

SENATE BILL No. 267

Committee on Assessment and Taxation

2-13

1 AN ACT concerning sales taxation; relating to definitions and exemptions;
2 modifying the definition of alcoholic beverages; providing exemptions
3 for certain services purchased on behalf of a provider in the provision
4 of communication services and certain purchases by the Kansas
5 fairgrounds foundation; amending K.S.A. 2024 Supp. 79-3602 and 79-
6 3606 and repealing the existing sections.

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

9 Section 1. K.S.A. 2024 Supp. 79-3602 is hereby amended to read as
10 follows: 79-3602. Except as otherwise provided, as used in the Kansas
11 retailers' sales tax act:

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

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

17 (c) "Alcoholic beverages" means beverages that are suitable for
18 human consumption and contain ~~0.05%~~ 0.5% or more of alcohol by
19 volume.

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

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

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

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

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

35 (i) "Delivery charges" means charges by the seller of personal
36 property or services for preparation and delivery to a location designated

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 deemed to be not engaged at the time of such sale in the business of selling
2 such property. Such term shall include: (1) Any sale by a bank, savings and
3 loan institution, credit union or any finance company licensed under the
4 provisions of the Kansas uniform consumer credit code of tangible
5 personal property that has been repossessed by any such entity; and (2)
6 any sale of tangible personal property made by an auctioneer or agent on
7 behalf of not more than two principals or households if such sale is
8 nonrecurring and any such principal or household is not engaged at the
9 time of such sale in the business of selling tangible personal property.

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

14 (1) Lease or rental does not include: (A) A transfer of possession or
15 control of property under a security agreement or deferred payment plan
16 that requires the transfer of title upon completion of the required
17 payments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (dd) "Property which is consumed" means tangible personal property
18 that is essential or necessary to and that is used in the actual process of and
19 consumed, depleted or dissipated within one year in: (1) The production,
20 manufacture, processing, mining, drilling, refining or compounding of
21 tangible personal property; (2) the providing of services; (3) the irrigation
22 of crops, for sale in the regular course of business; or (4) the storage or
23 processing of grain by a public grain warehouse or other grain storage
24 facility, and which is not reusable for such purpose. The following is a
25 listing of tangible personal property, included by way of illustration but
26 not of limitation, that qualifies as property that is consumed:

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

32 (B) electricity, gas and water; and

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

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

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

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

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

1 article IV of the agreement.

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

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

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

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

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

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

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

31 (D) (i) prior to July 1, 2023, delivery charges; and

32 (ii) on and after July 1, 2023, delivery charges that are not separately
33 stated on the invoice, bill of sale or similar document given to the
34 purchaser; and

35 (E) installation charges.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (E) cash rebates granted by a manufacturer to a purchaser or lessee of
31 a new motor vehicle if paid directly to the retailer as a result of the original
32 sale;

33 (F) commencing on July 1, 2023, delivery charges that are separately
34 stated on the invoice, bill of sale or similar document given to the
35 purchaser; and

36 (G) notwithstanding the provisions of paragraph (2), coupons issued
37 by a manufacturer, supplier or distributor of a product that entitle the
38 purchaser to a reduction in sales price and allowed by the seller who is
39 reimbursed by the manufacturer, supplier or distributor. When the seller
40 accepts such coupons, only the amount paid by the purchaser is included in
41 the sales price.

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

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

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

7 (pp) "Tangible personal property" means personal property that can
8 be seen, weighed, measured, felt or touched, or that is in any other manner
9 perceptible to the senses. Tangible personal property includes electricity,
10 water, gas, steam and prewritten computer software.

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

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

15 (ss) "Entity-based exemption" means an exemption based on who
16 purchases the product or who sells the product. An exemption that is
17 available to all individuals shall not be considered an entity-based
18 exemption.

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

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

31 (vv) "Conference bridging service" means an ancillary service that
32 links two or more participants of an audio or video conference call and
33 may include the provision of a telephone number. Conference bridging
34 service does not include the telecommunications services used to reach the
35 conference bridge.

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

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

41 (yy) "Vertical service" means an ancillary service that is offered in
42 connection with one or more telecommunications services, that offers
43 advanced calling features that allow customers to identify callers and to

1 manage multiple calls and call connections, including conference bridging
2 services.

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

7 (aaa) "Telecommunications service" means the electronic
8 transmission, conveyance or routing of voice, data, audio, video or any
9 other information or signals to a point, or between or among points. The
10 term telecommunications service includes such transmission, conveyance
11 or routing in which computer processing applications are used to act on the
12 form, code or protocol of the content for purposes of transmissions,
13 conveyance or routing without regard to whether such service is referred to
14 as voice over internet protocol services or is classified by the federal
15 communications commission as enhanced or value added.
16 Telecommunications service does not include:

17 (1) Data processing and information services that allow data to be
18 generated, acquired, stored, processed or retrieved and delivered by an
19 electronic transmission to a purchaser where such purchaser's primary
20 purpose for the underlying transaction is the processed data or
21 information;

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

24 (3) tangible personal property;

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

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

27 (6) internet access service;

28 (7) radio and television audio and video programming services,
29 regardless of the medium, including the furnishing of transmission,
30 conveyance and routing of such services by the programming service
31 provider. Radio and television audio and video programming services shall
32 include, but not be limited to, cable service as defined in 47 U.S.C. §
33 522(6) and audio and video programming services delivered by
34 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

35 (8) ancillary services; or

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

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

43 (ccc) "900 service" means an inbound toll telecommunications

1 service purchased by a subscriber that allows the subscriber's customers to
2 call in to the subscriber's prerecorded announcement or live service. 900
3 service does not include the charge for collection services provided by the
4 seller of the telecommunications services to the subscriber, or service or
5 product sold by the subscriber to the subscriber's customer. The service is
6 typically marketed under the name 900 service, and any subsequent
7 numbers designated by the federal communications commission.

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

13 (eee) "International" means a telecommunications service that
14 originates or terminates in the United States and terminates or originates
15 outside the United States, respectively. United States includes the District
16 of Columbia or a U.S. territory or possession.

17 (fff) "Interstate" means a telecommunications service that originates
18 in one United States state, or a United States territory or possession, and
19 terminates in a different United States state or a United States territory or
20 possession.

21 (ggg) "Intrastate" means a telecommunications service that originates
22 in one United States state or a United States territory or possession, and
23 terminates in the same United States state or a United States territory or
24 possession.

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

31 (iii) "Nonprofit integrated community care organization" means an
32 entity that is:

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

35 (2) certified to participate in the medicare program as a hospice under
36 42 C.F.R. § 418 et seq. and focused on providing care to the aging and
37 indigent population at home and through inpatient care, adult daycare or
38 assisted living facilities and related facilities and services across multiple
39 counties; and

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

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

- 5 (A) Antimicrobial agents;
- 6 (B) fluoride;
- 7 (C) carbonation;
- 8 (D) vitamins, minerals and electrolytes;
- 9 (E) oxygen;
- 10 (F) preservatives; or
- 11 (G) only those flavors, extracts or essences derived from a spice or
12 fruit.

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

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

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

20 (mmm) "Dietary supplement" means the same as defined in K.S.A.
21 79-3606(jjj), and amendments thereto.

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

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

- 25 (A) Food sold in a heated state or heated by the seller;
- 26 (B) two or more food ingredients mixed or combined by the seller for
27 sale as a single item; or
- 28 (C) food sold with eating utensils provided by the seller, including,
29 but not limited to, plates, knives, forks, spoons, glasses, cups, napkins or
30 straws. A plate does not include a container or packaging used to transport
31 the food.

