

## SENATE BILL No. 552

By Senator Brownlee

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9 AN ACT concerning sales taxation; relating to sales tax exemption for  
10 certain sales of clothing, personal computers and school supplies;  
11 amending K.S.A. 2005 Supp. 79-3606 and repealing the existing  
12 section.

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

15 Section 1. K.S.A. 2005 Supp. 79-3606 is hereby amended to read as  
16 follows: 79-3606. The following shall be exempt from the tax imposed by  
17 this act:

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

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

1 (c) all sales of tangible personal property or services, including the  
2 renting and leasing of tangible personal property, purchased directly by  
3 a public or private elementary or secondary school or public or private  
4 nonprofit educational institution and used primarily by such school or  
5 institution for nonsectarian programs and activities provided or sponsored  
6 by such school or institution or in the erection, repair or enlargement of  
7 buildings to be used for such purposes. The exemption herein provided  
8 shall not apply to erection, construction, repair, enlargement or equip-  
9 ment of buildings used primarily for human habitation;

10 (d) all sales of tangible personal property or services purchased by a  
11 contractor for the purpose of constructing, equipping, reconstructing,  
12 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
13 any public or private nonprofit hospital or public hospital authority, public  
14 or private elementary or secondary school or a public or private nonprofit  
15 educational institution, which would be exempt from taxation under the  
16 provisions of this act if purchased directly by such hospital or public hos-  
17 pital authority, school or educational institution; and all sales of tangible  
18 personal property or services purchased by a contractor for the purpose  
19 of constructing, equipping, reconstructing, maintaining, repairing, en-  
20 larging, furnishing or remodeling facilities for any political subdivision of  
21 the state or district described in subsection (s), the total cost of which is  
22 paid from funds of such political subdivision or district and which would  
23 be exempt from taxation under the provisions of this act if purchased  
24 directly by such political subdivision or district. Nothing in this subsection  
25 or in the provisions of K.S.A. 12-3418 and amendments thereto, shall be  
26 deemed to exempt the purchase of any construction machinery, equip-  
27 ment or tools used in the constructing, equipping, reconstructing, main-  
28 taining, repairing, enlarging, furnishing or remodeling facilities for any  
29 political subdivision of the state or any such district. As used in this sub-  
30 section, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds  
31 of a political subdivision" shall mean general tax revenues, the proceeds  
32 of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used  
33 for the purpose of constructing, equipping, reconstructing, repairing, en-  
34 larging, furnishing or remodeling facilities which are to be leased to the  
35 donor. When any political subdivision of the state, district described in  
36 subsection (s), public or private nonprofit hospital or public hospital au-  
37 thority, public or private elementary or secondary school or public or  
38 private nonprofit educational institution shall contract for the purpose of  
39 constructing, equipping, reconstructing, maintaining, repairing, enlarg-  
40 ing, furnishing or remodeling facilities, it shall obtain from the state and  
41 furnish to the contractor an exemption certificate for the project involved,  
42 and the contractor may purchase materials for incorporation in such pro-  
43 ject. The contractor shall furnish the number of such certificate to all

1 suppliers from whom such purchases are made, and such suppliers shall  
2 execute invoices covering the same bearing the number of such certifi-  
3 cate. Upon completion of the project the contractor shall furnish to the  
4 political subdivision, district described in subsection (s), hospital or public  
5 hospital authority, school or educational institution concerned a sworn  
6 statement, on a form to be provided by the director of taxation, that all  
7 purchases so made were entitled to exemption under this subsection. As  
8 an alternative to the foregoing procedure, any such contracting entity may  
9 apply to the secretary of revenue for agent status for the sole purpose of  
10 issuing and furnishing project exemption certificates to contractors pur-  
11 suant to rules and regulations adopted by the secretary establishing con-  
12 ditions and standards for the granting and maintaining of such status. All  
13 invoices shall be held by the contractor for a period of five years and shall  
14 be subject to audit by the director of taxation. If any materials purchased  
15 under such a certificate are found not to have been incorporated in the  
16 building or other project or not to have been returned for credit or the  
17 sales or compensating tax otherwise imposed upon such materials which  
18 will not be so incorporated in the building or other project reported and  
19 paid by such contractor to the director of taxation not later than the 20th  
20 day of the month following the close of the month in which it shall be  
21 determined that such materials will not be used for the purpose for which  
22 such certificate was issued, the political subdivision, district described in  
23 subsection (s), hospital or public hospital authority, school or educational  
24 institution concerned shall be liable for tax on all materials purchased for  
25 the project, and upon payment thereof it may recover the same from the  
26 contractor together with reasonable attorney fees. Any contractor or any  
27 agent, employee or subcontractor thereof, who shall use or otherwise  
28 dispose of any materials purchased under such a certificate for any pur-  
29 pose other than that for which such a certificate is issued without the  
30 payment of the sales or compensating tax otherwise imposed upon such  
31 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
32 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
33 79-3615, and amendments thereto;

