

SENATE BILL No. 178

By Committee on Assessment and Taxation

2-13

1 AN ACT concerning sales taxation; relating to exemptions; nonprofit
2 integrated community care organizations, definitions; amending K.S.A.
3 2018 Supp. 79-3602 and 79-3606 and repealing the existing section.

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

6 Section 1. K.S.A. 2018 Supp. 79-3602 is hereby amended to read as
7 follows: 79-3602. Except as otherwise provided, as used in the Kansas
8 retailers' sales tax act:

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

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

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

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

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

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

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

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

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

1 given to the purchaser.

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

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

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

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

33 (n) "Food and food ingredients" means substances, whether in liquid,
34 concentrated, solid, frozen, dried or dehydrated form, that are sold for
35 ingestion or chewing by humans and are consumed for their taste or
36 nutritional value. "Food and food ingredients" does not include alcoholic
37 beverages or tobacco.

38 (o) "Gross receipts" means the total selling price or the amount
39 received as defined in this act, in money, credits, property or other
40 consideration valued in money from sales at retail within this state; and
41 embraced within the provisions of this act. The taxpayer, may take credit
42 in the report of gross receipts for: (1) An amount equal to the selling price
43 of property returned by the purchaser when the full sale price thereof,

1 including the tax collected, is refunded in cash or by credit; and (2) an
2 amount equal to the allowance given for the trade-in of property.

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

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

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

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

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

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

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

33 (q) "Isolated or occasional sale" means the nonrecurring sale of
34 tangible personal property, or services taxable hereunder by a person not
35 engaged at the time of such sale in the business of selling such property or
36 services. Any religious organization which makes a nonrecurring sale of
37 tangible personal property acquired for the purpose of resale shall be
38 deemed to be not engaged at the time of such sale in the business of selling
39 such property. Such term shall include: (1) Any sale by a bank, savings and
40 loan institution, credit union or any finance company licensed under the
41 provisions of the Kansas uniform consumer credit code of tangible
42 personal property which has been repossessed by any such entity; and (2)
43 any sale of tangible personal property made by an auctioneer or agent on

1 behalf of not more than two principals or households if such sale is
2 nonrecurring and any such principal or household is not engaged at the
3 time of such sale in the business of selling tangible personal property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 (cc) "Prewritten computer software" means computer software,
36 including prewritten upgrades, which is not designed and developed by the
37 author or other creator to the specifications of a specific purchaser. The
38 combining of two or more prewritten computer software programs or
39 prewritten portions thereof does not cause the combination to be other than
40 prewritten computer software. Prewritten computer software includes
41 software designed and developed by the author or other creator to the
42 specifications of a specific purchaser when it is sold to a person other than
43 the purchaser. Where a person modifies or enhances computer software of

1 which the person is not the author or creator, the person shall be deemed to
2 be the author or creator only of such person's modifications or
3 enhancements. Prewritten computer software or a prewritten portion
4 thereof that is modified or enhanced to any degree, where such
5 modification or enhancement is designed and developed to the
6 specifications of a specific purchaser, remains prewritten computer
7 software, except that where there is a reasonable, separately stated charge
8 or an invoice or other statement of the price given to the purchaser for
9 such modification or enhancement, such modification or enhancement
10 shall not constitute prewritten computer software.

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

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

27 (B) electricity, gas and water; and

28 (C) petroleum products, lubricants, chemicals, solvents, reagents and
29 catalysts.

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

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

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

37 (hh) "Registered under this agreement" means registration by a seller
38 with the member states under the central registration system provided in
39 article IV of the agreement.

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

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

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

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

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

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

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

26 (D) delivery charges; and

27 (E) installation charges.

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

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

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

35 (C) the amount of the consideration attributable to the sale is fixed
36 and determinable by the seller at the time of the sale of the item to the
37 purchaser; and

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

39 (i) The purchaser presents a coupon, certificate or other
40 documentation to the seller to claim a price reduction or discount where
41 the coupon, certificate or documentation is authorized, distributed or
42 granted by a third party with the understanding that the third party will
43 reimburse any seller to whom the coupon, certificate or documentation is

1 presented;

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

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

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

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

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

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

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

22 (E) commencing on July 1, 2018, and ending on June 30, 2021, cash
23 rebates granted by a manufacturer to a purchaser or lessee of a new motor
24 vehicle if paid directly to the retailer as a result of the original sale.

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

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

29 (oo) "Sourcing rules" means the rules set forth in K.S.A. 2018 Supp.
30 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
31 thereto, which shall apply to identify and determine the state and local
32 taxing jurisdiction sales or use taxes to pay, or collect and remit on a
33 particular retail sale.

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

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

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

42 (ss) "Entity-based exemption" means an exemption based on who
43 purchases the product or who sells the product. An exemption that is

1 available to all individuals shall not be considered an entity-based
2 exemption.

