

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

*As Amended by Senate Committee*

**As Amended by House Committee**

*Session of 2013*

**HOUSE BILL No. 2084**

By Committee on Commerce, Labor and Economic Development

1-24

1 AN ACT concerning income taxation; relating to **income tax credits;**  
2 **community services contributions; sales tax, remittance credits and**  
3 **exemptions;** amending K.S.A. 2012 Supp. 79-32,195 **and 79-3606** and  
4 ~~repealing the existing section sections. {rates and deductions;~~  
5 ~~expenditures to make dwelling or facility accessible for persons with~~  
6 ~~a disability; sales tax, rates and distribution of revenue; amending~~  
7 ~~K.S.A. 2012 Supp. 79-32,110, 79-32,119, 79-32,120, 79-32,177, 79-~~  
8 ~~3602, 79-3603, 79-3620, as amended by section 6 of 2013 House~~  
9 ~~Substitute for Senate Bill No. 83, 79-3703 and 79-3710 and repealing~~  
10 ~~the existing sections.}~~  
11

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

13 ~~Section 1. K.S.A. 2012 Supp. 79-32,195 is hereby amended to read as~~  
14 ~~follows: 79-32,195. As used in this act, the following words and phrases~~  
15 ~~shall have the meanings ascribed to them herein: (a) "Business firm"~~  
16 ~~means any business entity authorized to do business in the state of Kansas~~  
17 ~~which is subject to the state income tax imposed by the provisions of the~~  
18 ~~Kansas income tax act, any individual subject to the state income tax~~  
19 ~~imposed by the provisions of the Kansas income tax act, **any individual**~~  
20 ~~**subject to the state income tax imposed by the provisions of the**~~  
21 ~~**Kansas income tax act,** any national banking association, state bank, trust~~  
22 ~~company or savings and loan association paying an annual tax on its net~~  
23 ~~income pursuant to article 11 of chapter 79 of the Kansas Statutes~~  
24 ~~Annotated, or any insurance company paying the premium tax and~~  
25 ~~privilege fees imposed pursuant to K.S.A. 40-252, and amendments~~  
26 ~~thereto;~~

27 (b) "Community services" means:

28 (1) ~~The conduct of activities which meet a demonstrated community~~  
29 ~~need and which are designed to achieve improved educational and social~~  
30 ~~services for Kansas children and their families, and which are coordinated~~  
31 ~~with communities including, but not limited to, social and human services~~  
32 ~~organizations that address the causes of poverty through programs and~~

1 ~~services that assist low income persons in the areas of employment, food,~~  
2 ~~housing, emergency assistance and health care;~~

3 ~~(2) crime prevention; and~~

4 ~~(3) health care services; and~~

5 ~~(4) youth apprenticeship and technical training;~~

6 ~~(e) "Crime prevention" means any nongovernmental activity which~~  
7 ~~aids in the prevention of crime.~~

8 ~~(d) "Youth apprenticeship and technical training" means conduct of~~  
9 ~~activities which are designed to improve the access to and quality of~~  
10 ~~apprenticeship and technical training which support an emphasis on rural~~  
11 ~~housing **construction projects** as well as the necessary equipment,~~  
12 ~~facilities and supportive mentorship for youth apprenticeships and~~  
13 ~~technical training.~~

14 ~~(e) "Community service organization" means any organization~~  
15 ~~performing community services in Kansas and which:~~

16 ~~(1) Has obtained a ruling from the internal revenue service of the~~  
17 ~~United States department of the treasury that such organization is exempt~~  
18 ~~from income taxation under the provisions of section 501(c)(3) of the~~  
19 ~~federal internal revenue code; or~~

20 ~~(2) is incorporated in the state of Kansas or another state as a~~  
21 ~~nonstock, nonprofit corporation; or~~

22 ~~(3) has been designated as a community development corporation by~~  
23 ~~the United States government under the provisions of title VII of the~~  
24 ~~economic opportunity act of 1964; or~~

25 ~~(4) is chartered by the United States congress.~~

26 ~~(e)(f) "Contributions" shall mean and include the donation of cash,~~  
27 ~~services or property other than used clothing in an amount or value of~~  
28 ~~\$250 or more. Stocks and bonds contributed shall be valued at the stock~~  
29 ~~market price on the date of transfer. Services contributed shall be valued at~~  
30 ~~the standard billing rate for not-for-profit clients. Personal property items~~  
31 ~~contributed shall be valued at the lesser of its fair market value or cost to~~  
32 ~~the donor and may be inclusive of costs incurred in making the~~  
33 ~~contribution, but shall not include sales tax. Contributions of real estate are~~  
34 ~~allowable for credit only when title thereto is in fee simple absolute and is~~  
35 ~~clear of any encumbrances. The amount of credit allowable shall be based~~  
36 ~~upon the lesser of two current independent appraisals conducted by state~~  
37 ~~licensed appraisers.~~

38 ~~(f)(g) "Health care services" shall include, but not be limited to, the~~  
39 ~~following: Services provided by local health departments, city, county or~~  
40 ~~district hospitals, city or county nursing homes, or other residential~~  
41 ~~institutions, preventive health care services offered by a community~~  
42 ~~service organization including immunizations, prenatal care, the~~  
43 ~~postponement of entry into nursing homes by home health care services.~~

1 and community based services for persons with a disability, mental health  
2 services, indigent health care, physician or health care worker recruitment,  
3 health education, emergency medical services, services provided by rural  
4 health clinics, integration of health care services, home health services and  
5 services provided by rural health networks.

6 (g)(h) "Rural community" means any city having a population of  
7 fewer than 15,000 located in a county that is not part of a standard  
8 metropolitan statistical area as defined by the United States department of  
9 commerce or its successor agency. However, any such city located in a  
10 county defined as a standard metropolitan statistical area shall be deemed a  
11 rural community if a substantial number of persons in such county derive  
12 their income from agriculture and, in any county where there is only one  
13 city within the county which has a population of more than 15,000 and  
14 which classifies as a standard metropolitan statistical area, all other cities  
15 in that county having a population of less than 15,000 shall be deemed a  
16 rural community.

17 *New Sec. 2. Except as otherwise provided, there shall be allowed as*  
18 *a credit to each remittance of sales and compensating use tax pursuant*  
19 *to the provisions of the Kansas retailers' sales tax and the Kansas*  
20 *compensating tax acts required to be made by a retailer, an amount*  
21 *equal to 1.5% of such remittance. The total credit amount pursuant to*  
22 *this section for each month shall not exceed \$200 for each retailer. For*  
23 *purposes of this section, any retailer which files a consolidated return*  
24 *for reporting sales and compensating use tax prior to January 1, 2013, is*  
25 *subject to the \$200 per retailer limitation provided in this section even if*  
26 *such retailer no longer files a consolidated return after such date.*

27 Sec. 3. K.S.A. 2012 Supp. 79-3606 is hereby amended to read as  
28 follows: 79-3606. The following shall be exempt from the tax imposed by  
29 this act:

30 (a) All sales of motor vehicle fuel or other articles upon which a sales  
31 or excise tax has been paid, not subject to refund, under the laws of this  
32 state except cigarettes as defined by K.S.A. 79-3301, and amendments  
33 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-  
34 3817, and amendments thereto, including wort, liquid malt, malt syrup and  
35 malt extract, which is not subject to taxation under the provisions of  
36 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant  
37 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.  
38 65-3424d, and amendments thereto, drycleaning and laundry services  
39 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross  
40 receipts from regulated sports contests taxed pursuant to the Kansas  
41 professional regulated sports act, and amendments thereto;

42 (b) all sales of tangible personal property or service, including the  
43 renting and leasing of tangible personal property, purchased directly by the

1 ~~state of Kansas, a political subdivision thereof, other than a school or~~  
2 ~~educational institution, or purchased by a public or private nonprofit~~  
3 ~~hospital or public hospital authority or nonprofit blood, tissue or organ~~  
4 ~~bank and used exclusively for state, political subdivision, hospital or~~  
5 ~~public hospital authority or nonprofit blood, tissue or organ bank purposes,~~  
6 ~~except when: (1) Such state, hospital or public hospital authority is~~  
7 ~~engaged or proposes to engage in any business specifically taxable under~~  
8 ~~the provisions of this act and such items of tangible personal property or~~  
9 ~~service are used or proposed to be used in such business;; or (2) such~~  
10 ~~political subdivision is engaged or proposes to engage in the business of~~  
11 ~~furnishing gas, electricity or heat to others and such items of personal~~  
12 ~~property or service are used or proposed to be used in such business;~~

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

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

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

1 ~~contracting with the department of corrections for a correctional institution~~  
2 ~~concerned shall be liable for tax on all materials purchased for the project,~~  
3 ~~and upon payment thereof it may recover the same from the contractor,~~  
4 ~~together with reasonable attorney fees. Any contractor or any agent,~~  
5 ~~employee or subcontractor thereof, who shall use or otherwise dispose of~~  
6 ~~any materials purchased under such a certificate for any purpose other than~~  
7 ~~that for which such a certificate is issued without the payment of the sales~~  
8 ~~or compensating tax otherwise imposed upon such materials, shall be~~  
9 ~~guilty of a misdemeanor and, upon conviction therefor, shall be subject to~~  
10 ~~the penalties provided for in subsection (g) of K.S.A. 79-3615, and~~  
11 ~~amendments thereto. The provisions of this subsection shall apply to sales~~  
12 ~~of tangible personal property or services purchased by a contractor for a~~  
13 ~~project for the state of Kansas or any agency thereof, on and after July 1,~~  
14 ~~2014.~~

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

1 ~~subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,~~  
2 ~~and amendments thereto;~~

3 ~~(f) tangible personal property purchased by a railroad or public utility~~  
4 ~~for consumption or movement directly and immediately in interstate~~  
5 ~~commerce;~~

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

15 ~~(h) all rentals of nonsectarian textbooks by public or private~~  
16 ~~elementary or secondary schools;~~

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

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

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

30 ~~(l) all isolated or occasional sales of tangible personal property,~~  
31 ~~services, substances or things, except isolated or occasional sale of motor~~  
32 ~~vehicles specifically taxed under the provisions of subsection (o) of K.S.A.~~  
33 ~~79-3603, and amendments thereto;~~

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

42 ~~(n) all sales of tangible personal property which is consumed in the~~  
43 ~~production, manufacture, processing, mining, drilling, refining or~~

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

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

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

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

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



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

7 ~~(s) except as provided in K.S.A. 2012 Supp. 82a-2101, and~~  
8 ~~amendments thereto, all sales of tangible personal property or services~~  
9 ~~purchased directly or indirectly by a groundwater management district~~  
10 ~~organized or operating under the authority of K.S.A. 82a-1020 et seq. and~~  
11 ~~amendments thereto, by a rural water district organized or operating under~~  
12 ~~the authority of K.S.A. 82a-612, and amendments thereto, or by a water~~  
13 ~~supply district organized or operating under the authority of K.S.A. 19-~~  
14 ~~3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which~~  
15 ~~property or services are used in the construction activities, operation or~~  
16 ~~maintenance of the district;~~

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

43 ~~(u) all leases or rentals of tangible personal property used as a~~

1 ~~dwelling if such tangible personal property is leased or rented for a period~~  
2 ~~of more than 28 consecutive days;~~

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

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

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

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

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

37 ~~(aa) all sales of materials and services applied to equipment which is~~  
38 ~~transported into the state from without the state for repair, service,~~  
39 ~~alteration, maintenance, remanufacture or modification and which is~~  
40 ~~subsequently transported outside the state for use in the transmission of~~  
41 ~~liquids or natural gas by means of pipeline in interstate or foreign~~  
42 ~~commerce under authority of the laws of the United States;~~

43 ~~(bb) all sales of used mobile homes or manufactured homes. As used~~

1 ~~in this subsection: (1) "Mobile homes" and "manufactured homes" shall~~  
2 ~~have the meanings ascribed thereto by K.S.A. 58-4202, and amendments~~  
3 ~~thereto; and (2) "sales of used mobile homes or manufactured homes"~~  
4 ~~means sales other than the original retail sale thereof;~~

5 ~~(ee) all sales of tangible personal property or services purchased prior~~  
6 ~~to January 1, 2012, except as otherwise provided, for the purpose of and in~~  
7 ~~conjunction with constructing, reconstructing, enlarging or remodeling a~~  
8 ~~business or retail business which meets the requirements established in~~  
9 ~~K.S.A. 74-50,115, and amendments thereto, and the sale and installation of~~  
10 ~~machinery and equipment purchased for installation at any such business~~  
11 ~~or retail business, and all sales of tangible personal property or services~~  
12 ~~purchased on or after January 1, 2012, for the purpose of and in~~  
13 ~~conjunction with constructing, reconstructing, enlarging or remodeling a~~  
14 ~~business which meets the requirements established in K.S.A. 74-50,115(e),~~  
15 ~~and amendments thereto, and the sale and installation of machinery and~~  
16 ~~equipment purchased for installation at any such business. When a person~~  
17 ~~shall contract for the construction, reconstruction, enlargement or~~  
18 ~~remodeling of any such business or retail business, such person shall~~  
19 ~~obtain from the state and furnish to the contractor an exemption certificate~~  
20 ~~for the project involved, and the contractor may purchase materials,~~  
21 ~~machinery and equipment for incorporation in such project. The contractor~~  
22 ~~shall furnish the number of such certificates to all suppliers from whom~~  
23 ~~such purchases are made, and such suppliers shall execute invoices~~  
24 ~~covering the same bearing the number of such certificate. Upon~~  
25 ~~completion of the project the contractor shall furnish to the owner of the~~  
26 ~~business or retail business a sworn statement, on a form to be provided by~~  
27 ~~the director of taxation, that all purchases so made were entitled to~~  
28 ~~exemption under this subsection. All invoices shall be held by the~~  
29 ~~contractor for a period of five years and shall be subject to audit by the~~  
30 ~~director of taxation. Any contractor or any agent, employee or~~  
31 ~~subcontractor thereof, who shall use or otherwise dispose of any materials,~~  
32 ~~machinery or equipment purchased under such a certificate for any~~  
33 ~~purpose other than that for which such a certificate is issued without the~~  
34 ~~payment of the sales or compensating tax otherwise imposed thereon, shall~~  
35 ~~be guilty of a misdemeanor and, upon conviction therefor, shall be subject~~  
36 ~~to the penalties provided for in subsection (g) of K.S.A. 79-3615, and~~  
37 ~~amendments thereto. As used in this subsection, "business" and "retail~~  
38 ~~business" have the meanings respectively ascribed thereto by K.S.A. 74-~~  
39 ~~50,114, and amendments thereto. Project exemption certificates that have~~  
40 ~~been previously issued under this subsection by the department of revenue~~  
41 ~~pursuant to K.S.A. 74-50,115, and amendments thereto, but not including~~  
42 ~~K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,~~  
43 ~~and have not expired will be effective for the term of the project or two~~