34 (e) all sales of tangible personal property or services purchased by a  
35 contractor for the erection, repair or enlargement of buildings or other  
36 projects for the government of the United States, its agencies or instru-  
37 mentalities, which would be exempt from taxation if purchased directly  
38 by the government of the United States, its agencies or instrumentalities.  
39 When the government of the United States, its agencies or instrumen-  
40 talities shall contract for the erection, repair, or enlargement of any build-  
41 ing or other project, it shall obtain from the state and furnish to the  
42 contractor an exemption certificate for the project involved, and the con-  
43 tractor may purchase materials for incorporation in such project. The

1 contractor shall furnish the number of such certificates to all suppliers  
2 from whom such purchases are made, and such suppliers shall execute  
3 invoices covering the same bearing the number of such certificate. Upon  
4 completion of the project the contractor shall furnish to the government  
5 of the United States, its agencies or instrumentalities concerned a sworn  
6 statement, on a form to be provided by the director of taxation, that all  
7 purchases so made were entitled to exemption under this subsection. As  
8 an alternative to the foregoing procedure, any such contracting entity may  
9 apply to the secretary of revenue for agent status for the sole purpose of  
10 issuing and furnishing project exemption certificates to contractors pur-  
11 suant to rules and regulations adopted by the secretary establishing con-  
12 ditions and standards for the granting and maintaining of such status. All  
13 invoices shall be held by the contractor for a period of five years and shall  
14 be subject to audit by the director of taxation. Any contractor or any agent,  
15 employee or subcontractor thereof, who shall use or otherwise dispose of  
16 any materials purchased under such a certificate for any purpose other  
17 than that for which such a certificate is issued without the payment of  
18 the sales or compensating tax otherwise imposed upon such materials,  
19 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
20 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615  
21 and amendments thereto;

22 (f) tangible personal property purchased by a railroad or public utility  
23 for consumption or movement directly and immediately in interstate  
24 commerce;

25 (g) sales of aircraft including remanufactured and modified aircraft  
26 sold to persons using directly or through an authorized agent such aircraft  
27 as certified or licensed carriers of persons or property in interstate or  
28 foreign commerce under authority of the laws of the United States or any  
29 foreign government or sold to any foreign government or agency or in-  
30 strumentality of such foreign government and all sales of aircraft for use  
31 outside of the United States and sales of aircraft repair, modification and  
32 replacement parts and sales of services employed in the remanufacture,  
33 modification and repair of aircraft;

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

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

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

43 (k) any motor vehicle, semitrailer or pole trailer, as such terms are

1 defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and  
2 delivered in this state to a bona fide resident of another state, which motor  
3 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based  
4 in this state and which vehicle, semitrailer, pole trailer or aircraft will not  
5 remain in this state more than 10 days;

6 (l) all isolated or occasional sales of tangible personal property, serv-  
7 ices, substances or things, except isolated or occasional sale of motor  
8 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.  
9 79-3603 and amendments thereto;

10 (m) all sales of tangible personal property which become an ingre-  
11 dient or component part of tangible personal property or services pro-  
12 duced, manufactured or compounded for ultimate sale at retail within or  
13 without the state of Kansas; and any such producer, manufacturer or  
14 compounder may obtain from the director of taxation and furnish to the  
15 supplier an exemption certificate number for tangible personal property  
16 for use as an ingredient or component part of the property or services  
17 produced, manufactured or compounded;

18 (n) all sales of tangible personal property which is consumed in the  
19 production, manufacture, processing, mining, drilling, refining or com-  
20 pounding of tangible personal property, the treating of by-products or  
21 wastes derived from any such production process, the providing of serv-  
22 ices or the irrigation of crops for ultimate sale at retail within or without  
23 the state of Kansas; and any purchaser of such property may obtain from  
24 the director of taxation and furnish to the supplier an exemption certifi-  
25 cate number for tangible personal property for consumption in such pro-  
26 duction, manufacture, processing, mining, drilling, refining, compound-  
27 ing, treating, irrigation and in providing such services;

