

**{As Amended by House Committee of the Whole}**

*Session of 2011*

**Substitute for HOUSE BILL No. 2161**

By Committee on Taxation

3-8

1 AN ACT concerning sales taxation; relating to situs of taxable transactions;  
2 sourcing of certain retail sales; **{exemptions, game birds;}** amending K.S.A.  
3 2010 Supp. 12-191 {, **79-3606}**-and ~~79-3669~~ and repealing the existing sections  
4 **{section}**.  
5

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

7 New Section 1. ~~(a) Notwithstanding the provisions of K.S.A. 2010-~~  
8 ~~Supp. 79-3670, and amendments thereto, retail sales, excluding lease or~~  
9 ~~rental, of tangible personal property shall be sourced to the location where~~  
10 ~~the order is received by the seller if:~~

11 ~~(1) The order is received by the seller in this state and receipt of the~~  
12 ~~product by the purchaser, or the purchaser's donee, designated as such by~~  
13 ~~the purchaser, occurs in this state;~~

14 ~~(2) location where receipt of the product by the purchaser occurs is~~  
15 ~~determined pursuant to subsections (a)(2), (a)(3) and (a)(4) of K.S.A. 2010~~  
16 ~~Supp. 79-3670, and amendments thereto; and~~

17 ~~(3) at the time the order is received, the recordkeeping system of the~~  
18 ~~seller used to calculate the proper amount of sales or use tax to be imposed~~  
19 ~~captures the location where the order is received.~~

20 ~~(b) Sales sourced pursuant to this section shall be subject to the~~  
21 ~~following requirements:~~

22 ~~(1) When the location where the order is received by the seller and~~  
23 ~~the location where the receipt of the product by the purchaser, or the~~  
24 ~~purchaser's donee, designated as such by the purchaser, occurs as~~  
25 ~~determined pursuant to subsections (a)(2), (a)(3) and (a)(4) of K.S.A. 2010~~  
26 ~~Supp. 79-3670, and amendments thereto, are in different states, the sale~~  
27 ~~shall be sourced pursuant to the provisions of K.S.A. 2010 Supp. 79-3670,~~  
28 ~~and amendments thereto;~~

29 ~~(2) when the sale is sourced pursuant to this section to the location~~  
30 ~~where the order is received by the seller, only the sales tax in effect for the~~  
31 ~~location where the order is received by the seller applies. No additional~~  
32 ~~sales or use tax based on the location where the product is delivered to the~~  
33 ~~purchaser shall apply. The purchaser shall not be entitled to any refund if~~  
34 ~~the combined state and local rate or rates at the location where the product~~  
35 ~~is received by the purchaser is lower than the rate where the order is~~  
36 ~~received by the seller;~~

1       ~~(3) a seller is not required to utilize a recordkeeping system which~~  
2 ~~captures the location where an order is received to calculate the proper~~  
3 ~~amount of sales or use tax to be imposed;~~

4       ~~(4) a purchaser shall have no additional liability for tax, penalty or~~  
5 ~~interest on a sale for which the purchaser remits tax to the seller in the~~  
6 ~~amount invoiced by the seller if such invoice amount is calculated at either~~  
7 ~~the rate applicable to the location where receipt by the purchaser occurs or~~  
8 ~~at the rate applicable to the location where the order is received by the~~  
9 ~~seller. A purchaser may rely on a written representation by the seller as to~~  
10 ~~the location where the order for such sale was received by the seller. When~~  
11 ~~the purchaser does not have a written representation by the seller as to the~~  
12 ~~location where the order for such sale was received by the seller, the~~  
13 ~~purchaser may use a location indicated by a business address for the seller~~  
14 ~~that is available from the business records of the purchaser that are~~  
15 ~~maintained in the ordinary course of the purchaser's business to determine~~  
16 ~~the rate applicable to the location where the order was received;~~

17       ~~(5) the location where the order is received by or on behalf of the~~  
18 ~~seller means the physical location of a seller or third party such as an~~  
19 ~~established outlet, office location or automated order receipt system~~  
20 ~~operated by or on behalf of the seller where an order is initially received~~  
21 ~~by or on behalf of the seller and not where the order may be subsequently~~  
22 ~~accepted, completed or fulfilled. An order is received when all of the~~  
23 ~~information necessary to the determination whether the order can be~~  
24 ~~accepted has been received by or on behalf of the seller. The location from~~  
25 ~~which a product is shipped shall not be used in determining the location~~  
26 ~~where the order is received by the seller;~~

27       ~~(6) purchasers remitting sales and use tax pursuant to a direct pay~~  
28 ~~permit shall remit tax at the rate in effect for the location where receipt of~~  
29 ~~the product by the purchaser occurs or if the product is a service, where the~~  
30 ~~product is first used;~~

31       ~~(7) when taxable services are sold with tangible personal property~~  
32 ~~pursuant to a single contract or in the same transaction, are billed on the~~  
33 ~~same billing statement or statements, and, because of the application of~~  
34 ~~this section, would be sourced to different jurisdictions, such transaction~~  
35 ~~shall have a single situs, for sourcing purposes, which shall be the location~~  
36 ~~where the seller received the order; and~~

37       ~~(8) the secretary of revenue shall inform the governing board of the~~  
38 ~~streamlined sales and use tax agreement of the enactment of this sourcing~~  
39 ~~provision.~~

40       ~~New Sec. 2. (a) Notwithstanding the provisions of K.S.A. 2010-~~  
41 ~~Supp. 79-3670 and 79-3672, and amendments thereto, the sale of all direct~~  
42 ~~mail delivered or distributed from a location within this state and delivered~~  
43 ~~or distributed to a location within this state shall be sourced pursuant to the~~

1 provisions of this section.

