

## HOUSE BILL No. 2435

By Committee on Taxation

2-22

1 AN ACT concerning taxation; relating to sales and compensating use tax;  
2 reducing the rate of tax and further reducing the rate of tax on sales of  
3 food and food ingredients; providing an exemption for sales of  
4 children's diapers and feminine hygiene products; relating to STAR  
5 bonds; establishing the STAR bonds food sales tax revenue  
6 replacement fund and providing certain transfers thereto; altering the  
7 calculation for STAR bond districts; relating to income tax;  
8 discontinuing the food sales tax credit; amending K.S.A. 12-17,162 and  
9 K.S.A. 2022 Supp. 79-32,271, 79-3603, 79-3603d, 79-3606, 79-3620,  
10 79-3703 and 79-3710 and repealing the existing sections.

11

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

13 New Section 1. (a) Commencing on June 15, 2023, and on the 15<sup>th</sup>  
14 day of each month thereafter, for each STAR bond project district  
15 established prior to July 1, 2022, the secretary of revenue shall certify to  
16 the director of the budget and the director of accounts and reports the  
17 amount of revenue that would have been generated from sales of food and  
18 food ingredients if the state rate for the Kansas retailers' sales tax provided  
19 in K.S.A. 79-3603, and amendments thereto, and the Kansas compensating  
20 use tax provided in K.S.A. 79-3703, and amendments thereto, on the sale  
21 of food and food ingredients had been 6.5%. The secretary of revenue shall  
22 certify such amounts for the entirety of the month that occurred two  
23 months prior.

24 (b) Commencing on June 25, 2023, and on the 25<sup>th</sup> day of each  
25 successive month, the director of accounts and reports shall certify to the  
26 state treasurer the amounts certified pursuant to subsection (a) for the  
27 previous month.

28 (c) Commencing on July 1, 2023, and on the 1<sup>st</sup> day of each month  
29 thereafter, the state treasurer shall transfer from the state general fund to  
30 the STAR bonds food sales tax revenue replacement fund the aggregate of  
31 all amounts certified pursuant to subsection (b). The state treasurer shall  
32 pay from the STAR bonds food sales tax revenue replacement fund to the  
33 city bond finance fund the amount to account for the tax not collected as a  
34 result of the decrease in retailers' sales tax and compensating use tax on the  
35 sale of food and food ingredients that is certified pursuant to subsection (b)  
36 for each jurisdiction.

1 (d) There is hereby created the STAR bonds food sales tax revenue  
2 replacement fund. Such fund shall be administered by the state treasurer.  
3 All expenditures from the STAR bonds food sales tax revenue replacement  
4 fund shall be made in accordance with appropriations acts upon warrants  
5 of the director of accounts and reports issued pursuant to vouchers  
6 approved by the state treasurer or a person or persons designated by the  
7 state treasurer.

8 (e) The provisions of this section shall be a part of and supplemental  
9 to the STAR bonds financing act.

10 Sec. 2. K.S.A. 12-17,162 is hereby amended to read as follows: 12-  
11 17,162. As used in the STAR bonds financing act, unless a different  
12 meaning clearly appears from the context:

13 (a) "Auto race track facility" means: (1) An auto race track facility  
14 and facilities directly related and necessary to the operation of an auto race  
15 track facility, including, but not limited to, grandstands, suites and viewing  
16 areas, concessions, souvenir facilities, catering facilities, visitor and retail  
17 centers, signage and temporary hospitality facilities, but excluding (2)  
18 hotels, motels, restaurants and retail facilities, not directly related to or  
19 necessary to the operation of such facility.

20 (b) "Commence work" means the manifest commencement of actual  
21 operations on the development site, such as, erecting a building,  
22 excavating the ground to lay a foundation or a basement or work of like  
23 description according to an approved plan of construction, with the  
24 intention and purpose to continue work until the project is completed.

25 (c) "De minimis" means an amount less than 15% of the land area  
26 within a STAR bond project district.

27 (d) "Developer" means any person, firm, corporation, partnership or  
28 limited liability company other than a city and other than an agency,  
29 political subdivision or instrumentality of the state. "Developer" includes  
30 the names of the owners, partners, officers or principals of the developer  
31 for purposes of inclusion of the name of the developer into any  
32 application, document or report pursuant to this act if such application,  
33 document or report is a public record.

34 (e) "Economic impact study" means a study to project the financial  
35 benefit of the project to the local, regional and state economies.

36 (f) "Eligible area" means a historic theater, major tourism area, major  
37 motorsports complex, auto race track facility, river walk canal facility,  
38 major multi-sport athletic complex, major business facility or a major  
39 commercial entertainment and tourism area as determined by the secretary.

40 (g) "Feasibility study" means a feasibility study as defined in K.S.A.  
41 12-17,166(b), and amendments thereto.

42 (h) "Historic theater" means a building constructed prior to 1940 that  
43 was constructed for the purpose of staging entertainment, including motion

1 pictures, vaudeville shows or operas, that is operated by a nonprofit  
2 corporation and is designated by the state historic preservation officer as  
3 eligible to be on the Kansas register of historic places or is a member of  
4 the Kansas historic theatre association.

5 (i) "Historic theater sales tax increment" means the amount of state  
6 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq., 79-  
7 3601 et seq. and 79-3701 et seq., and amendments thereto, collected from  
8 taxpayers doing business within the historic theater that is in excess of the  
9 amount of such taxes collected prior to the designation of the building as a  
10 historic theater for purposes of this act.

11 (j) "Major business facility" means a significant business  
12 headquarters or office building development designed to draw a substantial  
13 number of new visitors to Kansas and that has agreed to provide visitor  
14 tracking data to the secretary as requested by the secretary, including, but  
15 not limited to, residence zip code information, to be provided or held by  
16 the secretary without personally identifiable information. A major business  
17 facility shall meet sales tax increment revenue requirements that shall be  
18 established by the secretary independent of any associated retail businesses  
19 located in the STAR bond project district pursuant to the STAR bond  
20 project plan.

21 (k) "Major commercial entertainment and tourism area" means an  
22 area that may include, but not be limited to, a major multi-sport athletic  
23 complex.

24 (l) "Major motorsports complex" means a complex in Shawnee  
25 county that is utilized for the hosting of competitions involving motor  
26 vehicles, including, but not limited to, automobiles, motorcycles or other  
27 self-propelled vehicles other than a motorized bicycle or motorized  
28 wheelchair. Such project may include racetracks, all facilities directly  
29 related and necessary to the operation of a motorsports complex,  
30 including, but not limited to, parking lots, grandstands, suites and viewing  
31 areas, concessions, souvenir facilities, catering facilities, visitor and retail  
32 centers, signage and temporary hospitality facilities, but excluding hotels,  
33 motels, restaurants and retail facilities not directly related to or necessary  
34 to the operation of such facility.

