

HOUSE BILL No. 2322

By Representative Jones

2-8

1 AN ACT concerning sales taxation; relating to exemptions; certain sales of
2 school supplies, computers and clothing, sales tax holiday; amending
3 K.S.A. 2016 Supp. 79-3606 and repealing the existing section.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 New Section 1. (a) As used in this section and K.S.A. 79-
7 3606(mmmm), and amendments thereto:

8 (1) "Clothing" means all human wearing apparel suitable for general
9 use. Clothing includes, but is not limited to: Aprons, household and shop;
10 athletic supporters; baby receiving blankets; bathing suits and caps; beach
11 capes and coats; belts and suspenders; boots; coats and jackets; costumes;
12 diapers, children and adult, including disposable diapers; ear muffs;
13 footlets; formal wear; garters and garter belts; girdles; gloves and mittens
14 for general use; hats and caps; hosiery; insoles for shoes; lab coats;
15 neckties; overshoes; pantyhose; rainwear; rubber pants; sandals; scarves;
16 shoes and shoe laces; slippers; sneakers; socks and stockings; steel-toed
17 shoes; underwear; uniforms, athletic and non-athletic; and wedding
18 apparel. Clothing shall not include: Belt buckles sold separately; costume
19 masks sold separately; patches and emblems sold separately; sewing
20 equipment and supplies including, but not limited to, knitting needles,
21 patterns, pins, scissors, sewing machines, sewing needles, tape measures
22 and thimbles; and sewing materials that become part of clothing including,
23 but not limited to, buttons, fabric, lace, thread, yarn and zippers;

24 (2) "clothing accessories or equipment" means incidental items worn
25 on the person or in conjunction with clothing. Clothing accessories or
26 equipment includes, but is not limited to: Briefcases; cosmetics; hair
27 notions, including, but not limited to, barrettes, hair bows, and hair nets;
28 handbags; handkerchiefs; jewelry; sunglasses, non-prescription; umbrellas;
29 wallets; watches and wigs and hair pieces;

30 (3) "eligible property" means an item of a type, such as clothing, that
31 qualifies for the sales tax exemption as provided in K.S.A. 79-
32 3606(mmmm), and amendments thereto;

33 (4) "layaway sale" means a transaction in which property is set aside
34 for future delivery to a customer who makes a deposit, agrees to pay the
35 balance of the purchase over a period of time and, at the end of the
36 payment period, receives the property. An order is accepted for layaway by

1 the seller, when the seller removes the property from normal inventory or
2 clearly identifies the property as sold to the purchaser;

3 (5) "rain check" means the seller allows a customer to purchase an
4 item at a certain price at a later time because the particular item was out of
5 stock;

6 (6) "school art supply" means an item commonly used by a student in
7 a course of study for artwork. The following is an all-inclusive list: Clay
8 and glazes; paints, acrylic, tempera and oil; paintbrushes for artwork;
9 sketch and drawing pads; and watercolors;

10 (7) "school computer supply" means an item commonly used by a
11 student in a course of study in which a computer is used. The following is
12 an all-inclusive list: Computer storage media, diskettes, compact disks;
13 handheld electronic schedulers, except devices that are cellular phones;
14 personal digital assistants, except devices that are cellular phones;
15 computer printers; and printer supplies for computers, printer paper and
16 printer ink;

17 (8) "school instructional material" means written material commonly
18 used by a student in a course of study as a reference and to learn the
19 subject being taught. The following is an all-inclusive list: Reference
20 books; reference maps and globes; textbooks; and workbooks; and

21 (9) "school supply" means an item commonly used by a student in a
22 course of study. The following is an all-inclusive list: Binders; book bags;
23 calculators; cellophane tape; blackboard chalk; compasses; composition
24 books; crayons; erasers; folders, expandable, pocket, plastic and manila;
25 glue, paste and paste sticks; highlighters; index cards; index card boxes;
26 legal pads; lunch boxes; markers; notebooks; paper; loose leaf ruled
27 notebook paper, copy paper, graph paper, tracing paper, manila paper,
28 colored paper, poster board and construction paper; pencil boxes and other
29 school supply boxes; pencil sharpeners; pencils; pens; protractors; rulers;
30 scissors; and writing tablets.