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

- 33 (A) Food that is only cut, repackaged or pasteurized by the seller; or
- 34 (B) eggs, fish, meat, poultry or foods containing these raw animal
35 foods that require cooking by the consumer as recommended by the food
36 and drug administration in chapter 3, part 401.11 of the food and drug
37 administration food code so as to prevent food borne illnesses.

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

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

43 Sec. 2. K.S.A. 2024 Supp. 79-3606 is hereby amended to read as

1 follows: 79-3606. The following shall be exempt from the tax imposed by
2 this act:

3 (a) All sales of motor-vehicle fuel or other articles upon which a sales
4 or excise tax has been paid, not subject to refund, under the laws of this
5 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
6 3301, and amendments thereto, including consumable material for such
7 electronic cigarettes, cereal malt beverages and malt products as defined
8 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
9 malt syrup and malt extract, that is not subject to taxation under the
10 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
11 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
12 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
13 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
14 thereto, and gross receipts from regulated sports contests taxed pursuant to
15 the Kansas professional regulated sports act, and amendments thereto;

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

32 (c) all sales of tangible personal property or services, including the
33 renting and leasing of tangible personal property, purchased directly by a
34 public or private elementary or secondary school or public or private
35 nonprofit educational institution and used primarily by such school or
36 institution for nonsectarian programs and activities provided or sponsored
37 by such school or institution or in the erection, repair or enlargement of
38 buildings to be used for such purposes. The exemption herein provided
39 shall not apply to erection, construction, repair, enlargement or equipment
40 of buildings used primarily for human habitation, except that such
41 exemption shall apply to the erection, construction, repair, enlargement or
42 equipment of buildings used for human habitation by the cerebral palsy
43 research foundation of Kansas located in Wichita, Kansas, multi

1 community diversified services, incorporated, located in McPherson,
2 Kansas, the Kansas state school for the blind and the Kansas state school
3 for the deaf;

4 (d) all sales of tangible personal property or services purchased by a
5 contractor for the purpose of constructing, equipping, reconstructing,
6 maintaining, repairing, enlarging, furnishing or remodeling facilities for
7 any public or private nonprofit hospital or public hospital authority, public
8 or private elementary or secondary school, a public or private nonprofit
9 educational institution, state correctional institution including a privately
10 constructed correctional institution contracted for state use and ownership,
11 that would be exempt from taxation under the provisions of this act if
12 purchased directly by such hospital or public hospital authority, school,
13 educational institution or a state correctional institution; and all sales of
14 tangible personal property or services purchased by a contractor for the
15 purpose of constructing, equipping, reconstructing, maintaining, repairing,
16 enlarging, furnishing or remodeling facilities for any political subdivision
17 of the state or district described in subsection (s), the total cost of which is
18 paid from funds of such political subdivision or district and that would be
19 exempt from taxation under the provisions of this act if purchased directly
20 by such political subdivision or district. Nothing in this subsection or in
21 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
22 deemed to exempt the purchase of any construction machinery, equipment
23 or tools used in the constructing, equipping, reconstructing, maintaining,
24 repairing, enlarging, furnishing or remodeling facilities for any political
25 subdivision of the state or any such district. As used in this subsection,
26 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
27 political subdivision" shall mean general tax revenues, the proceeds of any
28 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
29 purpose of constructing, equipping, reconstructing, repairing, enlarging,
30 furnishing or remodeling facilities that are to be leased to the donor. When
31 any political subdivision of the state, district described in subsection (s),
32 public or private nonprofit hospital or public hospital authority, public or
33 private elementary or secondary school, public or private nonprofit
34 educational institution, state correctional institution including a privately
35 constructed correctional institution contracted for state use and ownership
36 shall contract for the purpose of constructing, equipping, reconstructing,
37 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
38 shall obtain from the state and furnish to the contractor an exemption
39 certificate for the project involved, and the contractor may purchase
40 materials for incorporation in such project. The contractor shall furnish the
41 number of such certificate to all suppliers from whom such purchases are
42 made, and such suppliers shall execute invoices covering the same bearing
43 the number of such certificate. Upon completion of the project the

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

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

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

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

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

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

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

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

42 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
43 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and

1 delivered in this state to a bona fide resident of another state, which motor
2 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
3 in this state and which vehicle, semitrailer, pole trailer or aircraft will not
4 remain in this state more than 10 days;

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

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

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

28 (o) all sales of animals, fowl and aquatic plants and animals, the
29 primary 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 a
37 compound, substance or preparation and any component of a compound,
38 substance or preparation, other than food and food ingredients, dietary
39 supplements or alcoholic beverages, recognized in the official United
40 States pharmacopeia, official homeopathic pharmacopoeia of the United
41 States or official national formulary, and supplement to any of them,
42 intended for use in the diagnosis, cure, mitigation, treatment or prevention
43 of disease or intended to affect the structure or any function of the body,

1 except that for taxable years commencing after December 31, 2013, this
2 subsection shall not apply to any sales of drugs used in the performance or
3 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
4 thereto;

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

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

28 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
29 all sales of tangible personal property or services purchased directly or
30 indirectly by a groundwater management district organized or operating
31 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
32 by a rural water district organized or operating under the authority of
33 K.S.A. 82a-612, and amendments thereto, or by a water supply district
34 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
35 3522 et seq. or 19-3545, and amendments thereto, which property or
36 services are used in the construction activities, operation or maintenance of
37 the district;

38 (t) all sales of farm machinery and equipment or aquaculture
39 machinery and equipment, repair and replacement parts therefor and
40 services performed in the repair and maintenance of such machinery and
41 equipment. For the purposes of this subsection the term "farm machinery
42 and equipment or aquaculture machinery and equipment" shall include a
43 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments

1 thereto, and is equipped with a bed or cargo box for hauling materials, and
2 shall also include machinery and equipment used in the operation of
3 Christmas tree farming but shall not include any passenger vehicle, truck,
4 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
5 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
6 machinery and equipment" includes precision farming equipment that is
7 portable or is installed or purchased to be installed on farm machinery and
8 equipment. "Precision farming equipment" includes the following items
9 used only in computer-assisted farming, ranching or aquaculture
10 production operations: Soil testing sensors, yield monitors, computers,
11 monitors, software, global positioning and mapping systems, guiding
12 systems, modems, data communications equipment and any necessary
13 mounting hardware, wiring and antennas. Each purchaser of farm
14 machinery and equipment or aquaculture machinery and equipment
15 exempted herein must certify in writing on the copy of the invoice or sales
16 ticket to be retained by the seller that the farm machinery and equipment
17 or aquaculture machinery and equipment purchased will be used only in
18 farming, ranching or aquaculture production. Farming or ranching shall
19 include the operation of a feedlot and farm and ranch work for hire and the
20 operation of a nursery;

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

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

37 (w) all sales of natural gas, electricity, heat and water delivered
38 through mains, lines or pipes: (1) To residential premises for
39 noncommercial use by the occupant of such premises; (2) for agricultural
40 use and also, for such use, all sales of propane gas; (3) for use in the
41 severing of oil; and (4) to any property which is exempt from property
42 taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this
43 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),

1 and amendments thereto. For all sales of natural gas, electricity and heat
2 delivered through mains, lines or pipes pursuant to the provisions of
3 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
4 on December 31, 2005;

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

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

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

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

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

26 (cc) all sales of tangible personal property or services purchased prior
27 to January 1, 2012, except as otherwise provided, for the purpose of and in
28 conjunction with constructing, reconstructing, enlarging or remodeling a
29 business or retail business that meets the requirements established in
30 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
31 machinery and equipment purchased for installation at any such business
32 or retail business, and all sales of tangible personal property or services
33 purchased on or after January 1, 2012, for the purpose of and in
34 conjunction with constructing, reconstructing, enlarging or remodeling a
35 business that meets the requirements established in K.S.A. 74-50,115(e),
36 and amendments thereto, and the sale and installation of machinery and
37 equipment purchased for installation at any such business. When a person
38 shall contract for the construction, reconstruction, enlargement or
39 remodeling of any such business or retail business, such person shall
40 obtain from the state and furnish to the contractor an exemption certificate
41 for the project involved, and the contractor may purchase materials,
42 machinery and equipment for incorporation in such project. The contractor
43 shall furnish the number of such certificates to all suppliers from whom

