

{As Further Amended by Senate Committee of the Whole}

As Amended by Senate Committee

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Session of 2015

Senate Substitute for HOUSE BILL No. 2109

By Committee on Assessment and Taxation

5-20

1 AN ACT concerning taxation; relating to ~~income tax, rates, itemized~~
2 ~~deductions and income modifications; creating the payroll income tax~~
3 ~~credit; tax amnesty; sales and compensating use tax, rates, food and~~
4 ~~distribution thereof; cigarettes and tobacco products, rates; motor~~
5 ~~vehicle fuel taxes, rates and distribution thereof; personal property~~
6 ~~taxation, motor vehicles, computation of amount of tax, state school~~
7 ~~district ad valorem tax levy; ~~creating the tobacco cessation fund;~~~~
8 ~~amending K.S.A. 79-3371 and 79-3378 and K.S.A. 2014 Supp. 79-~~
9 ~~32,110, 79-32,117, 79-32,120, 79-3310, 79-3310e, 79-3311, 79-3312,~~
10 ~~79-3387, 79-3492b, 79-34,118, 79-34,141, 79-34,142, 79-3602, 79-~~
11 ~~3603, as amended by section 20 of 2015 Senate Substitute for House~~
12 ~~Bill No. 2155, 79-3620, 79-3703, ~~and~~ 79-3710 and 79-5105 and~~
13 ~~repealing the existing sections}; *income tax, eligibility for credits;*~~
14 ~~*property tax exemptions; sales and compensating use tax,*~~
15 ~~*exemptions; income tax, subtraction modifications; motor vehicle*~~
16 ~~*taxation; sales and compensating use tax, rates, distribution thereof;*~~
17 ~~*amending K.S.A. 79-5108 and K.S.A. 2014 Supp. 79-201, as amended*~~
18 ~~*by section 4 of 2015 Senate Bill No. 91, 79-32,117, 79-32,265, 79-*~~
19 ~~*3603, as amended by section 20 of 2015 Senate Substitute for House*~~
20 ~~*Bill No. 2155, 79-3606, 79-3620, 79-3703 and 79-3710 and repealing*~~
21 ~~*the existing sections}.*~~
22
23

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

25 New Section 1. (a) (1) Notwithstanding the provisions of any other
26 law to the contrary, with respect to the following taxes administered by the
27 department of revenue, an amnesty from the assessment or payment of all
28 penalties and interest with respect to unpaid taxes or taxes due and owing
29 shall apply upon compliance with the provisions of this section and if such
30 tax liability is paid in full within the amnesty period, from September 1,
31 2015, to October 15, 2015: (A) Privilege tax under K.S.A. 79-1106 et seq.,
32 and amendments thereto; (B) taxes under the Kansas estate tax act, K.S.A.

1 2006 Supp. 79-15,100 et seq., prior to their repeal; (C) taxes under the
 2 Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto;
 3 (D) taxes under the Kansas withholding and declaration of estimated tax
 4 act, K.S.A. 79-3294 et seq., and amendments thereto; (E) taxes under the
 5 Kansas cigarette and tobacco products act, K.S.A. 79-3301 et seq., and
 6 amendments thereto; (F) taxes under the Kansas retailers' sales tax act,
 7 K.S.A. 79-3601 et seq., and amendments thereto, and the Kansas
 8 compensating tax act, K.S.A. 79-3701 et seq., and amendments thereto;
 9 (G) local sales and use taxes under K.S.A. 12-187 et seq., and amendments
 10 thereto; (H) liquor enforcement tax under K.S.A. 79-4101 et seq., and
 11 amendments thereto; (I) liquor drink tax under K.S.A. 79-74a01 et seq.,
 12 and amendments thereto; and (J) mineral severance tax under K.S.A. 79-
 13 4216 et seq., and amendments thereto.

14 (2) Amnesty under this section shall apply only to tax liabilities due
 15 and unpaid for tax periods ending on or before December 31, 2013. For the
 16 eligible taxes and tax periods, amnesty shall apply to the under-reporting
 17 of such tax liabilities, the nonpayment of such taxes and the nonreporting
 18 of such tax liabilities.

19 (3) Amnesty shall not apply to any matter or matters for which, on or
 20 after September 1, 2015, any one of the following circumstances exist: (A)
 21 The taxpayer has received notice of the commencement of an audit; (B) an
 22 audit is in progress; (C) the taxpayer has received notice of an assessment
 23 pursuant to K.S.A. 79-2971 or 79-3643, and amendments thereto; (D) as a
 24 result of an audit, the taxpayer has received notice of a proposed or
 25 estimated assessment or notice of an assessment; (E) the time to
 26 administratively appeal an issued assessment has not yet expired; or (F) an
 27 assessment resulting from an audit, or any portion of such assessment, is
 28 pending in the administrative appeals process before the secretary or the
 29 secretary's designee pursuant to K.S.A. 79-3226 or 79-3610, and
 30 amendments thereto, or the state board of tax appeals, or is pending in the
 31 judicial review process before any state or federal district or appellate
 32 court. Amnesty shall not apply to any matter that is the subject of an
 33 assessment, or any portion of an assessment, which has been affirmed by a
 34 reviewing state or federal district or appellate court. Amnesty shall not
 35 apply to any party to any criminal investigation or to any civil or criminal
 36 litigation that is pending in any court of the United States or this state for
 37 nonpayment, delinquency or fraud in relation to any tax imposed by the
 38 state of Kansas. Amnesty shall not apply to any matter involving
 39 individual or corporate income tax liability resulting from an audit or
 40 adjustment by the federal internal revenue service and reported to the
 41 Kansas department of revenue pursuant to K.S.A. 79-3230(f), and
 42 amendments thereto.

43 (b) Upon written application by the taxpayer, on forms prescribed by

1 the secretary of revenue, and upon compliance with the provisions of this
2 section, the department of revenue may waive the imposition and
3 collection of any penalty or interest which may be applicable with respect
4 to taxes eligible for amnesty. The department of revenue may require all
5 applications for amnesty pursuant to this section be submitted
6 electronically.

7 (c) Amnesty for penalties and interest shall be granted only to those
8 eligible taxpayers who, within the amnesty period of September 1, 2015,
9 to October 15, 2015, and in accordance with rules and regulations
10 established by the secretary of revenue, have properly filed a tax return for
11 each taxable period for which amnesty is requested, paid the entire balance
12 of tax due and obtained approval of such amnesty by the department of
13 revenue.

14 (d) If a taxpayer elects to participate in the amnesty program
15 established pursuant to this section as evidenced by full payment of the tax
16 due as established by the secretary of revenue, that election shall constitute
17 an express and absolute relinquishment of all administrative and judicial
18 rights of appeal with respect to such tax liability. No tax payment received
19 pursuant to this section shall be eligible for refund or credit. No payment
20 of penalties or interest made prior to September 1, 2015, shall be eligible
21 for amnesty.

22 (e) For such tax returns for which amnesty has been requested,
23 nothing in this section shall be interpreted to prohibit the department from
24 adjusting such tax return as a result of a federal, department or other state
25 agency audit.

26 (f) Fraud or intentional misrepresentation of a material fact in
27 connection with an application for amnesty shall void such application and
28 any waiver of penalties and interest from amnesty.

29 (g) The department may promulgate such rules and regulations or
30 issue administrative guidelines as are necessary to administer the
31 provisions of this section.

32 ~~New Sec. 2. (a) For taxable years 2015 and 2016, the owners of a~~
33 ~~business entity, as defined in subsection (b), shall be allowed a credit~~
34 ~~against the tax liability of a resident individual imposed by the Kansas~~
35 ~~income tax act as follows: (1) For tax year 2015, an amount equal to 1% of~~
36 ~~the annual payroll as defined in K.S.A. 44-703, and amendments thereto;~~
37 ~~**for persons who are employed in Kansas;**~~ and (2) for tax year 2016, an
38 ~~amount equal to 2% of the annual payroll as defined in K.S.A. 44-703, and~~
39 ~~amendments thereto, **for persons who are employed in Kansas.** The~~
40 ~~credit allowed by this section shall not exceed the amount of tax imposed~~
41 ~~under the Kansas income tax act reduced by the sum of any other credits~~
42 ~~allowable pursuant to law. Such credit shall be deducted from the~~
43 ~~taxpayer's income tax liability for the taxable year in which the~~

1 ~~expenditures are made by the taxpayer. The taxpayer shall not be allowed~~
2 ~~to carry over any amount of such credit exceeding the taxpayer's income~~
3 ~~tax liability.~~

4 ~~(b) For purposes of this section, "business entity" means an S-~~
5 ~~corporation, partnership, limited liability company, association, sole~~
6 ~~proprietorship, joint venture or other similar form of business organization.~~
7 ~~The term "business entity" shall not include any business organization~~
8 ~~subject to the income tax on corporations under K.S.A. 79-32,110(e), and~~
9 ~~amendments thereto, the privilege tax measured by net income of financial~~
10 ~~institutions imposed pursuant to article 11 of chapter 79 of the Kansas~~
11 ~~Statutes Annotated, and amendments thereto, or the premium tax on~~
12 ~~privilege fees imposed pursuant to K.S.A. 40-252, and amendments~~
13 ~~thereto. For any S corporation, partnership or limited liability company,~~
14 ~~the credit provided by this section shall be claimed by individuals who are~~
15 ~~the shareholders of such S corporation, the partners of such partnership or~~
16 ~~the members of such limited liability company in the same manner as such~~
17 ~~shareholders, partners or members account for their proportionate shares~~
18 ~~of the income or loss of the corporation, partnership or limited liability~~
19 ~~company.~~

20 ~~(c) The secretary of labor or such secretary's designee shall provide~~
21 ~~the secretary of revenue or such secretary's designee such information as~~
22 ~~may be necessary for the administration of the provisions of this section.~~
23 ~~Such information to be provided by the department of revenue shall~~
24 ~~include, but not be limited to, withholding tax and payroll information.~~

25 ~~(d) The secretary of revenue may adopt such rules and regulations as~~
26 ~~are necessary to implement the provisions of this section.~~

27 ~~New Sec. 3. (a) On or before July 31, 2015, each distributor having a~~
28 ~~place of business in this state shall file a report with the director in such~~
29 ~~form as the director may prescribe, showing the tobacco products on hand~~
30 ~~at 12:01 a.m. on July 1, 2015. A tax at a rate equal to 5% of the wholesale~~
31 ~~price of such tobacco products is hereby imposed upon such tobacco~~
32 ~~products and shall be due and payable on or before July 31, 2015. The tax~~
33 ~~upon such tobacco products shall be imposed only once under this act. The~~
34 ~~director shall remit all moneys collected pursuant to this section to the~~
35 ~~state treasurer who shall credit the entire amount thereof to the state~~
36 ~~general fund.~~

37 ~~(b) This section shall be part of and supplemental to the Kansas~~
38 ~~cigarette and tobacco products act.~~

39 ~~Sec. 4. K.S.A. 2014 Supp. 79-32,110 is hereby amended to read as~~
40 ~~follows: 79-32,110.(a) *Resident Individuals.* Except as otherwise provided~~
41 ~~by subsection (a) of K.S.A. 79-3220(a), and amendments thereto, a tax is~~
42 ~~hereby imposed upon the Kansas taxable income of every resident~~
43 ~~individual, which tax shall be computed in accordance with the following~~

1 tax schedules:

2 (1) Married individuals filing joint returns:

3 (A) For tax year 2012:

4 If the taxable income is: The tax is:
5 Not over \$30,000.....3.5% of Kansas taxable income
6 Over \$30,000 but not over.....\$1,050 plus 6.25% of excess
7 \$60,000.....over \$30,000
8 Over \$60,000.....\$2,925 plus 6.45% of excess
9 over \$60,000

10 (B) For tax year 2013:

11 If the taxable income is: The tax is:
12 Not over \$30,000.....3.0% of Kansas taxable income
13 Over \$30,000.....\$900 plus 4.9% of excess over
14 \$30,000

15 (C) For tax year 2014:

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 4.8% of excess over
19 \$30,000

20 (D) For tax year 2015, and all tax years thereafter:

21 If the taxable income is: The tax is:
22 Not over \$30,000.....2.7% of Kansas taxable income
23 Over \$30,000.....\$810 plus 4.6% of excess over
24 \$30,000

25 (E) For tax year 2016:

26 If the taxable income is: The tax is:
27 Not over \$30,000.....2.4% of Kansas taxable income
28 Over \$30,000.....\$720 plus 4.6% of excess over
29 \$30,000

30 (F) For tax year 2017:

31 If the taxable income is: The tax is:
32 Not over \$30,000.....2.3% of Kansas taxable income
33 Over \$30,000.....\$690 plus 4.6% of excess over
34 \$30,000

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

36 If the taxable income is: The tax is:
37 Not over \$30,000.....2.3% of Kansas taxable income
38 Over \$30,000.....\$690 plus 3.9% of excess over
39 \$30,000

40 (2) All other individuals:

41 (A) For tax year 2012:

42 If the taxable income is: The tax is:
43 Not over \$15,000.....3.5% of Kansas taxable income

1 ~~Over \$15,000 but not over.....\$525 plus 6.25% of excess~~
2 ~~\$30,000.....over \$15,000~~
3 ~~Over \$30,000.....\$1,462.50 plus 6.45% of excess~~
4 ~~.....over \$30,000~~

5 ~~(B) For tax year 2013:~~
6 ~~If the taxable income is:.....The tax is:~~
7 ~~Not over \$15,000.....3.0% of Kansas taxable income~~
8 ~~Over \$15,000.....\$450 plus 4.9% of excess over~~
9 ~~.....\$15,000~~

10 ~~(C) For tax year 2014:~~
11 ~~If the taxable income is:.....The tax is:~~
12 ~~Not over \$15,000.....2.7% of Kansas taxable income~~
13 ~~Over \$15,000.....\$405 plus 4.8% of excess over~~
14 ~~.....\$15,000~~

15 ~~(D) For tax year 2015, and all tax years thereafter:~~
16 ~~If the taxable income is:.....The tax is:~~
17 ~~Not over \$15,000.....2.7% of Kansas taxable income~~
18 ~~Over \$15,000.....\$405 plus 4.6% of excess over~~
19 ~~.....\$15,000~~

20 ~~(E) For tax year 2016:~~
21 ~~If the taxable income is:.....The tax is:~~
22 ~~Not over \$15,000.....2.4% of Kansas taxable income~~
23 ~~Over \$15,000.....\$360 plus 4.6% of excess over~~
24 ~~.....\$15,000~~

25 ~~(F) For tax year 2017:~~
26 ~~If the taxable income is:.....The tax is:~~
27 ~~Not over \$15,000.....2.3% of Kansas taxable income~~
28 ~~Over \$15,000.....\$345 plus 4.6% of excess over~~
29 ~~.....\$15,000~~

30 ~~(G) For tax year 2018, and all tax years thereafter:~~
31 ~~If the taxable income is:.....The tax is:~~
32 ~~Not over \$15,000.....2.3% of Kansas taxable income~~
33 ~~Over \$15,000.....\$345 plus 3.9% of excess over~~
34 ~~.....\$15,000~~

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

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

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

3 ~~(2) (A) for tax year 2008, the surtax shall be in an amount equal to~~
4 ~~3.1% of the Kansas taxable income of such corporation in excess of~~
5 ~~\$50,000;~~

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

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

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

15 ~~(e) Tax rates provided in this section shall be adjusted pursuant to the~~
16 ~~provisions of K.S.A. 2014 Supp. 79-32,269, and amendments thereto.~~

17 ~~Sec. 5. K.S.A. 2014 Supp. 79-32,117 is hereby amended to read as~~
18 ~~follows: 79-32,117. (a) The Kansas adjusted gross income of an individual~~
19 ~~means such individual's federal adjusted gross income for the taxable year,~~
20 ~~with the modifications specified in this section.~~

21 ~~(b) There shall be added to federal adjusted gross income:~~

22 ~~(i) Interest income less any related expenses directly incurred in the~~
23 ~~purchase of state or political subdivision obligations, to the extent that the~~
24 ~~same is not included in federal adjusted gross income, on obligations of~~
25 ~~any state or political subdivision thereof, but to the extent that interest~~
26 ~~income on obligations of this state or a political subdivision thereof issued~~
27 ~~prior to January 1, 1988, is specifically exempt from income tax under the~~
28 ~~laws of this state authorizing the issuance of such obligations, it shall be~~
29 ~~excluded from computation of Kansas adjusted gross income whether or~~
30 ~~not included in federal adjusted gross income. Interest income on~~
31 ~~obligations of this state or a political subdivision thereof issued after~~
32 ~~December 31, 1987, shall be excluded from computation of Kansas~~
33 ~~adjusted gross income whether or not included in federal adjusted gross~~
34 ~~income.~~

35 ~~(ii) Taxes on or measured by income or fees or payments in lieu of~~
36 ~~income taxes imposed by this state or any other taxing jurisdiction to the~~
37 ~~extent deductible in determining federal adjusted gross income and not~~
38 ~~credited against federal income tax. This paragraph shall not apply to taxes~~
39 ~~imposed under the provisions of K.S.A. 79-1107 or 79-1108, and~~
40 ~~amendments thereto, for privilege tax year 1995, and all such years~~
41 ~~thereafter.~~

42 ~~(iii) The federal net operating loss deduction.~~

43 ~~(iv) Federal income tax refunds received by the taxpayer if the~~

1 ~~deduction of the taxes being refunded resulted in a tax benefit for Kansas~~
2 ~~income tax purposes during a prior taxable year. Such refunds shall be~~
3 ~~included in income in the year actually received regardless of the method~~
4 ~~of accounting used by the taxpayer. For purposes hereof, a tax benefit shall~~
5 ~~be deemed to have resulted if the amount of the tax had been deducted in~~
6 ~~determining income subject to a Kansas income tax for a prior year~~
7 ~~regardless of the rate of taxation applied in such prior year to the Kansas~~
8 ~~taxable income, but only that portion of the refund shall be included as~~
9 ~~bears the same proportion to the total refund received as the federal taxes~~
10 ~~deducted in the year to which such refund is attributable bears to the total~~
11 ~~federal income taxes paid for such year. For purposes of the foregoing~~
12 ~~sentence, federal taxes shall be considered to have been deducted only to~~
13 ~~the extent such deduction does not reduce Kansas taxable income below~~
14 ~~zero.~~

15 ~~(v) The amount of any depreciation deduction or business expense~~
16 ~~deduction claimed on the taxpayer's federal income tax return for any~~
17 ~~capital expenditure in making any building or facility accessible to the~~
18 ~~handicapped, for which expenditure the taxpayer claimed the credit~~
19 ~~allowed by K.S.A. 79-32,177, and amendments thereto.~~

20 ~~(vi) Any amount of designated employee contributions picked up by~~
21 ~~an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,~~
22 ~~and amendments thereto.~~

23 ~~(vii) The amount of any charitable contribution made to the extent the~~
24 ~~same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-~~
25 ~~32,196, and amendments thereto.~~

26 ~~(viii) The amount of any costs incurred for improvements to a swine~~
27 ~~facility, claimed for deduction in determining federal adjusted gross~~
28 ~~income, to the extent the same is claimed as the basis for any credit~~
29 ~~allowed pursuant to K.S.A. 2014 Supp. 79-32,204, and amendments~~
30 ~~thereto.~~

31 ~~(ix) The amount of any ad valorem taxes and assessments paid and~~
32 ~~the amount of any costs incurred for habitat management or construction~~
33 ~~and maintenance of improvements on real property, claimed for deduction~~
34 ~~in determining federal adjusted gross income, to the extent the same is~~
35 ~~claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,~~
36 ~~and amendments thereto.~~

37 ~~(x) Amounts received as nonqualified withdrawals, as defined by~~
38 ~~K.S.A. 2014 Supp. 75-643, and amendments thereto, if, at the time of~~
39 ~~contribution to a family postsecondary education savings account, such~~
40 ~~amounts were subtracted from the federal adjusted gross income pursuant~~
41 ~~to paragraph (xv) of subsection (c) of K.S.A. 79-32,117(c)(xv), and~~
42 ~~amendments thereto, or if such amounts are not already included in the~~
43 ~~federal adjusted gross income.~~

1 ~~(xi) The amount of any contribution made to the same extent the~~
2 ~~same is claimed as the basis for the credit allowed pursuant to K.S.A. 2014~~
3 ~~Supp. 74-50,154, and amendments thereto.~~

4 ~~(xii) For taxable years commencing after December 31, 2004,~~
5 ~~amounts received as withdrawals not in accordance with the provisions of~~
6 ~~K.S.A. 2014 Supp. 74-50,204, and amendments thereto, if, at the time of~~
7 ~~contribution to an individual development account, such amounts were~~
8 ~~subtracted from the federal adjusted gross income pursuant to paragraph~~
9 ~~(xiii) of subsection (c)(xiii), or if such amounts are not already included in~~
10 ~~the federal adjusted gross income.~~

11 ~~(xiii) The amount of any expenditures claimed for deduction in~~
12 ~~determining federal adjusted gross income, to the extent the same is~~
13 ~~claimed as the basis for any credit allowed pursuant to K.S.A. 2014 Supp.~~
14 ~~79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.~~

15 ~~(xiv) The amount of any amortization deduction claimed in~~
16 ~~determining federal adjusted gross income to the extent the same is~~
17 ~~claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,221, and~~
18 ~~amendments thereto.~~

19 ~~(xv) The amount of any expenditures claimed for deduction in~~
20 ~~determining federal adjusted gross income, to the extent the same is~~
21 ~~claimed as the basis for any credit allowed pursuant to K.S.A. 2014 Supp.~~
22 ~~79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233~~
23 ~~through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-~~
24 ~~32,248 or 79-32,251 through 79-32,254, and amendments thereto.~~

25 ~~(xvi) The amount of any amortization deduction claimed in~~
26 ~~determining federal adjusted gross income to the extent the same is~~
27 ~~claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,227, 79-~~
28 ~~32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments~~
29 ~~thereto.~~

30 ~~(xvii) The amount of any amortization deduction claimed in~~
31 ~~determining federal adjusted gross income to the extent the same is~~
32 ~~claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,256, and~~
33 ~~amendments thereto.~~

34 ~~(xviii) For taxable years commencing after December 31, 2006, the~~
35 ~~amount of any ad valorem or property taxes and assessments paid to a state~~
36 ~~other than Kansas or local government located in a state other than Kansas~~
37 ~~by a taxpayer who resides in a state other than Kansas, when the law of~~
38 ~~such state does not allow a resident of Kansas who earns income in such~~
39 ~~other state to claim a deduction for ad valorem or property taxes or~~
40 ~~assessments paid to a political subdivision of the state of Kansas in~~
41 ~~determining taxable income for income tax purposes in such other state, to~~
42 ~~the extent that such taxes and assessments are claimed as an itemized~~
43 ~~deduction for federal income tax purposes.~~

1 ~~(xix) For all taxable years beginning after December 31, 2012, and~~
 2 ~~before January 1, 2015, and all taxable years beginning after December:~~
 3 ~~31, 2016, the amount of any: (1) Loss from business as determined under~~
 4 ~~the federal internal revenue code and reported from schedule C and on line~~
 5 ~~12 of the taxpayer's form 1040 federal individual income tax return; (2)~~
 6 ~~loss from rental real estate, royalties, partnerships, S corporations, except~~
 7 ~~those with wholly owned subsidiaries subject to the Kansas privilege tax,~~
 8 ~~estates, trusts, residual interest in real estate mortgage investment conduits~~
 9 ~~and net farm rental as determined under the federal internal revenue code~~
 10 ~~and reported from schedule E and on line 17 of the taxpayer's form 1040~~
 11 ~~federal individual income tax return; and (3) farm loss as determined under~~
 12 ~~the federal internal revenue code and reported from schedule F and on line~~
 13 ~~18 of the taxpayer's form 1040 federal income tax return; all to the extent~~
 14 ~~deducted or subtracted in determining the taxpayer's federal adjusted gross~~
 15 ~~income. For purposes of this subsection, references to the federal form~~
 16 ~~1040 and federal schedule C, schedule E, and schedule F, shall be to such~~
 17 ~~form and schedules as they existed for tax year 2011, and as revised~~
 18 ~~thereafter by the internal revenue service.~~

19 ~~(xx) For all taxable years beginning after December 31, 2012, and~~
 20 ~~before January 1, 2015, and all taxable years beginning after December:~~
 21 ~~31, 2016, the amount of any deduction for self-employment taxes under~~
 22 ~~section 164(f) of the federal internal revenue code as in effect on January~~
 23 ~~1, 2012, and amendments thereto, in determining the federal adjusted gross~~
 24 ~~income of an individual taxpayer, to the extent the deduction is attributable~~
 25 ~~to income reported on schedule C, E or F and on line 12, 17 or 18 of the~~
 26 ~~taxpayer's form 1040 federal income tax return.~~

27 ~~(xxi) For all taxable years beginning after December 31, 2012, and~~
 28 ~~before January 1, 2015, and all taxable years beginning after December:~~
 29 ~~31, 2016, the amount of any deduction for pension, profit sharing, and~~
 30 ~~annuity plans of self-employed individuals under section 62(a)(6) of the~~
 31 ~~federal internal revenue code as in effect on January 1, 2012, and~~
 32 ~~amendments thereto, in determining the federal adjusted gross income of~~
 33 ~~an individual taxpayer.~~

34 ~~(xxii) For all taxable years beginning after December 31, 2012, and~~
 35 ~~before January 1, 2015, and all taxable years beginning after December:~~
 36 ~~31, 2016, the amount of any deduction for health insurance under section~~
 37 ~~162(l) of the federal internal revenue code as in effect on January 1, 2012,~~
 38 ~~and amendments thereto, in determining the federal adjusted gross income~~
 39 ~~of an individual taxpayer.~~