1 ~~years from the effective date of the certificate, whichever occurs earlier.~~  
2 ~~Project exemption certificates that are submitted to the department of~~  
3 ~~revenue prior to January 1, 2012, and are found to qualify will be issued a~~  
4 ~~project exemption certificate that will be effective for a two-year period or~~  
5 ~~for the term of the project, whichever occurs earlier;~~

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

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

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

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

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

32 ~~(ii) all sales of tangible personal property purchased directly by a~~  
33 ~~nonprofit organization for nonsectarian comprehensive multidiscipline~~  
34 ~~youth development programs and activities provided or sponsored by such~~  
35 ~~organization, and all sales of tangible personal property by or on behalf of~~  
36 ~~any such organization. This exemption shall not apply to tangible personal~~  
37 ~~property customarily used for human habitation purposes;~~

38 ~~(jj) all sales of tangible personal property or services, including the~~  
39 ~~renting and leasing of tangible personal property, purchased directly on~~  
40 ~~behalf of a community-based facility for people with intellectual disability~~  
41 ~~or mental health center organized pursuant to K.S.A. 19-4001 et seq., and~~  
42 ~~amendments thereto, and licensed in accordance with the provisions of~~  
43 ~~K.S.A. 75-3307b, and amendments thereto, and all sales of tangible~~

~~1 personal property or services purchased by contractors during the time  
2 period from July, 2003, through June, 2006, for the purpose of  
3 constructing, equipping, maintaining or furnishing a new facility for a  
4 community-based facility for people with intellectual disability or mental  
5 health center located in Riverton, Cherokee County, Kansas, which would  
6 have been eligible for sales tax exemption pursuant to this subsection if  
7 purchased directly by such facility or center. This exemption shall not  
8 apply to tangible personal property customarily used for human habitation  
9 purposes;~~

~~10 (kk) (1) (A) all sales of machinery and equipment which are used in  
11 this state as an integral or essential part of an integrated production  
12 operation by a manufacturing or processing plant or facility;~~

~~13 (B) all sales of installation, repair and maintenance services  
14 performed on such machinery and equipment; and~~

~~15 (C) all sales of repair and replacement parts and accessories  
16 purchased for such machinery and equipment.~~

~~17 (2) For purposes of this subsection:~~

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

~~28 (B) "production line" means the assemblage of machinery and  
29 equipment at a manufacturing or processing plant or facility where the  
30 actual transformation or processing of tangible personal property occurs;~~

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

~~42 (D) "manufacturing or processing business" means a business that  
43 utilizes an integrated production operation to manufacture, process,~~

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

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

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

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

1 ~~(A) To receive, transport, convey, handle, treat or store raw materials~~  
2 ~~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 the~~  
6 ~~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 undergoing~~  
10 ~~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 part of~~  
13 ~~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 flow~~  
16 ~~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 a~~  
22 ~~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 site,~~  
27 ~~to that manufacturer's production operation; or, if purchased or delivered~~  
28 ~~from off-site, from the point where the substance enters the site of the~~  
29 ~~plant or facility to that manufacturer's production operations;~~

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

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

36 ~~(L) to treat, transport or store waste or other byproducts of production~~  
37 ~~operations at the plant or facility; or~~

38 ~~(M) to control pollution at the plant or facility where the pollution is~~  
39 ~~produced by the manufacturing or processing operation.~~

40 ~~(4) The following machinery, equipment and materials shall be~~  
41 ~~deemed to be exempt even though it may not otherwise qualify as~~  
42 ~~machinery and equipment used as an integral or essential part of an~~  
43 ~~integrated production operation: (A) Computers and related peripheral~~

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

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

20 ~~(A) Machinery and equipment used for nonproduction purposes,~~  
21 ~~including, but not limited to, machinery and equipment used for plant~~  
22 ~~security, fire prevention, first aid, accounting, administration, record~~  
23 ~~keeping, advertising, marketing, sales or other related activities, plant~~  
24 ~~cleaning, plant communications, and employee work scheduling;~~

25 ~~(B) machinery, equipment and tools used primarily in maintaining~~  
26 ~~and repairing any type of machinery and equipment or the building and~~  
27 ~~plant;~~

28 ~~(C) transportation, transmission and distribution equipment not~~  
29 ~~primarily used in a production, warehousing or material handling~~  
30 ~~operation at the plant or facility, including the means of conveyance of~~  
31 ~~natural gas, electricity, oil or water, and equipment related thereto, located~~  
32 ~~outside the plant or facility;~~

33 ~~(D) office machines and equipment including computers and related~~  
34 ~~peripheral equipment not used directly and primarily to control or measure~~  
35 ~~the manufacturing process;~~

36 ~~(E) furniture and other furnishings;~~

37 ~~(F) buildings, other than exempt machinery and equipment that is~~  
38 ~~permanently affixed to or becomes a physical part of the building, and any~~  
39 ~~other part of real estate that is not otherwise exempt;~~

40 ~~(G) building fixtures that are not integral to the manufacturing~~  
41 ~~operation, such as utility systems for heating, ventilation, air conditioning,~~  
42 ~~communications, plumbing or electrical;~~

43 ~~(H) machinery and equipment used for general plant heating, cooling~~



1 ~~and lighting;~~

2 ~~(I) motor vehicles that are registered for operation on public~~  
3 ~~highways; or~~

4 ~~(J) employee apparel, except safety and protective apparel that is~~  
5 ~~purchased by an employer and furnished gratuitously to employees who~~  
6 ~~are involved in production or research activities;~~

7 ~~(6) Subsections (3) and (5) shall not be construed as exclusive listings~~  
8 ~~of the machinery and equipment that qualify or do not qualify as an~~  
9 ~~integral or essential part of an integrated production operation. When~~  
10 ~~machinery or equipment is used as an integral or essential part of~~  
11 ~~production operations part of the time and for nonproduction purpose at~~  
12 ~~other times, the primary use of the machinery or equipment shall~~  
13 ~~determine whether or not such machinery or equipment qualifies for~~  
14 ~~exemption.~~

15 ~~(7) The secretary of revenue shall adopt rules and regulations~~  
16 ~~necessary to administer the provisions of this subsection;~~

17 ~~(II) all sales of educational materials purchased for distribution to the~~  
18 ~~public at no charge by a nonprofit corporation organized for the purpose of~~  
19 ~~encouraging, fostering and conducting programs for the improvement of~~  
20 ~~public health;~~

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

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

28 ~~(oo) all sales of tangible personal property purchased by a community~~  
29 ~~action group or agency for the exclusive purpose of repairing or~~  
30 ~~weatherizing housing occupied by low income individuals;~~

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

33 ~~(qq) all sales of tangible personal property and services purchased by~~  
34 ~~a nonprofit museum or historical society or any combination thereof,~~  
35 ~~including a nonprofit organization which is organized for the purpose of~~  
36 ~~stimulating public interest in the exploration of space by providing~~  
37 ~~educational information, exhibits and experiences, which is exempt from~~  
38 ~~federal income taxation pursuant to section 501(c)(3) of the federal~~  
39 ~~internal revenue code of 1986;~~

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

1 ~~(ss) all sales of tangible personal property and services purchased by~~  
2 ~~a public broadcasting station licensed by the federal communications~~  
3 ~~commission as a nonecommercial educational television or radio station;~~

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

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

12 ~~(vv) all sales of tangible personal property purchased by any of the~~  
13 ~~following organizations which are exempt from federal income taxation~~  
14 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986,~~  
15 ~~for the following purposes, and all sales of any such property by or on~~  
16 ~~behalf of any such organization for any such purpose:~~

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

21 ~~(2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of~~  
22 ~~advocacy for persons with mental illness and to education, research and~~  
23 ~~support for their families;~~

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

27 ~~(4) the American Diabetes Association Kansas Affiliate, Inc. for the~~  
28 ~~purpose of eliminating diabetes through medical research, public education~~  
29 ~~focusing on disease prevention and education, patient education including~~  
30 ~~information on coping with diabetes, and professional education and~~  
31 ~~training;~~

32 ~~(5) the American Lung Association of Kansas, Inc. for the purpose of~~  
33 ~~eliminating all lung diseases through medical research, public education~~  
34 ~~including information on coping with lung diseases, professional education~~  
35 ~~and training related to lung disease and other related services to reduce the~~  
36 ~~incidence of disability and death due to lung disease;~~

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

41 ~~(7) the Kansas chapters of the Parkinson's disease association for the~~  
42 ~~purpose of eliminating Parkinson's disease through medical research and~~  
43 ~~public and professional education related to such disease;~~

1       ~~(8) the National Kidney Foundation of Kansas and Western Missouri~~  
2 ~~for the purpose of eliminating kidney disease through medical research~~  
3 ~~and public and private education related to such disease;~~

4       ~~(9) the heartstrings community foundation for the purpose of~~  
5 ~~providing training, employment and activities for adults with~~  
6 ~~developmental disabilities;~~

7       ~~(10) the Cystic Fibrosis Foundation, Heart of America Chapter, for~~  
8 ~~the purposes of assuring the development of the means to cure and control~~  
9 ~~cystic fibrosis and improving the quality of life for those with the disease;~~

10       ~~(11) the spina bifida association of Kansas for the purpose of~~  
11 ~~providing financial, educational and practical aid to families and~~  
12 ~~individuals with spina bifida. Such aid includes, but is not limited to,~~  
13 ~~funding for medical devices, counseling and medical educational~~  
14 ~~opportunities;~~

15       ~~(12) the CHWC, Inc., for the purpose of rebuilding urban core~~  
16 ~~neighborhoods through the construction of new homes, acquiring and~~  
17 ~~renovating existing homes and other related activities, and promoting~~  
18 ~~economic development in such neighborhoods;~~

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

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

25       ~~(15) the KSDS, Inc., for the purpose of promoting the independence~~  
26 ~~and inclusion of people with disabilities as fully participating and~~  
27 ~~contributing members of their communities and society through the~~  
28 ~~training and providing of guide and service dogs to people with~~  
29 ~~disabilities, and providing disability education and awareness to the~~  
30 ~~general public;~~

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

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

36       ~~(18) the Ottawa Suzuki Strings, Inc., for the purpose of providing~~  
37 ~~students and families with education and resources necessary to enable~~  
38 ~~each child to develop fine character and musical ability to the fullest~~  
39 ~~potential;~~

40       ~~(19) the International Association of Lions Clubs for the purpose of~~  
41 ~~creating and fostering a spirit of understanding among all people for~~  
42 ~~humanitarian needs by providing voluntary services through community~~  
43 ~~involvement and international cooperation;~~

1 ~~(20) the Johnson county young matrons, inc., for the purpose of~~  
2 ~~promoting a positive future for members of the community through~~  
3 ~~volunteerism, financial support and education through the efforts of an all~~  
4 ~~volunteer organization;~~

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

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

11 ~~(23) the angel babies association, for the purpose of providing~~  
12 ~~assistance, support and items of necessity to teenage mothers and their~~  
13 ~~babies; and~~

14 ~~(24) the Kansas fairgrounds foundation for the purpose of the~~  
15 ~~preservation, renovation and beautification of the Kansas state fairgrounds;~~

16 ~~(ww) all sales of tangible personal property purchased by the Habitat~~  
17 ~~for Humanity for the exclusive use of being incorporated within a housing~~  
18 ~~project constructed by such organization;~~

19 ~~(xx) all sales of tangible personal property and services purchased by~~  
20 ~~a nonprofit zoo which is exempt from federal income taxation pursuant to~~  
21 ~~section 501(c)(3) of the federal internal revenue code of 1986, or on behalf~~  
22 ~~of such zoo by an entity itself exempt from federal income taxation~~  
23 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986~~  
24 ~~contracted with to operate such zoo and all sales of tangible personal~~  
25 ~~property or services purchased by a contractor for the purpose of~~  
26 ~~constructing, equipping, reconstructing, maintaining, repairing, enlarging,~~  
27 ~~furnishing or remodeling facilities for any nonprofit zoo which would be~~  
28 ~~exempt from taxation under the provisions of this section if purchased~~  
29 ~~directly by such nonprofit zoo or the entity operating such zoo. Nothing in~~  
30 ~~this subsection shall be deemed to exempt the purchase of any construction~~  
31 ~~machinery, equipment or tools used in the constructing, equipping,~~  
32 ~~reconstructing, maintaining, repairing, enlarging, furnishing or remodeling~~  
33 ~~facilities for any nonprofit zoo. When any nonprofit zoo shall contract for~~  
34 ~~the purpose of constructing, equipping, reconstructing, maintaining,~~  
35 ~~repairing, enlarging, furnishing or remodeling facilities, it shall obtain~~  
36 ~~from the state and furnish to the contractor an exemption certificate for the~~  
37 ~~project involved, and the contractor may purchase materials for~~  
38 ~~incorporation in such project. The contractor shall furnish the number of~~  
39 ~~such certificate to all suppliers from whom such purchases are made, and~~  
40 ~~such suppliers shall execute invoices covering the same bearing the~~  
41 ~~number of such certificate. Upon completion of the project the contractor~~  
42 ~~shall furnish to the nonprofit zoo concerned a sworn statement, on a form~~  
43 ~~to be provided by the director of taxation, that all purchases so made were~~

~~entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the nonprofit zoo concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;~~

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

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

~~(aaa) all sales of tangible personal property and services purchased by a religious organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, and used exclusively for religious purposes, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing,~~