2 (b) ~~If the purchaser provides the seller with a direct pay permit or a~~  
3 ~~certificate of exemption claiming direct mail, the seller, in the absence of~~  
4 ~~bad faith, is relieved of all obligations to collect, pay, or remit the~~  
5 ~~applicable tax on any transaction involving direct mail. The purchaser~~  
6 ~~must report and pay any applicable tax due. A certificate of exemption~~  
7 ~~claiming direct mail shall remain in effect for all future sales of direct mail~~  
8 ~~by the seller to the purchaser until it is revoked in writing.~~

9 (e) ~~Except as provided in subsection (b) and this subsection, the seller~~  
10 ~~shall collect the tax according to subsection (a)(5) of K.S.A. 2010 Supp.~~  
11 ~~79-3670, and amendments thereto. To the extent the seller knows that a~~  
12 ~~portion of the sale of direct mail will be delivered or distributed to a~~  
13 ~~location in another state, the seller shall collect the tax on that portion~~  
14 ~~according to K.S.A. 2010 Supp. 79-3672, and amendments thereto.~~

15 (d) ~~Notwithstanding the provisions of subsection (e), a seller may~~  
16 ~~elect to use the provisions of K.S.A. 2010 Supp. 79-3672, and~~  
17 ~~amendments thereto, to source all sales of advertising and promotional~~  
18 ~~direct mail.~~

19 (e) ~~A purchaser whose direct mail is sourced under the provisions of~~  
20 ~~subsection (e) shall owe no additional sales or use tax to this state where~~  
21 ~~the purchaser uses or delivers the direct mail in this state.~~

22 ~~See. 3~~**{Section 1}**. K.S.A. 2010 Supp. 12-191 is hereby amended to  
23 read as follows: 12-191. All retail transactions consummated within a  
24 county or city having a retail sales tax, which transactions are subject to  
25 the Kansas retailers' sales tax, shall also be subject to such county or city  
26 retail sales tax. Except as hereinafter provided, **{a retailer in this state**  
27 **may choose that}** all retail sales **{in this state}**, for the purpose of this act,  
28 shall be considered to have been consummated at the **{place of business of**  
29 **the retailer in this state and sourced to such location, or at the}**  
30 location determined by the sourcing rules as provided in K.S.A. 2010  
31 Supp. ~~79-3670~~~~79-3669~~**{79-3670}**, and amendments thereto. The retail  
32 sales or transfer of watercraft, ~~modular homes, manufactured homes or~~  
33 ~~mobile homes~~, shall be considered consummated at the place of business  
34 of the retailer and sourced to such location. The retail sale, excluding the  
35 lease or rental, of motor vehicles, trailers, semi-trailers or aircraft that do  
36 not qualify as transportation equipment, as defined in subsection (d) of  
37 K.S.A. 2010 Supp. 79-3670, and amendments thereto, shall be considered  
38 consummated at the place of business of the retailer and sourced to such  
39 location. The isolated or occasional sale of any motor vehicle or trailer  
40 shall be considered consummated at the taxing jurisdiction where the sale  
41 is made. If the sale negotiations occurred in different cities or counties, the  
42 situs of the sale for local sales tax purposes shall be the place where the  
43 motor vehicle or trailer was kept at the time negotiations were first entered

1 into. In the event the place of business of a retailer is doubtful the place or  
2 places at which the retail sales are consummated for the purposes of this  
3 act shall be determined under rules and regulations adopted by the  
4 secretary of revenue which rules and regulations shall be considered with  
5 state and federal law insofar as applicable. The director of taxation is  
6 hereby authorized to request and receive from any retailer or from any city  
7 or county levying the tax such information as may be reasonably necessary  
8 to determine the liability of retailers for any county or city sales tax. The  
9 collection of any sales tax of a county or city approved at any election  
10 shall commence on the first day of the calendar quarter next following the  
11 90th day after the date that the city or county has provided written notice  
12 to the director of taxation of the election authorizing the levy of such tax.  
13 The collection of any such sales tax applicable to printed catalog purchases  
14 wherein the purchaser computed the tax based upon local tax rates  
15 published in the catalog, shall not commence until the first day of the  
16 calendar quarter next following the 150th day after the date that the city or  
17 county has provided written notice to the director of taxation of the  
18 election authorizing the levy of such tax. The director of taxation shall  
19 provide notice to sellers of such taxes within 30 days after receiving such  
20 notice from the city or county.

21 A city retailers' sales tax shall not become effective within any area  
22 annexed by a city levying such tax until the first day of the calendar  
23 quarter next following the 90th day after the date that the governing body  
24 of such city provided the state department of revenue with a certified copy  
25 of the annexation ordinance and a map of the city detailing the annexed  
26 area. The director of taxation shall provide notice to sellers of such tax  
27 within 30 days after receiving such notice from the city or county.

28 Whenever any sales tax, imposed by any city or county under the  
29 provisions of this act, shall become effective, at any time prior to the time  
30 that revenue derived therefrom may be budgeted for expenditure in such  
31 year, such revenue shall be credited to the funds of the taxing subdivision  
32 or subdivisions and shall be carried forward to the credit of such funds for  
33 the ensuing budget year in the manner provided for carrying forward  
34 balances remaining in such funds at the end of a budget year.

35 ~~{Sec. 4. 2. K.S.A. 2010 Supp. 79-3669 is hereby amended to read as~~  
36 ~~follows: 79-3669. (a) The retail sale of a product shall be sourced in~~  
37 ~~accordance with K.S.A. 2010 Supp. 79-3670, 79-3672, section 1 and~~  
38 ~~section 2, and amendments thereto, whichever is applicable. The~~  
39 ~~provisions of K.S.A. 2010 Supp. 79-3670, and amendments thereto, apply~~  
40 ~~regardless of the characterization of a product as tangible personal~~  
41 ~~property, a digital good or a service. The provisions of K.S.A. 2010 Supp.~~  
42 ~~79-3670, and amendments thereto, only apply to determine a seller's~~  
43 ~~obligation to pay or collect and remit a sales or use tax with respect to the~~

1 seller's retail sale of a product. These provisions do not affect the  
2 obligation of a purchaser or lessee to remit tax on the use of the product to  
3 the taxing jurisdictions of that use.

