

HOUSE BILL No. 2117

By Representative Highberger

1 AN ACT concerning taxation; relating to income tax, rates; sales and
2 compensating use tax, providing for sales tax exemptions for food and
3 food ingredients and feminine hygiene products, authorizing local sales
4 tax on food and food ingredients; amending K.S.A. 79-32,110, 79-
5 3602 and 79-3606 and K.S.A. 2020 Supp. 12-189a and repealing the
6 existing sections.

7
8 Be it enacted by the Legislature of the State of Kansas:

9 Section 1. K.S.A. 2020 Supp. 12-189a is hereby amended to read as
10 follows: 12-189a. The following sales shall be subject to the taxes levied
11 and collected by all cities and counties under the provisions of K.S.A. 12-
12 187 et seq., and amendments thereto:

13 (a) All sales of natural gas, electricity, heat and water delivered
14 through mains, lines or pipes to residential premises for noncommercial
15 use by the occupant of such premises and all sales of natural gas,
16 electricity, heat and water delivered through mains, lines or pipes for
17 agricultural use, except that effective January 1, 2006, the provisions of
18 this subsection shall expire for sales of water pursuant to this subsection;

19 (b) all sales of propane gas, LP-gas, coal, wood and other fuel sources
20 for the production of heat or lighting for noncommercial use of an
21 occupant of residential premises; ~~and~~

22 (c) all sales of intrastate telephone and telegraph services for
23 noncommercial use; and

24 (d) all sales of food and food ingredients.

25 Sec. 2. K.S.A. 79-32,110 is hereby amended to read as follows: 79-
26 32,110. (a) Resident Individuals. Except as otherwise provided by K.S.A.
27 79-3220(a), and amendments thereto, a tax is hereby imposed upon the
28 Kansas taxable income of every resident individual, which tax shall be
29 computed in accordance with the following tax schedules:

30 (1) Married individuals filing joint returns.

31 (A) For tax year 2012:

32 If the taxable income is:	The tax is:
33 Not over \$30,000.....	3.5% of Kansas taxable income
34 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess
35	over \$30,000
36 Over \$60,000.....	\$2,925 plus 6.45% of excess

1 over \$60,000

2 (B) For tax year 2013:

3 If the taxable income is:

The tax is:

4 Not over \$30,000.....3.0% of Kansas taxable income

5 Over \$30,000.....\$900 plus 4.9% of excess over
6 \$30,000

7 (C) For tax year 2014:

8 If the taxable income is:

The tax is:

9 Not over \$30,000.....2.7% of Kansas taxable income

10 Over \$30,000.....\$810 plus 4.8% of excess over
11 \$30,000

12 (D) For tax years 2015 and 2016:

13 If the taxable income is:

The tax is:

14 Not over \$30,000.....2.7% of Kansas taxable income

15 Over \$30,000.....\$810 plus 4.6% of excess over
16 \$30,000

17 (E) For tax year 2017:

18 If the taxable income is:

The tax is:

19 Not over \$30,000.....2.9% of Kansas taxable income

20 Over \$30,000 but not over \$60,000.....\$870 plus 4.9% of excess over
21 \$30,000

22 Over \$60,000.....\$2,340 plus 5.2% of excess
23 over

\$60,000

24
25 (F) For tax year years 2018, and all tax years thereafter through 2020:

26 If the taxable income is:

The tax is:

27 Not over \$30,000.....3.1% of Kansas taxable income

28 Over \$30,000 but not over \$60,000.....\$930 plus 5.25% of excess
29 over \$30,000

30 Over \$60,000.....\$2,505 plus 5.7% of excess
31 over \$60,000

32 (G) For tax year 2021, and all tax years thereafter:

33 If the taxable income is:

The tax is:

34 Not over \$30,000.....3.1% of Kansas taxable income

35 Over \$30,000 but not over \$60,000.....\$930 plus 5.25% of excess
36 over \$30,000

37 Over \$60,000 but not over \$200,000.....\$2,505 plus 5.7% of excess
38 over \$60,000

39 Over \$200,000 but not over \$500,000.....\$10,485 plus 6.5% of excess
40 over \$200,000

41 Over \$500,000 but not over \$1,000,000.....\$29,985 plus 8% of excess
42 over \$500,000

43 Over \$1,000,000 but not over \$2,000,000. . \$69,986 plus 9% of excess

1		<i>over \$1,000,000</i>
2	<i>Over \$2,000,000.....</i>	<i>\$159,986 plus 10% of excess</i>
3		<i>over \$2,000,000</i>
4	(2) <i>All other individuals.</i>	
5	(A) For tax year 2012:	
6	If the taxable income is:	The tax is:
7	Not over \$15,000.....	3.5% of Kansas taxable income
8	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
9		over \$15,000
10	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
11		over \$30,000
12	(B) For tax year 2013:	
13	If the taxable income is:	The tax is:
14	Not over \$15,000.....	3.0% of Kansas taxable income
15	Over \$15,000.....	\$450 plus 4.9% of excess over
16		\$15,000
17	(C) For tax year 2014:	
18	If the taxable income is:	The tax is:
19	Not over \$15,000.....	2.7% of Kansas taxable income
20	Over \$15,000.....	\$405 plus 4.8% of excess over
21		\$15,000
22	(D) For tax years 2015 and 2016:	
23	If the taxable income is:	The tax is:
24	Not over \$15,000.....	2.7% of Kansas taxable income
25	Over \$15,000.....	\$405 plus 4.6% of excess over
26		\$15,000
27	(E) For tax year 2017:	
28	If the taxable income is:	The tax is:
29	Not over \$15,000.....	2.9% of Kansas taxable income
30	Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over
31		\$15,000
32	Over \$30,000.....	\$1,170 plus 5.2% of excess
33	over	
34		\$30,000
35	(F) For tax years 2018, and all tax years thereafter <i>through 2020:</i>	
36	If the taxable income is:	The tax is:
37	Not over \$15,000.....	3.1% of Kansas taxable income
38	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
39		over \$15,000
40	Over \$30,000.....	\$1,252.50 plus 5.7% of excess
41		over \$30,000
42	(G) For tax year 2021, and all tax years thereafter:	
43	If the taxable income is:	The tax is:

1	<i>Not over \$15,000.....</i>	<i>3.1% of Kansas taxable income</i>
2	<i>Over \$15,000 but not over \$30,000.....</i>	<i>\$465 plus 5.25% of excess</i>
3		<i>over \$15,000</i>
4	<i>Over \$30,000 but not over \$100,000.....</i>	<i>\$1,252.50 plus 5.7% of excess</i>
5		<i>over \$30,000</i>
6	<i>Over \$100,000 but not over \$250,000.....</i>	<i>\$5,242.50 plus 6.5% of excess</i>
7		<i>over \$100,000</i>
8	<i>Over \$250,000 but not over \$500,000.....</i>	<i>\$14,992.50 plus 8% of excess</i>
9		<i>over \$250,000</i>
10	<i>Over \$500,000 but not over \$1,000,000.....</i>	<i>\$34,993 plus 9% of excess</i>
11		<i>over \$500,000</i>
12	<i>Over \$1,000,000.....</i>	<i>\$79,993 plus 10% of excess</i>
13		<i>over \$1,000,000</i>

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

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

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

25 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
26 3.1% of the Kansas taxable income of such corporation in excess of
27 \$50,000;

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

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

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

37 (e) Notwithstanding the provisions of subsections (a) and (b): (1) For
38 tax years 2016 and 2017, married individuals filing joint returns with
39 taxable income of \$12,500 or less, and all other individuals with taxable
40 income of \$5,000 or less, shall have a tax liability of zero; and (2) for tax
41 year 2018, and all tax years thereafter, married individuals filing joint
42 returns with taxable income of \$5,000 or less, and all other individuals
43 with taxable income of \$2,500 or less, shall have a tax liability of zero.

1 (f) No taxpayer shall be assessed penalties and interest arising from
2 the underpayment of taxes due to changes to the rates in subsection (a) that
3 became law on July 1, 2017, so long as such underpayment is rectified on
4 or before April 17, 2018.

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

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

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

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

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

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

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

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

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

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

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

1 include multiple items of printed material delivered to a single address.

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

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

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

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

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

40 (p) "Ingredient or component part" means tangible personal property
41 which is necessary or essential to, and which is actually used in and
42 becomes an integral and material part of tangible personal property or
43 services produced, manufactured or compounded for sale by the producer,

1 manufacturer or compounder in its regular course of business. The
2 following items of tangible personal property are hereby declared to be
3 ingredients or component parts, but the listing of such property shall not be
4 deemed to be exclusive nor shall such listing be construed to be a
5 restriction upon, or an indication of, the type or types of property to be
6 included within the definition of "ingredient or component part" as herein
7 set forth:

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

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

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

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

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

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

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

41 (r) "Lease or rental" means any transfer of possession or control of
42 tangible personal property for a fixed or indeterminate term for
43 consideration. A lease or rental may include future options to purchase or

1 extend.

