

HOUSE BILL No. 2143

By Committee on Taxation

1-26

1 AN ACT concerning sales taxation; relating to exemptions ~~on~~; **extending**
2 **the sunset date of the exemption of** certain cash rebates on sales or
3 leases of new motor vehicles; ~~making exemption permanent~~ **modifying**
4 **the exemption for construction materials for certain educational**
5 **institutions; relating to returns and payment of tax by retailers;**
6 **increasing sales tax collection thresholds; discontinuing the**
7 **prepayment of such tax;** amending K.S.A. 79-3602, **79-3606 and 79-**
8 **3607** and repealing the existing ~~section~~ **sections.**
9

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

11 Section 1. K.S.A. 79-3602 is hereby amended to read as follows: 79-
12 3602. Except as otherwise provided, as used in the Kansas retailers' sales
13 tax act:

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

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

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

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

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

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

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

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

36 (i) "Delivery charges" means charges by the seller of personal

1 property or services for preparation and delivery to a location designated
2 by the purchaser of personal property or services including, but not limited
3 to, transportation, shipping, postage, handling, crating and packing.
4 Delivery charges shall not include charges for delivery of direct mail if the
5 charges are separately stated on an invoice or similar billing document
6 given to the purchaser.

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

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

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

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

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

43 (o) "Gross receipts" means the total selling price or the amount

1 received as defined in this act, in money, credits, property or other
2 consideration valued in money from sales at retail within this state; and
3 embraced within the provisions of this act. The taxpayer, may take credit
4 in the report of gross receipts for: (1) An amount equal to the selling price
5 of property returned by the purchaser when the full sale price thereof,
6 including the tax collected, is refunded in cash or by credit; and (2) an
7 amount equal to the allowance given for the trade-in of property.

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

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

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

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

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

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

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

38 (q) "Isolated or occasional sale" means the nonrecurring sale of
39 tangible personal property, or services taxable hereunder by a person not
40 engaged at the time of such sale in the business of selling such property or
41 services. Any religious organization ~~which that~~ makes a nonrecurring sale
42 of tangible personal property acquired for the purpose of resale shall be
43 deemed to be not engaged at the time of such sale in the business of selling

1 such property. Such term shall include: (1) Any sale by a bank, savings and
2 loan institution, credit union or any finance company licensed under the
3 provisions of the Kansas uniform consumer credit code of tangible
4 personal property ~~which~~ that has been repossessed by any such entity; and
5 (2) any sale of tangible personal property made by an auctioneer or agent
6 on behalf of not more than two principals or households if such sale is
7 nonrecurring and any such principal or household is not engaged at the
8 time of such sale in the business of selling tangible personal property.

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

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

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

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

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

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

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

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

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

43 (u) "Model 1 seller" means a seller that has selected a CSP as its

1 agent to perform all the seller's sales and use tax functions, other than the
2 seller's obligation to remit tax on its own purchases.

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

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

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

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

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

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

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

40 (cc) "Prewritten computer software" means computer software,
41 including prewritten upgrades, ~~which that~~ is not designed and developed
42 by the author or other creator to the specifications of a specific purchaser.
43 The combining of two or more prewritten computer software programs or

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

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

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

32 (B) electricity, gas and water; and

33 (C) petroleum products, lubricants, chemicals, solvents, reagents and
34 catalysts.

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

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

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

42 (hh) "Registered under this agreement" means registration by a seller
43 with the member states under the central registration system provided in

1 article IV of the agreement.

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

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

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

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

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

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

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

31 (D) delivery charges; and

32 (E) installation charges.

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

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

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

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

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

1 (i) The purchaser presents a coupon, certificate or other
2 documentation to the seller to claim a price reduction or discount where
3 the coupon, certificate or documentation is authorized, distributed or
4 granted by a third party with the understanding that the third party will
5 reimburse any seller to whom the coupon, certificate or documentation is
6 presented;

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

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

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

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

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

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

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

27 ~~(E) commencing on July 1, 2018, and ending on June 30, 2021,~~
28 **commencing on July 1, 2018, and ending on June 30, 2024**, cash rebates
29 granted by a manufacturer to a purchaser or lessee of a new motor vehicle
30 if paid directly to the retailer as a result of the original sale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (aaa) "Telecommunications service" means the electronic
41 transmission, conveyance or routing of voice, data, audio, video or any
42 other information or signals to a point, or between or among points. The
43 term telecommunications service includes such transmission, conveyance

1 or routing in which computer processing applications are used to act on the
2 form, code or protocol of the content for purposes of transmissions,
3 conveyance or routing without regard to whether such service is referred to
4 as voice over internet protocol services or is classified by the federal
5 communications commission as enhanced or value added.
6 Telecommunications service does not include:

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

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

14 (3) tangible personal property;

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

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

17 (6) internet access service;

18 (7) radio and television audio and video programming services,
19 regardless of the medium, including the furnishing of transmission,
20 conveyance and routing of such services by the programming service
21 provider. Radio and television audio and video programming services shall
22 include, but not be limited to, cable service as defined in 47 U.S.C. §
23 522(6) and audio and video programming services delivered by
24 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

25 (8) ancillary services; or

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

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

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

41 (ddd) "Value-added non-voice data service" means a service that
42 otherwise meets the definition of telecommunications services in which
43 computer processing applications are used to act on the form, content,

1 code or protocol of the information or data primarily for a purpose other
2 than transmission, conveyance or routing.