4 ~~(b) K.S.A. 2010 Supp. 79-3670, and amendments thereto, does not~~  
5 ~~apply to sales or use taxes levied on the following: (1) The retail sale or~~  
6 ~~transfer of water craft, modular homes, manufactured homes or mobile~~  
7 ~~homes. The retail sale of these items shall be sourced according to K.S.A.~~  
8 ~~12-191 and amendments thereto;~~

9 ~~(2) the retail sales, excluding lease or rental, of motor vehicles,~~  
10 ~~trailers, semi-trailers or aircraft that do not qualify as transportation~~  
11 ~~equipment, as defined in subsection (d) of K.S.A. 2010 Supp. 79-3670,~~  
12 ~~and amendments thereto. The retail sale of these items shall be sourced~~  
13 ~~according to K.S.A. 12-191, and amendments thereto, and the lease or~~  
14 ~~rental of these items must be sourced according to subsection (e) of K.S.A.~~  
15 ~~2010 Supp. 79-3670, and amendments thereto; and~~

16 ~~(3) telecommunications services, as set out in K.S.A. 2010 Supp. 79-~~  
17 ~~3673, and amendments thereto, and ancillary services, as defined in K.S.A.~~  
18 ~~79-3602, and amendments thereto, shall be sourced in accordance with~~  
19 ~~K.S.A. 2010 Supp. 79-3673, and amendments thereto.}~~

20 **Sec. 5{2}. K.S.A. 2010 Supp. 79-3606 is hereby amended to read**  
21 **as follows: 79-3606. The following shall be exempt from the tax**  
22 **imposed by this act: (a) All sales of motor-vehicle fuel or other**  
23 **articles upon which a sales or excise tax has been paid, not subject to**  
24 **refund, under the laws of this state except cigarettes as defined by**  
25 **K.S.A. 79-3301 and amendments thereto, cereal malt beverages and**  
26 **malt products as defined by K.S.A. 79-3817 and amendments thereto,**  
27 **including wort, liquid malt, malt syrup and malt extract, which is not**  
28 **subject to taxation under the provisions of K.S.A. 79-41a02 and**  
29 **amendments thereto, motor vehicles taxed pursuant to K.S.A. 79-5117,**  
30 **and amendments thereto, tires taxed pursuant to K.S.A. 65-3424d, and**  
31 **amendments thereto, drycleaning and laundry services taxed**  
32 **pursuant to K.S.A. 65-34,150, and amendments thereto, and gross**  
33 **receipts from regulated sports contests taxed pursuant to the Kansas**  
34 **professional regulated sports act, and amendments thereto;**

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

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

7 (c) all sales of tangible personal property or services, including  
8 the renting and leasing of tangible personal property, purchased  
9 directly by a public or private elementary or secondary school or  
10 public or private nonprofit educational institution and used primarily  
11 by such school or institution for nonsectarian programs and activities  
12 provided or sponsored by such school or institution or in the erection,  
13 repair or enlargement of buildings to be used for such purposes. The  
14 exemption herein provided shall not apply to erection, construction,  
15 repair, enlargement or equipment of buildings used primarily for  
16 human habitation;

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

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

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

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

42 (f) tangible personal property purchased by a railroad or public  
43 utility for consumption or movement directly and immediately in

1 interstate commerce;

2 (g) sales of aircraft including remanufactured and modified  
3 aircraft sold to persons using directly or through an authorized agent  
4 such aircraft as certified or licensed carriers of persons or property in  
5 interstate or foreign commerce under authority of the laws of the  
6 United States or any foreign government or sold to any foreign  
7 government or agency or instrumentality of such foreign government  
8 and all sales of aircraft for use outside of the United States and sales of  
9 aircraft repair, modification and replacement parts and sales of  
10 services employed in the remanufacture, modification and repair of  
11 aircraft;

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

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

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

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

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

31 (m) all sales of tangible personal property which become an  
32 ingredient or component part of tangible personal property or services  
33 produced, manufactured or compounded for ultimate sale at retail  
34 within or without the state of Kansas; and any such producer,  
35 manufacturer or compounder may obtain from the director of  
36 taxation and furnish to the supplier an exemption certificate number  
37 for tangible personal property for use as an ingredient or component  
38 part of the property or services produced, manufactured or  
39 compounded;

40 (n) all sales of tangible personal property which is consumed in  
41 the production, manufacture, processing, mining, drilling, refining or  
42 compounding of tangible personal property, the treating of by-  
43 products or wastes derived from any such production process, the

1 providing of services or the irrigation of crops for ultimate sale at  
2 retail within or without the state of Kansas; and any purchaser of such  
3 property may obtain from the director of taxation and furnish to the  
4 supplier an exemption certificate number for tangible personal  
5 property for consumption in such production, manufacture,  
6 processing, mining, drilling, refining, compounding, treating,  
7 irrigation and in providing such services;

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

14 (p) all sales of drugs dispensed pursuant to a prescription order  
15 by a licensed practitioner or a mid-level practitioner as defined by  
16 K.S.A. 65-1626, and amendments thereto. As used in this subsection,  
17 "drug" means a compound, substance or preparation and any  
18 component of a compound, substance or preparation, other than food  
19 and food ingredients, dietary supplements or alcoholic beverages,  
20 recognized in the official United States pharmacopoeia, official  
21 homeopathic pharmacopoeia of the United States or official national  
22 formulary, and supplement to any of them, intended for use in the  
23 diagnosis, cure, mitigation, treatment or prevention of disease or  
24 intended to affect the structure or any function of the body;

25 (q) all sales of insulin dispensed by a person licensed by the state  
26 board of pharmacy to a person for treatment of diabetes at the  
27 direction of a person licensed to practice medicine by the board of  
28 healing arts;