1 such purchases are made, and such suppliers shall execute invoices
2 covering the same bearing the number of such certificate. Upon
3 completion of the project the contractor shall furnish to the owner of the
4 business or retail business a sworn statement, on a form to be provided by
5 the director of taxation, that all purchases so made were entitled to
6 exemption under this subsection. All invoices shall be held by the
7 contractor for a period of five years and shall be subject to audit by the
8 director of taxation. Any contractor or any agent, employee or
9 subcontractor thereof, who shall use or otherwise dispose of any materials,
10 machinery or equipment purchased under such a certificate for any
11 purpose other than that for which such a certificate is issued without the
12 payment of the sales or compensating tax otherwise imposed thereon, shall
13 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
14 to the penalties provided for in K.S.A. 79-3615(h), and amendments
15 thereto. As used in this subsection, "business" and "retail business" mean
16 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
17 exemption certificates that have been previously issued under this
18 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
19 and amendments thereto, but not including K.S.A. 74-50,115(e), and
20 amendments thereto, prior to January 1, 2012, and have not expired will be
21 effective for the term of the project or two years from the effective date of
22 the certificate, whichever occurs earlier. Project exemption certificates that
23 are submitted to the department of revenue prior to January 1, 2012, and
24 are found to qualify will be issued a project exemption certificate that will
25 be effective for a two-year period or for the term of the project, whichever
26 occurs earlier;

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

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

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

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

39 (hh) all sales of medical supplies and equipment, including durable
40 medical equipment, purchased directly by a nonprofit skilled nursing home
41 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
42 and amendments thereto, for the purpose of providing medical services to
43 residents thereof. This exemption shall not apply to tangible personal

1 property customarily used for human habitation purposes. As used in this
2 subsection, "durable medical equipment" means equipment including
3 repair and replacement parts for such equipment, that can withstand
4 repeated use, is primarily and customarily used to serve a medical purpose,
5 generally is not useful to a person in the absence of illness or injury and is
6 not worn in or on the body, but does not include mobility enhancing
7 equipment as defined in subsection (r), oxygen delivery equipment, kidney
8 dialysis equipment or enteral feeding systems;

9 (ii) all sales of tangible personal property purchased directly by a
10 nonprofit organization for nonsectarian comprehensive multidiscipline
11 youth development programs and activities provided or sponsored by such
12 organization, and all sales of tangible personal property by or on behalf of
13 any such organization. This exemption shall not apply to tangible personal
14 property customarily used for human habitation purposes;

15 (jj) all sales of tangible personal property or services, including the
16 renting and leasing of tangible personal property, purchased directly on
17 behalf of a community-based facility for people with intellectual disability
18 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
19 amendments thereto, and licensed in accordance with the provisions of
20 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
21 personal property or services purchased by contractors during the time
22 period from July, 2003, through June, 2006, for the purpose of
23 constructing, equipping, maintaining or furnishing a new facility for a
24 community-based facility for people with intellectual disability or mental
25 health center located in Riverton, Cherokee County, Kansas, that would
26 have been eligible for sales tax exemption pursuant to this subsection if
27 purchased directly by such facility or center. This exemption shall not
28 apply to tangible personal property customarily used for human habitation
29 purposes;

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

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

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

37 (2) For purposes of this subsection:

38 (A) "Integrated production operation" means an integrated series of
39 operations engaged in at a manufacturing or processing plant or facility to
40 process, transform or convert tangible personal property by physical,
41 chemical or other means into a different form, composition or character
42 from that in which it originally existed. Integrated production operations
43 shall include: (i) Production line operations, including packaging

1 operations; (ii) preproduction operations to handle, store and treat raw
2 materials; (iii) post production handling, storage, warehousing and
3 distribution operations; and (iv) waste, pollution and environmental
4 control operations, if any;

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

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

19 (D) "manufacturing or processing business" means a business that
20 utilizes an integrated production operation to manufacture, process,
21 fabricate, finish or assemble items for wholesale and retail distribution as
22 part of what is commonly regarded by the general public as an industrial
23 manufacturing or processing operation or an agricultural commodity
24 processing operation. (i) Industrial manufacturing or processing operations
25 include, by way of illustration but not of limitation, the fabrication of
26 automobiles, airplanes, machinery or transportation equipment, the
27 fabrication of metal, plastic, wood or paper products, electricity power
28 generation, water treatment, petroleum refining, chemical production,
29 wholesale bottling, newspaper printing, ready mixed concrete production,
30 and the remanufacturing of used parts for wholesale or retail sale. Such
31 processing operations shall include operations at an oil well, gas well,
32 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
33 sand or gravel that has been extracted from the earth is cleaned, separated,
34 crushed, ground, milled, screened, washed or otherwise treated or prepared
35 before its transmission to a refinery or before any other wholesale or retail
36 distribution. (ii) Agricultural commodity processing operations include, by
37 way of illustration but not of limitation, meat packing, poultry slaughtering
38 and dressing, processing and packaging farm and dairy products in sealed
39 containers for wholesale and retail distribution, feed grinding, grain
40 milling, frozen food processing, and grain handling, cleaning, blending,
41 fumigation, drying and aeration operations engaged in by grain elevators
42 or other grain storage facilities. (iii) Manufacturing or processing
43 businesses do not include, by way of illustration but not of limitation,

1 nonindustrial businesses whose operations are primarily retail and that
2 produce or process tangible personal property as an incidental part of
3 conducting the retail business, such as retailers who bake, cook or prepare
4 food products in the regular course of their retail trade, grocery stores,
5 meat lockers and meat markets that butcher or dress livestock or poultry in
6 the regular course of their retail trade, contractors who alter, service, repair
7 or improve real property, and retail businesses that clean, service or
8 refurbish and repair tangible personal property for its owner;

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

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

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

21 (A) Receive, transport, convey, handle, treat or store raw materials in
22 preparation of its placement on the production line;

23 (B) transport, convey, handle or store the property undergoing
24 manufacturing or processing at any point from the beginning of the
25 production line through any warehousing or distribution operation of the
26 final product that occurs at the plant or facility;

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

29 (D) guide, control or direct the movement of property undergoing
30 manufacturing or processing;

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

34 (F) plan, manage, control or record the receipt and flow of inventories
35 of raw materials, consumables and component parts, the flow of the
36 property undergoing manufacturing or processing and the management of
37 inventories of the finished product;

38 (G) produce energy for, lubricate, control the operating of or
39 otherwise enable the functioning of other production machinery and
40 equipment and the continuation of production operations;

41 (H) package the property being manufactured or processed in a
42 container or wrapping in which such property is normally sold or
43 transported;

1 (I) transmit or transport electricity, coke, gas, water, steam or similar
2 substances used in production operations from the point of generation, if
3 produced by the manufacturer or processor at the plant site, to that
4 manufacturer's production operation; or, if purchased or delivered from
5 off-site, from the point where the substance enters the site of the plant or
6 facility to that manufacturer's production operations;

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

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

13 (L) treat, transport or store waste or other byproducts of production
14 operations at the plant or facility; or

15 (M) control pollution at the plant or facility where the pollution is
16 produced by the manufacturing or processing operation.