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

34 (p) all sales of drugs dispensed pursuant to a prescription order by a  
35 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
36 1626, and amendments thereto. As used in this subsection, "drug" means  
37 a compound, substance or preparation and any component of a com-  
38 pound, substance or preparation, other than food and food ingredients,  
39 dietary supplements or alcoholic beverages, recognized in the official  
40 United States pharmacopoeia, official homeopathic pharmacopoeia of the  
41 United States or official national formulary, and supplement to any of  
42 them, intended for use in the diagnosis, cure, mitigation, treatment or  
43 prevention of disease or intended to affect the structure or any function

1 of the body;

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

5 (r) all sales of prosthetic devices and mobility enhancing equipment  
6 prescribed in writing by a person licensed to practice the healing arts,  
7 dentistry or optometry, and in addition to such sales, all sales of hearing  
8 aids, as defined by subsection (c) of K.S.A. 74-5807, and amendments  
9 thereto, and repair and replacement parts therefor, including batteries,  
10 by a person licensed in the practice of dispensing and fitting hearing aids  
11 pursuant to the provisions of K.S.A. 74-5808, and amendments thereto.  
12 For the purposes of this subsection: (1) "Mobility enhancing equipment"  
13 means equipment including repair and replacement parts to same, but  
14 does not include durable medical equipment, which is primarily and cus-  
15 tomarily used to provide or increase the ability to move from one place  
16 to another and which is appropriate for use either in a home or a motor  
17 vehicle; is not generally used by persons with normal mobility; and does  
18 not include any motor vehicle or equipment on a motor vehicle normally  
19 provided by a motor vehicle manufacturer; and (2) "prosthetic device"  
20 means a replacement, corrective or supportive device including repair  
21 and replacement parts for same worn on or in the body to artificially  
22 replace a missing portion of the body, prevent or correct physical defor-  
23 mity or malfunction or support a weak or deformed portion of the body;

24 (s) except as provided in K.S.A. 2005 Supp. 82a-2101, and amend-  
25 ments thereto, all sales of tangible personal property or services pur-  
26 chased directly or indirectly by a groundwater management district or-  
27 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and  
28 amendments thereto, by a rural water district organized or operating un-  
29 der the authority of K.S.A. 82a-612, and amendments thereto, or by a  
30 water supply district organized or operating under the authority of K.S.A.  
31 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,  
32 which property or services are used in the construction activities, opera-  
33 tion or maintenance of the district;

34 (t) all sales of farm machinery and equipment or aquaculture ma-  
35 chinery and equipment, repair and replacement parts therefor and serv-  
36 ices performed in the repair and maintenance of such machinery and  
37 equipment. For the purposes of this subsection the term "farm machinery  
38 and equipment or aquaculture machinery and equipment" shall include  
39 machinery and equipment used in the operation of Christmas tree farm-  
40 ing but shall not include any passenger vehicle, truck, truck tractor, trailer,  
41 semitrailer or pole trailer, other than a farm trailer, as such terms are  
42 defined by K.S.A. 8-126 and amendments thereto. Each purchaser of  
43 farm machinery and equipment or aquaculture machinery and equipment