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

1 include any motor vehicle or equipment on a motor vehicle normally  
2 provided by a motor vehicle manufacturer; and (2) "prosthetic  
3 device" means a replacement, corrective or supportive device  
4 including repair and replacement parts for same worn on or in the  
5 body to artificially replace a missing portion of the body, prevent or  
6 correct physical deformity or malfunction or support a weak or  
7 deformed portion of the body;

8 (s) except as provided in K.S.A. 2010 Supp. 82a-2101, and  
9 amendments thereto, all sales of tangible personal property or services  
10 purchased directly or indirectly by a groundwater management  
11 district organized or operating under the authority of K.S.A. 82a-1020  
12 et seq. and amendments thereto, by a rural water district organized or  
13 operating under the authority of K.S.A. 82a-612, and amendments  
14 thereto, or by a water supply district organized or operating under the  
15 authority of K.S.A. 19-3501 et seq., 19-3522 et seq. or 19-3545, and  
16 amendments thereto, which property or services are used in the  
17 construction activities, operation or maintenance of the district;

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

1 and ranch work for hire and the operation of a nursery;

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

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

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

31 (x) all sales of propane gas, LP-gas, coal, wood and other fuel  
32 sources for the production of heat or lighting for noncommercial use  
33 of an occupant of residential premises occurring prior to January 1,  
34 2006;

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

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

42 (aa) all sales of materials and services applied to equipment  
43 which is transported into the state from without the state for repair,

1 service, alteration, maintenance, remanufacture or modification and  
2 which is subsequently transported outside the state for use in the  
3 transmission of liquids or natural gas by means of pipeline in  
4 interstate or foreign commerce under authority of the laws of the  
5 United States;

6 (bb) all sales of used mobile homes or manufactured homes. As  
7 used in this subsection: (1) "Mobile homes" and "manufactured  
8 homes" shall have the meanings ascribed thereto by K.S.A. 58-4202  
9 and amendments thereto; and (2) "sales of used mobile homes or  
10 manufactured homes" means sales other than the original retail sale  
11 thereof;

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

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

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

3 (ff) on and after July 1, 1988, all sales of new mobile homes or  
4 manufactured homes to the extent of 40% of the gross receipts,  
5 determined without regard to any trade-in allowance, received from  
6 such sale. As used in this subsection, "mobile homes" and  
7 "manufactured homes" shall have the meanings ascribed thereto by  
8 K.S.A. 58-4202 and amendments thereto;

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

12 (hh) all sales of medical supplies and equipment, including  
13 durable medical equipment, purchased directly by a nonprofit skilled  
14 nursing home or nonprofit intermediate nursing care home, as defined  
15 by K.S.A. 39-923, and amendments thereto, for the purpose of  
16 providing medical services to residents thereof. This exemption shall  
17 not apply to tangible personal property customarily used for human  
18 habitation purposes. As used in this subsection, "durable medical  
19 equipment" means equipment including repair and replacement parts  
20 for such equipment, which can withstand repeated use, is primarily  
21 and customarily used to serve a medical purpose, generally is not  
22 useful to a person in the absence of illness or injury and is not worn in  
23 or on the body, but does not include mobility enhancing equipment as  
24 defined in subsection (r), oxygen delivery equipment, kidney dialysis  
25 equipment or enteral feeding systems;

26 (ii) all sales of tangible personal property purchased directly by a  
27 nonprofit organization for nonsectarian comprehensive  
28 multidiscipline youth development programs and activities provided  
29 or sponsored by such organization, and all sales of tangible personal  
30 property by or on behalf of any such organization. This exemption  
31 shall not apply to tangible personal property customarily used for  
32 human habitation purposes;

33 (jj) all sales of tangible personal property or services, including  
34 the renting and leasing of tangible personal property, purchased  
35 directly on behalf of a community-based mental retardation facility or  
36 mental health center organized pursuant to K.S.A. 19-4001 et seq.,  
37 and amendments thereto, and licensed in accordance with the  
38 provisions of K.S.A. 75-3307b and amendments thereto and all sales of  
39 tangible personal property or services purchased by contractors  
40 during the time period from July, 2003, through June, 2006, for the  
41 purpose of constructing, equipping, maintaining or furnishing a new  
42 facility for a community-based mental retardation facility or mental  
43 health center located in Riverton, Cherokee County, Kansas, which

1 would have been eligible for sales tax exemption pursuant to this  
2 subsection if purchased directly by such facility or center. This  
3 exemption shall not apply to tangible personal property customarily  
4 used for human habitation purposes;

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

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

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

12 (2) For purposes of this subsection:

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

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

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

39 (D) "manufacturing or processing business" means a business  
40 that utilizes an integrated production operation to manufacture,  
41 process, fabricate, finish, or assemble items for wholesale and retail  
42 distribution as part of what is commonly regarded by the general  
43 public as an industrial manufacturing or processing operation or an