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

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

1 (A) Machinery and equipment used for nonproduction purposes,
2 including, but not limited to, machinery and equipment used for plant
3 security, fire prevention, first aid, accounting, administration, record
4 keeping, advertising, marketing, sales or other related activities, plant
5 cleaning, 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
10 primarily used in a production, warehousing or material handling
11 operation at the plant or facility, including the means of conveyance of
12 natural gas, electricity, oil or water, and equipment related thereto, located
13 outside 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 measure
16 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 any
20 other part of real estate that is not otherwise exempt;

21 (G) building fixtures that are not integral to the manufacturing
22 operation, 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
27 highways; or

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

31 (6) Paragraphs (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
35 production operations part of the time and for nonproduction purposes at
36 other times, the primary use of the machinery or equipment shall
37 determine whether or not such machinery or equipment qualifies for
38 exemption.

39 (7) The secretary of revenue shall adopt rules and regulations
40 necessary 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 of
43 encouraging, fostering and conducting programs for the improvement of

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

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

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

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

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

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

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

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

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

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

43 (vv) all sales of tangible personal property purchased by any of the

1 following organizations that are exempt from federal income taxation
2 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
3 for the following purposes, and all sales of any such property by or on
4 behalf of any such organization for any such purpose:

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

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

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

15 (4) the American diabetes association Kansas affiliate, inc. for the
16 purpose of eliminating diabetes through medical research, public education
17 focusing on disease prevention and education, patient education including
18 information on coping with diabetes, and professional education and
19 training;

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

25 (6) the Kansas chapters of the Alzheimer's disease and related
26 disorders association, inc. for the purpose of providing assistance and
27 support to persons in Kansas with Alzheimer's disease, and their families
28 and caregivers;

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

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

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

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

41 (11) the spina bifida association of Kansas for the purpose of
42 providing financial, educational and practical aid to families and
43 individuals with spina bifida. Such aid includes, but is not limited to,

1 funding for medical devices, counseling and medical educational
2 opportunities;

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

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

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

13 (15) the KSDS, Inc., for the purpose of promoting the independence
14 and inclusion of people with disabilities as fully participating and
15 contributing members of their communities and society through the
16 training and providing of guide and service dogs to people with
17 disabilities, and providing disability education and awareness to the
18 general public;

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

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

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

28 (19) the international association of lions clubs for the purpose of
29 creating and fostering a spirit of understanding among all people for
30 humanitarian needs by providing voluntary services through community
31 involvement and international cooperation;

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

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

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

42 (23) the angel babies association, for the purpose of providing
43 assistance, support and items of necessity to teenage mothers and their

1 babies; and

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

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 that is exempt from federal income taxation pursuant to
9 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
10 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
14 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
15 furnishing or remodeling facilities for any nonprofit zoo that 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 in
18 this subsection shall be deemed to exempt the purchase of any construction
19 machinery, equipment or tools used in the constructing, equipping,
20 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
21 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
22 the purpose of constructing, equipping, reconstructing, maintaining,
23 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
24 from the state and furnish to the contractor an exemption certificate for the
25 project involved, and the contractor may purchase materials for
26 incorporation in such project. The contractor shall furnish the number of
27 such certificate to all suppliers from whom such purchases are made, and
28 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 the
34 director of taxation. If any materials purchased under such a certificate are
35 found not to have been incorporated in the building or other project or not
36 to have been returned for credit or the sales or compensating tax otherwise
37 imposed upon such materials that will not be so incorporated in the
38 building or other project reported and paid by such contractor to the
39 director of taxation not later than the 20th day of the month following the
40 close of the month in which it shall be determined that such materials will
41 not be used for the purpose for which such certificate was issued, the
42 nonprofit zoo concerned shall be liable for tax on all materials purchased
43 for the project, and upon payment thereof it may recover the same from

1 the contractor together with reasonable attorney fees. Any contractor or
2 any agent, employee or subcontractor thereof, who shall use or otherwise
3 dispose of any materials purchased under such a certificate for any purpose
4 other than that for which such a certificate is issued without the payment
5 of the sales or compensating tax otherwise imposed upon such materials,
6 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
7 subject to the penalties provided for in K.S.A. 79-3615(h), and
8 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
11 personal 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 that is used directly and primarily for
14 the purpose of producing a broadcast signal or is such that the failure of
15 the machinery or equipment to operate would cause broadcasting to cease.
16 For purposes of this subsection, machinery and equipment shall include,
17 but not be limited to, that required by rules and regulations of the federal
18 communications commission, and all sales of electricity which are
19 essential or necessary for the purpose of producing a broadcast signal or is
20 such that the failure of the electricity would cause broadcasting to cease;

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

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

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

36 (ccc) on and after July 1, 1999, all sales of tangible personal property
37 and services purchased by a primary care clinic or health center the
38 primary purpose of which is to provide services to medically underserved
39 individuals and families, and that is exempt from federal income taxation
40 pursuant to section 501(c)(3) of the federal internal revenue code, and all
41 sales of tangible personal property or services purchased by a contractor
42 for the purpose of constructing, equipping, reconstructing, maintaining,
43 repairing, enlarging, furnishing or remodeling facilities for any such clinic

1 or center that would be exempt from taxation under the provisions of this
2 section if purchased directly by such clinic or center, except that for
3 taxable years commencing after December 31, 2013, this subsection shall
4 not apply to any sales of such tangible personal property and services
5 purchased by a primary care clinic or health center which performs any
6 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
7 in this subsection shall be deemed to exempt the purchase of any
8 construction machinery, equipment or tools used in the constructing,
9 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
10 remodeling facilities for any such clinic or center. When any such clinic or
11 center shall contract for the purpose of constructing, equipping,
12 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
13 facilities, it shall obtain from the state and furnish to the contractor an
14 exemption certificate for the project involved, and the contractor may
15 purchase materials for incorporation in such project. The contractor shall
16 furnish the number of such certificate to all suppliers from whom such
17 purchases are made, and such suppliers shall execute invoices covering the
18 same bearing the number of such certificate. Upon completion of the
19 project the contractor shall furnish to such clinic or center concerned a
20 sworn statement, on a form to be provided by the director of taxation, that
21 all purchases so made were entitled to exemption under this subsection.
22 All invoices shall be held by the contractor for a period of five years and
23 shall be subject to audit by the director of taxation. If any materials
24 purchased under such a certificate are found not to have been incorporated
25 in the building or other project or not to have been returned for credit or
26 the sales or compensating tax otherwise imposed upon such materials that
27 will not be so incorporated in the building or other project reported and
28 paid by such contractor to the director of taxation not later than the 20th
29 day of the month following the close of the month in which it shall be
30 determined that such materials will not be used for the purpose for which
31 such certificate was issued, such clinic or center concerned shall be liable
32 for tax on all materials purchased for the project, and upon payment
33 thereof it may recover the same from the contractor together with
34 reasonable attorney fees. Any contractor or any agent, employee or
35 subcontractor thereof, who shall use or otherwise dispose of any materials
36 purchased under such a certificate for any purpose other than that for
37 which such a certificate is issued without the payment of the sales or
38 compensating tax otherwise imposed upon such materials, shall be guilty
39 of a misdemeanor and, upon conviction therefor, shall be subject to the
40 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

1 renovation, repair or replacement of class II or III railroad track and
2 facilities used directly in interstate commerce. In the event any such track
3 or facility for which materials and services were purchased sales tax
4 exempt is not operational for five years succeeding the allowance of such
5 exemption, the total amount of sales tax that would have been payable
6 except for the operation of this subsection shall be recouped in accordance
7 with rules and regulations adopted for such purpose by the secretary of
8 revenue;

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

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

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

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

37 (iii) all sales of personal property and services purchased by an
38 organization that is exempt from federal income taxation pursuant to
39 section 501(c)(3) of the federal internal revenue code of 1986, and such
40 personal property and services are used by any such organization in the
41 collection, storage and distribution of food products to nonprofit
42 organizations that distribute such food products to persons pursuant to a
43 food distribution program on a charitable basis without fee or charge, and