2 (1) Lease or rental does not include:

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

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

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

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

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

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

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

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

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

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

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

1 proprietary system.

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

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

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

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

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

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

1 software, except that where there is a reasonable, separately stated charge
2 or an invoice or other statement of the price given to the purchaser for
3 such modification or enhancement, such modification or enhancement
4 shall not constitute prewritten computer software.

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

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

21 (B) electricity, gas and water; and

22 (C) petroleum products, lubricants, chemicals, solvents, reagents and
23 catalysts.

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

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

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

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

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

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

40 (kk) "Sale" or "sales" means the exchange of tangible personal
41 property, as well as the sale thereof for money, and every transaction,
42 conditional or otherwise, for a consideration, constituting a sale, including
43 the sale or furnishing of electrical energy, gas, water, services or

1 entertainment taxable under the terms of this act and including, except as
2 provided in the following provision, the sale of the use of tangible personal
3 property by way of a lease, license to use or the rental thereof regardless of
4 the method by which the title, possession or right to use the tangible
5 personal property is transferred. The term "sale" or "sales" shall not mean
6 the sale of the use of any tangible personal property used as a dwelling by
7 way of a lease or rental thereof for a term of more than 28 consecutive
8 days.

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

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

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

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

20 (D) delivery charges; and

21 (E) installation charges.

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

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

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

29 (C) the amount of the consideration attributable to the sale is fixed
30 and determinable by the seller at the time of the sale of the item to the
31 purchaser; and

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

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

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

43 (iii) the price reduction or discount is identified as a third party price

1 reduction or discount on the invoice received by the purchaser or on a
2 coupon, certificate or other documentation presented by the purchaser.

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

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

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

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

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

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

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

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

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

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

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

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

36 (ss) "Entity-based exemption" means an exemption based on who
37 purchases the product or who sells the product. An exemption that is
38 available to all individuals shall not be considered an entity-based
39 exemption.

40 (tt) "Over-the-counter drug" means a drug that contains a label that
41 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
42 over-the-counter drug label includes: (1) A drug facts panel; or (2) a
43 statement of the active ingredients with a list of those ingredients

1 contained in the compound, substance or preparation. Over-the-counter
2 drugs do not include grooming and hygiene products such as soaps,
3 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
4 lotions and screens.

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

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

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

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

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

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

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

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

43 (2) installation or maintenance of wiring or equipment on a

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

1 terminates in the same United States state or a United States territory or
2 possession.

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

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

13 (A) *Antimicrobial agents;*

14 (B) *fluoride;*

15 (C) *carbonation;*

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

17 (E) *oxygen;*

18 (F) *preservatives; or*

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

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

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

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

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

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

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

34 (C) *food sold with eating utensils provided by the seller, including,*
35 *but not limited to, plates, knives, forks, spoons, glasses, cups, napkins or*
36 *straws. A plate does not include a container or packaging used to*
37 *transport the food.*

38 (2) *"Prepared food" does not include food that is only cut,*
39 *repackaged or pasteurized by the seller, and eggs, fish, meat, poultry and*
40 *foods containing these raw animal foods requiring cooking by the*
41 *consumer as recommended by the food and drug administration in chapter*
42 *3, part 401.11 of the food and drug administration food code so as to*
43 *prevent food borne illnesses.*

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

5 (ooo) *"Dietary supplement" means the same as defined in K.S.A. 79-*
6 *3606(jjj), and amendments thereto.*

7 Sec. 4. K.S.A. 79-3606 is hereby amended to read as follows: 79-
8 3606. The following shall be exempt from the tax imposed by this act:

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

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

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

1 of buildings used primarily for human habitation;

