) Such state, hospital or public hospital authority is engaged or  
12 proposes to engage in any business specifically taxable under the provi-  
13 sions of this act and such items of tangible personal property or service  
14 are used or proposed to be used in such business, or (2) such political  
15 subdivision is engaged or proposes to engage in the business of furnishing  
16 gas, electricity or heat to others and such items of personal property or  
17 service are used or proposed to be used in such business;  
18 (c) all sales of tangible personal property or services, including the  
19 renting and leasing of tangible personal property, purchased directly by  
20 a public or private elementary or secondary school or public or private  
21 nonprofit educational institution and used primarily by such school or  
22 institution for nonsectarian programs and activities provided or sponsored  
23 by such school or institution or in the erection, repair or enlargement of  
24 buildings to be used for such purposes. The exemption herein provided  
25 shall not apply to erection, construction, repair, enlargement or equip-  
26 ment of buildings used primarily for human habitation;  
27 (d) all sales of tangible personal property or services purchased by a  
28 contractor for the purpose of constructing, equipping, reconstructing,  
29 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
30 any public or private nonprofit hospital or public hospital authority, public  
31 or private elementary or secondary school or a public or private nonprofit  
32 educational institution, which would be exempt from taxation under the  
33 provisions of this act if purchased directly by such hospital or public hos-  
34 pital authority, school or educational institution; and all sales of tangible  
35 personal property or services purchased by a contractor for the purpose  
36 of constructing, equipping, reconstructing, maintaining, repairing, en-  
37 larging, furnishing or remodeling facilities for any political subdivision of  
38 the state or district described in subsection (s), the total cost of which is  
39 paid from funds of such political subdivision or district and which would  
40 be exempt from taxation under the provisions of this act if purchased  
41 directly by such political subdivision or district. Nothing in this subsection  
42 or in the provisions of K.S.A. 12-3418 and amendments thereto, shall be  
43 deemed to exempt the purchase of any construction machinery, equip-

1 ment or tools used in the constructing, equipping, reconstructing, main-  
2 taining, repairing, enlarging, furnishing or remodeling facilities for any  
3 political subdivision of the state or any such district. As used in this sub-  
4 section, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds  
5 of a political subdivision" shall mean general tax revenues, the proceeds  
6 of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used  
7 for the purpose of constructing, equipping, reconstructing, repairing, en-  
8 larging, furnishing or remodeling facilities which are to be leased to the  
9 donor. When any political subdivision of the state, district described in  
10 subsection (s), public or private nonprofit hospital or public hospital au-  
11 thority, public or private elementary or secondary school or public or  
12 private nonprofit educational institution shall contract for the purpose of  
13 constructing, equipping, reconstructing, maintaining, repairing, enlarg-  
14 ing, furnishing or remodeling facilities, it shall obtain from the state and  
15 furnish to the contractor an exemption certificate for the project involved,  
16 and the contractor may purchase materials for incorporation in such pro-  
17 ject. The contractor shall furnish the number of such certificate to all  
18 suppliers from whom such purchases are made, and such suppliers shall  
19 execute invoices covering the same bearing the number of such certifi-  
20 cate. Upon completion of the project the contractor shall furnish to the  
21 political subdivision, district described in subsection (s), hospital or public  
22 hospital authority, school or educational institution concerned a sworn  
23 statement, on a form to be provided by the director of taxation, that all  
24 purchases so made were entitled to exemption under this subsection. As  
25 an alternative to the foregoing procedure, any such contracting entity may  
26 apply to the secretary of revenue for agent status for the sole purpose of  
27 issuing and furnishing project exemption certificates to contractors pur-  
28 suant to rules and regulations adopted by the secretary establishing con-  
29 ditions and standards for the granting and maintaining of such status. All  
30 invoices shall be held by the contractor for a period of five years and shall  
31 be subject to audit by the director of taxation. If any materials purchased  
32 under such a certificate are found not to have been incorporated in the  
33 building or other project or not to have been returned for credit or the  
34 sales or compensating tax otherwise imposed upon such materials which  
35 will not be so incorporated in the building or other project reported and  
36 paid by such contractor to the director of taxation not later than the 20th  
37 day of the month following the close of the month in which it shall be  
38 determined that such materials will not be used for the purpose for which  
39 such certificate was issued, the political subdivision, district described in  
40 subsection (s), hospital or public hospital authority, school or educational  
41 institution concerned shall be liable for tax on all materials purchased for  
42 the project, and upon payment thereof it may recover the same from the  
43 contractor together with reasonable attorney fees. Any contractor or any



