

## HOUSE BILL No. 2918

By Committee on Transportation

2-14

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9 AN ACT relating to work-site utility vehicles; concerning the regulation  
10 thereof; amending K.S.A. 2005 Supp. 8-126, 8-197, 8-198 and 79-3606  
11 and repealing the existing sections.  
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13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2005 Supp. 8-126 is hereby amended to read as  
15 follows: 8-126. The following words and phrases when used in this act  
16 shall have the meanings respectively ascribed to them herein:

17 (a) "Vehicle" means every device in, upon or by which any person or  
18 property is or may be transported or drawn upon a public highway, ex-  
19 cepting electric personal assistive mobility devices or devices moved by  
20 human power or used exclusively upon stationary rails or tracks.

21 (b) "Motor vehicle" means every vehicle, other than a motorized bi-  
22 cycle or a motorized wheelchair, which is self-propelled.

23 (c) "Truck" means a motor vehicle which is used for the transporta-  
24 tion or delivery of freight and merchandise or more than 10 passengers.

25 (d) "Motorcycle" means every motor vehicle designed to travel on  
26 not more than three wheels in contact with the ground, except any such  
27 vehicle as may be included within the term "tractor" as herein defined.

28 (e) "Truck tractor" means every motor vehicle designed and used  
29 primarily for drawing other vehicles, and not so constructed as to carry a  
30 load other than a part of the weight of the vehicle or load so drawn.

31 (f) "Farm tractor" means every motor vehicle designed and used as  
32 a farm implement power unit operated with or without other attached  
33 farm implements in any manner consistent with the structural design of  
34 such power unit.

35 (g) "Road tractor" means every motor vehicle designed and used for  
36 drawing other vehicles, and not so constructed as to carry any load  
37 thereon independently, or any part of the weight of a vehicle or load so  
38 drawn.

39 (h) "Trailer" means every vehicle without motive power designed to  
40 carry property or passengers wholly on its own structure and to be drawn  
41 by a motor vehicle.

42 (i) "Semitrailer" means every vehicle of the trailer type so designed  
43 and used in conjunction with a motor vehicle that some part of its own

1 weight and that of its own load rests upon or is carried by another vehicle.

2 (j) "Pole trailer" means any two-wheel vehicle used as a trailer with  
3 bolsters that support the load, and do not have a rack or body extending  
4 to the tractor drawing the load.

5 (k) "Specially constructed vehicle" means any vehicle which shall not  
6 have been originally constructed under a distinctive name, make, model  
7 or type, or which, if originally otherwise constructed shall have been ma-  
8 terially altered by the removal of essential parts, or by the addition or  
9 substitution of essential parts, new or used, derived from other vehicles  
10 or makes of vehicles.

11 (l) "Foreign vehicle" means every motor vehicle, trailer or semitrailer  
12 which shall be brought into this state otherwise than in ordinary course  
13 of business by or through a manufacturer or dealer and which has not  
14 been registered in this state.

15 (m) "Person" means every natural person, firm, partnership, associ-  
16 ation or corporation.

17 (n) "Owner" means a person who holds the legal title of a vehicle, or  
18 in the event a vehicle is the subject of an agreement for the conditional  
19 sale thereof with the right of purchase upon performance of the condi-  
20 tions stated in the agreement and with an immediate right of possession  
21 vested in the conditional vendee or in the event a vehicle is subject to a  
22 lease of 30 days or more with an immediate right of possession vested in  
23 the lessee; or in the event a party having a security interest in a vehicle  
24 is entitled to possession, then such conditional vendee or lessee or secured  
25 party shall be deemed the owner for the purpose of this act.

26 (o) "Nonresident" means every person who is not a resident of this  
27 state.

28 (p) "Manufacturer" means every person engaged in the business of  
29 manufacturing motor vehicles, trailers or semitrailers.

30 (q) "New vehicle dealer" means every person actively engaged in the  
31 business of buying, selling or exchanging new motor vehicles, travel trail-  
32 ers, trailers or vehicles and who holds a dealer's contract therefor from a  
33 manufacturer or distributor and who has an established place of business  
34 in this state.

35 (r) "Used vehicle dealer" means every person actively engaged in the  
36 business of buying, selling or exchanging used vehicles, and having an  
37 established place of business in this state and who does not hold a dealer's  
38 contract for the sale of new motor vehicles, travel trailers, trailers or  
39 vehicles.

40 (s) "Highway" means every way or place of whatever nature open to  
41 the use of the public as a matter of right for the purpose of vehicular  
42 travel. The term "highway" shall not be deemed to include a roadway or  
43 driveway upon grounds owned by private owners, colleges, universities

1 or other institutions.

2 (t) “Department” or “motor vehicle department” or “vehicle depart-  
3 ment” means the division of vehicles of the department of revenue, acting  
4 directly or through its duly authorized officers and agents.

5 (u) “Commission” or “state highway commission” means the director  
6 of vehicles of the department of revenue.

7 (v) “Division” means the division of vehicles of the department of  
8 revenue.

9 (w) “Travel trailer” means every vehicle without motive power de-  
10 signed to be towed by a motor vehicle constructed primarily for recrea-  
11 tional purposes.

12 (x) “Passenger vehicle” means every motor vehicle, as herein defined,  
13 which is designed primarily to carry 10 or fewer passengers, and which  
14 is not used as a truck.

15 (y) “Self-propelled farm implement” means every farm implement  
16 designed for specific use applications with its motive power unit perma-  
17 nently incorporated in its structural design.

18 (z) “Farm trailer” means every trailer as defined in subsection (h) of  
19 this section and every semitrailer as defined in subsection (i) of this sec-  
20 tion, designed and used primarily as a farm vehicle.

21 (aa) “Motorized bicycle” means every device having two tandem  
22 wheels or three wheels, which may be propelled by either human power  
23 or helper motor, or by both, and which has:

- 24 (1) A motor which produces not more than 3.5 brake horsepower;
- 25 (2) a cylinder capacity of not more than 130 cubic centimeters;
- 26 (3) an automatic transmission; and
- 27 (4) the capability of a maximum design speed of no more than 30  
28 miles per hour.

29 (bb) “All-terrain vehicle” means any motorized nonhighway vehicle  
30 48 inches or less in width, having a dry weight of 1,000 pounds or less,  
31 traveling on three or more low-pressure tires, having a seat designed to  
32 be straddled by the operator. As used in this subsection, low-pressure tire  
33 means any pneumatic tire six inches or more in width, designed for use  
34 on wheels with rim diameter of 12 inches or less, and utilizing an oper-  
35 ating pressure of 10 pounds per square inch or less as recommended by  
36 the vehicle manufacturer.

