

**HOUSE BILL No. 2012**

By Representative Hodge

6-3

1 AN ACT concerning sales and compensating use taxation; relating to  
2 exemptions; defining food and food ingredients and exempting sales  
3 from tax; amending K.S.A. 79-3602 and 79-3606 and repealing the  
4 existing sections.

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

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

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

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

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

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

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

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

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

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

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

1 charges are separately stated on an invoice or similar billing document  
2 given to the purchaser.

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

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

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

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

34 (n) "Food and food ingredients" means substances, whether in liquid,  
35 concentrated, solid, frozen, dried or dehydrated form, that are sold for  
36 ingestion or chewing by humans and are consumed for their taste or  
37 nutritional value. *"Food and food ingredients" does include bottled water,*  
38 *candy, food sold through vending machines or soft drinks.* "Food and food  
39 ingredients" does not include alcoholic beverages, *dietary supplements,*  
40 *prepared food* or tobacco.

41 (o) "Gross receipts" means the total selling price or the amount  
42 received as defined in this act, in money, credits, property or other  
43 consideration valued in money from sales at retail within this state; and

1 embraced within the provisions of this act. The taxpayer, may take credit  
2 in the report of gross receipts for: (1) An amount equal to the selling price  
3 of property returned by the purchaser when the full sale price thereof,  
4 including the tax collected, is refunded in cash or by credit; and (2) an  
5 amount equal to the allowance given for the trade-in of property.

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

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

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

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

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

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

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

36 (q) "Isolated or occasional sale" means the nonrecurring sale of  
37 tangible personal property, or services taxable hereunder by a person not  
38 engaged at the time of such sale in the business of selling such property or  
39 services. Any religious organization which makes a nonrecurring sale of  
40 tangible personal property acquired for the purpose of resale shall be  
41 deemed to be not engaged at the time of such sale in the business of selling  
42 such property. Such term shall include: (1) Any sale by a bank, savings and  
43 loan institution, credit union or any finance company licensed under the

1 provisions of the Kansas uniform consumer credit code of tangible  
2 personal property which has been repossessed by any such entity; and (2)  
3 any sale of tangible personal property made by an auctioneer or agent on  
4 behalf of not more than two principals or households if such sale is  
5 nonrecurring and any such principal or household is not engaged at the  
6 time of such sale in the business of selling tangible personal property.

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

11 (1) Lease or rental does not include:

12 (A) A transfer of possession or control of property under a security  
13 agreement or deferred payment plan that requires the transfer of title upon  
14 completion of the required payments;

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (aa) "Political subdivision" means any municipality, agency or  
27 subdivision of the state which is, or shall hereafter be, authorized to levy  
28 taxes upon tangible property within the state or which certifies a levy to a  
29 municipality, agency or subdivision of the state which is, or shall hereafter  
30 be, authorized to levy taxes upon tangible property within the state. Such  
31 term also shall include any public building commission, housing, airport,  
32 port, metropolitan transit or similar authority established pursuant to law  
33 and the horsethief reservoir benefit district established pursuant to K.S.A.  
34 82a-2201, and amendments thereto.

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

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

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

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

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

30 (B) electricity, gas and water; and

31 (C) petroleum products, lubricants, chemicals, solvents, reagents and  
32 catalysts.

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

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

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

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

43 (ii) "Retailer" means a seller regularly engaged in the business of

1 selling, leasing or renting tangible personal property at retail or furnishing  
2 electrical energy, gas, water, services or entertainment, and selling only to  
3 the user or consumer and not for resale.

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

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

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

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

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

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

29 (D) delivery charges; and

30 (E) installation charges.

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

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

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

38 (C) the amount of the consideration attributable to the sale is fixed  
39 and determinable by the seller at the time of the sale of the item to the  
40 purchaser; and

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

42 (i) The purchaser presents a coupon, certificate or other  
43 documentation to the seller to claim a price reduction or discount where

1 the coupon, certificate or documentation is authorized, distributed or  
2 granted by a third party with the understanding that the third party will  
3 reimburse any seller to whom the coupon, certificate or documentation is  
4 presented;

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or



1 any other item that contains tobacco.

2 (ss) "Entity-based exemption" means an exemption based on who  
3 purchases the product or who sells the product. An exemption that is  
4 available to all individuals shall not be considered an entity-based  
5 exemption.