1 all sales of tangible personal property or services purchased by a
2 contractor for the purpose of constructing, equipping, reconstructing,
3 maintaining, repairing, enlarging, furnishing or remodeling facilities used
4 for the collection and storage of such food products for any such
5 organization which is exempt from federal income taxation pursuant to
6 section 501(c)(3) of the federal internal revenue code of 1986, that would
7 be exempt from taxation under the provisions of this section if purchased
8 directly by such organization. Nothing in this subsection shall be deemed
9 to exempt the purchase of any construction machinery, equipment or tools
10 used in the constructing, equipping, reconstructing, maintaining, repairing,
11 enlarging, furnishing or remodeling facilities for any such organization.
12 When any such organization shall contract for the purpose of constructing,
13 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
14 remodeling facilities, it shall obtain from the state and furnish to the
15 contractor an exemption certificate for the project involved, and the
16 contractor may purchase materials for incorporation in such project. The
17 contractor shall furnish the number of such certificate to all suppliers from
18 whom such purchases are made, and such suppliers shall execute invoices
19 covering the same bearing the number of such certificate. Upon
20 completion of the project the contractor shall furnish to such organization
21 concerned a sworn statement, on a form to be provided by the director of
22 taxation, that all purchases so made were entitled to exemption under this
23 subsection. All invoices shall be held by the contractor for a period of five
24 years and shall be subject to audit by the director of taxation. If any
25 materials purchased under such a certificate are found not to have been
26 incorporated in such facilities or not to have been returned for credit or the
27 sales or compensating tax otherwise imposed upon such materials that will
28 not be so incorporated in such facilities reported and paid by such
29 contractor to the director of taxation not later than the 20th day of the
30 month following the close of the month in which it shall be determined
31 that such materials will not be used for the purpose for which such
32 certificate was issued, such organization concerned shall be liable for tax
33 on all materials purchased for the project, and upon payment thereof it
34 may recover the same from the contractor together with reasonable
35 attorney fees. Any contractor or any agent, employee or subcontractor
36 thereof, who shall use or otherwise dispose of any materials purchased
37 under such a certificate for any purpose other than that for which such a
38 certificate is issued without the payment of the sales or compensating tax
39 otherwise imposed upon such materials, shall be guilty of a misdemeanor
40 and, upon conviction therefor, shall be subject to the penalties provided for
41 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
42 July 1, 2005, but prior to the effective date of this act upon the gross
43 receipts received from any sale exempted by the amendatory provisions of

1 this subsection shall be refunded. Each claim for a sales tax refund shall be
2 verified and submitted to the director of taxation upon forms furnished by
3 the director and shall be accompanied by any additional documentation
4 required by the director. The director shall review each claim and shall
5 refund that amount of sales tax paid as determined under the provisions of
6 this subsection. All refunds shall be paid from the sales tax refund fund
7 upon warrants of the director of accounts and reports pursuant to vouchers
8 approved by the director or the director's designee;

9 (jjj) all sales of dietary supplements dispensed pursuant to a
10 prescription order by a licensed practitioner or a mid-level practitioner as
11 defined by K.S.A. 65-1626, and amendments thereto. As used in this
12 subsection, "dietary supplement" means any product, other than tobacco,
13 intended to supplement the diet that: (1) Contains one or more of the
14 following dietary ingredients: A vitamin, a mineral, an herb or other
15 botanical, an amino acid, a dietary substance for use by humans to
16 supplement the diet by increasing the total dietary intake or a concentrate,
17 metabolite, constituent, extract or combination of any such ingredient; (2)
18 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or
19 liquid form, or if not intended for ingestion, in such a form, is not
20 represented as conventional food and is not represented for use as a sole
21 item of a meal or of the diet; and (3) is required to be labeled as a dietary
22 supplement, identifiable by the supplemental facts box found on the label
23 and as required pursuant to 21 C.F.R. § 101.36;

24 (lll) all sales of tangible personal property and services purchased by
25 special olympics Kansas, inc. for the purpose of providing year-round
26 sports training and athletic competition in a variety of olympic-type sports
27 for individuals with intellectual disabilities by giving them continuing
28 opportunities to develop physical fitness, demonstrate courage, experience
29 joy and participate in a sharing of gifts, skills and friendship with their
30 families, other special olympics athletes and the community, and activities
31 provided or sponsored by such organization, and all sales of tangible
32 personal property by or on behalf of any such organization;

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

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

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

5 (ppp) all sales of tangible personal property and services purchased
6 by or on behalf of a homeless shelter that is exempt from federal income
7 taxation pursuant to section 501(c)(3) of the federal income tax code of
8 1986, and used by any such homeless shelter to provide emergency and
9 transitional housing for individuals and families experiencing
10 homelessness, and all sales of any such property by or on behalf of any
11 such homeless shelter for any such purpose;

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

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

14 (rrr) all sales of tangible personal property and services purchased by
15 any county law library maintained pursuant to law and sales of tangible
16 personal property and services purchased by an organization that would
17 have been exempt from taxation under the provisions of this subsection if
18 purchased directly by the county law library for the purpose of providing
19 legal resources to attorneys, judges, students and the general public, and
20 all sales of any such property by or on behalf of any such county law
21 library;

22 (sss) all sales of tangible personal property and services purchased by
23 catholic charities or youthville, hereinafter referred to as charitable family
24 providers, which is exempt from federal income taxation pursuant to
25 section 501(c)(3) of the federal internal revenue code of 1986, and which
26 such property and services are used for the purpose of providing
27 emergency shelter and treatment for abused and neglected children as well
28 as meeting additional critical needs for children, juveniles and family, and
29 all sales of any such property by or on behalf of charitable family
30 providers for any such purpose; and all sales of tangible personal property
31 or services purchased by a contractor for the purpose of constructing,
32 maintaining, repairing, enlarging, furnishing or remodeling facilities for
33 the operation of services for charitable family providers for any such
34 purpose which would be exempt from taxation under the provisions of this
35 section if purchased directly by charitable family providers. Nothing in
36 this subsection shall be deemed to exempt the purchase of any construction
37 machinery, equipment or tools used in the constructing, maintaining,
38 repairing, enlarging, furnishing or remodeling such facilities for charitable
39 family providers. When charitable family providers contracts for the
40 purpose of constructing, maintaining, repairing, enlarging, furnishing or
41 remodeling such facilities, it shall obtain from the state and furnish to the
42 contractor an exemption certificate for the project involved, and the
43 contractor may purchase materials for incorporation in such project. The

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

26 (ttt) all sales of tangible personal property or services purchased by a
27 contractor for a project for the purpose of restoring, constructing,
28 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
29 remodeling a home or facility owned by a nonprofit museum that has been
30 granted an exemption pursuant to subsection (qq), which such home or
31 facility is located in a city that has been designated as a qualified
32 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
33 amendments thereto, and which such project is related to the purposes of
34 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
35 exempt from taxation under the provisions of this section if purchased
36 directly by such nonprofit museum. Nothing in this subsection shall be
37 deemed to exempt the purchase of any construction machinery, equipment
38 or tools used in the restoring, constructing, equipping, reconstructing,
39 maintaining, repairing, enlarging, furnishing or remodeling a home or
40 facility for any such nonprofit museum. When any such nonprofit museum
41 shall contract for the purpose of restoring, constructing, equipping,
42 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
43 a home or facility, it shall obtain from the state and furnish to the