37 (cc) “Implement of husbandry” means every vehicle designed or  
38 adapted and used exclusively for agricultural operations, including feed-  
39 lots, and only incidentally moved or operated upon the highways. Such  
40 term shall include, but not be limited to:

- 41 (1) A farm tractor;
- 42 (2) a self-propelled farm implement;
- 43 (3) a fertilizer spreader, nurse tank or truck permanently mounted

1 with a spreader used exclusively for dispensing or spreading water, dust  
2 or liquid fertilizers or agricultural chemicals, as defined in K.S.A. 2-2202,  
3 and amendments thereto, regardless of ownership;

4 (4) a truck mounted with a fertilizer spreader used or manufactured  
5 principally to spread animal dung;

6 (5) a mixer-feed truck owned and used by a feedlot, as defined in  
7 K.S.A. 47-1501, and amendments thereto, and specially designed and  
8 used exclusively for dispensing food to livestock in such feedlot.

9 (dd) “Motorized wheelchair” means any self-propelled vehicle de-  
10 signed specifically for use by a physically disabled person that is incapable  
11 of a speed in excess of 15 miles per hour.

12 (ee) “Oil well servicing, oil well clean-out or oil well drilling machin-  
13 ery or equipment” means a vehicle constructed as a machine used exclu-  
14 sively for servicing, cleaning-out or drilling an oil well and consisting in  
15 general of a mast, an engine for power, a draw works and a chassis per-  
16 manently constructed or assembled for one or more of those purposes.  
17 The passenger capacity of the cab of a vehicle shall not be considered in  
18 determining whether such vehicle is an oil well servicing, oil well clean-  
19 out or oil well drilling machinery or equipment.

20 (ff) “Electric personal assistive mobility device” means a self-balanc-  
21 ing two nontandem wheeled device, designed to transport only one per-  
22 son, with an electric propulsion system that limits the maximum speed of  
23 the device to 15 miles per hour or less.

24 (gg) “Electronic certificate of title” means any electronic record of  
25 ownership, including any lien or liens that may be recorded, retained by  
26 the division in accordance with K.S.A. 2005 Supp. 8-135d, and amend-  
27 ments thereto.

28 (hh) *“Work-site utility vehicle” means any motor vehicle which is not*  
29 *less than 48 inches in width, has an overall length, including the bumper,*  
30 *of not more than 135 inches, has an unladen weight, including fuel and*  
31 *fluids, of more than 800 pounds and is equipped with four or more low*  
32 *pressure tires, a steering wheel and bench or bucket-type seating allowing*  
33 *at least two people to sit side-by-side, and may be equipped with a bed*  
34 *or cargo box for hauling materials.*

35 Sec. 2. K.S.A. 2005 Supp. 8-197 is hereby amended to read as fol-  
36 lows: 8-197. (a) The provisions of K.S.A. 8-197 to 8-199, inclusive, and  
37 amendments thereto, shall be a part of and supplemental to the provisions  
38 of article 1 of chapter 8 of the Kansas Statutes Annotated, and as used in  
39 such sections, the words and phrases defined by K.S.A. 8-126, and amend-  
40 ments thereto, shall have the meanings respectively ascribed to them  
41 therein.

42 (b) As used in K.S.A. 8-197 through 8-199, and amendments thereto:

43 (1) “Nonhighway vehicle” means:

- 1 (A) Any motor vehicle which cannot be registered because it is not  
2 manufactured for the purpose of using the same on the highways of this  
3 state and is not provided with the equipment required by state statute  
4 for vehicles of such type which are used on the highways of this state;
- 5 (B) any motor vehicle, other than a salvage vehicle, for which the  
6 owner has not provided motor vehicle liability insurance coverage or an  
7 approved self insurance plan under K.S.A. 40-3104, and amendments  
8 thereto, and has not applied for or obtained registration of such motor  
9 vehicle in accordance with article 1 of chapter 8 of the Kansas Statutes  
10 Annotated; ~~or~~
- 11 (C) any all-terrain vehicle; *or*  
12 (D) *any work-site utility vehicle*;
- 13 (2) “salvage vehicle” means:
- 14 (A) Any motor vehicle, other than a late model vehicle, which is of a  
15 type required to be registered in this state, but which cannot be registered  
16 because it has been wrecked or damaged to the extent that: The equip-  
17 ment required by state statute on any such vehicle used on the highways  
18 of this state is not present or is not in good condition or proper adjust-  
19 ment, as prescribed by state statute or any rules and regulations adopted  
20 pursuant thereto, or such vehicle is in an inoperable condition or a con-  
21 dition that would render the operation thereof on the highways of this  
22 state a hazard to the public safety; and in either event, such vehicle would  
23 require substantial repairs to rebuild or restore such vehicle to a condition  
24 which will permit the registration thereof;
- 25 (B) a late model vehicle which is of a type required to be registered  
26 in this state and which has been wrecked or damaged to the extent that  
27 the total cost of repair is 75% or more of the fair market value of the  
28 motor vehicle immediately preceding the time it was wrecked or damaged  
29 and such condition was not merely exterior cosmetic damage to such  
30 vehicle as a result of windstorm or hail; or
- 31 (C) a motor vehicle, which is of a type required to be registered in  
32 this state that the insurer determines is a total loss and for which the  
33 insurer takes title;
- 34 (3) “salvage title” means a certificate of title issued by the division  
35 designating a motor vehicle a salvage vehicle;
- 36 (4) “rebuilt salvage vehicle” means any motor vehicle previously is-  
37 sued a salvage title;
- 38 (5) “rebuilt salvage title” means a certificate of title issued by the  
39 division for a vehicle previously designated a salvage vehicle which is now  
40 designated a rebuilt salvage vehicle;
- 41 (6) “late model vehicle” means any motor vehicle which has a man-  
42 ufacturer’s model year designation of or later than the year in which the  
43 vehicle was wrecked or damaged or any of the six preceding years;