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

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

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

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

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

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

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

37 (aaa) "Telecommunications service" means the electronic  
38 transmission, conveyance or routing of voice, data, audio, video or any  
39 other information or signals to a point, or between or among points. The  
40 term telecommunications service includes such transmission, conveyance  
41 or routing in which computer processing applications are used to act on the  
42 form, code or protocol of the content for purposes of transmissions,  
43 conveyance or routing without regard to whether such service is referred to

1 as voice over internet protocol services or is classified by the federal  
2 communications commission as enhanced or value added.  
3 Telecommunications service does not include:

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

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

11 (3) tangible personal property;

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

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

14 (6) internet access service;

15 (7) radio and television audio and video programming services,  
16 regardless of the medium, including the furnishing of transmission,  
17 conveyance and routing of such services by the programming service  
18 provider. Radio and television audio and video programming services shall  
19 include, but not be limited to, cable service as defined in 47 U.S.C. §  
20 522(6) and audio and video programming services delivered by  
21 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

22 (8) ancillary services; or

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

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

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

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

43 (eee) "International" means a telecommunications service that

1 originates or terminates in the United States and terminates or originates  
2 outside the United States, respectively. United States includes the District  
3 of Columbia or a U.S. territory or possession.

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

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

12 (hhh) "Cereal malt beverage" shall have the same meaning as such  
13 term is defined in K.S.A. 41-2701, and amendments thereto, except that  
14 for the purposes of the Kansas retailers sales tax act and for no other  
15 purpose, such term shall include beer containing not more than 6% alcohol  
16 by volume when such beer is sold by a retailer licensed under the Kansas  
17 cereal malt beverage act.

18 (iii) (1) *"Bottled water" means water that is placed in a safety sealed*  
19 *container or package for human consumption. "Bottled water" is calorie*  
20 *free and does not contain sweeteners or other additives, except that it may*  
21 *contain:*

22 (A) *Antimicrobial agents;*

23 (B) *fluoride;*

24 (C) *carbonation;*

25 (D) *vitamins, minerals and electrolytes;*

26 (E) *oxygen;*

27 (F) *preservatives; or*

28 (G) *only those flavors, extracts or essences derived from a spice or*  
29 *fruit.*

30 (2) *"Bottled water" includes water that is delivered to the buyer in a*  
31 *reusable container that is not sold with the water.*

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

37 (lll) *"Food sold through vending machines" means food dispensed*  
38 *from a machine or other mechanical device that accepts payment.*

39 (mmm) (1) *"Prepared food" means:*

40 (A) *Food sold in a heated state or heated by the seller;*

41 (B) *two or more food ingredients mixed or combined by the seller for*  
42 *sale as a single item; or*

43 (C) *food sold with eating utensils provided by the seller, including,*

1 *but not limited to, plates, knives, forks, spoons, glasses, cups, napkins or*  
2 *straws. A plate does not include a container or packaging used to*  
3 *transport the food.*

4 (2) *"Prepared food" does not include food that is only cut,*  
5 *repackaged or pasteurized by the seller; and eggs, fish, meat, poultry and*  
6 *foods containing these raw animal foods requiring cooking by the*  
7 *consumer as recommended by the food and drug administration in chapter*  
8 *3, part 401.11 of the food and drug administration food code so as to*  
9 *prevent foodborne illnesses.*

10 (nnn) *"Soft drinks" means nonalcoholic beverages that contain*  
11 *natural or artificial sweeteners. "Soft drinks" does not include beverages*  
12 *that contain milk or milk products, soy, rice or similar milk substitutes, or*  
13 *greater than 50% vegetable or fruit juice by volume.*

14 (ooo) *"Dietary supplement" means the same as defined in K.S.A. 79-*  
15 *3606(jjj), and amendments thereto.*

16 Sec. 2. K.S.A. 79-3606 is hereby amended to read as follows: 79-  
17 3606. The following shall be exempt from the tax imposed by this act:

18 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
19 or excise tax has been paid, not subject to refund, under the laws of this  
20 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-  
21 3301, and amendments thereto, including consumable material for such  
22 electronic cigarettes, cereal malt beverages and malt products as defined  
23 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,  
24 malt syrup and malt extract, that is not subject to taxation under the  
25 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles  
26 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed  
27 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and  
28 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
29 thereto, and gross receipts from regulated sports contests taxed pursuant to  
30 the Kansas professional regulated sports act, and amendments thereto;

31 (b) all sales of tangible personal property or service, including the  
32 renting and leasing of tangible personal property, purchased directly by the  
33 state of Kansas, a political subdivision thereof, other than a school or  
34 educational institution, or purchased by a public or private nonprofit  
35 hospital or public hospital authority or nonprofit blood, tissue or organ  
36 bank and used exclusively for state, political subdivision, hospital or  
37 public hospital authority or nonprofit blood, tissue or organ bank purposes,  
38 except when: (1) Such state, hospital or public hospital authority is  
39 engaged or proposes to engage in any business specifically taxable under  
40 the provisions of this act and such items of tangible personal property or  
41 service are used or proposed to be used in such business; or (2) such  
42 political subdivision is engaged or proposes to engage in the business of  
43 furnishing gas, electricity or heat to others and such items of personal

1 property or service are used or proposed to be used in such business;

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

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

1 maintaining, repairing, enlarging, furnishing or remodeling facilities, it  
2 shall obtain from the state and furnish to the contractor an exemption  
3 certificate for the project involved, and the contractor may purchase  
4 materials for incorporation in such project. The contractor shall furnish the  
5 number of such certificate to all suppliers from whom such purchases are  
6 made, and such suppliers shall execute invoices covering the same bearing  
7 the number of such certificate. Upon completion of the project the  
8 contractor shall furnish to the political subdivision, district described in  
9 subsection (s), hospital or public hospital authority, school, educational  
10 institution or department of corrections concerned a sworn statement, on a  
11 form to be provided by the director of taxation, that all purchases so made  
12 were entitled to exemption under this subsection. As an alternative to the  
13 foregoing procedure, any such contracting entity may apply to the  
14 secretary of revenue for agent status for the sole purpose of issuing and  
15 furnishing project exemption certificates to contractors pursuant to rules  
16 and regulations adopted by the secretary establishing conditions and  
17 standards for the granting and maintaining of such status. All invoices  
18 shall be held by the contractor for a period of five years and shall be  
19 subject to audit by the director of taxation. If any materials purchased  
20 under such a certificate are found not to have been incorporated in the  
21 building or other project or not to have been returned for credit or the sales  
22 or compensating tax otherwise imposed upon such materials that will not  
23 be so incorporated in the building or other project reported and paid by  
24 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
25 month following the close of the month in which it shall be determined  
26 that such materials will not be used for the purpose for which such  
27 certificate was issued, the political subdivision, district described in  
28 subsection (s), hospital or public hospital authority, school, educational  
29 institution or the contractor contracting with the department of corrections  
30 for a correctional institution concerned shall be liable for tax on all  
31 materials purchased for the project, and upon payment thereof it may  
32 recover the same from the contractor together with reasonable attorney  
33 fees. Any contractor or any agent, employee or subcontractor thereof, who  
34 shall use or otherwise dispose of any materials purchased under such a  
35 certificate for any purpose other than that for which such a certificate is  
36 issued without the payment of the sales or compensating tax otherwise  
37 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
38 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
39 79-3615(h), and amendments thereto;

40 (e) all sales of tangible personal property or services purchased by a  
41 contractor for the erection, repair or enlargement of buildings or other  
42 projects for the government of the United States, its agencies or  
43 instrumentalities, that would be exempt from taxation if purchased directly

1 by the government of the United States, its agencies or instrumentalities.  
2 When the government of the United States, its agencies or  
3 instrumentalities shall contract for the erection, repair, or enlargement of  
4 any building or other project, it shall obtain from the state and furnish to  
5 the contractor an exemption certificate for the project involved, and the  
6 contractor may purchase materials for incorporation in such project. The  
7 contractor shall furnish the number of such certificates to all suppliers  
8 from whom such purchases are made, and such suppliers shall execute  
9 invoices covering the same bearing the number of such certificate. Upon  
10 completion of the project the contractor shall furnish to the government of  
11 the United States, its agencies or instrumentalities concerned a sworn  
12 statement, on a form to be provided by the director of taxation, that all  
13 purchases so made were entitled to exemption under this subsection. As an  
14 alternative to the foregoing procedure, any such contracting entity may  
15 apply to the secretary of revenue for agent status for the sole purpose of  
16 issuing and furnishing project exemption certificates to contractors  
17 pursuant to rules and regulations adopted by the secretary establishing  
18 conditions and standards for the granting and maintaining of such status.  
19 All invoices shall be held by the contractor for a period of five years and  
20 shall be subject to audit by the director of taxation. 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 (f) tangible personal property purchased by a railroad or public utility  
29 for consumption or movement directly and immediately in interstate  
30 commerce;