35 (m) "Major tourism area" means an area for which the secretary has  
36 made a finding the capital improvements costing not less than  
37 \$100,000,000 will be built in the state to construct an auto race track  
38 facility.

39 (n) "Major multi-sport athletic complex" means an athletic complex  
40 that is utilized for the training of athletes, the practice of athletic teams, the  
41 playing of athletic games or the hosting of events. Such project may  
42 include playing fields, parking lots and other developments including  
43 grandstands, suites and viewing areas, concessions, souvenir facilities,

1 catering facilities, visitor centers, signage and temporary hospitality  
2 facilities, but excluding hotels, motels, restaurants and retail facilities, not  
3 directly related to or necessary to the operation of such facility.

4 (o) "Market study" means a study to determine the ability of the  
5 project to gain market share locally, regionally and nationally and the  
6 ability of the project to gain sufficient market share to:

7 (1) Remain profitable past the term of repayment; and

8 (2) maintain status as a significant factor for travel decisions.

9 (p) "Market impact study" means a study to measure the impact of the  
10 proposed project on similar businesses in the project's market area.

11 (q) "Museum facility" means a separate newly-constructed museum  
12 building and facilities directly related and necessary to the operation  
13 thereof, including gift shops and restaurant facilities, but excluding hotels,  
14 motels, restaurants and retail facilities not directly related to or necessary  
15 to the operation of such facility. The museum facility shall be owned by  
16 the state, a city, county, other political subdivision of the state or a non-  
17 profit corporation, shall be managed by the state, a city, county, other  
18 political subdivision of the state or a non-profit corporation and may not  
19 be leased to any developer and shall not be located within any retail or  
20 commercial building.

21 (r) "Project" means a STAR bond project.

22 (s) "Project costs" means those costs necessary to implement a STAR  
23 bond project plan, including costs incurred for:

24 (1) Acquisition of real property within the STAR bond project area;

25 (2) payment of relocation assistance pursuant to a relocation  
26 assistance plan as provided in K.S.A. 12-17,173, and amendments thereto;

27 (3) site preparation including utility relocations;

28 (4) sanitary and storm sewers and lift stations;

29 (5) drainage conduits, channels, levees and river walk canal facilities;

30 (6) street grading, paving, graveling, macadamizing, curbing,  
31 guttering and surfacing;

32 (7) street light fixtures, connection and facilities;

33 (8) underground gas, water, heating and electrical services and  
34 connections located within the public right-of-way;

35 (9) sidewalks and pedestrian underpasses or overpasses;

36 (10) drives and driveway approaches located within the public right-  
37 of-way;

38 (11) water mains and extensions;

39 (12) plazas and arcades;

40 (13) parking facilities and multilevel parking structures devoted to  
41 parking only;

42 (14) landscaping and plantings, fountains, shelters, benches,  
43 sculptures, lighting, decorations and similar amenities;

- 1 (15) auto race track facility;
- 2 (16) major multi-sport athletic complex;
- 3 (17) museum facility;
- 4 (18) major motorsports complex;
- 5 (19) rural redevelopment project, including costs incurred in  
6 connection with the construction or renovation of buildings or other  
7 structures;
- 8 (20) related expenses to redevelop and finance the project, except that  
9 for a STAR bond project financed with special obligation bonds payable  
10 from the revenues described in K.S.A. 12-17,169(a)(1), and amendments  
11 thereto, such expenses shall require prior approval by the secretary of  
12 commerce; and
- 13 (21) except as specified in paragraphs (1) through (20) above,  
14 "project costs" does not include:
- 15 (A) Costs incurred in connection with the construction of buildings or  
16 other structures;
- 17 (B) fees and commissions paid to developers, real estate agents,  
18 financial advisors or any other consultants who represent the developers or  
19 any other businesses considering locating in or located in a STAR bond  
20 project district;
- 21 (C) salaries for local government employees;
- 22 (D) moving expenses for employees of the businesses locating within  
23 the STAR bond project district;
- 24 (E) property taxes for businesses that locate in the STAR bond project  
25 district;
- 26 (F) lobbying costs;
- 27 (G) any bond origination fee charged by the city or county;
- 28 (H) any personal property as defined in K.S.A. 79-102, and  
29 amendments thereto; and
- 30 (I) travel, entertainment and hospitality.
- 31 (t) "Projected market area" means any area within the state in which  
32 the project is projected to have a substantial fiscal or market impact upon  
33 businesses in such area.
- 34 (u) "River walk canal facilities" means a canal and related water  
35 features which flow through a major commercial entertainment and  
36 tourism area and facilities related or contiguous thereto, including, but not  
37 limited to, pedestrian walkways and promenades, landscaping and parking  
38 facilities.
- 39 (v) "Rural redevelopment project" means a project that is in an area  
40 outside of a metropolitan area with a population of more than 50,000, that  
41 is of regional importance, with capital investment of at least \$3,000,000  
42 and that will enhance the quality of life in the community and region.
- 43 (w) "Sales tax and revenue" are those revenues available to finance

1 the issuance of special obligation bonds as identified in K.S.A. 12-17,168,  
 2 and amendments thereto.

3 (x) "STAR bond" means a sales tax and revenue bond.

4 (y) "STAR bond project" means an approved project to implement a  
 5 project plan for the development of the established STAR bond project  
 6 district that:

7 (1) (A) Has at least a \$75,000,000 capital investment and  
 8 \$75,000,000 in projected gross annual sales; or

9 (B) for metropolitan areas with a population of between 50,000 and  
 10 75,000, has at least a \$40,000,000 capital investment and \$40,000,000 in  
 11 projected gross annual sales, if the project is deemed of high value by the  
 12 secretary; or

13 (2) for areas outside of metropolitan areas with a population of more  
 14 than 50,000, the secretary finds the project:

15 (A) Is an eligible area as defined in subsection (f); and

16 (B) would be of regional or statewide importance;

17 (3) is a major tourism area as defined in subsection (m);

18 (4) is a major motorsports complex, as defined in subsection (l); or

19 (5) is a rural redevelopment project as defined in subsection (v).

20 (z) "STAR bond project area" means the geographic area within the  
 21 STAR bond project district in which there may be one or more projects.