~~1 enlarging, furnishing or remodeling facilities for any such organization.  
2 When any such organization shall contract for the purpose of constructing,  
3 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
4 remodeling facilities, it shall obtain from the state and furnish to the  
5 contractor an exemption certificate for the project involved, and the  
6 contractor may purchase materials for incorporation in such project. The  
7 contractor shall furnish the number of such certificate to all suppliers from  
8 whom such purchases are made, and such suppliers shall execute invoices  
9 covering the same bearing the number of such certificate. Upon  
10 completion of the project the contractor shall furnish to such organization  
11 concerned a sworn statement, on a form to be provided by the director of  
12 taxation, that all purchases so made were entitled to exemption under this  
13 subsection. All invoices shall be held by the contractor for a period of five  
14 years and shall be subject to audit by the director of taxation. If any  
15 materials purchased under such a certificate are found not to have been  
16 incorporated in the building or other project or not to have been returned  
17 for credit or the sales or compensating tax otherwise imposed upon such  
18 materials which will not be so incorporated in the building or other project  
19 reported and paid by such contractor to the director of taxation not later  
20 than the 20<sup>th</sup> day of the month following the close of the month in which it  
21 shall be determined that such materials will not be used for the purpose for  
22 which such certificate was issued, such organization concerned shall be  
23 liable for tax on all materials purchased for the project, and upon payment  
24 thereof it may recover the same from the contractor together with  
25 reasonable attorney fees. Any contractor or any agent, employee or  
26 subcontractor thereof, who shall use or otherwise dispose of any materials  
27 purchased under such a certificate for any purpose other than that for  
28 which such a certificate is issued without the payment of the sales or  
29 compensating tax otherwise imposed upon such materials, shall be guilty  
30 of a misdemeanor and, upon conviction therefor, shall be subject to the  
31 penalties provided for in subsection (g) of K.S.A. 79-3615, and  
32 amendments thereto. Sales tax paid on and after July 1, 1998, but prior to  
33 the effective date of this act upon the gross receipts received from any sale  
34 exempted by the amendatory provisions of this subsection shall be  
35 refunded. Each claim for a sales tax refund shall be verified and submitted  
36 to the director of taxation upon forms furnished by the director and shall  
37 be accompanied by any additional documentation required by the director.  
38 The director shall review each claim and shall refund that amount of sales  
39 tax paid as determined under the provisions of this subsection. All refunds  
40 shall be paid from the sales tax refund fund upon warrants of the director  
41 of accounts and reports pursuant to vouchers approved by the director or  
42 the director's designee;~~

~~43 (bbb) all sales of food for human consumption by an organization~~

1 ~~which is exempt from federal income taxation pursuant to section 501(c)~~  
2 ~~(3) of the federal internal revenue code of 1986, pursuant to a food~~  
3 ~~distribution program which offers such food at a price below cost in~~  
4 ~~exchange for the performance of community service by the purchaser~~  
5 ~~thereof.~~

6 ~~(eee) on and after July 1, 1999, all sales of tangible personal property~~  
7 ~~and services purchased by a primary care clinic or health center the~~  
8 ~~primary purpose of which is to provide services to medically underserved~~  
9 ~~individuals and families, and which is exempt from federal income~~  
10 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue code,~~  
11 ~~and all sales of tangible personal property or services purchased by a~~  
12 ~~contractor for the purpose of constructing, equipping, reconstructing,~~  
13 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities for~~  
14 ~~any such clinic or center which would be exempt from taxation under the~~  
15 ~~provisions of this section if purchased directly by such clinic or center.~~  
16 ~~Nothing in this subsection shall be deemed to exempt the purchase of any~~  
17 ~~construction machinery, equipment or tools used in the constructing,~~  
18 ~~equipping, reconstructing, maintaining, repairing, enlarging, furnishing or~~  
19 ~~remodeling facilities for any such clinic or center. When any such clinic or~~  
20 ~~center shall contract for the purpose of constructing, equipping,~~  
21 ~~reconstructing, maintaining, repairing, enlarging, furnishing or remodeling~~  
22 ~~facilities, it shall obtain from the state and furnish to the contractor an~~  
23 ~~exemption certificate for the project involved, and the contractor may~~  
24 ~~purchase materials for incorporation in such project. The contractor shall~~  
25 ~~furnish the number of such certificate to all suppliers from whom such~~  
26 ~~purchases are made, and such suppliers shall execute invoices covering the~~  
27 ~~same bearing the number of such certificate. Upon completion of the~~  
28 ~~project the contractor shall furnish to such clinic or center concerned a~~  
29 ~~sworn statement, on a form to be provided by the director of taxation, that~~  
30 ~~all purchases so made were entitled to exemption under this subsection.~~  
31 ~~All invoices shall be held by the contractor for a period of five years and~~  
32 ~~shall be subject to audit by the director of taxation. If any materials~~  
33 ~~purchased under such a certificate are found not to have been incorporated~~  
34 ~~in the building or other project or not to have been returned for credit or~~  
35 ~~the sales or compensating tax otherwise imposed upon such materials~~  
36 ~~which will not be so incorporated in the building or other project reported~~  
37 ~~and paid by such contractor to the director of taxation not later than the~~  
38 ~~20<sup>th</sup> day of the month following the close of the month in which it shall be~~  
39 ~~determined that such materials will not be used for the purpose for which~~  
40 ~~such certificate was issued, such clinic or center concerned shall be liable~~  
41 ~~for tax on all materials purchased for the project, and upon payment~~  
42 ~~thereof it may recover the same from the contractor together with~~  
43 ~~reasonable attorney fees. Any contractor or any agent, employee or~~

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

8 ~~(ddd) on and after January 1, 1999, and before January 1, 2000, all~~  
9 ~~sales of materials and services purchased by any class II or III railroad as~~  
10 ~~classified by the federal surface transportation board for the construction,~~  
11 ~~renovation, repair or replacement of class II or III railroad track and~~  
12 ~~facilities used directly in interstate commerce. In the event any such track~~  
13 ~~or facility for which materials and services were purchased sales tax~~  
14 ~~exempt is not operational for five years succeeding the allowance of such~~  
15 ~~exemption, the total amount of sales tax which would have been payable~~  
16 ~~except for the operation of this subsection shall be recouped in accordance~~  
17 ~~with rules and regulations adopted for such purpose by the secretary of~~  
18 ~~revenue;~~

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

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

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



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

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

1 ~~may 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 such a~~  
5 ~~certificate is issued without the payment of the sales or compensating tax~~  
6 ~~otherwise imposed upon such materials, shall be guilty of a misdemeanor~~  
7 ~~and, upon conviction therefor, shall be subject to the penalties provided for~~  
8 ~~in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax~~  
9 ~~paid on and after July 1, 2005, but prior to the effective date of this act~~  
10 ~~upon the gross receipts received from any sale exempted by the~~  
11 ~~amendatory provisions of this subsection shall be refunded. Each claim for~~  
12 ~~a sales tax refund shall be verified and submitted to the director of taxation~~  
13 ~~upon forms furnished by the director and shall be accompanied by any~~  
14 ~~additional documentation required by the director. The director shall~~  
15 ~~review each claim and shall refund that amount of sales tax paid as~~  
16 ~~determined under the provisions of this subsection. All refunds shall be~~  
17 ~~paid from the sales tax refund fund upon warrants of the director of~~  
18 ~~accounts and reports pursuant to vouchers approved by the director or the~~  
19 ~~director's designee;~~

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

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

1 ~~(mmm) all sales of tangible personal property purchased by or on~~  
2 ~~behalf of the Marillac Center, Inc., which is exempt from federal income~~  
3 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue code,~~  
4 ~~for the purpose of providing psycho-social-biological and special~~  
5 ~~education services to children, and all sales of any such property by or on~~  
6 ~~behalf of such organization for such purpose;~~

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

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

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

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

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

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

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

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

38 ~~(ttt) all sales of tangible personal property or services purchased by a~~  
39 ~~contractor for a project for the purpose of restoring, constructing,~~  
40 ~~equipping, reconstructing, maintaining, repairing, enlarging, furnishing or~~  
41 ~~remodeling a home or facility owned by a nonprofit museum which has~~  
42 ~~been granted an exemption pursuant to subsection (qq), which such home~~  
43 ~~or facility is located in a city which has been designated as a qualified~~

1 ~~hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and~~  
2 ~~amendments thereto, and which such project is related to the purposes of~~  
3 ~~K.S.A. 75-5071 et seq., and amendments thereto, and which would be~~  
4 ~~exempt from taxation under the provisions of this section if purchased~~  
5 ~~directly by such nonprofit museum. Nothing in this subsection shall be~~  
6 ~~deemed to exempt the purchase of any construction machinery, equipment~~  
7 ~~or tools used in the restoring, constructing, equipping, reconstructing,~~  
8 ~~maintaining, repairing, enlarging, furnishing or remodeling a home or~~  
9 ~~facility for any such nonprofit museum. When any such nonprofit museum~~  
10 ~~shall contract for the purpose of restoring, constructing, equipping,~~  
11 ~~reconstructing, maintaining, repairing, enlarging, furnishing or remodeling~~  
12 ~~a home or facility, it shall obtain from the state and furnish to the~~  
13 ~~contractor an exemption certificate for the project involved, and the~~  
14 ~~contractor may purchase materials for incorporation in such project. The~~  
15 ~~contractor shall furnish the number of such certificates to all suppliers~~  
16 ~~from whom such purchases are made, and such suppliers shall execute~~  
17 ~~invoices covering the same bearing the number of such certificate. Upon~~  
18 ~~completion of the project, the contractor shall furnish to such nonprofit~~  
19 ~~museum a sworn statement on a form to be provided by the director of~~  
20 ~~taxation that all purchases so made were entitled to exemption under this~~  
21 ~~subsection. All invoices shall be held by the contractor for a period of five~~  
22 ~~years and shall be subject to audit by the director of taxation. If any~~  
23 ~~materials purchased under such a certificate are found not to have been~~  
24 ~~incorporated in the building or other project or not to have been returned~~  
25 ~~for credit or the sales or compensating tax otherwise imposed upon such~~  
26 ~~materials which will not be so incorporated in a home or facility or other~~  
27 ~~project reported and paid by such contractor to the director of taxation not~~  
28 ~~later than the 20<sup>th</sup> day of the month following the close of the month in~~  
29 ~~which it shall be determined that such materials will not be used for the~~  
30 ~~purpose for which such certificate was issued, such nonprofit museum~~  
31 ~~shall be liable for tax on all materials purchased for the project, and upon~~  
32 ~~payment thereof it may recover the same from the contractor together with~~  
33 ~~reasonable attorney fees. Any contractor or any agent, employee or~~  
34 ~~subcontractor thereof, who shall use or otherwise dispose of any materials~~  
35 ~~purchased under such a certificate for any purpose other than that for~~  
36 ~~which such a certificate is issued without the payment of the sales or~~  
37 ~~compensating tax otherwise imposed upon such materials, shall be guilty~~  
38 ~~of a 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 ~~(uuu) all sales of tangible personal property and services purchased~~  
42 ~~by Kansas children's service league, hereinafter referred to as KCSL,~~  
43 ~~which is exempt from federal income taxation pursuant to section 501(c)~~

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

43 ~~(vvv) all sales of tangible personal property or services, including the~~

1 ~~renting and leasing of tangible personal property or services, purchased by~~  
2 ~~Jazz in the Woods, Inc., a Kansas corporation which is exempt from~~  
3 ~~federal income taxation pursuant to section 501(c)(3) of the federal~~  
4 ~~internal revenue code, for the purpose of providing Jazz in the Woods, an~~  
5 ~~event benefiting children-in-need and other nonprofit charities assisting~~  
6 ~~such children, and all sales of any such property by or on behalf of such~~  
7 ~~organization for such purpose;~~

8 ~~(www) all sales of tangible personal property purchased by or on~~  
9 ~~behalf of the Frontenac Education Foundation, which is exempt from~~  
10 ~~federal income taxation pursuant to section 501(c)(3) of the federal~~  
11 ~~internal revenue code, for the purpose of providing education support for~~  
12 ~~students, and all sales of any such property by or on behalf of such~~  
13 ~~organization for such purpose;~~

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



1 ~~compensating tax otherwise imposed upon such materials which will not~~  
2 ~~be so incorporated in such facilities reported and paid by such contractor~~  
3 ~~to the director of taxation not later than the 20<sup>th</sup> day of the month following~~  
4 ~~the close of the month in which it shall be determined that such materials~~  
5 ~~will not be used for the purpose for which such certificate was issued, such~~  
6 ~~organization concerned shall be liable for tax on all materials purchased~~  
7 ~~for the project, and upon payment thereof it may recover the same from~~  
8 ~~the contractor together with reasonable attorney fees. Any contractor or~~  
9 ~~any agent, employee or subcontractor thereof, who shall use or otherwise~~  
10 ~~dispose of any materials purchased under such a certificate for any purpose~~  
11 ~~other than that for which such a certificate is issued without the payment~~  
12 ~~of the sales or compensating tax otherwise imposed upon such materials,~~  
13 ~~shall be guilty of a misdemeanor and, upon conviction therefor, shall be~~  
14 ~~subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,~~  
15 ~~and amendments thereto. Sales tax paid on and after January 1, 2007, but~~  
16 ~~prior to the effective date of this act upon the gross receipts received from~~  
17 ~~any sale which would have been exempted by the provisions of this~~  
18 ~~subsection had such sale occurred after the effective date of this act shall~~  
19 ~~be refunded. Each claim for a sales tax refund shall be verified and~~  
20 ~~submitted to the director of taxation upon forms furnished by the director~~  
21 ~~and shall be accompanied by any additional documentation required by the~~  
22 ~~director. The director shall review each claim and shall refund that amount~~  
23 ~~of sales tax paid as determined under the provisions of this subsection. All~~  
24 ~~refunds shall be paid from the sales tax refund fund upon warrants of the~~  
25 ~~director of accounts and reports pursuant to vouchers approved by the~~  
26 ~~director or the director's designee;~~

27 ~~(yyy) all sales of tangible personal property and services purchased~~  
28 ~~by TLC charities foundation, inc., hereinafter referred to as TLC charities,~~  
29 ~~which is exempt from federal income taxation pursuant to section 501(c)~~  
30 ~~(3) of the federal internal revenue code of 1986, and which such property~~  
31 ~~and services are used for the purpose of encouraging private philanthropy~~  
32 ~~to further the vision, values, and goals of TLC for children and families,~~  
33 ~~inc.; and all sales of such property and services by or on behalf of TLC~~  
34 ~~charities for any such purpose and all sales of tangible personal property or~~  
35 ~~services purchased by a contractor for the purpose of constructing,~~  
36 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities for~~  
37 ~~the operation of services for TLC charities for any such purpose which~~  
38 ~~would be exempt from taxation under the provisions of this section if~~  
39 ~~purchased directly by TLC charities. Nothing in this subsection shall be~~  
40 ~~deemed to exempt the purchase of any construction machinery, equipment~~  
41 ~~or tools used in the constructing, maintaining, repairing, enlarging,~~  
42 ~~furnishing or remodeling such facilities for TLC charities. When TLC~~  
43 ~~charities contracts for the purpose of constructing, maintaining, repairing,~~

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

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

34 ~~(aaaa) all sales of personal property and services purchased by or on~~  
35 ~~behalf of victory in the valley, inc., which is exempt from federal income~~  
36 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue code,~~  
37 ~~for the purpose of providing a cancer support group and services for~~  
38 ~~persons with cancer, and all sales of any such property by or on behalf of~~  
39 ~~any such organization for any such purpose;~~