1 agent, employee or subcontractor thereof, who shall use or otherwise  
2 dispose of any materials purchased under such a certificate for any pur-  
3 pose other than that for which such a certificate is issued without the  
4 payment of the sales or compensating tax otherwise imposed upon such  
5 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
6 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
7 79-3615, and amendments thereto;

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

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

42 (g) sales of aircraft including remanufactured and modified aircraft  
43 sold to persons using directly or through an authorized agent such aircraft

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

- 1 ing, treating, irrigation and in providing such services;
- 2 (o) all sales of animals, fowl and aquatic plants and animals, the pri-  
3 mary purpose of which is use in agriculture or aquaculture, as defined in  
4 K.S.A. 47-1901, and amendments thereto, the production of food for  
5 human consumption, the production of animal, dairy, poultry or aquatic  
6 plant and animal products, fiber or fur, or the production of offspring for  
7 use for any such purpose or purposes;
- 8 (p) all sales of drugs dispensed pursuant to a prescription order by a  
9 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
10 1626, and amendments thereto. As used in this subsection, “drug” means  
11 a compound, substance or preparation and any component of a com-  
12 pound, substance or preparation, other than food and food ingredients,  
13 dietary supplements or alcoholic beverages, recognized in the official  
14 United States pharmacopoeia, official homeopathic pharmacopoeia of the  
15 United States or official national formulary, and supplement to any of  
16 them, intended for use in the diagnosis, cure, mitigation, treatment or  
17 prevention of disease or intended to affect the structure or any function  
18 of the body;
- 19 (q) all sales of insulin dispensed by a person licensed by the state  
20 board of pharmacy to a person for treatment of diabetes at the direction  
21 of a person licensed to practice medicine by the board of healing arts;
- 22 (r) all sales of prosthetic devices and mobility enhancing equipment  
23 prescribed in writing by a person licensed to practice the healing arts,  
24 dentistry or optometry, and in addition to such sales, all sales of hearing  
25 aids, as defined by subsection (c) of K.S.A. 74-5807, and amendments  
26 thereto, and repair and replacement parts therefor, including batteries,  
27 by a person licensed in the practice of dispensing and fitting hearing aids  
28 pursuant to the provisions of K.S.A. 74-5808, and amendments thereto.  
29 For the purposes of this subsection: (1) “Mobility enhancing equipment”  
30 means equipment including repair and replacement parts to same, but  
31 does not include durable medical equipment, which is primarily and cus-  
32 tomarily used to provide or increase the ability to move from one place  
33 to another and which is appropriate for use either in a home or a motor  
34 vehicle; is not generally used by persons with normal mobility; and does  
35 not include any motor vehicle or equipment on a motor vehicle normally  
36 provided by a motor vehicle manufacturer; and (2) “prosthetic device”  
37 means a replacement, corrective or supportive device including repair  
38 and replacement parts for same worn on or in the body to artificially  
39 replace a missing portion of the body, prevent or correct physical deform-  
40 ity or malfunction or support a weak or deformed portion of the body;
- 41 (s) except as provided in K.S.A. 2005 Supp. 82a-2101, and amend-  
42 ments thereto, all sales of tangible personal property or services pur-  
43 chased directly or indirectly by a groundwater management district or-

1 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and  
2 amendments thereto, by a rural water district organized or operating un-  
3 der the authority of K.S.A. 82a-612, and amendments thereto, or by a  
4 water supply district organized or operating under the authority of K.S.A.  
5 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,  
6 which property or services are used in the construction activities, opera-  
7 tion or maintenance of the district;