- 1 (7) “fair market value” means the retail value of a motor vehicle as:  
2 (A) Set forth in a current edition of any nationally recognized com-  
3 pilation, including an automated database of retail value; or  
4 (B) determined pursuant to a market survey of comparable vehicles  
5 with regard to condition and equipment;
- 6 (8) “cost of repairs” means the estimated or actual retail cost of parts  
7 needed to repair a vehicle plus the cost of labor computed by using the  
8 hourly labor rate and time allocations for automobile repairs that are  
9 customary and reasonable. Retail costs of parts and labor rates may be  
10 based upon collision estimating manuals or electronic computer estimat-  
11 ing systems customarily used in the automobile industry. The total cost  
12 of repairs to rebuild or reconstruct the vehicle shall not include the cost  
13 of repairing, replacing or reinstalling tires, sound systems, or any sales tax  
14 on parts or materials to rebuild or reconstruct the vehicle.
- 15 Sec. 3. K.S.A. 2005 Supp. 8-198 is hereby amended to read as fol-  
16 lows: 8-198. (a) A nonhighway or salvage vehicle shall not be required to  
17 be registered in this state, as provided in K.S.A. 8-135, and amendments  
18 thereto, but nothing in this section shall be construed as abrogating, lim-  
19 iting or otherwise affecting the provisions of K.S.A. 8-142, and amend-  
20 ments thereto, which make it unlawful for any person to operate or know-  
21 ingly permit the operation in this state of a vehicle required to be  
22 registered in this state.
- 23 (b) Upon the sale or transfer of any nonhighway vehicle or salvage  
24 vehicle, the purchaser thereof shall obtain a nonhighway certificate of  
25 title or salvage title, whichever is applicable, in the following manner:
- 26 (1) If the transferor is a vehicle dealer, as defined in K.S.A. 8-2401,  
27 and amendments thereto, and a certificate of title has not been issued for  
28 such vehicle under this section or under the provisions of K.S.A. 8-135,  
29 and amendments thereto, such transferor shall make application for and  
30 assign a nonhighway certificate of title or a salvage title, whichever is  
31 applicable, to the purchaser of such nonhighway vehicle or salvage vehicle  
32 in the same manner and under the same conditions prescribed by K.S.A.  
33 8-135, and amendments thereto, for the application for and assignment  
34 of a certificate of title thereunder. Upon the assignment thereof, the  
35 purchaser shall make application for a new nonhighway certificate of title  
36 or salvage title, as provided in subsection (c) or (d).
- 37 (2) Except as provided in subsection (b) of K.S.A. 8-199, and amend-  
38 ments thereto, if a certificate of title has been issued for any such vehicle  
39 under the provisions of K.S.A. 8-135, and amendments thereto, the owner  
40 of such nonhighway vehicle or salvage vehicle may surrender such certifi-  
41 cate of title to the division of vehicles and make application to the division  
42 for a nonhighway certificate of title or salvage title, whichever is appli-  
43 cable, or the owner may obtain from the county treasurer’s office a form

1 prescribed by the division of vehicles and, upon proper execution thereof,  
2 may assign the nonhighway certificate of title, salvage title or the regular  
3 certificate of title with such form attached to the purchaser of the non-  
4 highway vehicle or salvage vehicle. Upon receipt of the nonhighway cer-  
5 tificate of title, salvage title or the regular certificate of title with such  
6 form attached, the purchaser shall make application for a new nonhighway  
7 certificate of title or salvage title, whichever is applicable, as provided in  
8 subsection (c) or (d).

9 (3) If the transferor is not a vehicle dealer, as defined in K.S.A. 8-  
10 2401, and amendments thereto, and a certificate of title has not been  
11 issued for the vehicle under this section or a certificate of title was not  
12 required under K.S.A. 8-135, and amendments thereto, the transferor  
13 shall make application to the division for a nonhighway certificate of title  
14 or salvage title, whichever is applicable, as provided in this section, except  
15 that in addition thereto, the division shall require a bill of sale or such  
16 transferor's affidavit, with at least one other corroborating affidavit, that  
17 such transferor is the owner of such nonhighway vehicle or salvage ve-  
18 hicle. If the division is satisfied that the transferor is the owner, the di-  
19 vision shall issue a nonhighway certificate of title or salvage title, which-  
20 ever is applicable, for such vehicle, and the transferor shall assign the  
21 same to the purchaser, who shall make application for a new nonhighway  
22 certificate of title or salvage title, whichever is applicable, as provided in  
23 subsection (c) or (d).

24 (c) Every purchaser of a nonhighway vehicle, whether assigned a non-  
25 highway certificate of title or a regular certificate of title with the form  
26 specified in paragraph (2) of subsection (b) attached, shall make appli-  
27 cation to the county treasurer of the county in which such person resides  
28 for a new nonhighway certificate of title in the same manner and under  
29 the same conditions as for an application for a certificate of title under  
30 K.S.A. 8-135, and amendments thereto. Such application shall be in the  
31 form prescribed by the director of vehicles and shall contain substantially  
32 the same provisions as required for an application under subsection (c)(1)  
33 of K.S.A. 8-135, and amendments thereto. In addition, such application  
34 shall provide a place for the applicant to certify that the vehicle for which  
35 the application for a nonhighway certificate of title is made is a nonhigh-  
36 way vehicle and other provisions the director deems necessary. Each ap-  
37 plication for a nonhighway certificate of title shall be accompanied by a  
38 fee of \$10, and if the application is not made to the county treasurer  
39 within the time prescribed by K.S.A. 8-135, and amendments thereto, for  
40 making application for a certificate of title thereunder, an additional fee  
41 of \$2.

42 (d) (1) Except as otherwise provided by this section, the owner of a  
43 vehicle that meets the definition of a salvage vehicle shall apply for a

1 salvage title before the ownership of the motor vehicle is transferred. In  
2 no event shall such application be made more than 30 days after the  
3 vehicle is determined to be a salvage vehicle.

4 (2) Every insurance company, which pursuant to a damage settle-  
5 ment, acquires ownership of a vehicle that has incurred damage requiring  
6 the vehicle to be designated a salvage vehicle, shall apply for a salvage  
7 title within 30 days after the title is assigned and delivered by the owner  
8 to the insurance company, with all liens released.

9 (3) Every insurance company which makes a damage settlement for  
10 a vehicle that has incurred damage requiring such vehicle to be desig-  
11 nated a salvage vehicle, but does not acquire ownership of the vehicle,  
12 shall notify the vehicle owner of the owner's obligation to apply for a  
13 salvage title for the motor vehicle, and shall notify the division of this fact  
14 in accordance with procedures established by the division. The vehicle  
15 owner shall apply for a salvage title within 30 days after being notified by  
16 the insurance company.

17 (4) The lessee of any vehicle which incurs damage requiring the ve-  
18 hicle to be designated a salvage vehicle shall notify the lessor of this fact  
19 within 30 days of the determination that the vehicle is a salvage vehicle.

20 (5) The lessor of any motor vehicle which has incurred damage re-  
21 quiring the vehicle to be titled as a salvage vehicle, shall apply for a salvage  
22 title within 30 days after being notified of this fact by the lessee.