31 (g) sales of aircraft including remanufactured and modified aircraft  
32 sold to persons using directly or through an authorized agent such aircraft  
33 as certified or licensed carriers of persons or property in interstate or  
34 foreign commerce under authority of the laws of the United States or any  
35 foreign government or sold to any foreign government or agency or  
36 instrumentality of such foreign government and all sales of aircraft for use  
37 outside of the United States and sales of aircraft repair, modification and  
38 replacement parts and sales of services employed in the remanufacture,  
39 modification and repair of aircraft;

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

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

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

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

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

16 (m) all sales of tangible personal property that become an ingredient  
17 or component part of tangible personal property or services produced,  
18 manufactured or compounded for ultimate sale at retail within or without  
19 the state of Kansas; and any such producer, manufacturer or compounder  
20 may obtain from the director of taxation and furnish to the supplier an  
21 exemption certificate number for tangible personal property for use as an  
22 ingredient or component part of the property or services produced,  
23 manufactured or compounded;

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

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

41 (p) all sales of drugs dispensed pursuant to a prescription order by a  
42 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
43 1626, and amendments thereto. As used in this subsection, "drug" means a



1 compound, substance or preparation and any component of a compound,  
2 substance or preparation, other than food and food ingredients, dietary  
3 supplements or alcoholic beverages, recognized in the official United  
4 States pharmacopeia, official homeopathic pharmacopoeia of the United  
5 States or official national formulary, and supplement to any of them,  
6 intended for use in the diagnosis, cure, mitigation, treatment or prevention  
7 of disease or intended to affect the structure or any function of the body,  
8 except that for taxable years commencing after December 31, 2013, this  
9 subsection shall not apply to any sales of drugs used in the performance or  
10 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
11 thereto;

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

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

35 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,  
36 all sales of tangible personal property or services purchased directly or  
37 indirectly by a groundwater management district organized or operating  
38 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,  
39 by a rural water district organized or operating under the authority of  
40 K.S.A. 82a-612, and amendments thereto, or by a water supply district  
41 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-  
42 3522 et seq. or 19-3545, and amendments thereto, which property or  
43 services are used in the construction activities, operation or maintenance of

1 the district;

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

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

31 (v) all sales of tangible personal property to any contractor for use in  
32 preparing meals for delivery to homebound elderly persons over 60 years  
33 of age and to homebound disabled persons or to be served at a group-  
34 sitting at a location outside of the home to otherwise homebound elderly  
35 persons over 60 years of age and to otherwise homebound disabled  
36 persons, as all or part of any food service project funded in whole or in  
37 part by government or as part of a private nonprofit food service project  
38 available to all such elderly or disabled persons residing within an area of  
39 service designated by the private nonprofit organization, and all sales of  
40 tangible personal property for use in preparing meals for consumption by  
41 indigent or homeless individuals whether or not such meals are consumed  
42 at a place designated for such purpose, and all sales of food products by or  
43 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

33 (cc) all sales of tangible personal property or services purchased prior  
34 to January 1, 2012, except as otherwise provided, for the purpose of and in  
35 conjunction with constructing, reconstructing, enlarging or remodeling a  
36 business or retail business that meets the requirements established in  
37 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
38 machinery and equipment purchased for installation at any such business  
39 or retail business, and all sales of tangible personal property or services  
40 purchased on or after January 1, 2012, for the purpose of and in  
41 conjunction with constructing, reconstructing, enlarging or remodeling a  
42 business that meets the requirements established in K.S.A. 74-50,115(e),  
43 and amendments thereto, and the sale and installation of machinery and