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

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

31 (e) all sales of tangible personal property or services purchased by a
32 contractor for the erection, repair or enlargement of buildings or other
33 projects for the government of the United States, its agencies or
34 instrumentalities, that would be exempt from taxation if purchased directly
35 by the government of the United States, its agencies or instrumentalities.
36 When the government of the United States, its agencies or
37 instrumentalities shall contract for the erection, repair, or enlargement of
38 any building or other project, it shall obtain from the state and furnish to
39 the contractor an exemption certificate for the project involved, and the
40 contractor may purchase materials for incorporation in such project. The
41 contractor shall furnish the number of such certificates to all suppliers
42 from whom such purchases are made, and such suppliers shall execute
43 invoices covering the same bearing the number of such certificate. Upon

1 completion of the project the contractor shall furnish to the government of
2 the United States, its agencies or instrumentalities concerned a sworn
3 statement, on a form to be provided by the director of taxation, that all
4 purchases so made were entitled to exemption under this subsection. As an
5 alternative to the foregoing procedure, any such contracting entity may
6 apply to the secretary of revenue for agent status for the sole purpose of
7 issuing and furnishing project exemption certificates to contractors
8 pursuant to rules and regulations adopted by the secretary establishing
9 conditions and standards for the granting and maintaining of such status.
10 All invoices shall be held by the contractor for a period of five years and
11 shall be subject to audit by the director of taxation. Any contractor or any
12 agent, employee or subcontractor thereof, who shall use or otherwise
13 dispose of any materials purchased under such a certificate for any purpose
14 other than that for which such a certificate is issued without the payment
15 of the sales or compensating tax otherwise imposed upon such materials,
16 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
17 subject to the penalties provided for in K.S.A. 79-3615(h), and
18 amendments thereto;

19 (f) tangible personal property purchased by a railroad or public utility
20 for consumption or movement directly and immediately in interstate
21 commerce;

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

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

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

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

40 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
41 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and
42 delivered in this state to a bona fide resident of another state, which motor
43 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based

1 in this state and which vehicle, semitrailer, pole trailer or aircraft will not
2 remain in this state more than 10 days;

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

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

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

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

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

1 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
2 thereto;

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

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

26 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
27 all sales of tangible personal property or services purchased directly or
28 indirectly by a groundwater management district organized or operating
29 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
30 by a rural water district organized or operating under the authority of
31 K.S.A. 82a-612, and amendments thereto, or by a water supply district
32 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
33 3522 et seq. or 19-3545, and amendments thereto, which property or
34 services are used in the construction activities, operation or maintenance of
35 the district;

36 (t) all sales of farm machinery and equipment or aquaculture
37 machinery and equipment, repair and replacement parts therefor and
38 services performed in the repair and maintenance of such machinery and
39 equipment. For the purposes of this subsection the term "farm machinery
40 and equipment or aquaculture machinery and equipment" shall include a
41 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
42 thereto, and is equipped with a bed or cargo box for hauling materials, and
43 shall also include machinery and equipment used in the operation of

1 Christmas tree farming but shall not include any passenger vehicle, truck,
2 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
3 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
4 machinery and equipment" includes precision farming equipment that is
5 portable or is installed or purchased to be installed on farm machinery and
6 equipment. "Precision farming equipment" includes the following items
7 used only in computer-assisted farming, ranching or aquaculture
8 production operations: Soil testing sensors, yield monitors, computers,
9 monitors, software, global positioning and mapping systems, guiding
10 systems, modems, data communications equipment and any necessary
11 mounting hardware, wiring and antennas. Each purchaser of farm
12 machinery and equipment or aquaculture machinery and equipment
13 exempted herein must certify in writing on the copy of the invoice or sales
14 ticket to be retained by the seller that the farm machinery and equipment
15 or aquaculture machinery and equipment purchased will be used only in
16 farming, ranching or aquaculture production. Farming or ranching shall
17 include the operation of a feedlot and farm and ranch work for hire and the
18 operation of a nursery;

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

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

35 (w) all sales of natural gas, electricity, heat and water delivered
36 through mains, lines or pipes: (1) To residential premises for
37 noncommercial use by the occupant of such premises; (2) for agricultural
38 use and also, for such use, all sales of propane gas; (3) for use in the
39 severing of oil; and (4) to any property which is exempt from property
40 taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this
41 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
42 and amendments thereto. For all sales of natural gas, electricity and heat
43 delivered through mains, lines or pipes pursuant to the provisions of

1 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
2 on December 31, 2005;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 (2) For purposes of this subsection:

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

1 distribution operations; and (iv) waste, pollution and environmental
2 control operations, if any;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (I) to transmit or transport electricity, coke, gas, water, steam or
43 similar substances used in production operations from the point of