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

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

15 (vv) "Conference bridging service" means an ancillary service that
16 links two or more participants of an audio or video conference call and
17 may include the provision of a telephone number. Conference bridging
18 service does not include the telecommunications services used to reach the
19 conference bridge.

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

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

25 (yy) "Vertical service" means an ancillary service that is offered in
26 connection with one or more telecommunications services, which offers
27 advanced calling features that allow customers to identify callers and to
28 manage multiple calls and call connections, including conference bridging
29 services.

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

34 (aaa) "Telecommunications service" means the electronic
35 transmission, conveyance or routing of voice, data, audio, video or any
36 other information or signals to a point, or between or among points. The
37 term telecommunications service includes such transmission, conveyance
38 or routing in which computer processing applications are used to act on the
39 form, code or protocol of the content for purposes of transmissions,
40 conveyance or routing without regard to whether such service is referred to
41 as voice over internet protocol services or is classified by the federal
42 communications commission as enhanced or value added.
43 Telecommunications service does not include:

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

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

8 (3) tangible personal property;

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

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

11 (6) internet access service;

12 (7) radio and television audio and video programming services,
13 regardless of the medium, including the furnishing of transmission,
14 conveyance and routing of such services by the programming service
15 provider. Radio and television audio and video programming services shall
16 include, but not be limited to, cable service as defined in 47 U.S.C. §
17 522(6) and audio and video programming services delivered by
18 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

19 (8) ancillary services; or

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

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

27 (ccc) "900 service" means an inbound toll telecommunications
28 service purchased by a subscriber that allows the subscriber's customers to
29 call in to the subscriber's prerecorded announcement or live service. 900
30 service does not include the charge for collection services provided by the
31 seller of the telecommunications services to the subscriber, or service or
32 product sold by the subscriber to the subscriber's customer. The service is
33 typically marketed under the name 900 service, and any subsequent
34 numbers designated by the federal communications commission.

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

40 (eee) "International" means a telecommunications service that
41 originates or terminates in the United States and terminates or originates
42 outside the United States, respectively. United States includes the District
43 of Columbia or a U.S. territory or possession.

1 (fff) "Interstate" means a telecommunications service that originates
2 in one United States state, or a United States territory or possession, and
3 terminates in a different United States state or a United States territory or
4 possession.

5 (ggg) "Intrastate" means a telecommunications service that originates
6 in one United States state or a United States territory or possession, and
7 terminates in the same United States state or a United States territory or
8 possession.

9 (*hhh*) "*Nonprofit integrated community care organization*" means an
10 entity that is: (1) Exempt from federal income taxation pursuant to section
11 501(c)(3) of the federal internal revenue code of 1986; (2) certified to
12 participate in the medicare program as a hospice under 42 C.F.R. § 418 et
13 seq., and amendments thereto, and focused on providing care to the aging
14 and indigent population at home and through inpatient care, adult daycare
15 or assisted living facilities, and related facilities and services across
16 multiple counties; and (3) approved by the Kansas department for aging
17 and disability services as an organization providing services under the
18 program of all-inclusive care for the elderly as defined in 42 U.S.C. §
19 1396u-4 and its implementing regulations.

20 Sec. 2. Sec. 2. K.S.A. 2018 Supp. 79-3606 is hereby amended to
21 read as follows: 79-3606. The following shall be exempt from the tax
22 imposed by this act:

23 (a) All sales of motor-vehicle fuel or other articles upon which a sales
24 or excise tax has been paid, not subject to refund, under the laws of this
25 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
26 3301, and amendments thereto, including consumable material for such
27 electronic cigarettes, cereal malt beverages and malt products as defined
28 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
29 malt syrup and malt extract, that is not subject to taxation under the
30 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
31 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
32 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
33 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
34 thereto, and gross receipts from regulated sports contests taxed pursuant to
35 the Kansas professional regulated sports act, and amendments thereto;

36 (b) all sales of tangible personal property or service, including the
37 renting and leasing of tangible personal property, purchased directly by the
38 state of Kansas, a political subdivision thereof, other than a school or
39 educational institution; or purchased by a public or private nonprofit
40 hospital or public hospital authority or nonprofit blood, tissue or organ
41 bank, or *nonprofit integrated community care organization* and used
42 exclusively for state, political subdivision, hospital or public hospital
43 authority or nonprofit blood, tissue or organ bank, or *nonprofit integrated*

1 *community care organization* purposes, except when: (1) Such state,
2 hospital or public hospital authority is engaged or proposes to engage in
3 any business specifically taxable under the provisions of this act and such
4 items of tangible personal property or service are used or proposed to be
5 used in such business; or (2) such political subdivision is engaged or
6 proposes to engage in the business of furnishing gas, electricity or heat to
7 others and such items of personal property or service are used or proposed
8 to be used in such business;