8 (t) all sales of farm machinery and equipment or aquaculture ma-  
9 chinery and equipment, repair and replacement parts therefor and serv-  
10 ices performed in the repair and maintenance of such machinery and  
11 equipment. For the purposes of this subsection the term “farm machinery  
12 and equipment or aquaculture machinery and equipment” shall include  
13 a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
14 thereto, and is equipped with a bed or cargo box for hauling materials,  
15 and shall also include machinery and equipment used in the operation of  
16 Christmas tree farming but shall not include any passenger vehicle, truck,  
17 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer,  
18 as such terms are defined by K.S.A. 8-126 and amendments thereto. Each  
19 purchaser of farm machinery and equipment or aquaculture machinery  
20 and equipment exempted herein must certify in writing on the copy of  
21 the invoice or sales ticket to be retained by the seller that the farm ma-  
22 chinery and equipment or aquaculture machinery and equipment pur-  
23 chased will be used only in farming, ranching or aquaculture production.  
24 Farming or ranching shall include the operation of a feedlot and farm  
25 and ranch work for hire and the operation of a nursery;

26 (u) all leases or rentals of tangible personal property used as a dwell-  
27 ing if such tangible personal property is leased or rented for a period of  
28 more than 28 consecutive days;

29 (v) all sales of tangible personal property to any contractor for use in  
30 preparing meals for delivery to homebound elderly persons over 60 years  
31 of age and to homebound disabled persons or to be served at a group-  
32 sitting at a location outside of the home to otherwise homebound elderly  
33 persons over 60 years of age and to otherwise homebound disabled per-  
34 sons, as all or part of any food service project funded in whole or in part  
35 by government or as part of a private nonprofit food service project avail-  
36 able to all such elderly or disabled persons residing within an area of  
37 service designated by the private nonprofit organization, and all sales of  
38 tangible personal property for use in preparing meals for consumption by  
39 indigent or homeless individuals whether or not such meals are consumed  
40 at a place designated for such purpose, and all sales of food products by  
41 or on behalf of any such contractor or organization for any such purpose;

42 (w) all sales of natural gas, electricity, heat and water delivered  
43 through mains, lines or pipes: (1) To residential premises for noncom-

1   merchial use by the occupant of such premises; (2) for agricultural use and  
2   also, for such use, all sales of propane gas; (3) for use in the severing of  
3   oil; and (4) to any property which is exempt from property taxation pur-  
4   suant to K.S.A. 79-201b *Second* through *Sixth*. As used in this paragraph,  
5   “severing” shall have the meaning ascribed thereto by subsection (k) of  
6   K.S.A. 79-4216, and amendments thereto. For all sales of natural gas,  
7   electricity and heat delivered through mains, lines or pipes pursuant to  
8   the provisions of subsection (w)(1) and (w)(2), the provisions of this sub-  
9   section shall expire on December 31, 2005;

10   (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources  
11   for the production of heat or lighting for noncommercial use of an oc-  
12   cupant of residential premises occurring prior to January 1, 2006;

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

17   (z) all sales of tangible personal property and services purchased di-  
18   rectly by a port authority or by a contractor therefor as provided by the  
19   provisions of K.S.A. 12-3418 and amendments thereto;

20   (aa) all sales of materials and services applied to equipment which is  
21   transported into the state from without the state for repair, service, al-  
22   teration, maintenance, remanufacture or modification and which is sub-  
23   sequently transported outside the state for use in the transmission of  
24   liquids or natural gas by means of pipeline in interstate or foreign com-  
25   merce under authority of the laws of the United States;

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

31   (cc) all sales of tangible personal property or services purchased for  
32   the purpose of and in conjunction with constructing, reconstructing, en-  
33   larging or remodeling a business or retail business which meets the  
34   requirements established in K.S.A. 74-50,115 and amendments thereto,  
35   and the sale and installation of machinery and equipment purchased for  
36   installation at any such business or retail business. When a person shall  
37   contract for the construction, reconstruction, enlargement or remodeling  
38   of any such business or retail business, such person shall obtain from the  
39   state and furnish to the contractor an exemption certificate for the project  
40   involved, and the contractor may purchase materials, machinery and  
41   equipment for incorporation in such project. The contractor shall furnish  
42   the number of such certificates to all suppliers from whom such purchases  
43   are made, and such suppliers shall execute invoices covering the same