31 (b) The secretary of revenue shall provide notice of the exemption
32 period to retailers at least 60 days prior to the first day of the calendar
33 quarter in which the exemption period established in K.S.A. 79-
34 3606(mmmm), and amendments thereto, commences.

35 (c) The following procedures are to be used in administering the
36 exemption as provided in K.S.A. 79-3606(mmmm), and amendments
37 thereto:

38 (1) A sale of eligible property under a layaway sale qualifies for the
39 exemption if:

40 (A) Final payment on a layaway order is made by, and the property is
41 given to, the purchaser during the exemption period; or

42 (B) the purchaser selects the property and the retailer accepts the
43 order for the item during the exemption period for immediate delivery

1 upon full payment, even if delivery is made after the exemption period;

2 (2) there shall be no change during the period of exemption for the
3 handling of a bundled sale as treated for sales tax purposes at times other
4 than the exemption period;

5 (3) a discount by the seller reduces the sales price of the property and
6 the discounted sales price determines whether the sales price is within the
7 price threshold provided in K.S.A. 79-3606(mmmm), and amendments
8 thereto. A coupon that reduces the sales price is treated as a discount if the
9 seller is not reimbursed for the coupon amount by a third party. If a
10 discount applies to the total amount paid by a purchaser rather than to the
11 sales price of a particular item and the purchaser has purchased both
12 eligible property and taxable property, the seller should allocate the
13 discount based on the total sales prices of the taxable property compared to
14 the total sales prices of all property sold in that same transaction;

15 (4) articles that are normally sold as a single unit must continue to be
16 sold in that manner. Such articles cannot be priced separately and sold as
17 individual items in order to obtain the exemption;

18 (5) a rain check allows a customer to purchase an item at a certain
19 price at a later time because the particular item was out of stock. Eligible
20 property that customers purchase during the exemption period with use of
21 a rain check will qualify for the exemption regardless of when the rain
22 check was issued. Issuance of a rain check during the exemption period
23 shall not qualify eligible property for the exemption if the property is
24 actually purchased after the exemption period;

25 (6) the procedure for an exchange in regards to an exemption is as
26 follows:

27 (A) If a customer purchases an item of eligible property during the
28 exemption period, but later exchanges the item for a similar eligible item,
29 even if a different size, different color or other feature, no additional tax is
30 due even if the exchange is made after the exemption period;

31 (B) if a customer purchases an item of eligible property during the
32 exemption period, but after the exemption period has ended, the customer
33 returns the item and receives credit on the purchase of a different item, the
34 appropriate sales tax is due on the sale of the new item; and

35 (C) if a customer purchases an item of eligible property before the
36 exemption period, but during the exemption period the customer returns
37 the item and receives credit on the purchase of a different item of eligible
38 property, no sales tax is due on the sale of the new item if the new item is
39 purchased during the exemption period;

40 (7) delivery charges, including shipping, handling and service
41 charges, are part of the sales price of eligible property. For the purpose of
42 determining the price threshold, if all the property in a shipment qualifies
43 as eligible property and the sales price for each item in the shipment is

1 within the price threshold, then the seller does not have to allocate the
2 delivery, handling or service charge to determine if the price threshold is
3 exceeded. The shipment will be considered a sale of eligible products. If
4 the shipment includes eligible property and taxable property, including an
5 eligible item with a sales price in excess of the price threshold, the seller
6 should allocate the delivery charge by using:

7 (A) A percentage based on the total sales prices of the taxable
8 property compared to the total sales prices of all property in the shipment;
9 or

10 (B) a percentage based on the total weight of the taxable property
11 compared to the total weight of all property in the shipment; and

12 (C) the seller must tax the percentage of the delivery charge allocated
13 to the taxable property but does not have to tax the percentage allocated to
14 the eligible property;

15 (8) for the purpose of an exemption, eligible property qualifies for the
16 exemption if:

17 (A) The item is both delivered to and paid for by the customer during
18 the exemption period; or