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

18 (d) all sales of tangible personal property or services purchased by a
19 contractor for the purpose of constructing, equipping, reconstructing,
20 maintaining, repairing, enlarging, furnishing or remodeling facilities for
21 any public or private nonprofit hospital or public hospital authority, public
22 or private elementary or secondary school, a public or private nonprofit
23 educational institution, state correctional institution including a privately
24 constructed correctional institution contracted for state use and ownership,
25 that would be exempt from taxation under the provisions of this act if
26 purchased directly by such hospital or public hospital authority, school,
27 educational institution or a state correctional institution; and all sales of
28 tangible personal property or services purchased by a contractor for the
29 purpose of constructing, equipping, reconstructing, maintaining, repairing,
30 enlarging, furnishing or remodeling facilities for any political subdivision
31 of the state or district described in subsection (s), the total cost of which is
32 paid from funds of such political subdivision or district and that would be
33 exempt from taxation under the provisions of this act if purchased directly
34 by such political subdivision or district. Nothing in this subsection or in
35 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
36 deemed to exempt the purchase of any construction machinery, equipment
37 or tools used in the constructing, equipping, reconstructing, maintaining,
38 repairing, enlarging, furnishing or remodeling facilities for any political
39 subdivision of the state or any such district. As used in this subsection,
40 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
41 political subdivision" shall mean general tax revenues, the proceeds of any
42 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
43 purpose of constructing, equipping, reconstructing, repairing, enlarging,

1 furnishing or remodeling facilities that are to be leased to the donor. When
2 any political subdivision of the state, district described in subsection (s),
3 public or private nonprofit hospital or public hospital authority, public or
4 private elementary or secondary school, public or private nonprofit
5 educational institution, state correctional institution including a privately
6 constructed correctional institution contracted for state use and ownership
7 shall contract for the purpose of constructing, equipping, reconstructing,
8 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
9 shall obtain from the state and furnish to the contractor an exemption
10 certificate for the project involved, and the contractor may purchase
11 materials for incorporation in such project. The contractor shall furnish the
12 number of such certificate to all suppliers from whom such purchases are
13 made, and such suppliers shall execute invoices covering the same bearing
14 the number of such certificate. Upon completion of the project the
15 contractor shall furnish to the political subdivision, district described in
16 subsection (s), hospital or public hospital authority, school, educational
17 institution or department of corrections concerned a sworn statement, on a
18 form to be provided by the director of taxation, that all purchases so made
19 were entitled to exemption under this subsection. As an alternative to the
20 foregoing procedure, any such contracting entity may apply to the
21 secretary of revenue for agent status for the sole purpose of issuing and
22 furnishing project exemption certificates to contractors pursuant to rules
23 and regulations adopted by the secretary establishing conditions and
24 standards for the granting and maintaining of such status. All invoices
25 shall be held by the contractor for a period of five years and shall be
26 subject to audit by the director of taxation. If any materials purchased
27 under such a certificate are found not to have been incorporated in the
28 building or other project or not to have been returned for credit or the sales
29 or compensating tax otherwise imposed upon such materials that will not
30 be so incorporated in the building or other project reported and paid by
31 such contractor to the director of taxation not later than the 20th day of the
32 month following the close of the month in which it shall be determined
33 that such materials will not be used for the purpose for which such
34 certificate was issued, the political subdivision, district described in
35 subsection (s), hospital or public hospital authority, school, educational
36 institution or the contractor contracting with the department of corrections
37 for a correctional institution concerned shall be liable for tax on all
38 materials purchased for the project, and upon payment thereof it may
39 recover the same from the contractor together with reasonable attorney
40 fees. Any contractor or any agent, employee or subcontractor thereof, who
41 shall use or otherwise dispose of any materials purchased under such a
42 certificate for any purpose other than that for which such a certificate is
43 issued without the payment of the sales or compensating tax otherwise

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

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

35 (f) tangible personal property purchased by a railroad or public utility
36 for consumption or movement directly and immediately in interstate
37 commerce;

38 (g) sales of aircraft including remanufactured and modified aircraft
39 sold to persons using directly or through an authorized agent such aircraft
40 as certified or licensed carriers of persons or property in interstate or
41 foreign commerce under authority of the laws of the United States or any
42 foreign government or sold to any foreign government or agency or
43 instrumentality of such foreign government and all sales of aircraft for use

1 outside of the United States and sales of aircraft repair, modification and
2 replacement parts and sales of services employed in the remanufacture,
3 modification and repair of aircraft;

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

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

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

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

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

23 (m) all sales of tangible personal property that become an ingredient
24 or component part of tangible personal property or services produced,
25 manufactured or compounded for ultimate sale at retail within or without
26 the state of Kansas; and any such producer, manufacturer or compounder
27 may obtain from the director of taxation and furnish to the supplier an
28 exemption certificate number for tangible personal property for use as an
29 ingredient or component part of the property or services produced,
30 manufactured or compounded;