1 bearing the number of such certificate. Upon completion of the project  
2 the contractor shall furnish to the owner of the business or retail business  
3 a sworn statement, on a form to be provided by the director of taxation,  
4 that all purchases so made were entitled to exemption under this subsec-  
5 tion. All invoices shall be held by the contractor for a period of five years  
6 and shall be subject to audit by the director of taxation. Any contractor  
7 or any agent, employee or subcontractor thereof, who shall use or oth-  
8 erwise dispose of any materials, machinery or equipment purchased un-  
9 der such a certificate for any purpose other than that for which such a  
10 certificate is issued without the payment of the sales or compensating tax  
11 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon  
12 conviction therefor, shall be subject to the penalties provided for in sub-  
13 section (g) of K.S.A. 79-3615 and amendments thereto. As used in this  
14 subsection, “business” and “retail business” have the meanings respec-  
15 tively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;  
16 (dd) all sales of tangible personal property purchased with food  
17 stamps issued by the United States department of agriculture;  
18 (ee) all sales of lottery tickets and shares made as part of a lottery  
19 operated by the state of Kansas;  
20 (ff) on and after July 1, 1988, all sales of new mobile homes or man-  
21 ufactured homes to the extent of 40% of the gross receipts, determined  
22 without regard to any trade-in allowance, received from such sale. As used  
23 in this subsection, “mobile homes” and “manufactured homes” shall have  
24 the meanings ascribed thereto by K.S.A. 58-4202 and amendments  
25 thereto;  
26 (gg) all sales of tangible personal property purchased in accordance  
27 with vouchers issued pursuant to the federal special supplemental food  
28 program for women, infants and children;  
29 (hh) all sales of medical supplies and equipment, including durable  
30 medical equipment, purchased directly by a nonprofit skilled nursing  
31 home or nonprofit intermediate nursing care home, as defined by K.S.A.  
32 39-923, and amendments thereto, for the purpose of providing medical  
33 services to residents thereof. This exemption shall not apply to tangible  
34 personal property customarily used for human habitation purposes. As  
35 used in this subsection, “durable medical equipment” means equipment  
36 including repair and replacement parts for such equipment, but does not  
37 include mobility enhancing equipment as defined in subsection (r) which  
38 can withstand repeated use, is primarily and customarily used to serve a  
39 medical purpose, generally is not useful to a person in the absence of  
40 illness or injury and is not worn in or on the body;  
41 (ii) all sales of tangible personal property purchased directly by a non-  
42 profit organization for nonsectarian comprehensive multidiscipline youth  
43 development programs and activities provided or sponsored by such or-

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

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

18 (kk) (1) (A) all sales of machinery and equipment which are used in  
19 this state as an integral or essential part of an integrated production op-  
20 eration by a manufacturing or processing plant or facility;

21 (B) all sales of installation, repair and maintenance services per-  
22 formed on such machinery and equipment; and

23 (C) all sales of repair and replacement parts and accessories pur-  
24 chased for such machinery and equipment.

25 (2) For purposes of this subsection:

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

36 (B) "production line" means the assemblage of machinery and equip-  
37 ment at a manufacturing or processing plant or facility where the actual  
38 transformation or processing of tangible personal property occurs;

39 (C) "manufacturing or processing plant or facility" means a single,  
40 fixed location owned or controlled by a manufacturing or processing busi-  
41 ness that consists of one or more structures or buildings in a contiguous  
42 area where integrated production operations are conducted to manufac-  
43 ture or process tangible personal property to be ultimately sold at retail.