22 (aa) "STAR bond project district" means the specific area declared to  
 23 be an eligible area as determined by the secretary in which the city or  
 24 county may develop one or more STAR bond projects. A "STAR bond  
 25 project district" includes a redevelopment district, as defined in K.S.A. 12-  
 26 1770a, and amendments thereto, created prior to the effective date of this  
 27 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the  
 28 city creating such redevelopment district submits an application for  
 29 approval for STAR bond financing to the secretary on or before July 31,  
 30 2007, and receives a final letter of determination from the secretary  
 31 approving or disapproving the request for STAR bond financing on or  
 32 before November 1, 2007. No STAR bond project district shall include  
 33 real property which has been part of another STAR bond project district  
 34 unless such STAR bond project and STAR bond project district have been  
 35 approved by the secretary of commerce pursuant to K.S.A. 12-17,164 and  
 36 12-17,165, and amendments thereto, prior to March 1, 2016. A STAR bond  
 37 project district in a metropolitan area with a population of more than  
 38 50,000, shall be a contiguous parcel of real estate and shall be limited to  
 39 those areas being developed by the STAR bond project and any area of  
 40 real property reasonably anticipated to directly benefit from the  
 41 redevelopment project.

42 (bb) "STAR bond project district plan" means the preliminary plan  
 43 that identifies all of the proposed STAR bond project areas and identifies

1 in a general manner all of the buildings, facilities and improvements in  
2 each that are proposed to be constructed or improved in each STAR bond  
3 project area.

4 (cc) "STAR bond project plan" means the plan adopted by a city or  
5 county for the development of a STAR bond project or projects in a STAR  
6 bond project district.

7 (dd) "Secretary" means the secretary of commerce.

8 (ee) "Substantial change" means, as applicable, a change wherein the  
9 proposed plan or plans differ substantially from the intended purpose for  
10 which the STAR bond project district plan was approved.

11 (ff) (1) "Tax increment" means that portion of the revenue derived  
12 from state and local sales, use and transient guest tax imposed pursuant to  
13 K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et  
14 seq., and amendments thereto, collected from taxpayers doing business  
15 within that portion of a STAR bond project district occupied by a project  
16 that is in excess of the amount of base year revenue. For purposes of this  
17 subsection, the base year shall be the 12-month period immediately prior  
18 to the month in which the STAR bond project district is established. The  
19 department of revenue shall determine base year revenue by reference to  
20 the revenue collected during the base year from taxpayers doing business  
21 within the specific area in which a STAR bond project district is  
22 subsequently established. The base year of a STAR bond project district,  
23 following the addition of area to the STAR bond project district, shall be  
24 the base year for the original area, and with respect to the additional area,  
25 the base year shall be any 12-month period immediately prior to the month  
26 in which additional area is added to the STAR bond project district. For  
27 purposes of this subsection, revenue collected from taxpayers doing  
28 business within a STAR bond project district, or within a specific area in  
29 which a STAR bond project district is subsequently established shall not  
30 include local sales and use tax revenue that is sourced to jurisdictions other  
31 than those in which the project is located. The secretary of revenue and the  
32 secretary of commerce shall certify the appropriate amount of base year  
33 revenue for taxpayers relocating from within the state into a STAR bond  
34 district.

35 (2) *For STAR bond project districts with a base year established*  
36 *prior to July 1, 2022, there shall be added to the tax increment an amount*  
37 *equal to the amount of state sales and use tax revenue that would have*  
38 *been derived from the sale of food and food ingredients within the district*  
39 *if the state rate of tax had been 6.5%. For STAR bond project districts*  
40 *established on or after July 1, 2022, the base year revenue shall not*  
41 *include revenue resulting from state sales and use tax on the sale of food*  
42 *and food ingredients within the district.*

43 (gg) "Taxpayer" means a person, corporation, limited liability

1 company, S corporation, partnership, registered limited liability  
2 partnership, foundation, association, nonprofit entity, sole proprietorship,  
3 business trust, group or other entity that is subject to the Kansas income  
4 tax act, K.S.A. 79-3201 et seq., and amendments thereto.

5 Sec. 3. K.S.A. 2022 Supp. 79-32,271 is hereby amended to read as  
6 follows: 79-32,271.(a) For any taxable year commencing after December  
7 31, 2014, and ending prior to January 1, ~~2025~~ 2024, a credit shall be  
8 allowed against the tax imposed by the Kansas income tax act on the  
9 Kansas taxable income of an individual income taxpayer who purchased  
10 food in this state, had federal adjusted gross income for the tax year that  
11 did not exceed \$30,615, and meets the qualifications in subsections (b) and  
12 (c).

13 (b) During the entire tax year a taxpayer filing single, head of  
14 household, or married filing separate, or the taxpayer and the taxpayer's  
15 spouse if married filing jointly, must be domiciled in this state. For  
16 purposes of this credit, "domicile" shall not include any correctional  
17 facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments  
18 thereto, any juvenile correctional facility, or portion thereof, as defined in  
19 K.S.A. 38-2302, and amendments thereto, any correctional facility of the  
20 federal bureau of prisons located in the state of Kansas, or any city or  
21 county jail facility in the state of Kansas.

22 (c) During the entire tax year a taxpayer filing single, head of  
23 household, or married filing separate, or the taxpayer or the taxpayer's  
24 spouse if married filing jointly, must be either: (1) A person having a  
25 disability, regardless of age; (2) a person without a disability who is 55  
26 years of age or older; or (3) a person without a disability who is younger  
27 than 55 years of age who claims an exemption for one or more dependent  
28 children under 18 years of age.

29 (d) The amount of the credit shall be \$125 for every exemption  
30 claimed on the taxpayer's federal income tax return, except that no  
31 exemption shall be counted for a dependent unless the dependent is a child  
32 under 18 years of age.

33 (e) The credit allowed under this provision shall be applied against  
34 the taxpayer's income tax liability after all other credits allowed under the  
35 income tax act. It shall not be refundable and may not be carried forward.

36 (f) (1) Every taxpayer claiming the credit shall supply the division in  
37 support of a claim, reasonable proof of domicile, age and disability.

38 (2) A claim alleging disability shall be supported by a report of the  
39 examining physician of the claimant with a statement or certificate that the  
40 applicant has a disability as defined in subsection (g).

41 (g) "Disability" means: (1) Inability to engage in any substantial  
42 gainful activity by reason of any medically determinable physical or  
43 mental impairment which can be expected to result in death or has lasted

1 or can be expected to last for a continuous period of not less than 12  
2 months, and an individual shall be determined to be under a disability only  
3 if the physical or mental impairment or impairments are of such severity  
4 that the individual is not only unable to do the individual's previous work  
5 but cannot, considering age, education and work experience, engage in any  
6 other kind of substantial gainful work which exists in the national  
7 economy, regardless of whether such work exists in the immediate area in  
8 which the individual lives or whether a specific job vacancy exists for the  
9 individual, or whether the individual would be hired if application was  
10 made for work. For purposes of this paragraph, with respect to any  
11 individual, "work which exists in the national economy" means work  
12 which exists in significant numbers either in the region where the  
13 individual lives or in several regions of the country; and "physical or  
14 mental impairment" means an impairment that results from anatomical,  
15 physiological or psychological abnormalities which are demonstrable by  
16 medically acceptable clinical and laboratory diagnostic techniques; or

17 (2) blindness and inability by reason of blindness to engage in  
18 substantial gainful activity requiring skills or abilities comparable to those  
19 of any gainful activity in which the individual has previously engaged with  
20 some regularity and over a substantial period of time. For purposes of this  
21 paragraph, "blindness" means central visual acuity of  $^{20}/_{200}$  or less in the  
22 better eye with the use of a correcting lens. An eye which is accompanied by  
23 a limitation in the fields of vision such that the widest diameter of the  
24 visual field subtends an angle no greater than 20 degrees shall be  
25 considered for the purpose of this paragraph as having a central visual  
26 acuity of  $^{20}/_{200}$  or less.