3 (eee) "International" means a telecommunications service that
4 originates or terminates in the United States and terminates or originates
5 outside the United States, respectively. United States includes the District
6 of Columbia or a U.S. territory or possession.

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

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

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

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

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

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

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

9 *(c) all sales of tangible personal property or services, including the*
10 *renting and leasing of tangible personal property, purchased directly by*
11 *a public or private elementary or secondary school or public or private*
12 *nonprofit educational institution and used primarily by such school or*
13 *institution for nonsectarian programs and activities provided or*
14 *sponsored by such school or institution or in the erection, repair or*
15 *enlargement of buildings to be used for such purposes. The exemption*
16 *herein provided shall not apply to erection, construction, repair,*
17 *enlargement or equipment of buildings used primarily for human*
18 *habitation, except that such exemption shall apply to the erection,*
19 *construction, repair, enlargement or equipment of buildings used for*
20 *human habitation by the cerebral palsy research foundation of Kansas*
21 *located in Wichita, Kansas, and multi community diversified services,*
22 *incorporated, located in McPherson, Kansas;*

23 *(d) all sales of tangible personal property or services purchased by*
24 *a contractor for the purpose of constructing, equipping, reconstructing,*
25 *maintaining, repairing, enlarging, furnishing or remodeling facilities*
26 *for any public or private nonprofit hospital or public hospital authority,*
27 *public or private elementary or secondary school, a public or private*
28 *nonprofit educational institution, state correctional institution including*
29 *a privately constructed correctional institution contracted for state use*
30 *and ownership, that would be exempt from taxation under the provisions*
31 *of this act if purchased directly by such hospital or public hospital*
32 *authority, school, educational institution or a state correctional*
33 *institution; and all sales of tangible personal property or services*
34 *purchased by a contractor for the purpose of constructing, equipping,*
35 *reconstructing, maintaining, repairing, enlarging, furnishing or*
36 *remodeling facilities for any political subdivision of the state or district*
37 *described in subsection (s), the total cost of which is paid from funds of*
38 *such political subdivision or district and that would be exempt from*
39 *taxation under the provisions of this act if purchased directly by such*
40 *political subdivision or district. Nothing in this subsection or in the*
41 *provisions of K.S.A. 12-3418, and amendments thereto, shall be deemed*
42 *to exempt the purchase of any construction machinery, equipment or*
43 *tools used in the constructing, equipping, reconstructing, maintaining,*

1 *repairing, enlarging, furnishing or remodeling facilities for any political*
2 *subdivision of the state or any such district. As used in this subsection,*
3 *K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a*
4 *political subdivision" shall mean general tax revenues, the proceeds of*
5 *any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for*
6 *the purpose of constructing, equipping, reconstructing, repairing,*
7 *enlarging, furnishing or remodeling facilities that are to be leased to the*
8 *donor. When any political subdivision of the state, district described in*
9 *subsection (s), public or private nonprofit hospital or public hospital*
10 *authority, public or private elementary or secondary school, public or*
11 *private nonprofit educational institution, state correctional institution*
12 *including a privately constructed correctional institution contracted for*
13 *state use and ownership shall contract for the purpose of constructing,*
14 *equipping, reconstructing, maintaining, repairing, enlarging, furnishing*
15 *or remodeling facilities, it shall obtain from the state and furnish to the*
16 *contractor an exemption certificate for the project involved, and the*
17 *contractor may purchase materials for incorporation in such project.*
18 *The contractor shall furnish the number of such certificate to all*
19 *suppliers from whom such purchases are made, and such suppliers shall*
20 *execute invoices covering the same bearing the number of such*
21 *certificate. Upon completion of the project the contractor shall furnish*
22 *to the political subdivision, district described in subsection (s), hospital*
23 *or public hospital authority, school, educational institution or*
24 *department of corrections concerned a sworn statement, on a form to be*
25 *provided by the director of taxation, that all purchases so made were*
26 *entitled to exemption under this subsection. As an alternative to the*
27 *foregoing procedure, any such contracting entity may apply to the*
28 *secretary of revenue for agent status for the sole purpose of issuing and*
29 *furnishing project exemption certificates to contractors pursuant to rules*
30 *and regulations adopted by the secretary establishing conditions and*
31 *standards for the granting and maintaining of such status. All invoices*
32 *shall be held by the contractor for a period of five years and shall be*
33 *subject to audit by the director of taxation. If any materials purchased*
34 *under such a certificate are found not to have been incorporated in the*
35 *building or other project or not to have been returned for credit or the*
36 *sales or compensating tax otherwise imposed upon such materials that*
37 *will not be so incorporated in the building or other project reported and*
38 *paid by such contractor to the director of taxation not later than the 20th*
39 *day of the month following the close of the month in which it shall be*
40 *determined that such materials will not be used for the purpose for*
41 *which such certificate was issued, the political subdivision, district*
42 *described in subsection (s), hospital or public hospital authority, school,*
43 *educational institution or the contractor contracting with the department*