31 (n) all sales of tangible personal property that is consumed in the
32 production, manufacture, processing, mining, drilling, refining or
33 compounding of tangible personal property, the treating of by-products or
34 wastes derived from any such production process, the providing of
35 services or the irrigation of crops for ultimate sale at retail within or
36 without the state of Kansas; and any purchaser of such property may
37 obtain from the director of taxation and furnish to the supplier an
38 exemption certificate number for tangible personal property for
39 consumption in such production, manufacture, processing, mining,
40 drilling, refining, compounding, treating, irrigation and in providing such
41 services;

42 (o) all sales of animals, fowl and aquatic plants and animals, the
43 primary purpose of which is use in agriculture or aquaculture, as defined in

1 K.S.A. 47-1901, and amendments thereto, the production of food for
2 human consumption, the production of animal, dairy, poultry or aquatic
3 plant and animal products, fiber or fur, or the production of offspring for
4 use for any such purpose or purposes;

5 (p) all sales of drugs dispensed pursuant to a prescription order by a
6 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
7 1626, and amendments thereto. As used in this subsection, "drug" means a
8 compound, substance or preparation and any component of a compound,
9 substance or preparation, other than food and food ingredients, dietary
10 supplements or alcoholic beverages, recognized in the official United
11 States pharmacopeia, official homeopathic pharmacopoeia of the United
12 States or official national formulary, and supplement to any of them,
13 intended for use in the diagnosis, cure, mitigation, treatment or prevention
14 of disease or intended to affect the structure or any function of the body,
15 except that for taxable years commencing after December 31, 2013, this
16 subsection shall not apply to any sales of drugs used in the performance or
17 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
18 thereto;

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

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

42 (s) except as provided in K.S.A. 2018 Supp. 82a-2101, and
43 amendments thereto, all sales of tangible personal property or services

1 purchased directly or indirectly by a groundwater management district
2 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
3 amendments thereto, by a rural water district organized or operating under
4 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
5 supply district organized or operating under the authority of K.S.A. 19-
6 3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which
7 property or services are used in the construction activities, operation or
8 maintenance of the district;

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

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

38 (v) all sales of tangible personal property to any contractor for use in
39 preparing meals for delivery to homebound elderly persons over 60 years
40 of age and to homebound disabled persons or to be served at a group-
41 sitting at a location outside of the home to otherwise homebound elderly
42 persons over 60 years of age and to otherwise homebound disabled
43 persons, as all or part of any food service project funded in whole or in

1 part by government or as part of a private nonprofit food service project
2 available to all such elderly or disabled persons residing within an area of
3 service designated by the private nonprofit organization, and all sales of
4 tangible personal property for use in preparing meals for consumption by
5 indigent or homeless individuals whether or not such meals are consumed
6 at a place designated for such purpose, and all sales of food products by or
7 on behalf of any such contractor or organization for any such purpose;

8 (w) all sales of natural gas, electricity, heat and water delivered
9 through mains, lines or pipes: (1) To residential premises for
10 noncommercial use by the occupant of such premises; (2) for agricultural
11 use and also, for such use, all sales of propane gas; (3) for use in the
12 severing of oil; and (4) to any property which is exempt from property
13 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this
14 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
15 and amendments thereto. For all sales of natural gas, electricity and heat
16 delivered through mains, lines or pipes pursuant to the provisions of
17 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
18 on December 31, 2005;

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

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

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

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

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

40 (cc) all sales of tangible personal property or services purchased prior
41 to January 1, 2012, except as otherwise provided, for the purpose of and in
42 conjunction with constructing, reconstructing, enlarging or remodeling a
43 business or retail business that meets the requirements established in

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

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

43 (ee) all sales of lottery tickets and shares made as part of a lottery

1 operated by the state of Kansas;

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

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

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

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

29 (jj) all sales of tangible personal property or services, including the
30 renting and leasing of tangible personal property, purchased directly on
31 behalf of a community-based facility for people with intellectual disability
32 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
33 amendments thereto, and licensed in accordance with the provisions of
34 K.S.A. 2018 Supp. 39-2001 et seq., and amendments thereto, and all sales
35 of tangible personal property or services purchased by contractors during
36 the time period from July, 2003, through June, 2006, for the purpose of
37 constructing, equipping, maintaining or furnishing a new facility for a
38 community-based facility for people with intellectual disability or mental
39 health center located in Riverton, Cherokee County, Kansas, that would
40 have been eligible for sales tax exemption pursuant to this subsection if
41 purchased directly by such facility or center. This exemption shall not
42 apply to tangible personal property customarily used for human habitation
43 purposes;