27 (h) The secretary of revenue is hereby authorized to adopt such rules  
28 and regulations as may be necessary for the administration of the  
29 provisions of this section.

30 Sec. 4. K.S.A. 2022 Supp. 79-3603 is hereby amended to read as  
31 follows: 79-3603. For the privilege of engaging in the business of selling  
32 tangible personal property at retail in this state or rendering or furnishing  
33 any of the services taxable under this act, there is hereby levied and there  
34 shall be collected and paid a tax at the rate of 6.5%, *and on and after April*  
35 *1, 2023, the rate of 5.5%*. On and after January 1, 2023, 17% and on and  
36 after ~~January 1, 2025~~ *April 1, 2023*, 18% of the tax rate imposed pursuant  
37 to this section and the rate provided in K.S.A. 2022 Supp. 79-3603d, and  
38 amendments thereto, shall be levied for the state highway fund, the state  
39 highway fund purposes and those purposes specified in K.S.A. 68-416,  
40 and amendments thereto, and all revenue collected and received from such  
41 tax levy shall be deposited in the state highway fund.

42 Within a redevelopment district established pursuant to K.S.A. 74-  
43 8921, and amendments thereto, there is hereby levied and there shall be

1 collected and paid an additional tax at the rate of 2% until the earlier of the  
2 date the bonds issued to finance or refinance the redevelopment project  
3 have been paid in full or the final scheduled maturity of the first series of  
4 bonds issued to finance any part of the project.

5 Such tax shall be imposed upon:

6 (a) The gross receipts received from the sale of tangible personal  
7 property at retail within this state;

8 (b) the gross receipts from intrastate, interstate or international  
9 telecommunications services and any ancillary services sourced to this  
10 state in accordance with K.S.A. 79-3673, and amendments thereto, except  
11 that telecommunications service does not include: (1) Any interstate or  
12 international 800 or 900 service; (2) any interstate or international private  
13 communications service as defined in K.S.A. 79-3673, and amendments  
14 thereto; (3) any value-added nonvoice data service; (4) any  
15 telecommunication service to a provider of telecommunication services  
16 which will be used to render telecommunications services, including  
17 carrier access services; or (5) any service or transaction defined in this  
18 section among entities classified as members of an affiliated group as  
19 provided by section 1504 of the federal internal revenue code of 1986, as  
20 in effect on January 1, 2001;

21 (c) the gross receipts from the sale or furnishing of gas, water,  
22 electricity and heat, which sale is not otherwise exempt from taxation  
23 under the provisions of this act, and whether furnished by municipally or  
24 privately owned utilities, except that, on and after January 1, 2006, for  
25 sales of gas, electricity and heat delivered through mains, lines or pipes to  
26 residential premises for noncommercial use by the occupant of such  
27 premises, and for agricultural use and also, for such use, all sales of  
28 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP  
29 gas, coal, wood and other fuel sources for the production of heat or  
30 lighting for noncommercial use of an occupant of residential premises, the  
31 state rate shall be 0%, but such tax shall not be levied and collected upon  
32 the gross receipts from: (1) The sale of a rural water district benefit unit;  
33 (2) a water system impact fee, system enhancement fee or similar fee  
34 collected by a water supplier as a condition for establishing service; or (3)  
35 connection or reconnection fees collected by a water supplier;

36 (d) the gross receipts from the sale of meals or drinks furnished at any  
37 private club, drinking establishment, catered event, restaurant, eating  
38 house, dining car, hotel, drugstore or other place where meals or drinks are  
39 regularly sold to the public;

40 (e) the gross receipts from the sale of admissions to any place  
41 providing amusement, entertainment or recreation services including  
42 admissions to state, county, district and local fairs, but such tax shall not  
43 be levied and collected upon the gross receipts received from sales of

1 admissions to any cultural and historical event which occurs triennially;

2 (f) the gross receipts from the operation of any coin-operated device  
3 dispensing or providing tangible personal property, amusement or other  
4 services except laundry services, whether automatic or manually operated;

5 (g) the gross receipts from the service of renting of rooms by hotels,  
6 as defined by K.S.A. 36-501, and amendments thereto, or by  
7 accommodation brokers, as defined by K.S.A. 12-1692, and amendments  
8 thereto, but such tax shall not be levied and collected upon the gross  
9 receipts received from sales of such service to the federal government and  
10 any agency, officer or employee thereof in association with the  
11 performance of official government duties;

12 (h) the gross receipts from the service of renting or leasing of tangible  
13 personal property except such tax shall not apply to the renting or leasing  
14 of machinery, equipment or other personal property owned by a city and  
15 purchased from the proceeds of industrial revenue bonds issued prior to  
16 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
17 12-1749, and amendments thereto, and any city or lessee renting or leasing  
18 such machinery, equipment or other personal property purchased with the  
19 proceeds of such bonds who shall have paid a tax under the provisions of  
20 this section upon sales made prior to July 1, 1973, shall be entitled to a  
21 refund from the sales tax refund fund of all taxes paid thereon;

22 (i) the gross receipts from the rendering of dry cleaning, pressing,  
23 dyeing and laundry services except laundry services rendered through a  
24 coin-operated device whether automatic or manually operated;

25 (j) the gross receipts from the rendering of the services of washing  
26 and washing and waxing of vehicles;

27 (k) the gross receipts from cable, community antennae and other  
28 subscriber radio and television services;

29 (l) (1) except as otherwise provided by paragraph (2), the gross  
30 receipts received from the sales of tangible personal property to all  
31 contractors, subcontractors or repairmen for use by them in erecting  
32 structures, or building on, or otherwise improving, altering, or repairing  
33 real or personal property.