1 generation, if produced by the manufacturer or processor at the plant site,
2 to that manufacturer's production operation; or, if purchased or delivered
3 from off-site, from the point where the substance enters the site of the
4 plant or facility to that manufacturer's production operations;

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

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

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

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

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

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

42 (A) Machinery and equipment used for nonproduction purposes,
43 including, but not limited to, machinery and equipment used for plant

1 security, fire prevention, first aid, accounting, administration, record
2 keeping, advertising, marketing, sales or other related activities, plant
3 cleaning, plant communications and employee work scheduling;

4 (B) machinery, equipment and tools used primarily in maintaining
5 and repairing any type of machinery and equipment or the building and
6 plant;

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

12 (D) office machines and equipment including computers and related
13 peripheral equipment not used directly and primarily to control or measure
14 the manufacturing process;

15 (E) furniture and other furnishings;

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

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

22 (H) machinery and equipment used for general plant heating, cooling
23 and lighting;

24 (I) motor vehicles that are registered for operation on public
25 highways; or

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

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

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

39 (II) all sales of educational materials purchased for distribution to the
40 public at no charge by a nonprofit corporation organized for the purpose of
41 encouraging, fostering and conducting programs for the improvement of
42 public health, except that for taxable years commencing after December
43 31, 2013, this subsection shall not apply to any sales of such materials

- 1 purchased by a nonprofit corporation which performs any abortion, as
2 defined in K.S.A. 65-6701, and amendments thereto;
- 3 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
4 herbicides, germicides, pesticides and fungicides; and services, purchased
5 and used for the purpose of producing plants in order to prevent soil
6 erosion on land devoted to agricultural use;
- 7 (nn) except as otherwise provided in this act, all sales of services
8 rendered by an advertising agency or licensed broadcast station or any
9 member, agent or employee thereof;
- 10 (oo) all sales of tangible personal property purchased by a community
11 action group or agency for the exclusive purpose of repairing or
12 weatherizing housing occupied by low-income individuals;
- 13 (pp) all sales of drill bits and explosives actually utilized in the
14 exploration and production of oil or gas;
- 15 (qq) all sales of tangible personal property and services purchased by
16 a nonprofit museum or historical society or any combination thereof,
17 including a nonprofit organization that is organized for the purpose of
18 stimulating public interest in the exploration of space by providing
19 educational information, exhibits and experiences, that is exempt from
20 federal income taxation pursuant to section 501(c)(3) of the federal
21 internal revenue code of 1986;
- 22 (rr) all sales of tangible personal property that will admit the
23 purchaser thereof to any annual event sponsored by a nonprofit
24 organization that is exempt from federal income taxation pursuant to
25 section 501(c)(3) of the federal internal revenue code of 1986, except that
26 for taxable years commencing after December 31, 2013, this subsection
27 shall not apply to any sales of such tangible personal property purchased
28 by a nonprofit organization which performs any abortion, as defined in
29 K.S.A. 65-6701, and amendments thereto;
- 30 (ss) all sales of tangible personal property and services purchased by
31 a public broadcasting station licensed by the federal communications
32 commission as a noncommercial educational television or radio station;
- 33 (tt) all sales of tangible personal property and services purchased by
34 or on behalf of a not-for-profit corporation that is exempt from federal
35 income taxation pursuant to section 501(c)(3) of the federal internal
36 revenue code of 1986, for the sole purpose of constructing a Kansas
37 Korean War memorial;
- 38 (uu) all sales of tangible personal property and services purchased by
39 or on behalf of any rural volunteer fire-fighting organization for use
40 exclusively in the performance of its duties and functions;
- 41 (vv) all sales of tangible personal property purchased by any of the
42 following organizations that are exempt from federal income taxation
43 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,

1 for the following purposes, and all sales of any such property by or on
2 behalf of any such organization for any such purpose:

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

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

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

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

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

23 (6) the Kansas chapters of the Alzheimer's disease and related
24 disorders association, inc. for the purpose of providing assistance and
25 support to persons in Kansas with Alzheimer's disease, and their families
26 and caregivers;

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

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

33 (9) the heartstrings community foundation for the purpose of
34 providing training, employment and activities for adults with
35 developmental disabilities;

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

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

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

1 preservation, renovation and beautification of the Kansas state fairgrounds;
2 (ww) all sales of tangible personal property purchased by the habitat
3 for humanity for the exclusive use of being incorporated within a housing
4 project constructed by such organization;