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

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

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

8 (2) For purposes of this subsection:

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

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

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

33 (D) "manufacturing or processing business" means a business that
34 utilizes an integrated production operation to manufacture, process,
35 fabricate, finish or assemble items for wholesale and retail distribution as
36 part of what is commonly regarded by the general public as an industrial
37 manufacturing or processing operation or an agricultural commodity
38 processing operation. (i) Industrial manufacturing or processing operations
39 include, by way of illustration but not of limitation, the fabrication of
40 automobiles, airplanes, machinery or transportation equipment, the
41 fabrication of metal, plastic, wood or paper products, electricity power
42 generation, water treatment, petroleum refining, chemical production,
43 wholesale bottling, newspaper printing, ready mixed concrete production,

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

23 (E) "repair and replacement parts and accessories" means all parts
24 and accessories for exempt machinery and equipment, including, but not
25 limited to, dies, jigs, molds, patterns and safety devices that are attached to
26 exempt machinery or that are otherwise used in production, and parts and
27 accessories that require periodic replacement such as belts, drill bits,
28 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
29 other refractory items for exempt kiln equipment used in production
30 operations;

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

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

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

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

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

43 (D) to guide, control or direct the movement of property undergoing

1 manufacturing or processing;

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

5 (F) to plan, manage, control or record the receipt and flow of
6 inventories of raw materials, consumables and component parts, the flow
7 of the property undergoing manufacturing or processing and the
8 management of inventories of the finished product;

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

12 (H) to package the property being manufactured or processed in a
13 container or wrapping in which such property is normally sold or
14 transported;

15 (I) to transmit or transport electricity, coke, gas, water, steam or
16 similar substances used in production operations from the point of
17 generation, if produced by the manufacturer or processor at the plant site,
18 to that manufacturer's production operation; or, if purchased or delivered
19 from off-site, from the point where the substance enters the site of the
20 plant or facility to that manufacturer's production operations;

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

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

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

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

31 (4) The following machinery, equipment and materials shall be
32 deemed to be exempt even though it may not otherwise qualify as
33 machinery and equipment used as an integral or essential part of an
34 integrated production operation: (A) Computers and related peripheral
35 equipment that are utilized by a manufacturing or processing business for
36 engineering of the finished product or for research and development or
37 product design; (B) machinery and equipment that is utilized by a
38 manufacturing or processing business to manufacture or rebuild tangible
39 personal property that is used in manufacturing or processing operations,
40 including tools, dies, molds, forms and other parts of qualifying machinery
41 and equipment; (C) portable plants for aggregate concrete, bulk cement
42 and asphalt including cement mixing drums to be attached to a motor
43 vehicle; (D) industrial fixtures, devices, support facilities and special

1 foundations necessary for manufacturing and production operations, and
2 materials and other tangible personal property sold for the purpose of
3 fabricating such fixtures, devices, facilities and foundations. An exemption
4 certificate for such purchases shall be signed by the manufacturer or
5 processor. If the fabricator purchases such material, the fabricator shall
6 also sign the exemption certificate; (E) a manufacturing or processing
7 business' laboratory equipment that is not located at the plant or facility,
8 but that would otherwise qualify for exemption under subsection (3)(E);
9 (F) all machinery and equipment used in surface mining activities as
10 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
11 from the time a reclamation plan is filed to the acceptance of the
12 completed final site reclamation.

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

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

20 (B) machinery, equipment and tools used primarily in maintaining
21 and repairing any type of machinery and equipment or the building and
22 plant;

23 (C) transportation, transmission and distribution equipment not
24 primarily used in a production, warehousing or material handling
25 operation at the plant or facility, including the means of conveyance of
26 natural gas, electricity, oil or water, and equipment related thereto, located
27 outside the plant or facility;

28 (D) office machines and equipment including computers and related
29 peripheral equipment not used directly and primarily to control or measure
30 the manufacturing process;

31 (E) furniture and other furnishings;

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

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

38 (H) machinery and equipment used for general plant heating, cooling
39 and lighting;

40 (I) motor vehicles that are registered for operation on public
41 highways; or

42 (J) employee apparel, except safety and protective apparel that is
43 purchased by an employer and furnished gratuitously to employees who

1 are involved in production or research activities.