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

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

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

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

43 (gg) all sales of tangible personal property purchased in accordance

1 with vouchers issued pursuant to the federal special supplemental food  
2 program for women, infants and children;

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

16 (ii) all sales of tangible personal property purchased directly by a  
17 nonprofit organization for nonsectarian comprehensive multidiscipline  
18 youth development programs and activities provided or sponsored by such  
19 organization, and all sales of tangible personal property by or on behalf of  
20 any such organization. This exemption shall not apply to tangible personal  
21 property customarily used for human habitation purposes;

22 (jj) all sales of tangible personal property or services, including the  
23 renting and leasing of tangible personal property, purchased directly on  
24 behalf of a community-based facility for people with intellectual disability  
25 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
26 amendments thereto, and licensed in accordance with the provisions of  
27 K.S.A. 2019 Supp. 39-2001 et seq., and amendments thereto, and all sales  
28 of tangible personal property or services purchased by contractors during  
29 the time period from July, 2003, through June, 2006, for the purpose of  
30 constructing, equipping, maintaining or furnishing a new facility for a  
31 community-based facility for people with intellectual disability or mental  
32 health center located in Riverton, Cherokee County, Kansas, that would  
33 have been eligible for sales tax exemption pursuant to this subsection if  
34 purchased directly by such facility or center. This exemption shall not  
35 apply to tangible personal property customarily used for human habitation  
36 purposes;

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

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

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

1 (2) For purposes of this subsection:

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

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

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

26 (D) "manufacturing or processing business" means a business that  
27 utilizes an integrated production operation to manufacture, process,  
28 fabricate, finish or assemble items for wholesale and retail distribution as  
29 part of what is commonly regarded by the general public as an industrial  
30 manufacturing or processing operation or an agricultural commodity  
31 processing operation. (i) Industrial manufacturing or processing operations  
32 include, by way of illustration but not of limitation, the fabrication of  
33 automobiles, airplanes, machinery or transportation equipment, the  
34 fabrication of metal, plastic, wood or paper products, electricity power  
35 generation, water treatment, petroleum refining, chemical production,  
36 wholesale bottling, newspaper printing, ready mixed concrete production,  
37 and the remanufacturing of used parts for wholesale or retail sale. Such  
38 processing operations shall include operations at an oil well, gas well,  
39 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,  
40 sand or gravel that has been extracted from the earth is cleaned, separated,  
41 crushed, ground, milled, screened, washed or otherwise treated or prepared  
42 before its transmission to a refinery or before any other wholesale or retail  
43 distribution. (ii) Agricultural commodity processing operations include, by

1 way of illustration but not of limitation, meat packing, poultry slaughtering  
2 and dressing, processing and packaging farm and dairy products in sealed  
3 containers for wholesale and retail distribution, feed grinding, grain  
4 milling, frozen food processing, and grain handling, cleaning, blending,  
5 fumigation, drying and aeration operations engaged in by grain elevators  
6 or other grain storage facilities. (iii) Manufacturing or processing  
7 businesses do not include, by way of illustration but not of limitation,  
8 nonindustrial businesses whose operations are primarily retail and that  
9 produce or process tangible personal property as an incidental part of  
10 conducting the retail business, such as retailers who bake, cook or prepare  
11 food products in the regular course of their retail trade, grocery stores,  
12 meat lockers and meat markets that butcher or dress livestock or poultry in  
13 the regular course of their retail trade, contractors who alter, service, repair  
14 or improve real property, and retail businesses that clean, service or  
15 refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

41 (F) to plan, manage, control or record the receipt and flow of  
42 inventories of raw materials, consumables and component parts, the flow  
43 of the property undergoing manufacturing or processing and the

1 management of inventories of the finished product;

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

5 (H) to package the property being manufactured or processed in a  
6 container or wrapping in which such property is normally sold or  
7 transported;

8 (I) to transmit or transport electricity, coke, gas, water, steam or  
9 similar substances used in production operations from the point of  
10 generation, if produced by the manufacturer or processor at the plant site,  
11 to that manufacturer's production operation; or, if purchased or delivered  
12 from off-site, from the point where the substance enters the site of the  
13 plant or facility to that manufacturer's production operations;