40 ~~(xxiii) For all taxable years beginning after December 31, 2012, and~~
 41 ~~before January 1, 2015, and all taxable years beginning after December:~~
 42 ~~31, 2016, the amount of any deduction for domestic production activities~~
 43 ~~under section 199 of the federal internal revenue code as in effect on~~

1 ~~January 1, 2012, and amendments thereto, in determining the federal~~
2 ~~adjusted gross income of an individual taxpayer.~~

3 ~~(xxiv) For taxable years commencing after December 31, 2013, that~~
4 ~~portion of the amount of any expenditure deduction claimed in~~
5 ~~determining federal adjusted gross income for expenses paid for medical~~
6 ~~care of the taxpayer or the taxpayer's spouse or dependents when such~~
7 ~~expenses were paid or incurred for an abortion, or for a health benefit plan,~~
8 ~~as defined in K.S.A. 2014 Supp. 65-6731, and amendments thereto, for the~~
9 ~~purchase of an optional rider for coverage of abortion in accordance with~~
10 ~~K.S.A. 2014 Supp. 40-2,190, and amendments thereto, to the extent that~~
11 ~~such taxes and assessments are claimed as an itemized deduction for~~
12 ~~federal income tax purposes.~~

13 ~~(xxv) For taxable years commencing after December 31, 2013, that~~
14 ~~portion of the amount of any expenditure deduction claimed in~~
15 ~~determining federal adjusted gross income for expenses paid by a taxpayer~~
16 ~~for health care when such expenses were paid or incurred for abortion~~
17 ~~coverage, a health benefit plan, as defined in K.S.A. 2014 Supp. 65-6731,~~
18 ~~and amendments thereto, when such expenses were paid or incurred for~~
19 ~~abortion coverage or amounts contributed to health savings accounts for~~
20 ~~such taxpayer's employees for the purchase of an optional rider for~~
21 ~~coverage of abortion in accordance with K.S.A. 2014 Supp. 40-2,190, and~~
22 ~~amendments thereto, to the extent that such taxes and assessments are~~
23 ~~claimed as a deduction for federal income tax purposes.~~

24 ~~(e) There shall be subtracted from federal adjusted gross income:~~

25 ~~(i) Interest or dividend income on obligations or securities of any~~
26 ~~authority, commission or instrumentality of the United States and its~~
27 ~~possessions less any related expenses directly incurred in the purchase of~~
28 ~~such obligations or securities, to the extent included in federal adjusted~~
29 ~~gross income but exempt from state income taxes under the laws of the~~
30 ~~United States.~~

31 ~~(ii) Any amounts received which are included in federal adjusted~~
32 ~~gross income but which are specifically exempt from Kansas income~~
33 ~~taxation under the laws of the state of Kansas.~~

34 ~~(iii) The portion of any gain or loss from the sale or other disposition~~
35 ~~of property having a higher adjusted basis for Kansas income tax purposes~~
36 ~~than for federal income tax purposes on the date such property was sold or~~
37 ~~disposed of in a transaction in which gain or loss was recognized for~~
38 ~~purposes of federal income tax that does not exceed such difference in~~
39 ~~basis, but if a gain is considered a long-term capital gain for federal~~
40 ~~income tax purposes, the modification shall be limited to that portion of~~
41 ~~such gain which is included in federal adjusted gross income.~~

42 ~~(iv) The amount necessary to prevent the taxation under this act of~~
43 ~~any annuity or other amount of income or gain which was properly~~

1 ~~included in income or gain and was taxed under the laws of this state for a~~
2 ~~taxable year prior to the effective date of this act, as amended, to the~~
3 ~~taxpayer, or to a decedent by reason of whose death the taxpayer acquired~~
4 ~~the right to receive the income or gain, or to a trust or estate from which~~
5 ~~the taxpayer received the income or gain.~~

6 ~~(v) The amount of any refund or credit for overpayment of taxes on~~
7 ~~or measured by income or fees or payments in lieu of income taxes~~
8 ~~imposed by this state, or any taxing jurisdiction, to the extent included in~~
9 ~~gross income for federal income tax purposes.~~

10 ~~(vi) Accumulation distributions received by a taxpayer as a~~
11 ~~beneficiary of a trust to the extent that the same are included in federal~~
12 ~~adjusted gross income.~~

13 ~~(vii) Amounts received as annuities under the federal civil service~~
14 ~~retirement system from the civil service retirement and disability fund and~~
15 ~~other amounts received as retirement benefits in whatever form which~~
16 ~~were earned for being employed by the federal government or for service~~
17 ~~in the armed forces of the United States.~~

18 ~~(viii) Amounts received by retired railroad employees as a~~
19 ~~supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and~~
20 ~~228c (a)(1) et seq.~~

21 ~~(ix) Amounts received by retired employees of a city and by retired~~
22 ~~employees of any board of such city as retirement allowances pursuant to~~
23 ~~K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter~~
24 ~~ordinance exempting a city from the provisions of K.S.A. 13-14,106, and~~
25 ~~amendments thereto.~~

26 ~~(x) For taxable years beginning after December 31, 1976, the amount~~
27 ~~of the federal tentative jobs tax credit disallowance under the provisions of~~
28 ~~26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the~~
29 ~~amount of the targeted jobs tax credit and work incentive credit~~
30 ~~disallowances under 26 U.S.C. § 280 C.~~

31 ~~(xi) For taxable years beginning after December 31, 1986, dividend~~
32 ~~income on stock issued by Kansas Venture Capital, Inc.~~

33 ~~(xii) For taxable years beginning after December 31, 1989, amounts~~
34 ~~received by retired employees of a board of public utilities as pension and~~
35 ~~retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,~~
36 ~~and amendments thereto.~~

37 ~~(xiii) For taxable years beginning after December 31, 2004, amounts~~
38 ~~contributed to and the amount of income earned on contributions deposited~~
39 ~~to an individual development account under K.S.A. 2014 Supp. 74-50,201~~
40 ~~et seq., and amendments thereto.~~

41 ~~(xiv) For all taxable years commencing after December 31, 1996, that~~
42 ~~portion of any income of a bank organized under the laws of this state or~~
43 ~~any other state, a national banking association organized under the laws of~~

1 ~~the United States, an association organized under the savings and loan~~
2 ~~code of this state or any other state, or a federal savings association~~
3 ~~organized under the laws of the United States, for which an election as an~~
4 ~~S corporation under subchapter S of the federal internal revenue code is in~~
5 ~~effect, which accrues to the taxpayer who is a stockholder of such~~
6 ~~corporation and which is not distributed to the stockholders as dividends of~~
7 ~~the corporation. For all taxable years beginning after December 31, 2012,~~
8 ~~and before January 1, 2015, and all taxable years beginning after~~
9 ~~December 31, 2016, the amount of modification under this subsection~~
10 ~~shall exclude the portion of income or loss reported on schedule E and~~
11 ~~included on line 17 of the taxpayer's form 1040 federal individual income~~
12 ~~tax return.~~

13 ~~(xv) For all taxable years beginning after December 31, 2006,~~
14 ~~amounts not exceeding \$3,000, or \$6,000 for a married couple filing a~~
15 ~~joint return, for each designated beneficiary which are contributed to a~~
16 ~~family postsecondary education savings account established under the~~
17 ~~Kansas postsecondary education savings program or a qualified tuition~~
18 ~~program established and maintained by another state or agency or~~
19 ~~instrumentality thereof pursuant to section 529 of the internal revenue~~
20 ~~code of 1986, as amended, for the purpose of paying the qualified higher~~
21 ~~education expenses of a designated beneficiary at an institution of~~
22 ~~postsecondary education. The terms and phrases used in this paragraph~~
23 ~~shall have the meaning respectively ascribed thereto by the provisions of~~
24 ~~K.S.A. 2014 Supp. 75-643, and amendments thereto, and the provisions of~~
25 ~~such section are hereby incorporated by reference for all purposes thereof.~~

26 ~~(xvi) For all taxable years beginning after December 31, 2004,~~
27 ~~amounts received by taxpayers who are or were members of the armed~~
28 ~~forces of the United States, including service in the Kansas army and air~~
29 ~~national guard, as a recruitment, sign up or retention bonus received by~~
30 ~~such taxpayer as an incentive to join, enlist or remain in the armed services~~
31 ~~of the United States, including service in the Kansas army and air national~~
32 ~~guard, and amounts received for repayment of educational or student loans~~
33 ~~incurred by or obligated to such taxpayer and received by such taxpayer as~~
34 ~~a result of such taxpayer's service in the armed forces of the United States,~~
35 ~~including service in the Kansas army and air national guard.~~

36 ~~(xvii) For all taxable years beginning after December 31, 2004,~~
37 ~~amounts received by taxpayers who are eligible members of the Kansas~~
38 ~~army and air national guard as a reimbursement pursuant to K.S.A. 48-~~
39 ~~281, and amendments thereto, and amounts received for death benefits~~
40 ~~pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section~~
41 ~~1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and~~
42 ~~amendments thereto, to the extent that such death benefits are included in~~
43 ~~federal adjusted gross income of the taxpayer.~~

1 ~~(xviii) For the taxable year beginning after December 31, 2006,~~
2 ~~amounts received as benefits under the federal social security act which~~
3 ~~are included in federal adjusted gross income of a taxpayer with federal~~
4 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
5 ~~status is single, head of household, married filing separate or married filing~~
6 ~~jointly; and for all taxable years beginning after December 31, 2007,~~
7 ~~amounts received as benefits under the federal social security act which~~
8 ~~are included in federal adjusted gross income of a taxpayer with federal~~
9 ~~adjusted gross income of \$75,000 or less, whether such taxpayer's filing~~
10 ~~status is single, head of household, married filing separate or married filing~~
11 ~~jointly.~~

12 ~~(xix) Amounts received by retired employees of Washburn university~~
13 ~~as retirement and pension benefits under the university's retirement plan.~~

14 ~~(xx) For all taxable years beginning after December 31, 2012, and~~
15 ~~before January 1, 2015, and all taxable years beginning after December~~
16 ~~31, 2016, the amount of any: (1) Net profit from business as determined~~
17 ~~under the federal internal revenue code and reported from schedule C and~~
18 ~~on line 12 of the taxpayer's form 1040 federal individual income tax~~
19 ~~return; (2) net income from rental real estate, royalties, partnerships, S~~
20 ~~corporations, estates, trusts, residual interest in real estate mortgage~~
21 ~~investment conduits and net farm rental as determined under the federal~~
22 ~~internal revenue code and reported from schedule E and on line 17 of the~~
23 ~~taxpayer's form 1040 federal individual income tax return; and (3) net farm~~
24 ~~profit as determined under the federal internal revenue code and reported~~
25 ~~from schedule F and on line 18 of the taxpayer's form 1040 federal income~~
26 ~~tax return; all to the extent included in the taxpayer's federal adjusted gross~~
27 ~~income. For purposes of this subsection, references to the federal form~~
28 ~~1040 and federal schedule C, schedule E, and schedule F, shall be to such~~
29 ~~form and schedules as they existed for tax year 2011 and as revised~~
30 ~~thereafter by the internal revenue service.~~

31 ~~(xxi) For all taxable years beginning after December 31, 2013,~~
32 ~~amounts equal to the unreimbursed travel, lodging and medical~~
33 ~~expenditures directly incurred by a taxpayer while living, or a dependent~~
34 ~~of the taxpayer while living, for the donation of one or more human organs~~
35 ~~of the taxpayer, or a dependent of the taxpayer, to another person for~~
36 ~~human organ transplantation. The expenses may be claimed as a~~
37 ~~subtraction modification provided for in this section to the extent the~~
38 ~~expenses are not already subtracted from the taxpayer's federal adjusted~~
39 ~~gross income. In no circumstances shall the subtraction modification~~
40 ~~provided for in this section for any individual, or a dependent, exceed~~
41 ~~\$5,000. As used in this section, "human organ" means all or part of a liver,~~
42 ~~pancreas, kidney, intestine, lung or bone marrow. The provisions of this~~
43 ~~paragraph shall take effect on the day the secretary of revenue certifies to~~

1 ~~the director of the budget that the cost for the department of revenue of~~
2 ~~modifications to the automated tax system for the purpose of~~
3 ~~implementing this paragraph will not exceed \$20,000.~~

4 ~~(xxii) For all taxable years beginning after December 31, 2012, and~~
5 ~~before January 1, 2015, and all taxable years beginning after December~~
6 ~~31, 2016, the amount of net gain from the sale of: (1) Cattle and horses,~~
7 ~~regardless of age, held by the taxpayer for draft, breeding, dairy or~~
8 ~~sporting purposes, and held by such taxpayer for 24 months or more from~~
9 ~~the date of acquisition; and (2) other livestock, regardless of age, held by~~
10 ~~the taxpayer for draft, breeding, dairy or sporting purposes, and held by~~
11 ~~such taxpayer for 12 months or more from the date of acquisition. The~~
12 ~~subtraction from federal adjusted gross income shall be limited to the~~
13 ~~amount of the additions recognized under the provisions of paragraph (xix)~~
14 ~~of subsection (b)(xix) attributable to the business in which the livestock~~
15 ~~sold had been used. As used in this paragraph, the term "livestock" shall~~
16 ~~not include poultry.~~

17 ~~(xxiii) For all taxable years beginning after December 31, 2012,~~
18 ~~amounts received under either the Overland Park, Kansas police~~
19 ~~department retirement plan or the Overland Park, Kansas fire department~~
20 ~~retirement plan, both as established by the city of Overland Park, pursuant~~
21 ~~to the city's home rule authority.~~

22 ~~(d) There shall be added to or subtracted from federal adjusted gross~~
23 ~~income the taxpayer's share, as beneficiary of an estate or trust, of the~~
24 ~~Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and~~
25 ~~amendments thereto.~~

26 ~~(e) The amount of modifications required to be made under this~~
27 ~~section by a partner which relates to items of income, gain, loss, deduction~~
28 ~~or credit of a partnership shall be determined under K.S.A. 79-32,131, and~~
29 ~~amendments thereto, to the extent that such items affect federal adjusted~~
30 ~~gross income of the partner.~~

31 ~~Sec. 6. K.S.A. 2014 Supp. 79-32,120 is hereby amended to read as~~
32 ~~follows: 79-32,120. (a) (1) If federal taxable income of an individual is~~
33 ~~determined by itemizing deductions from such individual's federal~~
34 ~~adjusted gross income, such individual may elect to deduct the Kansas~~
35 ~~itemized deduction in lieu of the Kansas standard deduction.~~

36 ~~(2) For the tax year commencing on January 1, 2013, the Kansas~~
37 ~~itemized deduction of an individual means 70% of the total amount of~~
38 ~~deductions from federal adjusted gross income, other than federal~~
39 ~~deductions for personal exemptions, as provided in the federal internal~~
40 ~~revenue code with the modifications specified in this section.~~

41 ~~(3) For the tax year commencing on January 1, 2014, the Kansas~~
42 ~~itemized deduction of an individual means 65% of the total amount of~~
43 ~~deductions from federal adjusted gross income, other than federal~~

1 ~~deductions for personal exemptions, as provided in the federal internal~~
2 ~~revenue code with the modifications specified in this section.~~

3 ~~(4) For the tax year *years* commencing on *and after* January 1, 2015,~~
4 ~~the Kansas itemized deduction of an individual means 60% of the total~~
5 ~~amount of *following* deductions from federal adjusted gross income, other~~
6 ~~than federal deductions for personal exemptions, as provided in the federal~~
7 ~~internal revenue code *and* with the modifications specified in this section:~~
8 ~~(A) 100% of contributions that qualify as charitable contributions~~
9 ~~allowable as deductions in section 170 of the federal internal revenue~~
10 ~~code; (B) 50% of the amount of qualified residence interest as provided in~~
11 ~~section 163(h) of the federal internal revenue code; and (C) 50% of the~~
12 ~~amount of taxes on real and personal property as provided in section~~
13 ~~164(a) of the federal internal revenue code.~~

14 (5) For the tax year commencing on January 1, 2016, the Kansas
15 itemized deduction of an individual means 55% of the total amount of
16 deductions from federal adjusted gross income, other than federal
17 deductions for personal exemptions, as provided in the federal internal
18 revenue code with the modifications specified in this section.

19 (6) For tax years commencing on and after January 1, 2017, the
20 Kansas itemized deduction of an individual means 50% of the total amount
21 of deductions from federal adjusted gross income, other than federal
22 deductions for personal exemptions, as provided in the federal internal
23 revenue code with the modifications specified in this section.

24 (b) ~~The total amount of deductions from federal adjusted gross~~
25 ~~income shall be reduced by the total amount of income taxes imposed by~~
26 ~~or paid to this state or any other taxing jurisdiction to the extent that the~~
27 ~~same are deducted in determining the federal itemized deductions and by~~
28 ~~the amount of all depreciation deductions claimed for any real or tangible~~
29 ~~personal property upon which the deduction allowed by K.S.A. 2014~~
30 ~~Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,~~
31 ~~79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.~~

32 (e) The provisions of this section that provide for a reduction in the
33 total amount of deductions from federal adjusted gross income shall not
34 apply to contributions that qualify as charitable contributions allowable as
35 deductions in section 170 of the federal internal revenue code, and
36 amendments thereto.

37 (d) Notwithstanding any provision of this section to the contrary, for
38 taxable years commencing after January 1, 2013, the total amount of
39 deductions from federal adjusted gross income shall be reduced by the
40 total amount of wagering losses claimed as an itemized deduction in
41 section 165(d) of the federal internal revenue code, and amendments
42 thereto.

43 ~~Sec. 7. K.S.A. 2014 Supp. 79-3310 is hereby amended to read as~~

1 follows: ~~79-3310. There is imposed a tax upon all cigarettes sold,~~
 2 ~~distributed or given away within the state of Kansas. On and after July 1,~~
 3 ~~2002, and before January 1, 2003, the rate of such tax shall be \$.70 on~~
 4 ~~each 20 cigarettes or fractional part thereof or \$.875 on each 25 cigarettes,~~
 5 ~~as the case requires. On and after January 1, 2003, July 1, 2015, the rate of~~
 6 ~~such tax shall be \$.79 \$1.29 {\$.97} on each 20 cigarettes or fractional part~~
 7 ~~thereof or \$.99 \$1.61 {\$.21} on each 25 cigarettes, as the case requires.~~
 8 ~~Such tax shall be collected and paid to the director as provided in this act.~~
 9 ~~Such tax shall be paid only once and shall be paid by the wholesale dealer~~
 10 ~~first receiving the cigarettes as herein provided.~~

11 ~~The taxes imposed by this act are hereby levied upon all sales of~~
 12 ~~cigarettes made to any department, institution or agency of the state of~~
 13 ~~Kansas, and to the political subdivisions thereof and their departments,~~
 14 ~~institutions and agencies.~~

15 ~~Sec. 8. K.S.A. 2014 Supp. 79-3310e is hereby amended to read as~~
 16 ~~follows: 79-3310e. (1) On or before July 30, 2002 31, 2015, each~~
 17 ~~wholesale dealer, retail dealer and vending machine operator shall file a~~
 18 ~~report with the director in such form as the director may prescribe showing~~
 19 ~~cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on~~
 20 ~~July 1, 2002 2015. A tax of \$.46 \$.50 {\$.18} on each 20 cigarettes or~~
 21 ~~fractional part thereof or \$.575 \$.62 {\$.22} on each 25 cigarettes, as the~~
 22 ~~case requires and \$.46 or \$.575 \$.50 or \$.62 {\$.18 or \$.22}, as the case~~
 23 ~~requires upon all tax stamps and all meter imprints purchased from the~~
 24 ~~director and not affixed to cigarettes prior to July 1, 2002 2015, is hereby~~
 25 ~~imposed and shall be due and payable in equal installments on or before~~
 26 ~~July 30, 2002, on or before September 30, 2002, and on or before~~
 27 ~~December 30, 2002 31, 2015. The tax imposed upon such cigarettes, tax~~
 28 ~~stamps and meter imprints shall be imposed only once under this act. The~~
 29 ~~director shall remit all moneys collected pursuant to this section to the~~
 30 ~~state treasurer who shall credit the entire amount thereof to the state~~
 31 ~~general fund.~~

32 (2) ~~On or before January 30, 2003, each wholesale dealer, retail~~
 33 ~~dealer and vending machine operator shall file a report with the director in~~
 34 ~~such form as the director may prescribe showing cigarettes, cigarette~~
 35 ~~stamps and meter imprints on hand at 12:01 a.m. on January 1, 2003. A tax~~
 36 ~~of \$.09 on each 20 cigarettes or fractional part thereof or \$.115 on each 25~~
 37 ~~cigarettes, as the case requires and \$.09 or \$.115, as the case requires upon~~
 38 ~~all tax stamps and all meter imprints purchased from the director and not~~
 39 ~~affixed to cigarettes prior to January 1, 2003, is hereby imposed and shall~~
 40 ~~be due and payable in equal installments on or before January 30, 2003, on~~
 41 ~~or before March 30, 2003, and on or before June 30, 2003. The tax~~
 42 ~~imposed upon such cigarettes, tax stamps and meter imprints shall be~~
 43 ~~imposed only once under this act. The director shall remit all moneys~~

1 collected pursuant to this section to the state treasurer who shall credit the
 2 entire amount thereof to the state general fund.

3 ~~Sec. 9. K.S.A. 2014 Supp. 79-3311 is hereby amended to read as~~
 4 ~~follows: 79-3311. The director shall design and designate indicia of tax~~
 5 ~~payment to be affixed to each package of cigarettes as provided by this act.~~
 6 ~~The director shall sell water applied stamps only to licensed wholesale~~
 7 ~~dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the~~
 8 ~~heat process shall be sold only in amounts of 30,000 or multiples thereof,~~
 9 ~~except that such stamps which are suitable for packages containing 25~~
 10 ~~cigarettes each shall be sold in amounts prescribed by the director. Meter~~
 11 ~~imprints shall be sold only in amounts of 10,000 or multiples thereof.~~
 12 ~~Water applied stamps in amounts of 10,000 or multiples thereof and~~
 13 ~~stamps applied by the heat process and meter imprints shall be supplied to~~
 14 ~~wholesale dealers at a discount of .90% on and after July 1, 2002, and~~
 15 ~~before January 1, 2003, and .80% 0.55% {0.65%} on and after July 1,~~
 16 ~~2015, and thereafter from the face value thereof, and shall be deducted at~~
 17 ~~the time of purchase or from the remittance therefor as hereinafter~~
 18 ~~provided. Any wholesale cigarette dealer who shall file with the director a~~
 19 ~~bond, of acceptable form, payable to the state of Kansas with a corporate~~
 20 ~~surety authorized to do business in Kansas, shall be permitted to purchase~~
 21 ~~stamps, and remit therefor to the director within 30 days after each such~~
 22 ~~purchase, up to a maximum outstanding at any one time of 85% of the~~
 23 ~~amount of the bond. Failure on the part of any wholesale dealer to remit as~~
 24 ~~herein specified shall be cause for forfeiture of such dealer's bond. All~~
 25 ~~revenue received from the sale of such stamps or meter imprints shall be~~
 26 ~~remitted to the state treasurer in accordance with the provisions of K.S.A.~~
 27 ~~75-4215, and amendments thereto. Upon receipt of each such remittance,~~
 28 ~~the state treasurer shall deposit the entire amount in the state treasury. The~~
 29 ~~state treasurer shall first credit such amount as the director shall order to~~
 30 ~~the cigarette tax refund fund and shall credit the remaining balance to the~~
 31 ~~state general fund. A refund fund designated the cigarette tax refund fund~~
 32 ~~not to exceed \$10,000 at any time shall be set apart and maintained by the~~
 33 ~~director from taxes collected under this act and held by the state treasurer~~
 34 ~~for prompt payment of all refunds authorized by this act. Such cigarette tax~~
 35 ~~refund fund shall be in such amount as the director shall determine is~~
 36 ~~necessary to meet current refunding requirements under this act.~~

37 ~~The wholesale cigarette dealer shall affix to each package of cigarettes~~
 38 ~~stamps or tax meter imprints required by this act prior to the sale of~~
 39 ~~cigarettes to any person, by such dealer or such dealer's agent or agents,~~
 40 ~~within the state of Kansas. The director is empowered to authorize~~
 41 ~~wholesale dealers to affix revenue tax meter imprints upon original~~
 42 ~~packages of cigarettes and is charged with the duty of regulating the use of~~
 43 ~~tax meters to secure payment of the proper taxes. No wholesale dealer~~

1 ~~shall affix revenue tax meter imprints to original packages of cigarettes~~
 2 ~~without first having obtained permission from the director to employ this~~
 3 ~~method of affixation. If the director approves the wholesale dealer's~~
 4 ~~application for permission to affix revenue tax meter imprints to original~~
 5 ~~packages of cigarettes, the director shall require such dealer to file a~~
 6 ~~suitable bond payable to the state of Kansas executed by a corporate surety~~
 7 ~~authorized to do business in Kansas. The director may, to assure the proper~~
 8 ~~collection of taxes imposed by the act, revoke or suspend the privilege of~~
 9 ~~imprinting tax meter imprints upon original packages of cigarettes. All~~
 10 ~~meters shall be under the direct control of the director, and all transfer~~
 11 ~~assignments or anything pertaining thereto must first be authorized by the~~
 12 ~~director. All inks used in the stamping of cigarettes must be of a special~~
 13 ~~type devised for use in connection with the machine employed and~~
 14 ~~approved by the director. All repairs to the meter are strictly prohibited~~
 15 ~~except by a duly authorized representative of the director. Requests for~~
 16 ~~service shall be directed to the director. Meter machine ink imprints on all~~
 17 ~~packages shall be clear and legible. If a wholesale dealer continuously~~
 18 ~~issues illegible cigarette tax meter imprints, it shall be considered~~
 19 ~~sufficient cause for revocation of such dealer's permit to use a cigarette tax~~
 20 ~~meter.~~