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

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

12 (ll) all sales of educational materials purchased for distribution to the
13 public at no charge by a nonprofit corporation organized for the purpose of
14 encouraging, fostering and conducting programs for the improvement of
15 public health, except that for taxable years commencing after December
16 31, 2013, this subsection shall not apply to any sales of such materials
17 purchased by a nonprofit corporation which performs any abortion, as
18 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

38 (rr) all sales of tangible personal property that will admit the
39 purchaser thereof to any annual event sponsored by a nonprofit
40 organization that is exempt from federal income taxation pursuant to
41 section 501(c)(3) of the federal internal revenue code of 1986, except that
42 for taxable years commencing after December 31, 2013, this subsection
43 shall not apply to any sales of such tangible personal property purchased

1 by a nonprofit organization which performs any abortion, as defined in
2 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

29 (4) the American diabetes association Kansas affiliate, inc. for the
30 purpose of eliminating diabetes through medical research, public education
31 focusing on disease prevention and education, patient education including
32 information on coping with diabetes, and professional education and
33 training;

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

39 (6) the Kansas chapters of the Alzheimer's disease and related
40 disorders association, inc. for the purpose of providing assistance and
41 support to persons in Kansas with Alzheimer's disease, and their families
42 and caregivers;

43 (7) the Kansas chapters of the Parkinson's disease association for the

1 purpose of eliminating Parkinson's disease through medical research and
2 public and professional education related to such disease;

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

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

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

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

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

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

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

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

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

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

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

42 (19) the international association of lions clubs for the purpose of
43 creating and fostering a spirit of understanding among all people for

1 humanitarian needs by providing voluntary services through community
2 involvement and international cooperation;

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

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

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

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

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

18 (ww) all sales of tangible personal property purchased by the habitat
19 for humanity for the exclusive use of being incorporated within a housing
20 project constructed by such organization;

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

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

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

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

35 (aaa) all sales of tangible personal property and services purchased by
36 a religious organization that is exempt from federal income taxation
37 pursuant to section 501(c)(3) of the federal internal revenue code, and used
38 exclusively for religious purposes, and all sales of tangible personal
39 property or services purchased by a contractor for the purpose of
40 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
41 furnishing or remodeling facilities for any such organization that would be
42 exempt from taxation under the provisions of this section if purchased
43 directly by such organization. Nothing in this subsection shall be deemed

1 to exempt the purchase of any construction machinery, equipment or tools
2 used in the constructing, equipping, reconstructing, maintaining, repairing,
3 enlarging, furnishing or remodeling facilities for any such organization.
4 When any such organization shall contract for the purpose of constructing,
5 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
6 remodeling facilities, it shall obtain from the state and furnish to the
7 contractor an exemption certificate for the project involved, and the
8 contractor may purchase materials for incorporation in such project. The
9 contractor shall furnish the number of such certificate to all suppliers from
10 whom such purchases are made, and such suppliers shall execute invoices
11 covering the same bearing the number of such certificate. Upon
12 completion of the project the contractor shall furnish to such organization
13 concerned a sworn statement, on a form to be provided by the director of
14 taxation, that all purchases so made were entitled to exemption under this
15 subsection. All invoices shall be held by the contractor for a period of five
16 years and shall be subject to audit by the director of taxation. If any
17 materials purchased under such a certificate are found not to have been
18 incorporated in the building or other project or not to have been returned
19 for credit or the sales or compensating tax otherwise imposed upon such
20 materials that will not be so incorporated in the building or other project
21 reported and paid by such contractor to the director of taxation not later
22 than the 20th day of the month following the close of the month in which it
23 shall be determined that such materials will not be used for the purpose for
24 which such certificate was issued, such organization concerned shall be
25 liable for tax on all materials purchased for the project, and upon payment
26 thereof it may recover the same from the contractor together with
27 reasonable attorney fees. Any contractor or any agent, employee or
28 subcontractor thereof, who shall use or otherwise dispose of any materials
29 purchased under such a certificate for any purpose other than that for
30 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 therefor, shall be subject to the
33 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
34 Sales tax paid on and after July 1, 1998, but prior to the effective date of
35 this act upon the gross receipts received from any sale exempted by the
36 amendatory provisions of this subsection shall be refunded. Each claim for
37 a sales tax refund shall be verified and submitted to the director of taxation
38 upon forms furnished by the director and shall be accompanied by any
39 additional documentation required by the director. The director shall
40 review each claim and shall refund that amount of sales tax paid as
41 determined under the provisions of this subsection. All refunds shall be
42 paid from the sales tax refund fund upon warrants of the director of
43 accounts and reports pursuant to vouchers approved by the director or the

1 director's designee;

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

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

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

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

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

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

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

1 by or on behalf of the Kansas academy of science, which is exempt from
2 federal income taxation pursuant to section 501(c)(3) of the federal
3 internal revenue code of 1986, and used solely by such academy for the
4 preparation, publication and dissemination of education materials;

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

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

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

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

38 (lll) all sales of tangible personal property and services purchased by
39 special olympics Kansas, inc. for the purpose of providing year-round
40 sports training and athletic competition in a variety of olympic-type sports
41 for individuals with intellectual disabilities by giving them continuing
42 opportunities to develop physical fitness, demonstrate courage, experience
43 joy and participate in a sharing of gifts, skills and friendship with their