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

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

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

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

24 (4) The following machinery, equipment and materials shall be  
25 deemed to be exempt even though it may not otherwise qualify as  
26 machinery and equipment used as an integral or essential part of an  
27 integrated production operation: (A) Computers and related peripheral  
28 equipment that are utilized by a manufacturing or processing business for  
29 engineering of the finished product or for research and development or  
30 product design; (B) machinery and equipment that is utilized by a  
31 manufacturing or processing business to manufacture or rebuild tangible  
32 personal property that is used in manufacturing or processing operations,  
33 including tools, dies, molds, forms and other parts of qualifying machinery  
34 and equipment; (C) portable plants for aggregate concrete, bulk cement  
35 and asphalt including cement mixing drums to be attached to a motor  
36 vehicle; (D) industrial fixtures, devices, support facilities and special  
37 foundations necessary for manufacturing and production operations, and  
38 materials and other tangible personal property sold for the purpose of  
39 fabricating such fixtures, devices, facilities and foundations. An exemption  
40 certificate for such purchases shall be signed by the manufacturer or  
41 processor. If the fabricator purchases such material, the fabricator shall  
42 also sign the exemption certificate; (E) a manufacturing or processing  
43 business' laboratory equipment that is not located at the plant or facility,



1 but that would otherwise qualify for exemption under subsection (3)(E);  
2 (F) all machinery and equipment used in surface mining activities as  
3 described in K.S.A. 49-601 et seq., and amendments thereto, beginning  
4 from the time a reclamation plan is filed to the acceptance of the  
5 completed final site reclamation.

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

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

13 (B) machinery, equipment and tools used primarily in maintaining  
14 and repairing any type of machinery and equipment or the building and  
15 plant;

16 (C) transportation, transmission and distribution equipment not  
17 primarily used in a production, warehousing or material handling  
18 operation at the plant or facility, including the means of conveyance of  
19 natural gas, electricity, oil or water, and equipment related thereto, located  
20 outside the plant or facility;

21 (D) office machines and equipment including computers and related  
22 peripheral equipment not used directly and primarily to control or measure  
23 the manufacturing process;

24 (E) furniture and other furnishings;

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

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

31 (H) machinery and equipment used for general plant heating, cooling  
32 and lighting;

33 (I) motor vehicles that are registered for operation on public  
34 highways; or

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

38 (6) Subsections (3) and (5) shall not be construed as exclusive listings  
39 of the machinery and equipment that qualify or do not qualify as an  
40 integral or essential part of an integrated production operation. When  
41 machinery or equipment is used as an integral or essential part of  
42 production operations part of the time and for nonproduction purposes at  
43 other times, the primary use of the machinery or equipment shall

1 determine whether or not such machinery or equipment qualifies for  
2 exemption.

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

5 (ll) all sales of educational materials purchased for distribution to the  
6 public at no charge by a nonprofit corporation organized for the purpose of  
7 encouraging, fostering and conducting programs for the improvement of  
8 public health, except that for taxable years commencing after December  
9 31, 2013, this subsection shall not apply to any sales of such materials  
10 purchased by a nonprofit corporation which performs any abortion, as  
11 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

42 (tt) all sales of tangible personal property and services purchased by  
43 or on behalf of a not-for-profit corporation that is exempt from federal

1 income taxation pursuant to section 501(c)(3) of the federal internal  
2 revenue code of 1986, for the sole purpose of constructing a Kansas  
3 Korean War memorial;

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

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

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

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

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

22 (4) the American diabetes association Kansas affiliate, inc. for the  
23 purpose of eliminating diabetes through medical research, public education  
24 focusing on disease prevention and education, patient education including  
25 information on coping with diabetes, and professional education and  
26 training;

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

32 (6) the Kansas chapters of the Alzheimer's disease and related  
33 disorders association, inc. for the purpose of providing assistance and  
34 support to persons in Kansas with Alzheimer's disease, and their families  
35 and caregivers;

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

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

42 (9) the heartstrings community foundation for the purpose of  
43 providing training, employment and activities for adults with

1 developmental disabilities;

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

5 (11) the spina bifida association of Kansas for the purpose of  
6 providing financial, educational and practical aid to families and  
7 individuals with spina bifida. Such aid includes, but is not limited to,  
8 funding for medical devices, counseling and medical educational  
9 opportunities;