40 ~~(bbbb) all sales of entry or participation fees, charges or tickets by~~  
41 ~~Guadalupe health foundation, which is exempt from federal income~~  
42 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue code,~~  
43 ~~for such organization's annual fundraising event which purpose is to~~

1 provide health care services for uninsured workers:

2 (eeee) all sales of tangible personal property or services purchased by  
3 or on behalf of wayside waifs, inc., which is exempt from federal income  
4 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
5 for the purpose of providing such organization's annual fundraiser, an  
6 event whose purpose is to support the care of homeless and abandoned  
7 animals, animal adoption efforts, education programs for children and  
8 efforts to reduce animal over-population and animal welfare services, and  
9 all sales of any such property, including entry or participation fees or  
10 charges, by or on behalf of such organization for such purpose;

11 (dddd) all sales of tangible personal property or services purchased  
12 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,  
13 both of which are exempt from federal income taxation pursuant to section  
14 501(c)(3) of the federal internal revenue code, for the purpose of providing  
15 education, training and employment opportunities for people with  
16 disabilities and other barriers to employment;

17 (eeee) all sales of tangible personal property or services purchased by  
18 or on behalf of All American Beef Battalion, Inc., which is exempt from  
19 federal income taxation pursuant to section 501(c)(3) of the federal  
20 internal revenue code, for the purpose of educating, promoting and  
21 participating as a contact group through the beef cattle industry in order to  
22 carry out such projects that provide support and morale to members of the  
23 United States armed forces and military services;

24 (ffff) all sales of tangible personal property and services purchased by  
25 sheltered living, inc., which is exempt from federal income taxation  
26 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
27 and which such property and services are used for the purpose of  
28 providing residential and day services for people with developmental  
29 disabilities or intellectual disability, or both, and all sales of any such  
30 property by or on behalf of sheltered living, inc., for any such purpose; and  
31 all sales of tangible personal property or services purchased by a  
32 contractor for the purpose of rehabilitating, constructing, maintaining,  
33 repairing, enlarging, furnishing or remodeling homes and facilities for  
34 sheltered living, inc., for any such purpose which would be exempt from  
35 taxation under the provisions of this section if purchased directly by  
36 sheltered living, inc. Nothing in this subsection shall be deemed to exempt  
37 the purchase of any construction machinery, equipment or tools used in the  
38 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
39 such homes and facilities for sheltered living, inc. When sheltered living,  
40 inc., contracts for the purpose of rehabilitating, constructing, maintaining,  
41 repairing, enlarging, furnishing or remodeling such homes and facilities, it  
42 shall obtain from the state and furnish to the contractor an exemption  
43 certificate for the project involved, and the contractor may purchase

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

27 ~~(gggg) all sales of game birds for which the primary purpose is use in~~  
28 ~~hunting.~~

29 *{New Section 1. (a) Any resident individual taxpayer who makes*  
30 *expenditures for the purpose of making all or any portion of an existing*  
31 *facility accessible to individuals with a disability, which facility is used*  
32 *as, or in connection with, such taxpayer's principal dwelling or the*  
33 *principal dwelling of a lineal ascendant or descendant, including*  
34 *construction of a small barrier-free living unit attached to such principal*  
35 *dwelling, shall be entitled to claim a tax credit in an amount equal to the*  
36 *applicable percentage of such expenditures or \$9,000, whichever is less,*  
37 *against the income tax liability imposed against such taxpayer pursuant*  
38 *to article 32 of chapter 79 of the Kansas Statutes Annotated, and*  
39 *amendments thereto. Nothing in this subsection shall be deemed to*  
40 *prevent any such taxpayer from claiming such credit: (1) For each*  
41 *principal dwelling in which the taxpayer or lineal ascendant or*  
42 *descendant may reside, or facility used in connection therewith; or (2)*  
43 *more than once, but not more often than once every four-year period of*

1 *time. The applicable percentage of such expenditures eligible for credit*  
 2 *shall be as set forth in the following schedule:*

3	% of
4 <b>Taxpayers</b>	<b>expenditures</b>
5 <b>Kansas Adjusted</b>	<b>eligible for</b>
6 <b>Gross Income</b>	<b>credit</b>
7 <i>\$0 to \$25,000.....</i>	100%
8 <i>Over \$25,000 but not over \$30,000.....</i>	90%
9 <i>Over \$30,000 but not over \$35,000.....</i>	80%
10 <i>Over \$35,000 but not over \$40,000.....</i>	70%
11 <i>Over \$40,000 but not over \$45,000.....</i>	60%
12 <i>Over \$45,000 but not over \$55,000.....</i>	50%
13 <i>Over \$55,000.....</i>	0

14 *Such tax credit shall be deducted from the taxpayer's income tax*  
 15 *liability for the taxable year in which the expenditures are made by the*  
 16 *taxpayer. If the amount of such tax credit exceeds the taxpayer's income*  
 17 *tax liability for such taxable year, the amount thereof which exceeds*  
 18 *such tax liability may be carried over for deduction from the taxpayer's*  
 19 *income tax liability in the next succeeding taxable year or years until the*  
 20 *total amount of the tax credit has been deducted from tax liability, except*  
 21 *that no such tax credit shall be carried over for deduction after the*  
 22 *fourth taxable year succeeding the taxable year in which the*  
 23 *expenditures are made.*

24 *(b) Notwithstanding the provisions of subsection (a), if the amount*  
 25 *of the taxpayer's tax liability is less than \$2,250 in the first year in which*  
 26 *the credit is claimed under this section, an amount equal to the amount*  
 27 *by which 1/4 of the credit allowable under this section exceeds such tax*  
 28 *liability shall be refunded to the taxpayer and the amount by which such*  
 29 *credit exceeds such tax liability less the amount of such refund may be*  
 30 *carried over for the next three succeeding taxable years. If the amount*  
 31 *of the taxpayer's tax liability is less than \$2,250 in the second year in*  
 32 *which the credit is claimed under this section, an amount equal to the*  
 33 *amount by which 1/3 of the amount of the credit carried over from the*  
 34 *first taxable year exceeds such tax liability shall be refunded to the*  
 35 *taxpayer and the amount by which the amount of the credit carried over*  
 36 *from the first taxable year exceeds such tax liability less the amount of*  
 37 *such refund may be carried over for the next two succeeding taxable*  
 38 *years. If the amount of the taxpayer's tax liability is less than \$2,250 in*  
 39 *the third year in which the credit is claimed under this section, an*  
 40 *amount equal to the amount by which 1/2 of the amount carried over*  
 41 *from the second taxable year exceeds such tax liability shall be refunded*  
 42 *to the taxpayer and the amount by which the amount of the credit*  
 43 *carried over from the second taxable year exceeds such tax liability less*

1 *the amount of such refund may be carried over to the next succeeding*  
2 *taxable year. If the amount of the credit carried over from the third*  
3 *taxable year exceeds the taxpayer's income tax liability for such year, the*  
4 *amount thereof which exceeds such tax liability shall be refunded to the*  
5 *taxpayer.*

6 *(c) The provisions of this section are applicable to tax year 2013,*  
7 *and all tax years thereafter.*

8 *Sec. 2. K.S.A. 2012 Supp. 79-32,177 is hereby amended to read as*  
9 *follows: 79-32,177. (a) Any taxpayer who makes expenditures for the*  
10 *purpose of making all or any portion of an existing facility accessible to*  
11 *individuals with a disability, or who makes expenditures for the purpose*  
12 *of making all or any portion of a facility or of equipment usable for the*  
13 *employment of individuals with a disability, which facility or equipment*  
14 *is on real property located in this state and used in a trade or business or*  
15 *held for the production of income, shall be entitled to claim an income*  
16 *tax credit in an amount equal to 50% of such expenditures or, the*  
17 *amount of \$10,000, whichever is less, against the income tax liability*  
18 *imposed against such taxpayer pursuant to article 32 of chapter 79 of*  
19 *the Kansas Statutes Annotated, and amendments thereto. Such tax credit*  
20 *shall be deducted from the taxpayer's income tax liability for the taxable*  
21 *year in which the expenditures are made by the taxpayer. If the amount*  
22 *of such tax credit exceeds the taxpayer's income tax liability for such*  
23 *taxable year, the amount thereof which exceeds such tax liability may be*  
24 *carried over for deduction from the taxpayer's income tax liability in the*  
25 *next succeeding taxable year or years until the total amount of the tax*  
26 *credit has been deducted from tax liability, except that no such tax credit*  
27 *shall be carried over for deduction after the fourth taxable year*  
28 *succeeding the taxable year in which the expenditures are made.*

29 ~~*(b) For tax year 2013 and all tax years thereafter, the income tax*~~  
30 ~~*credit provided by this section shall only be available to taxpayers subject*~~  
31 ~~*to the income tax on corporations imposed pursuant to subsection (c) of*~~  
32 ~~*K.S.A. 79-32,110, and amendments thereto, and shall be applied only*~~  
33 ~~*against such taxpayer's corporate income tax liability.*~~

34 *Sec. 3. K.S.A. 2012 Supp. 79-32,110 is hereby amended to read as*  
35 *follows: 79-32,110. (a) Resident Individuals. Except as otherwise*  
36 *provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a*  
37 *tax is hereby imposed upon the Kansas taxable income of every resident*  
38 *individual, which tax shall be computed in accordance with the*  
39 *following tax schedules:*

40 *(1) Married individuals filing joint returns.*

41 *(A) For tax year 2012:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
<i>Not over \$30,000.....</i>	<i>3.5% of Kansas taxable income</i>

1 **Over \$30,000 but not over \$1,050 plus 6.25% of excess**  
 2 **\$60,000.....over \$30,000**  
 3 **Over \$60,000.....\$2,925 plus 6.45% of excess**  
 4 **over \$60,000**

5 **(B) For tax year 2013, and all tax years thereafter:**

6 **If the taxable income is: The tax is:**  
 7 **Not over \$30,000.....3.0% 2.9% of Kansas taxable income**  
 8 **Over \$30,000.....\$900-\$870 plus 4.9% 4.8% of excess**  
 9 **over \$30,000**

10 **(C) For tax year 2014:**

11 **If the taxable income is: The tax is:**  
 12 **Not over \$30,000.....2.8% of Kansas taxable income**  
 13 **Over \$30,000.....\$840 plus 4.6% of excess over**  
 14 **\$30,000**

15 **(D) For tax year 2015:**

16 **If the taxable income is: The tax is:**  
 17 **Not over \$30,000.....2.7% of Kansas taxable income**  
 18 **Over \$30,000.....\$810 plus 4.5% of excess over**  
 19 **\$30,000**

20 **(E) For tax year 2016:**

21 **If the taxable income is: The tax is:**  
 22 **Not over \$30,000.....2.6% of Kansas taxable income**  
 23 **Over \$30,000.....\$780 plus 4.4% of excess over**  
 24 **\$30,000**

25 **(F) For tax year 2017:**

26 **If the taxable income is: The tax is:**  
 27 **Not over \$30,000 2.5% of Kansas taxable income**  
 28 **Over \$30,000.....\$750 plus 4.0% of excess over**  
 29 **\$30,000**

30 **(G) For tax year 2018, and all tax years thereafter:**

31 **If the taxable income is: The tax is:**  
 32 **Not over \$30,000.....2.5% of Kansas taxable income**  
 33 **Over \$30,000.....\$750 plus 3.5% of excess over**  
 34 **\$30,000**

35 **(2) All other individuals.**

36 **(A) For tax year 2012:**

37 **If the taxable income is: The tax is:**  
 38 **Not over \$15,000.....3.5% of Kansas taxable income**  
 39 **Over \$15,000 but not over \$525 plus 6.25% of excess**  
 40 **\$30,000.....over \$15,000**  
 41 **Over \$30,000.....\$1,462.50 plus 6.45% of excess**  
 42 **over \$30,000**

43 **(B) For tax year 2013, and all tax years thereafter:**

1	<b><i>If the taxable income is:</i></b>	<b><i>The tax is:</i></b>
2	<b><i>Not over \$15,000.....</i></b>	<b><i>3.0% - 2.9% of Kansas taxable income</i></b>
3	<b><i>Over \$15,000.....</i></b>	<b><i>\$450 - \$435 plus 4.9% - 4.8% of excess</i></b>
4		<b><i>over \$15,000</i></b>

5 (C) For tax year 2014:

6	<b><i>If the taxable income is:</i></b>	<b><i>The tax is:</i></b>
7	<b><i>Not over \$15,000.....</i></b>	<b><i>2.8% of Kansas taxable income</i></b>
8	<b><i>Over \$15,000.....</i></b>	<b><i>\$420 plus 4.6% of excess over</i></b>
9		<b><i>\$15,000</i></b>

10 (D) For tax year 2015:

11	<b><i>If the taxable income is:</i></b>	<b><i>The tax is:</i></b>
12	<b><i>Not over \$15,000.....</i></b>	<b><i>2.7% of Kansas taxable income</i></b>
13	<b><i>Over \$15,000.....</i></b>	<b><i>\$405 plus 4.5% of excess over</i></b>
14		<b><i>\$15,000</i></b>

15 (E) For tax year 2016:

16	<b><i>If the taxable income is:</i></b>	<b><i>The tax is:</i></b>
17	<b><i>Not over \$15,000.....</i></b>	<b><i>2.6% of Kansas taxable income</i></b>
18	<b><i>Over \$15,000.....</i></b>	<b><i>\$390 plus 4.4% of excess over</i></b>
19		<b><i>\$15,000</i></b>

20 (F) For tax year 2017:

21	<b><i>If the taxable income is:</i></b>	<b><i>The tax is:</i></b>
22	<b><i>Not over \$15,000.....</i></b>	<b><i>2.5% of Kansas taxable income</i></b>
23	<b><i>Over \$15,000.....</i></b>	<b><i>\$375 plus 4.0% of excess over</i></b>
24		<b><i>\$15,000</i></b>

25 (G) For tax year 2018, and all tax years thereafter:

26	<b><i>If the taxable income is:</i></b>	<b><i>The tax is:</i></b>
27	<b><i>Not over \$15,000.....</i></b>	<b><i>2.5% of Kansas taxable income</i></b>
28	<b><i>Over \$15,000.....</i></b>	<b><i>\$375 plus 3.5% of excess over</i></b>
29		<b><i>\$15,000</i></b>

30 (b) ***Nonresident Individuals.*** A tax is hereby imposed upon the  
 31 ***Kansas taxable income of every nonresident individual, which tax shall***  
 32 ***be an amount equal to the tax computed under subsection (a) as if the***  
 33 ***nonresident were a resident multiplied by the ratio of modified Kansas***  
 34 ***source income to Kansas adjusted gross income.***