1 families, other special olympics athletes and the community, and activities
2 provided or sponsored by such organization, and all sales of tangible
3 personal property by or on behalf of any such organization;

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

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

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

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

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

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

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

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

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

40 (ttt) all sales of tangible personal property or services purchased by a
41 contractor for a project for the purpose of restoring, constructing,
42 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
43 remodeling a home or facility owned by a nonprofit museum that has been

1 granted an exemption pursuant to subsection (qq), which such home or
2 facility is located in a city that has been designated as a qualified
3 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
4 amendments thereto, and which such project is related to the purposes of
5 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
6 exempt from taxation under the provisions of this section if purchased
7 directly by such nonprofit museum. Nothing in this subsection shall be
8 deemed to exempt the purchase of any construction machinery, equipment
9 or tools used in the restoring, constructing, equipping, reconstructing,
10 maintaining, repairing, enlarging, furnishing or remodeling a home or
11 facility for any such nonprofit museum. When any such nonprofit museum
12 shall contract for the purpose of restoring, constructing, equipping,
13 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
14 a home or facility, it shall obtain from the state and furnish to the
15 contractor an exemption certificate for the project involved, and the
16 contractor may purchase materials for incorporation in such project. The
17 contractor shall furnish the number of such certificates to all suppliers
18 from whom such purchases are made, and such suppliers shall execute
19 invoices covering the same bearing the number of such certificate. Upon
20 completion of the project, the contractor shall furnish to such nonprofit
21 museum a sworn statement on a form to be provided by the director of
22 taxation that all purchases so made were entitled to exemption under this
23 subsection. All invoices shall be held by the contractor for a period of five
24 years and shall be subject to audit by the director of taxation. If any
25 materials purchased under such a certificate are found not to have been
26 incorporated in the building or other project or not to have been returned
27 for credit or the sales or compensating tax otherwise imposed upon such
28 materials that will not be so incorporated in a home or facility or other
29 project reported and paid by such contractor to the director of taxation not
30 later than the 20th day of the month following the close of the month in
31 which it shall be determined that such materials will not be used for the
32 purpose for which such certificate was issued, such nonprofit museum
33 shall be liable for tax on all materials purchased for the project, and upon
34 payment thereof it may recover the same from the contractor together with
35 reasonable attorney fees. Any contractor or any agent, employee or
36 subcontractor thereof, who shall use or otherwise dispose of any materials
37 purchased under such a certificate for any purpose other than that for
38 which such a certificate is issued without the payment of the sales or
39 compensating tax otherwise imposed upon such materials, shall be guilty
40 of a misdemeanor and, upon conviction therefor, shall be subject to the
41 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;
42 (uuu) all sales of tangible personal property and services purchased
43 by Kansas children's service league, hereinafter referred to as KCSL,

1 which is exempt from federal income taxation pursuant to section 501(c)
2 (3) of the federal internal revenue code of 1986, and which such property
3 and services are used for the purpose of providing for the prevention and
4 treatment of child abuse and maltreatment as well as meeting additional
5 critical needs for children, juveniles and family, and all sales of any such
6 property by or on behalf of KCSL for any such purpose; and all sales of
7 tangible personal property or services purchased by a contractor for the
8 purpose of constructing, maintaining, repairing, enlarging, furnishing or
9 remodeling facilities for the operation of services for KCSL for any such
10 purpose that would be exempt from taxation under the provisions of this
11 section if purchased directly by KCSL. Nothing in this subsection shall be
12 deemed to exempt the purchase of any construction machinery, equipment
13 or tools used in the constructing, maintaining, repairing, enlarging,
14 furnishing or remodeling such facilities for KCSL. When KCSL contracts
15 for the purpose of constructing, maintaining, repairing, enlarging,
16 furnishing or remodeling such facilities, it shall obtain from the state and
17 furnish to the contractor an exemption certificate for the project involved,
18 and the contractor may purchase materials for incorporation in such
19 project. The contractor shall furnish the number of such certificate to all
20 suppliers from whom such purchases are made, and such suppliers shall
21 execute invoices covering the same bearing the number of such certificate.
22 Upon completion of the project the contractor shall furnish to KCSL a
23 sworn statement, on a form to be provided by the director of taxation, that
24 all purchases so made were entitled to exemption under this subsection.
25 All invoices shall be held by the contractor for a period of five years and
26 shall be subject to audit by the director of taxation. If any materials
27 purchased under such a certificate are found not to have been incorporated
28 in the building or other project or not to have been returned for credit or
29 the sales or compensating tax otherwise imposed upon such materials that
30 will not be so incorporated in the building or other project reported and
31 paid by such contractor to the director of taxation not later than the 20th
32 day of the month following the close of the month in which it shall be
33 determined that such materials will not be used for the purpose for which
34 such certificate was issued, KCSL 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 shall use
38 or otherwise dispose of any materials purchased under such a certificate
39 for any purpose other than that for which such a certificate is issued
40 without the payment of the sales or compensating tax otherwise imposed
41 upon such materials, shall be guilty of a misdemeanor and, upon
42 conviction therefor, shall be subject to the penalties provided for in K.S.A.
43 79-3615(h), and amendments thereto;