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

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

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

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

- 1       **(A) To receive, transport, convey, handle, treat or store raw**  
2 **materials in preparation of its placement on the production line;**
- 3       **(B) to transport, convey, handle or store the property undergoing**  
4 **manufacturing or processing at any point from the beginning of the**  
5 **production line through any warehousing or distribution operation of**  
6 **the final product that occurs at the plant or facility;**
- 7       **(C) to act upon, effect, promote or otherwise facilitate a physical**  
8 **change to the property undergoing manufacturing or processing;**
- 9       **(D) to guide, control or direct the movement of property**  
10 **undergoing manufacturing or processing;**
- 11       **(E) to test or measure raw materials, the property undergoing**  
12 **manufacturing or processing or the finished product, as a necessary**  
13 **part of the manufacturer's integrated production operations;**
- 14       **(F) to plan, manage, control or record the receipt and flow of**  
15 **inventories of raw materials, consumables and component parts, the**  
16 **flow of the property undergoing manufacturing or processing and the**  
17 **management of inventories of the finished product;**
- 18       **(G) to produce energy for, lubricate, control the operating of or**  
19 **otherwise enable the functioning of other production machinery and**  
20 **equipment and the continuation of production operations;**
- 21       **(H) to package the property being manufactured or processed in**  
22 **a container or wrapping in which such property is normally sold or**  
23 **transported;**
- 24       **(I) to transmit or transport electricity, coke, gas, water, steam or**  
25 **similar substances used in production operations from the point of**  
26 **generation, if produced by the manufacturer or processor at the plant**  
27 **site, to that manufacturer's production operation; or, if purchased or**  
28 **delivered from offsite, from the point where the substance enters the**  
29 **site of the plant or facility to that manufacturer's production**  
30 **operations;**
- 31       **(J) to cool, heat, filter, refine or otherwise treat water, steam, acid,**  
32 **oil, solvents or other substances that are used in production**  
33 **operations;**
- 34       **(K) to provide and control an environment required to maintain**  
35 **certain levels of air quality, humidity or temperature in special and**  
36 **limited areas of the plant or facility, where such regulation of**  
37 **temperature or humidity is part of and essential to the production**  
38 **process;**
- 39       **(L) to treat, transport or store waste or other byproducts of**  
40 **production operations at the plant or facility; or**
- 41       **(M) to control pollution at the plant or facility where the**  
42 **pollution is produced by the manufacturing or processing operation.**
- 43       **(4) The following machinery, equipment and materials shall be**

1 deemed to be exempt even though it may not otherwise qualify as  
2 machinery and equipment used as an integral or essential part of an  
3 integrated production operation: (A) Computers and related  
4 peripheral equipment that are utilized by a manufacturing or  
5 processing business for engineering of the finished product or for  
6 research and development or product design; (B) machinery and  
7 equipment that is utilized by a manufacturing or processing business  
8 to manufacture or rebuild tangible personal property that is used in  
9 manufacturing or processing operations, including tools, dies, molds,  
10 forms and other parts of qualifying machinery and equipment; (C)  
11 portable plants for aggregate concrete, bulk cement and asphalt  
12 including cement mixing drums to be attached to a motor vehicle; (D)  
13 industrial fixtures, devices, support facilities and special foundations  
14 necessary for manufacturing and production operations, and  
15 materials and other tangible personal property sold for the purpose of  
16 fabricating such fixtures, devices, facilities and foundations. An  
17 exemption certificate for such purchases shall be signed by the  
18 manufacturer or processor. If the fabricator purchases such material,  
19 the fabricator shall also sign the exemption certificate; and (E) a  
20 manufacturing or processing business' laboratory equipment that is  
21 not located at the plant or facility, but that would otherwise qualify for  
22 exemption under subsection (3)(E).

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

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

30 (B) machinery, equipment and tools used primarily in  
31 maintaining and repairing any type of machinery and equipment or  
32 the building and plant;

33 (C) transportation, transmission and distribution equipment not  
34 primarily used in a production, warehousing or material handling  
35 operation at the plant or facility, including the means of conveyance of  
36 natural gas, electricity, oil or water, and equipment related thereto,  
37 located outside the plant or facility;

38 (D) office machines and equipment including computers and  
39 related peripheral equipment not used directly and primarily to  
40 control or measure the manufacturing process;

41 (E) furniture and other furnishings;

42 (F) buildings, other than exempt machinery and equipment that  
43 is permanently affixed to or becomes a physical part of the building,

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

1 and experiences, which is exempt from federal income taxation  
2 pursuant to section 501(c)(3) of the federal internal revenue code of  
3 1986;

4 (rr) all sales of tangible personal property which will admit the  
5 purchaser thereof to any annual event sponsored by a nonprofit  
6 organization which is exempt from federal income taxation pursuant  
7 to section 501(c)(3) of the federal internal revenue code of 1986;

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

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

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

21 (vv) all sales of tangible personal property purchased by any of  
22 the following organizations which are exempt from federal income  
23 taxation pursuant to section 501(c)(3) of the federal internal revenue  
24 code of 1986, for the following purposes, and all sales of any such  
25 property by or on behalf of any such organization for any such  
26 purpose:

27 (1) The American Heart Association, Kansas Affiliate, Inc. for the  
28 purposes of providing education, training, certification in emergency  
29 cardiac care, research and other related services to reduce disability  
30 and death from cardiovascular diseases and stroke;

31 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose  
32 of advocacy for persons with mental illness and to education, research  
33 and support for their families;

34 (3) the Kansas Mental Illness Awareness Council for the purposes  
35 of advocacy for persons who are mentally ill and to education,  
36 research and support for them and their families;

37 (4) the American Diabetes Association Kansas Affiliate, Inc. for  
38 the purpose of eliminating diabetes through medical research, public  
39 education focusing on disease prevention and education, patient  
40 education including information on coping with diabetes, and  
41 professional education and training;

42 (5) the American Lung Association of Kansas, Inc. for the  
43 purpose of eliminating all lung diseases through medical research,

1 public education including information on coping with lung diseases,  
2 professional education and training related to lung disease and other  
3 related services to reduce the incidence of disability and death due to  
4 lung disease;

5 (6) the Kansas chapters of the Alzheimer's Disease and Related  
6 Disorders Association, Inc. for the purpose of providing assistance and  
7 support to persons in Kansas with Alzheimer's disease, and their  
8 families and caregivers;

9 (7) the Kansas chapters of the Parkinson's disease association for  
10 the purpose of eliminating Parkinson's disease through medical  
11 research and public and professional education related to such  
12 disease;

13 (8) the National Kidney Foundation of Kansas and Western  
14 Missouri for the purpose of eliminating kidney disease through  
15 medical research and public and private education related to such  
16 disease;

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

20 (10) the Cystic Fibrosis Foundation, Heart of America Chapter,  
21 for the purposes of assuring the development of the means to cure and  
22 control cystic fibrosis and improving the quality of life for those with  
23 the disease;