19 (B) the customer orders and pays for the item and the seller accepts
20 the order during the exemption period for immediate shipment, even if
21 delivery is made after the exemption period. The seller accepts an order
22 when the seller has taken action to fill the order for immediate shipment.
23 Actions to fill an order include placement of an in date stamp on a mail
24 order or assignment of an order number to a telephone order. An order is
25 for immediate shipment when the customer does not request delayed
26 shipment. An order is for immediate shipment, notwithstanding that the
27 shipment may be delayed because of a backlog of orders or because stock
28 is currently unavailable to, or on back order by, the seller;

29 (9) for a 60-day period immediately after the exemption period, when
30 a customer returns an item that would qualify for the exemption, no credit
31 for or refund of sales tax shall be given unless the customer provides a
32 receipt or invoice that shows tax was paid, or the seller has sufficient
33 documentation to show that tax was paid on the specific item. This 60-day
34 period is set solely for the purpose of designating a time period during
35 which the customer must provide documentation that shows that sales tax
36 was paid on returned merchandise. The 60-day period is not intended to
37 change a seller's policy on the time period during which the seller will
38 accept returns; and

39 (10) the time zone of the seller's location determines the authorized
40 time period for a sales tax holiday when the purchaser is located in one
41 time zone and a seller is located in another.

42 (d) The provisions of this section shall be a part of and supplemental
43 to the Kansas retailers' sales and compensating tax act.

1 Sec. 2. K.S.A. 2016 Supp. 79-3606 is hereby amended to read as
2 follows: 79-3606. The following shall be exempt from the tax imposed by
3 this act:

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

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

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

40 (d) all sales of tangible personal property or services purchased by a
41 contractor for the purpose of constructing, equipping, reconstructing,
42 maintaining, repairing, enlarging, furnishing or remodeling facilities for
43 any public or private nonprofit hospital or public hospital authority, public

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

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

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

1 apply to the secretary of revenue for agent status for the sole purpose of
2 issuing and furnishing project exemption certificates to contractors
3 pursuant to rules and regulations adopted by the secretary establishing
4 conditions and standards for the granting and maintaining of such status.
5 All invoices shall be held by the contractor for a period of five years and
6 shall be subject to audit by the director of taxation. Any contractor or any
7 agent, employee or subcontractor thereof, who shall use or otherwise
8 dispose of any materials purchased under such a certificate for any purpose
9 other than that for which such a certificate is issued without the payment
10 of the sales or compensating tax otherwise imposed upon such materials,
11 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
12 subject to the penalties provided for in K.S.A. 79-3615(h), and
13 amendments thereto;

14 (f) tangible personal property purchased by a railroad or public utility
15 for consumption or movement directly and immediately in interstate
16 commerce;

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

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

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

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

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

41 (l) all isolated or occasional sales of tangible personal property,
42 services, substances or things, except isolated or occasional sale of motor
43 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and

1 amendments thereto;

2 (m) all sales of tangible personal property which become an
3 ingredient or component part of tangible personal property or services
4 produced, manufactured or compounded for ultimate sale at retail within
5 or without the state of Kansas; and any such producer, manufacturer or
6 compounder may obtain from the director of taxation and furnish to the
7 supplier an exemption certificate number for tangible personal property for
8 use as an ingredient or component part of the property or services
9 produced, manufactured or compounded;

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

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

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

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

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

21 (s) except as provided in K.S.A. 2016 Supp. 82a-2101, and
22 amendments thereto, all sales of tangible personal property or services
23 purchased directly or indirectly by a groundwater management district
24 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
25 amendments thereto, by a rural water district organized or operating under
26 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
27 supply district organized or operating under the authority of K.S.A. 19-
28 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
29 property or services are used in the construction activities, operation or
30 maintenance of the district;

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

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

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

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

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

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

1 (y) all sales of materials and services used in the repairing, servicing,
2 altering, maintaining, manufacturing, remanufacturing, or modification of
3 railroad rolling stock for use in interstate or foreign commerce under
4 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 is
9 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 used
15 in this subsection: (1) "Mobile homes" and "manufactured homes" shall
16 have the meanings ascribed thereto by K.S.A. 58-4202, and amendments
17 thereto; and (2) "sales of used mobile homes or manufactured homes"
18 means sales other than the original retail sale thereof;