21 ~~A licensed wholesale dealer may, for the purpose of sale in another~~
 22 ~~state, transport cigarettes not bearing Kansas indicia of tax payment~~
 23 ~~through the state of Kansas provided such cigarettes are contained in~~
 24 ~~sealed and original cartons;~~

25 ~~Sec. 10. K.S.A. 2014 Supp. 79-3312 is hereby amended to read as~~
 26 ~~follows: 79-3312. The director shall redeem any unused stamps or meter~~
 27 ~~imprints that any wholesale dealer presents for redemption within six~~
 28 ~~months after the purchase thereof, at the face value less .90% on and after~~
 29 ~~July 1, 2002, and before January 1, 2003, and .80% thereafter 0.55%~~
 30 ~~~~0.65%~~ thereof if such stamps or meter imprints have been purchased~~
 31 ~~from the director. The director shall prepare a voucher showing the net~~
 32 ~~amount of such refund due, and the director of accounts and reports shall~~
 33 ~~draw a warrant on the state treasurer for the same. Wholesale dealers shall~~
 34 ~~be entitled to a refund of the tax paid on cigarettes which have become~~
 35 ~~unfit for sale upon proof thereof less .90% on and after July 1, 2002, and~~
 36 ~~before January 1, 2003, and .80% thereafter 0.55% ~~0.65%~~ of such tax.~~

37 ~~Sec. 11. K.S.A. 79-3371 is hereby amended to read as follows: 79-~~
 38 ~~3371. A tax is hereby imposed upon the privilege of selling or dealing in~~
 39 ~~tobacco products in this state by any person engaged in business as a~~
 40 ~~distributor thereof, at the rate of ten percent (10%) 15% of the wholesale~~
 41 ~~sales price of such tobacco products. Such tax shall be imposed at the time~~
 42 ~~the distributor: (a) Brings or causes to be brought into this state from~~
 43 ~~without the state tobacco products for sale; (b) makes, manufactures, or~~

1 ~~fabricates tobacco products in this state for sale in this state; or (c) ships or~~
 2 ~~transports tobacco products to retailers in this state to be sold by those~~
 3 ~~retailers.~~

4 ~~Sec. 12. K.S.A. 79-3378 is hereby amended to read as follows: 79-~~
 5 ~~3378. On or before the twentieth 20th day of each calendar month every~~
 6 ~~distributor with a place of business in this state shall file a return with the~~
 7 ~~director showing the quantity and wholesale sales price of each tobacco~~
 8 ~~product: (1) Brought, or caused to be brought, into this state for sale; and~~
 9 ~~(2) made, manufactured, or fabricated in this state for sale in this state~~
 10 ~~during the preceding calendar month. Every licensed distributor outside~~
 11 ~~this state shall in like manner file a return showing the quantity and~~
 12 ~~wholesale sales price of each tobacco product shipped or transported to~~
 13 ~~retailers in this state to be sold by those retailers, during the preceding~~
 14 ~~calendar month. Returns shall be made upon forms furnished and~~
 15 ~~prescribed by the director. Each return shall be accompanied by a~~
 16 ~~remittance for the full tax liability shown therein, less four percent (4%)~~
 17 ~~2.66% of such liability as compensation to reimburse the distributor for his~~
 18 ~~or her the distributor's expenses incurred in the administration of this act.~~
 19 ~~As soon as practicable after any return is filed, the director shall examine~~
 20 ~~the return. If the director finds that, in his or her the director's judgment,~~
 21 ~~the return is incorrect and any amount of tax is due from the distributor~~
 22 ~~and unpaid, he or she the director shall notify the distributor of the~~
 23 ~~deficiency. If a deficiency disclosed by the director's examination cannot~~
 24 ~~be allocated by him the director to a particular month or months, he or she~~
 25 ~~the director may nevertheless notify the distributor that a deficiency exists~~
 26 ~~and state the amount of tax due. Such notice shall be given to the~~
 27 ~~distributor by registered or certified mail.~~

28 ~~Sec. 13. K.S.A. 2014 Supp. 79-3492b is hereby amended to read as~~
 29 ~~follows: 79-3492b. Alternatively to the methods otherwise set forth in this~~
 30 ~~act, special LP-gas permit users operating motor vehicles on the public~~
 31 ~~highways of this state may upon application to the director on forms~~
 32 ~~prescribed by the director elect to pay taxes in advance on LP-gas for each~~
 33 ~~and every motor vehicle owned or operated by them and propelled in~~
 34 ~~whole or in part with LP-gas during the calendar year and thereafter to~~
 35 ~~purchase LP-gas tax free in lieu of securing a bonded user's permit and~~
 36 ~~filing monthly reports and tax payments and keeping the records otherwise~~
 37 ~~provided for in this act. The amount of such tax for each motor vehicle~~
 38 ~~shall, except as otherwise provided, be based upon the gross weight of the~~
 39 ~~motor vehicle and the number of miles it was operated on the public~~
 40 ~~highways of this state during the previous year pursuant to the following~~
 41 ~~schedules:~~

	<u>less than 5,000 miles</u>	<u>5,000 to 10,000 miles</u>	<u>10,001 to 15,000 miles</u>	<u>15,001 to 20,000 miles</u>	<u>20,000 to 25,000 miles</u>	<u>25,000 to 30,000 miles</u>	<u>30,000 to 40,000 miles</u>	<u>50,000 to 100,000 miles</u>	<u>50,000 and over</u>
<u>Class A: 2,000 pounds or less</u>	\$46.00 \$36.00	\$92.00 \$72.00	\$138.00 \$108.00	\$184.00 \$144.00	\$276.00 \$216.00	\$368.00 \$288.00	\$460.00 \$360.00	\$552.00 \$432.00	\$644.00 \$504.00
<u>Class B: more than 2,000 pounds and not more than 4,500 pounds</u>	\$78.00 \$65.00	\$156.00 \$130.00	\$234.00 \$185.00	\$312.00 \$240.00	\$468.00 \$370.00	\$624.00 \$490.00	\$780.00 \$610.00	\$936.00 \$732.00	\$1,002.00 \$780.00
<u>Class C: more than 4,500 pounds and not more than 12,000 pounds</u>	\$95.00 \$76.00	\$180.00 \$144.00	\$285.00 \$227.00	\$380.00 \$296.00	\$570.00 \$454.00	\$760.00 \$605.00	\$950.00 \$757.00	\$1,140.00 \$913.00	\$1,330.00 \$1,060.00
<u>Class D: more than 12,000 pounds and not more than 16,000 pounds</u>	\$120.00 \$97.00	\$258.00 \$214.00	\$387.00 \$321.00	\$516.00 \$428.00	\$774.00 \$642.00	\$1,032.00 \$856.00	\$1,290.00 \$1,070.00	\$1,548.00 \$1,285.00	\$1,806.00 \$1,490.00
<u>Class E: more than 16,000 pounds and not more than 24,000 pounds</u>	\$165.00 \$201.00	\$330.00 \$402.00	\$495.00 \$603.00	\$660.00 \$808.00	\$900.00 \$1,205.00	\$1,220.00 \$1,607.00	\$1,650.00 \$2,000.00	\$2,080.00 \$2,410.00	\$2,310.00 \$2,812.00
<u>Class F: more than 24,000 pounds and not more than 26,000 pounds</u>	\$220.00 \$280.00	\$460.00 \$560.00	\$690.00 \$840.00	\$920.00 \$1,120.00	\$1,320.00 \$1,680.00	\$1,840.00 \$2,240.00	\$2,300.00 \$2,800.00	\$2,760.00 \$3,360.00	\$3,220.00 \$3,920.00
<u>Class G: more than 26,000 pounds and not more than 48,000 pounds</u>	\$285.00 \$347.00	\$570.00 \$694.00	\$855.00 \$1,041.00	\$1,140.00 \$1,388.00	\$1,710.00 \$2,082.00	\$2,280.00 \$2,776.00	\$2,950.00 \$3,470.00	\$3,420.00 \$4,162.00	\$3,900.00 \$4,837.00
<u>Class H: more than 48,000 pounds</u>	\$384.00 \$467.00	\$768.00 \$935.00	\$1,152.00 \$1,402.00	\$1,536.00 \$1,870.00	\$2,304.00 \$2,865.00	\$3,072.00 \$3,740.00	\$3,840.00 \$4,675.00	\$4,608.00 \$5,610.00	\$5,376.00 \$6,545.00
<u>Class I: transit carrier vehicles operated by transit companies</u>									\$1,808.00 \$2,201.00
<u>Class J: motor vehicles designed for carrying fewer than 10 passengers and used for the transportation of persons for compensation</u>									\$920.00 \$1,142.00

1 In the event any additional motor vehicles equipped to use LP-gas as a
 2 fuel are placed in operation by a special LP-gas permit user after the first
 3 month of any calendar year, a tax shall become due and payable to this
 4 state and is hereby imposed at the tax rate prescribed herein prorated on
 5 the basis of the weight and milcage for the months operated in the calendar
 6 year. The director shall issue special permit decals for each motor vehicle
 7 on which taxes have been paid in advance as provided herein, which shall
 8 be affixed on each such vehicle in the manner prescribed by the director.

9 Sec. 14. K.S.A. 2014 Supp. 79-34,118 is hereby amended to read as
 10 follows: 79-34,118. Upon application to the director of taxation and
 11 payment of the fee prescribed under this section any interstate motor fuel
 12 user may obtain a 24-hour motor fuel permit or a 72-hour motor fuel
 13 permit which shall authorize one commercial motor vehicle to be operated
 14 for a period of 24-hours or 72-hours, respectively, without compliance
 15 with the other provisions of the interstate motor fuel use act and in lieu of
 16 the tax imposed by K.S.A. 79-34,109, and amendments thereto. The fee
 17 for each 24-hour motor fuel permit issued under this section shall be \$13
 18 \$15.50. The fee for each 72-hour motor fuel permit issued under this
 19 section shall be \$25 \$27.50. Motor fuel permits may be purchased in
 20 multiples of three upon making proper application and payment of the
 21 required fees. The secretary of revenue shall adopt rules and regulations
 22 specifying the conditions under which motor fuel permits will be issued
 23 and providing for the issuance thereof. The secretary may designate agents
 24 or contract with private individuals, firms or corporations to issue such
 25 motor fuel permits so that such permits will be obtainable at convenient
 26 locations.

27 Sec. 15. K.S.A. 2014 Supp. 79-34,141 is hereby amended to read as
 28 follows: 79-34,141. The tax imposed under this act shall be not less than:

29 (1) On motor-vehicle fuels other than E85 fuels, \$.24 \$.29 per gallon,
 30 or fraction thereof;

31 (2) on special fuels, \$.26 \$.31 per gallon, or fraction thereof;

32 (3) on LP-gas, other than compressed natural gas and liquefied
 33 natural gas, \$.23 \$.28 per gallon, or fraction thereof;

34 (4) on E85 fuels, \$.17 \$.22 per gallon, or fraction thereof;

35 (5) on compressed natural gas, \$.24 \$.29 per gallon, or fraction
 36 thereof; and

37 (6) on liquefied natural gas, \$.26 \$.31 per gallon, or fraction thereof.

38 Sec. 16. K.S.A. 2014 Supp. 79-34,142 is hereby amended to read as
 39 follows: 79-34,142. The state treasurer shall credit amounts received
 40 pursuant to K.S.A. 79-3408, 79-3408c, 79-3491a, 79-3492 and 79-34,118,
 41 and amendments thereto, as follows: Prior to July 1, 2016, to the state
 42 highway fund 66.37% 71.70% and to the special city and county highway
 43 fund 33.63% 28.30%; and on and after July 1, 2016, to the sate highway:

1 ~~fund 72.10% and to the special city and county highway fund 27.90%.~~

2 ~~Sec. 17. K.S.A. 2014 Supp. 79-3602 is hereby amended to read as~~
3 ~~follows: 79-3602. Except as otherwise provided, as used in the Kansas~~
4 ~~retailers' sales tax act:~~

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

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

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

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

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

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

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

25 ~~(h) "Delivered electronically" means delivered to the purchaser by~~
26 ~~means other than tangible storage media.~~

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

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

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

43 ~~(l) "Educational institution" means any nonprofit school, college and~~

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

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

22 ~~(n) "Food and food ingredients" means substances, whether in liquid,~~
23 ~~concentrated, solid, frozen, dried or dehydrated form, that are sold for~~
24 ~~ingestion or chewing by humans and are consumed for their taste or~~
25 ~~nutritional value. "Food and food ingredients" does not include alcoholic~~
26 ~~beverages, candy, dietary supplements, food sold through vending~~
27 ~~machines, prepared food, soft drinks or tobacco.~~

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

36 ~~(p) "Ingredient or component part" means tangible personal property~~
37 ~~which is necessary or essential to, and which is actually used in and~~
38 ~~becomes an integral and material part of tangible personal property or~~
39 ~~services produced, manufactured or compounded for sale by the producer,~~
40 ~~manufacturer or compounder in its regular course of business. The~~
41 ~~following items of tangible personal property are hereby declared to be~~
42 ~~ingredients or component parts, but the listing of such property shall not be~~
43 ~~deemed to be exclusive nor shall such listing be construed to be a~~

1 ~~restriction upon, or an indication of, the type or types of property to be~~
2 ~~included within the definition of "ingredient or component part" as herein~~
3 ~~set forth:~~

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

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

12 ~~(3) Seeds and seedlings for the production of plants and plant~~
13 ~~products produced for resale.~~

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

15 ~~(5) Fertilizer used in the production of plants and plant products~~
16 ~~produced for resale.~~

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

23 ~~(g) "Isolated or occasional sale" means the nonrecurring sale of~~
24 ~~tangible personal property, or services taxable hereunder by a person not~~
25 ~~engaged at the time of such sale in the business of selling such property or~~
26 ~~services. Any religious organization which makes a nonrecurring sale of~~
27 ~~tangible personal property acquired for the purpose of resale shall be~~
28 ~~deemed to be not engaged at the time of such sale in the business of selling~~
29 ~~such property. Such term shall include: (1) Any sale by a bank, savings and~~
30 ~~loan institution, credit union or any finance company licensed under the~~
31 ~~provisions of the Kansas uniform consumer credit code of tangible~~
32 ~~personal property which has been repossessed by any such entity; and (2)~~
33 ~~any sale of tangible personal property made by an auctioneer or agent on~~
34 ~~behalf of not more than two principals or households if such sale is~~
35 ~~nonrecurring and any such principal or household is not engaged at the~~
36 ~~time of such sale in the business of selling tangible personal property.~~

37 ~~(r) "Lease or rental" means any transfer of possession or control of~~
38 ~~tangible personal property for a fixed or indeterminate term for~~
39 ~~consideration. A lease or rental may include future options to purchase or~~
40 ~~extend.~~

41 ~~(1) Lease or rental does not include: (A) A transfer of possession or~~
42 ~~control of property under a security agreement or deferred payment plan~~
43 ~~that requires the transfer of title upon completion of the required~~

1 ~~payments;~~

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

6 ~~(C) providing tangible personal property along with an operator for a~~
7 ~~fixed or indeterminate period of time. A condition of this exclusion is that~~
8 ~~the operator is necessary for the equipment to perform as designed. For the~~
9 ~~purpose of this subsection, an operator must do more than maintain,~~
10 ~~inspect or set up the tangible personal property.~~

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

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

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

23 ~~(s) "Load and leave" means delivery to the purchaser by use of a~~
24 ~~tangible storage media where the tangible storage media is not physically~~
25 ~~transferred to the purchaser.~~

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

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

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

34 ~~(w) "Model 3 seller" means a seller that has sales in at least five~~
35 ~~member states, has total annual sales revenue of at least \$500,000,000, has~~
36 ~~a proprietary system that calculates the amount of tax due each jurisdiction~~
37 ~~and has entered into a performance agreement with the member states that~~
38 ~~establishes a tax performance standard for the seller. As used in this~~
39 ~~subsection a seller includes an affiliated group of sellers using the same~~
40 ~~proprietary system.~~

41 ~~(x) "Municipal corporation" means any city incorporated under the~~
42 ~~laws of Kansas.~~

43 ~~(y) "Nonprofit blood bank" means any nonprofit place, organization,~~

~~1 institution or establishment that is operated wholly or in part for the
2 purpose of obtaining, storing, processing, preparing for transfusing,
3 furnishing, donating or distributing human blood or parts or fractions of
4 single blood units or products derived from single blood units, whether or
5 not any remuneration is paid therefor, or whether such procedures are done
6 for direct therapeutic use or for storage for future use of such products.~~

~~7 (z) "Persons" means any individual, firm, copartnership, joint
8 adventure, association, corporation, estate or trust, receiver or trustee, or
9 any group or combination acting as a unit, and the plural as well as the
10 singular number; and shall specifically mean any city or other political
11 subdivision of the state of Kansas engaging in a business or providing a
12 service specifically taxable under the provisions of this act.~~

~~13 (aa) "Political subdivision" means any municipality, agency or
14 subdivision of the state which is, or shall hereafter be, authorized to levy
15 taxes upon tangible property within the state or which certifies a levy to a
16 municipality, agency or subdivision of the state which is, or shall hereafter
17 be, authorized to levy taxes upon tangible property within the state. Such
18 term also shall include any public building commission, housing, airport,
19 port, metropolitan transit or similar authority established pursuant to law
20 and the horsethief reservoir benefit district established pursuant to K.S.A.
21 82a-2201, and amendments thereto.~~

~~22 (bb) "Prescription" means an order, formula or recipe issued in any
23 form of oral, written, electronic or other means of transmission by a duly
24 licensed practitioner authorized by the laws of this state.~~

~~25 (cc) "Prewritten computer software" means computer software,
26 including prewritten upgrades, which is not designed and developed by the
27 author or other creator to the specifications of a specific purchaser. The
28 combining of two or more prewritten computer software programs or
29 prewritten portions thereof does not cause the combination to be other than
30 prewritten computer software. Prewritten computer software includes
31 software designed and developed by the author or other creator to the
32 specifications of a specific purchaser when it is sold to a person other than
33 the purchaser. Where a person modifies or enhances computer software of
34 which the person is not the author or creator, the person shall be deemed to
35 be the author or creator only of such person's modifications or
36 enhancements. Prewritten computer software or a prewritten portion
37 thereof that is modified or enhanced to any degree, where such
38 modification or enhancement is designed and developed to the
39 specifications of a specific purchaser, remains prewritten computer
40 software, except that where there is a reasonable, separately stated charge
41 or an invoice or other statement of the price given to the purchaser for
42 such modification or enhancement, such modification or enhancement
43 shall not constitute prewritten computer software.~~

1 ~~(dd) "Property which is consumed" means tangible personal property~~
2 ~~which is essential or necessary to and which is used in the actual process~~
3 ~~of and consumed, depleted or dissipated within one year in: (1) The~~
4 ~~production, manufacture, processing, mining, drilling, refining or~~
5 ~~compounding of tangible personal property.; (2) the providing of~~
6 ~~services.; (3) the irrigation of crops, for sale in the regular course of~~
7 ~~business.; or (4) the storage or processing of grain by a public grain~~
8 ~~warehouse or other grain storage facility, and which is not reusable for~~
9 ~~such purpose. The following is a listing of tangible personal property,~~
10 ~~included by way of illustration but not of limitation, which qualifies as~~
11 ~~property which is consumed:~~

12 ~~(A) Insecticides, herbicides, germicides, pesticides, fungicides,~~
13 ~~fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and~~
14 ~~chemicals for use in commercial or agricultural production, processing or~~
15 ~~storage of fruit, vegetables, feeds, seeds, grains, animals or animal~~
16 ~~products whether fed, injected, applied, combined with or otherwise used:~~

17 ~~(B) electricity, gas and water; and~~

18 ~~(C) petroleum products, lubricants, chemicals, solvents, reagents and~~
19 ~~catalysts.~~

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

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

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

27 ~~(hh) "Registered under this agreement" means registration by a seller~~
28 ~~with the member states under the central registration system provided in~~
29 ~~article IV of the agreement.~~

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

34 ~~(ij) "Retail sale" or "sale at retail" means any sale, lease or rental for~~
35 ~~any purpose other than for resale, sublease or subrent.~~

36 ~~(kk) "Sale" or "sales" means the exchange of tangible personal~~
37 ~~property, as well as the sale thereof for money, and every transaction,~~
38 ~~conditional or otherwise, for a consideration, constituting a sale, including~~
39 ~~the sale or furnishing of electrical energy, gas, water, services or~~
40 ~~entertainment taxable under the terms of this act and including, except as~~
41 ~~provided in the following provision, the sale of the use of tangible personal~~
42 ~~property by way of a lease, license to use or the rental thereof regardless of~~
43 ~~the method by which the title, possession or right to use the tangible~~

1 ~~personal property is transferred. The term "sale" or "sales" shall not mean~~
2 ~~the sale of the use of any tangible personal property used as a dwelling by~~
3 ~~way of a lease or rental thereof for a term of more than 28 consecutive~~
4 ~~days.~~

5 ~~(H) (1) "Sales or selling price" applies to the measure subject to sales~~
6 ~~tax and means the total amount of consideration, including cash, credit,~~
7 ~~property and services, for which personal property or services are sold,~~
8 ~~leased or rented, valued in money, whether received in money or~~
9 ~~otherwise, without any deduction for the following:~~

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

11 ~~(B) the cost of materials used, labor or service cost, interest, losses;~~
12 ~~all costs of transportation to the seller, all taxes imposed on the seller and~~
13 ~~any other expense of the seller;~~

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

16 ~~(D) delivery charges; and~~

17 ~~(E) installation charges.~~

18 ~~(2) "Sales or selling price" includes consideration received by the~~
19 ~~seller from third parties if:~~

20 ~~(A) The seller actually receives consideration from a party other than~~
21 ~~the purchaser and the consideration is directly related to a price reduction~~
22 ~~or discount on the sale;~~

23 ~~(B) the seller has an obligation to pass the price reduction or discount~~
24 ~~through to the purchaser;~~

25 ~~(C) the amount of the consideration attributable to the sale is fixed~~
26 ~~and determinable by the seller at the time of the sale of the item to the~~
27 ~~purchaser; and~~

28 ~~(D) one of the following criteria is met:~~

29 ~~(i) The purchaser presents a coupon, certificate or other~~
30 ~~documentation to the seller to claim a price reduction or discount where~~
31 ~~the coupon, certificate or documentation is authorized, distributed or~~
32 ~~granted by a third party with the understanding that the third party will~~
33 ~~reimburse any seller to whom the coupon, certificate or documentation is~~
34 ~~presented;~~

35 ~~(ii) the purchaser identifies to the seller that the purchaser is a~~
36 ~~member of a group or organization entitled to a price reduction or~~
37 ~~discount. A preferred customer card that is available to any patron does not~~
38 ~~constitute membership in such a group; or~~

39 ~~(iii) the price reduction or discount is identified as a third party price~~
40 ~~reduction or discount on the invoice received by the purchaser or on a~~
41 ~~coupon, certificate or other documentation presented by the purchaser.~~

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

43 ~~(A) Discounts, including cash, term or coupons that are not~~

1 ~~reimbursed by a third party that are allowed by a seller and taken by a~~
2 ~~purchaser on a sale;~~

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

6 ~~(C) any taxes legally imposed directly on the consumer that are~~
7 ~~separately stated on the invoice, bill of sale or similar document given to~~
8 ~~the purchaser;~~

9 ~~(D) the amount equal to the allowance given for the trade-in of~~
10 ~~property, if separately stated on the invoice, billing or similar document~~
11 ~~given to the purchaser; and~~

12 ~~(E) commencing on July 1, 2006, and ending on June 30, 2009, cash~~
13 ~~rebates granted by a manufacturer to a purchaser or lessee of a new motor~~
14 ~~vehicle if paid directly to the retailer as a result of the original sale.~~

15 ~~(mm) "Seller" means a person making sales, leases or rentals of~~
16 ~~personal property or services.~~

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

19 ~~(oo) "Sourcing rules" means the rules set forth in K.S.A. 2014 Supp.~~
20 ~~79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments~~
21 ~~thereto, which shall apply to identify and determine the state and local~~
22 ~~taxing jurisdiction sales or use taxes to pay, or collect and remit on a~~
23 ~~particular retail sale.~~

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

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

30 ~~(rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or~~
31 ~~any other item that contains tobacco.~~

32 ~~(ss) "Entity-based exemption" means an exemption based on who~~
33 ~~purchases the product or who sells the product. An exemption that is~~
34 ~~available to all individuals shall not be considered an entity-based~~
35 ~~exemption.~~

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

1 ~~(uu) "Ancillary services" means services that are associated with or~~
2 ~~incidental to the provision of telecommunications services, including, but~~
3 ~~not limited to, detailed telecommunications billing, directory assistance,~~
4 ~~vertical service and voice mail services.~~

5 ~~(vv) "Conference bridging service" means an ancillary service that~~
6 ~~links two or more participants of an audio or video conference call and~~
7 ~~may include the provision of a telephone number. Conference bridging~~
8 ~~service does not include the telecommunications services used to reach the~~
9 ~~conference bridge.~~

10 ~~(ww) "Detailed telecommunications billing service" means an~~
11 ~~ancillary service of separately stating information pertaining to individual~~
12 ~~calls on a customer's billing statement.~~

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

15 ~~(yy) "Vertical service" means an ancillary service that is offered in~~
16 ~~connection with one or more telecommunications services, which offers~~
17 ~~advanced calling features that allow customers to identify callers and to~~
18 ~~manage multiple calls and call connections, including conference bridging~~
19 ~~services.~~