24 (11) the spina bifida association of Kansas for the purpose of  
25 providing financial, educational and practical aid to families and  
26 individuals with spina bifida. Such aid includes, but is not limited to,  
27 funding for medical devices, counseling and medical educational  
28 opportunities;

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

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

35 (14) the Dreams Work, Inc., for the purpose of providing young  
36 adult day services to individuals with developmental disabilities and  
37 assisting families in avoiding institutional or nursing home care for a  
38 developmentally disabled member of their family;

39 (15) the KSDS, Inc., for the purpose of promoting the  
40 independence and inclusion of people with disabilities as fully  
41 participating and contributing members of their communities and  
42 society through the training and providing of guide and service dogs  
43 to people with disabilities, and providing disability education and

1 awareness to the general public;

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

6 (17) the Dream Factory, Inc., for the purpose of granting the  
7 dreams of children with critical and chronic illnesses;

8 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing  
9 students and families with education and resources necessary to  
10 enable each child to develop fine character and musical ability to the  
11 fullest potential;

12 (19) the International Association of Lions Clubs for the purpose  
13 of creating and fostering a spirit of understanding among all people  
14 for humanitarian needs by providing voluntary services through  
15 community involvement and international cooperation;

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

20 (21) the American Cancer Society, Inc., for the purpose of  
21 eliminating cancer as a major health problem by preventing cancer,  
22 saving lives and diminishing suffering from cancer, through research,  
23 education, advocacy and service;

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

26 (23) the angel babies association, for the purpose of providing  
27 assistance, support and items of necessity to teenage mothers and their  
28 babies; and

29 (24) the Kansas fairgrounds foundation for the purpose of the  
30 preservation, renovation and beautification of the Kansas state  
31 fairgrounds;

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

35 (xx) all sales of tangible personal property and services purchased  
36 by a nonprofit zoo which is exempt from federal income taxation  
37 pursuant to section 501(c)(3) of the federal internal revenue code of  
38 1986, or on behalf of such zoo by an entity itself exempt from federal  
39 income taxation pursuant to section 501(c)(3) of the federal internal  
40 revenue code of 1986 contracted with to operate such zoo and all sales  
41 of tangible personal property or services purchased by a contractor  
42 for the purpose of constructing, equipping, reconstructing,  
43 maintaining, repairing, enlarging, furnishing or remodeling facilities

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

40 (yy) all sales of tangible personal property and services purchased  
41 by a parent-teacher association or organization, and all sales of  
42 tangible personal property by or on behalf of such association or  
43 organization;

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

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

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

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

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

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

36 (ddd) on and after January 1, 1999, and before January 1, 2000,  
37 all sales of materials and services purchased by any class II or III  
38 railroad as classified by the federal surface transportation board for  
39 the construction, renovation, repair or replacement of class II or III  
40 railroad track and facilities used directly in interstate commerce. In  
41 the event any such track or facility for which materials and services  
42 were purchased sales tax exempt is not operational for five years  
43 succeeding the allowance of such exemption, the total amount of sales

1 tax which would have been payable except for the operation of this  
2 subsection shall be recouped in accordance with rules and regulations  
3 adopted for such purpose by the secretary of revenue;

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

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

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

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

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

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

1 3615, and amendments thereto. Sales tax paid on and after July 1,  
2 2005, but prior to the effective date of this act upon the gross receipts  
3 received from any sale exempted by the amendatory provisions of this  
4 subsection shall be refunded. Each claim for a sales tax refund shall be  
5 verified and submitted to the director of taxation upon forms  
6 furnished by the director and shall be accompanied by any additional  
7 documentation required by the director. The director shall review  
8 each claim and shall refund that amount of sales tax paid as  
9 determined under the provisions of this subsection. All refunds shall  
10 be paid from the sales tax refund fund upon warrants of the director  
11 of accounts and reports pursuant to vouchers approved by the  
12 director or the director's designee;

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

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

39 (mmm) all sales of tangible personal property purchased by or on  
40 behalf of the Marillac Center, Inc., which is exempt from federal  
41 income taxation pursuant to section 501(c)(3) of the federal internal  
42 revenue code, for the purpose of providing psycho-social-biological  
43 and special education services to children, and all sales of any such

1 property by or on behalf of such organization for such purpose;

2 (nnn) all sales of tangible personal property and services  
3 purchased by the West Sedgwick County-Sunrise Rotary Club and  
4 Sunrise Charitable Fund for the purpose of constructing a boundless  
5 playground which is an integrated, barrier free and developmentally  
6 advantageous play environment for children of all abilities and  
7 disabilities;

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

13 (ppp) all sales of tangible personal property and services  
14 purchased by or on behalf of a homeless shelter which is exempt from  
15 federal income taxation pursuant to section 501(c)(3) of the federal  
16 income tax code of 1986, and used by any such homeless shelter to  
17 provide emergency and transitional housing for individuals and  
18 families experiencing homelessness, and all sales of any such property  
19 by or on behalf of any such homeless shelter for any such purpose;

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

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

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

33 (sss) all sales of tangible personal property and services  
34 purchased by catholic charities or youthville, hereinafter referred to  
35 as charitable family providers, which is exempt from federal income  
36 taxation pursuant to section 501(c)(3) of the federal internal revenue  
37 code of 1986, and which such property and services are used for the  
38 purpose of providing emergency shelter and treatment for abused and  
39 neglected children as well as meeting additional critical needs for  
40 children, juveniles and family, and all sales of any such property by or  
41 on behalf of charitable family providers for any such purpose; and all  
42 sales of tangible personal property or services purchased by a  
43 contractor for the purpose of constructing, maintaining, repairing,

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

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

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

1 guilty of a misdemeanor and, upon conviction therefor, shall be  
2 subject to the penalties provided for in subsection (g) of K.S.A. 79-  
3 3615, and amendments thereto;