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

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

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

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

38 (www) all sales of tangible personal property purchased by or on
39 behalf of the Frontenac education foundation, which is exempt from
40 federal income taxation pursuant to section 501(c)(3) of the federal
41 internal revenue code, for the purpose of providing education support for
42 students, and all sales of any such property by or on behalf of such
43 organization for such purpose;

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

1 subject to the penalties provided for in K.S.A. 79-3615(h), and
2 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
3 to the effective date of this act upon the gross receipts received from any
4 sale which would have been exempted by the provisions of this subsection
5 had such sale occurred after the effective date of this act shall be refunded.
6 Each claim for a sales tax refund shall be verified and submitted to the
7 director of taxation upon forms furnished by the director and shall be
8 accompanied by any additional documentation required by the director.
9 The director shall review each claim and shall refund that amount of sales
10 tax paid as determined under the provisions of this subsection. All refunds
11 shall be paid from the sales tax refund fund upon warrants of the director
12 of accounts and reports pursuant to vouchers approved by the director or
13 the director's designee;

14 (yyy) all sales of tangible personal property and services purchased
15 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
16 which is exempt from federal income taxation pursuant to section 501(c)
17 (3) of the federal internal revenue code of 1986, and which such property
18 and services are used for the purpose of encouraging private philanthropy
19 to further the vision, values, and goals of TLC for children and families,
20 inc.; and all sales of such property and services by or on behalf of TLC
21 charities for any such purpose and all sales of tangible personal property or
22 services purchased by a contractor for the purpose of constructing,
23 maintaining, repairing, enlarging, furnishing or remodeling facilities for
24 the operation of services for TLC charities for any such purpose that would
25 be exempt from taxation under the provisions of this section if purchased
26 directly by TLC charities. Nothing in this subsection shall be deemed to
27 exempt the purchase of any construction machinery, equipment or tools
28 used in the constructing, maintaining, repairing, enlarging, furnishing or
29 remodeling such facilities for TLC charities. When TLC charities contracts
30 for the purpose of constructing, maintaining, repairing, enlarging,
31 furnishing or remodeling such facilities, it shall obtain from the state and
32 furnish to the contractor an exemption certificate for the project involved,
33 and the contractor may purchase materials for incorporation in such
34 project. The contractor shall furnish the number of such certificate to all
35 suppliers from whom such purchases are made, and such suppliers shall
36 execute invoices covering the same bearing the number of such certificate.
37 Upon completion of the project the contractor shall furnish to TLC
38 charities a sworn statement, on a form to be provided by the director of
39 taxation, that all purchases so made were entitled to exemption under this
40 subsection. All invoices shall be held by the contractor for a period of five
41 years and shall be subject to audit by the director of taxation. If any
42 materials purchased under such a certificate are found not to have been
43 incorporated in the building or other project or not to have been returned

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

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

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

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

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

41 (dddd) all sales of tangible personal property or services purchased
42 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
43 of which are exempt from federal income taxation pursuant to section

1 501(c)(3) of the federal internal revenue code, for the purpose of providing
2 education, training and employment opportunities for people with
3 disabilities and other barriers to employment;

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

11 (ffff) all sales of tangible personal property and services purchased by
12 sheltered living, inc., which is exempt from federal income taxation
13 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
14 and which such property and services are used for the purpose of
15 providing residential and day services for people with developmental
16 disabilities or intellectual disability, or both, and all sales of any such
17 property by or on behalf of sheltered living, inc., for any such purpose; and
18 all sales of tangible personal property or services purchased by a
19 contractor for the purpose of rehabilitating, constructing, maintaining,
20 repairing, enlarging, furnishing or remodeling homes and facilities for
21 sheltered living, inc., for any such purpose that would be exempt from
22 taxation under the provisions of this section if purchased directly by
23 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
24 the purchase of any construction machinery, equipment or tools used in the
25 constructing, maintaining, repairing, enlarging, furnishing or remodeling
26 such homes and facilities for sheltered living, inc. When sheltered living,
27 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
28 repairing, enlarging, furnishing or remodeling such homes and facilities, it
29 shall obtain from the state and furnish to the contractor an exemption
30 certificate for the project involved, and the contractor may purchase
31 materials for incorporation in such project. The contractor shall furnish the
32 number of such certificate to all suppliers from whom such purchases are
33 made, and such suppliers shall execute invoices covering the same bearing
34 the number of such certificate. Upon completion of the project the
35 contractor shall furnish to sheltered living, inc., a sworn statement, on a
36 form to be provided by the director of taxation, that all purchases so made
37 were entitled to exemption under this subsection. All invoices shall be held
38 by the contractor for a period of five years and shall be subject to audit by
39 the director of taxation. If any materials purchased under such a certificate
40 are found not to have been incorporated in the building or other project or
41 not to have been returned for credit or the sales or compensating tax
42 otherwise imposed upon such materials that will not be so incorporated in
43 the 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 the
2 close of the month in which it shall be determined that such materials will
3 not be used for the purpose for which such certificate was issued, sheltered
4 living, inc., shall be liable for tax on all materials purchased for the
5 project, and upon payment thereof it may recover the same from the
6 contractor together with reasonable attorney fees. Any contractor or any
7 agent, employee or subcontractor thereof, who shall use or otherwise
8 dispose of any materials purchased under such a certificate for any purpose
9 other than that for which such a certificate is issued without the payment
10 of the sales or compensating tax otherwise imposed upon such materials,
11 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
12 subject to the penalties provided for in K.S.A. 79-3615(h), and
13 amendments thereto;

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

16 (hhhh) all sales of tangible personal property or services purchased
17 on or after July 1, 2014, for the purpose of and in conjunction with
18 constructing, reconstructing, enlarging or remodeling a business identified
19 under the North American industry classification system (NAICS)
20 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
21 installation of machinery and equipment purchased for installation at any
22 such business. The exemption provided in this subsection shall not apply
23 to projects that have actual total costs less than \$50,000. When a person
24 contracts for the construction, reconstruction, enlargement or remodeling
25 of any such business, such person shall obtain from the state and furnish to
26 the contractor an exemption certificate for the project involved, and the
27 contractor may purchase materials, machinery and equipment for
28 incorporation in such project. The contractor shall furnish the number of
29 such certificates to all suppliers from whom such purchases are made, and
30 such suppliers shall execute invoices covering the same bearing the
31 number of such certificate. Upon completion of the project, the contractor
32 shall furnish to the owner of the business a sworn statement, on a form to
33 be provided by the director of taxation, that all purchases so made were
34 entitled to exemption under this subsection. All invoices shall be held by
35 the contractor for a period of five years and shall be subject to audit by the
36 director of taxation. Any contractor or any agent, employee or
37 subcontractor of the contractor, who shall use or otherwise dispose of any
38 materials, machinery or equipment purchased under such a certificate for
39 any purpose other than that for which such a certificate is issued without
40 the payment of the sales or compensating tax otherwise imposed thereon,
41 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
42 subject to the penalties provided for in K.S.A. 79-3615(h), and
43 amendments thereto;