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

24 ~~(aaa) "Telecommunications service" means the electronic~~
25 ~~transmission, conveyance or routing of voice, data, audio, video or any~~
26 ~~other information or signals to a point, or between or among points. The~~
27 ~~term telecommunications service includes such transmission, conveyance~~
28 ~~or routing in which computer processing applications are used to act on the~~
29 ~~form, code or protocol of the content for purposes of transmissions,~~
30 ~~conveyance or routing without regard to whether such service is referred to~~
31 ~~as voice over Internet protocol services or is classified by the federal~~
32 ~~communications commission as enhanced or value added.~~
33 ~~Telecommunications service does not include:~~

34 ~~(1) Data processing and information services that allow data to be~~
35 ~~generated, acquired, stored, processed or retrieved and delivered by an~~
36 ~~electronic transmission to a purchaser where such purchaser's primary~~
37 ~~purpose for the underlying transaction is the processed data or~~
38 ~~information;~~

39 ~~(2) installation or maintenance of wiring or equipment on a~~
40 ~~customer's premises;~~

41 ~~(3) tangible personal property;~~

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

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

- 1 ~~(6) internet access service;~~
2 ~~(7) radio and television audio and video programming services,~~
3 ~~regardless of the medium, including the furnishing of transmission,~~
4 ~~conveyance and routing of such services by the programming service~~
5 ~~provider. Radio and television audio and video programming services shall~~
6 ~~include, but not be limited to, cable service as defined in 47 U.S.C. §~~
7 ~~522(6) and audio and video programming services delivered by~~
8 ~~commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;~~
9 ~~(8) ancillary services; or~~
10 ~~(9) digital products delivered electronically, including, but not limited~~
11 ~~to, software, music, video, reading materials or ring tones.~~
12 ~~(bbb) "800 service" means a telecommunications service that allows a~~
13 ~~caller to dial a toll-free number without incurring a charge for the call. The~~
14 ~~service is typically marketed under the name 800, 855, 866, 877 and 888~~
15 ~~toll-free calling, and any subsequent numbers designated by the federal~~
16 ~~communications commission.~~
17 ~~(ccc) "900 service" means an inbound toll telecommunications~~
18 ~~service purchased by a subscriber that allows the subscriber's customers to~~
19 ~~call in to the subscriber's prerecorded announcement or live service. 900~~
20 ~~service does not include the charge for collection services provided by the~~
21 ~~seller of the telecommunications services to the subscriber, or service or~~
22 ~~product sold by the subscriber to the subscriber's customer. The service is~~
23 ~~typically marketed under the name 900 service, and any subsequent~~
24 ~~numbers designated by the federal communications commission.~~
25 ~~(ddd) "Value-added non-voice data service" means a service that~~
26 ~~otherwise meets the definition of telecommunications services in which~~
27 ~~computer processing applications are used to act on the form, content,~~
28 ~~code or protocol of the information or data primarily for a purpose other~~
29 ~~than transmission, conveyance or routing.~~
30 ~~(eee) "International" means a telecommunications service that~~
31 ~~originates or terminates in the United States and terminates or originates~~
32 ~~outside the United States, respectively. United States includes the District~~
33 ~~of Columbia or a U.S. territory or possession.~~
34 ~~(fff) "Interstate" means a telecommunications service that originates~~
35 ~~in one United States state, or a United States territory or possession, and~~
36 ~~terminates in a different United States state or a United States territory or~~
37 ~~possession.~~
38 ~~(ggg) "Intrastate" means a telecommunications service that originates~~
39 ~~in one United States state or a United States territory or possession, and~~
40 ~~terminates in the same United States state or a United States territory or~~
41 ~~possession.~~
42 ~~(hhh) "Candy" means a preparation of sugar, honey or other natural~~
43 ~~or artificial sweeteners in combination with chocolate, fruits, nuts or other~~

1 ~~ingredients or flavorings in the form of bars, drops or pieces. Candy shall~~
2 ~~not include any preparation containing flour and shall require no~~
3 ~~refrigeration.~~

4 ~~(iii) "Food sold through vending machines" means food dispensed~~
5 ~~from a machine or other mechanical device that accepts payment.~~

6 ~~(jii) (1) "Prepared food" means any of the following:~~

7 ~~(A) Food sold in a heated state or heated by the seller;~~

8 ~~(B) two or more food ingredients mixed or combined by the seller for~~
9 ~~sale as a single item; or~~

10 ~~(C) food sold with eating utensils provided by the seller, including~~
11 ~~plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does~~
12 ~~not include a container or packaging used to transport the food.~~

13 ~~(2) "Prepared food" does not include:~~

14 ~~(A) Food that is only cut, repackaged or pasteurized by the seller;~~

15 ~~(B) eggs, fish, meat, poultry and foods containing these raw animal~~
16 ~~foods requiring cooking by the consumer as recommended by the United~~
17 ~~States food and drug administration, in chapter 3, part 401.11 of its food~~
18 ~~code, so as to prevent foodborne illnesses;~~

19 ~~(C) if sold without eating utensils provided by the seller, bakery~~
20 ~~items, including breads, rolls, buns, biscuits, bagels, croissants, pastries,~~
21 ~~donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies and~~
22 ~~tortillas; or~~

23 ~~(D) food sold by a seller whose primary North American industry~~
24 ~~classification system, United States, 2002 edition, classification is~~
25 ~~manufacturing in sector 311, except subsector 3118;~~

26 ~~(iii) "Soft drinks" means nonalcoholic beverages that contain natural~~
27 ~~or artificial sweeteners. "Soft drinks" does not include beverages that~~
28 ~~contain milk or milk products; soy, rice or similar milk substitutes; or~~
29 ~~greater than 50% of vegetable or fruit juice by volume.~~

30 ~~(mmm) "Dietary supplement" shall have the same meaning ascribed~~
31 ~~to it as in K.S.A. 79-3606(jjj), and amendments thereto.~~

32 ~~Sec. 18. K.S.A. 2014 Supp. 79-3603, as amended by section 20 of~~
33 ~~2015 Senate Substitute for House Bill No. 2155, is hereby amended to~~
34 ~~read as follows: 79-3603. For the privilege of engaging in the business of~~
35 ~~selling tangible personal property at retail in this state or rendering or~~
36 ~~furnishing any of the services taxable under this act, there is hereby levied~~
37 ~~and there shall be collected and paid a tax at the rate of 6.15%, and~~
38 ~~commencing July 1, 2015, at the rate of 6.5%. Within a redevelopment~~
39 ~~district established pursuant to K.S.A. 74-8921, and amendments thereto,~~
40 ~~there is hereby levied and there shall be collected and paid an additional~~
41 ~~tax at the rate of 2% until the earlier of the date the bonds issued to finance~~
42 ~~or refinance the redevelopment project have been paid in full or the final~~
43 ~~scheduled maturity of the first series of bonds issued to finance any part of~~

1 ~~the project upon:~~

2 ~~(a) The gross receipts received from the sale of tangible personal~~
3 ~~property at retail within this state;~~

4 ~~(b) the gross receipts from intrastate, interstate or international~~
5 ~~telecommunications services and any ancillary services sourced to this~~
6 ~~state in accordance with K.S.A. 2014 Supp. 79-3673, and amendments~~
7 ~~thereto, except that telecommunications service does not include: (1) Any~~
8 ~~interstate or international 800 or 900 service; (2) any interstate or~~
9 ~~international private communications service as defined in K.S.A. 2014~~
10 ~~Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice~~
11 ~~data service; (4) any telecommunication service to a provider of~~
12 ~~telecommunication services which will be used to render~~
13 ~~telecommunications services, including carrier access services; or (5) any~~
14 ~~service or transaction defined in this section among entities classified as~~
15 ~~members of an affiliated group as provided by section 1504 of the federal~~
16 ~~internal revenue code of 1986, as in effect on January 1, 2001;~~

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

32 ~~(d) the gross receipts from the sale of meals or drinks furnished at any~~
33 ~~private club, drinking establishment, catered event, restaurant, eating~~
34 ~~house, dining car, hotel, drugstore or other place where meals or drinks are~~
35 ~~regularly sold to the public;~~

36 ~~(e) the gross receipts from the sale of admissions to any place~~
37 ~~providing amusement, entertainment or recreation services including~~
38 ~~admissions to state, county, district and local fairs, but such tax shall not be~~
39 ~~levied and collected upon the gross receipts received from sales of~~
40 ~~admissions to any cultural and historical event which occurs triennially;~~

41 ~~(f) the gross receipts from the operation of any coin-operated device~~
42 ~~dispensing or providing tangible personal property, amusement or other~~
43 ~~services except laundry services, whether automatic or manually operated;~~

1 ~~(g) the gross receipts from the service of renting of rooms by hotels,~~
2 ~~as defined by K.S.A. 36-501, and amendments thereto, or by~~
3 ~~accommodation brokers, as defined by K.S.A. 12-1692, and amendments~~
4 ~~thereto, but such tax shall not be levied and collected upon the gross~~
5 ~~receipts received from sales of such service to the federal government and~~
6 ~~any agency, officer or employee thereof in association with the~~
7 ~~performance of official government duties;~~

8 ~~(h) the gross receipts from the service of renting or leasing of tangible~~
9 ~~personal property except such tax shall not apply to the renting or leasing~~
10 ~~of machinery, equipment or other personal property owned by a city and~~
11 ~~purchased from the proceeds of industrial revenue bonds issued prior to~~
12 ~~July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through~~
13 ~~12-1749, and amendments thereto, and any city or lessee renting or leasing~~
14 ~~such machinery, equipment or other personal property purchased with the~~
15 ~~proceeds of such bonds who shall have paid a tax under the provisions of~~
16 ~~this section upon sales made prior to July 1, 1973, shall be entitled to a~~
17 ~~refund from the sales tax refund fund of all taxes paid thereon;~~

18 ~~(i) the gross receipts from the rendering of dry cleaning, pressing,~~
19 ~~dyeing and laundry services except laundry services rendered through a~~
20 ~~coin-operated device whether automatic or manually operated;~~

21 ~~(j) the gross receipts from the rendering of the services of washing~~
22 ~~and washing and waxing of vehicles;~~

23 ~~(k) the gross receipts from cable, community antennae and other~~
24 ~~subscriber radio and television services;~~

25 ~~(1) (1) except as otherwise provided by paragraph (2), the gross~~
26 ~~receipts received from the sales of tangible personal property to all~~
27 ~~contractors, subcontractors or repairmen for use by them in erecting~~
28 ~~structures, or building on, or otherwise improving, altering, or repairing~~
29 ~~real or personal property;~~

30 ~~(2) Any such contractor, subcontractor or repairman who maintains~~
31 ~~an inventory of such property both for sale at retail and for use by them for~~
32 ~~the purposes described by paragraph (1) shall be deemed a retailer with~~
33 ~~respect to purchases for and sales from such inventory, except that the~~
34 ~~gross receipts received from any such sale, other than a sale at retail, shall~~
35 ~~be equal to the total purchase price paid for such property and the tax~~
36 ~~imposed thereon shall be paid by the deemed retailer;~~

37 ~~(m) the gross receipts received from fees and charges by public and~~
38 ~~private clubs, drinking establishments, organizations and businesses for~~
39 ~~participation in sports, games and other recreational activities, but such tax~~
40 ~~shall not be levied and collected upon the gross receipts received from: (1)~~
41 ~~Fees and charges by any political subdivision, by any organization exempt~~
42 ~~from property taxation pursuant to K.S.A. 79-201 Ninth, and amendments~~
43 ~~thereto, or by any youth recreation organization exclusively providing~~

~~1 services to persons 18 years of age or younger which is exempt from
 2 federal income taxation pursuant to section 501(c)(3) of the federal
 3 internal revenue code of 1986, for participation in sports, games and other
 4 recreational activities; and (2) entry fees and charges for participation in a
 5 special event or tournament sanctioned by a national sporting association
 6 to which spectators are charged an admission which is taxable pursuant to
 7 subsection (e);~~

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

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

1 ~~any additional documentation required by the director. The director shall~~
 2 ~~review each claim and shall refund that amount of tax paid as provided by~~
 3 ~~this act. All such refunds shall be paid from the sales tax refund fund, upon~~
 4 ~~warrants of the director of accounts and reports pursuant to vouchers~~
 5 ~~approved by the director of taxation or the director's designee. No refund~~
 6 ~~for an amount less than \$10 shall be paid pursuant to this act. In~~
 7 ~~determining the base for computing the tax on such isolated or occasional~~
 8 ~~sale, the fair market value of any motor vehicle or trailer traded in by the~~
 9 ~~purchaser to the seller may be deducted from the selling price;~~

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

20 ~~For the purposes of this subsection:~~

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

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

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

41 ~~(4) "residence" shall mean only those enclosures within which~~
 42 ~~individuals customarily live;~~

43 ~~(5) "utility structure" shall mean transmission and distribution lines~~

1 ~~owned by an independent transmission company or cooperative, the~~
2 ~~Kansas electric transmission authority or natural gas or electric public~~
3 ~~utility; and~~

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

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

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

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

24 ~~(t) the gross receipts received for telephone answering services;~~

25 ~~(u) the gross receipts received from the sale of prepaid calling service~~
26 ~~and prepaid wireless calling service as defined in K.S.A. 2014 Supp. 79-~~
27 ~~3673, and amendments thereto;~~

28 ~~(v) all sales of bingo cards, bingo faces and instant bingo tickets by~~
29 ~~licensees under section 1 of 2015 Senate Substitute for House Bill No.:~~
30 ~~2155, et seq., and amendments thereto, shall be exempt from taxes~~
31 ~~imposed pursuant to this section; and~~

32 ~~(w) all sales of charitable raffle tickets in accordance with section 1~~
33 ~~of 2015 Senate Substitute for House Bill No. 2155, et seq., and~~
34 ~~amendments thereto, shall be exempt from taxes imposed pursuant to this~~
35 ~~section; and~~

36 ~~(x) commencing July 1, 2015, and thereafter, the gross receipts from:~~
37 ~~the sale of food and food ingredients shall be taxed at the rate of-~~
38 ~~6.0%/5.7%.~~

39 ~~Sec. 19. K.S.A. 2014 Supp. 79-3620 is hereby amended to read as~~
40 ~~follows: 79-3620. (a) All revenue collected or received by the director of~~
41 ~~taxation from the taxes imposed by this act shall be remitted to the state~~
42 ~~treasurer in accordance with the provisions of K.S.A. 75-4215, and~~
43 ~~amendments thereto. Upon receipt of each such remittance, the state~~

1 treasurer shall deposit the entire amount in the state treasury, less amounts
 2 withheld as provided in subsection (b) and amounts credited as provided in
 3 subsections (c), (d) and (e), to the credit of the state general fund.

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

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

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

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

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

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

41 ~~(6)(2) On July 1, 2011, the state treasurer shall credit 11.26% of the~~
 42 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
 43 ~~and amendments thereto, at the rate of 6.3%, and deposited as provided by~~

1 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
2 ~~the state highway fund.~~

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

8 ~~(8)(4) On July 1, 2013, and thereafter, the state treasurer shall credit~~
9 ~~17.073% of the revenue collected and received from the tax imposed by~~
10 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.15%, and~~
11 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
12 ~~pursuant to subsection (d), in the state highway fund.~~

13 ~~(5) On July 1, 2015, the state treasurer shall credit 13.878%~~
14 ~~~~13.956%~~16.375% of the revenue collected and received from the tax~~
15 ~~imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.5%~~
16 ~~and 6.0%~~5.7%~~, and deposited as provided by subsection (a), exclusive of~~
17 ~~amounts credited pursuant to subsection (d), in the state highway fund.~~

18 ~~(6) On July 1, 2016, ~~and thereafter,~~ the state treasurer shall credit~~
19 ~~13.700% ~~13.785%~~16.315% of the revenue collected and received from:~~
20 ~~the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates~~
21 ~~of 6.50% and 6.0%~~5.7%~~, and deposited as provided by subsection (a),~~
22 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
23 ~~highway fund.~~

24 ~~(7) On July 1, 2017, and thereafter, the state treasurer shall credit:~~
25 ~~13.790% ~~13.874%~~ of the revenue collected and received from the tax:~~
26 ~~imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.5%~~
27 ~~and 6.0% ~~5.7%~~, and deposited as provided by subsection (a), exclusive~~
28 ~~of amounts credited pursuant to subsection (d), in the state highway fund.~~

29 ~~(d) The state treasurer shall credit all revenue collected or received~~
30 ~~from the tax imposed by K.S.A. 79-3603, and amendments thereto, as~~
31 ~~certified by the director, from taxpayers doing business within that portion~~
32 ~~of a STAR bond project district occupied by a STAR bond project or~~
33 ~~taxpayers doing business with such entity financed by a STAR bond~~
34 ~~project as defined in K.S.A. 2014 Supp. 12-17,162, and amendments~~
35 ~~thereto, that was determined by the secretary of commerce to be of~~
36 ~~statewide as well as local importance or will create a major tourism area~~
37 ~~for the state or the project was designated as a STAR bond project as~~
38 ~~defined in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, to the~~
39 ~~city bond finance fund, which fund is hereby created. The provisions of~~
40 ~~this subsection shall expire when the total of all amounts credited~~
41 ~~hereunder and under subsection (d) of K.S.A. 79-3710(d), and~~
42 ~~amendments thereto, is sufficient to retire the special obligation bonds~~
43 ~~issued for the purpose of financing all or a portion of the costs of such~~

1 STAR bond project:

2 ~~(e) All revenue certified by the director of taxation as having been~~
 3 ~~collected or received from the tax imposed by subsection (e) of K.S.A. 79-~~
 4 ~~3603(c), and amendments thereto, on the sale or furnishing of gas, water,~~
 5 ~~electricity and heat for use or consumption within the intermodal facility~~
 6 ~~district described in this subsection, shall be credited by the state treasurer~~
 7 ~~to the state highway fund. Such revenue may be transferred by the~~
 8 ~~secretary of transportation to the rail service improvement fund pursuant to~~
 9 ~~law. The provisions of this subsection shall take effect upon certification~~
 10 ~~by the secretary of transportation that a notice to proceed has been~~
 11 ~~received for the construction of the improvements within the intermodal~~
 12 ~~facility district, but not later than December 31, 2010, and shall expire~~
 13 ~~when the secretary of revenue determines that the total of all amounts~~
 14 ~~credited hereunder and pursuant to subsection (e) of K.S.A. 79-3710(e),~~
 15 ~~and amendments thereto, is equal to \$53,300,000, but not later than~~
 16 ~~December 31, 2045. Thereafter, all revenues shall be collected and~~
 17 ~~distributed in accordance with applicable law. For all tax reporting periods~~
 18 ~~during which the provisions of this subsection are in effect, none of the~~
 19 ~~exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto,~~
 20 ~~shall apply to the sale or furnishing of any gas, water, electricity and heat~~
 21 ~~for use or consumption within the intermodal facility district. As used in~~
 22 ~~this subsection, "intermodal facility district" shall consist of an intermodal~~
 23 ~~transportation area as defined by subsection (oo) of K.S.A. 12-1770a(oo),~~
 24 ~~and amendments thereto, located in Johnson county within the polygonal-~~
 25 ~~shaped area having Waverly Road as the eastern boundary, 191st Street as~~
 26 ~~the southern boundary, Four Corners Road as the western boundary, and~~
 27 ~~Highway 56 as the northern boundary, and the polygonal-shaped area~~
 28 ~~having Poplar Road as the eastern boundary, 183rd Street as the southern~~
 29 ~~boundary, Waverly Road as the western boundary, and the BNSF mainline~~
 30 ~~track as the northern boundary, that includes capital investment in an~~
 31 ~~amount exceeding \$150 million for the construction of an intermodal~~
 32 ~~facility to handle the transfer, storage and distribution of freight through~~
 33 ~~railway and trucking operations.~~

34 ~~Sec. 20. K.S.A. 2014 Supp. 79-3703 is hereby amended to read as~~
 35 ~~follows: 79-3703. There is hereby levied and there shall be collected from~~
 36 ~~every person in this state a tax or exесе for the privilege of using, storing,~~
 37 ~~or consuming within this state any article of tangible personal property.~~
 38 ~~Such tax shall be levied and collected in an amount equal to the~~
 39 ~~consideration paid by the taxpayer multiplied by the rate of 6.15%, and~~
 40 ~~commencing July 1, 2015, at the rate of 6.5%, except that such rate shall~~
 41 ~~be 6.0%{5.7%} upon food and food ingredients, as defined by K.S.A. 79-~~
 42 ~~3602, and amendments thereto. Within a redevelopment district~~
 43 ~~established pursuant to K.S.A. 74-8921, and amendments thereto, there is~~

1 ~~hereby levied and there shall be collected and paid an additional tax of 2%~~
 2 ~~until the earlier of: (1) The date the bonds issued to finance or refinance~~
 3 ~~the redevelopment project undertaken in the district have been paid in full;~~
 4 ~~or (2) the final scheduled maturity of the first series of bonds issued to~~
 5 ~~finance the redevelopment project. All property purchased or leased within~~
 6 ~~or without this state and subsequently used, stored or consumed in this~~
 7 ~~state shall be subject to the compensating tax if the same property or~~
 8 ~~transaction would have been subject to the Kansas retailers' sales tax had~~
 9 ~~the transaction been wholly within this state.~~

10 ~~Sec. 21. K.S.A. 2014 Supp. 79-3710 is hereby amended to read as~~
 11 ~~follows: 79-3710. (a) All revenue collected or received by the director~~
 12 ~~under the provisions of this act shall be remitted to the state treasurer in~~
 13 ~~accordance with the provisions of K.S.A. 75-4215, and amendments~~
 14 ~~thereto. Upon receipt of each such remittance, the state treasurer shall~~
 15 ~~deposit the entire amount in the state treasury, less amounts set apart as~~
 16 ~~provided in subsection (b) and amounts credited as provided in subsection~~
 17 ~~(c), (d) and (e), to the credit of the state general fund.~~

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

25 ~~(c) (1) The state treasurer shall credit ⁵/₉₈ of the revenue collected or~~
 26 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~
 27 ~~thereto, at the rate of 4.9%, and deposited as provided in subsection (a),~~
 28 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
 29 ~~highway fund.~~

30 ~~(2) The state treasurer shall credit ⁵/₁₀₆ 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 5.3%, and deposited as provided in subsection (a),~~
 33 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
 34 ~~highway fund.~~

35 ~~(3) On July 1, 2006, the state treasurer shall credit ¹⁹/₂₆₅ of the revenue~~
 36 ~~collected or received from the tax imposed by K.S.A. 79-3703, and~~
 37 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
 38 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
 39 ~~the state highway fund.~~

40 ~~(4) On July 1, 2007, the state treasurer shall credit ¹³/₁₀₆ of the revenue~~
 41 ~~collected or received from the tax imposed by K.S.A. 79-3703, and~~
 42 ~~amendments thereto, at the rate of 5.3%, and deposited as provided by~~
 43 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~

1 the state highway fund.