34 (2) Any such contractor, subcontractor or repairman who maintains  
35 an inventory of such property both for sale at retail and for use by them for  
36 the purposes described by paragraph (1) shall be deemed a retailer with  
37 respect to purchases for and sales from such inventory, except that the  
38 gross receipts received from any such sale, other than a sale at retail, shall  
39 be equal to the total purchase price paid for such property and the tax  
40 imposed thereon shall be paid by the deemed retailer;

41 (m) the gross receipts received from fees and charges by public and  
42 private clubs, drinking establishments, organizations and businesses for  
43 participation in sports, games and other recreational activities, but such tax

1 shall not be levied and collected upon the gross receipts received from: (1)  
2 Fees and charges by any political subdivision, by any organization exempt  
3 from property taxation pursuant to K.S.A. 79-201 *Ninth*, and amendments  
4 thereto, or by any youth recreation organization exclusively providing  
5 services to persons 18 years of age or younger which is exempt from  
6 federal income taxation pursuant to section 501(c)(3) of the federal  
7 internal revenue code of 1986, for participation in sports, games and other  
8 recreational activities; and (2) entry fees and charges for participation in a  
9 special event or tournament sanctioned by a national sporting association  
10 to which spectators are charged an admission which is taxable pursuant to  
11 subsection (e);

12 (n) the gross receipts received from dues charged by public and  
13 private clubs, drinking establishments, organizations and businesses,  
14 payment of which entitles a member to the use of facilities for recreation  
15 or entertainment, but such tax shall not be levied and collected upon the  
16 gross receipts received from: (1) Dues charged by any organization exempt  
17 from property taxation pursuant to K.S.A. 79-201 *Eighth* and *Ninth*, and  
18 amendments thereto; and (2) sales of memberships in a nonprofit  
19 organization which is exempt from federal income taxation pursuant to  
20 section 501(c)(3) of the federal internal revenue code of 1986, and whose  
21 purpose is to support the operation of a nonprofit zoo;

22 (o) the gross receipts received from the isolated or occasional sale of  
23 motor vehicles or trailers but not including: (1) The transfer of motor  
24 vehicles or trailers by a person to a corporation or limited liability  
25 company solely in exchange for stock securities or membership interest in  
26 such corporation or limited liability company; (2) the transfer of motor  
27 vehicles or trailers by one corporation or limited liability company to  
28 another when all of the assets of such corporation or limited liability  
29 company are transferred to such other corporation or limited liability  
30 company; or (3) the sale of motor vehicles or trailers which are subject to  
31 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and  
32 amendments thereto, by an immediate family member to another  
33 immediate family member. For the purposes of paragraph (3), immediate  
34 family member means lineal ascendants or descendants, and their spouses.  
35 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act  
36 on the isolated or occasional sale of motor vehicles or trailers on and after  
37 July 1, 2004, which the base for computing the tax was the value pursuant  
38 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when  
39 such amount was higher than the amount of sales tax which would have  
40 been paid under the law as it existed on June 30, 2004, shall be refunded to  
41 the taxpayer pursuant to the procedure prescribed by this section. Such  
42 refund shall be in an amount equal to the difference between the amount of  
43 sales tax paid by the taxpayer and the amount of sales tax which would

1 have been paid by the taxpayer under the law as it existed on June 30,  
2 2004. Each claim for a sales tax refund shall be verified and submitted not  
3 later than six months from the effective date of this act to the director of  
4 taxation upon forms furnished by the director and shall be accompanied by  
5 any additional documentation required by the director. The director shall  
6 review each claim and shall refund that amount of tax paid as provided by  
7 this act. All such refunds shall be paid from the sales tax refund fund, upon  
8 warrants of the director of accounts and reports pursuant to vouchers  
9 approved by the director of taxation or the director's designee. No refund  
10 for an amount less than \$10 shall be paid pursuant to this act. In  
11 determining the base for computing the tax on such isolated or occasional  
12 sale, the fair market value of any motor vehicle or trailer traded in by the  
13 purchaser to the seller may be deducted from the selling price;

14 (p) the gross receipts received for the service of installing or applying  
15 tangible personal property which when installed or applied is not being  
16 held for sale in the regular course of business, and whether or not such  
17 tangible personal property when installed or applied remains tangible  
18 personal property or becomes a part of real estate, except that no tax shall  
19 be imposed upon the service of installing or applying tangible personal  
20 property in connection with the original construction of a building or  
21 facility, the original construction, reconstruction, restoration, remodeling,  
22 renovation, repair or replacement of a residence or the construction,  
23 reconstruction, restoration, replacement or repair of a bridge or highway.

24 For the purposes of this subsection:

25 (1) "Original construction" means the first or initial construction of a  
26 new building or facility. The term "original construction" shall include the  
27 addition of an entire room or floor to any existing building or facility, the  
28 completion of any unfinished portion of any existing building or facility  
29 and the restoration, reconstruction or replacement of a building, facility or  
30 utility structure damaged or destroyed by fire, flood, tornado, lightning,  
31 explosion, windstorm, ice loading and attendant winds, terrorism or  
32 earthquake, but such term, except with regard to a residence, shall not  
33 include replacement, remodeling, restoration, renovation or reconstruction  
34 under any other circumstances;

35 (2) "building" means only those enclosures within which individuals  
36 customarily are employed, or which are customarily used to house  
37 machinery, equipment or other property, and including the land  
38 improvements immediately surrounding such building;

39 (3) "facility" means a mill, plant, refinery, oil or gas well, water well,  
40 feedlot or any conveyance, transmission or distribution line of any  
41 cooperative, nonprofit, membership corporation organized under or subject  
42 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or  
43 municipal or quasi-municipal corporation, including the land

1 improvements immediately surrounding such facility;

2 (4) "residence" means only those enclosures within which individuals  
3 customarily live;

4 (5) "utility structure" means transmission and distribution lines  
5 owned by an independent transmission company or cooperative, the  
6 Kansas electric transmission authority or natural gas or electric public  
7 utility; and

8 (6) "windstorm" means straight line winds of at least 80 miles per  
9 hour as determined by a recognized meteorological reporting agency or  
10 organization;

11 (q) the gross receipts received for the service of repairing, servicing,  
12 altering or maintaining tangible personal property which when such  
13 services are rendered is not being held for sale in the regular course of  
14 business, and whether or not any tangible personal property is transferred  
15 in connection therewith. The tax imposed by this subsection shall be  
16 applicable to the services of repairing, servicing, altering or maintaining an  
17 item of tangible personal property which has been and is fastened to,  
18 connected with or built into real property;

19 (r) the gross receipts from fees or charges made under service or  
20 maintenance agreement contracts for services, charges for the providing of  
21 which are taxable under the provisions of subsection (p) or (q);

22 (s) on and after January 1, 2005, the gross receipts received from the  
23 sale of prewritten computer software and the sale of the services of  
24 modifying, altering, updating or maintaining prewritten computer  
25 software, whether the prewritten computer software is installed or  
26 delivered electronically by tangible storage media physically transferred to  
27 the purchaser or by load and leave;

28 (t) the gross receipts received for telephone answering services;

29 (u) the gross receipts received from the sale of prepaid calling service  
30 and prepaid wireless calling service as defined in K.S.A. 79-3673, and  
31 amendments thereto;

32 (v) all sales of bingo cards, bingo faces and instant bingo tickets by  
33 licensees under K.S.A. 75-5171 et seq., and amendments thereto, shall be  
34 exempt from taxes imposed pursuant to this section;

35 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-  
36 5171 et seq., and amendments thereto, shall be exempt from taxes imposed  
37 pursuant to this section; and

38 (x) commencing on January 1, 2023, and thereafter, the state rate on  
39 the gross receipts from the sale of food and food ingredients shall be as set  
40 forth in K.S.A. 2022 Supp. 79-3603d, and amendments thereto.