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

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

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

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

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

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

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

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

41 (bbbb) all sales of entry or participation fees, charges or tickets by
42 Guadalupe health foundation, which is exempt from federal income
43 taxation pursuant to section 501(c)(3) of the federal internal revenue code,

1 for such organization's annual fundraising event which purpose is to
2 provide health care services for uninsured workers;

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

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

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

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

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

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

30 (hhhh) all sales of tangible personal property or services purchased
31 on or after July 1, 2014, for the purpose of and in conjunction with
32 constructing, reconstructing, enlarging or remodeling a business identified
33 under the North American industry classification system (NAICS)
34 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
35 installation of machinery and equipment purchased for installation at any
36 such business. The exemption provided in this subsection shall not apply
37 to projects that have actual total costs less than \$50,000. When a person
38 contracts for the construction, reconstruction, enlargement or remodeling
39 of any such business, such person shall obtain from the state and furnish to
40 the contractor an exemption certificate for the project involved, and the
41 contractor may purchase materials, machinery and equipment for
42 incorporation in such project. The contractor shall furnish the number of
43 such certificates to all suppliers from whom such purchases are made, and

1 such suppliers shall execute invoices covering the same bearing the
2 number of such certificate. Upon completion of the project, the contractor
3 shall furnish to the owner of the business a sworn statement, on a form to
4 be provided by the director of taxation, that all purchases so made were
5 entitled to exemption under this subsection. All invoices shall be held by
6 the contractor for a period of five years and shall be subject to audit by the
7 director of taxation. Any contractor or any agent, employee or
8 subcontractor of the contractor, who shall use or otherwise dispose of any
9 materials, machinery or equipment purchased under such a certificate for
10 any purpose other than that for which such a certificate is issued without
11 the payment of the sales or compensating tax otherwise imposed thereon,
12 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
13 subject to the penalties provided for in K.S.A. 79-3615(h), and
14 amendments thereto;

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

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

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

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

22 (llll) all sales of tangible personal property and services purchased by
23 Gove county healthcare endowment foundation, inc., which is exempt
24 from federal income taxation pursuant to section 501(c)(3) of the federal
25 internal revenue code of 1986, and which such property and services are
26 used for the purpose of constructing and equipping an airport in Quinter,
27 Kansas, and all sales of tangible personal property or services purchased
28 by a contractor for the purpose of constructing and equipping an airport in
29 Quinter, Kansas, for such organization, that would be exempt from
30 taxation under the provisions of this section if purchased directly by such
31 organization. Nothing in this subsection shall be deemed to exempt the
32 purchase of any construction machinery, equipment or tools used in the
33 constructing or equipping of facilities for such organization. When such
34 organization shall contract for the purpose of constructing or equipping an
35 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
36 contractor an exemption certificate for the project involved, and the
37 contractor may purchase materials for incorporation in such project. The
38 contractor shall furnish the number of such certificate to all suppliers from
39 whom such purchases are made, and such suppliers shall execute invoices
40 covering the same bearing the number of such certificate. Upon
41 completion of the project, the contractor shall furnish to such organization
42 concerned a sworn statement, on a form to be provided by the director of
43 taxation, that all purchases so made were entitled to exemption under this

1 subsection. All invoices shall be held by the contractor for a period of five
2 years and shall be subject to audit by the director of taxation. If any
3 materials purchased under such a certificate are found not to have been
4 incorporated in such facilities or not to have been returned for credit or the
5 sales or compensating tax otherwise imposed upon such materials that will
6 not be so incorporated in such facilities reported and paid by such
7 contractor to the director of taxation no later than the 20th day of the month
8 following the close of the month in which it shall be determined that such
9 materials will not be used for the purpose for which such certificate was
10 issued, such organization concerned shall be liable for tax on all materials
11 purchased for the project, and upon payment thereof it may recover the
12 same from the contractor together with reasonable attorney fees. Any
13 contractor or any agent, employee or subcontractor thereof, who purchased
14 under such a certificate for any purpose other than that for which such a
15 certificate is issued without the payment of the sales or compensating tax
16 otherwise imposed upon such materials, shall be guilty of a misdemeanor
17 and, upon conviction therefor, shall be subject to the penalties provided for
18 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
19 subsection shall expire and have no effect on and after July 1, 2019.

20 Sec. 3. K.S.A. 2018 Supp. 79-3602 and 79-3606 are hereby repealed.

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