- 1 exempted herein must certify in writing on the copy of the invoice or  
2 sales ticket to be retained by the seller that the farm machinery and  
3 equipment or aquaculture machinery and equipment purchased will be  
4 used only in farming, ranching or aquaculture production. Farming or  
5 ranching shall include the operation of a feedlot and farm and ranch work  
6 for hire and the operation of a nursery;
- 7 (u) all leases or rentals of tangible personal property used as a dwell-  
8 ing if such tangible personal property is leased or rented for a period of  
9 more than 28 consecutive days;
- 10 (v) all sales of tangible personal property to any contractor for use in  
11 preparing meals for delivery to homebound elderly persons over 60 years  
12 of age and to homebound disabled persons or to be served at a group-  
13 sitting at a location outside of the home to otherwise homebound elderly  
14 persons over 60 years of age and to otherwise homebound disabled per-  
15 sons, as all or part of any food service project funded in whole or in part  
16 by government or as part of a private nonprofit food service project avail-  
17 able to all such elderly or disabled persons residing within an area of  
18 service designated by the private nonprofit organization, and all sales of  
19 tangible personal property for use in preparing meals for consumption by  
20 indigent or homeless individuals whether or not such meals are consumed  
21 at a place designated for such purpose, and all sales of food products by  
22 or on behalf of any such contractor or organization for any such purpose;
- 23 (w) all sales of natural gas, electricity, heat and water delivered  
24 through mains, lines or pipes: (1) To residential premises for noncom-  
25 mercial use by the occupant of such premises; (2) for agricultural use and  
26 also, for such use, all sales of propane gas; (3) for use in the severing of  
27 oil; and (4) to any property which is exempt from property taxation pur-  
28 suant to K.S.A. 79-201b *Second* through *Sixth*. As used in this paragraph,  
29 “severing” shall have the meaning ascribed thereto by subsection (k) of  
30 K.S.A. 79-4216, and amendments thereto. For all sales of natural gas,  
31 electricity and heat delivered through mains, lines or pipes pursuant to  
32 the provisions of subsection (w)(1) and (w)(2), the provisions of this sub-  
33 section shall expire on December 31, 2005;
- 34 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources  
35 for the production of heat or lighting for noncommercial use of an oc-  
36 cupant of residential premises occurring prior to January 1, 2006;
- 37 (y) all sales of materials and services used in the repairing, servicing,  
38 altering, maintaining, manufacturing, remanufacturing, or modification of  
39 railroad rolling stock for use in interstate or foreign commerce under  
40 authority of the laws of the United States;
- 41 (z) all sales of tangible personal property and services purchased di-  
42 rectly by a port authority or by a contractor therefor as provided by the  
43 provisions of K.S.A. 12-3418 and amendments thereto;

- 1 (aa) all sales of materials and services applied to equipment which is  
2 transported into the state from without the state for repair, service, al-  
3 teration, maintenance, remanufacture or modification and which is sub-  
4 sequently transported outside the state for use in the transmission of  
5 liquids or natural gas by means of pipeline in interstate or foreign com-  
6 merce under authority of the laws of the United States;
- 7 (bb) all sales of used mobile homes or manufactured homes. As used  
8 in this subsection: (1) “Mobile homes” and “manufactured homes” shall  
9 have the meanings ascribed thereto by K.S.A. 58-4202 and amendments  
10 thereto; and (2) “sales of used mobile homes or manufactured homes”  
11 means sales other than the original retail sale thereof;
- 12 (cc) all sales of tangible personal property or services purchased for  
13 the purpose of and in conjunction with constructing, reconstructing, en-  
14 larging or remodeling a business or retail business which meets the  
15 requirements established in K.S.A. 74-50,115 and amendments thereto,  
16 and the sale and installation of machinery and equipment purchased for  
17 installation at any such business or retail business. When a person shall  
18 contract for the construction, reconstruction, enlargement or remodeling  
19 of any such business or retail business, such person shall obtain from the  
20 state and furnish to the contractor an exemption certificate for the project  
21 involved, and the contractor may purchase materials, machinery and  
22 equipment for incorporation in such project. The contractor shall furnish  
23 the number of such certificates to all suppliers from whom such purchases  
24 are made, and such suppliers shall execute invoices covering the same  
25 bearing the number of such certificate. Upon completion of the project  
26 the contractor shall furnish to the owner of the business or retail business  
27 a sworn statement, on a form to be provided by the director of taxation,  
28 that all purchases so made were entitled to exemption under this subsec-  
29 tion. All invoices shall be held by the contractor for a period of five years  
30 and shall be subject to audit by the director of taxation. Any contractor  
31 or any agent, employee or subcontractor thereof, who shall use or oth-  
32 erwise dispose of any materials, machinery or equipment purchased un-  
33 der such a certificate for any purpose other than that for which such a  
34 certificate is issued without the payment of the sales or compensating tax  
35 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon  
36 conviction therefor, shall be subject to the penalties provided for in sub-  
37 section (g) of K.S.A. 79-3615 and amendments thereto. As used in this  
38 subsection, “business” and “retail business” have the meanings respec-  
39 tively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;
- 40 (dd) all sales of tangible personal property purchased with food  
41 stamps issued by the United States department of agriculture;
- 42 (ee) all sales of lottery tickets and shares made as part of a lottery  
43 operated by the state of Kansas;