41 Sec. 5. K.S.A. 2022 Supp. 79-3603d is hereby amended to read as  
42 follows: 79-3603d. (a) There is hereby levied and there shall be collected  
43 and paid a tax upon the gross receipts from the sale of food and food

1 ingredients. The rate of tax shall be as follows:

2 (1) Commencing on January 1, 2023, at the rate of 4%; *and*

3 ~~(2) commencing on January 1, 2024, at the rate of 2%; and~~

4 ~~(3) commencing on January 1, 2025~~ *April 1, 2023*, and thereafter, at  
5 the rate of 0%.

6 (b) The provisions of this section shall not apply to prepared food  
7 unless sold without eating utensils provided by the seller and described  
8 below:

9 (1) Food sold by a seller whose proper primary NAICS classification  
10 is manufacturing in sector 311, except subsector 3118 (bakeries);

11 (2) (A) food sold in an unheated state by weight or volume as a single  
12 item; or

13 (B) only meat or seafood sold in an unheated state by weight or  
14 volume as a single item;

15 (3) bakery items, including bread, rolls, buns, biscuits, bagels,  
16 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,  
17 cookies and tortillas; or

18 (4) food sold that ordinarily requires additional cooking, as opposed  
19 to just reheating, by the consumer prior to consumption.

20 (c) The provisions of this section shall be a part of and supplemental  
21 to the Kansas retailers' sales tax act.

22 Sec. 6. K.S.A. 2022 Supp. 79-3606 is hereby amended to read as  
23 follows: 79-3606. The following shall be exempt from the tax imposed by  
24 this act:

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

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

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

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

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

1 or tools used in the constructing, equipping, reconstructing, maintaining,  
2 repairing, enlarging, furnishing or remodeling facilities for any political  
3 subdivision of the state or any such district. As used in this subsection,  
4 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a  
5 political subdivision" shall mean general tax revenues, the proceeds of any  
6 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the  
7 purpose of constructing, equipping, reconstructing, repairing, enlarging,  
8 furnishing or remodeling facilities that are to be leased to the donor. When  
9 any political subdivision of the state, district described in subsection (s),  
10 public or private nonprofit hospital or public hospital authority, public or  
11 private elementary or secondary school, public or private nonprofit  
12 educational institution, state correctional institution including a privately  
13 constructed correctional institution contracted for state use and ownership  
14 shall contract for the purpose of constructing, equipping, reconstructing,  
15 maintaining, repairing, enlarging, furnishing or remodeling facilities, it  
16 shall obtain from the state and furnish to the contractor an exemption  
17 certificate for the project involved, and the contractor may purchase  
18 materials for incorporation in such project. The contractor shall furnish the  
19 number of such certificate to all suppliers from whom such purchases are  
20 made, and such suppliers shall execute invoices covering the same bearing  
21 the number of such certificate. Upon completion of the project the  
22 contractor shall furnish to the political subdivision, district described in  
23 subsection (s), hospital or public hospital authority, school, educational  
24 institution or department of corrections concerned a sworn statement, on a  
25 form to be provided by the director of taxation, that all purchases so made  
26 were 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 sales  
36 or compensating tax otherwise imposed upon such materials that will not  
37 be so incorporated in the building or other project reported and paid by  
38 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
39 month following the close of the month in which it shall be determined  
40 that such materials will not be used for the purpose for which such  
41 certificate was issued, the political subdivision, district described in  
42 subsection (s), hospital or public hospital authority, school, educational  
43 institution or the contractor contracting with the department of corrections

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

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

42 (f) tangible personal property purchased by a railroad or public utility  
43 for consumption or movement directly and immediately in interstate

1 commerce;

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

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

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

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

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

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

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

38 (n) all sales of tangible personal property that is consumed in the  
39 production, manufacture, processing, mining, drilling, refining or  
40 compounding of tangible personal property, the treating of by-products or  
41 wastes derived from any such production process, the providing of  
42 services or the irrigation of crops for ultimate sale at retail within or  
43 without the state of Kansas; and any purchaser of such property may

1 obtain from the director of taxation and furnish to the supplier an  
2 exemption certificate number for tangible personal property for  
3 consumption in such production, manufacture, processing, mining,  
4 drilling, refining, compounding, treating, irrigation and in providing such  
5 services;

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

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

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

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

1 motor vehicle manufacturer; and (2) "prosthetic device" means a  
2 replacement, corrective or supportive device including repair and  
3 replacement parts for same worn on or in the body to artificially replace a  
4 missing portion of the body, prevent or correct physical deformity or  
5 malfunction or support a weak or deformed portion of the body;

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

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

42 (u) all leases or rentals of tangible personal property used as a  
43 dwelling if such tangible personal property is leased or rented for a period

1 of more than 28 consecutive days;

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

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

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

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

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

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

42 (bb) all sales of used mobile homes or manufactured homes. As used  
43 in this subsection: (1) "Mobile homes" and "manufactured homes" mean

1 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)  
2 "sales of used mobile homes or manufactured homes" means sales other  
3 than the original retail sale thereof;