23 (6) Every person acquiring ownership of a motor vehicle that meets  
24 the definition of a salvage vehicle, for which a salvage title has not been  
25 issued, shall apply for the required document prior to any further transfer  
26 of such vehicle, but in no event, more than 30 days after ownership is  
27 acquired.

28 (7) Every purchaser of a salvage vehicle, whether assigned a salvage  
29 title or a regular certificate of title with the form specified in paragraph  
30 (2) of subsection (b) attached, shall make application to the county trea-  
31 surer of the county in which such person resides for a new salvage title,  
32 in the same manner and under the same condition as for an application  
33 for a certificate of title under K.S.A. 8-135, and amendments thereto.  
34 Such application shall be in the form prescribed by the director of vehicles  
35 and shall contain substantially the same provisions as required for an  
36 application under subsection (c)(1) of K.S.A. 8-135, and amendments  
37 thereto. In addition, such application shall provide a place for the appli-  
38 cant to certify that the vehicle for which the application for salvage title  
39 is made is a salvage vehicle, and other provisions the director deems  
40 necessary. Each application for a salvage title shall be accompanied by a  
41 fee of \$10 and if the application is not made to the county treasurer within  
42 the time prescribed by K.S.A. 8-135, and amendments thereto, for mak-  
43 ing application for a certificate of title thereunder, an additional fee of



1 §2.

2 (8) Failure to apply for a salvage title as provided by this subsection  
3 shall be a class C nonperson misdemeanor.

4 (e) A nonhighway certificate of title or salvage title shall be in form  
5 and color as prescribed by the director of vehicles. A nonhighway certifi-  
6 cate of title or salvage title shall indicate clearly and distinctly on its face  
7 that it is issued for a nonhighway vehicle or salvage vehicle, whichever is  
8 applicable. A nonhighway certificate of title or salvage title shall contain  
9 substantially the same information as required on a certificate of title  
10 issued under K.S.A. 8-135, and amendments thereto, and other infor-  
11 mation the director deems necessary.

12 (f) (1) A nonhighway certificate of title or salvage title may be trans-  
13 ferred in the same manner and under the same conditions as prescribed  
14 by K.S.A. 8-135, and amendments thereto, for the transfer of a certificate  
15 of title, except as otherwise provided in this section. A nonhighway cer-  
16 tificate of title or salvage title may be assigned and transferred only while  
17 the vehicle remains a nonhighway vehicle or salvage vehicle.

18 (2) Upon transfer or sale of a nonhighway vehicle in a condition which  
19 will allow the registration of such vehicle, the owner shall assign the non-  
20 highway certificate of title to the purchaser, and the purchaser shall obtain  
21 a certificate of title and register such vehicle as provided in K.S.A. 8-135,  
22 and amendments thereto. No regular certificate of title shall be issued  
23 for a vehicle for which there has been issued a nonhighway certificate of  
24 title until there has been compliance with K.S.A. 8-116a, and amend-  
25 ments thereto.

26 (3) (A) Upon transfer or sale of a salvage vehicle which has been  
27 rebuilt or restored or is otherwise in a condition which will allow the  
28 registration of such vehicle, the owner shall assign the salvage title to the  
29 purchaser, and the purchaser shall obtain a rebuilt salvage title and reg-  
30 ister such vehicle as provided in K.S.A. 8-135, and amendments thereto.  
31 No rebuilt salvage title shall be issued for a vehicle for which there has  
32 been issued a salvage title until there has been compliance with K.S.A.  
33 8-116a, and amendments thereto, and the notice required in paragraph  
34 (3)(B) of this subsection has been attached to such vehicle.

35 (B) As part of the inspection for a rebuilt salvage title conducted  
36 under K.S.A. 8-116a, and amendments thereto, the Kansas highway patrol  
37 shall attach a notice affixed to the left door frame of the rebuilt salvage  
38 vehicle indicating the vehicle identification number of such vehicle and  
39 that such vehicle is a rebuilt salvage vehicle. In addition to any fee allowed  
40 under K.S.A. 8-116a, and amendments thereto, a fee of \$5 shall be col-  
41 lected from the owner of such vehicle requesting the inspection for the  
42 notice required under this paragraph. All moneys received under this  
43 paragraph shall be remitted in accordance with subsection (e) of K.S.A.

1 8-116a, and amendments thereto.

2 (C) Failure to apply for a rebuilt salvage title as provided by this  
3 paragraph shall be a class C nonperson misdemeanor.

4 (g) The owner of a salvage vehicle which has been issued a salvage  
5 title and has been assembled, reconstructed, reconstituted or restored or  
6 otherwise placed in an operable condition may make application to the  
7 county treasurer for a permit to operate such vehicle on the highways of  
8 this state over the most direct route from the place such salvage vehicle  
9 is located to a specified location named on the permit and to return to  
10 the original location. No such permit shall be issued for any vehicle unless  
11 the owner has motor vehicle liability insurance coverage or an approved  
12 self-insurance plan under K.S.A. 40-3104, and amendments thereto. Such  
13 permit shall be on a form furnished by the director of vehicles and shall  
14 state the date the vehicle is to be taken to the other location, the name  
15 of the insurer, as defined in K.S.A. 40-3103, and amendments thereto,  
16 and the policy number or a statement that the vehicle is included in a  
17 self-insurance plan approved by the commissioner of insurance, a state-  
18 ment attesting to the correctness of the information concerning financial  
19 security, the vehicle identification number and a description of the ve-  
20 hicle. Such permit shall be signed by the owner of the vehicle. Permits  
21 issued under this subsection (g) shall be prepared in triplicate. One copy  
22 shall be carried in the vehicle for which it is issued and shall be displayed  
23 so that it is visible from the rear of the vehicle. The second copy shall be  
24 retained by the county treasurer, and the third copy shall be forwarded  
25 by the county treasurer to the division of vehicles. The fee for such permit  
26 shall be \$1 which shall be retained by the county treasurer, who shall  
27 annually forward 25% of all such fees collected to the division of vehicles  
28 to reimburse the division for administrative expenses, and shall deposit  
29 the remainder in a special fund for expenses of issuing such permits.

30 (h) A nonhighway vehicle or salvage vehicle for which a nonhighway  
31 certificate of title or salvage title has been issued pursuant to this section  
32 shall not be deemed a motor vehicle for the purposes of K.S.A. 40-3101  
33 to 40-3121, inclusive, and amendments thereto, except when such vehicle  
34 is being operated pursuant to subsection (g). Any person who knowingly  
35 makes a false statement concerning financial security in obtaining a per-  
36 mit pursuant to subsection (g), or who fails to obtain a permit when  
37 required by law to do so is guilty of a class C misdemeanor.