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

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

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

8 (llll) all sales of tangible personal property and services purchased by
9 Gove county healthcare endowment foundation, inc., which is exempt
10 from federal income taxation pursuant to section 501(c)(3) of the federal
11 internal revenue code of 1986, and which such property and services are
12 used for the purpose of constructing and equipping an airport in Quinter,
13 Kansas, and all sales of tangible personal property or services purchased
14 by a contractor for the purpose of constructing and equipping an airport in
15 Quinter, Kansas, for such organization, that would be exempt from
16 taxation under the provisions of this section if purchased directly by such
17 organization. Nothing in this subsection shall be deemed to exempt the
18 purchase of any construction machinery, equipment or tools used in the
19 constructing or equipping of facilities for such organization. When such
20 organization shall contract for the purpose of constructing or equipping an
21 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
22 contractor an exemption certificate for the project involved, and the
23 contractor may purchase materials for incorporation in such project. The
24 contractor shall furnish the number of such certificate to all suppliers from
25 whom such purchases are made, and such suppliers shall execute invoices
26 covering the same bearing the number of such certificate. Upon
27 completion of the project, the contractor shall furnish to such organization
28 concerned a sworn statement, on a form to be provided by the director of
29 taxation, that all purchases so made were entitled to exemption under this
30 subsection. All invoices shall be held by the contractor for a period of five
31 years and shall be subject to audit by the director of taxation. If any
32 materials purchased under such a certificate are found not to have been
33 incorporated in such facilities or not to have been returned for credit or the
34 sales or compensating tax otherwise imposed upon such materials that will
35 not be so incorporated in such facilities reported and paid by such
36 contractor to the director of taxation no later than the 20th day of the month
37 following the close of the month in which it shall be determined that such
38 materials will not be used for the purpose for which such certificate was
39 issued, such organization concerned shall be liable for tax on all materials
40 purchased for the project, and upon payment thereof it may recover the
41 same from the contractor together with reasonable attorney fees. Any
42 contractor or any agent, employee or subcontractor thereof, who purchased
43 under such a certificate for any purpose other than that for which such a

1 certificate is issued without the payment of the sales or compensating tax
2 otherwise imposed upon such materials, shall be guilty of a misdemeanor
3 and, upon conviction therefor, shall be subject to the penalties provided for
4 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
5 subsection shall expire and have no effect on and after July 1, 2019;

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

11 (nnnn) all sales of tangible personal property or services purchased
12 by friends of hospice of Jefferson county, an organization that is exempt
13 from federal income taxation pursuant to section 501(c)(3) of the federal
14 internal revenue code of 1986, for the purpose of providing support to the
15 Jefferson county hospice agency in end-of-life care of Jefferson county
16 families, friends and neighbors, and all sales of entry or participation fees,
17 charges or tickets by friends of hospice of Jefferson county for such
18 organization's fundraising event for such purpose;

19 (oooo) all sales of tangible personal property or services purchased
20 for the purpose of and in conjunction with constructing, reconstructing,
21 enlarging or remodeling a qualified business facility by a qualified firm or
22 qualified supplier that meets the requirements established in K.S.A. 2024
23 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
24 been approved for a project exemption certificate by the secretary of
25 commerce, and the sale and installation of machinery and equipment
26 purchased by such qualified firm or qualified supplier for installation at
27 any such qualified business facility. When a person shall contract for the
28 construction, reconstruction, enlargement or remodeling of any such
29 qualified business facility, such person shall obtain from the state and
30 furnish to the contractor an exemption certificate for the project involved,
31 and the contractor may purchase materials, machinery and equipment for
32 incorporation in such project. The contractor shall furnish the number of
33 such certificates to all suppliers from whom such purchases are made, and
34 such suppliers shall execute invoices covering the same bearing the
35 number of such certificate. Upon completion of the project, the contractor
36 shall furnish to the owner of the qualified firm or qualified supplier a
37 sworn statement, on a form to be provided by the director of taxation, that
38 all purchases so made were entitled to exemption under this subsection.
39 All invoices shall be held by the contractor for a period of five years and
40 shall be subject to audit by the director of taxation. Any contractor or any
41 agent, employee or subcontractor thereof who shall use or otherwise
42 dispose of any materials, machinery or equipment purchased under such a
43 certificate for any purpose other than that for which such a certificate is

1 issued without the payment of the sales or compensating tax otherwise
2 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
3 therefor, shall be subject to the penalties provided for in K.S.A. 79-
4 3615(h), and amendments thereto. As used in this subsection, "qualified
5 business facility," "qualified firm" and "qualified supplier" mean the same
6 as defined in K.S.A. 2024 Supp. 74-50,311, and amendments thereto;

7 (pppp) (1) all sales of tangible personal property or services
8 purchased by a not-for-profit corporation that is designated as an area
9 agency on aging by the secretary for aging and disabilities services and is
10 exempt from federal income taxation pursuant to section 501(c)(3) of the
11 federal internal revenue code for the purpose of coordinating and
12 providing seniors and those living with disabilities with services that
13 promote person-centered care, including home-delivered meals,
14 congregate meal settings, long-term case management, transportation,
15 information, assistance and other preventative and intervention services to
16 help service recipients remain in their homes and communities or for the
17 purpose of constructing, equipping, reconstructing, maintaining, repairing,
18 enlarging, furnishing or remodeling facilities for such area agency on
19 aging; and

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

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

17 (qqqq) all sales of tangible personal property or services purchased
18 by Kansas suicide prevention HQ, inc., an organization that is exempt
19 from federal income taxation pursuant to section 501(c)(3) of the federal
20 internal revenue code of 1986, for the purpose of bringing suicide
21 prevention training and awareness to communities across the state;

22 (rrrr) all sales of the services of slaughtering, butchering, custom
23 cutting, dressing, processing and packaging of an animal for human
24 consumption when the animal is delivered or furnished by a customer that
25 owns the animal and such meat or poultry is for use or consumption by
26 such customer;

27 (ssss) all sales of tangible personal property or services purchased by
28 or on behalf of doorstep inc., an organization that is exempt from federal
29 income taxation pursuant to section 501(c)(3) of the federal internal
30 revenue code of 1986, for the purpose of providing short-term emergency
31 aid to families and individuals in need, including assistance with food,
32 clothing, rent, prescription medications, transportation and utilities, and
33 providing information on services to promote long-term self-sufficiency;

34 (tttt) on and after January 1, 2024, all sales of tangible personal
35 property or services purchased by exploration place, inc., an organization
36 that is exempt from federal income taxation pursuant to section 501(c)(3)
37 of the federal internal revenue code, and which such property and services
38 are used for the purpose of constructing, remodeling, furnishing or
39 equipping a riverfront amphitheater, a destination playscape, an education
40 center and indoor renovations at exploration place in Wichita, Kansas, all
41 sales of tangible personal property or services purchased by Kansas
42 children's discovery center inc. in Topeka, Kansas, and which such
43 property and services are used for the purpose of constructing, remodeling,

1 furnishing or equipping projects that include indoor-outdoor classrooms,
2 an expanded multi-media gallery, a workshop and loading dock and safety
3 upgrades such as a tornado shelter, lactation room, first aid room and
4 sensory room and all sales of tangible personal property or services
5 purchased by a contractor for the purpose of constructing, remodeling,
6 furnishing or equipping such projects, for such organizations, that would
7 be exempt from taxation under the provisions of this section if purchased
8 directly by such organizations. Nothing in this subsection shall be deemed
9 to exempt the purchase of any construction machinery, equipment or tools
10 used in the constructing, remodeling, furnishing or equipping of facilities
11 for such organization. When such organization shall contract for the
12 purpose of constructing, remodeling, furnishing or equipping such
13 projects, it shall obtain from the state and furnish to the contractor an
14 exemption certificate for the project involved, and the contractor may
15 purchase materials for incorporation in such project. The contractor shall
16 furnish the number of such certificate to all suppliers from whom such
17 purchases are made, and such suppliers shall execute invoices covering the
18 same bearing the number of such certificate. Upon completion of the
19 project, the contractor shall furnish to such organization a sworn statement,
20 on a form to be provided by the director of taxation, that all purchases so
21 made were entitled to exemption under this subsection. All invoices shall
22 be held by the contractor for a period of five years and shall be subject to
23 audit by the director of taxation. If any materials purchased under such a
24 certificate are found not to have been incorporated in such facilities or not
25 to have been returned for credit or the sales or compensating tax otherwise
26 imposed upon such materials that will not be so incorporated in such
27 facilities reported and paid by such contractor to the director of taxation no
28 later than the 20th day of the month following the close of the month in
29 which it shall be determined that such materials will not be used for the
30 purpose for which such certificate was issued, such organization shall be
31 liable for tax on all materials purchased for the project, and upon payment
32 thereof may recover the same from the contractor together with reasonable
33 attorney fees. Any contractor or agent, employee or subcontractor thereof,
34 who purchased under such a certificate for any purpose other than that for
35 which such a certificate is issued without the payment of the sales or
36 compensating tax otherwise imposed upon such materials, shall be guilty
37 of a misdemeanor and, upon conviction therefor, shall be subject to the
38 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
39 Sales tax paid on and after January 1, 2024, but prior to the effective date
40 of this act, upon the gross receipts received from any sale exempted by the
41 amendatory provisions of this subsection shall be refunded. Each claim for
42 a sales tax refund shall be verified and submitted to the director of taxation
43 upon forms furnished by the director and shall be accompanied by any