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

7 ~~(6)(2) On July 1, 2011, the state treasurer shall credit 11.26% 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 by~~
10 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
11 ~~the state highway fund.~~

12 ~~(7)(3) On July 1, 2012, the state treasurer shall credit 11.233% 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 by~~
15 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
16 ~~the state highway fund.~~

17 ~~(8)(4) On July 1, 2013, and thereafter, the state treasurer shall credit~~
18 ~~17.073% of the revenue collected and received from the tax imposed by~~
19 ~~K.S.A. 79-3703, and amendments thereto, at the rate of 6.15%, and~~
20 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
21 ~~pursuant to subsection (d), in the state highway fund.~~

22 ~~(5) On July 1, 2015, the state treasurer shall credit 13.878%~~
23 ~~{13.956%16.375%} of the revenue collected and received from the tax~~
24 ~~imposed by K.S.A. 79-3703, and amendments thereto, at the rates of 6.5%~~
25 ~~and 6.0%{5.7%}, and deposited as provided by subsection (a), exclusive of~~
26 ~~amounts credited pursuant to subsection (d), in the state highway fund.~~

27 ~~(6) On July 1, 2016, {and thereafter,} the state treasurer shall credit~~
28 ~~13.700% {13.785%16.315%} of the revenue collected and received from~~
29 ~~the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates~~
30 ~~of 6.5% and 6.0%{5.7%}, and deposited as provided by subsection (a),~~
31 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
32 ~~highway fund.~~

33 ~~(7) On July 1, 2017, and thereafter, the state treasurer shall credit~~
34 ~~13.790% {13.874%} of the revenue collected and received from the tax~~
35 ~~imposed by K.S.A. 79-3603 {79-3703}, and amendments thereto, at the~~
36 ~~rates of 6.5% and 6.0%{5.7%}, and deposited as provided by subsection~~
37 ~~(a), exclusive of amounts credited pursuant to subsection (d), in the state~~
38 ~~highway fund.~~

39 ~~(d) The state treasurer shall credit all revenue collected or received~~
40 ~~from the tax imposed by K.S.A. 79-3703, and amendments thereto, as~~
41 ~~certified by the director, from taxpayers doing business within that portion~~
42 ~~of a redevelopment district occupied by a redevelopment project that was~~
43 ~~determined by the secretary of commerce to be of statewide as well as~~

1 ~~local importance or will create a major tourism area for the state as defined~~
 2 ~~in K.S.A. 12-1770a, and amendments thereto, to the city bond finance~~
 3 ~~fund created by subsection (d) of K.S.A. 79-3620(d), and amendments~~
 4 ~~thereto. The provisions of this subsection shall expire when the total of all~~
 5 ~~amounts credited hereunder and under subsection (d) of K.S.A. 79-~~
 6 ~~3620(d), and amendments thereto, is sufficient to retire the special~~
 7 ~~obligation bonds issued for the purpose of financing all or a portion of the~~
 8 ~~costs of such redevelopment project.~~

9 ~~This subsection shall not apply to a project designated as a special bond~~
 10 ~~project as defined in subsection (z) of K.S.A. 12-1770a(z), and~~
 11 ~~amendments thereto.~~

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

1 ~~Sec. 22.—K.S.A. 79-5105 is hereby amended to read as follows: 79-~~
 2 ~~5105. (a) (1) Except as provided in subsection (a)(2), a tax is hereby levied~~
 3 ~~upon every motor vehicle, as the same is defined by K.S.A. 79-5101, and~~
 4 ~~amendments thereto, in an amount which shall be determined in the~~
 5 ~~manner hereinafter prescribed, except that: (1) (A) (i) For 1995, the tax on~~
 6 ~~any motoreycle shall not be less than \$6 and the tax on any other motor~~
 7 ~~vehicle shall not be less than \$12; and (B)(ii) the tax on each motor vehicle~~
 8 ~~the age of which is 15 years or older shall not be more than \$12; and (2)~~
 9 ~~(B) for 1996, and each year thereafter: (A)(i) The tax on any motoreycle~~
 10 ~~shall not be less than \$12 and the tax on any other motor vehicle shall not~~
 11 ~~be less than \$24, except as otherwise provided by clause (B) and (C)-~~
 12 ~~subsections (a)(1)(B)(ii) and (a)(1)(B)(iii); (B)(ii) the tax on any~~
 13 ~~motoreycle the model year of which is 1980 or earlier shall be \$6 and the~~
 14 ~~tax on any other motor vehicle the model year of which is 1980 or earlier~~
 15 ~~shall be \$12; and (C)(iii) if the tax on any motoreycle in 1995 was more~~
 16 ~~than \$6 but less than \$12, the tax shall be determined for 1996 and each~~
 17 ~~year thereafter in the manner hereinafter prescribed but shall not be less~~
 18 ~~than \$6, and if the tax on any other motor vehicle in 1995 was more than~~
 19 ~~\$12 but less than \$24, the tax shall be determined for 1996 and each year~~
 20 ~~thereafter in the manner hereinafter prescribed but shall not be less than~~
 21 ~~\$12.~~

22 ~~(2) Commencing in 2016, and each year thereafter, the tax on any~~
 23 ~~motoreycle shall not be less than \$18 and the tax on any other motor~~
 24 ~~vehicle shall not be less than \$36, unless in 2014 such tax was already less~~
 25 ~~than such minimum tax, and in any such case the provisions of subsection~~
 26 ~~(a)(1) shall remain applicable to any such motoreycle or other motor~~
 27 ~~vehicle.~~

28 ~~(b) The amount of such tax on a motor vehicle shall be computed by:~~
 29 ~~(1) By determining the amount representing the midpoint of the values~~
 30 ~~included within the class in which such motor vehicle is classified under~~
 31 ~~K.S.A. 79-5102 or 79-5103, and amendments thereto, except that the~~
 32 ~~midpoint of class 20 shall be \$21,000 plus \$2,000 for each \$2,000 or~~
 33 ~~portion thereof by which the trade-in value of the vehicle exceeds \$22,000;~~
 34 ~~(2) if the model year of the motor vehicle is a year other than the year for~~
 35 ~~which the tax is levied, by reducing such midpoint amount by an amount~~
 36 ~~equal to 16% in 1995, and all years prior thereto, and 15% in 1996, and all~~
 37 ~~years through 2015, and commencing in 2016 and in each year thereafter:~~
 38 ~~15% for the first three years of a vehicle, 12% for years four through six,~~
 39 ~~and 10% for all years thereafter, of the remaining balance for each year of~~
 40 ~~difference between the model year of the motor vehicle and the year for~~
 41 ~~which the tax is levied if the model year of the motor vehicle is 1981 or a~~
 42 ~~later year or (B) the remaining balance for each year of difference between~~
 43 ~~the year 1980 and the year for which the tax is levied if the model year of~~

1 the motor vehicle is 1980 or any year prior thereto until such time as such
 2 result is equal to or less than the minimum tax prescribed by subsection
 3 (a); (3) by multiplying the amount determined after application of clause
 4 (2) above subsection (b)(2) by 30% during calendar year 1995, 28.5%
 5 during the calendar year 1996, 26.5% during the calendar year 1997,
 6 24.5% during the calendar year 1998, 22.5% during the calendar year
 7 1999, and 20% during calendar year 2015, 18% during calendar year
 8 2016, 16% during calendar year 2017, 14% during calendar year 2018;
 9 and 12% during calendar year 2019, and all calendar years thereafter,
 10 which shall constitute the taxable value of the motor vehicle; and (4) by
 11 multiplying the taxable value of the motor vehicle produced under clause
 12 (3) above subsection (b)(3) by the county average tax rate.

13 (e) The "county average tax rate" means the total amount of general
 14 property taxes levied within the county by the state, county and all other
 15 taxing subdivisions levying such taxes within such county in the second
 16 calendar year before the calendar year in which the owner's full
 17 registration year begins divided by the total assessed tangible valuation of
 18 property within such county as of November 1 of such second calendar
 19 year before the calendar year in which the owner's full registration year
 20 begins as certified by the secretary of revenue, except that: (1) As of
 21 November 1, 1994, such rate shall be computed without regard to 11.429%
 22 of the general property taxes levied by school districts pursuant to K.S.A.
 23 72-6431, and amendments thereto; (2) as of November 1, 1995, such rate
 24 shall be computed without regard to 31.429% of the general property taxes
 25 levied by school districts pursuant to K.S.A. 72-6431, and amendments
 26 thereto; (3) as of November 1, 1996, such rate shall be computed without
 27 regard to 54.286% of the general property taxes levied by school districts
 28 pursuant to K.S.A. 72-6431, and amendments thereto; (4) as of November
 29 1, 1997, such rate shall be computed without regard to 70.36% of the
 30 general property taxes levied by school districts pursuant to K.S.A. 72-
 31 6431, and amendments thereto; and (5) as of November 1, 1998, and such
 32 date in all years thereafter, such rate shall be computed without regard to
 33 the general property taxes levied by school districts pursuant to K.S.A. 72-
 34 6431, and amendments thereto As of November 1, 2014, such rate shall be
 35 computed without regard to the general property taxes levied by school
 36 districts pursuant to section 11 of 2015 House Substitute for Senate Bill
 37 No. 7, and amendments thereto; (2) as of November 1, 2015, such rate
 38 shall be computed with regard to 25% of the general property taxes levied
 39 by school districts pursuant to section 11 of 2015 House Substitute for
 40 Senate Bill No. 7, and amendments thereto; (3) as of November 1, 2016,
 41 such rate shall be computed with regard to 50% of the general property
 42 taxes levied by school districts pursuant to section 11 of 2015 House
 43 Substitute for Senate Bill No. 7, and amendments thereto; (4) as of

1 ~~November 1, 2017, such rate shall be computed with regard to 75% of the~~
2 ~~general property taxes levied by school districts pursuant to section 11 of~~
3 ~~2015 House Substitute for Senate Bill No. 7, and amendments thereto; and~~
4 ~~(5) as of November 1, 2018, and November 1 in each year thereafter, such~~
5 ~~rate shall be computed with regard to all of the general property taxes~~
6 ~~levied by school districts pursuant to K.S.A. 72-6431, and amendments~~
7 ~~thereto.~~

8 ~~**{New Sec. 22. There is hereby established in the state treasury the**~~
9 ~~**tobacco cessation fund which shall be administered by the university of**~~
10 ~~**Kansas medical center. All expenditures from the tobacco cessation fund**~~
11 ~~**shall be for promoting the cessation of tobacco usage. All expenditures**~~
12 ~~**from the tobacco cessation fund shall be made in accordance with**~~
13 ~~**appropriation acts upon warrants of the director of accounts and reports**~~
14 ~~**issued pursuant to vouchers approved by the vice-chancellor of the**~~
15 ~~**university of Kansas medical center or the designee of the vice-**~~
16 ~~**chancellor.**~~

17 ~~All moneys received by K.S.A. 79-3387(c), and amendments thereto,~~
18 ~~shall be deposited in the state treasury in accordance with the provisions~~
19 ~~of K.S.A. 75-4215, and amendments thereto, and shall be credited to the~~
20 ~~tobacco cessation fund.~~

21 ~~Sec. 23. K.S.A. 2014 Supp. 79-3387 is hereby amended to read as~~
22 ~~follows: 79-3387. (a) Except as otherwise provided, all revenue collected~~
23 ~~or received by the director from taxes imposed by this act shall be remitted~~
24 ~~to the state treasurer in accordance with the provisions of K.S.A. 75-4215,~~
25 ~~and amendments thereto. Upon receipt of each such remittance, the state~~
26 ~~treasurer shall deposit the entire amount in the state treasury to the credit~~
27 ~~of the state general fund.~~

28 ~~(b) All moneys received from license fees imposed by this act shall~~
29 ~~be collected by the director and shall be remitted to the state treasurer in~~
30 ~~accordance with the provisions of K.S.A. 75-4215, and amendments~~
31 ~~thereto. Upon receipt of each such remittance, the state treasurer shall~~
32 ~~deposit the entire amount in the state treasury to the credit of the cigarette~~
33 ~~and tobacco products regulation fund created by K.S.A. 79-3391, and~~
34 ~~amendments thereto.~~

35 ~~(c) On July 1, 2015, and thereafter, all revenue collected or received~~
36 ~~from taxes imposed by K.S.A. 79-3310, and amendments thereto, shall be~~
37 ~~remitted to the state treasurer in accordance with the provisions of K.S.A.~~
38 ~~75-4215, and amendments thereto. Upon receipt of each such remittance,~~
39 ~~the state treasurer shall deposit and credit the first \$10,000,000 to the~~
40 ~~tobacco cessation fund. Of the balance which remains after deduction of~~
41 ~~the amount in this subsection, the state treasurer shall deposit and credit~~
42 ~~the remainder in the state treasury to the credit of the state general fund.}~~

43 ~~Sec. 23. {24.} K.S.A. 79-3371 and 79-3378 and K.S.A. 2014 Supp.~~

1 ~~79-32,110, 79-32,117, 79-32,120, 79-3310, 79-3310e, 79-3311, 79-3312,~~
2 ~~{79-3387, 79-3492b, 79-34,118, 79-34,141, 79-34,142, 79-3602, 79-3603,~~
3 ~~as amended by section 20 of 2015 Senate Substitute for House Bill No.~~
4 ~~2155, 79-3620, 79-3703, {and} 79-3710 and 79-5105 are hereby are~~
5 ~~hereby repealed.~~

6 ***Sec. 2. K.S.A. 2014 Supp. 79-32,265 is hereby amended to read as***
7 ***follows: 79-32,265. Except as otherwise provided, no credit provided***
8 ***under the Kansas income tax act, and amendments thereto, shall be***
9 ***allowed any individual who fails to provide a valid social security***
10 ***number issued to such individual, the individual's spouse and***
11 ***dependents of the individual for purposes of section 205 (c)(2)(A) of the***
12 ***social security act on such individual's Kansas income tax return as the***
13 ***identifying number for such individual for tax purposes {or any***
14 ***individual who has not been issued a valid social security number for the***
15 ***entire taxable year in which such credit is claimed}. The provisions of***
16 ***this section shall not apply to the credit provided by K.S.A. 79-32,111,***
17 ***and amendments thereto.***

18 ***Sec. 3. K.S.A. 2014 Supp. 79-201, as amended by section 4 of 2015***
19 ***Senate Bill No. 91, is hereby amended to read as follows: 79-201. The***
20 ***following described property, to the extent herein specified, shall be and***
21 ***is hereby exempt from all property or ad valorem taxes levied under the***
22 ***laws of the state of Kansas:***

23 *First.* All buildings used exclusively as places of public worship and all
24 buildings used exclusively by school districts and school district interlocal
25 cooperatives organized under the laws of this state, with the furniture and
26 books therein contained and used exclusively for the accommodation of
27 religious meetings or for school district or school district interlocal
28 cooperative purposes, whichever is applicable, together with the grounds
29 owned thereby if not leased or otherwise used for the realization of profit,
30 except that: (a) (1) Any school building, or portion thereof, together with
31 the grounds upon which the building is located, shall be considered to be
32 used exclusively by the school district for the purposes of this section
33 when leased by the school district to any political or taxing subdivision of
34 the state, including a school district interlocal cooperative, or to any
35 association, organization or nonprofit corporation entitled to tax exemption
36 with respect to such property; and (2) any school building, together with
37 the grounds upon which the building is located, shall be considered to be
38 used exclusively by a school district interlocal cooperative for the
39 purposes of this section when being acquired pursuant to a lease-purchase
40 agreement; and (b) any building, or portion thereof, used as a place of
41 worship, together with the grounds upon which the building is located,
42 shall be considered to be used exclusively for the religious purposes of this
43 section when used as a not-for-profit day care center for children which is

1 licensed pursuant to K.S.A. 65-501 et seq., and amendments thereto, or
2 when used to house an area where the congregation of a church society
3 and others may purchase tracts, books and other items relating to the
4 promulgation of the church society's religious doctrines.

5 *Second.* All real property, and all tangible personal property, actually
6 and regularly used exclusively for literary, educational, scientific,
7 religious, benevolent or charitable purposes, including property used
8 exclusively for such purposes by more than one agency or organization for
9 one or more of such exempt purposes. Except with regard to real property
10 which is owned by a religious organization, is to be used exclusively for
11 religious purposes and is not used for a nonexempt purpose prior to its
12 exclusive use for religious purposes which property shall be deemed to be
13 actually and regularly used exclusively for religious purposes for the
14 purposes of this paragraph, this exemption shall not apply to such property,
15 not actually used or occupied for the purposes set forth herein, nor to such
16 property held or used as an investment even though the income or rentals
17 received therefrom is used wholly for such literary, educational, scientific,
18 religious, benevolent or charitable purposes. In the event any such
19 property which has been exempted pursuant to the preceding sentence is
20 not used for religious purposes prior to its conveyance which results in its
21 use for nonreligious purposes, there shall be a recoupment of property
22 taxes in an amount equal to the tax which would have been levied upon
23 such property except for such exemption for all taxable years for which
24 such exemption was in effect. Such recoupment tax shall become due and
25 payable in such year as provided by K.S.A. 79-2004, and amendments
26 thereto. A lien for such taxes shall attach to the real property subject to the
27 same on November 1 in the year such taxes become due and all such taxes
28 remaining due and unpaid after the date prescribed for the payment thereof
29 shall be collected in the manner provided by law for the collection of
30 delinquent taxes. Moneys collected from the recoupment tax hereunder
31 shall be credited by the county treasurer to the several taxing subdivisions
32 within which such real property is located in the proportion that the total
33 tangible property tax levies made in the preceding year for each such
34 taxing subdivision bear to the total of all such levies made in that year by
35 all such taxing subdivisions. Such moneys shall be credited to the general
36 fund of the taxing subdivision or if such taxing subdivision is making no
37 property tax levy for the support of a general fund such moneys may be
38 credited to any other tangible property tax fund of general application of
39 such subdivision. This exemption shall not be deemed inapplicable to
40 property which would otherwise be exempt pursuant to this paragraph
41 because an agency or organization: (a) Is reimbursed for the provision of
42 services accomplishing the purposes enumerated in this paragraph based
43 upon the ability to pay by the recipient of such services; or (b) is

1 reimbursed for the actual expense of using such property for purposes
 2 enumerated in this paragraph; or (c) uses such property for a nonexempt
 3 purpose which is minimal in scope and insubstantial in nature if such use
 4 is incidental to the exempt purposes of this paragraph; or (d) charges a
 5 reasonable fee for admission to cultural or educational activities or permits
 6 the use of its property for such activities by a related agency or
 7 organization, if any such activity is in furtherance of the purposes of this
 8 paragraph; or (e) is applying for an exemption pursuant to this paragraph
 9 for a motor vehicle that is being leased for a period of at least one year.

10 *Third.* All moneys and credits belonging exclusively to universities,
 11 colleges, academies or other public schools of any kind, or to religious,
 12 literary, scientific or benevolent and charitable institutions or associations,
 13 appropriated solely to sustain such institutions or associations, not
 14 exceeding in amount or in income arising therefrom the limit prescribed by
 15 the charter of such institution or association.

16 *Fourth.* The reserve or emergency funds of fraternal benefit societies
 17 authorized to do business under the laws of the state of Kansas.

18 *Fifth.* All buildings of private nonprofit universities or colleges which
 19 are owned and operated by such universities and colleges as student union
 20 buildings, presidents' homes and student dormitories.

21 ~~*Sixth.* All real and tangible personal property actually and regularly
 22 used exclusively by the alumni association associated by its articles of
 23 incorporation with any public or nonprofit Kansas college or university
 24 approved by the Kansas board of regents to confer academic degrees or
 25 with any community college approved by its board of trustees to grant
 26 certificates of completion of courses or curriculum, to provide
 27 accommodations and services to such college or university or to the
 28 alumni, staff or faculty thereof.~~

29 ~~*Seventh.* All parsonages owned by a church society and actually and
 30 regularly occupied and used predominantly as a residence by a minister
 31 or other clergyman of such church society who is actually and regularly
 32 engaged in conducting the services and religious ministrations of such
 33 society, and the land upon which such parsonage is located to the extent
 34 necessary for the accommodation of such parsonage.~~

35 ~~*Eighth.*~~ *{Seventh.} All real property, all buildings located on such
 36 property and all personal property contained therein, actually and
 37 regularly used exclusively by any individually chartered organization of
 38 honorably discharged military veterans of the United States armed
 39 forces or auxiliary of any such organization, which is exempt from
 40 federal income taxation pursuant to section 501(c)(19) of the federal
 41 internal revenue code of 1986, for clubhouse, place of meeting or
 42 memorial hall purposes, and real property to the extent of not more than
 43 two acres, and all buildings located on such property, actually and*

1 *regularly used exclusively by any such veterans' organization or its*
2 *auxiliary as a memorial park.*

3 ~~Ninth.~~{Eighth.} *All real property and tangible personal property*
4 *actually and regularly used by a community service organization for the*
5 *predominant purpose of providing humanitarian services, which is*
6 *owned and operated by a corporation organized not for profit under the*
7 *laws of the state of Kansas or by a corporation organized not for profit*
8 *under the laws of another state and duly admitted to engage in business*
9 *in this state as a foreign not-for-profit corporation if: (a) The directors*
10 *of such corporation serve without pay for such services; (b) the*
11 *corporation is operated in a manner which does not result in the accrual*
12 *of distributable profits, realization of private gain resulting from the*
13 *payment of compensation in excess of a reasonable allowance for salary*
14 *or other compensation for services rendered or the realization of any*
15 *other form of private gain; (c) no officer, director or member of such*
16 *corporation has any pecuniary interest in the property for which*
17 *exemption is claimed; (d) the corporation is organized for the purpose of*
18 *providing humanitarian services; (e) the actual use of property for*
19 *which an exemption is claimed must be substantially and predominantly*
20 *related to the purpose of providing humanitarian services, except that,*
21 *the use of such property for a nonexempt purpose which is minimal in*
22 *scope and insubstantial in nature shall not result in the loss of*
23 *exemption if such use is incidental to the purpose of providing*
24 *humanitarian services by the corporation; (f) the corporation is exempt*
25 *from federal income taxation pursuant to section 501(c)(3) of the*
26 *internal revenue code of 1986; and (g) contributions to the corporation*
27 *are deductible under the Kansas income tax act. As used in this clause,*
28 *"humanitarian services" means the conduct of activities which*
29 *substantially and predominantly meet a demonstrated community need*
30 *and which improve the physical, mental, social, cultural or spiritual*
31 *welfare of others or the relief, comfort or assistance of persons in*
32 *distress or any combination thereof including, but not limited to, health*
33 *and recreation services, child care, individual and family counseling,*
34 *employment and training programs for handicapped persons and meals*
35 *or feeding programs. Notwithstanding any other provision of this clause,*
36 *motor vehicles shall not be exempt hereunder unless such vehicles are*
37 *exclusively used for the purposes described therein, except that the use*
38 *of any such vehicle for the purpose of participating in a coordinated*
39 *transit district in accordance with the provisions of K.S.A. 75-5032*
40 *through 75-5037, and amendments thereto, or K.S.A. 75-5051 through*
41 *75-5058, and amendments thereto, shall be deemed as exclusive use.*

42 ~~Tenth.~~{Ninth.} *For all taxable years commencing after December 31,*
43 *1986, any building, and the land upon which such building is located to*

1 *the extent necessary for the accommodation of such building, owned by*
2 *a church or nonprofit religious society or order which is exempt from*
3 *federal income taxation pursuant to section 501(c)(3) of the federal*
4 *internal revenue code of 1986, and actually and regularly occupied and*
5 *used exclusively for residential and religious purposes by a community*
6 *of persons who are bound by vows to a religious life and who conduct or*
7 *assist in the conduct of religious services and actually and regularly*
8 *engage in religious, benevolent, charitable or educational ministrations*
9 *or the performance of health care services.*

10 ~~*Eleventh.*~~*{Tenth.}* *For all taxable years commencing after December*
11 *31, 1998, all property actually and regularly used predominantly to*
12 *produce and generate electricity utilizing renewable energy resources or*
13 *technologies when the applicant for such property, on or before*
14 *December 31, 2016, has filed an application for exemption pursuant to*
15 *this subsection or has received a conditional use permit to produce and*
16 *generate electricity on the property from the county in which the*
17 *property is located. Any exemption granted under the provisions of this*
18 *subsection for such property when the applicant, after December 31,*
19 *2016, has filed such application or filed such application and received a*
20 *conditional use permit, shall be in effect for the 10 taxable years*
21 *immediately following the taxable year in which construction or*
22 *installation of such property is completed. For purposes of this section,*
23 *"renewable energy resources or technologies" shall include wind, solar,*
24 *photovoltaic, biomass, hydropower, geothermal and landfill gas*
25 *resources or technologies.*

26 ~~*Twelfth.*~~*{Eleventh.}* *For all taxable years commencing after December*
27 *31, 2001, all personal property actually and regularly used*
28 *predominantly to collect, refine or treat landfill gas or to transport*
29 *landfill gas from a landfill to a transmission pipeline, and the landfill*
30 *gas produced therefrom.*

31 *The provisions of this section, except as otherwise more specifically*
32 *provided, shall apply to all taxable years commencing after December*
33 *31, 2009 {2015}.*

34 *Sec. 4. K.S.A. 2014 Supp. 79-3606 is hereby amended to read as*
35 *follows: 79-3606. The following shall be exempt from the tax imposed by*
36 *this act:*

37 *(a) All sales of motor-vehicle fuel or other articles upon which a*
38 *sales or excise tax has been paid, not subject to refund, under the laws of*
39 *this state except cigarettes as defined by K.S.A. 79-3301, and*
40 *amendments thereto, cereal malt beverages and malt products as defined*
41 *by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,*
42 *malt syrup and malt extract, which is not subject to taxation under the*
43 *provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles*

1 *taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed*
 2 *pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and*
 3 *laundry services taxed pursuant to K.S.A. 65-34,150, and amendments*
 4 *thereto, and gross receipts from regulated sports contests taxed pursuant*
 5 *to the Kansas professional regulated sports act, and amendments*
 6 *thereto;*

7 *(b) all sales of tangible personal property or service, including the*
 8 *renting and leasing of tangible personal property, purchased directly by*
 9 *the state of Kansas, a political subdivision thereof, other than a school*
 10 *or educational institution, or purchased by a public or private nonprofit*
 11 *hospital or public hospital authority or nonprofit blood, tissue or organ*
 12 *bank and used exclusively for state, political subdivision, hospital or*
 13 *public hospital authority or nonprofit blood, tissue or organ bank*
 14 *purposes, except when: (1) Such state, hospital or public hospital*
 15 *authority is engaged or proposes to engage in any business specifically*
 16 *taxable under the provisions of this act and such items of tangible*
 17 *personal property or service are used or proposed to be used in such*
 18 *business; or (2) such political subdivision is engaged or proposes to*
 19 *engage in the business of furnishing gas, electricity or heat to others and*
 20 *such items of personal property or service are used or proposed to be*
 21 *used in such business;*

22 *(c) all sales of tangible personal property or services, including the*
 23 *renting and leasing of tangible personal property, purchased directly by*
 24 *a public or private elementary or secondary school or public or private*
 25 *nonprofit educational institution and used primarily by such school or*
 26 *institution for nonsectarian programs and activities provided or*
 27 *sponsored by such school or institution or in the erection, repair or*
 28 *enlargement of buildings to be used for such purposes. The exemption*
 29 *herein provided shall not apply to erection, construction, repair,*
 30 *enlargement or equipment of buildings used primarily for human*
 31 *habitation;*

32 *(d) all sales of tangible personal property or services purchased by*
 33 *a contractor for the purpose of constructing, equipping, reconstructing,*
 34 *maintaining, repairing, enlarging, furnishing or remodeling facilities*
 35 *for any public or private nonprofit hospital or public hospital authority,*
 36 *public or private elementary or secondary school, a public or private*
 37 *nonprofit educational institution, state correctional institution including*
 38 *a privately constructed correctional institution contracted for state use*
 39 *and ownership, which would be exempt from taxation under the*
 40 *provisions of this act if purchased directly by such hospital or public*
 41 *hospital authority, school, educational institution or a state correctional*
 42 *institution; and all sales of tangible personal property or services*
 43 *purchased by a contractor for the purpose of constructing, equipping,*