38 (i) Any person who, on July 1, 1996, is the owner of an all-terrain  
39 vehicle, as defined in K.S.A. 8-126, and amendments thereto, shall not  
40 be required to file an application for a nonhighway certificate of title  
41 under the provisions of this section for such all-terrain vehicle, unless the  
42 person transfers an interest in such all-terrain vehicle.

43 (j) *Any person who, on July 1, 2006, is the owner of a work-site utility*

1 *vehicle, as defined in K.S.A. 8-126, and amendments thereto, shall not be*  
2 *required to file an application for a nonhighway certificate of title under*  
3 *the provisions of this section for such work-site utility vehicle, unless the*  
4 *person transfers an interest in such work-site utility vehicle.*

5 Sec. 4. K.S.A. 2005 Supp. 79-3606 is hereby amended to read as  
6 follows: 79-3606. The following shall be exempt from the tax imposed by  
7 this act:

8 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
9 or excise tax has been paid, not subject to refund, under the laws of this  
10 state except cigarettes as defined by K.S.A. 79-3301 and amendments  
11 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-  
12 3817 and amendments thereto, including wort, liquid malt, malt syrup  
13 and malt extract, which is not subject to taxation under the provisions of  
14 K.S.A. 79-41a02 and amendments thereto, motor vehicles taxed pursuant  
15 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to  
16 K.S.A. 65-3424d, and amendments thereto, drycleaning and laundry serv-  
17 ices taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and  
18 gross receipts from regulated sports contests taxed pursuant to the Kansas  
19 professional regulated sports act, and amendments thereto;

20 (b) all sales of tangible personal property or service, including the  
21 renting and leasing of tangible personal property, purchased directly by  
22 the state of Kansas, a political subdivision thereof, other than a school or  
23 educational institution, or purchased by a public or private nonprofit hos-  
24 pital or public hospital authority or nonprofit blood, tissue or organ bank  
25 and used exclusively for state, political subdivision, hospital or public hos-  
26 pital authority or nonprofit blood, tissue or organ bank purposes, except  
27 when: (1) Such state, hospital or public hospital authority is engaged or  
28 proposes to engage in any business specifically taxable under the provi-  
29 sions of this act and such items of tangible personal property or service  
30 are used or proposed to be used in such business, or (2) such political  
31 subdivision is engaged or proposes to engage in the business of furnishing  
32 gas, electricity or heat to others and such items of personal property or  
33 service are used or proposed to be used in such business;

34 (c) all sales of tangible personal property or services, including the  
35 renting and leasing of tangible personal property, purchased directly by  
36 a public or private elementary or secondary school or public or private  
37 nonprofit educational institution and used primarily by such school or  
38 institution for nonsectarian programs and activities provided or sponsored  
39 by such school or institution or in the erection, repair or enlargement of  
40 buildings to be used for such purposes. The exemption herein provided  
41 shall not apply to erection, construction, repair, enlargement or equip-  
42 ment of buildings used primarily for human habitation;

43 (d) all sales of tangible personal property or services purchased by a

1 contractor for the purpose of constructing, equipping, reconstructing,  
2 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
3 any public or private nonprofit hospital or public hospital authority, public  
4 or private elementary or secondary school or a public or private nonprofit  
5 educational institution, which would be exempt from taxation under the  
6 provisions of this act if purchased directly by such hospital or public hos-  
7 pital authority, school or educational institution; and all sales of tangible  
8 personal property or services purchased by a contractor for the purpose  
9 of constructing, equipping, reconstructing, maintaining, repairing, en-  
10 larging, furnishing or remodeling facilities for any political subdivision of  
11 the state or district described in subsection (s), the total cost of which is  
12 paid from funds of such political subdivision or district and which would  
13 be exempt from taxation under the provisions of this act if purchased  
14 directly by such political subdivision or district. Nothing in this subsection  
15 or in the provisions of K.S.A. 12-3418 and amendments thereto, shall be  
16 deemed to exempt the purchase of any construction machinery, equip-  
17 ment or tools used in the constructing, equipping, reconstructing, main-  
18 taining, repairing, enlarging, furnishing or remodeling facilities for any  
19 political subdivision of the state or any such district. As used in this sub-  
20 section, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds  
21 of a political subdivision" shall mean general tax revenues, the proceeds  
22 of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used  
23 for the purpose of constructing, equipping, reconstructing, repairing, en-  
24 larging, furnishing or remodeling facilities which are to be leased to the  
25 donor. When any political subdivision of the state, district described in  
26 subsection (s), public or private nonprofit hospital or public hospital au-  
27 thority, public or private elementary or secondary school or public or  
28 private nonprofit educational institution shall contract for the purpose of  
29 constructing, equipping, reconstructing, maintaining, repairing, enlarg-  
30 ing, furnishing or remodeling facilities, it shall obtain from the state and  
31 furnish to the contractor an exemption certificate for the project involved,  
32 and the contractor may purchase materials for incorporation in such pro-  
33 ject. The contractor shall furnish the number of such certificate to all  
34 suppliers from whom such purchases are made, and such suppliers shall  
35 execute invoices covering the same bearing the number of such certifi-  
36 cate. Upon completion of the project the contractor shall furnish to the  
37 political subdivision, district described in subsection (s), hospital or public  
38 hospital authority, school or educational institution concerned a sworn  
39 statement, on a form to be provided by the director of taxation, that all  
40 purchases so made were entitled to exemption under this subsection. As  
41 an alternative to the foregoing procedure, any such contracting entity may  
42 apply to the secretary of revenue for agent status for the sole purpose of  
43 issuing and furnishing project exemption certificates to contractors pur-

1 suant to rules and regulations adopted by the secretary establishing con-  
2 ditions and standards for the granting and maintaining of such status. All  
3 invoices shall be held by the contractor for a period of five years and shall  
4 be subject to audit by the director of taxation. If any materials purchased  
5 under such a certificate are found not to have been incorporated in the  
6 building or other project or not to have been returned for credit or the  
7 sales or compensating tax otherwise imposed upon such materials which  
8 will not be so incorporated in the building or other project reported and  
9 paid by such contractor to the director of taxation not later than the 20th  
10 day of the month following the close of the month in which it shall be  
11 determined that such materials will not be used for the purpose for which  
12 such certificate was issued, the political subdivision, district described in  
13 subsection (s), hospital or public hospital authority, school or educational  
14 institution concerned shall be liable for tax on all materials purchased for  
15 the project, and upon payment thereof it may recover the same from the  
16 contractor together with reasonable attorney fees. Any contractor or any  
17 agent, employee or subcontractor thereof, who shall use or otherwise  
18 dispose of any materials purchased under such a certificate for any pur-  
19 pose other than that for which such a certificate is issued without the  
20 payment of the sales or compensating tax otherwise imposed upon such  
21 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
22 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
23 79-3615, and amendments thereto;