1 Such term shall not include any facility primarily operated for the purpose  
2 of conveying or assisting in the conveyance of natural gas, electricity, oil  
3 or water. A business may operate one or more manufacturing or proc-  
4 essing plants or facilities at different locations to manufacture or process  
5 a single product of tangible personal property to be ultimately sold at  
6 retail;

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

40 (E) “repair and replacement parts and accessories” means all parts  
41 and accessories for exempt machinery and equipment, including, but not  
42 limited to, dies, jigs, molds, patterns and safety devices that are attached  
43 to exempt machinery or that are otherwise used in production, and parts



- 1 and accessories that require periodic replacement such as belts, drill bits,  
2 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
3 other refractory items for exempt kiln equipment used in production  
4 operations;
- 5 (F) “primary” or “primarily” mean more than 50% of the time.
- 6 (3) For purposes of this subsection, machinery and equipment shall  
7 be deemed to be used as an integral or essential part of an integrated  
8 production operation when used:
- 9 (A) To receive, transport, convey, handle, treat or store raw materials  
10 in preparation of its placement on the production line;
- 11 (B) to transport, convey, handle or store the property undergoing  
12 manufacturing or processing at any point from the beginning of the pro-  
13 duction line through any warehousing or distribution operation of the  
14 final product that occurs at the plant or facility;
- 15 (C) to act upon, effect, promote or otherwise facilitate a physical  
16 change to the property undergoing manufacturing or processing;
- 17 (D) to guide, control or direct the movement of property undergoing  
18 manufacturing or processing;
- 19 (E) to test or measure raw materials, the property undergoing man-  
20 ufacturing or processing or the finished product, as a necessary part of  
21 the manufacturer’s integrated production operations;
- 22 (F) to plan, manage, control or record the receipt and flow of inven-  
23 tories of raw materials, consumables and component parts, the flow of  
24 the property undergoing manufacturing or processing and the manage-  
25 ment of inventories of the finished product;
- 26 (G) to produce energy for, lubricate, control the operating of or oth-  
27 erwise enable the functioning of other production machinery and equip-  
28 ment and the continuation of production operations;
- 29 (H) to package the property being manufactured or processed in a  
30 container or wrapping in which such property is normally sold or  
31 transported;
- 32 (I) to transmit or transport electricity, coke, gas, water, steam or sim-  
33 ilar substances used in production operations from the point of genera-  
34 tion, if produced by the manufacturer or processor at the plant site, to  
35 that manufacturer’s production operation; or, if purchased or delivered  
36 from offsite, from the point where the substance enters the site of the  
37 plant or facility to that manufacturer’s production operations;
- 38 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,  
39 oil, solvents or other substances that are used in production operations;
- 40 (K) to provide and control an environment required to maintain cer-  
41 tain levels of air quality, humidity or temperature in special and limited  
42 areas of the plant or facility, where such regulation of temperature or  
43 humidity is part of and essential to the production process;

- 1 (L) to treat, transport or store waste or other byproducts of produc-  
2 tion operations at the plant or facility; or
- 3 (M) to control pollution at the plant or facility where the pollution is  
4 produced by the manufacturing or processing operation.
- 5 (4) The following machinery, equipment and materials shall be  
6 deemed to be exempt even though it may not otherwise qualify as ma-  
7 chinery and equipment used as an integral or essential part of an inte-  
8 grated production operation: (A) Computers and related peripheral  
9 equipment that are utilized by a manufacturing or processing business  
10 for engineering of the finished product or for research and development  
11 or product design; (B) machinery and equipment that is utilized by a  
12 manufacturing or processing business to manufacture or rebuild tangible  
13 personal property that is used in manufacturing or processing operations,  
14 including tools, dies, molds, forms and other parts of qualifying machinery  
15 and equipment; (C) portable plants for aggregate concrete, bulk cement  
16 and asphalt including cement mixing drums to be attached to a motor  
17 vehicle; (D) industrial fixtures, devices, support facilities and special foun-  
18 dations necessary for manufacturing and production operations, and ma-  
19 terials and other tangible personal property sold for the purpose of fab-  
20 ricating such fixtures, devices, facilities and foundations. An exemption  
21 certificate for such purchases shall be signed by the manufacturer or  
22 processor. If the fabricator purchases such material, the fabricator shall  
23 also sign the exemption certificate; and (E) a manufacturing or processing  
24 business' laboratory equipment that is not located at the plant or facility,  
25 but that would otherwise qualify for exemption under subsection (3)(E).
- 26 (5) "Machinery and equipment used as an integral or essential part  
27 of an integrated production operation" shall not include:
- 28 (A) Machinery and equipment used for nonproduction purposes, in-  
29 cluding, but not limited to, machinery and equipment used for plant se-  
30 curity, fire prevention, first aid, accounting, administration, record keep-  
31 ing, advertising, marketing, sales or other related activities, plant cleaning,  
32 plant communications, and employee work scheduling;
- 33 (B) machinery, equipment and tools used primarily in maintaining  
34 and repairing any type of machinery and equipment or the building and  
35 plant;
- 36 (C) transportation, transmission and distribution equipment not pri-  
37 marily used in a production, warehousing or material handling operation  
38 at the plant or facility, including the means of conveyance of natural gas,  
39 electricity, oil or water, and equipment related thereto, located outside  
40 the plant or facility;
- 41 (D) office machines and equipment including computers and related  
42 peripheral equipment not used directly and primarily to control or mea-  
43 sure the manufacturing process;