- 1 (ff) on and after July 1, 1988, all sales of new mobile homes or man-  
2 ufactured homes to the extent of 40% of the gross receipts, determined  
3 without regard to any trade-in allowance, received from such sale. As used  
4 in this subsection, “mobile homes” and “manufactured homes” shall have  
5 the meanings ascribed thereto by K.S.A. 58-4202 and amendments  
6 thereto;
- 7 (gg) all sales of tangible personal property purchased in accordance  
8 with vouchers issued pursuant to the federal special supplemental food  
9 program for women, infants and children;
- 10 (hh) all sales of medical supplies and equipment, including durable  
11 medical equipment, purchased directly by a nonprofit skilled nursing  
12 home or nonprofit intermediate nursing care home, as defined by K.S.A.  
13 39-923, and amendments thereto, for the purpose of providing medical  
14 services to residents thereof. This exemption shall not apply to tangible  
15 personal property customarily used for human habitation purposes. As  
16 used in this subsection, “durable medical equipment” means equipment  
17 including repair and replacement parts for such equipment, but does not  
18 include mobility enhancing equipment as defined in subsection (r) which  
19 can withstand repeated use, is primarily and customarily used to serve a  
20 medical purpose, generally is not useful to a person in the absence of  
21 illness or injury and is not worn in or on the body;
- 22 (ii) all sales of tangible personal property purchased directly by a non-  
23 profit organization for nonsectarian comprehensive multidiscipline youth  
24 development programs and activities provided or sponsored by such or-  
25 ganization, and all sales of tangible personal property by or on behalf of  
26 any such organization. This exemption shall not apply to tangible personal  
27 property customarily used for human habitation purposes;
- 28 (jj) all sales of tangible personal property or services, including the  
29 renting and leasing of tangible personal property, purchased directly on  
30 behalf of a community-based mental retardation facility or mental health  
31 center organized pursuant to K.S.A. 19-4001 et seq., and amendments  
32 thereto, and licensed in accordance with the provisions of K.S.A. 75-  
33 3307b and amendments thereto and all sales of tangible personal property  
34 or services purchased by contractors during the time period from July,  
35 2003, through June, 2004, for the purpose of constructing, equipping,  
36 maintaining or furnishing a new facility for a community-based mental  
37 retardation facility or mental health center located in Riverton, Cherokee  
38 County, Kansas, which would have been eligible for sales tax exemption  
39 pursuant to this subsection if purchased directly by such facility or center.  
40 This exemption shall not apply to tangible personal property customarily  
41 used for human habitation purposes;
- 42 (kk) (1) (A) all sales of machinery and equipment which are used in  
43 this state as an integral or essential part of an integrated production op-

1 eration by a manufacturing or processing plant or facility;

2 (B) all sales of installation, repair and maintenance services per-

3 formed on such machinery and equipment; and

4 (C) all sales of repair and replacement parts and accessories pur-

5 chased for such machinery and equipment.

6 (2) For purposes of this subsection:

7 (A) "Integrated production operation" means an integrated series of

8 operations engaged in at a manufacturing or processing plant or facility

9 to process, transform or convert tangible personal property by physical,

10 chemical or other means into a different form, composition or character

11 from that in which it originally existed. Integrated production operations

12 shall include: (i) Production line operations, including packaging opera-

13 tions; (ii) preproduction operations to handle, store and treat raw mate-

14 rials; (iii) post production handling, storage, warehousing and distribution

15 operations; and (iv) waste, pollution and environmental control opera-

16 tions, if any;

17 (B) "production line" means the assemblage of machinery and equip-

18 ment at a manufacturing or processing plant or facility where the actual

19 transformation or processing of tangible personal property occurs;

20 (C) "manufacturing or processing plant or facility" means a single,

21 fixed location owned or controlled by a manufacturing or processing busi-

22 ness that consists of one or more structures or buildings in a contiguous

23 area where integrated production operations are conducted to manufac-

24 ture or process tangible personal property to be ultimately sold at retail.