24 (e) all sales of tangible personal property or services purchased by a  
25 contractor for the erection, repair or enlargement of buildings or other  
26 projects for the government of the United States, its agencies or instru-  
27 mentalities, which would be exempt from taxation if purchased directly  
28 by the government of the United States, its agencies or instrumentalities.  
29 When the government of the United States, its agencies or instrumen-  
30 talities shall contract for the erection, repair, or enlargement of any build-  
31 ing or other project, it shall obtain from the state and furnish to the  
32 contractor an exemption certificate for the project involved, and the con-  
33 tractor may purchase materials for incorporation in such project. The  
34 contractor shall furnish the number of such certificates to all suppliers  
35 from whom such purchases are made, and such suppliers shall execute  
36 invoices covering the same bearing the number of such certificate. Upon  
37 completion of the project the contractor shall furnish to the government  
38 of the United States, its agencies or instrumentalities concerned a sworn  
39 statement, on a form to be provided by the director of taxation, that all  
40 purchases so made were entitled to exemption under this subsection. As  
41 an alternative to the foregoing procedure, any such contracting entity may  
42 apply to the secretary of revenue for agent status for the sole purpose of  
43 issuing and furnishing project exemption certificates to contractors pur-

1 suant to rules and regulations adopted by the secretary establishing con-  
2 ditions and standards for the granting and maintaining of such status. All  
3 invoices shall be held by the contractor for a period of five years and shall  
4 be subject to audit by the director of taxation. Any contractor or any agent,  
5 employee or subcontractor thereof, who shall use or otherwise dispose of  
6 any materials purchased under such a certificate for any purpose other  
7 than that for which such a certificate is issued without the payment of  
8 the sales or compensating tax otherwise imposed upon such materials,  
9 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
10 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615  
11 and amendments thereto;

12 (f) tangible personal property purchased by a railroad or public utility  
13 for consumption or movement directly and immediately in interstate  
14 commerce;

15 (g) sales of aircraft including remanufactured and modified aircraft  
16 sold to persons using directly or through an authorized agent such aircraft  
17 as certified or licensed carriers of persons or property in interstate or  
18 foreign commerce under authority of the laws of the United States or any  
19 foreign government or sold to any foreign government or agency or in-  
20 strumentality of such foreign government and all sales of aircraft for use  
21 outside of the United States and sales of aircraft repair, modification and  
22 replacement parts and sales of services employed in the remanufacture,  
23 modification and repair of aircraft;

24 (h) all rentals of nonsectarian textbooks by public or private elemen-  
25 tary or secondary schools;

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

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

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

39 (l) all isolated or occasional sales of tangible personal property, serv-  
40 ices, substances or things, except isolated or occasional sale of motor  
41 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.  
42 79-3603 and amendments thereto;

43 (m) all sales of tangible personal property which become an ingre-

1 dient or component part of tangible personal property or services pro-  
2 duced, manufactured or compounded for ultimate sale at retail within or  
3 without the state of Kansas; and any such producer, manufacturer or  
4 compounder may obtain from the director of taxation and furnish to the  
5 supplier an exemption certificate number for tangible personal property  
6 for use as an ingredient or component part of the property or services  
7 produced, manufactured or compounded;

8 (n) all sales of tangible personal property which is consumed in the  
9 production, manufacture, processing, mining, drilling, refining or com-  
10 pounding of tangible personal property, the treating of by-products or  
11 wastes derived from any such production process, the providing of serv-  
12 ices or the irrigation of crops for ultimate sale at retail within or without  
13 the state of Kansas; and any purchaser of such property may obtain from  
14 the director of taxation and furnish to the supplier an exemption certifi-  
15 cate number for tangible personal property for consumption in such pro-  
16 duction, manufacture, processing, mining, drilling, refining, compound-  
17 ing, treating, irrigation and in providing such services;

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

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

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

38 (r) all sales of prosthetic devices and mobility enhancing equipment  
39 prescribed in writing by a person licensed to practice the healing arts,  
40 dentistry or optometry, and in addition to such sales, all sales of hearing  
41 aids, as defined by subsection (c) of K.S.A. 74-5807, and amendments  
42 thereto, and repair and replacement parts therefor, including batteries,  
43 by a person licensed in the practice of dispensing and fitting hearing aids

1 pursuant to the provisions of K.S.A. 74-5808, and amendments thereto.  
2 For the purposes of this subsection: (1) “Mobility enhancing equipment”  
3 means equipment including repair and replacement parts to same, but  
4 does not include durable medical equipment, which is primarily and cus-  
5 tomarily used to provide or increase the ability to move from one place  
6 to another and which is appropriate for use either in a home or a motor  
7 vehicle; is not generally used by persons with normal mobility; and does  
8 not include any motor vehicle or equipment on a motor vehicle normally  
9 provided by a motor vehicle manufacturer; and (2) “prosthetic device”  
10 means a replacement, corrective or supportive device including repair  
11 and replacement parts for same worn on or in the body to artificially  
12 replace a missing portion of the body, prevent or correct physical defor-  
13 mity or malfunction or support a weak or deformed portion of the body;  
14 (s) except as provided in K.S.A. 2005 Supp. 82a-2101, and amend-  
15 ments thereto, all sales of tangible personal property or services pur-  
16 chased directly or indirectly by a groundwater management district or-  
17 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and  
18 amendments thereto, by a rural water district organized or operating un-  
19 der the authority of K.S.A. 82a-612, and amendments thereto, or by a  
20 water supply district organized or operating under the authority of K.S.A.  
21 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,  
22 which property or services are used in the construction activities, opera-  
23 tion or maintenance of the district;  
24 (t) all sales of farm machinery and equipment or aquaculture ma-  
25 chinery and equipment, repair and replacement parts therefor and serv-  
26 ices performed in the repair and maintenance of such machinery and  
27 equipment. For the purposes of this subsection the term “farm machinery  
28 and equipment or aquaculture machinery and equipment” shall include  
29 *a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments*  
30 *thereto, and is equipped with a bed or cargo box for hauling materials,*  
31 *and shall also include* machinery and equipment used in the operation of  
32 Christmas tree farming but shall not include any passenger vehicle, truck,  
33 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer,  
34 as such terms are defined by K.S.A. 8-126 and amendments thereto. Each  
35 purchaser of farm machinery and equipment or aquaculture machinery  
36 and equipment exempted herein must certify in writing on the copy of  
37 the invoice or sales ticket to be retained by the seller that the farm ma-  
38 chinery and equipment or aquaculture machinery and equipment pur-  
39 chased will be used only in farming, ranching or aquaculture production.  
40 Farming or ranching shall include the operation of a feedlot and farm  
41 and ranch work for hire and the operation of a nursery;  
42 (u) all leases or rentals of tangible personal property used as a dwell-  
43 ing if such tangible personal property is leased or rented for a period of