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

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

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

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

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

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

33 (hh) all sales of medical supplies and equipment, including durable
34 medical equipment, purchased directly by a nonprofit skilled nursing home
35 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
36 and amendments thereto, for the purpose of providing medical services to
37 residents thereof. This exemption shall not apply to tangible personal
38 property customarily used for human habitation purposes. As used in this
39 subsection, "durable medical equipment" means equipment including
40 repair and replacement parts for such equipment, which can withstand
41 repeated use, is primarily and customarily used to serve a medical purpose,
42 generally is not useful to a person in the absence of illness or injury and is
43 not worn in or on the body, but does not include mobility enhancing

1 equipment as defined in subsection (r), oxygen delivery equipment, kidney
2 dialysis equipment or enteral feeding systems;

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

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

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

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

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

31 (2) For purposes of this subsection:

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

42 (B) "production line" means the assemblage of machinery and
43 equipment at a manufacturing or processing plant or facility where the

1 actual transformation or processing of tangible personal property occurs;

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

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

1 service, repair or improve real property, and retail businesses that clean,
2 service or refurbish and repair tangible personal property for its owner;

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

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

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

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

17 (B) to transport, convey, handle or store the property undergoing
18 manufacturing or processing at any point from the beginning of the
19 production line through any warehousing or distribution operation of the
20 final product that occurs at the plant or facility;

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

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

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

28 (F) to plan, manage, control or record the receipt and flow of
29 inventories of raw materials, consumables and component parts, the flow
30 of the property undergoing manufacturing or processing and the
31 management of inventories of the finished product;

32 (G) to produce energy for, lubricate, control the operating of or
33 otherwise enable the functioning of other production machinery and
34 equipment and the continuation of production operations;

35 (H) to package the property being manufactured or processed in a
36 container or wrapping in which such property is normally sold or
37 transported;

38 (I) to transmit or transport electricity, coke, gas, water, steam or
39 similar substances used in production operations from the point of
40 generation, if produced by the manufacturer or processor at the plant site,
41 to that manufacturer's production operation; or, if purchased or delivered
42 from off-site, from the point where the substance enters the site of the
43 plant or facility to that manufacturer's production operations;

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

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

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

9 (M) to control pollution at the plant or facility where the pollution is
10 produced by the manufacturing or processing operation.

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

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

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

43 (B) machinery, equipment and tools used primarily in maintaining

1 and repairing any type of machinery and equipment or the building and
2 plant;

3 (C) transportation, transmission and distribution equipment not
4 primarily used in a production, warehousing or material handling
5 operation at the plant or facility, including the means of conveyance of
6 natural gas, electricity, oil or water, and equipment related thereto, located
7 outside the plant or facility;

8 (D) office machines and equipment including computers and related
9 peripheral equipment not used directly and primarily to control or measure
10 the manufacturing process;

11 (E) furniture and other furnishings;

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

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

18 (H) machinery and equipment used for general plant heating, cooling
19 and lighting;

20 (I) motor vehicles that are registered for operation on public
21 highways; or

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

25 (6) Subsections (3) and (5) shall not be construed as exclusive listings
26 of the machinery and equipment that qualify or do not qualify as an
27 integral or essential part of an integrated production operation. When
28 machinery or equipment is used as an integral or essential part of
29 production operations part of the time and for nonproduction purposes at
30 other times, the primary use of the machinery or equipment shall
31 determine whether or not such machinery or equipment qualifies for
32 exemption.

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

35 (II) all sales of educational materials purchased for distribution to the
36 public at no charge by a nonprofit corporation organized for the purpose of
37 encouraging, fostering and conducting programs for the improvement of
38 public health, except that for taxable years commencing after December
39 31, 2013, this subsection shall not apply to any sales of such materials
40 purchased by a nonprofit corporation which performs any abortion, as
41 defined in K.S.A. 65-6701, and amendments thereto;

42 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
43 herbicides, germicides, pesticides and fungicides; and services, purchased

1 and used for the purpose of producing plants in order to prevent soil
2 erosion on land devoted to agricultural use;

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

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

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

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

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

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

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

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

37 (vv) all sales of tangible personal property purchased by any of the
38 following organizations which are exempt from federal income taxation
39 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
40 for the following purposes, and all sales of any such property by or on
41 behalf of any such organization for any such purpose:

42 (1) The American heart association, Kansas affiliate, inc. for the
43 purposes of providing education, training, certification in emergency

1 cardiac care, research and other related services to reduce disability and
2 death from cardiovascular diseases and stroke;

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

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

9 (4) the American diabetes association Kansas affiliate, inc. for the
10 purpose of eliminating diabetes through medical research, public education
11 focusing on disease prevention and education, patient education including
12 information on coping with diabetes, and professional education and
13 training;

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

19 (6) the Kansas chapters of the Alzheimer's disease and related
20 disorders association, inc. for the purpose of providing assistance and
21 support to persons in Kansas with Alzheimer's disease, and their families
22 and caregivers;

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

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

29 (9) the heartstrings community foundation for the purpose of
30 providing training, employment and activities for adults with
31 developmental disabilities;

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

35 (11) the spina bifida association of Kansas for the purpose of
36 providing financial, educational and practical aid to families and
37 individuals with spina bifida. Such aid includes, but is not limited to,
38 funding for medical devices, counseling and medical educational
39 opportunities;

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

- 1 (13) the cross-lines cooperative council for the purpose of providing
2 social services to low income individuals and families;
- 3 (14) the dreams work, inc., for the purpose of providing young adult
4 day services to individuals with developmental disabilities and assisting
5 families in avoiding institutional or nursing home care for a
6 developmentally disabled member of their family;
- 7 (15) the KSDS, Inc., for the purpose of promoting the independence
8 and inclusion of people with disabilities as fully participating and
9 contributing members of their communities and society through the
10 training and providing of guide and service dogs to people with
11 disabilities, and providing disability education and awareness to the
12 general public;
- 13 (16) the lyme association of greater Kansas City, Inc., for the purpose
14 of providing support to persons with lyme disease and public education
15 relating to the prevention, treatment and cure of lyme disease;
- 16 (17) the dream factory, inc., for the purpose of granting the dreams of
17 children with critical and chronic illnesses;
- 18 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
19 students and families with education and resources necessary to enable
20 each child to develop fine character and musical ability to the fullest
21 potential;
- 22 (19) the international association of lions clubs for the purpose of
23 creating and fostering a spirit of understanding among all people for
24 humanitarian needs by providing voluntary services through community
25 involvement and international cooperation;
- 26 (20) the Johnson county young matrons, inc., for the purpose of
27 promoting a positive future for members of the community through
28 volunteerism, financial support and education through the efforts of an all
29 volunteer organization;
- 30 (21) the American cancer society, inc., for the purpose of eliminating
31 cancer as a major health problem by preventing cancer, saving lives and
32 diminishing suffering from cancer, through research, education, advocacy
33 and service;
- 34 (22) the community services of Shawnee, inc., for the purpose of
35 providing food and clothing to those in need;
- 36 (23) the angel babies association, for the purpose of providing
37 assistance, support and items of necessity to teenage mothers and their
38 babies; and
- 39 (24) the Kansas fairgrounds foundation for the purpose of the
40 preservation, renovation and beautification of the Kansas state fairgrounds;
- 41 (ww) all sales of tangible personal property purchased by the habitat
42 for humanity for the exclusive use of being incorporated within a housing
43 project constructed by such organization;

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

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

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

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

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

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

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

31 (ccc) on and after July 1, 1999, all sales of tangible personal property
32 and services purchased by a primary care clinic or health center the
33 primary purpose of which is to provide services to medically underserved
34 individuals and families, and which is exempt from federal income
35 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
36 and all sales of tangible personal property or services purchased by a
37 contractor for the purpose of constructing, equipping, reconstructing,
38 maintaining, repairing, enlarging, furnishing or remodeling facilities for
39 any such clinic or center which would be exempt from taxation under the
40 provisions of this section if purchased directly by such clinic or center,
41 except that for taxable years commencing after December 31, 2013, this
42 subsection shall not apply to any sales of such tangible personal property
43 and services purchased by a primary care clinic or health center which

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

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

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

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

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

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

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

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

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

1 this subsection. All refunds shall be paid from the sales tax refund fund
2 upon warrants of the director of accounts and reports pursuant to vouchers
3 approved by the director or the director's designee;