4 (cc) all sales of tangible personal property or services purchased prior  
5 to January 1, 2012, except as otherwise provided, for the purpose of and in  
6 conjunction with constructing, reconstructing, enlarging or remodeling a  
7 business or retail business that meets the requirements established in  
8 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
9 machinery and equipment purchased for installation at any such business  
10 or retail business, and all sales of tangible personal property or services  
11 purchased on or after January 1, 2012, for the purpose of and in  
12 conjunction with constructing, reconstructing, enlarging or remodeling a  
13 business that meets the requirements established in K.S.A. 74-50,115(e),  
14 and amendments thereto, and the sale and installation of machinery and  
15 equipment purchased for installation at any such business. When a person  
16 shall contract for the construction, reconstruction, enlargement or  
17 remodeling of any such business or retail business, such person shall  
18 obtain from the state and furnish to the contractor an exemption certificate  
19 for the project involved, and the contractor may purchase materials,  
20 machinery and equipment for incorporation in such project. The contractor  
21 shall furnish the number of such certificates to all suppliers from whom  
22 such purchases are made, and such suppliers shall execute invoices  
23 covering the same bearing the number of such certificate. Upon  
24 completion of the project the contractor shall furnish to the owner of the  
25 business or retail business a sworn statement, on a form to be provided by  
26 the director of taxation, that all purchases so made were entitled to  
27 exemption under this subsection. All invoices shall be held by the  
28 contractor for a period of five years and shall be subject to audit by the  
29 director of taxation. Any contractor or any agent, employee or  
30 subcontractor thereof, who shall use or otherwise dispose of any materials,  
31 machinery or equipment 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 thereon, shall  
34 be guilty of a misdemeanor and, upon conviction therefor, shall be subject  
35 to the penalties provided for in K.S.A. 79-3615(h), and amendments  
36 thereto. As used in this subsection, "business" and "retail business" mean  
37 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project  
38 exemption certificates that have been previously issued under this  
39 subsection by the department of revenue pursuant to K.S.A. 74-50,115,  
40 and amendments thereto, but not including K.S.A. 74-50,115(e), and  
41 amendments thereto, prior to January 1, 2012, and have not expired will be  
42 effective for the term of the project or two years from the effective date of  
43 the certificate, whichever occurs earlier. Project exemption certificates that

1 are submitted to the department of revenue prior to January 1, 2012, and  
2 are found to qualify will be issued a project exemption certificate that will  
3 be effective for a two-year period or for the term of the project, whichever  
4 occurs earlier;

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

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

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

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

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

30 (ii) all sales of tangible personal property purchased directly by a  
31 nonprofit organization for nonsectarian comprehensive multidiscipline  
32 youth development programs and activities provided or sponsored by such  
33 organization, and all sales of tangible personal property by or on behalf of  
34 any such organization. This exemption shall not apply to tangible personal  
35 property customarily used for human habitation purposes;

36 (jj) all sales of tangible personal property or services, including the  
37 renting and leasing of tangible personal property, purchased directly on  
38 behalf of a community-based facility for people with intellectual disability  
39 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
40 amendments thereto, and licensed in accordance with the provisions of  
41 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible  
42 personal property or services purchased by contractors during the time  
43 period from July, 2003, through June, 2006, for the purpose of

1 constructing, equipping, maintaining or furnishing a new facility for a  
2 community-based facility for people with intellectual disability or mental  
3 health center located in Riverton, Cherokee County, Kansas, that would  
4 have been eligible for sales tax exemption pursuant to this subsection if  
5 purchased directly by such facility or center. This exemption shall not  
6 apply to tangible personal property customarily used for human habitation  
7 purposes;

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

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

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

15 (2) For purposes of this subsection:

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

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

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

40 (D) "manufacturing or processing business" means a business that  
41 utilizes an integrated production operation to manufacture, process,  
42 fabricate, finish or assemble items for wholesale and retail distribution as  
43 part of what is commonly regarded by the general public as an industrial

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

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

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

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

42 (A) Receive, transport, convey, handle, treat or store raw materials in  
43 preparation of its placement on the production line;

1 (B) transport, convey, handle or store the property undergoing  
2 manufacturing or processing at any point from the beginning of the  
3 production line through any warehousing or distribution operation of the  
4 final product that occurs at the plant or facility;

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

7 (D) guide, control or direct the movement of property undergoing  
8 manufacturing or processing;

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

12 (F) plan, manage, control or record the receipt and flow of inventories  
13 of raw materials, consumables and component parts, the flow of the  
14 property undergoing manufacturing or processing and the management of  
15 inventories of the finished product;

16 (G) produce energy for, lubricate, control the operating of or  
17 otherwise enable the functioning of other production machinery and  
18 equipment and the continuation of production operations;

19 (H) package the property being manufactured or processed in a  
20 container or wrapping in which such property is normally sold or  
21 transported;

22 (I) transmit or transport electricity, coke, gas, water, steam or similar  
23 substances used in production operations from the point of generation, if  
24 produced by the manufacturer or processor at the plant site, to that  
25 manufacturer's production operation; or, if purchased or delivered from  
26 off-site, from the point where the substance enters the site of the plant or  
27 facility to that manufacturer's production operations;

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

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

34 (L) treat, transport or store waste or other byproducts of production  
35 operations at the plant or facility; or

36 (M) control pollution at the plant or facility where the pollution is  
37 produced by the manufacturing or processing operation.

38 (4) The following machinery, equipment and materials shall be  
39 deemed to be exempt even though it may not otherwise qualify as  
40 machinery and equipment used as an integral or essential part of an  
41 integrated production operation: (A) Computers and related peripheral  
42 equipment that are utilized by a manufacturing or processing business for  
43 engineering of the finished product or for research and development or

1 product design; (B) machinery and equipment that is utilized by a  
2 manufacturing or processing business to manufacture or rebuild tangible  
3 personal property that is used in manufacturing or processing operations,  
4 including tools, dies, molds, forms and other parts of qualifying machinery  
5 and equipment; (C) portable plants for aggregate concrete, bulk cement  
6 and asphalt including cement mixing drums to be attached to a motor  
7 vehicle; (D) industrial fixtures, devices, support facilities and special  
8 foundations necessary for manufacturing and production operations, and  
9 materials and other tangible personal property sold for the purpose of  
10 fabricating such fixtures, devices, facilities and foundations. An exemption  
11 certificate for such purchases shall be signed by the manufacturer or  
12 processor. If the fabricator purchases such material, the fabricator shall  
13 also sign the exemption certificate; (E) a manufacturing or processing  
14 business' laboratory equipment that is not located at the plant or facility,  
15 but that would otherwise qualify for exemption under subsection (3)(E);  
16 (F) all machinery and equipment used in surface mining activities as  
17 described in K.S.A. 49-601 et seq., and amendments thereto, beginning  
18 from the time a reclamation plan is filed to the acceptance of the  
19 completed final site reclamation.