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

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

43 *(f) tangible personal property purchased by a railroad or public*

1 *utility for consumption or movement directly and immediately in*
2 *interstate commerce;*

3 *(g) sales of aircraft including remanufactured and modified*
4 *aircraft sold to persons using directly or through an authorized agent*
5 *such aircraft as certified or licensed carriers of persons or property in*
6 *interstate or foreign commerce under authority of the laws of the United*
7 *States or any foreign government or sold to any foreign government or*
8 *agency or instrumentality of such foreign government and all sales of*
9 *aircraft for use outside of the United States and sales of aircraft repair,*
10 *modification and replacement parts and sales of services employed in the*
11 *remanufacture, modification and repair of aircraft;*

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

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

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

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

27 *(l) all isolated or occasional sales of tangible personal property,*
28 *services, substances or things, except isolated or occasional sale of*
29 *motor vehicles specifically taxed under the provisions of K.S.A. 79-*
30 *3603(o), and amendments thereto;*

31 *(m) all sales of tangible personal property that become an*
32 *ingredient or component part of tangible personal property or services*
33 *produced, manufactured or compounded for ultimate sale at retail*
34 *within or without the state of Kansas; and any such producer,*
35 *manufacturer or compounder may obtain from the director of taxation*
36 *and furnish to the supplier an exemption certificate number for tangible*
37 *personal property for use as an ingredient or component part of the*
38 *property or services produced, manufactured or compounded;*

39 *(n) all sales of tangible personal property that is consumed in the*
40 *production, manufacture, processing, mining, drilling, refining or*
41 *compounding of tangible personal property, the treating of by-products*
42 *or wastes derived from any such production process, the providing of*
43 *services or the irrigation of crops for ultimate sale at retail within or*

1 *without the state of Kansas; and any purchaser of such property may*
2 *obtain from the director of taxation and furnish to the supplier an*
3 *exemption certificate number for tangible personal property for*
4 *consumption in such production, manufacture, processing, mining,*
5 *drilling, refining, compounding, treating, irrigation and in providing*
6 *such services;*

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

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

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

31 *(r) all sales of oxygen delivery equipment, kidney dialysis*
32 *equipment, enteral feeding systems, prosthetic devices and mobility*
33 *enhancing equipment prescribed in writing by a person licensed to*
34 *practice the healing arts, dentistry or optometry, and in addition to such*
35 *sales, all sales of hearing aids, as defined by K.S.A. 74-5807(c), and*
36 *amendments thereto, and repair and replacement parts therefor,*
37 *including batteries, by a person licensed in the practice of dispensing*
38 *and fitting hearing aids pursuant to the provisions of K.S.A. 74-5808,*
39 *and amendments thereto. For the purposes of this subsection: (1)*
40 *"Mobility enhancing equipment" means equipment including repair*
41 *and replacement parts to same, but does not include durable medical*
42 *equipment, which is primarily and customarily used to provide or*
43 *increase the ability to move from one place to another and which is*

1 *appropriate for use either in a home or a motor vehicle; is not generally*
2 *used by persons with normal mobility; and does not include any motor*
3 *vehicle or equipment on a motor vehicle normally provided by a motor*
4 *vehicle manufacturer; and (2) "prosthetic device" means a replacement,*
5 *corrective or supportive device including repair and replacement parts*
6 *for same worn on or in the body to artificially replace a missing portion*
7 *of the body, prevent or correct physical deformity or malfunction or*
8 *support a weak or deformed portion of the body;*

9 *(s) except as provided in K.S.A. 82a-2101, and amendments thereto,*
10 *all sales of tangible personal property or services purchased directly or*
11 *indirectly by a groundwater management district organized or operating*
12 *under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,*
13 *by a rural water district organized or operating under the authority of*
14 *K.S.A. 82a-612, and amendments thereto, or by a water supply district*
15 *organized or operating under the authority of K.S.A. 19-3501 et seq., 19-*
16 *3522 et seq. or 19-3545, and amendments thereto, which property or*
17 *services are used in the construction activities, operation or maintenance*
18 *of the district;*

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

1 *operation of a feedlot and farm and ranch work for hire and the*
2 *operation of a nursery;*

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

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

20 *(w) all sales of natural gas, electricity, heat and water delivered*
21 *through mains, lines or pipes: (1) To residential premises for*
22 *noncommercial use by the occupant of such premises; (2) for*
23 *agricultural use and also, for such use, all sales of propane gas; (3) for*
24 *use in the severing of oil; and (4) to any property which is exempt from*
25 *property taxation pursuant to K.S.A. 79-201b, Second through Sixth. As*
26 *used in this paragraph, "severing" means the same as defined in K.S.A.*
27 *79-4216(k), and amendments thereto. For all sales of natural gas,*
28 *electricity and heat delivered through mains, lines or pipes pursuant to*
29 *the provisions of subsection (w)(1) and (w)(2), the provisions of this*
30 *subsection shall expire on December 31, 2005;*