25 Such term shall not include any facility primarily operated for the purpose

26 of conveying or assisting in the conveyance of natural gas, electricity, oil

27 or water. A business may operate one or more manufacturing or proc-

28 essing plants or facilities at different locations to manufacture or process

29 a single product of tangible personal property to be ultimately sold at

30 retail;

31 (D) "manufacturing or processing business" means a business that

32 utilizes an integrated production operation to manufacture, process, fab-

33 ricate, finish, or assemble items for wholesale and retail distribution as

34 part of what is commonly regarded by the general public as an industrial

35 manufacturing or processing operation or an agricultural commodity

36 processing operation. (i) Industrial manufacturing or processing opera-

37 tions include, by way of illustration but not of limitation, the fabrication

38 of automobiles, airplanes, machinery or transportation equipment, the

39 fabrication of metal, plastic, wood, or paper products, electricity power

40 generation, water treatment, petroleum refining, chemical production,

41 wholesale bottling, newspaper printing, ready mixed concrete production,

42 and the remanufacturing of used parts for wholesale or retail sale. Such

43 processing operations shall include operations at an oil well, gas well, mine

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

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

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

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

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

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

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

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

43 (E) to test or measure raw materials, the property undergoing man-

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

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

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

- 1 (vv) all sales of tangible personal property purchased by any of the  
2 following organizations which are exempt from federal income taxation  
3 pursuant to section 501 (c)(3) of the federal internal revenue code of  
4 1986, for the following purposes, and all sales of any such property by or  
5 on behalf of any such organization for any such purpose:
- 6 (1) The American Heart Association, Kansas Affiliate, Inc. for the  
7 purposes of providing education, training, certification in emergency car-  
8 diac care, research and other related services to reduce disability and  
9 death from cardiovascular diseases and stroke;
  - 10 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of  
11 advocacy for persons with mental illness and to education, research and  
12 support for their families;
  - 13 (3) the Kansas Mental Illness Awareness Council for the purposes of  
14 advocacy for persons who are mentally ill and to education, research and  
15 support for them and their families;
  - 16 (4) the American Diabetes Association Kansas Affiliate, Inc. for the  
17 purpose of eliminating diabetes through medical research, public edu-  
18 cation focusing on disease prevention and education, patient education  
19 including information on coping with diabetes, and professional education  
20 and training;
  - 21 (5) the American Lung Association of Kansas, Inc. for the purpose of  
22 eliminating all lung diseases through medical research, public education  
23 including information on coping with lung diseases, professional educa-  
24 tion and training related to lung disease and other related services to  
25 reduce the incidence of disability and death due to lung disease;
  - 26 (6) the Kansas chapters of the Alzheimer's Disease and Related Dis-  
27 orders Association, Inc. for the purpose of providing assistance and sup-  
28 port to persons in Kansas with Alzheimer's disease, and their families and  
29 caregivers;
  - 30 (7) the Kansas chapters of the Parkinson's disease association for the  
31 purpose of eliminating Parkinson's disease through medical research and  
32 public and professional education related to such disease;
  - 33 (8) the National Kidney Foundation of Kansas and Western Missouri  
34 for the purpose of eliminating kidney disease through medical research  
35 and public and private education related to such disease;
  - 36 (9) the heartstrings community foundation for the purpose of provid-  
37 ing training, employment and activities for adults with developmental  
38 disabilities;
  - 39 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for  
40 the purposes of assuring the development of the means to cure and con-  
41 trol cystic fibrosis and improving the quality of life for those with the  
42 disease; and
  - 43 (11) the spina bifida association of Kansas for the purpose of provid-

1 ing financial, educational and practical aid to families and individuals with  
2 spina bifida. Such aid includes, but is not limited to, funding for medical  
3 devices, counseling and medical educational opportunities;

4 (ww) all sales of tangible personal property purchased by the Habitat  
5 for Humanity for the exclusive use of being incorporated within a housing  
6 project constructed by such organization;