35 (c) ***Corporations.*** A tax is hereby imposed upon the ***Kansas taxable***  
 36 ***income of every corporation doing business within this state or deriving***  
 37 ***income from sources within this state. Such tax shall consist of a normal***  
 38 ***tax and a surtax and shall be computed as follows:***

39 (1) ***The normal tax shall be in an amount equal to 4% of the***  
 40 ***Kansas taxable income of such corporation; and***

41 (2) (A) ***for tax year 2008, the surtax shall be in an amount equal to***  
 42 ***3.1% of the Kansas taxable income of such corporation in excess of***  
 43 ***\$50,000;***



1       ***(B) for tax years 2009 and 2010, the surtax shall be in an amount***  
2 ***equal to 3.05% of the Kansas taxable income of such corporation in***  
3 ***excess of \$50,000; and***

4       ***(C) for tax year 2011, and all tax years thereafter, the surtax shall***  
5 ***be in an amount equal to 3% of the Kansas taxable income of such***  
6 ***corporation in excess of \$50,000.***

7       ***(d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable***  
8 ***income of estates and trusts at the rates provided in paragraph (2) of***  
9 ***subsection (a) hereof.***

10       ***Sec. 4. K.S.A. 2012 Supp. 79-32,119 is hereby amended to read as***  
11 ***follows: 79-32,119. The Kansas standard deduction of an individual,***  
12 ***including a husband and wife who are either both residents or who file a***  
13 ***joint return as if both were residents, shall be equal to the sum of the***  
14 ***standard deduction amount allowed pursuant to this section, and the***  
15 ***additional standard deduction amount allowed pursuant to this section***  
16 ***for each such deduction allowable to such individual or to such husband***  
17 ***and wife under the federal internal revenue code. For tax year 1998***  
18 ***through tax year 2012, the standard deduction amount shall be as***  
19 ***follows: Single individual filing status, \$3,000; married filing status,***  
20 ***\$6,000; and head of household filing status, \$4,500. For tax year 1998,***  
21 ***and all tax years thereafter, the additional standard deduction amount***  
22 ***shall be as follows: Single individual and head of household filing***  
23 ***status, \$850; and married filing status, \$700. For tax year 2013, and all***  
24 ***tax years thereafter, the standard deduction amount of an individual,***  
25 ***including husband and wife who are either both residents or who file a***  
26 ***joint return as if both were residents, shall be as follows: Single***  
27 ***individual filing status, \$3,000; married filing status, ~~\$9,000~~ \$6,500; and***  
28 ***head of household filing status, ~~\$9,000~~ \$5,000. For purposes of the***  
29 ***foregoing, the federal standard deduction allowable to a husband and***  
30 ***wife filing separate Kansas income tax returns shall be determined on***  
31 ***the basis that separate federal returns were filed, and the federal***  
32 ***standard deduction of a husband and wife filing a joint Kansas income***  
33 ***tax return shall be determined on the basis that a joint federal income***  
34 ***tax return was filed.***

35       ***Sec. 5. K.S.A. 2012 Supp. 79-32,120 is hereby amended to read as***  
36 ***follows: 79-32,120. (a) If federal taxable income of an individual is***  
37 ***determined by itemizing deductions from such individual's federal***  
38 ***adjusted gross income, such individual may elect to deduct the Kansas***  
39 ***itemized deduction in lieu of the Kansas standard deduction.***

40       ***(1) For the tax year commencing on January 1, 2013, the Kansas***  
41 ***itemized deduction of an individual means 75% of the total amount of***  
42 ***deductions from federal adjusted gross income, other than federal***  
43 ***deductions for personal exemptions, as provided in the federal internal***

1 **revenue code with the modifications specified in this section.**

2 (2) *For the tax year commencing on January 1, 2014, the Kansas*  
3 *itemized deduction of an individual means 60% of the total amount of*  
4 *deductions from federal adjusted gross income, other than federal*  
5 *deductions for personal exemptions, as provided in the federal internal*  
6 *revenue code with the modifications specified in this section.*

7 (3) *For the tax year commencing on January 1, 2015, the Kansas*  
8 *itemized deduction of an individual means 45% of the total amount of*  
9 *deductions from federal adjusted gross income, other than federal*  
10 *deductions for personal exemptions, as provided in the federal internal*  
11 *revenue code with the modifications specified in this section.*

12 (4) *For the tax year commencing on January 1, 2016, the Kansas*  
13 *itemized deduction of an individual means 30% of the total amount of*  
14 *deductions from federal adjusted gross income, other than federal*  
15 *deductions for personal exemptions, as provided in the federal internal*  
16 *revenue code with the modifications specified in this section.*

17 (5) *For the tax year commencing on January 1, 2017, the Kansas*  
18 *itemized deduction of an individual means 15% of the total amount of*  
19 *deductions from federal adjusted gross income, other than federal*  
20 *deductions for personal exemptions, as provided in the federal internal*  
21 *revenue code with the modifications specified in this section.*

22 (6) *For the tax years commencing on and after January 1, 2018, the*  
23 *Kansas itemized deduction of an individual means 0% of the total amount*  
24 *of deductions from federal adjusted gross income, other than federal*  
25 *deductions for personal exemptions, as provided in the federal internal*  
26 *revenue code with the modifications specified in this section.*

27 **(b) *The total amount of deductions from federal adjusted gross***  
28 ***income shall be reduced by the total amount of income taxes imposed by***  
29 ***or paid to this state or any other taxing jurisdiction to the extent that the***  
30 ***same are deducted in determining the federal itemized deductions and by***  
31 ***the amount of all depreciation deductions claimed for any real or***  
32 ***tangible personal property upon which the deduction allowed by K.S.A.***  
33 ***2012 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-***  
34 ***32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been***  
35 ***claimed.***

36 (c) *The provisions of this section that provide for a reduction in the*  
37 *total amount of deductions from federal adjusted gross income shall not*  
38 *apply to contributions that qualify as charitable contributions allowable*  
39 *as deductions in section 170 of the federal internal revenue code, and*  
40 *amendments thereto.*

41 **(d) *Notwithstanding any provision of this section to the contrary,***  
42 ***for taxable years commencing after January 1, 2013, the total amount of***  
43 ***deductions from federal adjusted gross income shall be reduced by the***

1 *amount of wagering losses claimed as an itemized deduction in section*  
2 *165(d) of the federal internal revenue code, and amendments thereto.*

3 *Sec. 6. K.S.A. 2012 Supp. 79-3602 is hereby amended to read as*  
4 *follows: 79-3602. Except as otherwise provided, as used in the Kansas*  
5 *retailers' sales tax act:*

6 (a) *"Agent" means a person appointed by a seller to represent the*  
7 *seller before the member states.*

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

11 (c) *"Alcoholic beverages" means beverages that are suitable for*  
12 *human consumption and contain .05% or more of alcohol by volume.*

13 (d) *"Certified automated system (CAS)" means software certified*  
14 *under the agreement to calculate the tax imposed by each jurisdiction on*  
15 *a transaction, determine the amount of tax to remit to the appropriate*  
16 *state and maintain a record of the transaction.*

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

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

24 (g) *"Computer software" means a set of coded instructions*  
25 *designed to cause a computer or automatic data processing equipment to*  
26 *perform a task.*

27 (h) *"Delivered electronically" means delivered to the purchaser by*  
28 *means other than tangible storage media.*

29 (i) *"Delivery charges" means charges by the seller of personal*  
30 *property or services for preparation and delivery to a location designated*  
31 *by the purchaser of personal property or services including, but not*  
32 *limited to, transportation, shipping, postage, handling, crating and*  
33 *packing. Delivery charges shall not include charges for delivery of direct*  
34 *mail if the charges are separately stated on an invoice or similar billing*  
35 *document given to the purchaser.*

36 (j) *"Direct mail" means printed material delivered or distributed by*  
37 *United States mail or other delivery services to a mass audience or to*  
38 *addressees on a mailing list provided by the purchaser or at the direction*  
39 *of the purchaser when the cost of the items are not billed directly to the*  
40 *recipients. Direct mail includes tangible personal property supplied*  
41 *directly or indirectly by the purchaser to the direct mail seller for*  
42 *inclusion in the package containing the printed material. Direct mail*  
43 *does not include multiple items of printed material delivered to a single*

1 *address.*

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

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

24 (m) *"Electronic" means relating to technology having electrical,*  
25 *digital, magnetic, wireless, optical, electromagnetic or similar*  
26 *capabilities.*

27 (n) *"Food and food ingredients" means substances, whether in*  
28 *liquid, concentrated, solid, frozen, dried or dehydrated form, that are*  
29 *sold for ingestion or chewing by humans and are consumed for their*  
30 *taste or nutritional value. "Food and food ingredients" does not include*  
31 *alcoholic beverages or tobacco. "Food and food ingredients" includes*  
32 *candy, bottled water, dietary supplements as defined in K.S.A. 79-*  
33 *3606(jjj), and amendments thereto, and soft drinks. As used in this*  
34 *subsection:*

35 (1) *"Candy" means a preparation of sugar, honey, or other natural or*  
36 *artificial sweeteners in combination with chocolate, fruits, nuts or other*  
37 *ingredients or flavorings in the form of bars, drops, or pieces. "Candy"*  
38 *shall not include any preparation containing flour and shall require no*  
39 *refrigeration.*

40 (2) *"Bottled water" means water that is placed in a safety sealed*  
41 *container or package for human consumption. Bottled water is calorie free*  
42 *and does not contain sweeteners or other additives except that it may*  
43 *contain: (A) Antimicrobial agents; (B) fluoride; (C) carbonation; (D)*

1 vitamins, minerals, and electrolytes; (E) oxygen; (F) preservatives; and  
2 (G) only those flavors, extracts, or essences derived from a spice or fruit.  
3 "Bottled water" includes water that is delivered to the buyer in a reusable  
4 container that is not sold with the water.

5 (3) "Soft drinks" means non-alcoholic beverages that contain natural  
6 or artificial sweeteners. "Soft drinks" do not include beverages that  
7 contain milk or milk products, soy, rice or similar milk substitutes, or  
8 greater than 50% of vegetable or fruit juice by volume.

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

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

28 (1) Containers, labels and shipping cases used in the distribution of  
29 property produced, manufactured or compounded for sale which are not  
30 to be returned to the producer, manufacturer or compounder for reuse.

31 (2) Containers, labels, shipping cases, paper bags, drinking straws,  
32 paper plates, paper cups, twine and wrapping paper used in the  
33 distribution and sale of property taxable under the provisions of this act  
34 by wholesalers and retailers and which is not to be returned to such  
35 wholesaler or retailer for reuse.

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

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

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

41 (6) Feed for animals, fowl and aquatic plants and animals, the  
42 primary purpose of which is use in agriculture or aquaculture, as  
43 defined in K.S.A. 47-1901, and amendments thereto, the production of

1 *food for human consumption, the production of animal, dairy, poultry or*  
2 *aquatic plant and animal products, fiber, fur, or the production of*  
3 *offspring for use for any such purpose or purposes.*

4 *(q) "Isolated or occasional sale" means the nonrecurring sale of*  
5 *tangible personal property, or services taxable hereunder by a person not*  
6 *engaged at the time of such sale in the business of selling such property*  
7 *or services. Any religious organization which makes a nonrecurring sale*  
8 *of tangible personal property acquired for the purpose of resale shall be*  
9 *deemed to be not engaged at the time of such sale in the business of*  
10 *selling such property. Such term shall include: (1) Any sale by a bank,*  
11 *savings and loan institution, credit union or any finance company*  
12 *licensed under the provisions of the Kansas uniform consumer credit*  
13 *code of tangible personal property which has been repossessed by any*  
14 *such entity; and (2) any sale of tangible personal property made by an*  
15 *auctioneer or agent on behalf of not more than two principals or*  
16 *households if such sale is nonrecurring and any such principal or*  
17 *household is not engaged at the time of such sale in the business of*  
18 *selling tangible personal property.*

19 *(r) "Lease or rental" means any transfer of possession or control of*  
20 *tangible personal property for a fixed or indeterminate term for*  
21 *consideration. A lease or rental may include future options to purchase*  
22 *or extend.*

23 *(1) Lease or rental does not include: (A) A transfer of possession or*  
24 *control of property under a security agreement or deferred payment plan*  
25 *that requires the transfer of title upon completion of the required*  
26 *payments;*

27 *(B) a transfer or possession or control of property under an*  
28 *agreement that requires the transfer of title upon completion of required*  
29 *payments and payment of an option price does not exceed the greater of*  
30 *\$100 or 1% of the total required payments; or*

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

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

40 *(3) This definition shall be used for sales and use tax purposes*  
41 *regardless if a transaction is characterized as a lease or rental under*  
42 *generally accepted accounting principles, the internal revenue code, the*  
43 *uniform commercial code, K.S.A. 84-1-101 et seq., and amendments*

1 *thereto, or other provisions of federal, state or local law.*

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

5 *(s) "Load and leave" means delivery to the purchaser by use of a*  
6 *tangible storage media where the tangible storage media is not*  
7 *physically transferred to the purchaser.*

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

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

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

16 *(w) "Model 3 seller" means a seller that has sales in at least five*  
17 *member states, has total annual sales revenue of at least \$500,000,000,*  
18 *has a proprietary system that calculates the amount of tax due each*  
19 *jurisdiction and has entered into a performance agreement with the*  
20 *member states that establishes a tax performance standard for the seller.*  
21 *As used in this subsection a seller includes an affiliated group of sellers*  
22 *using the same proprietary system.*

23 *(x) "Municipal corporation" means any city incorporated under*  
24 *the laws of Kansas.*

25 *(y) "Nonprofit blood bank" means any nonprofit place,*  
26 *organization, institution or establishment that is operated wholly or in*  
27 *part for the purpose of obtaining, storing, processing, preparing for*  
28 *transfusing, furnishing, donating or distributing human blood or parts*  
29 *or fractions of single blood units or products derived from single blood*  
30 *units, whether or not any remuneration is paid therefor, or whether such*  
31 *procedures are done for direct therapeutic use or for storage for future*  
32 *use of such products.*

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

39 *(aa) "Political subdivision" means any municipality, agency or*  
40 *subdivision of the state which is, or shall hereafter be, authorized to levy*  
41 *taxes upon tangible property within the state or which certifies a levy to*  
42 *a municipality, agency or subdivision of the state which is, or shall*  
43 *hereafter be, authorized to levy taxes upon tangible property within the*