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

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

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

41 *(aa) all sales of materials and services applied to equipment that is*
42 *transported into the state from without the state for repair, service,*
43 *alteration, maintenance, remanufacture or modification and that is*

1 *subsequently transported outside the state for use in the transmission of*
2 *liquids or natural gas by means of pipeline in interstate or foreign*
3 *commerce under authority of the laws of the United States;*

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

9 *(cc) all sales of tangible personal property or services purchased*
10 *prior to January 1, 2012, except as otherwise provided, for the purpose*
11 *of and in conjunction with constructing, reconstructing, enlarging or*
12 *remodeling a business or retail business that meets the requirements*
13 *established in K.S.A. 74-50,115, and amendments thereto, and the sale*
14 *and installation of machinery and equipment purchased for installation*
15 *at any such business or retail business, and all sales of tangible personal*
16 *property or services purchased on or after January 1, 2012, for the*
17 *purpose of and in conjunction with constructing, reconstructing,*
18 *enlarging or remodeling a business that meets the requirements*
19 *established in K.S.A. 74-50,115(e), and amendments thereto, and the*
20 *sale and installation of machinery and equipment purchased for*
21 *installation at any such business. When a person shall contract for the*
22 *construction, reconstruction, enlargement or remodeling of any such*
23 *business or retail business, such person shall obtain from the state and*
24 *furnish to the contractor an exemption certificate for the project*
25 *involved, and the contractor may purchase materials, machinery and*
26 *equipment for incorporation in such project. The contractor shall*
27 *furnish the number of such certificates to all suppliers from whom such*
28 *purchases are made, and such suppliers shall execute invoices covering*
29 *the same bearing the number of such certificate. Upon completion of the*
30 *project the contractor shall furnish to the owner of the business or retail*
31 *business a sworn statement, on a form to be provided by the director of*
32 *taxation, that all purchases so made were entitled to exemption under*
33 *this subsection. All invoices shall be held by the contractor for a period*
34 *of five years and shall be subject to audit by the director of taxation. Any*
35 *contractor or any agent, employee or subcontractor thereof, who shall*
36 *use or otherwise dispose of any materials, machinery or equipment*
37 *purchased under such a certificate for any purpose other than that for*
38 *which such a certificate is issued without the payment of the sales or*
39 *compensating tax otherwise imposed thereon, shall be guilty of a*
40 *misdemeanor and, upon conviction therefor, shall be subject to the*
41 *penalties provided for in K.S.A. 79-3615(h), and amendments thereto. As*
42 *used in this subsection, "business" and "retail business" mean the same*
43 *as defined in K.S.A. 74-50,114, and amendments thereto. Project*

1 *exemption certificates that have been previously issued under this*
2 *subsection by the department of revenue pursuant to K.S.A. 74-50,115,*
3 *and amendments thereto, but not including K.S.A. 74-50,115(e), and*
4 *amendments thereto, prior to January 1, 2012, and have not expired will*
5 *be effective for the term of the project or two years from the effective*
6 *date of the certificate, whichever occurs earlier. Project exemption*
7 *certificates that are submitted to the department of revenue prior to*
8 *January 1, 2012, and are found to qualify will be issued a project*
9 *exemption certificate that will be effective for a two-year period or for*
10 *the term of the project, whichever occurs earlier;*

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

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

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

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

24 *(hh) all sales of medical supplies and equipment, including durable*
25 *medical equipment, purchased directly by a nonprofit skilled nursing*
26 *home or nonprofit intermediate nursing care home, as defined by K.S.A.*
27 *39-923, and amendments thereto, for the purpose of providing medical*
28 *services to residents thereof. This exemption shall not apply to tangible*
29 *personal property customarily used for human habitation purposes. As*
30 *used in this subsection, "durable medical equipment" means equipment*
31 *including repair and replacement parts for such equipment, that can*
32 *withstand repeated use, is primarily and customarily used to serve a*
33 *medical purpose, generally is not useful to a person in the absence of*
34 *illness or injury and is not worn in or on the body, but does not include*
35 *mobility enhancing equipment as defined in subsection (r), oxygen*
36 *delivery equipment, kidney dialysis equipment or enteral feeding*
37 *systems;*

38 *(ii) all sales of tangible personal property purchased directly by a*
39 *nonprofit organization for nonsectarian comprehensive multidiscipline*
40 *youth development programs and activities provided or sponsored by*
41 *such organization, and all sales of tangible personal property by or on*
42 *behalf of any such organization. This exemption shall not apply to*
43 *tangible personal property customarily used for human habitation*