7 (xx) all sales of tangible personal property and services purchased by  
8 a nonprofit zoo which is exempt from federal income taxation pursuant  
9 to section 501(c)(3) of the federal internal revenue code of 1986, or on  
10 behalf of such zoo by an entity itself exempt from federal income taxation  
11 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
12 contracted with to operate such zoo and all sales of tangible personal  
13 property or services purchased by a contractor for the purpose of con-  
14 structing, equipping, reconstructing, maintaining, repairing, enlarging,  
15 furnishing or remodeling facilities for any nonprofit zoo which would be  
16 exempt from taxation under the provisions of this section if purchased  
17 directly by such nonprofit zoo or the entity operating such zoo. Nothing  
18 in this subsection shall be deemed to exempt the purchase of any con-  
19 struction machinery, equipment or tools used in the constructing, equip-  
20 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-  
21 modeling facilities for any nonprofit zoo. When any nonprofit zoo shall  
22 contract for the purpose of constructing, equipping, reconstructing, main-  
23 taining, repairing, enlarging, furnishing or remodeling facilities, it shall  
24 obtain from the state and furnish to the contractor an exemption certifi-  
25 cate for the project involved, and the contractor may purchase materials  
26 for incorporation in such project. The contractor shall furnish the number  
27 of such certificate to all suppliers from whom such purchases are made,  
28 and such suppliers shall execute invoices covering the same bearing the  
29 number of such certificate. Upon completion of the project the contractor  
30 shall furnish to the nonprofit zoo concerned a sworn statement, on a form  
31 to be provided by the director of taxation, that all purchases so made were  
32 entitled to exemption under this subsection. All invoices shall be held by  
33 the contractor for a period of five years and shall be subject to audit by  
34 the director of taxation. If any materials purchased under such a certifi-  
35 cate are found not to have been incorporated in the building or other  
36 project or not to have been returned for credit or the sales or compen-  
37 sating tax otherwise imposed upon such materials which will not be so  
38 incorporated in the building or other project reported and paid by such  
39 contractor to the director of taxation not later than the 20th day of the  
40 month following the close of the month in which it shall be determined  
41 that such materials will not be used for the purpose for which such cer-  
42 tificate was issued, the nonprofit zoo concerned shall be liable for tax on  
43 all materials purchased for the project, and upon payment thereof it may



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

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

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

22 (aaa) all sales of tangible personal property and services purchased  
23 by a religious organization which is exempt from federal income taxation  
24 pursuant to section 501(c)(3) of the federal internal revenue code, and  
25 used exclusively for religious purposes, and all sales of tangible personal  
26 property or services purchased by a contractor for the purpose of con-  
27 structing, equipping, reconstructing, maintaining, repairing, enlarging,  
28 furnishing or remodeling facilities for any such organization which would  
29 be exempt from taxation under the provisions of this section if purchased  
30 directly by such organization. Nothing in this subsection shall be deemed  
31 to exempt the purchase of any construction machinery, equipment or  
32 tools used in the constructing, equipping, reconstructing, maintaining,  
33 repairing, enlarging, furnishing or remodeling facilities for any such or-  
34 ganization. When any such organization shall contract for the purpose of  
35 constructing, equipping, reconstructing, maintaining, repairing, enlarg-  
36 ing, furnishing or remodeling facilities, it shall obtain from the state and  
37 furnish to the contractor an exemption certificate for the project involved,  
38 and the contractor may purchase materials for incorporation in such pro-  
39 ject. The contractor shall furnish the number of such certificate to all  
40 suppliers from whom such purchases are made, and such suppliers shall  
41 execute invoices covering the same bearing the number of such certifi-  
42 cate. Upon completion of the project the contractor shall furnish to such  
43 organization concerned a sworn statement, on a form to be provided by

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

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

38 (ccc) on and after July 1, 1999, all sales of tangible personal property  
39 and services purchased by a primary care clinic or health center the pri-  
40 mary purpose of which is to provide services to medically underserved  
41 individuals and families, and which is exempt from federal income taxa-  
42 tion pursuant to section 501 (c)(3) of the federal internal revenue code,  
43 and 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 such clinic or center which would be exempt from taxation under the  
4 provisions of this section if purchased directly by such clinic or center.  
5 Nothing in this subsection shall be deemed to exempt the purchase of  
6 any construction machinery, equipment or tools used in the constructing,  
7 equipping, reconstructing, maintaining, repairing, enlarging, furnishing  
8 or remodeling facilities for any such clinic or center. When any such clinic  
9 or center shall contract for the purpose of constructing, equipping, re-  
10 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
11 facilities, it shall obtain from the state and furnish to the contractor an  
12 exemption certificate for the project involved, and the contractor may  
13 purchase materials for incorporation in such project. The contractor shall  
14 furnish the number of such certificate to all suppliers from whom such  
15 purchases are made, and such suppliers shall execute invoices covering  
16 the same bearing the number of such certificate. Upon completion of the  
17 project the contractor shall furnish to such clinic or center concerned a  
18 sworn statement, on a form to be provided by the director of taxation,  
19 that all purchases so made were entitled to exemption under this subsec-  
20 tion. All invoices shall be held by the contractor for a period of five years  
21 and shall be subject to audit by the director of taxation. If any materials  
22 purchased under such a certificate are found not to have been incorpo-  
23 rated in the building or other project or not to have been returned for  
24 credit or the sales or compensating tax otherwise imposed upon such  
25 materials which will not be so incorporated in the building or other pro-  
26 ject reported and paid by such contractor to the director of taxation not  
27 later than the 20th day of the month following the close of the month in  
28 which it shall be determined that such materials will not be used for the  
29 purpose for which such certificate was issued, such clinic or center con-  
30 cerned shall be liable for tax on all materials purchased for the project,  
31 and upon payment thereof it may recover the same from the contractor  
32 together with reasonable attorney fees. Any contractor or any agent, em-  
33 ployee or subcontractor thereof, who shall use or otherwise dispose of  
34 any materials purchased under such a certificate for any purpose other  
35 than that for which such a certificate is issued without the payment of  
36 the sales or compensating tax otherwise imposed upon such materials,  
37 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
38 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,  
39 and amendments thereto;