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

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

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

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

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

43 (ppp) all sales of tangible personal property and services purchased

1 by or on behalf of a homeless shelter which is exempt from federal income
2 taxation pursuant to section 501(c)(3) of the federal income tax code of
3 1986, and used by any such homeless shelter to provide emergency and
4 transitional housing for individuals and families experiencing
5 homelessness, and all sales of any such property by or on behalf of any
6 such homeless shelter for any such purpose;

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

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

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

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

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

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

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

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

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

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

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

39 (xxx) all sales of personal property and services purchased by the
40 booth theatre foundation, inc., an organization which is exempt from
41 federal income taxation pursuant to section 501(c)(3) of the federal
42 internal revenue code of 1986, and which such personal property and
43 services are used by any such organization in the constructing, equipping,

1 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
2 of the booth theatre, and all sales of tangible personal property or services
3 purchased by a contractor for the purpose of constructing, equipping,
4 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
5 the booth theatre for such organization, which would be exempt from
6 taxation under the provisions of this section if purchased directly by such
7 organization. Nothing in this subsection shall be deemed to exempt the
8 purchase of any construction machinery, equipment or tools used in the
9 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
10 furnishing or remodeling facilities for any such organization. When any
11 such organization shall contract for the purpose of constructing, equipping,
12 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
13 facilities, it shall obtain from the state and furnish to the contractor an
14 exemption certificate for the project involved, and the contractor may
15 purchase materials for incorporation in such project. The contractor shall
16 furnish the number of such certificate to all suppliers from whom such
17 purchases are made, and such suppliers shall execute invoices covering the
18 same bearing the number of such certificate. Upon completion of the
19 project the contractor shall furnish to such organization concerned a sworn
20 statement, on a form to be provided by the director of taxation, that all
21 purchases so made were entitled to exemption under this subsection. All
22 invoices shall be held by the contractor for a period of five years and shall
23 be subject to audit by the director of taxation. If any materials purchased
24 under such a certificate are found not to have been incorporated in such
25 facilities or not to have been returned for credit or the sales or
26 compensating tax otherwise imposed upon such materials which will not
27 be so incorporated in such facilities reported and paid by such contractor
28 to the director of taxation not later than the 20th day of the month following
29 the close of the month in which it shall be determined that such materials
30 will not be used for the purpose for which such certificate was issued, such
31 organization concerned shall be liable for tax on all materials purchased
32 for the project, and upon payment thereof it may recover the same from
33 the contractor together with reasonable attorney fees. Any contractor or
34 any agent, employee or subcontractor thereof, who shall use or otherwise
35 dispose of any materials purchased under such a certificate for any purpose
36 other than that for which such a certificate is issued without the payment
37 of the sales or compensating tax otherwise imposed upon such materials,
38 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
39 subject to the penalties provided for in K.S.A. 79-3615(h), and
40 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
41 to the effective date of this act upon the gross receipts received from any
42 sale which would have been exempted by the provisions of this subsection
43 had such sale occurred after the effective date of this act shall be refunded.

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

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

1 which such certificate was issued, TLC charities shall be liable for tax on
2 all materials purchased for the project, and upon payment thereof it may
3 recover the same from the contractor together with reasonable attorney
4 fees. Any contractor or any agent, employee or subcontractor thereof, who
5 shall use or otherwise dispose of any materials purchased under such a
6 certificate for any purpose other than that for which such a certificate is
7 issued without the payment of the sales or compensating tax otherwise
8 imposed upon such materials, shall be guilty of a misdemeanor and, upon
9 conviction therefor, shall be subject to the penalties provided for in K.S.A.
10 79-3615(h), and amendments thereto;

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

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

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

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

36 (dddd) all sales of tangible personal property or services purchased
37 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
38 of which are exempt from federal income taxation pursuant to section
39 501(c)(3) of the federal internal revenue code, for the purpose of providing
40 education, training and employment opportunities for people with
41 disabilities and other barriers to employment;

42 (eeee) all sales of tangible personal property or services purchased by
43 or on behalf of all American beef battalion, inc., which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code, for the purpose of educating, promoting and
3 participating as a contact group through the beef cattle industry in order to
4 carry out such projects that provide support and morale to members of the
5 United States armed forces and military services;