- 1 (E) furniture and other furnishings;
- 2 (F) buildings, other than exempt machinery and equipment that is
- 3 permanently affixed to or becomes a physical part of the building, and
- 4 any other part of real estate that is not otherwise exempt;
- 5 (G) building fixtures that are not integral to the manufacturing op-
- 6 eration, such as utility systems for heating, ventilation, air conditioning,
- 7 communications, plumbing or electrical;
- 8 (H) machinery and equipment used for general plant heating, cooling
- 9 and lighting;
- 10 (I) motor vehicles that are registered for operation on public high-
- 11 ways; or
- 12 (J) employee apparel, except safety and protective apparel that is pur-
- 13 chased by an employer and furnished gratuitously to employees who are
- 14 involved in production or research activities.
- 15 (6) Subsections (3) and (5) shall not be construed as exclusive listings
- 16 of the machinery and equipment that qualify or do not qualify as an
- 17 integral or essential part of an integrated production operation. When
- 18 machinery or equipment is used as an integral or essential part of pro-
- 19 duction operations part of the time and for nonproduction purpose at
- 20 other times, the primary use of the machinery or equipment shall deter-
- 21 mine whether or not such machinery or equipment qualifies for
- 22 exemption.
- 23 (7) The secretary of revenue shall adopt rules and regulations nec-
- 24 essary to administer the provisions of this subsection;
- 25 (ll) all sales of educational materials purchased for distribution to the
- 26 public at no charge by a nonprofit corporation organized for the purpose
- 27 of encouraging, fostering and conducting programs for the improvement
- 28 of public health;
- 29 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
- 30 herbicides, germicides, pesticides and fungicides; and services, purchased
- 31 and used for the purpose of producing plants in order to prevent soil
- 32 erosion on land devoted to agricultural use;
- 33 (nn) except as otherwise provided in this act, all sales of services ren-
- 34 dered by an advertising agency or licensed broadcast station or any mem-
- 35 ber, agent or employee thereof;
- 36 (oo) all sales of tangible personal property purchased by a community
- 37 action group or agency for the exclusive purpose of repairing or weath-
- 38 erizing housing occupied by low income individuals;
- 39 (pp) all sales of drill bits and explosives actually utilized in the explo-
- 40 ration and production of oil or gas;
- 41 (qq) all sales of tangible personal property and services purchased by
- 42 a nonprofit museum or historical society or any combination thereof, in-
- 43 cluding a nonprofit organization which is organized for the purpose of