1 additional documentation required by the director. The director shall
2 review each claim and shall refund that amount of sales tax paid as
3 determined under the provisions of this subsection. All refunds shall be
4 paid from the sales tax refund fund upon warrants of the director of
5 accounts and reports pursuant to vouchers approved by the director or the
6 director's designee. The provisions of this subsection shall expire and have
7 no effect on and after December 31, 2030;

8 (uuuu) (1) (A) all sales of equipment, machinery, software, ancillary
9 components, appurtenances, accessories or other infrastructure purchased
10 for use in the provision of communications services; and

11 (B) all services purchased by *or on behalf of* a provider in the
12 provision of the communications service used in the repair, maintenance or
13 installation in such communications service.

14 (2) As used in this subsection:

15 (A) "Communications service" means internet access service,
16 telecommunications service, video service or any combination thereof.

17 (B) "Equipment, machinery, software, ancillary components,
18 appurtenances, accessories or other infrastructure" includes, but is not
19 limited to:

20 (i) Wires, cables, fiber, conduits, antennas, poles, switches, routers,
21 amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,
22 transmitters, circuit cards, insulating and protective materials and cases,
23 power equipment, backup power equipment, diagnostic equipment, storage
24 devices, modems, cable modem termination systems and servers;

25 (ii) other general central office or headend equipment, such as
26 channel cards, frames and cabinets;

27 (iii) equipment used in successor technologies, including items used
28 to monitor, test, maintain, enable or facilitate qualifying equipment,
29 machinery, software, ancillary components, appurtenances and
30 accessories; and

31 (iv) other infrastructure that is used in whole or in part to provide
32 communications services, including broadcasting, distributing, sending,
33 receiving, storing, transmitting, retransmitting, amplifying, switching,
34 providing connectivity for or routing communications services.

35 (C) "Internet access service" means the same as internet access as
36 defined in section 1105 of the internet tax freedom act amendments of
37 2007, public law 110-108.

38 (D) "Provider" means a person or entity that sells communications
39 service, including an affiliate or subsidiary.

40 (E) "Telecommunications service" means the same as defined in
41 K.S.A. 79-3602, and amendments thereto.

42 (F) "Video service" means the same as defined in K.S.A. 12-2022,
43 and amendments thereto.

1 (3) The provisions of this subsection shall expire and have no effect
2 on and after July 1, 2029;

3 (vvvv) (1) *all sales of tangible personal property or services*
4 *purchased by the Kansas fairgrounds foundation, a not-for-profit*
5 *corporation exempt from federal income taxation pursuant to section*
6 *501(c)(3) of the federal internal revenue code, and which such property*
7 *and services are used for the purpose of constructing, equipping,*
8 *reconstructing, maintaining, repairing, enlarging, furnishing or*
9 *remodeling a building that is operated by, or is intended to be operated by*
10 *the Kansas fairgrounds foundation and located on the grounds of the*
11 *Kansas state fair, and all sales of tangible personal property or services*
12 *purchased by a contractor for the purpose of constructing, equipping,*
13 *reconstructing, maintaining, repairing, enlarging, furnishing or remodeling*
14 *a building that is operated by, or is intended to be operated by, the Kansas*
15 *fairgrounds foundation, a not-for-profit corporation exempt from federal*
16 *income taxation pursuant to section 501(c)(3) of the federal internal*
17 *revenue code of 1986, and located on the grounds of the Kansas state fair,*
18 *and such tangible personal property or service would be exempt from*
19 *taxation under the provisions of this paragraph if purchased directly by*
20 *such eligible not-for-profit corporation. Nothing in this subsection shall be*
21 *deemed to exempt the purchase of any construction machinery, equipment,*
22 *or tools used in the constructing, equipping, reconstructing, maintaining,*
23 *repairing, enlarging, furnishing or remodeling a building for such eligible*
24 *not-for-profit corporation. When such eligible not-for-profit corporation*
25 *contracts for the purpose of constructing, equipping, reconstructing,*
26 *maintaining, repairing, enlarging, furnishing or remodeling a building,*
27 *such corporation shall obtain from the state and furnish to the contractor*
28 *an exemption certificate for the project involved, and such contractor may*
29 *purchase materials for incorporation in such project. The contractor shall*
30 *furnish the number of such certificate to all suppliers from whom such*
31 *purchases are made, and such suppliers shall execute invoices covering*
32 *such purchases bearing the number of such certificate. Upon completion of*
33 *the project, the contractor shall furnish to such eligible not-for-profit*
34 *corporation a sworn statement, on a form to be provided by the director of*
35 *taxation, that all purchases so made were entitled to exemption under this*
36 *subsection. All invoices shall be held by the contractor for a period of five*
37 *years and shall be subject to audit by the director of taxation. If any*
38 *materials purchased under such a certificate are found not to have been*
39 *incorporated in the building or returned for credit, the contractor shall*
40 *report and pay the sales or compensating tax to the director of taxation not*
41 *later than the 20th day of the month following the close of the month in*
42 *which it is determined that such materials will not be used for the purpose*
43 *for which such certificate was issued. The eligible not-for-profit*

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

11 (2) Sales tax paid on and after May 19, 2023, but prior to the effective
12 date of this act upon the gross receipts received from any sale which would
13 have been exempted by the provisions of this subsection had such sale
14 occurred after the effective date of this act shall be refunded. Each claim
15 for a sales tax refund shall be verified and submitted to the director of
16 taxation upon forms furnished by the director and shall be accompanied by
17 any additional documentation required by the director. The director shall
18 review each claim and shall refund that amount of sales tax paid as
19 determined under the provisions of this subsection. All refunds shall be
20 paid from the sales tax refund fund upon warrants of the director of
21 accounts and reports pursuant to vouchers approved by the director or the
22 director's designee; and

23 (www) (1) all sales of tangible personal property or services
24 purchased by a pregnancy resource center or residential maternity facility.

25 (2) As used in this subsection, "pregnancy resource center" or
26 "residential maternity facility" means an organization that is:

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

29 (B) a nonprofit organization organized under the laws of this state;
30 and

31 (C) a pregnancy resource center or residential maternity facility that:

32 (i) Maintains a dedicated phone number for clients;

33 (ii) maintains in this state its primary physical office, clinic or
34 residential home that is open for clients for a minimum of 20 hours per
35 week, excluding state holidays;

36 (iii) offers services, at no cost to the client, for the express purpose of
37 providing assistance to women in order to carry their pregnancy to term,
38 encourage parenting or adoption, prevent abortion and promote healthy
39 childbirth; and

40 (iv) utilizes trained healthcare providers, as defined by K.S.A. 2024
41 Supp. 79-32,316, and amendments thereto, to perform any available
42 medical procedures.

43 Sec. 3. K.S.A. 2024 Supp. 79-3602 and 79-3606 are hereby repealed.

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