4 (uuu) all sales of tangible personal property and services  
5 purchased by Kansas children's service league, hereinafter referred to  
6 as KCSL, which is exempt from federal income taxation pursuant to  
7 section 501(c)(3) of the federal internal revenue code of 1986, and  
8 which such property and services are used for the purpose of  
9 providing for the prevention and treatment of child abuse and  
10 maltreatment as well as meeting additional critical needs for children,  
11 juveniles and family, and all sales of any such property by or on behalf  
12 of KCSL for any such purpose; and all sales of tangible personal  
13 property or services purchased by a contractor for the purpose of  
14 constructing, maintaining, repairing, enlarging, furnishing or  
15 remodeling facilities for the operation of services for KCSL for any  
16 such purpose which would be exempt from taxation under the  
17 provisions of this section if purchased directly by KCSL. Nothing in  
18 this subsection shall be deemed to exempt the purchase of any  
19 construction machinery, equipment or tools used in the constructing,  
20 maintaining, repairing, enlarging, furnishing or remodeling such  
21 facilities for KCSL. When KCSL contracts for the purpose of  
22 constructing, maintaining, repairing, enlarging, furnishing or  
23 remodeling such facilities, it shall obtain from the state and furnish to  
24 the contractor an exemption certificate for the project involved, and  
25 the contractor may purchase materials for incorporation in such  
26 project. The contractor shall furnish the number of such certificate to  
27 all suppliers from whom such purchases are made, and such suppliers  
28 shall execute invoices covering the same bearing the number of such  
29 certificate. Upon completion of the project the contractor shall furnish  
30 to KCSL a sworn statement, on a form to be provided by the director  
31 of taxation, that all purchases so made were entitled to exemption  
32 under this subsection. All invoices shall be held by the contractor for a  
33 period of five years and shall be subject to audit by the director of  
34 taxation. If any materials purchased under such a certificate are found  
35 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  
37 otherwise imposed upon such materials which will not be so  
38 incorporated in the building or other project reported and paid by  
39 such contractor to the director of taxation not later than the 20th day  
40 of the month following the close of the month in which it shall be  
41 determined that such materials will not be used for the purpose for  
42 which such certificate was issued, KCSL shall be liable for tax on all  
43 materials purchased for the project, and upon payment thereof it may

1 recover the same from the contractor together with reasonable  
2 attorney fees. Any contractor or any agent, employee or subcontractor  
3 thereof, who shall use or otherwise dispose of any materials purchased  
4 under such a certificate for any purpose other than that for which  
5 such a certificate is issued without the payment of the sales or  
6 compensating tax otherwise imposed upon such materials, shall be  
7 guilty of a misdemeanor and, upon conviction therefor, shall be  
8 subject to the penalties provided for in subsection (g) of K.S.A. 79-  
9 3615, and amendments thereto;

10 (vvv) all sales of tangible personal property or services, including  
11 the renting and leasing of tangible personal property or services,  
12 purchased by Jazz in the Woods, Inc., a Kansas corporation which is  
13 exempt from federal income taxation pursuant to section 501(c)(3) of  
14 the federal internal revenue code, for the purpose of providing Jazz in  
15 the Woods, an event benefiting children-in-need and other nonprofit  
16 charities assisting such children, and all sales of any such property by  
17 or on behalf of such organization for such purpose;

18 (www) all sales of tangible personal property purchased by or on  
19 behalf of the Frontenac Education Foundation, which is exempt from  
20 federal income taxation pursuant to section 501(c)(3) of the federal  
21 internal revenue code, for the purpose of providing education support  
22 for students, and all sales of any such property by or on behalf of such  
23 organization for such purpose;

24 (xxx) all sales of personal property and services purchased by the  
25 booth theatre foundation, inc., an organization which is exempt from  
26 federal income taxation pursuant to section 501(c)(3) of the federal  
27 internal revenue code of 1986, and which such personal property and  
28 services are used by any such organization in the constructing,  
29 equipping, reconstructing, maintaining, repairing, enlarging,  
30 furnishing or remodeling of the booth theatre, and all sales of tangible  
31 personal property or services purchased by a contractor for the  
32 purpose of constructing, equipping, reconstructing, maintaining,  
33 repairing, enlarging, furnishing or remodeling the booth theatre for  
34 such organization, which would be exempt from taxation under the  
35 provisions of this section if purchased directly by such organization.  
36 Nothing in this subsection shall be deemed to exempt the purchase of  
37 any construction machinery, equipment or tools used in the  
38 constructing, equipping, reconstructing, maintaining, repairing,  
39 enlarging, furnishing or remodeling facilities for any such  
40 organization. When any such organization shall contract for the  
41 purpose of constructing, equipping, reconstructing, maintaining,  
42 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
43 from the state and furnish to the contractor an exemption certificate

1 for the project involved, and the contractor may purchase materials  
2 for incorporation in such project. The contractor shall furnish the  
3 number of such certificate to all suppliers from whom such purchases  
4 are made, and such suppliers shall execute invoices covering the same  
5 bearing the number of such certificate. Upon completion of the project  
6 the contractor shall furnish to such organization concerned a sworn  
7 statement, on a form to be provided by the director of taxation, that  
8 all purchases so made were entitled to exemption under this  
9 subsection. All invoices shall be held by the contractor for a period of  
10 five years and shall be subject to audit by the director of taxation. If  
11 any materials purchased under such a certificate are found not to have  
12 been incorporated in such facilities or not to have been returned for  
13 credit or the sales or compensating tax otherwise imposed upon such  
14 materials which will not be so incorporated in such facilities reported  
15 and paid by such contractor to the director of taxation not later than  
16 the 20th day of the month following the close of the month in which it  
17 shall be determined that such materials will not be used for the  
18 purpose for which such certificate was issued, such organization  
19 concerned shall be liable for tax on all materials purchased for the  
20 project, and upon payment thereof it may recover the same from the  
21 contractor together with reasonable attorney fees. Any contractor or  
22 any agent, employee or subcontractor thereof, who shall use or  
23 otherwise dispose of any materials purchased under such a certificate  
24 for any purpose other than that for which such a certificate is issued  
25 without the payment of the sales or compensating tax otherwise  
26 imposed upon such materials, shall be guilty of a misdemeanor and,  
27 upon conviction therefor, shall be subject to the penalties provided for  
28 in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax  
29 paid on and after January 1, 2007, but prior to the effective date of  
30 this act upon the gross receipts received from any sale which would  
31 have been exempted by the provisions of this subsection had such sale  
32 occurred after the effective date of this act shall be refunded. Each  
33 claim for a sales tax refund shall be verified and submitted to the  
34 director of taxation upon forms furnished by the director and shall be  
35 accompanied by any additional documentation required by the  
36 director. The director shall review each claim and shall refund that  
37 amount of sales tax paid as determined under the provisions of this  
38 subsection. All refunds shall be paid from the sales tax refund fund  
39 upon warrants of the director of accounts and reports pursuant to  
40 vouchers approved by the director or the director's designee;  
41 (yyy) all sales of tangible personal property and services  
42 purchased by TLC charities foundation, inc., hereinafter referred to  
43 as TLC charities, which is exempt from federal income taxation