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

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

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

20 (15) the KSDS, Inc., for the purpose of promoting the independence  
21 and inclusion of people with disabilities as fully participating and  
22 contributing members of their communities and society through the  
23 training and providing of guide and service dogs to people with  
24 disabilities, and providing disability education and awareness to the  
25 general public;

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

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

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

35 (19) the international association of lions clubs for the purpose of  
36 creating and fostering a spirit of understanding among all people for  
37 humanitarian needs by providing voluntary services through community  
38 involvement and international cooperation;

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

43 (21) the American cancer society, inc., for the purpose of eliminating

1 cancer as a major health problem by preventing cancer, saving lives and  
2 diminishing suffering from cancer, through research, education, advocacy  
3 and service;

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

6 (23) the angel babies association, for the purpose of providing  
7 assistance, support and items of necessity to teenage mothers and their  
8 babies; and

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

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

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

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

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

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

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

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

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

43 (ccc) on and after July 1, 1999, all sales of tangible personal property

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



1 which such a certificate is issued without the payment of the sales or  
2 compensating tax otherwise imposed upon such materials, shall be guilty  
3 of a misdemeanor and, upon conviction therefor, shall be subject to the  
4 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

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

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

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

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

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

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

1 education services to children, and all sales of any such property by or on  
2 behalf of such organization for such purpose;

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

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

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

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

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

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

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

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

33 (ttt) all sales of tangible personal property or services purchased by a  
34 contractor for a project for the purpose of restoring, constructing,  
35 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
36 remodeling a home or facility owned by a nonprofit museum that has been  
37 granted an exemption pursuant to subsection (qq), which such home or  
38 facility is located in a city that has been designated as a qualified  
39 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
40 amendments thereto, and which such project is related to the purposes of  
41 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
42 exempt from taxation under the provisions of this section if purchased  
43 directly by such nonprofit museum. Nothing in this subsection shall be

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

35 (uuu) all sales of tangible personal property and services purchased  
36 by Kansas children's service league, hereinafter referred to as KCSL,  
37 which is exempt from federal income taxation pursuant to section 501(c)  
38 (3) of the federal internal revenue code of 1986, and which such property  
39 and services are used for the purpose of providing for the prevention and  
40 treatment of child abuse and maltreatment as well as meeting additional  
41 critical needs for children, juveniles and family, and all sales of any such  
42 property by or on behalf of KCSL for any such purpose; and all sales of  
43 tangible personal property or services purchased by a contractor for the

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

37 (vvv) all sales of tangible personal property or services, including the  
38 renting and leasing of tangible personal property or services, purchased by  
39 jazz in the woods, inc., a Kansas corporation that is exempt from federal  
40 income taxation pursuant to section 501(c)(3) of the federal internal  
41 revenue code, for the purpose of providing jazz in the woods, an event  
42 benefiting children-in-need and other nonprofit charities assisting such  
43 children, and all sales of any such property by or on behalf of such



1 organization for such purpose;

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

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

1 for the project, and upon payment thereof it may recover the same from  
2 the contractor together with reasonable attorney fees. Any contractor or  
3 any agent, employee or subcontractor thereof, who shall use or otherwise  
4 dispose of any materials purchased under such a certificate for any purpose  
5 other than that for which such a certificate is issued without the payment  
6 of the sales or compensating tax otherwise imposed upon such materials,  
7 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
8 subject to the penalties provided for in K.S.A. 79-3615(h), and  
9 amendments thereto. Sales tax paid on and after January 1, 2007, but prior  
10 to the effective date of this act upon the gross receipts received from any  
11 sale which would have been exempted by the provisions of this subsection  
12 had such sale occurred after the effective date of this act shall be refunded.  
13 Each claim for a sales tax refund shall be verified and submitted to the  
14 director of taxation upon forms furnished by the director and shall be  
15 accompanied by any additional documentation required by the director.  
16 The director shall review each claim and shall refund that amount of sales  
17 tax paid as determined under the provisions of this subsection. All refunds  
18 shall be paid from the sales tax refund fund upon warrants of the director  
19 of accounts and reports pursuant to vouchers approved by the director or  
20 the director's designee;