1 *reconstructing, maintaining, repairing, enlarging, furnishing or*
2 *remodeling facilities for any political subdivision of the state or district*
3 *described in subsection (s), the total cost of which is paid from funds of*
4 *such political subdivision or district and which would be exempt from*
5 *taxation under the provisions of this act if purchased directly by such*
6 *political subdivision or district. Nothing in this subsection or in the*
7 *provisions of K.S.A. 12-3418, and amendments thereto, shall be deemed*
8 *to exempt the purchase of any construction machinery, equipment or*
9 *tools used in the constructing, equipping, reconstructing, maintaining,*
10 *repairing, enlarging, furnishing or remodeling facilities for any political*
11 *subdivision of the state or any such district. As used in this subsection,*
12 *K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a*
13 *political subdivision" shall mean general tax revenues, the proceeds of*
14 *any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for*
15 *the purpose of constructing, equipping, reconstructing, repairing,*
16 *enlarging, furnishing or remodeling facilities which are to be leased to*
17 *the donor. When any political subdivision of the state, district described*
18 *in subsection (s), public or private nonprofit hospital or public hospital*
19 *authority, public or private elementary or secondary school, public or*
20 *private nonprofit educational institution, state correctional institution*
21 *including a privately constructed correctional institution contracted for*
22 *state use and ownership shall contract for the purpose of constructing,*
23 *equipping, reconstructing, maintaining, repairing, enlarging, furnishing*
24 *or remodeling facilities, it shall obtain from the state and furnish to the*
25 *contractor an exemption certificate for the project involved, and the*
26 *contractor may purchase materials for incorporation in such project.*
27 *The contractor shall furnish the number of such certificate to all*
28 *suppliers from whom such purchases are made, and such suppliers shall*
29 *execute invoices covering the same bearing the number of such*
30 *certificate. Upon completion of the project the contractor shall furnish*
31 *to the political subdivision, district described in subsection (s), hospital*
32 *or public hospital authority, school, educational institution or*
33 *department of corrections concerned a sworn statement, on a form to be*
34 *provided by the director of taxation, that all purchases so made were*
35 *entitled to exemption under this subsection. As an alternative to the*
36 *foregoing procedure, any such contracting entity may apply to the*
37 *secretary of revenue for agent status for the sole purpose of issuing and*
38 *furnishing project exemption certificates to contractors pursuant to rules*
39 *and regulations adopted by the secretary establishing conditions and*
40 *standards for the granting and maintaining of such status. All invoices*
41 *shall be held by the contractor for a period of five years and shall be*
42 *subject to audit by the director of taxation. If any materials purchased*
43 *under such a certificate are found not to have been incorporated in the*

1 *building or other project or not to have been returned for credit or the*
2 *sales or compensating tax otherwise imposed upon such materials which*
3 *will not be so incorporated in the building or other project reported and*
4 *paid by such contractor to the director of taxation not later than the 20th*
5 *day of the month following the close of the month in which it shall be*
6 *determined that such materials will not be used for the purpose for*
7 *which such certificate was issued, the political subdivision, district*
8 *described in subsection (s), hospital or public hospital authority, school,*
9 *educational institution or the contractor contracting with the department*
10 *of corrections for a correctional institution concerned shall be liable for*
11 *tax on all materials purchased for the project, and upon payment thereof*
12 *it may recover the same from the contractor together with reasonable*
13 *attorney fees. Any contractor or any agent, employee or subcontractor*
14 *thereof, who shall use or otherwise dispose of any materials purchased*
15 *under such a certificate for any purpose other than that for which such*
16 *a certificate is issued without the payment of the sales or compensating*
17 *tax otherwise imposed upon such materials, shall be guilty of a*
18 *misdemeanor and, upon conviction therefor, shall be subject to the*
19 *penalties provided for in ~~subsection (g) of~~ K.S.A. 79-3615(h), and*
20 *amendments thereto;*

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

1 *shall be held by the contractor for a period of five years and shall be*
2 *subject to audit by the director of taxation. Any contractor or any agent,*
3 *employee or subcontractor thereof, who shall use or otherwise dispose of*
4 *any materials purchased under such a certificate for any purpose other*
5 *than that for which such a certificate is issued without the payment of*
6 *the sales or compensating tax otherwise imposed upon such materials,*
7 *shall be guilty of a misdemeanor and, upon conviction therefor, shall be*
8 *subject to the penalties provided for in ~~subsection (g) of K.S.A. 79-~~*
9 *3615{(h)}, and amendments thereto;*

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

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

22 *(h) all rentals of nonsectarian textbooks by public or private*
23 *elementary or secondary schools;*

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

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

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

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

41 *(m) all sales of tangible personal property which become an*
42 *ingredient or component part of tangible personal property or services*
43 *produced, manufactured or compounded for ultimate sale at retail*

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

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

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

23 *(p) all sales of drugs dispensed pursuant to a prescription order by*
 24 *a licensed practitioner or a mid-level practitioner as defined by K.S.A.*
 25 *65-1626, and amendments thereto. As used in this subsection, "drug"*
 26 *means a compound, substance or preparation and any component of a*
 27 *compound, substance or preparation, other than food and food*
 28 *ingredients, dietary supplements or alcoholic beverages, recognized in*
 29 *the official United States pharmacopoeia, official homeopathic*
 30 *pharmacopoeia of the United States or official national formulary, and*
 31 *supplement to any of them, intended for use in the diagnosis, cure,*
 32 *mitigation, treatment or prevention of disease or intended to affect the*
 33 *structure or any function of the body, except that for taxable years*
 34 *commencing after December 31, 2013, this subsection shall not apply to*
 35 *any sales of drugs used in the performance or induction of an abortion,*
 36 *as defined in K.S.A. 65-6701, and amendments thereto;*

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

40 *(r) all sales of oxygen delivery equipment, kidney dialysis*
 41 *equipment, enteral feeding systems, prosthetic devices and mobility*
 42 *enhancing equipment prescribed in writing by a person licensed to*
 43 *practice the healing arts, dentistry or optometry, and in addition to such*

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

18 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and
 19 amendments thereto, all sales of tangible personal property or services
 20 purchased directly or indirectly by a groundwater management district
 21 organized or operating under the authority of K.S.A. 82a-1020 et seq.,
 22 and amendments thereto, by a rural water district organized or operating
 23 under the authority of K.S.A. 82a-612, and amendments thereto, or by a
 24 water supply district organized or operating under the authority of
 25 K.S.A. 19-3501 et seq., 19-3522 et seq., or 19-3545, and amendments
 26 thereto, which property or services are used in the construction
 27 activities, operation or maintenance of the district;

28 (t) all sales of farm machinery and equipment or aquaculture
 29 machinery and equipment, repair and replacement parts therefor and
 30 services performed in the repair and maintenance of such machinery
 31 and equipment. For the purposes of this subsection the term "farm
 32 machinery and equipment or aquaculture machinery and equipment"
 33 shall include a work-site utility vehicle, as defined in K.S.A. 8-126, and
 34 amendments thereto, and is equipped with a bed or cargo box for
 35 hauling materials, and shall also include machinery and equipment used
 36 in the operation of Christmas tree farming but shall not include any
 37 passenger vehicle, truck, truck tractor, trailer, semitrailer or pole trailer,
 38 other than a farm trailer, as such terms are defined by K.S.A. 8-126, and
 39 amendments thereto. "Farm machinery and equipment" includes
 40 precision farming equipment that is portable or is installed or purchased
 41 to be installed on farm machinery and equipment. "Precision farming
 42 equipment" includes the following items used only in computer-assisted
 43 farming, ranching or aquaculture production operations: Soil testing

1 *sensors, yield monitors, computers, monitors, software, global*
 2 *positioning and mapping systems, guiding systems, modems, data*
 3 *communications equipment and any necessary mounting hardware,*
 4 *wiring and antennas. Each purchaser of farm machinery and equipment*
 5 *or aquaculture machinery and equipment exempted herein must certify*
 6 *in writing on the copy of the invoice or sales ticket to be retained by the*
 7 *seller that the farm machinery and equipment or aquaculture machinery*
 8 *and equipment purchased will be used only in farming, ranching or*
 9 *aquaculture production. Farming or ranching shall include the*
 10 *operation of a feedlot and farm and ranch work for hire and the*
 11 *operation of a nursery;*

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

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

29 *(w) all sales of natural gas, electricity, heat and water delivered*
 30 *through mains, lines or pipes: (1) To residential premises for*
 31 *noncommercial use by the occupant of such premises; (2) for*
 32 *agricultural use and also, for such use, all sales of propane gas; (3) for*
 33 *use in the severing of oil; and (4) to any property which is exempt from*
 34 *property taxation pursuant to K.S.A. 79-201b, Second through Sixth. As*
 35 *used in this paragraph, "severing" shall have the meaning ascribed*
 36 *thereto by ~~subsection (k) of~~ K.S.A. 79-4216(k), and amendments thereto.*
 37 *For all sales of natural gas, electricity and heat delivered through*
 38 *mains, lines or pipes pursuant to the provisions of subsection (w)(1) and*
 39 *(w)(2), the provisions of this subsection shall expire on December 31,*
 40 *2005;*

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

1 (y) *all sales of materials and services used in the repairing,*
2 *servicing, altering, maintaining, manufacturing, remanufacturing, or*
3 *modification of railroad rolling stock for use in interstate or foreign*
4 *commerce under authority of the laws of the United States;*

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

8 (aa) *all sales of materials and services applied to equipment which*
9 *is transported into the state from without the state for repair, service,*
10 *alteration, maintenance, remanufacture or modification and which is*
11 *subsequently transported outside the state for use in the transmission of*
12 *liquids or natural gas by means of pipeline in interstate or foreign*
13 *commerce under authority of the laws of the United States;*

14 (bb) *all sales of used mobile homes or manufactured homes. As*
15 *used in this subsection: (1) "Mobile homes" and "manufactured*
16 *homes" shall have the meanings ascribed thereto by K.S.A. 58-4202, and*
17 *amendments thereto; and (2) "sales of used mobile homes or*
18 *manufactured homes" means sales other than the original retail sale*
19 *thereof;*

20 (cc) *all sales of tangible personal property or services purchased*
21 *prior to January 1, 2012, except as otherwise provided, for the purpose*
22 *of and in conjunction with constructing, reconstructing, enlarging or*
23 *remodeling a business or retail business which meets the requirements*
24 *established in K.S.A. 74-50,115, and amendments thereto, and the sale*
25 *and installation of machinery and equipment purchased for installation*
26 *at any such business or retail business, and all sales of tangible personal*
27 *property or services purchased on or after January 1, 2012, for the*
28 *purpose of and in conjunction with constructing, reconstructing,*
29 *enlarging or remodeling a business which meets the requirements*
30 *established in K.S.A. 74-50,115(e), and amendments thereto, and the*
31 *sale and installation of machinery and equipment purchased for*
32 *installation at any such business. When a person shall contract for the*
33 *construction, reconstruction, enlargement or remodeling of any such*
34 *business or retail business, such person shall obtain from the state and*
35 *furnish to the contractor an exemption certificate for the project*
36 *involved, and the contractor may purchase materials, machinery and*
37 *equipment for incorporation in such project. The contractor shall*
38 *furnish the number of such certificates to all suppliers from whom such*
39 *purchases are made, and such suppliers shall execute invoices covering*
40 *the same bearing the number of such certificate. Upon completion of the*
41 *project the contractor shall furnish to the owner of the business or retail*
42 *business a sworn statement, on a form to be provided by the director of*
43 *taxation, that all purchases so made were entitled to exemption under*

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

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

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

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

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

36 *(hh) all sales of medical supplies and equipment, including durable*
 37 *medical equipment, purchased directly by a nonprofit skilled nursing home*
 38 *or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,*
 39 *and amendments thereto, for the purpose of providing medical services to*
 40 *residents thereof. This exemption shall not apply to tangible personal*
 41 *property customarily used for human habitation purposes. As used in this*
 42 *subsection, "durable medical equipment" means equipment including*
 43 *repair and replacement parts for such equipment, which can withstand*

1 repeated use, is primarily and customarily used to serve a medical purpose,
 2 generally is not useful to a person in the absence of illness or injury and is
 3 not worn in or on the body, but does not include mobility enhancing
 4 equipment as defined in subsection (r), oxygen delivery equipment, kidney
 5 dialysis equipment or enteral feeding systems;

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

12 (jj) all sales of tangible personal property or services, including the
 13 renting and leasing of tangible personal property, purchased ~~directly on~~
 14 ~~behalf of {by}~~ a community-based facility for people with intellectual
 15 disability or mental health center organized pursuant to K.S.A. 19-4001 et
 16 seq., and amendments thereto, and licensed in accordance with the
 17 provisions of K.S.A. 75-3307b, and amendments thereto, and all sales of
 18 tangible personal property or services purchased by contractors during the
 19 time period from July, 2003, through June, 2006, for the purpose of
 20 constructing, equipping, maintaining or furnishing a new facility for a
 21 community-based facility for people with intellectual disability or mental
 22 health center located in Riverton, Cherokee County, Kansas, which would
 23 have been eligible for sales tax exemption pursuant to this subsection if
 24 purchased directly by such facility or center. This exemption shall not
 25 apply to tangible personal property customarily used for human habitation
 26 purposes;

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

30 *(B) all sales of installation, repair and maintenance services*
 31 *performed on such machinery and equipment; and*

32 *(C) all sales of repair and replacement parts and accessories*
 33 *purchased for such machinery and equipment.*

34 *(2) For purposes of this subsection:*

35 *(A) "Integrated production operation" means an integrated series*
 36 *of operations engaged in at a manufacturing or processing plant or*
 37 *facility to process, transform or convert tangible personal property by*
 38 *physical, chemical or other means into a different form, composition or*
 39 *character from that in which it originally existed. Integrated production*
 40 *operations shall include: (i) Production line operations, including*
 41 *packaging operations; (ii) preproduction operations to handle, store and*
 42 *treat raw materials; (iii) post production handling, storage, warehousing*
 43 *and distribution operations; and (iv) waste, pollution and environmental*

1 *control operations, if any;*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (A) *Machinery and equipment used for nonproduction purposes,*
4 *including, but not limited to, machinery and equipment used for plant*
5 *security, fire prevention, first aid, accounting, administration, record*
6 *keeping, advertising, marketing, sales or other related activities, plant*
7 *cleaning, plant communications, and employee work scheduling;*

8 (B) *machinery, equipment and tools used primarily in maintaining*
9 *and repairing any type of machinery and equipment or the building and*
10 *plant;*

11 (C) *transportation, transmission and distribution equipment not*
12 *primarily used in a production, warehousing or material handling*
13 *operation at the plant or facility, including the means of conveyance of*
14 *natural gas, electricity, oil or water, and equipment related thereto,*
15 *located outside the plant or facility;*

16 (D) *office machines and equipment including computers and*
17 *related peripheral equipment not used directly and primarily to control*
18 *or measure the manufacturing process;*

19 (E) *furniture and other furnishings;*

20 (F) *buildings, other than exempt machinery and equipment that is*
21 *permanently affixed to or becomes a physical part of the building, and*
22 *any other part of real estate that is not otherwise exempt;*

23 (G) *building fixtures that are not integral to the manufacturing*
24 *operation, such as utility systems for heating, ventilation, air*
25 *conditioning, communications, plumbing or electrical;*

26 (H) *machinery and equipment used for general plant heating,*
27 *cooling and lighting;*

28 (I) *motor vehicles that are registered for operation on public*
29 *highways; or*

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

33 (6) *Subsections (3) and (5) shall not be construed as exclusive*
34 *listings of the machinery and equipment that qualify or do not qualify as*
35 *an integral or essential part of an integrated production operation.*
36 *When machinery or equipment is used as an integral or essential part of*
37 *production operations part of the time and for nonproduction purposes*
38 *at other times, the primary use of the machinery or equipment shall*
39 *determine whether or not such machinery or equipment qualifies for*
40 *exemption.*

41 (7) *The secretary of revenue shall adopt rules and regulations*
42 *necessary to administer the provisions of this subsection;*

43 (II) *all sales of educational materials purchased for distribution to*

1 *the public at no charge by a nonprofit corporation organized for the*
2 *purpose of encouraging, fostering and conducting programs for the*
3 *improvement of public health, except that for taxable years commencing*
4 *after December 31, 2013, this subsection shall not apply to any sales of*
5 *such materials purchased by a nonprofit corporation which performs*
6 *any abortion, as defined in K.S.A. 65-6701, and amendments thereto;*

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

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

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

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

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

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

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

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

42 *(uu) all sales of tangible personal property and services purchased*
43 *by or on behalf of any rural volunteer fire-fighting organization for use*

1 *exclusively in the performance of its duties and functions;*

2 *(vv) all sales of tangible personal property purchased by any of the*
3 *following organizations which are exempt from federal income taxation*
4 *pursuant to section 501(c)(3) of the federal internal revenue code of*
5 *1986, for the following purposes, and all sales of any such property by ~~or~~*
6 *~~on behalf of~~ any such organization for any such purpose:*

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

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

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

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

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

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

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

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

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

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

- 1 (11) *the spina bifida association of Kansas for the purpose of*
2 *providing financial, educational and practical aid to families and*
3 *individuals with spina bifida. Such aid includes, but is not limited to,*
4 *funding for medical devices, counseling and medical educational*
5 *opportunities;*
- 6 (12) *the CHWC, Inc., for the purpose of rebuilding urban core*
7 *neighborhoods through the construction of new homes, acquiring and*
8 *renovating existing homes and other related activities, and promoting*
9 *economic development in such neighborhoods;*
- 10 (13) *the cross-lines cooperative council for the purpose of providing*
11 *social services to low income individuals and families;*
- 12 (14) *the dreams work, inc., for the purpose of providing young*
13 *adult day services to individuals with developmental disabilities and*
14 *assisting families in avoiding institutional or nursing home care for a*
15 *developmentally disabled member of their family;*
- 16 (15) *the KSDS, Inc., for the purpose of promoting the independence*
17 *and inclusion of people with disabilities as fully participating and*
18 *contributing members of their communities and society through the*
19 *training and providing of guide and service dogs to people with*
20 *disabilities, and providing disability education and awareness to the*
21 *general public;*
- 22 (16) *the lyme association of greater Kansas City, Inc., for the*
23 *purpose of providing support to persons with lyme disease and public*
24 *education relating to the prevention, treatment and cure of lyme disease;*
- 25 (17) *the dream factory, inc., for the purpose of granting the dreams*
26 *of children with critical and chronic illnesses;*
- 27 (18) *the Ottawa Suzuki strings, inc., for the purpose of providing*
28 *students and families with education and resources necessary to enable*
29 *each child to develop fine character and musical ability to the fullest*
30 *potential;*
- 31 (19) *the international association of lions clubs for the purpose of*
32 *creating and fostering a spirit of understanding among all people for*
33 *humanitarian needs by providing voluntary services through community*
34 *involvement and international cooperation;*
- 35 (20) *the Johnson county young matrons, inc., for the purpose of*
36 *promoting a positive future for members of the community through*
37 *volunteerism, financial support and education through the efforts of an*
38 *all volunteer organization;*
- 39 (21) *the American cancer society, inc., for the purpose of*
40 *eliminating cancer as a major health problem by preventing cancer,*
41 *saving lives and diminishing suffering from cancer, through research,*
42 *education, advocacy and service;*
- 43 (22) *the community services of Shawnee, inc., for the purpose of*

1 *providing food and clothing to those in need;*

2 *(23) the angel babies association, for the purpose of providing*
3 *assistance, support and items of necessity to teenage mothers and their*
4 *babies; and*

5 *(24) the Kansas fairgrounds foundation for the purpose of the*
6 *preservation, renovation and beautification of the Kansas state*
7 *fairgrounds;*

8 *(ww) all sales of tangible personal property purchased by the*
9 *habitat for humanity for the exclusive use of being incorporated within a*
10 *housing project constructed by such organization;*

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

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

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

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

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

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

41 (bbb) all sales of food for human consumption by an organization
 42 which is exempt from federal income taxation pursuant to section 501(c)
 43 (3) of the federal internal revenue code of 1986, pursuant to a food

1 *distribution program which offers such food at a price below cost in*
2 *exchange for the performance of community service by the purchaser*
3 *thereof;*

4 *(ccc) on and after July 1, 1999, all sales of tangible personal*
5 *property and services purchased by a primary care clinic or health*
6 *center the primary purpose of which is to provide services to medically*
7 *underserved individuals and families, and which is exempt from federal*
8 *income taxation pursuant to section 501(c)(3) of the federal internal*
9 *revenue code, and all sales of tangible personal property or services*
10 *purchased by a contractor for the purpose of constructing, equipping,*
11 *reconstructing, maintaining, repairing, enlarging, furnishing or*
12 *remodeling facilities for any such clinic or center which would be*
13 *exempt from taxation under the provisions of this section if purchased*
14 *directly by such clinic or center, except that for taxable years*
15 *commencing after December 31, 2013, this subsection shall not apply to*
16 *any sales of such tangible personal property and services purchased by a*
17 *primary care clinic or health center which performs any abortion, as*
18 *defined in K.S.A. 65-6701, and amendments thereto. Nothing in this*
19 *subsection shall be deemed to exempt the purchase of any construction*
20 *machinery, equipment or tools used in the constructing, equipping,*
21 *reconstructing, maintaining, repairing, enlarging, furnishing or*
22 *remodeling facilities for any such clinic or center. When any such clinic*
23 *or center shall contract for the purpose of constructing, equipping,*
24 *reconstructing, maintaining, repairing, enlarging, furnishing or*
25 *remodeling facilities, it shall obtain from the state and furnish to the*
26 *contractor an exemption certificate for the project involved, and the*
27 *contractor may purchase materials for incorporation in such project.*
28 *The contractor shall furnish the number of such certificate to all*
29 *suppliers from whom such purchases are made, and such suppliers shall*
30 *execute invoices covering the same bearing the number of such*
31 *certificate. Upon completion of the project the contractor shall furnish*
32 *to such clinic or center concerned a sworn statement, on a form to be*
33 *provided by the director of taxation, that all purchases so made were*
34 *entitled to exemption under this subsection. All invoices shall be held by*
35 *the contractor for a period of five years and shall be subject to audit by*
36 *the director of taxation. If any materials purchased under such a*
37 *certificate are found not to have been incorporated in the building or*
38 *other project or not to have been returned for credit or the sales or*
39 *compensating tax otherwise imposed upon such materials which will not*
40 *be so incorporated in the building or other project reported and paid by*
41 *such contractor to the director of taxation not later than the 20th day of*
42 *the month following the close of the month in which it shall be*
43 *determined that such materials will not be used for the purpose for*

1 *which such certificate was issued, such clinic or center concerned shall*
2 *be liable for tax on all materials purchased for the project, and upon*
3 *payment thereof it may recover the same from the contractor together*
4 *with reasonable attorney fees. Any contractor or any agent, employee or*
5 *subcontractor thereof, who shall use or otherwise dispose of any*
6 *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*
8 *sales or compensating tax otherwise imposed upon such materials, shall*
9 *be guilty of a misdemeanor and, upon conviction therefor, shall be*
10 *subject to the penalties provided for in*~~subsection (g)~~ *of K.S.A. 79-*
11 *3615{(h)}, and amendments thereto;*

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

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

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

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

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

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

1 *otherwise imposed upon such materials which will not be so*
 2 *incorporated in such facilities reported and paid by such contractor to*
 3 *the director of taxation not later than the 20th day of the month following*
 4 *the close of the month in which it shall be determined that such*
 5 *materials will not be used for the purpose for which such certificate was*
 6 *issued, such organization concerned shall be liable for tax on all*
 7 *materials purchased for the project, and upon payment thereof it may*
 8 *recover the same from the contractor together with reasonable attorney*
 9 *fees. Any contractor or any agent, employee or subcontractor thereof,*
 10 *who shall use or otherwise dispose of any materials purchased under*
 11 *such a certificate for any purpose other than that for which such a*
 12 *certificate is issued without the payment of the sales or compensating tax*
 13 *otherwise imposed upon such materials, shall be guilty of a*
 14 *misdemeanor and, upon conviction therefor, shall be subject to the*
 15 *penalties provided for in ~~subsection (g) of K.S.A. 79-3615{(h)}~~, and*
 16 *amendments thereto. Sales tax paid on and after July 1, 2005, but prior*
 17 *to the effective date of this act upon the gross receipts received from any*
 18 *sale exempted by the amendatory provisions of this subsection shall be*
 19 *refunded. Each claim for a sales tax refund shall be verified and*
 20 *submitted to the director of taxation upon forms furnished by the*
 21 *director and shall be accompanied by any additional documentation*
 22 *required by the director. The director shall review each claim and shall*
 23 *refund that amount of sales tax paid as determined under the provisions*
 24 *of this subsection. All refunds shall be paid from the sales tax refund*
 25 *fund upon warrants of the director of accounts and reports pursuant to*
 26 *vouchers approved by the director or the director's designee;*

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

42 *(iii) all sales of tangible personal property and services purchased*
 43 *by special olympics Kansas, inc. for the purpose of providing year-round*

1 *sports training and athletic competition in a variety of olympic-type*
2 *sports for individuals with intellectual disabilities by giving them*
3 *continuing opportunities to develop physical fitness, demonstrate*
4 *courage, experience joy and participate in a sharing of gifts, skills and*
5 *friendship with their families, other special olympics athletes and the*
6 *community, and activities provided or sponsored by such organization,*
7 *and all sales of tangible personal property by ~~or on~~ behalf of any such*
8 *organization;*

9 *(mmm) all sales of tangible personal property purchased by ~~or on~~*
10 *behalf of the Marillac center, inc., which is exempt from federal income*
11 *taxation pursuant to section 501(c)(3) of the federal internal revenue*
12 *code, for the purpose of providing psycho-social-biological and special*
13 *education services to children, and all sales of any such property by ~~or~~*
14 *on behalf of such organization for such purpose;*

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

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

25 *(ppp) all sales of tangible personal property and services purchased*
26 *by ~~or on~~ behalf of a homeless shelter which is exempt from federal*
27 *income taxation pursuant to section 501(c)(3) of the federal income tax*
28 *code of 1986, and used by any such homeless shelter to provide*
29 *emergency and transitional housing for individuals and families*
30 *experiencing homelessness, and all sales of any such property by ~~or on~~*
31 *behalf of any such homeless shelter for any such purpose;*