1 *purposes;*

2 *(jj) all sales of tangible personal property or services, including the*
3 *renting and leasing of tangible personal property, purchased directly on*
4 *behalf of a community-based facility for people with intellectual*
5 *disability or mental health center organized pursuant to K.S.A. 19-4001*
6 *et seq., and amendments thereto, and licensed in accordance with the*
7 *provisions of K.S.A. 2020 Supp. 39-2001 et seq., and amendments*
8 *thereto, and all sales of tangible personal property or services purchased*
9 *by contractors during the time period from July, 2003, through June,*
10 *2006, for the purpose of constructing, equipping, maintaining or*
11 *furnishing a new facility for a community-based facility for people with*
12 *intellectual disability or mental health center located in Riverton,*
13 *Cherokee County, Kansas, that would have been eligible for sales tax*
14 *exemption pursuant to this subsection if purchased directly by such*
15 *facility or center. This exemption shall not apply to tangible personal*
16 *property customarily used for human habitation purposes;*

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

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

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

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

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

35 *(B) "production line" means the assemblage of machinery and*
36 *equipment at a manufacturing or processing plant or facility where the*
37 *actual transformation or processing of tangible personal property*
38 *occurs;*

39 *(C) "manufacturing or processing plant or facility" means a single,*
40 *fixed location owned or controlled by a manufacturing or processing*
41 *business that consists of one or more structures or buildings in a*
42 *contiguous area where integrated production operations are conducted*
43 *to manufacture or process tangible personal property to be ultimately*

1 *sold at retail. Such term shall not include any facility primarily operated*
2 *for the purpose of conveying or assisting in the conveyance of natural*
3 *gas, electricity, oil or water. A business may operate one or more*
4 *manufacturing or processing plants or facilities at different locations to*
5 *manufacture or process a single product of tangible personal property to*
6 *be ultimately sold at retail;*

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

42 *(E) "repair and replacement parts and accessories" means all parts*
43 *and accessories for exempt machinery and equipment, including, but not*

1 *limited to, dies, jigs, molds, patterns and safety devices that are attached*
2 *to exempt machinery or that are otherwise used in production, and parts*
3 *and accessories that require periodic replacement such as belts, drill*
4 *bits, grinding wheels, grinding balls, cutting bars, saws, refractory brick*
5 *and other refractory items for exempt kiln equipment used in production*
6 *operations;*

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

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

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

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

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

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

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

24 *(F) to plan, manage, control or record the receipt and flow of*
25 *inventories of raw materials, consumables and component parts, the*
26 *flow of the property undergoing manufacturing or processing and the*
27 *management of inventories of the finished product;*

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

31 *(H) to package the property being manufactured or processed in a*
32 *container or wrapping in which such property is normally sold or*
33 *transported;*

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

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

42 *(K) to provide and control an environment required to maintain*
43 *certain levels of air quality, humidity or temperature in special and*

1 *limited areas of the plant or facility, where such regulation of*
2 *temperature or humidity is part of and essential to the production*
3 *process;*

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

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

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

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

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

41 *(B) machinery, equipment and tools used primarily in maintaining*
42 *and repairing any type of machinery and equipment or the building and*
43 *plant;*

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

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

9 (E) *furniture and other furnishings;*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (13) *the cross-lines cooperative council for the purpose of providing*

1 *social services to low income individuals and families;*

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

6 *(15) the KSDS, Inc., for the purpose of promoting the independence*
7 *and inclusion of people with disabilities as fully participating and*
8 *contributing members of their communities and society through the*
9 *training and providing of guide and service dogs to people with*
10 *disabilities, and providing disability education and awareness to the*
11 *general public;*

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

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

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

21 *(19) the international association of lions clubs for the purpose of*
22 *creating and fostering a spirit of understanding among all people for*
23 *humanitarian needs by providing voluntary services through community*
24 *involvement and international cooperation;*

25 *(20) the Johnson county young matrons, inc., for the purpose of*
26 *promoting a positive future for members of the community through*
27 *volunteerism, financial support and education through the efforts of an*
28 *all volunteer organization;*

29 *(21) the American cancer society, inc., for the purpose of*
30 *eliminating cancer as a major health problem by preventing cancer,*
31 *saving lives and diminishing suffering from cancer, through research,*
32 *education, advocacy and service;*

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

35 *(23) the angel babies association, for the purpose of providing*
36 *assistance, support and items of necessity to teenage mothers and their*
37 *babies; and*

38 *(24) the Kansas fairgrounds foundation for the purpose of the*
39 *preservation, renovation and beautification of the Kansas state*
40 *fairgrounds;*

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

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

1 *payment of the sales or compensating tax otherwise imposed upon such*
2 *materials, shall be guilty of a misdemeanor and, upon conviction*
3 *therefor, shall be subject to the penalties provided for in K.S.A. 79-*
4 *3615(h), and amendments thereto;*