- 1 stimulating public interest in the exploration of space by providing edu-  
2 cational information, exhibits and experiences, which is exempt from fed-  
3 eral income taxation pursuant to section 501(c)(3) of the federal internal  
4 revenue code of 1986;
- 5 (rr) all sales of tangible personal property which will admit the pur-  
6 chaser thereof to any annual event sponsored by a nonprofit organization  
7 which is exempt from federal income taxation pursuant to section  
8 501(c)(3) of the federal internal revenue code of 1986;
- 9 (ss) all sales of tangible personal property and services purchased by  
10 a public broadcasting station licensed by the federal communications  
11 commission as a noncommercial educational television or radio station;
- 12 (tt) all sales of tangible personal property and services purchased by  
13 or on behalf of a not-for-profit corporation which is exempt from federal  
14 income taxation pursuant to section 501(c)(3) of the federal internal rev-  
15 enue code of 1986, for the sole purpose of constructing a Kansas Korean  
16 War memorial;
- 17 (uu) all sales of tangible personal property and services purchased by  
18 or on behalf of any rural volunteer fire-fighting organization for use ex-  
19 clusively in the performance of its duties and functions;
- 20 (vv) all sales of tangible personal property purchased by any of the  
21 following organizations which are exempt from federal income taxation  
22 pursuant to section 501 (c)(3) of the federal internal revenue code of  
23 1986, for the following purposes, and all sales of any such property by or  
24 on behalf of any such organization for any such purpose:
- 25 (1) The American Heart Association, Kansas Affiliate, Inc. for the  
26 purposes of providing education, training, certification in emergency car-  
27 diac care, research and other related services to reduce disability and  
28 death from cardiovascular diseases and stroke;
- 29 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of  
30 advocacy for persons with mental illness and to education, research and  
31 support for their families;
- 32 (3) the Kansas Mental Illness Awareness Council for the purposes of  
33 advocacy for persons who are mentally ill and to education, research and  
34 support for them and their families;
- 35 (4) the American Diabetes Association Kansas Affiliate, Inc. for the  
36 purpose of eliminating diabetes through medical research, public edu-  
37 cation focusing on disease prevention and education, patient education  
38 including information on coping with diabetes, and professional education  
39 and training;
- 40 (5) the American Lung Association of Kansas, Inc. for the purpose of  
41 eliminating all lung diseases through medical research, public education  
42 including information on coping with lung diseases, professional educa-  
43 tion and training related to lung disease and other related services to

- 1 reduce the incidence of disability and death due to lung disease;
- 2 (6) the Kansas chapters of the Alzheimer's Disease and Related Dis-
- 3 orders Association, Inc. for the purpose of providing assistance and sup-
- 4 port to persons in Kansas with Alzheimer's disease, and their families and
- 5 caregivers;
- 6 (7) the Kansas chapters of the Parkinson's disease association for the
- 7 purpose of eliminating Parkinson's disease through medical research and
- 8 public and professional education related to such disease;
- 9 (8) the National Kidney Foundation of Kansas and Western Missouri
- 10 for the purpose of eliminating kidney disease through medical research
- 11 and public and private education related to such disease;
- 12 (9) the heartstrings community foundation for the purpose of provid-
- 13 ing training, employment and activities for adults with developmental
- 14 disabilities;
- 15 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
- 16 the purposes of assuring the development of the means to cure and con-
- 17 trol cystic fibrosis and improving the quality of life for those with the
- 18 disease; and
- 19 (11) the spina bifida association of Kansas for the purpose of provid-
- 20 ing financial, educational and practical aid to families and individuals with
- 21 spina bifida. Such aid includes, but is not limited to, funding for medical
- 22 devices, counseling and medical educational opportunities;
- 23 (ww) all sales of tangible personal property purchased by the Habitat
- 24 for Humanity for the exclusive use of being incorporated within a housing
- 25 project constructed by such organization;
- 26 (xx) all sales of tangible personal property and services purchased by
- 27 a nonprofit zoo which is exempt from federal income taxation pursuant
- 28 to section 501(c)(3) of the federal internal revenue code of 1986, or on
- 29 behalf of such zoo by an entity itself exempt from federal income taxation
- 30 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
- 31 contracted with to operate such zoo and all sales of tangible personal
- 32 property or services purchased by a contractor for the purpose of con-
- 33 structing, equipping, reconstructing, maintaining, repairing, enlarging,
- 34 furnishing or remodeling facilities for any nonprofit zoo which would be
- 35 exempt from taxation under the provisions of this section if purchased
- 36 directly by such nonprofit zoo or the entity operating such zoo. Nothing
- 37 in this subsection shall be deemed to exempt the purchase of any con-
- 38 struction machinery, equipment or tools used in the constructing, equip-
- 39 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-
- 40 modeling facilities for any nonprofit zoo. When any nonprofit zoo shall
- 41 contract for the purpose of constructing, equipping, reconstructing, main-
- 42 taining, repairing, enlarging, furnishing or remodeling facilities, it shall
- 43 obtain from the state and furnish to the contractor an exemption certifi-