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

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

36 *(rrr) all sales of tangible personal property and services purchased*
 37 *by any county law library maintained pursuant to law and sales of*
 38 *tangible personal property and services purchased by an organization*
 39 *which would have been exempt from taxation under the provisions of*
 40 *this subsection if purchased directly by the county law library for the*
 41 *purpose of providing legal resources to attorneys, judges, students and*
 42 *the general public, and all sales of any such property by ~~or on behalf of~~*
 43 *any such county law library;*

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

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

8 *(ttt) all sales of tangible personal property or services purchased by*
9 *a contractor for a project for the purpose of restoring, constructing,*
10 *equipping, reconstructing, maintaining, repairing, enlarging, furnishing*
11 *or remodeling a home or facility owned by a nonprofit museum which*
12 *has been granted an exemption pursuant to subsection (qq), which such*
13 *home or facility is located in a city which has been designated as a*
14 *qualified hometown pursuant to the provisions of K.S.A. 75-5071 et seq.,*
15 *and amendments thereto, and which such project is related to the*
16 *purposes of K.S.A. 75-5071 et seq., and amendments thereto, and which*
17 *would be exempt from taxation under the provisions of this section if*
18 *purchased directly by such nonprofit museum. Nothing in this*
19 *subsection shall be deemed to exempt the purchase of any construction*
20 *machinery, equipment or tools used in the restoring, constructing,*
21 *equipping, reconstructing, maintaining, repairing, enlarging, furnishing*
22 *or remodeling a home or facility for any such nonprofit museum. When*
23 *any such nonprofit museum shall contract for the purpose of restoring,*
24 *constructing, equipping, reconstructing, maintaining, repairing,*
25 *enlarging, furnishing or remodeling a home or facility, it shall obtain*
26 *from the state and furnish to the contractor an exemption certificate for*
27 *the project involved, and the contractor may purchase materials for*
28 *incorporation in such project. The contractor shall furnish the number*
29 *of such certificates to all suppliers from whom such purchases are made,*
30 *and such suppliers shall execute invoices covering the same bearing the*
31 *number of such certificate. Upon completion of the project, the*
32 *contractor shall furnish to such nonprofit museum a sworn statement on*
33 *a form to be provided by the director of taxation that all purchases so*
34 *made were entitled to exemption under this subsection. All invoices shall*
35 *be held by the contractor for a period of five years and shall be subject to*
36 *audit by the director of taxation. If any materials purchased under such*
37 *a certificate are found not to have been incorporated in the building or*
38 *other project or not to have been returned for credit or the sales or*
39 *compensating tax otherwise imposed upon such materials which will not*
40 *be so incorporated in a home or facility or other project reported and*
41 *paid by such contractor to the director of taxation not later than the 20th*
42 *day of the month following the close of the month in which it shall be*
43 *determined that such materials will not be used for the purpose for*

1 *which such certificate was issued, such nonprofit museum shall be liable*
2 *for tax on all materials purchased for the project, and upon payment*
3 *thereof it may recover the same from the contractor together with*
4 *reasonable attorney fees. Any contractor or any agent, employee or*
5 *subcontractor thereof, who shall use or otherwise dispose of any*
6 *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*
8 *sales or compensating tax otherwise imposed upon such materials, shall*
9 *be guilty of a misdemeanor and, upon conviction therefor, shall be*
10 *subject to the penalties provided for in*~~subsection (g)~~ *of K.S.A. 79-*
11 *3615{(h)}, and amendments thereto;*

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

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

16 (vvv) all sales of tangible personal property or services, including
 17 the renting and leasing of tangible personal property or services,
 18 purchased by jazz in the woods, inc., a Kansas corporation which is
 19 exempt from federal income taxation pursuant to section 501(c)(3) of the
 20 federal internal revenue code, for the purpose of providing jazz in the
 21 woods, an event benefiting children-in-need and other nonprofit
 22 charities assisting such children, and all sales of any such property by ~~or~~
 23 ~~on behalf of~~ such organization for such purpose;

24 (www) all sales of tangible personal property purchased by ~~or on~~
 25 ~~behalf of~~ the Frontenac education foundation, which is exempt from
 26 federal income taxation pursuant to section 501(c)(3) of the federal
 27 internal revenue code, for the purpose of providing education support
 28 for students, and all sales of any such property by ~~or on~~ ~~behalf of~~ such
 29 organization for such purpose;

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

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

1 *fund upon warrants of the director of accounts and reports pursuant to*
2 *vouchers approved by the director or the director's designee;*

3 *(yyy) all sales of tangible personal property and services purchased*
4 *by TLC charities foundation, inc., hereinafter referred to as TLC*
5 *charities, 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 property and services are used for the purpose of encouraging*
8 *private philanthropy to further the vision, values, and goals of TLC for*
9 *children and families, inc.; and all sales of such property and services by*
10 *or on behalf of TLC charities for any such purpose and all sales of*
11 *tangible personal property or services purchased by a contractor for the*
12 *purpose of constructing, maintaining, repairing, enlarging, furnishing*
13 *or remodeling facilities for the operation of services for TLC charities*
14 *for any such purpose which would be exempt from taxation under the*
15 *provisions of this section if purchased directly by TLC charities. Nothing*
16 *in this subsection shall be deemed to exempt the purchase of any*
17 *construction machinery, equipment or tools used in the constructing,*
18 *maintaining, repairing, enlarging, furnishing or remodeling such*
19 *facilities for TLC charities. When TLC charities contracts for the*
20 *purpose of constructing, maintaining, repairing, enlarging, furnishing*
21 *or remodeling such facilities, it shall obtain from the state and furnish to*
22 *the contractor an exemption certificate for the project involved, and the*
23 *contractor may purchase materials for incorporation in such project.*
24 *The contractor shall furnish the number of such certificate to all*
25 *suppliers from whom such purchases are made, and such suppliers shall*
26 *execute invoices covering the same bearing the number of such*
27 *certificate. Upon completion of the project the contractor shall furnish*
28 *to TLC charities a sworn statement, on a form to be provided by the*
29 *director of taxation, that all purchases so made were entitled to*
30 *exemption under this subsection. All invoices shall be held by the*
31 *contractor for a period of five years and shall be subject to audit by the*
32 *director of taxation. If any materials purchased under such a certificate*
33 *are found not to have been incorporated in the building or other project*
34 *or not to have been returned for credit or the sales or compensating tax*
35 *otherwise imposed upon such materials which will not be incorporated*
36 *into the building or other project reported and paid by such contractor to*
37 *the director of taxation not later than the 20th day of the month following*
38 *the close of the month in which it shall be determined that such*
39 *materials will not be used for the purpose for which such certificate was*
40 *issued, TLC charities shall be liable for tax on all materials purchased*
41 *for the project, and upon payment thereof it may recover the same from*
42 *the contractor together with reasonable attorney fees. Any contractor or*
43 *any agent, employee or subcontractor thereof, who shall use or*

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

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

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

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

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

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

39 *(eeee) all sales of tangible personal property or services purchased*
40 *by ~~or on behalf of~~ all American beef battalion, inc., which is exempt from*
41 *federal income taxation pursuant to section 501(c)(3) of the federal*
42 *internal revenue code, for the purpose of educating, promoting and*
43 *participating as a contact group through the beef cattle industry in order*

1 *to carry out such projects that provide support and morale to members of*
2 *the United States armed forces and military services;*

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

8 *(gggg) all sales of game birds for which the primary purpose is use*
 9 *in hunting;*

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

38 *(iiii) all sales of tangible personal property or services purchased by*
 39 *a contractor for the purpose of constructing, maintaining, repairing,*
 40 *enlarging, furnishing or remodeling facilities for the operation of*
 41 *services for Wichita children's home for any such purpose which would*
 42 *be exempt from taxation under the provisions of this section if*
 43 *purchased directly by Wichita children's home. Nothing in this*

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

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

41 (kkkk) all sales of tangible personal property and services
 42 purchased by ~~or on behalf of~~ reaching out from within, inc., which is
 43 exempt from federal income taxation pursuant to section 501(c)(3) of the

1 *federal internal revenue code, for the purpose of sponsoring self-help*
2 *programs for incarcerated persons that will enable such incarcerated*
3 *persons to become role models for non-violence while in correctional*
4 *facilities and productive family members and citizens upon return to the*
5 *community.*

6 *Sec. 5. K.S.A. 2014 Supp. 79-32,117 is hereby amended to read as*
7 *follows: 79-32,117. (a) The Kansas adjusted gross income of an*
8 *individual means such individual's federal adjusted gross income for the*
9 *taxable year, with the modifications specified in this section.*

10 *(b) There shall be added to federal adjusted gross income:*

11 *(i) Interest income less any related expenses directly incurred in the*
12 *purchase of state or political subdivision obligations, to the extent that*
13 *the same is not included in federal adjusted gross income, on obligations*
14 *of any state or political subdivision thereof, but to the extent that interest*
15 *income on obligations of this state or a political subdivision thereof*
16 *issued prior to January 1, 1988, is specifically exempt from income tax*
17 *under the laws of this state authorizing the issuance of such obligations,*
18 *it shall be excluded from computation of Kansas adjusted gross income*
19 *whether or not included in federal adjusted gross income. Interest*
20 *income on obligations of this state or a political subdivision thereof*
21 *issued after December 31, 1987, shall be excluded from computation of*
22 *Kansas adjusted gross income whether or not included in federal*
23 *adjusted gross income.*

24 *(ii) Taxes on or measured by income or fees or payments in lieu of*
25 *income taxes imposed by this state or any other taxing jurisdiction to the*
26 *extent deductible in determining federal adjusted gross income and not*
27 *credited against federal income tax. This paragraph shall not apply to*
28 *taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and*
29 *amendments thereto, for privilege tax year 1995, and all such years*
30 *thereafter.*

31 *(iii) The federal net operating loss deduction.*

32 *(iv) Federal income tax refunds received by the taxpayer if the*
33 *deduction of the taxes being refunded resulted in a tax benefit for*
34 *Kansas income tax purposes during a prior taxable year. Such refunds*
35 *shall be included in income in the year actually received regardless of*
36 *the method of accounting used by the taxpayer. For purposes hereof, a*
37 *tax benefit shall be deemed to have resulted if the amount of the tax had*
38 *been deducted in determining income subject to a Kansas income tax for*
39 *a prior year regardless of the rate of taxation applied in such prior year*
40 *to the Kansas taxable income, but only that portion of the refund shall*
41 *be included as bears the same proportion to the total refund received as*
42 *the federal taxes deducted in the year to which such refund is*
43 *attributable bears to the total federal income taxes paid for such year.*

1 *For purposes of the foregoing sentence, federal taxes shall be*
2 *considered to have been deducted only to the extent such deduction does*
3 *not reduce Kansas taxable income below zero.*

4 (v) *The amount of any depreciation deduction or business expense*
5 *deduction claimed on the taxpayer's federal income tax return for any*
6 *capital expenditure in making any building or facility accessible to the*
7 *handicapped, for which expenditure the taxpayer claimed the credit*
8 *allowed by K.S.A. 79-32,177, and amendments thereto.*

9 (vi) *Any amount of designated employee contributions picked up by*
10 *an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,*
11 *and amendments thereto.*

12 (vii) *The amount of any charitable contribution made to the extent*
13 *the same is claimed as the basis for the credit allowed pursuant to K.S.A.*
14 *79-32,196, and amendments thereto.*

15 (viii) *The amount of any costs incurred for improvements to a*
16 *swine facility, claimed for deduction in determining federal adjusted*
17 *gross income, to the extent the same is claimed as the basis for any*
18 *credit allowed pursuant to K.S.A. 2014 Supp. 79-32,204, and*
19 *amendments thereto.*

20 (ix) *The amount of any ad valorem taxes and assessments paid and*
21 *the amount of any costs incurred for habitat management or*
22 *construction and maintenance of improvements on real property,*
23 *claimed for deduction in determining federal adjusted gross income, to*
24 *the extent the same is claimed as the basis for any credit allowed*
25 *pursuant to K.S.A. 79-32,203, and amendments thereto.*

26 (x) *Amounts received as nonqualified withdrawals, as defined by*
27 *K.S.A. 2014 Supp. 75-643, and amendments thereto, if, at the time of*
28 *contribution to a family postsecondary education savings account, such*
29 *amounts were subtracted from the federal adjusted gross income*
30 *pursuant to ~~paragraph (xv) of subsection (c) of~~ K.S.A. 79-32,117{(c)(xv)},*
31 *and amendments thereto, or if such amounts are not already included in*
32 *the federal adjusted gross income.*

33 (xi) *The amount of any contribution made to the same extent the*
34 *same is claimed as the basis for the credit allowed pursuant to K.S.A.*
35 *2014 Supp. 74-50,154, and amendments thereto.*

36 (xii) *For taxable years commencing after December 31, 2004,*
37 *amounts received as withdrawals not in accordance with the provisions*
38 *of K.S.A. 2014 Supp. 74-50,204, and amendments thereto, if, at the time*
39 *of contribution to an individual development account, such amounts*
40 *were subtracted from the federal adjusted gross income pursuant to*
41 *~~paragraph (xiii) of subsection (c){(xiii)},~~ or if such amounts are not*
42 *already included in the federal adjusted gross income.*

43 (xiii) *The amount of any expenditures claimed for deduction in*

1 *determining federal adjusted gross income, to the extent the same is*
 2 *claimed as the basis for any credit allowed pursuant to K.S.A. 2014*
 3 *Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments*
 4 *thereto.*

5 (xiv) *The amount of any amortization deduction claimed in*
 6 *determining federal adjusted gross income to the extent the same is*
 7 *claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,221, and*
 8 *amendments thereto.*

9 (xv) *The amount of any expenditures claimed for deduction in*
 10 *determining federal adjusted gross income, to the extent the same is*
 11 *claimed as the basis for any credit allowed pursuant to K.S.A. 2014*
 12 *Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-*
 13 *32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245*
 14 *through 79-32,248 or 79-32,251 through 79-32,254, and amendments*
 15 *thereto.*

16 (xvi) *The amount of any amortization deduction claimed in*
 17 *determining federal adjusted gross income to the extent the same is*
 18 *claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,227, 79-*
 19 *32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments*
 20 *thereto.*

21 (xvii) *The amount of any amortization deduction claimed in*
 22 *determining federal adjusted gross income to the extent the same is*
 23 *claimed for deduction pursuant to K.S.A. 2014 Supp. 79-32,256, and*
 24 *amendments thereto.*

25 (xviii) *For taxable years commencing after December 31, 2006, the*
 26 *amount of any ad valorem or property taxes and assessments paid to a*
 27 *state other than Kansas or local government located in a state other than*
 28 *Kansas by a taxpayer who resides in a state other than Kansas, when the*
 29 *law of such state does not allow a resident of Kansas who earns income*
 30 *in such other state to claim a deduction for ad valorem or property taxes*
 31 *or assessments paid to a political subdivision of the state of Kansas in*
 32 *determining taxable income for income tax purposes in such other state,*
 33 *to the extent that such taxes and assessments are claimed as an itemized*
 34 *deduction for federal income tax purposes.*

35 (xix) *For all taxable years beginning after December 31, 2012, the*
 36 *amount of any: (1) Loss from business as determined under the federal*
 37 *internal revenue code and reported from schedule C and on line 12 of*
 38 *the taxpayer's form 1040 federal individual income tax return; (2) loss*
 39 *from rental real estate, royalties, partnerships, S corporations, except*
 40 *those with wholly owned subsidiaries subject to the Kansas privilege tax,*
 41 *estates, trusts, residual interest in real estate mortgage investment*
 42 *conduits and net farm rental as determined under the federal internal*
 43 *revenue code and reported from schedule E and on line 17 of the*

1 taxpayer's form 1040 federal individual income tax return; and (3) farm
2 loss as determined under the federal internal revenue code and reported
3 from schedule F and on line 18 of the taxpayer's form 1040 federal
4 income tax return; all to the extent deducted or subtracted in
5 determining the taxpayer's federal adjusted gross income. For purposes
6 of this subsection, references to the federal form 1040 and federal
7 schedule C, schedule E, and schedule F, shall be to such form and
8 schedules as they existed for tax year 2011, and as revised thereafter by
9 the internal revenue service.

10 (xx) For all taxable years beginning after December 31, 2012, the
11 amount of any deduction for self-employment taxes under section 164(f)
12 of the federal internal revenue code as in effect on January 1, 2012, and
13 amendments thereto, in determining the federal adjusted gross income
14 of an individual taxpayer, to the extent the deduction is attributable to
15 income reported on schedule C, E or F and on line 12, 17 or 18 of the
16 taxpayer's form 1040 federal income tax return.

17 (xxi) For all taxable years beginning after December 31, 2012, the
18 amount of any deduction for pension, profit sharing, and annuity plans
19 of self-employed individuals under section 62(a)(6) of the federal
20 internal revenue code as in effect on January 1, 2012, and amendments
21 thereto, in determining the federal adjusted gross income of an
22 individual taxpayer.

23 (xxii) For all taxable years beginning after December 31, 2012, the
24 amount of any deduction for health insurance under section 162(l) of
25 the federal internal revenue code as in effect on January 1, 2012, and
26 amendments thereto, in determining the federal adjusted gross income
27 of an individual taxpayer.

28 (xxiii) For all taxable years beginning after December 31, 2012, the
29 amount of any deduction for domestic production activities under
30 section 199 of the federal internal revenue code as in effect on January
31 1, 2012, and amendments thereto, in determining the federal adjusted
32 gross income of an individual taxpayer.

33 (xxiv) For taxable years commencing after December 31, 2013, that
34 portion of the amount of any expenditure deduction claimed in
35 determining federal adjusted gross income for expenses paid for medical
36 care of the taxpayer or the taxpayer's spouse or dependents when such
37 expenses were paid or incurred for an abortion, or for a health benefit
38 plan, as defined in K.S.A. 2014 Supp. 65-6731, and amendments thereto,
39 for the purchase of an optional rider for coverage of abortion in
40 accordance with K.S.A. 2014 Supp. 40-2,190, and amendments thereto,
41 to the extent that such taxes and assessments are claimed as an itemized
42 deduction for federal income tax purposes.

43 (xxv) For taxable years commencing after December 31, 2013, that

1 *portion of the amount of any expenditure deduction claimed in*
2 *determining federal adjusted gross income for expenses paid by a*
3 *taxpayer for health care when such expenses were paid or incurred for*
4 *abortion coverage, a health benefit plan, as defined in K.S.A. 2014 Supp.*
5 *65-6731, and amendments thereto, when such expenses were paid or*
6 *incurred for abortion coverage or amounts contributed to health savings*
7 *accounts for such taxpayer's employees for the purchase of an optional*
8 *rider for coverage of abortion in accordance with K.S.A. 2014 Supp. 40-*
9 *2,190, and amendments thereto, to the extent that such taxes and*
10 *assessments are claimed as a deduction for federal income tax purposes.*

11 *(c) There shall be subtracted from federal adjusted gross income:*

12 *(i) Interest or dividend income on obligations or securities of any*
13 *authority, commission or instrumentality of the United States and its*
14 *possessions less any related expenses directly incurred in the purchase*
15 *of such obligations or securities, to the extent included in federal*
16 *adjusted gross income but exempt from state income taxes under the*
17 *laws of the United States.*

18 *(ii) Any amounts received which are included in federal adjusted*
19 *gross income but which are specifically exempt from Kansas income*
20 *taxation under the laws of the state of Kansas.*

21 *(iii) The portion of any gain or loss from the sale or other*
22 *disposition of property having a higher adjusted basis for Kansas income*
23 *tax purposes than for federal income tax purposes on the date such*
24 *property was sold or disposed of in a transaction in which gain or loss*
25 *was recognized for purposes of federal income tax that does not exceed*
26 *such difference in basis, but if a gain is considered a long-term capital*
27 *gain for federal income tax purposes, the modification shall be limited to*
28 *that portion of such gain which is included in federal adjusted gross*
29 *income.*

30 *(iv) The amount necessary to prevent the taxation under this act of*
31 *any annuity or other amount of income or gain which was properly*
32 *included in income or gain and was taxed under the laws of this state for*
33 *a taxable year prior to the effective date of this act, as amended, to the*
34 *taxpayer, or to a decedent by reason of whose death the taxpayer*
35 *acquired the right to receive the income or gain, or to a trust or estate*
36 *from which the taxpayer received the income or gain.*

37 *(v) The amount of any refund or credit for overpayment of taxes on*
38 *or measured by income or fees or payments in lieu of income taxes*
39 *imposed by this state, or any taxing jurisdiction, to the extent included in*
40 *gross income for federal income tax purposes.*

41 *(vi) Accumulation distributions received by a taxpayer as a*
42 *beneficiary of a trust to the extent that the same are included in federal*
43 *adjusted gross income.*

1 (vii) *Amounts received as annuities under the federal civil service*
2 *retirement system from the civil service retirement and disability fund*
3 *and other amounts received as retirement benefits in whatever form*
4 *which were earned for being employed by the federal government or for*
5 *service in the armed forces of the United States.*

6 (viii) *Amounts received by retired railroad employees as a*
7 *supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and*
8 *228c (a)(1) et seq.*

9 (ix) *Amounts received by retired employees of a city and by retired*
10 *employees of any board of such city as retirement allowances pursuant*
11 *to K.S.A. 13-14,106, and amendments thereto, or pursuant to any*
12 *charter ordinance exempting a city from the provisions of K.S.A. 13-*
13 *14,106, and amendments thereto.*

14 (x) *For taxable years beginning after December 31, 1976, the*
15 *amount of the federal tentative jobs tax credit disallowance under the*
16 *provisions of 26 U.S.C. § 280 C. For taxable years ending after*
17 *December 31, 1978, the amount of the targeted jobs tax credit and work*
18 *incentive credit disallowances under 26 U.S.C. § 280 C.*

19 (xi) *For taxable years beginning after December 31, 1986, dividend*
20 *income on stock issued by Kansas venture capital, inc.*

21 (xii) *For taxable years beginning after December 31, 1989,*
22 *amounts received by retired employees of a board of public utilities as*
23 *pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a*
24 *and 13-1249, and amendments thereto.*

25 (xiii) *For taxable years beginning after December 31, 2004,*
26 *amounts contributed to and the amount of income earned on*
27 *contributions deposited to an individual development account under*
28 *K.S.A. 2014 Supp. 74-50,201 et seq., and amendments thereto.*

29 (xiv) *For all taxable years commencing after December 31, 1996,*
30 *that portion of any income of a bank organized under the laws of this*
31 *state or any other state, a national banking association organized under*
32 *the laws of the United States, an association organized under the savings*
33 *and loan code of this state or any other state, or a federal savings*
34 *association organized under the laws of the United States, for which an*
35 *election as an S corporation under subchapter S of the federal internal*
36 *revenue code is in effect, which accrues to the taxpayer who is a*
37 *stockholder of such corporation and which is not distributed to the*
38 *stockholders as dividends of the corporation. For all taxable years*
39 *beginning after December 31, 2012, the amount of modification under*
40 *this subsection shall exclude the portion of income or loss reported on*
41 *schedule E and included on line 17 of the taxpayer's form 1040 federal*
42 *individual income tax return.*

43 (xv) *For all taxable years beginning after December 31, 2006,*

1 *amounts not exceeding \$3,000, or \$6,000 for a married couple filing a*
 2 *joint return, for each designated beneficiary which are contributed to a*
 3 *family postsecondary education savings account established under the*
 4 *Kansas postsecondary education savings program or a qualified tuition*
 5 *program established and maintained by another state or agency or*
 6 *instrumentality thereof pursuant to section 529 of the internal revenue*
 7 *code of 1986, as amended, for the purpose of paying the qualified higher*
 8 *education expenses of a designated beneficiary at an institution of*
 9 *postsecondary education. The terms and phrases used in this paragraph*
 10 *shall have the meaning respectively ascribed thereto by the provisions of*
 11 *K.S.A. 2014 Supp. 75-643, and amendments thereto, and the provisions*
 12 *of such section are hereby incorporated by reference for all purposes*
 13 *thereof.*

14 *(xvi) For all taxable years beginning after December 31, 2004,*
 15 *amounts received by taxpayers who are or were members of the armed*
 16 *forces of the United States, including service in the Kansas army and air*
 17 *national guard, as a recruitment, sign up or retention bonus received by*
 18 *such taxpayer as an incentive to join, enlist or remain in the armed*
 19 *services of the United States, including service in the Kansas army and*
 20 *air national guard, and amounts received for repayment of educational*
 21 *or student loans incurred by or obligated to such taxpayer and received*
 22 *by such taxpayer as a result of such taxpayer's service in the armed*
 23 *forces of the United States, including service in the Kansas army and air*
 24 *national guard.*

25 *(xvii) For all taxable years beginning after December 31, 2004,*
 26 *amounts received by taxpayers who are eligible members of the Kansas*
 27 *army and air national guard as a reimbursement pursuant to K.S.A. 48-*
 28 *281, and amendments thereto, and amounts received for death benefits*
 29 *pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to*
 30 *section 1 or section 2 of chapter 207 of the 2005 Session Laws of*
 31 *Kansas, and amendments thereto, to the extent that such death benefits*
 32 *are included in federal adjusted gross income of the taxpayer.*

33 *(xviii) For the taxable year beginning after December 31, 2006,*
 34 *amounts received as benefits under the federal social security act which*
 35 *are included in federal adjusted gross income of a taxpayer with federal*
 36 *adjusted gross income of \$50,000 or less, whether such taxpayer's filing*
 37 *status is single, head of household, married filing separate or married*
 38 *filing jointly; and for all taxable years beginning after December 31,*
 39 *2007, amounts received as benefits under the federal social security act*
 40 *which are included in federal adjusted gross income of a taxpayer with*
 41 *federal adjusted gross income of \$75,000 or less, whether such*
 42 *taxpayer's filing status is single, head of household, married filing*
 43 *separate or married filing jointly.*

1 *(xix) Amounts received by retired employees of Washburn*
 2 *university as retirement and pension benefits under the university's*
 3 *retirement plan.*

4 *(xx) For all taxable years beginning after December 31, 2012, the*
 5 *amount of any: (1) Net profit from business as determined under the*
 6 *federal internal revenue code and reported from schedule C and on line*
 7 *12 of the taxpayer's form 1040 federal individual income tax return; (2)*
 8 *net income from rental real estate, royalties, partnerships, S*
 9 *corporations, estates, trusts, residual interest in real estate mortgage*
 10 *investment conduits and net farm rental as determined under the federal*
 11 *internal revenue code and reported from schedule E and on line 17 of*
 12 *the taxpayer's form 1040 federal individual income tax return; and (3)*
 13 *net farm profit as determined under the federal internal revenue code*
 14 *and reported from schedule F and on line 18 of the taxpayer's form*
 15 *1040 federal income tax return; all to the extent included in the*
 16 *taxpayer's federal adjusted gross income. For purposes of this*
 17 *subsection, references to the federal form 1040 and federal schedule C,*
 18 *schedule E, and schedule F, shall be to such form and schedules as they*
 19 *existed for tax year 2011 and as revised thereafter by the internal*
 20 *revenue service.*

21 *(xxi) For all taxable years beginning after December 31, 2013,*
 22 *amounts equal to the unreimbursed travel, lodging and medical*
 23 *expenditures directly incurred by a taxpayer while living, or a dependent*
 24 *of the taxpayer while living, for the donation of one or more human*
 25 *organs of the taxpayer, or a dependent of the taxpayer, to another person*
 26 *for human organ transplantation. The expenses may be claimed as a*
 27 *subtraction modification provided for in this section to the extent the*
 28 *expenses are not already subtracted from the taxpayer's federal adjusted*
 29 *gross income. In no circumstances shall the subtraction modification*
 30 *provided for in this section for any individual, or a dependent, exceed*
 31 *\$5,000. As used in this section, "human organ" means all or part of a*
 32 *liver, pancreas, kidney, intestine, lung or bone marrow. The provisions*
 33 *of this paragraph shall take effect on the day the secretary of revenue*
 34 *certifies to the director of the budget that the cost for the department of*
 35 *revenue of modifications to the automated tax system for the purpose of*
 36 *implementing this paragraph will not exceed \$20,000.*

37 *(xxii) For all taxable years beginning after December 31, 2012, the*
 38 *amount of net gain from the sale of: (1) Cattle and horses, regardless of*
 39 *age, held by the taxpayer for draft, breeding, dairy or sporting purposes,*
 40 *and held by such taxpayer for 24 months or more from the date of*
 41 *acquisition; and (2) other livestock, regardless of age, held by the*
 42 *taxpayer for draft, breeding, dairy or sporting purposes, and held by*
 43 *such taxpayer for 12 months or more from the date of acquisition. The*

1 subtraction from federal adjusted gross income shall be limited to the
2 amount of the additions recognized under the provisions of ~~paragraph~~
3 ~~(xix)~~ of subsection (b){(xix)} attributable to the business in which the
4 livestock sold had been used. As used in this paragraph, the term
5 "livestock" shall not include poultry.