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

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

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

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

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

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

1 *remodeling facilities for any such clinic or center that would be exempt*
2 *from taxation under the provisions of this section if purchased directly*
3 *by such clinic or center, except that for taxable years commencing after*
4 *December 31, 2013, this subsection shall not apply to any sales of such*
5 *tangible personal property and services purchased by a primary care*
6 *clinic or health center which performs any abortion, as defined in K.S.A.*
7 *65-6701, and amendments thereto. Nothing in this subsection shall be*
8 *deemed to exempt the purchase of any construction machinery,*
9 *equipment or tools used in the constructing, equipping, reconstructing,*
10 *maintaining, repairing, enlarging, furnishing or remodeling facilities*
11 *for any such clinic or center. When any such clinic or center shall*
12 *contract for the purpose of constructing, equipping, reconstructing,*
13 *maintaining, repairing, enlarging, furnishing or remodeling facilities, it*
14 *shall obtain from the state and furnish to the contractor an exemption*
15 *certificate for the project involved, and the contractor may purchase*
16 *materials for incorporation in such project. The contractor shall furnish*
17 *the number of such certificate to all suppliers from whom such*
18 *purchases are made, and such suppliers shall execute invoices covering*
19 *the same bearing the number of such certificate. Upon completion of the*
20 *project the contractor shall furnish to such clinic or center concerned a*
21 *sworn statement, on a form to be provided by the director of taxation,*
22 *that all purchases so made were entitled to exemption under this*
23 *subsection. All invoices shall be held by the contractor for a period of*
24 *five years and shall be subject to audit by the director of taxation. If any*
25 *materials purchased under such a certificate are found not to have been*
26 *incorporated in the building or other project or not to have been*
27 *returned for credit or the sales or compensating tax otherwise imposed*
28 *upon such materials that will not be so incorporated in the building or*
29 *other project reported and paid by such contractor to the director of*
30 *taxation not later than the 20th day of the month following the close of*
31 *the month in which it shall be determined that such materials will not be*
32 *used for the purpose for which such certificate was issued, such clinic or*
33 *center concerned shall be liable for tax on all materials purchased for*
34 *the project, and upon payment thereof it may recover the same from the*
35 *contractor together with reasonable attorney fees. Any contractor or any*
36 *agent, employee or subcontractor thereof, who shall use or otherwise*
37 *dispose of any materials purchased under such a certificate for any*
38 *purpose other than that for which such a certificate is issued without the*
39 *payment of the sales or compensating tax otherwise imposed upon such*
40 *materials, shall be guilty of a misdemeanor and, upon conviction*
41 *therefor, shall be subject to the penalties provided for in K.S.A. 79-*
42 *3615(h), and amendments thereto;*

43 *(ddd) on and after January 1, 1999, and before January 1, 2000, all*

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

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

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

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

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

40 *(iii) all sales of personal property and services purchased by an*
41 *organization that is exempt from federal income taxation pursuant to*
42 *section 501(c)(3) of the federal internal revenue code of 1986, and such*
43 *personal property and services are used by any such organization in the*

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

1 *be guilty of a misdemeanor and, upon conviction therefor, shall be*
2 *subject to the penalties provided for in K.S.A. 79-3615(h), and*
3 *amendments thereto. Sales tax paid on and after July 1, 2005, but prior*
4 *to the effective date of this act upon the gross receipts received from any*
5 *sale exempted by the amendatory provisions of this subsection shall be*
6 *refunded. Each claim for a sales tax refund shall be verified and*
7 *submitted to the director of taxation upon forms furnished by the*
8 *director and shall be accompanied by any additional documentation*
9 *required by the director. The director shall review each claim and shall*
10 *refund that amount of sales tax paid as determined under the provisions*
11 *of this subsection. All refunds shall be paid from the sales tax refund*
12 *fund upon warrants of the director of accounts and reports pursuant to*
13 *vouchers approved by the director or the director's designee;*

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

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

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

1 *on behalf of such organization for such purpose;*

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

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

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

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

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

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

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

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

38 *(ttt) all sales of tangible personal property or services purchased by*
39 *a contractor for a project for the purpose of restoring, constructing,*
40 *equipping, reconstructing, maintaining, repairing, enlarging, furnishing*
41 *or remodeling a home or facility owned by a nonprofit museum that has*
42 *been granted an exemption pursuant to subsection (qq), which such*
43 *home or facility is located in a city that has been designated as a*

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

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

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

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

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

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

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

33 *(yyy) all sales of tangible personal property and services purchased*
34 *by TLC charities foundation, inc., hereinafter referred to as TLC*
35 *charities, which is exempt from federal income taxation pursuant to*
36 *section 501(c)(3) of the federal internal revenue code of 1986, and which*
37 *such property and services are used for the purpose of encouraging*
38 *private philanthropy to further the vision, values, and goals of TLC for*
39 *children and families, inc.; and all sales of such property and services by*
40 *or on behalf of TLC charities for any such purpose and all sales of*
41 *tangible personal property or services purchased by a contractor for the*
42 *purpose of constructing, maintaining, repairing, enlarging, furnishing*
43 *or remodeling facilities for the operation of services for TLC charities*

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

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

42 *(aaaa) all sales of personal property and services purchased by or*
43 *on behalf of victory in the valley, inc., which is exempt from federal*

1 *income taxation pursuant to section 501(c)(3) of the federal internal*
2 *revenue code, for the purpose of providing a cancer support group and*
3 *services for persons with cancer, and all sales of any such property by or*
4 *on behalf of any such organization for any such purpose;*