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

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

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

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

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

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

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

34 (ccc) on and after July 1, 1999, all sales of tangible personal property
35 and services purchased by a primary care clinic or health center the
36 primary purpose of which is to provide services to medically underserved
37 individuals and families, and that is exempt from federal income taxation
38 pursuant to section 501(c)(3) of the federal internal revenue code, and all
39 sales of tangible personal property or services purchased by a contractor
40 for the purpose of constructing, equipping, reconstructing, maintaining,
41 repairing, enlarging, furnishing or remodeling facilities for any such clinic
42 or center that would be exempt from taxation under the provisions of this
43 section if purchased directly by such clinic or center, except that for

1 taxable years commencing after December 31, 2013, this subsection shall
2 not apply to any sales of such tangible personal property and services
3 purchased by a primary care clinic or health center which performs any
4 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
5 in this subsection shall be deemed to exempt the purchase of any
6 construction machinery, equipment or tools used in the constructing,
7 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
8 remodeling facilities for any such clinic or center. When any such clinic or
9 center shall contract for the purpose of constructing, equipping,
10 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
11 facilities, it shall obtain from the state and furnish to the contractor an
12 exemption certificate for the project involved, and the contractor may
13 purchase materials for incorporation in such project. The contractor shall
14 furnish the number of such certificate to all suppliers from whom such
15 purchases are made, and such suppliers shall execute invoices covering the
16 same bearing the number of such certificate. Upon completion of the
17 project the contractor shall furnish to such clinic or center concerned a
18 sworn statement, on a form to be provided by the director of taxation, that
19 all purchases so made were entitled to exemption under this subsection.
20 All invoices shall be held by the contractor for a period of five years and
21 shall be subject to audit by the director of taxation. If any materials
22 purchased under such a certificate are found not to have been incorporated
23 in the building or other project or not to have been returned for credit or
24 the sales or compensating tax otherwise imposed upon such materials that
25 will not be so incorporated in the building or other project reported and
26 paid by such contractor to the director of taxation not later than the 20th
27 day of the month following the close of the month in which it shall be
28 determined that such materials will not be used for the purpose for which
29 such certificate was issued, such clinic or center concerned shall be liable
30 for tax on all materials purchased for the project, and upon payment
31 thereof it may recover the same from the contractor together with
32 reasonable attorney fees. Any contractor or any agent, employee or
33 subcontractor thereof, who shall use or otherwise dispose of any materials
34 purchased under such a certificate for any purpose other than that for
35 which such a certificate is issued without the payment of the sales or
36 compensating tax otherwise imposed upon such materials, shall be guilty
37 of a misdemeanor and, upon conviction therefor, shall be subject to the
38 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

39 (ddd) on and after January 1, 1999, and before January 1, 2000, all
40 sales of materials and services purchased by any class II or III railroad as
41 classified by the federal surface transportation board for the construction,
42 renovation, repair or replacement of class II or III railroad track and
43 facilities used directly in interstate commerce. In the event any such track

1 or facility for which materials and services were purchased sales tax
2 exempt is not operational for five years succeeding the allowance of such
3 exemption, the total amount of sales tax that would have been payable
4 except for the operation of this subsection shall be recouped in accordance
5 with rules and regulations adopted for such purpose by the secretary of
6 revenue;

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

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

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

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

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

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

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

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

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

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

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

42 (ooo) all sales of tangible personal property by or on behalf of a
43 public library serving the general public and supported in whole or in part

1 with tax money or a not-for-profit organization whose purpose is to raise
2 funds for or provide services or other benefits to any such public library;