40 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
41 sales of materials and services purchased by any class II or III railroad as  
42 classified by the federal surface transportation board for the construction,  
43 renovation, repair or replacement of class II or III railroad track and

1 facilities used directly in interstate commerce. In the event any such track  
2 or facility for which materials and services were purchased sales tax ex-  
3 empt is not operational for five years succeeding the allowance of such  
4 exemption, the total amount of sales tax which would have been payable  
5 except for the operation of this subsection shall be recouped in accord-  
6 ance with rules and regulations adopted for such purpose by the secretary  
7 of revenue;

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

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

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

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

36 (iii) *on and after July 1, 2006, except as provided in section 2, all sales*  
37 *of any article of clothing having a taxable value of \$100 or less, all school*  
38 *supplies not to exceed \$50 per purchase, all computer software with a*  
39 *taxable value of \$250 or less and all personal computers or computer*  
40 *peripheral devices not to exceed \$1,000, during a three-day period begin-*  
41 *ning at 12:01 a.m. on the first Friday in August and ending at midnight*  
42 *on the Sunday following. The provisions of this subsection apply to sales*  
43 *of items for personal use only. As used in this subsection, (1) "clothing"*

1 means any article of wearing apparel, including footwear, intended to be  
2 worn on or about the human body. The term shall include but not be  
3 limited to cloth and other material used to make school uniforms or other  
4 school clothing. Items normally sold in pairs shall not be separated to  
5 qualify for the exemption. The term shall not include watches, watch-  
6 bands, jewelry, handbags, handkerchiefs, umbrellas, scarves, ties, head-  
7 bands, or belt buckles; (2) "personal computers" means a laptop, desktop  
8 or tower computer system which consists of a central processing unit,  
9 random access memory, a storage drive, a display monitor and a keyboard  
10 and devices designed for use in conjunction with a personal computer,  
11 such as a disk drive, memory module, compact disk drive, daughterboard,  
12 digitalizer, microphone, modem, motherboard, mouse, multimedia  
13 speaker, printer, scanner, single-user hardware, single-user operating sys-  
14 tem, soundcard or video card; and (3) "school supplies" means any item  
15 normally used by students in a standard classroom for educational pur-  
16 poses, including, but not limited to, textbooks, notebooks, paper, writing  
17 instruments, crayons, art supplies, rulers, bookbags, backpacks, handheld  
18 calculators, chalk, maps and globes. The term shall not include watches,  
19 radios, CD players, headphones, sporting equipment, portable or desktop  
20 telephones, copiers or other office equipment, furniture or fixtures.

21 New Sec. 2. The governing body of any city or county may adopt an  
22 ordinance or resolution to prohibit the provisions of subsection (iii) of  
23 K.S.A. 79-3606, and amendments thereto, from applying to its local sales  
24 tax. Any such city or county may rescind the ordinance or resolution. At  
25 least 45 days prior to the beginning of the period specified in subsection  
26 (iii) of K.S.A. 79-3606, and amendments thereto, a city or county shall  
27 notify the director of taxation of the adoption or rescinding of any such  
28 ordinance or resolution.

29 Sec. 3. K.S.A. 2005 Supp. 79-3606 is hereby repealed.

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