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

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

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

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

33 *(ffff) all sales of tangible personal property and services purchased*
34 *by sheltered living, inc., which is exempt from federal income taxation*
35 *pursuant to section 501(c)(3) of the federal internal revenue code of*
36 *1986, and which such property and services are used for the purpose of*
37 *providing residential and day services for people with developmental*
38 *disabilities or intellectual disability, or both, and all sales of any such*
39 *property by or on behalf of sheltered living, inc., for any such purpose;*
40 *and all sales of tangible personal property or services purchased by a*
41 *contractor for the purpose of rehabilitating, constructing, maintaining,*
42 *repairing, enlarging, furnishing or remodeling homes and facilities for*
43 *sheltered living, inc., for any such purpose that would be exempt from*

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

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

40 *(hhhh) all sales of tangible personal property or services purchased*
41 *on or after July 1, 2014, for the purpose of and in conjunction with*
42 *constructing, reconstructing, enlarging or remodeling a business*
43 *identified under the North American industry classification system*

1 *(NAICS) subsectors 1123, 1124, 112112, 112120 or 112210, and the sale*
2 *and installation of machinery and equipment purchased for installation*
3 *at any such business. The exemption provided in this subsection shall*
4 *not apply to projects that have actual total costs less than \$50,000. When*
5 *a person contracts for the construction, reconstruction, enlargement or*
6 *remodeling of any such business, such person shall obtain from the state*
7 *and furnish to the contractor an exemption certificate for the project*
8 *involved, and the contractor may purchase materials, machinery and*
9 *equipment for incorporation in such project. The contractor shall*
10 *furnish the number of such certificates to all suppliers from whom such*
11 *purchases are made, and such suppliers shall execute invoices covering*
12 *the same bearing the number of such certificate. Upon completion of the*
13 *project, the contractor shall furnish to the owner of the business a sworn*
14 *statement, on a form to be provided by the director of taxation, that all*
15 *purchases so made were entitled to exemption under this subsection. All*
16 *invoices shall be held by the contractor for a period of five years and*
17 *shall be subject to audit by the director of taxation. Any contractor or*
18 *any agent, employee or subcontractor of the contractor, who shall use or*
19 *otherwise dispose of any materials, machinery or equipment purchased*
20 *under such a certificate for any purpose other than that for which such*
21 *certificate is issued without the payment of the sales or compensating*
22 *tax otherwise imposed thereon, shall be guilty of a misdemeanor and,*
23 *upon conviction therefor, shall be subject to the penalties provided for in*
24 *K.S.A. 79-3615(h), and amendments thereto;*

25 *(iii) all sales of tangible personal property or services purchased by*
26 *a contractor for the purpose of constructing, maintaining, repairing,*
27 *enlarging, furnishing or remodeling facilities for the operation of*
28 *services for Wichita children's home for any such purpose that would be*
29 *exempt from taxation under the provisions of this section if purchased*
30 *directly by Wichita children's home. Nothing in this subsection shall be*
31 *deemed to exempt the purchase of any construction machinery,*
32 *equipment or tools used in the constructing, maintaining, repairing,*
33 *enlarging, furnishing or remodeling such facilities for Wichita*
34 *children's home. When Wichita children's home contracts for the*
35 *purpose of constructing, maintaining, repairing, enlarging, furnishing*
36 *or remodeling such facilities, it shall obtain from the state and furnish to*
37 *the contractor an exemption certificate for the project involved, and the*
38 *contractor may purchase materials for incorporation in such project.*
39 *The contractor shall furnish the number of such certificate to all*
40 *suppliers from whom such purchases are made, and such suppliers shall*
41 *execute invoices covering the same bearing the number of such*
42 *certificate. Upon completion of the project, the contractor shall furnish*
43 *to Wichita children's home a sworn statement, on a form to be provided*

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

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

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

35 *(llll) all sales of tangible personal property and services purchased*
36 *by Gove county healthcare endowment foundation, inc., which is exempt*
37 *from federal income taxation pursuant to section 501(c)(3) of the federal*
38 *internal revenue code of 1986, and which such property and services are*
39 *used for the purpose of constructing and equipping an airport in*
40 *Quinter, Kansas, and all sales of tangible personal property or services*
41 *purchased by a contractor for the purpose of constructing and equipping*
42 *an airport in Quinter, Kansas, for such organization, that would be*
43 *exempt from taxation under the provisions of this section if purchased*

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

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

40 *Sec. 3. On and after January 1, 2022, K.S.A. 79-3607 is hereby*
41 *amended to read as follows: 79-3607. (a) Retailers shall make returns to*
42 *the director at the times prescribed by this section in the manner*
43 *prescribed by the director, including electronic filing, upon forms or*