1 more than 28 consecutive days;

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

15 (w) all sales of natural gas, electricity, heat and water delivered  
16 through mains, lines or pipes: (1) To residential premises for noncom-  
17 mercial use by the occupant of such premises; (2) for agricultural use and  
18 also, for such use, all sales of propane gas; (3) for use in the severing of  
19 oil; and (4) to any property which is exempt from property taxation pur-  
20 suant to K.S.A. 79-201b *Second* through *Sixth*. As used in this paragraph,  
21 “severing” shall have the meaning ascribed thereto by subsection (k) of  
22 K.S.A. 79-4216, and amendments thereto. For all sales of natural gas,  
23 electricity and heat delivered through mains, lines or pipes pursuant to  
24 the provisions of subsection (w)(1) and (w)(2), the provisions of this sub-  
25 section shall expire on December 31, 2005;

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

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

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

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

42 (bb) all sales of used mobile homes or manufactured homes. As used  
43 in this subsection: (1) “Mobile homes” and “manufactured homes” shall

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

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

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

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

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

42 (gg) all sales of tangible personal property purchased in accordance  
43 with vouchers issued pursuant to the federal special supplemental food

- 1 program for women, infants and children;
- 2 (hh) all sales of medical supplies and equipment, including durable  
3 medical equipment, purchased directly by a nonprofit skilled nursing  
4 home or nonprofit intermediate nursing care home, as defined by K.S.A.  
5 39-923, and amendments thereto, for the purpose of providing medical  
6 services to residents thereof. This exemption shall not apply to tangible  
7 personal property customarily used for human habitation purposes. As  
8 used in this subsection, “durable medical equipment” means equipment  
9 including repair and replacement parts for such equipment, but does not  
10 include mobility enhancing equipment as defined in subsection (r) which  
11 can withstand repeated use, is primarily and customarily used to serve a  
12 medical purpose, generally is not useful to a person in the absence of  
13 illness or injury and is not worn in or on the body;
- 14 (ii) all sales of tangible personal property purchased directly by a non-  
15 profit organization for nonsectarian comprehensive multidiscipline youth  
16 development programs and activities provided or sponsored by such or-  
17 ganization, and all sales of tangible personal property by or on behalf of  
18 any such organization. This exemption shall not apply to tangible personal  
19 property customarily used for human habitation purposes;
- 20 (jj) all sales of tangible personal property or services, including the  
21 renting and leasing of tangible personal property, purchased directly on  
22 behalf of a community-based mental retardation facility or mental health  
23 center organized pursuant to K.S.A. 19-4001 et seq., and amendments  
24 thereto, and licensed in accordance with the provisions of K.S.A. 75-  
25 3307b and amendments thereto and all sales of tangible personal property  
26 or services purchased by contractors during the time period from July,  
27 2003, through June, 2004, for the purpose of constructing, equipping,  
28 maintaining or furnishing a new facility for a community-based mental  
29 retardation facility or mental health center located in Riverton, Cherokee  
30 County, Kansas, which would have been eligible for sales tax exemption  
31 pursuant to this subsection if purchased directly by such facility or center.  
32 This exemption shall not apply to tangible personal property customarily  
33 used for human habitation purposes;
- 34 (kk) (1) (A) all sales of machinery and equipment which are used in  
35 this state as an integral or essential part of an integrated production op-  
36 eration by a manufacturing or processing plant or facility;
- 37 (B) all sales of installation, repair and maintenance services per-  
38 formed on such machinery and equipment; and
- 39 (C) all sales of repair and replacement parts and accessories pur-  
40 chased for such machinery and equipment.
- 41 (2) For purposes of this subsection:
- 42 (A) “Integrated production operation” means an integrated series of  
43 operations engaged in at a manufacturing or processing plant or facility

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (G) to produce energy for, lubricate, control the operating of or oth-  
43 erwise enable the functioning of other production machinery and equip-

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

- 1 (A) Machinery and equipment used for nonproduction purposes, in-  
2 cluding, but not limited to, machinery and equipment used for plant se-  
3 curity, fire prevention, first aid, accounting, administration, record keep-  
4 ing, advertising, marketing, sales or other related activities, plant cleaning,  
5 plant communications, and employee work scheduling;
- 6 (B) machinery, equipment and tools used primarily in maintaining  
7 and repairing any type of machinery and equipment or the building and  
8 plant;
- 9 (C) transportation, transmission and distribution equipment not pri-  
10 marily used in a production, warehousing or material handling operation  
11 at the plant or facility, including the means of conveyance of natural gas,  
12 electricity, oil or water, and equipment related thereto, located outside  
13 the plant or facility;
- 14 (D) office machines and equipment including computers and related  
15 peripheral equipment not used directly and primarily to control or mea-  
16 sure the manufacturing process;
- 17 (E) furniture and other furnishings;
- 18 (F) buildings, other than exempt machinery and equipment that is  
19 permanently affixed to or becomes a physical part of the building, and  
20 any other part of real estate that is not otherwise exempt;
- 21 (G) building fixtures that are not integral to the manufacturing op-  
22 eration, such as utility systems for heating, ventilation, air conditioning,  
23 communications, plumbing or electrical;
- 24 (H) machinery and equipment used for general plant heating, cooling  
25 and lighting;
- 26 (I) motor vehicles that are registered for operation on public high-  
27 ways; or
- 28 (J) employee apparel, except safety and protective apparel that is pur-  
29 chased by an employer and furnished gratuitously to employees who are  
30 involved in production or research activities.
- 31 (6) Subsections (3) and (5) shall not be construed as exclusive listings  
32 of the machinery and equipment that qualify or do not qualify as an  
33 integral or essential part of an integrated production operation. When  
34 machinery or equipment is used as an integral or essential part of pro-  
35 duction operations part of the time and for nonproduction purpose at  
36 other times, the primary use of the machinery or equipment shall deter-  
37 mine whether or not such machinery or equipment qualifies for  
38 exemption.
- 39 (7) The secretary of revenue shall adopt rules and regulations nec-  
40 essary to administer the provisions of this subsection;
- 41 (II) all sales of educational materials purchased for distribution to the  
42 public at no charge by a nonprofit corporation organized for the purpose  
43 of encouraging, fostering and conducting programs for the improvement