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

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

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

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

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

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

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

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

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

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

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

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

42 (xxx) all sales of personal property and services purchased by the
43 booth theatre foundation, inc., an organization, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code of 1986, and which such personal property and
3 services are used by any such organization in the constructing, equipping,
4 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
5 of the booth theatre, and all sales of tangible personal property or services
6 purchased by a contractor for the purpose of constructing, equipping,
7 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
8 the booth theatre for such organization, that would be exempt from
9 taxation under the provisions of this section if purchased directly by such
10 organization. Nothing in this subsection shall be deemed to exempt the
11 purchase of any construction machinery, equipment or tools used in the
12 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
13 furnishing or remodeling facilities for any such organization. When any
14 such organization shall contract for the purpose of constructing, equipping,
15 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
16 facilities, it shall obtain from the state and furnish to the contractor an
17 exemption certificate for the project involved, and the contractor may
18 purchase materials for incorporation in such project. The contractor shall
19 furnish the number of such certificate to all suppliers from whom such
20 purchases are made, and such suppliers shall execute invoices covering the
21 same bearing the number of such certificate. Upon completion of the
22 project the contractor shall furnish to such organization concerned a sworn
23 statement, on a form to be provided by the director of taxation, that all
24 purchases so made were entitled to exemption under this subsection. All
25 invoices shall be held by the contractor for a period of five years and shall
26 be subject to audit by the director of taxation. If any materials purchased
27 under such a certificate are found not to have been incorporated in such
28 facilities or not to have been returned for credit or the sales or
29 compensating tax otherwise imposed upon such materials that will not be
30 so incorporated in such facilities reported and paid by such contractor to
31 the director of taxation not later than the 20th day of the month following
32 the close of the month in which it shall be determined that such materials
33 will not be used for the purpose for which such certificate was issued, such
34 organization concerned shall be liable for tax on all materials purchased
35 for the project, and upon payment thereof it may recover the same from
36 the contractor together with reasonable attorney fees. Any contractor or
37 any agent, employee or subcontractor thereof, who shall use or otherwise
38 dispose of any materials purchased under such a certificate for any purpose
39 other than that for which such a certificate is issued without the payment
40 of the sales or compensating tax otherwise imposed upon such materials,
41 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
42 subject to the penalties provided for in K.S.A. 79-3615(h), and
43 amendments thereto. Sales tax paid on and after January 1, 2007, but prior

1 to the effective date of this act upon the gross receipts received from any
2 sale which would have been exempted by the provisions of this subsection
3 had such sale occurred after the effective date of this act shall be refunded.
4 Each claim for a sales tax refund shall be verified and submitted to the
5 director of taxation upon forms furnished by the director and shall be
6 accompanied by any additional documentation required by the director.
7 The director shall review each claim and shall refund that amount of sales
8 tax paid as determined under the provisions of this subsection. All refunds
9 shall be paid from the sales tax refund fund upon warrants of the director
10 of accounts and reports pursuant to vouchers approved by the director or
11 the director's designee;

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

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

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

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

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

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

39 (dddd) all sales of tangible personal property or services purchased
40 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
41 of which are exempt from federal income taxation pursuant to section
42 501(c)(3) of the federal internal revenue code, for the purpose of providing
43 education, training and employment opportunities for people with

1 disabilities and other barriers to employment;

2 (eeee) all sales of tangible personal property or services purchased by
3 or on behalf of all American beef battalion, inc., 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 educating, promoting and
6 participating as a contact group through the beef cattle industry in order to
7 carry out such projects that provide support and morale to members of the
8 United States armed forces and military services;

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

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

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

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

42 (iiii) all sales of tangible personal property or services purchased by a
43 contractor for the purpose of constructing, maintaining, repairing,

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

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

42 (kkkk) all sales of tangible personal property and services purchased
43 by or on behalf of reaching out from within, inc., which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code, for the purpose of sponsoring self-help programs for
3 incarcerated persons that will enable such incarcerated persons to become
4 role models for non-violence while in correctional facilities and productive
5 family members and citizens upon return to the community;

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

1 and, upon conviction therefor, shall be subject to the penalties provided for
2 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
3 subsection shall expire and have no effect on and after July 1, 2019; ~~and~~

4 (mmmm) all sales of gold or silver coins; and palladium, platinum,
5 gold or silver bullion. For the purposes of this subsection, "bullion" means
6 bars, ingots or commemorative medallions of gold, silver, platinum,
7 palladium, or a combination thereof, for which the value of the metal
8 depends on its content and not the form;

9 (nnnn) *all sales of food and food ingredients; and*

10 (oooo) *all sales of feminine hygiene products. As used in this*
11 *subsection, "feminine hygiene products" means tampons, panty liners,*
12 *menstrual cups, sanitary napkins and other similar tangible personal*
13 *property designed for feminine hygiene in connection with the human*
14 *menstrual cycle.*

15 Sec. 5. K.S.A. 79-32,110, 79-3602 and 79-3606 and K.S.A. 2020
16 Supp. 12-189a are hereby repealed.

17 Sec. 6. This act shall take effect and be in force from and after its
18 publication in the statute book.