1 *state. Such term also shall include any public building commission,*  
2 *housing, airport, port, metropolitan transit or similar authority*  
3 *established pursuant to law and the horsethief reservoir benefit district*  
4 *established pursuant to K.S.A. 82a-2201, and amendments thereto.*

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

8 *(cc) "Prewritten computer software" means computer software,*  
9 *including prewritten upgrades, which is not designed and developed by*  
10 *the author or other creator to the specifications of a specific purchaser.*  
11 *The combining of two or more prewritten computer software programs*  
12 *or prewritten portions thereof does not cause the combination to be*  
13 *other than prewritten computer software. Prewritten computer software*  
14 *includes software designed and developed by the author or other creator*  
15 *to the specifications of a specific purchaser when it is sold to a person*  
16 *other than the purchaser. Where a person modifies or enhances*  
17 *computer software of which the person is not the author or creator, the*  
18 *person shall be deemed to be the author or creator only of such person's*  
19 *modifications or enhancements. Prewritten computer software or a*  
20 *prewritten portion thereof that is modified or enhanced to any degree,*  
21 *where such modification or enhancement is designed and developed to*  
22 *the specifications of a specific purchaser, remains prewritten computer*  
23 *software, except that where there is a reasonable, separately stated*  
24 *charge or an invoice or other statement of the price given to the*  
25 *purchaser for such modification or enhancement, such modification or*  
26 *enhancement shall not constitute prewritten computer software.*

27 *(dd) "Property which is consumed" means tangible personal*  
28 *property which is essential or necessary to and which is used in the*  
29 *actual process of and consumed, depleted or dissipated within one year*  
30 *in (1) the production, manufacture, processing, mining, drilling,*  
31 *refining or compounding of tangible personal property, (2) the providing*  
32 *of services, (3) the irrigation of crops, for sale in the regular course of*  
33 *business, or (4) the storage or processing of grain by a public grain*  
34 *warehouse or other grain storage facility, and which is not reusable for*  
35 *such purpose. The following is a listing of tangible personal property,*  
36 *included by way of illustration but not of limitation, which qualifies as*  
37 *property which is consumed:*

38 *(A) Insecticides, herbicides, germicides, pesticides, fungicides,*  
39 *fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and*  
40 *chemicals for use in commercial or agricultural production, processing*  
41 *or storage of fruit, vegetables, feeds, seeds, grains, animals or animal*  
42 *products whether fed, injected, applied, combined with or otherwise*  
43 *used;*



1       **(B) electricity, gas and water; and**

2       **(C) petroleum products, lubricants, chemicals, solvents, reagents**  
3 **and catalysts.**

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

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

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

12       **(hh) "Registered under this agreement" means registration by a**  
13 **seller with the member states under the central registration system**  
14 **provided in article IV of the agreement.**

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

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

21       **(kk) "Sale" or "sales" means the exchange of tangible personal**  
22 **property, as well as the sale thereof for money, and every transaction,**  
23 **conditional or otherwise, for a consideration, constituting a sale,**  
24 **including the sale or furnishing of electrical energy, gas, water, services**  
25 **or entertainment taxable under the terms of this act and including,**  
26 **except as provided in the following provision, the sale of the use of**  
27 **tangible personal property by way of a lease, license to use or the rental**  
28 **thereof regardless of the method by which the title, possession or right to**  
29 **use the tangible personal property is transferred. The term "sale" or**  
30 **"sales" shall not mean the sale of the use of any tangible personal**  
31 **property used as a dwelling by way of a lease or rental thereof for a term**  
32 **of more than 28 consecutive days.**

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

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

39       **(B) the cost of materials used, labor or service cost, interest, losses,**  
40 **all costs of transportation to the seller, all taxes imposed on the seller**  
41 **and any other expense of the seller;**

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

1       (D) *delivery charges; and*

2       (E) *installation charges.*

3       (2) *"Sales or selling price" includes consideration received by the*  
4 *seller from third parties if:*

5       (A) *The seller actually receives consideration from a party other*  
6 *than the purchaser and the consideration is directly related to a price*  
7 *reduction or discount on the sale;*

8       (B) *the seller has an obligation to pass the price reduction or*  
9 *discount through to the purchaser;*

10       (C) *the amount of the consideration attributable to the sale is fixed*  
11 *and determinable by the seller at the time of the sale of the item to the*  
12 *purchaser; and*

13       (D) *one of the following criteria is met:*

14       (i) *The purchaser presents a coupon, certificate or other*  
15 *documentation to the seller to claim a price reduction or discount where*  
16 *the coupon, certificate or documentation is authorized, distributed or*  
17 *granted by a third party with the understanding that the third party will*  
18 *reimburse any seller to whom the coupon, certificate or documentation*  
19 *is presented;*

20       (ii) *the purchaser identifies to the seller that the purchaser is a*  
21 *member of a group or organization entitled to a price reduction or*  
22 *discount. A preferred customer card that is available to any patron does*  
23 *not constitute membership in such a group; or*

24       (iii) *the price reduction or discount is identified as a third party*  
25 *price reduction or discount on the invoice received by the purchaser or*  
26 *on a coupon, certificate or other documentation presented by the*  
27 *purchaser.*

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

29       (A) *Discounts, including cash, term or coupons that are not*  
30 *reimbursed by a third party that are allowed by a seller and taken by a*  
31 *purchaser on a sale;*

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

36       (C) *any taxes legally imposed directly on the consumer that are*  
37 *separately stated on the invoice, bill of sale or similar document given to*  
38 *the purchaser;*

39       (D) *the amount equal to the allowance given for the trade-in of*  
40 *property, if separately stated on the invoice, billing or similar document*  
41 *given to the purchaser; and*

42       (E) *commencing on July 1, 2006, and ending on June 30, 2009,*  
43 *cash rebates granted by a manufacturer to a purchaser or lessee of a*

1 *new motor vehicle if paid directly to the retailer as a result of the*  
2 *original sale.*

3 *(mm) "Seller" means a person making sales, leases or rentals of*  
4 *personal property or services.*

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

7 *(oo) "Sourcing rules" means the rules set forth in K.S.A. 2012*  
8 *Supp. 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and*  
9 *amendments thereto, which shall apply to identify and determine the*  
10 *state and local taxing jurisdiction sales or use taxes to pay, or collect and*  
11 *remit on a particular retail sale.*

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

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

18 *(rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or*  
19 *any other item that contains tobacco.*

20 *(ss) "Entity-based exemption" means an exemption based on who*  
21 *purchases the product or who sells the product. An exemption that is*  
22 *available to all individuals shall not be considered an entity-based*  
23 *exemption.*

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

32 *(uu) "Ancillary services" means services that are associated with or*  
33 *incidental to the provision of telecommunications services, including,*  
34 *but not limited to, detailed telecommunications billing, directory*  
35 *assistance, vertical service and voice mail services.*

36 *(vv) "Conference bridging service" means an ancillary service that*  
37 *links two or more participants of an audio or video conference call and*  
38 *may include the provision of a telephone number. Conference bridging*  
39 *service does not include the telecommunications services used to reach*  
40 *the conference bridge.*

41 *(ww) "Detailed telecommunications billing service" means an*  
42 *ancillary service of separately stating information pertaining to*  
43 *individual calls on a customer's billing statement.*

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

3       (yy) *"Vertical service" means an ancillary service that is offered in*  
4 *connection with one or more telecommunications services, which offers*  
5 *advanced calling features that allow customers to identify callers and to*  
6 *manage multiple calls and call connections, including conference*  
7 *bridging services.*

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

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

22       (1) *Data processing and information services that allow data to be*  
23 *generated, acquired, stored, processed or retrieved and delivered by an*  
24 *electronic transmission to a purchaser where such purchaser's primary*  
25 *purpose for the underlying transaction is the processed data or*  
26 *information;*

27       (2) *installation or maintenance of wiring or equipment on a*  
28 *customer's premises;*

29       (3) *tangible personal property;*

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

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

32       (6) *internet access service;*

33       (7) *radio and television audio and video programming services,*  
34 *regardless of the medium, including the furnishing of transmission,*  
35 *conveyance and routing of such services by the programming service*  
36 *provider. Radio and television audio and video programming services*  
37 *shall include, but not be limited to, cable service as defined in 47 U.S.C.*  
38 *§ 522(6) and audio and video programming services delivered by*  
39 *commercial mobile radio service providers, as defined in 47 C.F.R. §*  
40 *20.3;*

41       (8) *ancillary services; or*

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

1       ***(bbb) "800 service" means a telecommunications service that***  
2 ***allows a caller to dial a toll-free number without incurring a charge for***  
3 ***the call. The service is typically marketed under the name 800, 855, 866,***  
4 ***877 and 888 toll-free calling, and any subsequent numbers designated***  
5 ***by the federal communications commission.***

6       ***(ccc) "900 service" means an inbound toll telecommunications***  
7 ***service purchased by a subscriber that allows the subscriber's customers***  
8 ***to call in to the subscriber's prerecorded announcement or live service.***  
9 ***900 service does not include the charge for collection services provided***  
10 ***by the seller of the telecommunications services to the subscriber, or***  
11 ***service or product sold by the subscriber to the subscriber's customer.***  
12 ***The service is typically marketed under the name 900 service, and any***  
13 ***subsequent numbers designated by the federal communications***  
14 ***commission.***

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

20       ***(eee) "International" means a telecommunications service that***  
21 ***originates or terminates in the United States and terminates or***  
22 ***originates outside the United States, respectively. United States includes***  
23 ***the District of Columbia or a U.S. territory or possession.***

24       ***(fff) "Interstate" means a telecommunications service that***  
25 ***originates in one United States state, or a United States territory or***  
26 ***possession, and terminates in a different United States state or a United***  
27 ***States territory or possession.***

28       ***(ggg) "Intrastate" means a telecommunications service that***  
29 ***originates in one United States state or a United States territory or***  
30 ***possession, and terminates in the same United States state or a United***  
31 ***States territory or possession.***

32       ***(hhh) "Food sold through vending machines" means food dispensed***  
33 ***from a machine or other mechanical device that accepts payment.***

34       ***(iii) "Prepared food" means:***

35       ***(1) Food sold in a heated state or heated by the seller;***

36       ***(2) two or more food ingredients mixed or combined by the seller for***  
37 ***sale as a single item; or***

38       ***(3) food sold with eating utensils provided by the seller, including***  
39 ***plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate***  
40 ***does not include a container or packaging used to transport the food.***

41       ***"Prepared food" in paragraph (iii)(2) does not include food that is only***  
42 ***cut, repackaged, or pasteurized by the seller; and eggs, fish, meat, poultry,***  
43 ***and foods containing these raw animal foods requiring cooking by the***

1 consumer as recommended by the food and drug administration in chapter  
2 3, part 401.11 of its food code so as to prevent food borne illnesses.

3 **Sec. 7. K.S.A. 2012 Supp. 79-3603 is hereby amended to read as**  
4 **follows: 79-3603. For the privilege of engaging in the business of selling**  
5 **tangible personal property at retail in this state or rendering or**  
6 **furnishing any of the services taxable under this act, there is hereby**  
7 **levied and there shall be collected and paid a tax at the rate of 5.3%, and**  
8 **commencing July 1, 2010, at the rate of 6.3%, and commencing July 1,**  
9 **2013, at the rate of 5.7%. Within a redevelopment district established**  
10 **pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby**  
11 **levied and there shall be collected and paid an additional tax at the rate**  
12 **of 2% until the earlier of the date the bonds issued to finance or**  
13 **refinance the redevelopment project have been paid in full or the final**  
14 **scheduled maturity of the first series of bonds issued to finance any part**  
15 **of the project upon:**

16 (a) **The gross receipts received from the sale of tangible personal**  
17 **property at retail within this state, except that effective January 1, 2014,**  
18 **the rate on sales of food and food ingredients, and sales of food through**  
19 **vending machines shall be 4.95%, but not including sales of prepared**  
20 **food, which sales shall be at the rate of 6.3%. The following items shall be**  
21 **taxed as sales of food and food ingredients and not as sales of prepared**  
22 **food if sold without eating utensils provided by the seller:**

23 (1) **Food sold by a seller whose proper primary NAICS classification**  
24 **is manufacturing in sector 311, except subsector 3118 (bakeries).**

25 (2) **Food sold in an unheated state by weight or volume as a single**  
26 **item.**

27 (3) **Bakery items, including bread, rolls, buns, biscuits, bagels,**  
28 **croissants, pastries, doughnuts, danish, cakes, tortes, pies, tarts, muffins,**  
29 **bars, cookies and tortillas.**

30 **The sales of substances that are included within the definition of "food**  
31 **and food ingredients," including, but not limited to, "bottled water,"**  
32 **"candy," "dietary supplements" and "soft drinks," shall be taxed as the**  
33 **sales of "prepared food" if sold as "prepared food";**

34 (b) **the gross receipts from intrastate, interstate or international**  
35 **telecommunications services and any ancillary services sourced to this**  
36 **state in accordance with K.S.A. 2012 Supp. 79-3673, and amendments**  
37 **thereto, except that telecommunications service does not include: (1)**  
38 **Any interstate or international 800 or 900 service; (2) any interstate or**  
39 **international private communications service as defined in K.S.A. 2012**  
40 **Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice**  
41 **data service; (4) any telecommunication service to a provider of**  
42 **telecommunication services which will be used to render**  
43 **telecommunications services, including carrier access services; or (5)**

1 *any service or transaction defined in this section among entities*  
2 *classified as members of an affiliated group as provided by section 1504*  
3 *of the federal internal revenue code of 1986, as in effect on January 1,*  
4 *2001;*

5 *(c) the gross receipts from the sale or furnishing of gas, water,*  
6 *electricity and heat, which sale is not otherwise exempt from taxation*  
7 *under the provisions of this act, and whether furnished by municipally*  
8 *or privately owned utilities, except that, on and after January 1, 2006,*  
9 *for sales of gas, electricity and heat delivered through mains, lines or*  
10 *pipes to residential premises for noncommercial use by the occupant of*  
11 *such premises, and for agricultural use and also, for such use, all sales*  
12 *of propane gas, the state rate shall be 0%; and for all sales of propane*  
13 *gas, LP gas, coal, wood and other fuel sources for the production of heat*  
14 *or lighting for noncommercial use of an occupant of residential*  
15 *premises, the state rate shall be 0%, but such tax shall not be levied and*  
16 *collected upon the gross receipts from: (1) The sale of a rural water*  
17 *district benefit unit; (2) a water system impact fee, system enhancement*  
18 *fee or similar fee collected by a water supplier as a condition for*  
19 *establishing service; or (3) connection or reconnection fees collected by*  
20 *a water supplier;*