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

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

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

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

39 (iiii) all sales of tangible personal property or services purchased by a
40 contractor for the purpose of constructing, maintaining, repairing,
41 enlarging, furnishing or remodeling facilities for the operation of services
42 for Wichita children's home for any such purpose which would be exempt
43 from taxation under the provisions of this section if purchased directly by

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

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

39 (kkkk) all sales of tangible personal property and services purchased
40 by or on behalf of reaching out from within, 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 sponsoring self-help programs for
43 incarcerated persons that will enable such incarcerated persons to become

1 role models for non-violence while in correctional facilities and productive
2 family members and citizens upon return to the community; ~~and~~

3 (III) all sales of tangible personal property and services purchased by
4 Gove county healthcare endowment foundation, inc., which is exempt
5 from federal income taxation pursuant to section 501(c)(3) of the federal
6 internal revenue code of 1986, and which such property and services are
7 used for the purpose of constructing and equipping an airport in Quinter,
8 Kansas, and all sales of tangible personal property or services purchased
9 by a contractor for the purpose of constructing and equipping an airport in
10 Quinter, Kansas, for such organization, which would be exempt from
11 taxation under the provisions of this section if purchased directly by such
12 organization. Nothing in this subsection shall be deemed to exempt the
13 purchase of any construction machinery, equipment or tools used in the
14 constructing or equipping of facilities for such organization. When such
15 organization shall contract for the purpose of constructing or equipping an
16 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
17 contractor an exemption certificate for the project involved, and the
18 contractor may purchase materials for incorporation in such project. The
19 contractor shall furnish the number of such certificate to all suppliers from
20 whom such purchases are made, and such suppliers shall execute invoices
21 covering the same bearing the number of such certificate. Upon
22 completion of the project, the contractor shall furnish to such organization
23 concerned a sworn statement, on a form to be provided by the director of
24 taxation, that all purchases so made were entitled to exemption under this
25 subsection. All invoices shall be held by the contractor for a period of five
26 years and shall be subject to audit by the director of taxation. If any
27 materials purchased under such a certificate are found not to have been
28 incorporated in such facilities or not to have been returned for credit or the
29 sales or compensating tax otherwise imposed upon such materials which
30 will not be so incorporated in such facilities reported and paid by such
31 contractor to the director of taxation no later than the 20th day of the month
32 following the close of the month in which it shall be determined that such
33 materials will not be used for the purpose for which such certificate was
34 issued, such organization concerned shall be liable for tax on all materials
35 purchased for the project, and upon payment thereof it may recover the
36 same from the contractor together with reasonable attorney fees. Any
37 contractor or any agent, employee or subcontractor thereof, who purchased
38 under such a certificate for any purpose other than that for which such a
39 certificate is issued without the payment of the sales or compensating tax
40 otherwise imposed upon such materials, shall be guilty of a misdemeanor
41 and, upon conviction therefor, shall be subject to the penalties provided for
42 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
43 subsection shall expire and have no effect on and after July 1, 2019; *and*

1 *(mmmm) on and after July 1, 2017, all back-to-school related sales of*
2 *clothing or clothing accessories or equipment having a taxable value of*
3 *\$300 or less, school supplies, school instructional materials or school art*
4 *supplies not to exceed \$100 per item, prewritten computer software with a*
5 *taxable value of \$300 or less and personal computers or school computer*
6 *supplies not to exceed \$2,000, during the period beginning at 12:01 a.m.*
7 *on the first Thursday in August and ending at midnight on the Sunday*
8 *following. Only items priced below the price threshold established in this*
9 *subsection shall be exempt from taxation pursuant to this subsection. The*
10 *seller of items specified in this subsection is not required to obtain an*
11 *exemption certificate from the purchaser of such items as provided*
12 *pursuant to K.S.A. 79-3692, and amendments thereto, during the period of*
13 *time specified in this subsection. There shall be no exemption pursuant to*
14 *this subsection for only a portion of the price of an individual item. The*
15 *provisions of section 1, and amendments thereto, shall apply to the*
16 *exemption contained in this subsection.*

17 Sec. 3. K.S.A. 2016 Supp. 79-3606 is hereby repealed.

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