6 (xxiii) For all taxable years beginning after December 31, 2012,
7 amounts received under either the Overland Park, Kansas police
8 department retirement plan or the Overland Park, Kansas fire
9 department retirement plan, both as established by the city of Overland
10 Park, pursuant to the city's home rule authority.

11 (xxiv) For all taxable years beginning after December 31, 2013, the
12 net gain from the sale from Christmas trees grown in Kansas and held by
13 the taxpayer for six years or more.

14 (d) There shall be added to or subtracted from federal adjusted
15 gross income the taxpayer's share, as beneficiary of an estate or trust, of
16 the Kansas fiduciary adjustment determined under K.S.A. 79-32,135,
17 and amendments thereto.

18 (e) The amount of modifications required to be made under this
19 section by a partner which relates to items of income, gain, loss,
20 deduction or credit of a partnership shall be determined under K.S.A.
21 79-32,131, and amendments thereto, to the extent that such items affect
22 federal adjusted gross income of the partner.

23 Sec. 6. K.S.A. 79-5108 is hereby amended to read as follows: 79-
24 5108. (a) The secretary of revenue shall provide county officials of the
25 several counties with copies of manuals for the taxation of motor
26 vehicles together with such other information and forms as may be
27 necessary for the administration of the provisions of this act. The
28 county officials of the several counties shall provide the secretary of
29 revenue with such information as may be deemed necessary by the
30 secretary for the proper administration of the provisions of this act.

31 (b) The amount of the tax levied upon each motor vehicle under the
32 provisions of this act together with the taxable value computed under the
33 provisions of K.S.A. 79-5105, and amendments thereto, for the purpose
34 of computing such tax and such other information as the secretary of
35 revenue shall determine to be necessary for the administration of this act
36 shall be included upon the owner's motor vehicle registration
37 application for such motor vehicle. If the taxable value of such vehicle
38 is computed by the department of revenue, such department shall
39 compute the tax and list the same upon such registration application. If
40 the motor vehicle is classified by the county appraiser under the
41 provisions of K.S.A. 79-5102 or 79-5103, and amendments thereto, the
42 county appraiser shall determine the taxable value of such motor vehicle
43 and compute the tax and list the same upon such registration application

1 *in the space provided for such purpose. The application shall also*
 2 *provide for the addition or inclusion of information by the taxpayer*
 3 *which is necessary for the determination of the tax situs of the motor*
 4 *vehicle.*

5 (c) *{A copy of the motor vehicle registration application for an*
 6 *owner of a vehicle subject to registration under the provisions of K.S.A.*
 7 *8-126, et seq., and amendments thereto, and subject to the tax imposed*
 8 *upon a motor vehicle pursuant to K.S.A. 79-5101 et seq., and*
 9 *amendments thereto, including all information required by such*
 10 *provisions to enable the owner to register the vehicle by completing the*
 11 *registration application and to pay the tax by return mail, shall be*
 12 *mailed by the department of revenue to the address of the owner as*
 13 *shown by the records of the department no later than 45 days before the*
 14 *owner's registration and motor vehicle tax is due.}*

15 (d) *{The county treasurer shall at least once each week file with*
 16 *the county clerk that portion of all motor vehicle registration*
 17 *applications received in the treasurer's office showing the tax situs and*
 18 *other information relating to the taxation thereof under the provisions of*
 19 *this act. The county clerk shall at least 30 working days prior to the date*
 20 *upon which the county treasurer makes the current tax distribution and*
 21 *by December 15 for any tax distribution to be made in the month of*
 22 *December submit to the county treasurer a motor vehicle tax distribution*
 23 *abstract showing the total taxes collected under the provisions of this act*
 24 *to be distributed to the state and each taxing subdivision in the county*
 25 *{,} including the county as a taxing subdivision}.*

26 *Sec. 7. K.S.A. 2014 Supp. 79-3603, as amended by section 20 of*
 27 *2015 Senate Substitute for House Bill No. 2155, is hereby amended to*
 28 *read as follows: 79-3603. For the privilege of engaging in the business*
 29 *of selling tangible personal property at retail in this state or rendering or*
 30 *furnishing any of the services taxable under this act, there is hereby*
 31 *levied and there shall be collected and paid a tax at the rate of 6.15%,*
 32 *and commencing July 1, 2015, at the rate of 5.95%. Within a*
 33 *redevelopment district established pursuant to K.S.A. 74-8921, and*
 34 *amendments thereto, there is hereby levied and there shall be collected*
 35 *and paid an additional tax at the rate of 2% until the earlier of the date*
 36 *the bonds issued to finance or refinance the redevelopment project have*
 37 *been paid in full or the final scheduled maturity of the first series of*
 38 *bonds issued to finance any part of the project upon:*

39 (a) *The gross receipts received from the sale of tangible personal*
 40 *property at retail within this state;*

41 (b) *the gross receipts from intrastate, interstate or international*
 42 *telecommunications services and any ancillary services sourced to this*
 43 *state in accordance with K.S.A. 2014 Supp. 79-3673, and amendments*

1 *thereto, except that telecommunications service does not include: (1)*
 2 *Any interstate or international 800 or 900 service; (2) any interstate or*
 3 *international private communications service as defined in K.S.A. 2014*
 4 *Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice*
 5 *data service; (4) any telecommunication service to a provider of*
 6 *telecommunication services which will be used to render*
 7 *telecommunications services, including carrier access services; or (5)*
 8 *any service or transaction defined in this section among entities*
 9 *classified as members of an affiliated group as provided by section 1504*
 10 *of the federal internal revenue code of 1986, as in effect on January 1,*
 11 *2001;*

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

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

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

37 *(f) the gross receipts from the operation of any coin-operated device*
 38 *dispensing or providing tangible personal property, amusement or other*
 39 *services except laundry services, whether automatic or manually*
 40 *operated;*

41 *(g) the gross receipts from the service of renting of rooms by hotels,*
 42 *as defined by K.S.A. 36-501, and amendments thereto, or by*
 43 *accommodation brokers, as defined by K.S.A. 12-1692, and amendments*

1 *thereto, but such tax shall not be levied and collected upon the gross*
2 *receipts received from sales of such service to the federal government*
3 *and any agency, officer or employee thereof in association with the*
4 *performance of official government duties;*

5 *(h) the gross receipts from the service of renting or leasing of*
6 *tangible personal property except such tax shall not apply to the renting*
7 *or leasing of machinery, equipment or other personal property owned by*
8 *a city and purchased from the proceeds of industrial revenue bonds*
9 *issued prior to July 1, 1973, in accordance with the provisions of K.S.A.*
10 *12-1740 through 12-1749, and amendments thereto, and any city or*
11 *lessee renting or leasing such machinery, equipment or other personal*
12 *property purchased with the proceeds of such bonds who shall have paid*
13 *a tax under the provisions of this section upon sales made prior to July*
14 *1, 1973, shall be entitled to a refund from the sales tax refund fund of all*
15 *taxes paid thereon;*

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

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

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

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

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

36 *(m) the gross receipts received from fees and charges by public and*
37 *private clubs, drinking establishments, organizations and businesses for*
38 *participation in sports, games and other recreational activities, but such*
39 *tax shall not be levied and collected upon the gross receipts received*
40 *from: (1) Fees and charges by any political subdivision, by any*
41 *organization exempt from property taxation pursuant to K.S.A. 79-201*
42 *Ninth, and amendments thereto, or by any youth recreation organization*
43 *exclusively providing services to persons 18 years of age or younger*

1 *which is exempt from federal income taxation pursuant to section 501(c)*
 2 *(3) of the federal internal revenue code of 1986, for participation in*
 3 *sports, games and other recreational activities; and (2) entry fees and*
 4 *charges for participation in a special event or tournament sanctioned by*
 5 *a national sporting association to which spectators are charged an*
 6 *admission which is taxable pursuant to subsection (e);*

7 *(n) the gross receipts received from dues charged by public and*
 8 *private clubs, drinking establishments, organizations and businesses,*
 9 *payment of which entitles a member to the use of facilities for recreation*
 10 *or entertainment, but such tax shall not be levied and collected upon the*
 11 *gross receipts received from: (1) Dues charged by any organization*
 12 *exempt from property taxation pursuant to K.S.A. 79-201 Eighth and*
 13 *Ninth, and amendments thereto; and (2) sales of memberships in a*
 14 *nonprofit organization which is exempt from federal income taxation*
 15 *pursuant to section 501(c)(3) of the federal internal revenue code of*
 16 *1986, and whose purpose is to support the operation of a nonprofit zoo;*

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

1 *documentation required by the director. The director shall review each*
 2 *claim and shall refund that amount of tax paid as provided by this act.*
 3 *All such refunds shall be paid from the sales tax refund fund, upon*
 4 *warrants of the director of accounts and reports pursuant to vouchers*
 5 *approved by the director of taxation or the director's designee. No*
 6 *refund for an amount less than \$10 shall be paid pursuant to this act. In*
 7 *determining the base for computing the tax on such isolated or*
 8 *occasional sale, the fair market value of any motor vehicle or trailer*
 9 *traded in by the purchaser to the seller may be deducted from the selling*
 10 *price;*

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

22 *For the purposes of this subsection:*

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

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

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

1 (4) "residence" shall mean only those enclosures within which
2 individuals customarily live;

3 (5) "utility structure" shall mean transmission and distribution
4 lines owned by an independent transmission company or cooperative,
5 the Kansas electric transmission authority or natural gas or electric
6 public utility; and

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

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

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

21 (s) on and after January 1, 2005, the gross receipts received from
22 the sale of prewritten computer software and the sale of the services of
23 modifying, altering, updating or maintaining prewritten computer
24 software, whether the prewritten computer software is installed or
25 delivered electronically by tangible storage media physically transferred
26 to the purchaser or by load and leave;

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

28 (u) the gross receipts received from the sale of prepaid calling
29 service and prepaid wireless calling service as defined in K.S.A. 2014
30 Supp. 79-3673, and amendments thereto;

31 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
32 licensees under section 1 {of 2015 Senate Substitute for House Bill No.
33 2155,} et seq., and amendments thereto, shall be exempt from taxes
34 imposed pursuant to this section; and

35 (w) all sales of charitable raffle tickets in accordance with section 1
36 {of 2015 Senate Substitute for House Bill No. 2155,} et seq., and
37 amendments thereto, shall be exempt from taxes imposed pursuant to
38 this section.

39 Sec. 8. K.S.A. 2014 Supp. 79-3620 is hereby amended to read as
40 follows: 79-3620. (a) All revenue collected or received by the director of
41 taxation from the taxes imposed by this act shall be remitted to the state
42 treasurer in accordance with the provisions of K.S.A. 75-4215, and
43 amendments thereto. Upon receipt of each such remittance, the state

1 *treasurer shall deposit the entire amount in the state treasury, less*
2 *amounts withheld as provided in subsection (b) and amounts credited as*
3 *provided in subsections (c), (d) and (e), to the credit of the state general*
4 *fund.*

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

18 ~~(c) (1) The state treasurer shall credit 5/98 of the revenue collected or~~
19 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
20 ~~thereto, at the rate of 4.9%, and deposited as provided in subsection (a),~~
21 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
22 ~~highway fund.~~

23 ~~(2) The state treasurer shall credit 5/106 of the revenue collected or~~
24 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
25 ~~thereto, at the rate of 5.3%, and deposited as provided in subsection (a),~~
26 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
27 ~~highway fund.~~

28 ~~(3) On July 1, 2006, the state treasurer shall credit 19/265 of the~~
29 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
30 ~~and amendments thereto, at the rate of 5.3%, and deposited as provided by~~
31 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
32 ~~the state highway fund.~~

33 ~~(4) On July 1, 2007, the state treasurer shall credit 13/106 of the~~
34 ~~revenue collected and received from the tax imposed by K.S.A. 79-3603,~~
35 ~~and amendments thereto, at the rate of 5.3%, and deposited as provided by~~
36 ~~subsection (a), exclusive of amounts credited pursuant to subsection (d), in~~
37 ~~the state highway fund.~~

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

43 ~~(6){(2)}~~ *On July 1, 2011, the state treasurer shall credit 11.26% of*

1 *the revenue collected and received from the tax imposed by K.S.A. 79-*
2 *3603, and amendments thereto, at the rate of 6.3%, and deposited as*
3 *provided by subsection (a), exclusive of amounts credited pursuant to*
4 *subsection (d), in the state highway fund.*

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

10 ~~(8)~~{4} *On July 1, 2013, and thereafter, the state treasurer shall*
11 *credit 17.073% of the revenue collected and received from the tax*
12 *imposed by K.S.A. 79-3603, and amendments thereto, at the rate of*
13 *6.15%, and deposited as provided by subsection (a), exclusive of*
14 *amounts credited pursuant to subsection (d), in the state highway fund.*

15 (5) *On July 1, 2015, the state treasurer shall credit 14.565% of the*
16 *revenue collected and received from the tax imposed by K.S.A. 79-3603,*
17 *and amendments thereto, at the rate of 5.95%, and deposited as provided*
18 *by subsection (a), exclusive of amounts credited pursuant to subsection*
19 *(d), in the state highway fund.*

20 (6) *On July 1, 2016, and thereafter, the state treasurer shall credit*
21 *14.610% of the revenue collected and received from the tax imposed by*
22 *K.S.A. 79-3603, and amendments thereto, at the rate of 5.95%, and*
23 *deposited as provided by subsection (a), exclusive of amounts credited*
24 *pursuant to subsection (d), in the state highway fund.*

25 (d) *The state treasurer shall credit all revenue collected or received*
26 *from the tax imposed by K.S.A. 79-3603, and amendments thereto, as*
27 *certified by the director, from taxpayers doing business within that*
28 *portion of a STAR bond project district occupied by a STAR bond project*
29 *or taxpayers doing business with such entity financed by a STAR bond*
30 *project as defined in K.S.A. 2014 Supp. 12-17,162, and amendments*
31 *thereto, that was determined by the secretary of commerce to be of*
32 *statewide as well as local importance or will create a major tourism area*
33 *for the state or the project was designated as a STAR bond project as*
34 *defined in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, to the*
35 *city bond finance fund, which fund is hereby created. The provisions of*
36 *this subsection shall expire when the total of all amounts credited*
37 *hereunder and under ~~subsection (d) of K.S.A. 79-3710~~{(d)}, and*
38 *amendments thereto, is sufficient to retire the special obligation bonds*
39 *issued for the purpose of financing all or a portion of the costs of such*
40 *STAR bond project.*

41 (e) *All revenue certified by the director of taxation as having been*
42 *collected or received from the tax imposed by ~~subsection (e) of K.S.A. 79-~~*
43 *3603(c), and amendments thereto, on the sale or furnishing of gas, water,*

1 electricity and heat for use or consumption within the intermodal facility
 2 district described in this subsection, shall be credited by the state treasurer
 3 to the state highway fund. Such revenue may be transferred by the
 4 secretary of transportation to the rail service improvement fund pursuant to
 5 law. The provisions of this subsection shall take effect upon certification
 6 by the secretary of transportation that a notice to proceed has been
 7 received for the construction of the improvements within the intermodal
 8 facility district, but not later than December 31, 2010, and shall expire
 9 when the secretary of revenue determines that the total of all amounts
 10 credited hereunder and pursuant to ~~subsection (e)~~ of K.S.A. 79-3710(e),
 11 and amendments thereto, is equal to \$53,300,000, but not later than
 12 December 31, 2045. Thereafter, all revenues shall be collected and
 13 distributed in accordance with applicable law. For all tax reporting periods
 14 during which the provisions of this subsection are in effect, none of the
 15 exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto,
 16 shall apply to the sale or furnishing of any gas, water, electricity and heat
 17 for use or consumption within the intermodal facility district. As used in
 18 this subsection, "intermodal facility district" shall consist of an intermodal
 19 transportation area as defined by ~~subsection (oo)~~ of K.S.A. 12-1770a(oo),
 20 and amendments thereto, located in Johnson county within the polygonal-
 21 shaped area having Waverly Road as the eastern boundary, 191st Street as
 22 the southern boundary, Four Corners Road as the western boundary, and
 23 Highway 56 as the northern boundary, and the polygonal-shaped area
 24 having Poplar Road as the eastern boundary, 183rd Street as the southern
 25 boundary, Waverly Road as the western boundary, and the BNSF mainline
 26 track as the northern boundary, that includes capital investment in an
 27 amount exceeding \$150 million for the construction of an intermodal
 28 facility to handle the transfer, storage and distribution of freight through
 29 railway and trucking operations.

30 ***Sec. 9. K.S.A. 2014 Supp. 79-3703 is hereby amended to read as***
 31 ***follows: 79-3703. There is hereby levied and there shall be collected***
 32 ***from every person in this state a tax or excise for the privilege of using,***
 33 ***storing, or consuming within this state any article of tangible personal***
 34 ***property. Such tax shall be levied and collected in an amount equal to***
 35 ***the consideration paid by the taxpayer multiplied by the rate of 6.15%,***
 36 ***and commencing July 1, 2015, at the rate of 5.95%. Within a***
 37 ***redevelopment district established pursuant to K.S.A. 74-8921, and***
 38 ***amendments thereto, there is hereby levied and there shall be collected***
 39 ***and paid an additional tax of 2% until the earlier of: (1) The date the***
 40 ***bonds issued to finance or refinance the redevelopment project***
 41 ***undertaken in the district have been paid in full; or (2) the final***
 42 ***scheduled maturity of the first series of bonds issued to finance the***
 43 ***redevelopment project. All property purchased or leased within or***

1 *without this state and subsequently used, stored or consumed in this*
2 *state shall be subject to the compensating tax if the same property or*
3 *transaction would have been subject to the Kansas retailers' sales tax*
4 *had the transaction been wholly within this state.*

5 *Sec. 10. K.S.A. 2014 Supp. 79-3710 is hereby amended to read as*
6 *follows: 79-3710. (a) All revenue collected or received by the director*
7 *under the provisions of this act shall be remitted to the state treasurer in*
8 *accordance with the provisions of K.S.A. 75-4215, and amendments*
9 *thereto. Upon receipt of each such remittance, the state treasurer shall*
10 *deposit the entire amount in the state treasury, less amounts set apart as*
11 *provided in subsection (b) and amounts credited as provided in*
12 *subsection (c), (d) and (e), to the credit of the state general fund.*

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

20 ~~*(c) (1)—The state treasurer shall credit 5/98 of the revenue collected or*~~
21 ~~*received from the tax imposed by K.S.A. 79-3703, and amendments*~~
22 ~~*thereto, at the rate of 4.9%, and deposited as provided in subsection (a),*~~
23 ~~*exclusive of amounts credited pursuant to subsection (d), in the state*~~
24 ~~*highway fund.*~~

25 ~~*(2)—The state treasurer shall credit 5/106 of the revenue collected or*~~
26 ~~*received from the tax imposed by K.S.A. 79-3703, and amendments*~~
27 ~~*thereto, at the rate of 5.3%, and deposited as provided in subsection (a),*~~
28 ~~*exclusive of amounts credited pursuant to subsection (d), in the state*~~
29 ~~*highway fund.*~~

30 ~~*(3)—On July 1, 2006, the state treasurer shall credit 19/265 of the*~~
31 ~~*revenue collected or received from the tax imposed by K.S.A. 79-3703,*~~
32 ~~*and amendments thereto, at the rate of 5.3%, and deposited as provided by*~~
33 ~~*subsection (a), exclusive of amounts credited pursuant to subsection (d), in*~~
34 ~~*the state highway fund.*~~

35 ~~*(4)—On July 1, 2007, the state treasurer shall credit 13/106 of the*~~
36 ~~*revenue collected or received from the tax imposed by K.S.A. 79-3703,*~~
37 ~~*and amendments thereto, at the rate of 5.3%, and deposited as provided by*~~
38 ~~*subsection (a), exclusive of amounts credited pursuant to subsection (d), in*~~
39 ~~*the state highway fund.*~~

40 ~~*(5) On July 1, 2010, the state treasurer shall credit 11.427% of the*~~
41 ~~*revenue collected and received from the tax imposed by K.S.A. 79-3703,*~~
42 ~~*and amendments thereto, at the rate of 6.3%, and deposited as provided*~~
43 ~~*by subsection (a), exclusive of amounts credited pursuant to subsection*~~

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

2 ~~(6){(2)}~~ *On July 1, 2011, the state treasurer shall credit 11.26% of*
3 *the revenue collected and received from the tax imposed by K.S.A. 79-*
4 *3703, and amendments thereto, at the rate of 6.3%, and deposited as*
5 *provided by subsection (a), exclusive of amounts credited pursuant to*
6 *subsection (d), in the state highway fund.*

7 ~~(7){(3)}~~ *On July 1, 2012, the state treasurer shall credit 11.233% of*
8 *the revenue collected and received from the tax imposed by K.S.A. 79-*
9 *3703, and amendments thereto, at the rate of 6.3%, and deposited as*
10 *provided by subsection (a), exclusive of amounts credited pursuant to*
11 *subsection (d), in the state highway fund.*

12 ~~(8){(4)}~~ *On July 1, 2013, and thereafter, the state treasurer shall*
13 *credit 17.073% of the revenue collected and received from the tax*
14 *imposed by K.S.A. 79-3703, and amendments thereto, at the rate of*
15 *6.15%, and deposited as provided by subsection (a), exclusive of*
16 *amounts credited pursuant to subsection (d), in the state highway fund.*

17 (5) *On July 1, 2015, the state treasurer shall credit 14.565% 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 5.95%, and deposited as provided*
20 *by subsection (a), exclusive of amounts credited pursuant to subsection*
21 *(d), in the state highway fund.*

22 (6) *On July 1, 2016, and thereafter, the state treasurer shall credit*
23 *14.610% of the revenue collected and received from the tax imposed by*
24 *K.S.A. 79-3703, and amendments thereto, at the rate of 5.95%, and*
25 *deposited as provided by subsection (a), exclusive of amounts credited*
26 *pursuant to subsection (d), in the state highway fund.*

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

40 *This subsection shall not apply to a project designated as a special*
41 *bond project as defined in ~~subsection (z)~~ of K.S.A. 12-1770a{(z)}, and*
42 *amendments thereto.*

43 *(e) All revenue certified by the director of taxation as having been*

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

32 ***{Sec. 11. K.S.A. 79-5108 and K.S.A. 2014 Supp. 79-201, as***
 33 ***amended by section 4 of 2015 Senate Bill No. 91, 79-32,117, 79-32,265,***
 34 ***79-3603, as amended by section 20 of 2015 Senate Substitute for House***
 35 ***Bill No. 2155, 79-3606, 79-3620, 79-3703 and 79-3710 are hereby***
 36 ***repealed.***

37 ~~Sec. 24. {25.} 2. {12.}~~ This act shall take effect and be in force from
 38 and after its publication in the statute book.