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

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

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

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

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

39 (cccc) all sales of tangible personal property or services purchased by  
40 or on behalf of wayside waifs, inc., which is exempt from federal income  
41 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
42 for the purpose of providing such organization's annual fundraiser, an  
43 event whose purpose is to support the care of homeless and abandoned

1 animals, animal adoption efforts, education programs for children and  
2 efforts to reduce animal over-population and animal welfare services, and  
3 all sales of any such property, including entry or participation fees or  
4 charges, by or on behalf of such organization for such purpose;

5 (dddd) all sales of tangible personal property or services purchased  
6 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
7 of which are exempt from federal income taxation pursuant to section  
8 501(c)(3) of the federal internal revenue code, for the purpose of providing  
9 education, training and employment opportunities for people with  
10 disabilities and other barriers to employment;

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

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

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

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

23 (hhhh) all sales of tangible personal property or services purchased  
24 on or after July 1, 2014, for the purpose of and in conjunction with  
25 constructing, reconstructing, enlarging or remodeling a business identified  
26 under the North American industry classification system (NAICS)  
27 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
28 installation of machinery and equipment purchased for installation at any  
29 such business. The exemption provided in this subsection shall not apply  
30 to projects that have actual total costs less than \$50,000. When a person  
31 contracts for the construction, reconstruction, enlargement or remodeling  
32 of any such business, such person shall obtain from the state and furnish to  
33 the contractor an exemption certificate for the project involved, and the  
34 contractor may purchase materials, machinery and equipment for  
35 incorporation in such project. The contractor shall furnish the number of  
36 such certificates to all suppliers from whom such purchases are made, and  
37 such suppliers shall execute invoices covering the same bearing the  
38 number of such certificate. Upon completion of the project, the contractor  
39 shall furnish to the owner of the business a sworn statement, on a form to  
40 be provided by the director of taxation, that all purchases so made were  
41 entitled to exemption under this subsection. All invoices shall be held by  
42 the contractor for a period of five years and shall be subject to audit by the  
43 director of taxation. Any contractor or any agent, employee or

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

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

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

3 (jjjj) all sales of tangible personal property or services purchased by  
4 or on behalf of the beacon, inc., that 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 those desiring help with food, shelter, clothing  
7 and other necessities of life during times of special need;

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

15 (llll) all sales of tangible personal property and services purchased by  
16 Gove county healthcare endowment foundation, inc., which is exempt  
17 from federal income taxation pursuant to section 501(c)(3) of the federal  
18 internal revenue code of 1986, and which such property and services are  
19 used for the purpose of constructing and equipping an airport in Quinter,  
20 Kansas, and all sales of tangible personal property or services purchased  
21 by a contractor for the purpose of constructing and equipping an airport in  
22 Quinter, Kansas, for such organization, that would be exempt from  
23 taxation under the provisions of this section if purchased directly by such  
24 organization. Nothing in this subsection shall be deemed to exempt the  
25 purchase of any construction machinery, equipment or tools used in the  
26 constructing or equipping of facilities for such organization. When such  
27 organization shall contract for the purpose of constructing or equipping an  
28 airport in Quinter, Kansas, 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 no later than the 20<sup>th</sup> day of the month

1 following the close of the month in which it shall be determined that such  
2 materials will not be used for the purpose for which such certificate was  
3 issued, such organization concerned shall be liable for tax on all materials  
4 purchased for the project, and upon payment thereof it may recover the  
5 same from the contractor together with reasonable attorney fees. Any  
6 contractor or any agent, employee or subcontractor thereof, who purchased  
7 under such a certificate for any purpose other than that for which such a  
8 certificate is issued without the payment of the sales or compensating tax  
9 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
10 and, upon conviction therefor, shall be subject to the penalties provided for  
11 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
12 subsection shall expire and have no effect on and after July 1, 2019; ~~and~~

13 (mmmm) all sales of gold or silver coins; and palladium, platinum,  
14 gold or silver bullion. For the purposes of this subsection, "bullion" means  
15 bars, ingots or commemorative medallions of gold, silver, platinum,  
16 palladium, or a combination thereof, for which the value of the metal  
17 depends on its content and not the form; *and*

18 (nnnn) *all sales of food and food ingredients.*

19 Sec. 3. K.S.A. 79-3602 and 79-3606 are hereby repealed.

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