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

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

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

41 (aaa) all sales of tangible personal property and services purchased  
42 by a religious organization which is exempt from federal income taxation  
43 pursuant to section 501(c)(3) of the federal internal revenue code, and

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

1 shall be verified and submitted to the director of taxation upon forms  
2 furnished by the director and shall be accompanied by any additional  
3 documentation required by the director. The director shall review each  
4 claim and shall refund that amount of sales tax paid as determined under  
5 the provisions of this subsection. All refunds shall be paid from the sales  
6 tax refund fund upon warrants of the director of accounts and reports  
7 pursuant to vouchers approved by the director or the director's designee;  
8 (bbb) all sales of food for human consumption by an organization  
9 which is exempt from federal income taxation pursuant to section 501  
10 (c)(3) of the federal internal revenue code of 1986, pursuant to a food  
11 distribution program which offers such food at a price below cost in  
12 exchange for the performance of community service by the purchaser  
13 thereof;  
14 (ccc) on and after July 1, 1999, all sales of tangible personal property  
15 and services purchased by a primary care clinic or health center the pri-  
16 mary purpose of which is to provide services to medically underserved  
17 individuals and families, and which is exempt from federal income taxa-  
18 tion pursuant to section 501 (c)(3) of the federal internal revenue code,  
19 and all sales of tangible personal property or services purchased by a  
20 contractor for the purpose of constructing, equipping, reconstructing,  
21 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
22 any such clinic or center which would be exempt from taxation under the  
23 provisions of this section if purchased directly by such clinic or center.  
24 Nothing in this subsection shall be deemed to exempt the purchase of  
25 any construction machinery, equipment or tools used in the constructing,  
26 equipping, reconstructing, maintaining, repairing, enlarging, furnishing  
27 or remodeling facilities for any such clinic or center. When any such clinic  
28 or center shall contract for the purpose of constructing, equipping, re-  
29 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
30 facilities, it shall obtain from the state and furnish to the contractor an  
31 exemption certificate for the project involved, and the contractor may  
32 purchase materials for incorporation in such project. The contractor shall  
33 furnish the number of such certificate to all suppliers from whom such  
34 purchases are made, and such suppliers shall execute invoices covering  
35 the same bearing the number of such certificate. Upon completion of the  
36 project the contractor shall furnish to such clinic or center concerned a  
37 sworn statement, on a form to be provided by the director of taxation,  
38 that all purchases so made were entitled to exemption under this subsec-  
39 tion. All invoices shall be held by the contractor for a period of five years  
40 and shall be subject to audit by the director of taxation. If any materials  
41 purchased under such a certificate are found not to have been incorpo-  
42 rated in the building or other project or not to have been returned for  
43 credit or the sales or compensating tax otherwise imposed upon such



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

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

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

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

1 equipment that is used in a public grain warehouse or other commercial  
2 grain storage facility, whether used for grain handling, grain storage, grain  
3 refining or processing, or other grain treatment operation;

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

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

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

1 project reported and paid by such contractor to the director of taxation  
2 not later than the 20th day of the month following the close of the month  
3 in which it shall be determined that such materials will not be used for  
4 the purpose for which such certificate was issued, such nonprofit museum  
5 shall be liable for tax on all materials purchased for the project, and upon  
6 payment thereof it may recover the same from the contractor together  
7 with 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 subsection (g) of K.S.A. 79-3615, and amend-  
14 ments thereto; and

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

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

17     Sec. 6. K.S.A. 2005 Supp. 12-187, as amended by section 1 of 2006  
18 House Bill No. 2698, 12-188, 12-189, as amended by section 2 of 2006  
19 House Bill No. 2698, 12-192 and 79-3606, as amended by section 4 of  
20 2006 Senate Bill No. 76 are hereby repealed.

21     Sec. 7. This act shall take effect and be in force from and after its  
22 publication in the statute book.