- 1 of public health;
- 2 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,  
3 herbicides, germicides, pesticides and fungicides; and services, purchased  
4 and used for the purpose of producing plants in order to prevent soil  
5 erosion on land devoted to agricultural use;
- 6 (nn) except as otherwise provided in this act, all sales of services ren-  
7 dered by an advertising agency or licensed broadcast station or any mem-  
8 ber, agent or employee thereof;
- 9 (oo) all sales of tangible personal property purchased by a community  
10 action group or agency for the exclusive purpose of repairing or weath-  
11 erizing housing occupied by low income individuals;
- 12 (pp) all sales of drill bits and explosives actually utilized in the explo-  
13 ration and production of oil or gas;
- 14 (qq) all sales of tangible personal property and services purchased by  
15 a nonprofit museum or historical society or any combination thereof, in-  
16 cluding a nonprofit organization which is organized for the purpose of  
17 stimulating public interest in the exploration of space by providing edu-  
18 cational information, exhibits and experiences, which is exempt from fed-  
19 eral income taxation pursuant to section 501(c)(3) of the federal internal  
20 revenue code of 1986;
- 21 (rr) all sales of tangible personal property which will admit the pur-  
22 chaser thereof to any annual event sponsored by a nonprofit organization  
23 which is exempt from federal income taxation pursuant to section  
24 501(c)(3) of the federal internal revenue code of 1986;
- 25 (ss) all sales of tangible personal property and services purchased by  
26 a public broadcasting station licensed by the federal communications  
27 commission as a noncommercial educational television or radio station;
- 28 (tt) all sales of tangible personal property and services purchased by  
29 or on behalf of a not-for-profit corporation which is exempt from federal  
30 income taxation pursuant to section 501(c)(3) of the federal internal rev-  
31 enue code of 1986, for the sole purpose of constructing a Kansas Korean  
32 War memorial;
- 33 (uu) all sales of tangible personal property and services purchased by  
34 or on behalf of any rural volunteer fire-fighting organization for use ex-  
35 clusively in the performance of its duties and functions;
- 36 (vv) all sales of tangible personal property purchased by any of the  
37 following organizations which are exempt from federal income taxation  
38 pursuant to section 501 (c)(3) of the federal internal revenue code of  
39 1986, for the following purposes, and all sales of any such property by or  
40 on behalf of any such organization for any such purpose:
- 41 (1) The American Heart Association, Kansas Affiliate, Inc. for the  
42 purposes of providing education, training, certification in emergency car-  
43 diac care, research and other related services to reduce disability and



- 1 death from cardiovascular diseases and stroke;
- 2 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of  
3 advocacy for persons with mental illness and to education, research and  
4 support for their families;
- 5 (3) the Kansas Mental Illness Awareness Council for the purposes of  
6 advocacy for persons who are mentally ill and to education, research and  
7 support for them and their families;
- 8 (4) the American Diabetes Association Kansas Affiliate, Inc. for the  
9 purpose of eliminating diabetes through medical research, public edu-  
10 cation focusing on disease prevention and education, patient education  
11 including information on coping with diabetes, and professional education  
12 and training;
- 13 (5) the American Lung Association of Kansas, Inc. for the purpose of  
14 eliminating all lung diseases through medical research, public education  
15 including information on coping with lung diseases, professional educa-  
16 tion and training related to lung disease and other related services to  
17 reduce the incidence of disability and death due to lung disease;
- 18 (6) the Kansas chapters of the Alzheimer's Disease and Related Dis-  
19 orders Association, Inc. for the purpose of providing assistance and sup-  
20 port to persons in Kansas with Alzheimer's disease, and their families and  
21 caregivers;
- 22 (7) the Kansas chapters of the Parkinson's disease association for the  
23 purpose of eliminating Parkinson's disease through medical research and  
24 public and professional education related to such disease;
- 25 (8) the National Kidney Foundation of Kansas and Western Missouri  
26 for the purpose of eliminating kidney disease through medical research  
27 and public and private education related to such disease;
- 28 (9) the heartstrings community foundation for the purpose of provid-  
29 ing training, employment and activities for adults with developmental  
30 disabilities;
- 31 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for  
32 the purposes of assuring the development of the means to cure and con-  
33 trol cystic fibrosis and improving the quality of life for those with the  
34 disease; and
- 35 (11) the spina bifida association of Kansas for the purpose of provid-  
36 ing financial, educational and practical aid to families and individuals with  
37 spina bifida. Such aid includes, but is not limited to, funding for medical  
38 devices, counseling and medical educational opportunities;
- 39 (ww) all sales of tangible personal property purchased by the Habitat  
40 for Humanity for the exclusive use of being incorporated within a housing  
41 project constructed by such organization;
- 42 (xx) all sales of tangible personal property and services purchased by  
43 a nonprofit zoo which is exempt from federal income taxation pursuant

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

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

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

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

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

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

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

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

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

43 (eee) on and after January 1, 1999, and before January 1, 2001, all

1 sales of materials and services purchased for the original construction,  
2 reconstruction, repair or replacement of grain storage facilities, including  
3 railroad sidings providing access thereto;

4 (fff) all sales of material handling equipment, racking systems and  
5 other related machinery and equipment that is used for the handling,  
6 movement or storage of tangible personal property in a warehouse or  
7 distribution facility in this state; all sales of installation, repair and main-  
8 tenance services performed on such machinery and equipment; and all  
9 sales of repair and replacement parts for such machinery and equipment.

10 For purposes of this subsection, a warehouse or distribution facility means  
11 a single, fixed location that consists of buildings or structures in a contig-  
12 uous area where storage or distribution operations are conducted that are  
13 separate and apart from the business' retail operations, if any, and which  
14 do not otherwise qualify for exemption as occurring at a manufacturing  
15 or processing plant or facility. Material handling and storage equipment  
16 shall include aeration, dust control, cleaning, handling and other such  
17 equipment that is used in a public grain warehouse or other commercial  
18 grain storage facility, whether used for grain handling, grain storage, grain  
19 refining or processing, or other grain treatment operation;

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

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

28 Sec. 5. K.S.A. 2005 Supp. 8-126, 8-197, 8-198 and 79-3606 are  
29 hereby repealed.

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