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

1 shall be guilty of a misdemeanor and, upon conviction therefor, shall  
2 be subject to the penalties provided for in subsection (g) of K.S.A. 79-  
3 3615, and amendments thereto;

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

9 (aaaa) all sales of personal property and services purchased by or  
10 on behalf of victory in the valley, inc., which is exempt from federal  
11 income taxation pursuant to section 501(c)(3) of the federal internal  
12 revenue code, for the purpose of providing a cancer support group  
13 and services for persons with cancer, and all sales of any such  
14 property by or on behalf of any such organization for any such  
15 purpose;

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

21 (cccc) all sales of tangible personal property or services  
22 purchased by or on behalf of wayside waifs, inc., which is exempt from  
23 federal income taxation pursuant to section 501(c)(3) of the federal  
24 internal revenue code, for the purpose of providing such  
25 organization's annual fundraiser, an event whose purpose is to  
26 support the care of homeless and abandoned animals, animal adoption  
27 efforts, education programs for children and efforts to reduce animal  
28 over-population and animal welfare services, and all sales of any such  
29 property, including entry or participation fees or charges, by or on  
30 behalf of such organization for such purpose;

31 (dddd) all sales of tangible personal property or services  
32 purchased by or on behalf of Goodwill Industries or Easter Seals of  
33 Kansas, Inc., both of which are exempt from federal income taxation  
34 pursuant to section 501(c)(3) of the federal internal revenue code, for  
35 the purpose of providing education, training and employment  
36 opportunities for people with disabilities and other barriers to  
37 employment;

38 (eeee) all sales of tangible personal property or services  
39 purchased by or on behalf of All American Beef Battalion, Inc., which  
40 is exempt from federal income taxation pursuant to section 501(c)(3)  
41 of the federal internal revenue code, for the purpose of educating,  
42 promoting and participating as a contact group through the beef cattle  
43 industry in order to carry out such projects that provide support and

1 morale to members of the United States armed forces and military  
2 services; and

3 (ffff) all sales of tangible personal property and services  
4 purchased by sheltered living, inc., which is exempt from federal  
5 income taxation pursuant to section 501(c)(3) of the federal internal  
6 revenue code of 1986, and which such property and services are used  
7 for the purpose of providing residential and day services for people  
8 with developmental disabilities or mental retardation, or both, and all  
9 sales of any such property by or on behalf of sheltered living, inc. for  
10 any such purpose; and all sales of tangible personal property or  
11 services purchased by a contractor for the purpose of rehabilitating,  
12 constructing, maintaining, repairing, enlarging, furnishing or  
13 remodeling homes and facilities for sheltered living, inc. for any such  
14 purpose which would be exempt from taxation under the provisions of  
15 this section if purchased directly by sheltered living, inc. Nothing in  
16 this subsection shall be deemed to exempt the purchase of any  
17 construction machinery, equipment or tools used in the constructing,  
18 maintaining, repairing, enlarging, furnishing or remodeling such  
19 homes and facilities for sheltered living, inc. When sheltered living,  
20 inc. contracts for the purpose of rehabilitating, constructing,  
21 maintaining, repairing, enlarging, furnishing or remodeling such  
22 homes and facilities, it shall obtain from the state and furnish to the  
23 contractor an exemption certificate for the project involved, and the  
24 contractor may purchase materials for incorporation in such project.  
25 The contractor shall furnish the number of such certificate to all  
26 suppliers from whom such purchases are made, and such suppliers  
27 shall execute invoices covering the same bearing the number of such  
28 certificate. Upon completion of the project the contractor shall furnish  
29 to sheltered living, inc. a sworn statement, on a form to be provided by  
30 the director of taxation, that all purchases so made were entitled to  
31 exemption under this subsection. All invoices shall be held by the  
32 contractor for a period of five years and shall be subject to audit by  
33 the director of taxation. If any materials purchased under such a  
34 certificate are found not to have been incorporated in the building or  
35 other project or not to have been returned for credit or the sales or  
36 compensating tax otherwise imposed upon such materials which will  
37 not be so incorporated in the building or other project reported and  
38 paid by such contractor to the director of taxation not later than the  
39 20th day of the month following the close of the month in which it  
40 shall be determined that such materials will not be used for the  
41 purpose for which such certificate was issued, sheltered living, inc.  
42 shall be liable for tax on all materials purchased for the project, and  
43 upon payment thereof it may recover the same from the contractor

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

9 ~~{(gggg) all sales of game birds for which the primary purpose is~~  
10 ~~use in hunting.}~~

11 ~~Sec.-5: {3.}~~ K.S.A. 2010 Supp. 12-191 {, ~~79-3606~~} ~~and 79-3669~~ are  
12 ~~{is}~~ hereby repealed.

13 ~~Sec.-6: {4.}~~ This act shall take effect and be in force from and after its  
14 publication in the statute book.

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