21 *(d) the gross receipts from the sale of meals or drinks furnished at*  
22 *any private club, drinking establishment, catered event, restaurant,*  
23 *eating house, dining car, hotel, drugstore or other place where meals or*  
24 *drinks are regularly sold to the public;*

25 *(e) the gross receipts from the sale of admissions to any place*  
26 *providing amusement, entertainment or recreation services including*  
27 *admissions to state, county, district and local fairs, but such tax shall not*  
28 *be levied and collected upon the gross receipts received from sales of*  
29 *admissions to any cultural and historical event which occurs triennially;*

30 *(f) the gross receipts from the operation of any coin-operated device*  
31 *dispensing or providing tangible personal property, amusement or other*  
32 *services except laundry services, whether automatic or manually*  
33 *operated;*

34 *(g) the gross receipts from the service of renting of rooms by hotels,*  
35 *as defined by K.S.A. 36-501, and amendments thereto, or by*  
36 *accommodation brokers, as defined by K.S.A. 12-1692, and amendments*  
37 *thereto, but such tax shall not be levied and collected upon the gross*  
38 *receipts received from sales of such service to the federal government*  
39 *and any agency, officer or employee thereof in association with the*  
40 *performance of official government duties;*

41 *(h) the gross receipts from the service of renting or leasing of*  
42 *tangible personal property except such tax shall not apply to the renting*  
43 *or leasing of machinery, equipment or other personal property owned by*

1 *a city and purchased from the proceeds of industrial revenue bonds*  
2 *issued prior to July 1, 1973, in accordance with the provisions of K.S.A.*  
3 *12-1740 through 12-1749, and amendments thereto, and any city or*  
4 *lessee renting or leasing such machinery, equipment or other personal*  
5 *property purchased with the proceeds of such bonds who shall have paid*  
6 *a tax under the provisions of this section upon sales made prior to July*  
7 *1, 1973, shall be entitled to a refund from the sales tax refund fund of all*  
8 *taxes paid thereon;*

9 *(i) the gross receipts from the rendering of dry cleaning, pressing,*  
10 *dyeing and laundry services except laundry services rendered through a*  
11 *coin-operated device whether automatic or manually operated;*

12 *(j) the gross receipts from the rendering of the services of washing*  
13 *and washing and waxing of vehicles;*

14 *(k) the gross receipts from cable, community antennae and other*  
15 *subscriber radio and television services;*

16 *(l) (1) except as otherwise provided by paragraph (2), the gross*  
17 *receipts received from the sales of tangible personal property to all*  
18 *contractors, subcontractors or repairmen for use by them in erecting*  
19 *structures, or building on, or otherwise improving, altering, or repairing*  
20 *real or personal property.*

21 *(2) Any such contractor, subcontractor or repairman who*  
22 *maintains an inventory of such property both for sale at retail and for*  
23 *use by them for the purposes described by paragraph (1) shall be deemed*  
24 *a retailer with respect to purchases for and sales from such inventory,*  
25 *except that the gross receipts received from any such sale, other than a*  
26 *sale at retail, shall be equal to the total purchase price paid for such*  
27 *property and the tax imposed thereon shall be paid by the deemed*  
28 *retailer;*

29 *(m) the gross receipts received from fees and charges by public and*  
30 *private clubs, drinking establishments, organizations and businesses for*  
31 *participation in sports, games and other recreational activities, but such*  
32 *tax shall not be levied and collected upon the gross receipts received*  
33 *from: (1) Fees and charges by any political subdivision, by any*  
34 *organization exempt from property taxation pursuant to paragraph*  
35 *Ninth of K.S.A. 79-201, and amendments thereto, or by any youth*  
36 *recreation organization exclusively providing services to persons 18*  
37 *years of age or younger which is exempt from federal income taxation*  
38 *pursuant to section 501(c)(3) of the federal internal revenue code of*  
39 *1986, for participation in sports, games and other recreational activities;*  
40 *and (2) entry fees and charges for participation in a special event or*  
41 *tournament sanctioned by a national sporting association to which*  
42 *spectators are charged an admission which is taxable pursuant to*  
43 *subsection (e);*



1        *(n) the gross receipts received from dues charged by public and*  
2 *private clubs, drinking establishments, organizations and businesses,*  
3 *payment of which entitles a member to the use of facilities for recreation*  
4 *or entertainment, but such tax shall not be levied and collected upon the*  
5 *gross receipts received from: (1) Dues charged by any organization*  
6 *exempt from property taxation pursuant to paragraphs Eighth and*  
7 *Ninth of K.S.A. 79-201, and amendments thereto; and (2) sales of*  
8 *memberships in a nonprofit organization which is exempt from federal*  
9 *income taxation pursuant to section 501 (c)(3) of the federal internal*  
10 *revenue code of 1986, and whose purpose is to support the operation of*  
11 *a nonprofit zoo;*

12        *(o) the gross receipts received from the isolated or occasional sale*  
13 *of motor vehicles or trailers but not including: (1) The transfer of motor*  
14 *vehicles or trailers by a person to a corporation or limited liability*  
15 *company solely in exchange for stock securities or membership interest*  
16 *in such corporation or limited liability company; or (2) the transfer of*  
17 *motor vehicles or trailers by one corporation or limited liability company*  
18 *to another when all of the assets of such corporation or limited liability*  
19 *company are transferred to such other corporation or limited liability*  
20 *company; or (3) the sale of motor vehicles or trailers which are subject*  
21 *to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and*  
22 *amendments thereto, by an immediate family member to another*  
23 *immediate family member. For the purposes of clause (3), immediate*  
24 *family member means lineal ascendants or descendants, and their*  
25 *spouses. Any amount of sales tax paid pursuant to the Kansas retailers*  
26 *sales tax act on the isolated or occasional sale of motor vehicles or*  
27 *trailers on and after July 1, 2004, which the base for computing the tax*  
28 *was the value pursuant to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-*  
29 *5105, and amendments thereto, when such amount was higher than the*  
30 *amount of sales tax which would have been paid under the law as it*  
31 *existed on June 30, 2004, shall be refunded to the taxpayer pursuant to*  
32 *the procedure prescribed by this section. Such refund shall be in an*  
33 *amount equal to the difference between the amount of sales tax paid by*  
34 *the taxpayer and the amount of sales tax which would have been paid by*  
35 *the taxpayer under the law as it existed on June 30, 2004. Each claim*  
36 *for a sales tax refund shall be verified and submitted not later than six*  
37 *months from the effective date of this act to the director of taxation upon*  
38 *forms furnished by the director and shall be accompanied by any*  
39 *additional documentation required by the director. The director shall*  
40 *review each claim and shall refund that amount of tax paid as provided*  
41 *by this act. All such refunds shall be paid from the sales tax refund fund,*  
42 *upon warrants of the director of accounts and reports pursuant to*  
43 *vouchers approved by the director of taxation or the director's designee.*

1 *No refund for an amount less than \$10 shall be paid pursuant to this*  
2 *act. In determining the base for computing the tax on such isolated or*  
3 *occasional sale, the fair market value of any motor vehicle or trailer*  
4 *traded in by the purchaser to the seller may be deducted from the selling*  
5 *price;*

6 *(p) the gross receipts received for the service of installing or*  
7 *applying tangible personal property which when installed or applied is*  
8 *not being held for sale in the regular course of business, and whether or*  
9 *not such tangible personal property when installed or applied remains*  
10 *tangible personal property or becomes a part of real estate, except that*  
11 *no tax shall be imposed upon the service of installing or applying*  
12 *tangible personal property in connection with the original construction*  
13 *of a building or facility, the original construction, reconstruction,*  
14 *restoration, remodeling, renovation, repair or replacement of a*  
15 *residence or the construction, reconstruction, restoration, replacement*  
16 *or repair of a bridge or highway.*

17 *For the purposes of this subsection:*

18 *(1) "Original construction" shall mean the first or initial*  
19 *construction of a new building or facility. The term "original*  
20 *construction" shall include the addition of an entire room or floor to*  
21 *any existing building or facility, the completion of any unfinished*  
22 *portion of any existing building or facility and the restoration,*  
23 *reconstruction or replacement of a building, facility or utility structure*  
24 *damaged or destroyed by fire, flood, tornado, lightning, explosion,*  
25 *windstorm, ice loading and attendant winds, terrorism or earthquake,*  
26 *but such term, except with regard to a residence, shall not include*  
27 *replacement, remodeling, restoration, renovation or reconstruction*  
28 *under any other circumstances;*

29 *(2) "building" shall mean only those enclosures within which*  
30 *individuals customarily are employed, or which are customarily used to*  
31 *house machinery, equipment or other property, and including the land*  
32 *improvements immediately surrounding such building;*

33 *(3) "facility" shall mean a mill, plant, refinery, oil or gas well,*  
34 *water well, feedlot or any conveyance, transmission or distribution line*  
35 *of any cooperative, nonprofit, membership corporation organized under*  
36 *or subject to the provisions of K.S.A. 17-4601 et seq., and amendments*  
37 *thereto, or municipal or quasi-municipal corporation, including the land*  
38 *improvements immediately surrounding such facility;*

39 *(4) "residence" shall mean only those enclosures within which*  
40 *individuals customarily live;*

41 *(5) "utility structure" shall mean transmission and distribution*  
42 *lines owned by an independent transmission company or cooperative,*  
43 *the Kansas electric transmission authority or natural gas or electric*

1 *public utility; and*

2 (6) *"windstorm" shall mean straight line winds of at least 80 miles*  
3 *per hour as determined by a recognized meteorological reporting agency*  
4 *or organization;*

5 (q) *the gross receipts received for the service of repairing, servicing,*  
6 *altering or maintaining tangible personal property which when such*  
7 *services are rendered is not being held for sale in the regular course of*  
8 *business, and whether or not any tangible personal property is*  
9 *transferred in connection therewith. The tax imposed by this subsection*  
10 *shall be applicable to the services of repairing, servicing, altering or*  
11 *maintaining an item of tangible personal property which has been and is*  
12 *fastened to, connected with or built into real property;*

13 (r) *the gross receipts from fees or charges made under service or*  
14 *maintenance agreement contracts for services, charges for the providing*  
15 *of which are taxable under the provisions of subsection (p) or (q);*

16 (s) *on and after January 1, 2005, the gross receipts received from*  
17 *the sale of prewritten computer software and the sale of the services of*  
18 *modifying, altering, updating or maintaining prewritten computer*  
19 *software, whether the prewritten computer software is installed or*  
20 *delivered electronically by tangible storage media physically transferred*  
21 *to the purchaser or by load and leave;*

22 (t) *the gross receipts received for telephone answering services;*

23 (u) *the gross receipts received from the sale of prepaid calling*  
24 *service and prepaid wireless calling service as defined in K.S.A. 2012*  
25 *Supp. 79-3673, and amendments thereto; and*

26 (v) *the gross receipts received from the sales of bingo cards, bingo*  
27 *faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,*  
28 *and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,*  
29 *2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before*  
30 *July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo*  
31 *faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,*  
32 *and amendments thereto, shall be exempt from taxes imposed pursuant*  
33 *to this section.*

34 *Sec. 8. K.S.A. 2012 Supp. 79-3620, as amended by section 6 of 2013*  
35 *House Substitute for Senate Bill No. 83, is hereby amended to read as*  
36 *follows: 79-3620. (a) All revenue collected or received by the director of*  
37 *taxation from the taxes imposed by this act shall be remitted to the state*  
38 *treasurer in accordance with the provisions of K.S.A. 75-4215, and*  
39 *amendments thereto. Upon receipt of each such remittance, the state*  
40 *treasurer shall deposit the entire amount in the state treasury, less*  
41 *amounts withheld as provided in subsection (b) and amounts credited as*  
42 *provided in subsections (c), (d) and (e), to the credit of the state general*  
43 *fund.*

1       ***(b) A refund fund, designated as "sales tax refund fund" not to***  
2 ***exceed \$100,000 shall be set apart and maintained by the director from***  
3 ***sales tax collections and estimated tax collections and held by the state***  
4 ***treasurer for prompt payment of all sales tax refunds. Such fund shall***  
5 ***be in such amount, within the limit set by this section, as the director***  
6 ***shall determine is necessary to meet current refunding requirements***  
7 ***under this act. In the event such fund as established by this section is, at***  
8 ***any time, insufficient to provide for the payment of refunds due***  
9 ***claimants thereof, the director shall certify the amount of additional***  
10 ***funds required to the director of accounts and reports who shall***  
11 ***promptly transfer the required amount from the state general fund to the***  
12 ***sales tax refund fund, and notify the state treasurer, who shall make***  
13 ***proper entry in the records.***

14       ***(c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or***  
15 ***received from the tax imposed by K.S.A. 79-3603, and amendments***  
16 ***thereto, at the rate of 4.9%, and deposited as provided in subsection (a),***  
17 ***exclusive of amounts credited pursuant to subsection (d), in the state***  
18 ***highway fund.***

19       ***(2) The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected or***  
20 ***received from the tax imposed by K.S.A. 79-3603, and amendments***  
21 ***thereto, at the rate of 5.3%, and deposited as provided in subsection (a),***  
22 ***exclusive of amounts credited pursuant to subsection (d), in the state***  
23 ***highway fund.***

24       ***(3) On July 1, 2006, the state treasurer shall credit  $\frac{19}{265}$  of the***  
25 ***revenue collected and received from the tax imposed by K.S.A. 79-3603,***  
26 ***and amendments thereto, at the rate of 5.3%, and deposited as provided***  
27 ***by subsection (a), exclusive of amounts credited pursuant to subsection***  
28 ***(d), in the state highway fund.***

29       ***(4) On July 1, 2007, the state treasurer shall credit  $\frac{13}{106}$  of the***  
30 ***revenue collected and received from the tax imposed by K.S.A. 79-3603,***  
31 ***and amendments thereto, at the rate of 5.3%, and deposited as provided***  
32 ***by subsection (a), exclusive of amounts credited pursuant to subsection***  
33 ***(d), in the state highway fund.***

34       ***(5) On July 1, 2010, the state treasurer shall credit 11.427% of the***  
35 ***revenue collected and received from the tax imposed by K.S.A. 79-3603,***  
36 ***and amendments thereto, at the rate of 6.3%, and deposited as provided***  
37 ***by subsection (a), exclusive of amounts credited pursuant to subsection***  
38 ***(d), in the state highway fund.***

39       ***(6) On July 1, 2011, the state treasurer shall credit 11.26% of the***  
40 ***revenue collected and received from the tax imposed by K.S.A. 79-3603,***  
41 ***and amendments thereto, at the rate of 6.3%, and deposited as provided***  
42 ***by subsection (a), exclusive of amounts credited pursuant to subsection***  
43 ***(d), in the state highway fund.***