1 *format prescribed by the director stating: (1) The name and address of*
2 *the retailer; (2) the total amount of gross sales of all tangible personal*
3 *property and taxable services rendered by the retailer during the period*
4 *for which the return is made; (3) the total amount received during the*
5 *period for which the return is made on charge and time sales of tangible*
6 *personal property made and taxable services rendered prior to the period*
7 *for which the return is made; (4) deductions allowed by law from such*
8 *total amount of gross sales and from total amount received during the*
9 *period for which the return is made on such charge and time sales; (5)*
10 *receipts during the period for which the return is made from the total*
11 *amount of sales of tangible personal property and taxable services*
12 *rendered during such period in the course of such business, after*
13 *deductions allowed by law have been made; (6) receipts during the*
14 *period for which the return is made from charge and time sales of*
15 *tangible personal property made and taxable services rendered prior to*
16 *such period in the course of such business, after deductions allowed by*
17 *law have been made; (7) gross receipts during the period for which the*
18 *return is made from sales of tangible personal property and taxable*
19 *services rendered in the course of such business upon the basis of which*
20 *the tax is imposed. The return shall include such other pertinent*
21 *information as the director may require. In making such return, the*
22 *retailer shall determine the market value of any consideration, other*
23 *than money, received in connection with the sale of any tangible*
24 *personal property in the course of the business and shall include such*
25 *value in the return. Such value shall be subject to review and revision by*
26 *the director as hereinafter provided. Refunds made by the retailer during*
27 *the period for which the return is made on account of tangible personal*
28 *property returned to the retailer shall be allowed as a deduction under*
29 *paragraph (4) of this section in case the retailer has theretofore included*
30 *the receipts from such sale in a return made by such retailer and paid*
31 *taxes therein imposed by this act. The retailer shall, at the time of*
32 *making such return, pay to the director the amount of tax herein*
33 *imposed, except as otherwise provided in this section. The director may*
34 *extend the time for making returns and paying the tax required by this*
35 *act for any period not to exceed 60 days under such rules and*
36 *regulations as the secretary of revenue may prescribe. When the total tax*
37 *for which any retailer is liable under this act, does not exceed the sum of*
38 *\$400 \$15,000 in any calendar year, the retailer shall file an annual*
39 *return on or before January 25 of the following year. When the total tax*
40 *liability does not exceed ~~\$4,000~~ \$25,000 in any calendar year, the retailer*
41 *shall file returns quarterly on or before the 25th day of the month*
42 *following the end of each calendar quarter. When the total tax liability*
43 *exceeds ~~\$4,000~~ \$25,000 in any calendar year, the retailer shall file a*

1 ***return for each month on or before the 25th day of the following month.***
2 ~~When the total tax liability exceeds \$40,000 in any calendar year, the~~
3 ~~retailer shall be required to pay the sales tax liability for the first 15 days~~
4 ~~of each month to the director on or before the 25th day of that month. Any~~
5 ~~such payment shall accompany the return filed for the preceding month. A~~
6 ~~retailer will be considered to have complied with the requirements to pay~~
7 ~~the first 15 days' liability for any month if, on or before the 25th day of that~~
8 ~~month, the retailer paid 90% of the liability for that fifteen-day period, or~~
9 ~~50% of such retailer's liability in the immediate preceding calendar year~~
10 ~~for the same month as the month in which the fifteen-day period occurs~~
11 ~~computed at the rate applicable in the month in which the fifteen-day~~
12 ~~period occurs, and, in either case, paid any underpayment with the~~
13 ~~payment required on or before the 25th day of the following month. Such~~
14 ~~retailers shall pay their sales tax liabilities for the remainder of each such~~
15 ~~month at the time of filing the return for such month. **Determinations of**~~
16 ~~**amounts of liability in a calendar year for purposes of determining filing**~~
17 ~~**requirements shall be made by the director upon the basis of amounts of**~~
18 ~~**liability by those retailers during the preceding calendar year or by**~~
19 ~~**estimates in cases of retailers having no previous sales tax histories. The**~~
20 ~~**director is hereby authorized to modify the filing schedule for any**~~
21 ~~**retailer when it is apparent that the original determination was**~~
22 ~~**inaccurate.**~~

23 ***(b) All model 1, model 2 and model 3 sellers are required to file***
24 ***returns electronically. Any model 1, model 2 or model 3 seller may***
25 ***submit its sales and use tax returns in a simplified format approved by***
26 ***the director. Any seller that is registered under the agreement, which***
27 ***does not have a legal requirement to register in this state, and is not a***
28 ***model 1, model 2 or model 3 seller, may submit its sales and use tax***
29 ***returns as follows:***

30 ***(1) Upon registration, the director shall provide to the seller the***
31 ***returns required;***

32 ***(2) seller shall file a return anytime within one year of the month of***
33 ***initial registration, and future returns are required on an annual basis***
34 ***in succeeding years; and***

35 ***(3) in addition to the returns required in subsection (b)(2), sellers***
36 ***are required to submit returns in the month following any month in***
37 ***which they have accumulated state and local sales tax funds for this***
38 ***state in the amount of \$1,600 or more.***

39 ~~Sec. 4. K.S.A. 79-3602-~~is~~ and 79-3606 are hereby repealed.~~

40 ***Sec. 5. On and after January 1, 2022, K.S.A. 79-3607 is hereby***
41 ***repealed.***

42 ~~Sec. 3. 6. This act shall take effect and be in force from and after its~~
43 ~~publication in the statute book **Kansas register.**~~