1       (7) *On July 1, 2012, the state treasurer shall credit 11.233% of the*  
2 *revenue collected and received from the tax imposed by K.S.A. 79-3603,*  
3 *and amendments thereto, at the rate of 6.3%, and deposited as provided*  
4 *by subsection (a), exclusive of amounts credited pursuant to subsection*  
5 *(d), in the state highway fund, as well as such revenue collected and*  
6 *received at the rate of 6.3%, after June 30, 2013.*

7       (8) *On July 1, 2013, and thereafter, the state treasurer shall credit*  
8 *~~18.421%~~ 17.144% of the revenue collected and received from the tax*  
9 *imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~,*  
10 *6.3% and 4.95% for food and deposited as provided by subsection (a),*  
11 *exclusive of amounts credited pursuant to subsection (d), in the state*  
12 *highway fund.*

13       (d) *The state treasurer shall credit all revenue collected or received*  
14 *from the tax imposed by K.S.A. 79-3603, and amendments thereto, as*  
15 *certified by the director, from taxpayers doing business within that*  
16 *portion of a STAR bond project district occupied by a STAR bond project*  
17 *or taxpayers doing business with such entity financed by a STAR bond*  
18 *project as defined in K.S.A. 2012 Supp. 12-17,162, and amendments*  
19 *thereto, that was determined by the secretary of commerce to be of*  
20 *statewide as well as local importance or will create a major tourism area*  
21 *for the state or the project was designated as a STAR bond project as*  
22 *defined in K.S.A. 2012 Supp. 12-17,162, and amendments thereto, to the*  
23 *city bond finance fund, which fund is hereby created. The provisions of*  
24 *this subsection shall expire when the total of all amounts credited*  
25 *hereunder and under subsection (d) of K.S.A. 79-3710, and amendments*  
26 *thereto, is sufficient to retire the special obligation bonds issued for the*  
27 *purpose of financing all or a portion of the costs of such STAR bond*  
28 *project.*

29       (e) *All revenue certified by the director of taxation as having been*  
30 *collected or received from the tax imposed by subsection (c) of K.S.A.*  
31 *79-3603, and amendments thereto, on the sale or furnishing of gas,*  
32 *water, electricity and heat for use or consumption within the intermodal*  
33 *facility district described in this subsection, shall be credited by the state*  
34 *treasurer to the state highway fund. Such revenue may be transferred by*  
35 *the secretary of transportation to the rail service improvement fund*  
36 *pursuant to law. The provisions of this subsection shall take effect upon*  
37 *certification by the secretary of transportation that a notice to proceed*  
38 *has been received for the construction of the improvements within the*  
39 *intermodal facility district, but not later than December 31, 2010, and*  
40 *shall expire when the secretary of revenue determines that the total of all*  
41 *amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-*  
42 *3710, and amendments thereto, is equal to \$53,300,000, but not later*  
43 *than December 31, 2045. Thereafter, all revenues shall be collected and*

1 *distributed in accordance with applicable law. For all tax reporting*  
2 *periods during which the provisions of this subsection are in effect, none*  
3 *of the exemptions contained in K.S.A. 79-3601 et seq., and amendments*  
4 *thereto, shall apply to the sale or furnishing of any gas, water, electricity*  
5 *and heat for use or consumption within the intermodal facility district.*  
6 *As used in this subsection, "intermodal facility district" shall consist of*  
7 *an intermodal transportation area as defined by subsection (oo) of*  
8 *K.S.A. 12-1770a, and amendments thereto, located in Johnson county*  
9 *within the polygonal-shaped area having Waverly Road as the eastern*  
10 *boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as*  
11 *the western boundary, and Highway 56 as the northern boundary, and*  
12 *the polygonal-shaped area having Poplar Road as the eastern boundary,*  
13 *183<sup>rd</sup> Street as the southern boundary, Waverly Road as the western*  
14 *boundary, and the BNSF mainline track as the northern boundary, that*  
15 *includes capital investment in an amount exceeding \$150 million for the*  
16 *construction of an intermodal facility to handle the transfer, storage and*  
17 *distribution of freight through railway and trucking operations.*

18 *Sec. 9. K.S.A. 2012 Supp. 79-3703 is hereby amended to read as*  
19 *follows: 79-3703. There is hereby levied and there shall be collected*  
20 *from every person in this state a tax or excise for the privilege of using,*  
21 *storing, or consuming within this state any article of tangible personal*  
22 *property. Such tax shall be levied and collected in an amount equal to*  
23 *the consideration paid by the taxpayer multiplied by the rate of 5.3%,*  
24 *and commencing July 1, 2010, at the rate of 6.3%, and commencing July*  
25 *1, 2013, at the rate of 5.7% except that effective January 1, 2014, the rate*  
26 *on the consideration paid by the taxpayer for food and food ingredients,*  
27 *and food purchased through vending machines shall be 4.95%, but not*  
28 *including the consideration paid by the taxpayer for prepared food, which*  
29 *rate shall be 6.3%.*

30 *(a) The following items shall be taxed as the using, consuming or*  
31 *storing within this state of food and food ingredients and not as the using,*  
32 *consuming or storing within this state of prepared food if sold without*  
33 *eating utensils provided by the seller:*

34 *(1) Food sold by a seller whose proper primary NAICS classification*  
35 *is manufacturing in sector 311, except subsector 3118 (bakeries).*

36 *(2) Food sold in an unheated state by weight or volume as a single*  
37 *item.*

38 *(3) Bakery items, including bread, rolls, buns, biscuits, bagels,*  
39 *croissants, pastries, doughnuts, danish, cakes, tortes, pies, tarts, muffins,*  
40 *bars, cookies and tortillas.*

41 *The privilege of using, storing or consuming within this state*  
42 *substances that are included within the definition of "food and food*  
43 *ingredients," including, but not limited to, "bottled water," "candy,"*

1 "dietary supplements" and "soft drinks," shall be taxed as the privilege of  
2 using, storing or consuming within this state "prepared food" if sold as  
3 "prepared food."

4 (b) *Within a redevelopment district established pursuant to K.S.A.*  
5 *74-8921, and amendments thereto, there is hereby levied and there shall*  
6 *be collected and paid an additional tax of 2% until the earlier of: (1) The*  
7 *date the bonds issued to finance or refinance the redevelopment project*  
8 *undertaken in the district have been paid in full; or (2) the final*  
9 *scheduled maturity of the first series of bonds issued to finance the*  
10 *redevelopment project. All property purchased or leased within or*  
11 *without this state and subsequently used, stored or consumed in this*  
12 *state shall be subject to the compensating tax if the same property or*  
13 *transaction would have been subject to the Kansas retailers' sales tax*  
14 *had the transaction been wholly within this state.*

15 *Sec. 10. K.S.A. 2012 Supp. 79-3710 is hereby amended to read as*  
16 *follows: 79-3710. (a) All revenue collected or received by the director*  
17 *under the provisions of this act shall be remitted to the state treasurer in*  
18 *accordance with the provisions of K.S.A. 75-4215, and amendments*  
19 *thereto. Upon receipt of each such remittance, the state treasurer shall*  
20 *deposit the entire amount in the state treasury, less amounts set apart as*  
21 *provided in subsection (b) and amounts credited as provided in*  
22 *subsection (c), (d) and (e), to the credit of the state general fund.*

23 (b) *A revolving fund, designated as "compensating tax refund*  
24 *fund" not to exceed \$10,000 shall be set apart and maintained by the*  
25 *director from compensating tax collections and estimated tax collections*  
26 *and held by the state treasurer for prompt payment of all compensating*  
27 *tax refunds. Such fund shall be in such amount, within the limit set by*  
28 *this section, as the director shall determine is necessary to meet current*  
29 *refunding requirements under this act.*

30 (c) (1) *The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or*  
31 *received from the tax imposed by K.S.A. 79-3703, and amendments*  
32 *thereto, at the rate of 4.9%, and deposited as provided in subsection (a),*  
33 *exclusive of amounts credited pursuant to subsection (d), in the state*  
34 *highway fund.*

35 (2) *The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected or*  
36 *received from the tax imposed by K.S.A. 79-3703, and amendments*  
37 *thereto, at the rate of 5.3%, and deposited as provided in subsection (a),*  
38 *exclusive of amounts credited pursuant to subsection (d), in the state*  
39 *highway fund.*

40 (3) *On July 1, 2006, the state treasurer shall credit  $\frac{19}{265}$  of the*  
41 *revenue collected or received from the tax imposed by K.S.A. 79-3703,*  
42 *and amendments thereto, at the rate of 5.3%, and deposited as provided*  
43 *by subsection (a), exclusive of amounts credited pursuant to subsection*

1 *(d), in the state highway fund.*

2 *(4) On July 1, 2007, the state treasurer shall credit <sup>13</sup>/<sub>106</sub> of the*  
3 *revenue collected or received from the tax imposed by K.S.A. 79-3703,*  
4 *and amendments thereto, at the rate of 5.3%, and deposited as provided*  
5 *by subsection (a), exclusive of amounts credited pursuant to subsection*  
6 *(d), in the state highway fund.*

7 *(5) On July 1, 2010, the state treasurer shall credit 11.427% of the*  
8 *revenue collected and received from the tax imposed by K.S.A. 79-3703,*  
9 *and amendments thereto, at the rate of 6.3%, and deposited as provided*  
10 *by subsection (a), exclusive of amounts credited pursuant to subsection*  
11 *(d), in the state highway fund.*

12 *(6) On July 1, 2011, the state treasurer shall credit 11.26% of the*  
13 *revenue collected and received from the tax imposed by K.S.A. 79-3703,*  
14 *and amendments thereto, at the rate of 6.3%, and deposited as provided*  
15 *by subsection (a), exclusive of amounts credited pursuant to subsection*  
16 *(d), in the state highway fund.*

17 *(7) On July 1, 2012, the state treasurer shall credit 11.233% of the*  
18 *revenue collected and received from the tax imposed by K.S.A. 79-3703,*  
19 *and amendments thereto, at the rate of 6.3%, and deposited as provided*  
20 *by subsection (a), exclusive of amounts credited pursuant to subsection*  
21 *(d), in the state highway fund, as well as such revenue collected and*  
22 *received at the rate of 6.3%, after June 30, 2013.*

23 *(8) On July 1, 2013, and thereafter, the state treasurer shall credit*  
24 *~~18.421%~~ 17.144% of the revenue collected and received from the tax*  
25 *imposed by K.S.A. 79-3703, and amendments thereto, at the rate of ~~5.7%~~,*  
26 *6.3% and 4.95% for food and deposited as provided by subsection (a),*  
27 *exclusive of amounts credited pursuant to subsection (d), in the state*  
28 *highway fund.*

29 *(d) The state treasurer shall credit all revenue collected or received*  
30 *from the tax imposed by K.S.A. 79-3703, and amendments thereto, as*  
31 *certified by the director, from taxpayers doing business within that*  
32 *portion of a redevelopment district occupied by a redevelopment project*  
33 *that was determined by the secretary of commerce to be of statewide as*  
34 *well as local importance or will create a major tourism area for the state*  
35 *as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond*  
36 *finance fund created by subsection (d) of K.S.A. 79-3620, and*  
37 *amendments thereto. The provisions of this subsection shall expire when*  
38 *the total of all amounts credited hereunder and under subsection (d) of*  
39 *K.S.A. 79-3620, and amendments thereto, is sufficient to retire the*  
40 *special obligation bonds issued for the purpose of financing all or a*  
41 *portion of the costs of such redevelopment project.*

42 *This subsection shall not apply to a project designated as a special*  
43 *bond project as defined in subsection (z) of K.S.A. 12-1770a, and*



1 *amendments thereto.*

2 *(e) All revenue certified by the director of taxation as having been*  
3 *collected or received from the tax imposed by subsection (c) of K.S.A.*  
4 *79-3603, and amendments thereto, on the sale or furnishing of gas,*  
5 *water, electricity and heat for use or consumption within the intermodal*  
6 *facility district described in this subsection, shall be credited by the state*  
7 *treasurer to the state highway fund. Such revenue may be transferred by*  
8 *the secretary of transportation to the rail service improvement fund*  
9 *pursuant to law. The provisions of this subsection shall take effect upon*  
10 *certification by the secretary of transportation that a notice to proceed*  
11 *has been received for the construction of the improvements within the*  
12 *intermodal facility district, but not later than December 31, 2010, and*  
13 *shall expire when the secretary of revenue determines that the total of all*  
14 *amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-*  
15 *3620, and amendments thereto, is equal to \$53,300,000, but not later*  
16 *than December 31, 2045. Thereafter, all revenues shall be collected and*  
17 *distributed in accordance with applicable law. For all tax reporting*  
18 *periods during which the provisions of this subsection are in effect, none*  
19 *of the exemptions contained in K.S.A. 79-3601 et seq., and amendments*  
20 *thereto, shall apply to the sale or furnishing of any gas, water, electricity*  
21 *and heat for use or consumption within the intermodal facility district.*  
22 *As used in this subsection, "intermodal facility district" shall consist of*  
23 *an intermodal transportation area as defined by subsection (oo) of*  
24 *K.S.A. 12-1770a, and amendments thereto, located in Johnson county*  
25 *within the polygonal-shaped area having Waverly Road as the eastern*  
26 *boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as*  
27 *the western boundary, and Highway 56 as the northern boundary, and*  
28 *the polygonal-shaped area having Poplar Road as the eastern boundary,*  
29 *183<sup>rd</sup> Street as the southern boundary, Waverly Road as the western*  
30 *boundary, and the BNSF mainline track as the northern boundary, that*  
31 *includes capital investment in an amount exceeding \$150 million for the*  
32 *construction of an intermodal facility to handle the transfer, storage and*  
33 *distribution of freight through railway and trucking operations.*

34 *Sec. 11. K.S.A. 2012 Supp. 79-32,110, 79-32,119, 79-32,120, 79-*  
35 *3602, 79-3603, 79-3620, as amended by section 6 of 2013 House*  
36 *Substitute for Senate Bill No. 83, 79-3703 and 79-3710 are hereby*  
37 *repealed.*

38 *Sec. 12. K.S.A. 2012 Supp. 79-32,177 is hereby repealed.}*

39 ~~*Sec. 2. 4. K.S.A. 2012 Supp. 79-32,195 is and 79-3606 are hereby*~~  
40 ~~*repealed.*~~

41 ~~*Sec. 3-5. { 13.} This act shall take effect and be in force from and*~~  
42 ~~*after its publication in the statute book {Kansas register}.*~~