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

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

27 (B) machinery, equipment and tools used primarily in maintaining  
28 and repairing any type of machinery and equipment or the building and  
29 plant;

30 (C) transportation, transmission and distribution equipment not  
31 primarily used in a production, warehousing or material handling  
32 operation at the plant or facility, including the means of conveyance of  
33 natural gas, electricity, oil or water, and equipment related thereto, located  
34 outside the plant or facility;

35 (D) office machines and equipment including computers and related  
36 peripheral equipment not used directly and primarily to control or measure  
37 the manufacturing process;

38 (E) furniture and other furnishings;

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

42 (G) building fixtures that are not integral to the manufacturing  
43 operation, such as utility systems for heating, ventilation, air conditioning,

1 communications, plumbing or electrical;

2 (H) machinery and equipment used for general plant heating, cooling  
3 and lighting;

4 (I) motor vehicles that are registered for operation on public  
5 highways; or

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

9 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings  
10 of the machinery and equipment that qualify or do not qualify as an  
11 integral or essential part of an integrated production operation. When  
12 machinery or equipment is used as an integral or essential part of  
13 production operations part of the time and for nonproduction purposes at  
14 other times, the primary use of the machinery or equipment shall  
15 determine whether or not such machinery or equipment qualifies for  
16 exemption.

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

19 (ll) all sales of educational materials purchased for distribution to the  
20 public at no charge by a nonprofit corporation organized for the purpose of  
21 encouraging, fostering and conducting programs for the improvement of  
22 public health, except that for taxable years commencing after December  
23 31, 2013, this subsection shall not apply to any sales of such materials  
24 purchased by a nonprofit corporation which performs any abortion, as  
25 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

38 (qq) all sales of tangible personal property and services purchased by  
39 a nonprofit museum or historical society or any combination thereof,  
40 including a nonprofit organization that is organized for the purpose of  
41 stimulating public interest in the exploration of space by providing  
42 educational information, exhibits and experiences, that is exempt from  
43 federal income taxation pursuant to section 501(c)(3) of the federal

1 internal revenue code of 1986;

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

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

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

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

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

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

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

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

36 (4) the American diabetes association Kansas affiliate, inc. for the  
37 purpose of eliminating diabetes through medical research, public education  
38 focusing on disease prevention and education, patient education including  
39 information on coping with diabetes, and professional education and  
40 training;

41 (5) the American lung association of Kansas, inc. for the purpose of  
42 eliminating all lung diseases through medical research, public education  
43 including information on coping with lung diseases, professional education

1 and training related to lung disease and other related services to reduce the  
2 incidence of disability and death due to lung disease;

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

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

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

13 (9) the heartstrings community foundation for the purpose of  
14 providing training, employment and activities for adults with  
15 developmental disabilities;

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

19 (11) the spina bifida association of Kansas for the purpose of  
20 providing financial, educational and practical aid to families and  
21 individuals with spina bifida. Such aid includes, but is not limited to,  
22 funding for medical devices, counseling and medical educational  
23 opportunities;

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

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

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

34 (15) the KSDS, Inc., for the purpose of promoting the independence  
35 and inclusion of people with disabilities as fully participating and  
36 contributing members of their communities and society through the  
37 training and providing of guide and service dogs to people with  
38 disabilities, and providing disability education and awareness to the  
39 general public;

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

43 (17) the dream factory, inc., for the purpose of granting the dreams of

1 children with critical and chronic illnesses;

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

6 (19) the international association of lions clubs for the purpose of  
7 creating and fostering a spirit of understanding among all people for  
8 humanitarian needs by providing voluntary services through community  
9 involvement and international cooperation;

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

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

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

20 (23) the angel babies association, for the purpose of providing  
21 assistance, support and items of necessity to teenage mothers and their  
22 babies; and

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

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

28 (xx) all sales of tangible personal property and services purchased by  
29 a nonprofit zoo that is exempt from federal income taxation pursuant to  
30 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf  
31 of such zoo by an entity itself exempt from federal income taxation  
32 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
33 contracted with to operate such zoo and all sales of tangible personal  
34 property or services purchased by a contractor for the purpose of  
35 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
36 furnishing or remodeling facilities for any nonprofit zoo that would be  
37 exempt from taxation under the provisions of this section if purchased  
38 directly by such nonprofit zoo or the entity operating such zoo. Nothing in  
39 this subsection shall be deemed to exempt the purchase of any construction  
40 machinery, equipment or tools used in the constructing, equipping,  
41 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
42 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for  
43 the purpose of constructing, equipping, reconstructing, maintaining,

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

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

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

42 (aaa) all sales of tangible personal property and services purchased by  
43 a religious organization that is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code, and used  
2 exclusively for religious purposes, and all sales of tangible personal  
3 property or services purchased by a contractor for the purpose of  
4 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
5 furnishing or remodeling facilities for any such organization that would be  
6 exempt from taxation under the provisions of this section if purchased  
7 directly by such organization. Nothing in this subsection shall be deemed  
8 to exempt the purchase of any construction machinery, equipment or tools  
9 used in the constructing, equipping, reconstructing, maintaining, repairing,  
10 enlarging, furnishing or remodeling facilities for any such organization.  
11 When any such organization shall contract for the purpose of constructing,  
12 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
13 remodeling facilities, it shall obtain from the state and furnish to the  
14 contractor an exemption certificate for the project involved, and the  
15 contractor may purchase materials for incorporation in such project. The  
16 contractor shall furnish the number of such certificate to all suppliers from  
17 whom such purchases are made, and such suppliers shall execute invoices  
18 covering the same bearing the number of such certificate. Upon  
19 completion of the project the contractor shall furnish to such organization  
20 concerned a sworn statement, on a form to be provided by the director of  
21 taxation, that all purchases so made were entitled to exemption under this  
22 subsection. All invoices shall be held by the contractor for a period of five  
23 years and shall be subject to audit by the director of taxation. If any  
24 materials purchased under such a certificate are found not to have been  
25 incorporated in the building or other project or not to have been returned  
26 for credit or the sales or compensating tax otherwise imposed upon such  
27 materials that will not be so incorporated in the building or other project  
28 reported and paid by such contractor to the director of taxation not later  
29 than the 20<sup>th</sup> day of the month following the close of the month in which it  
30 shall be determined that such materials will not be used for the purpose for  
31 which such certificate was issued, such organization concerned shall be  
32 liable 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 materials  
36 purchased under such a certificate for any purpose other than that for  
37 which such a certificate is issued without the payment of the sales or  
38 compensating tax otherwise imposed upon such materials, shall be guilty  
39 of a misdemeanor and, upon conviction therefor, shall be subject to the  
40 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.  
41 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
42 this act upon the gross receipts received from any sale exempted by the  
43 amendatory provisions of this subsection shall be refunded. Each claim for

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

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

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

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

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

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

34 (fff) all sales of material handling equipment, racking systems and  
35 other related machinery and equipment that is used for the handling,  
36 movement or storage of tangible personal property in a warehouse or  
37 distribution facility in this state; all sales of installation, repair and  
38 maintenance services performed on such machinery and equipment; and  
39 all sales of repair and replacement parts for such machinery and  
40 equipment. For purposes of this subsection, a warehouse or distribution  
41 facility means a single, fixed location that consists of buildings or  
42 structures in a contiguous area where storage or distribution operations are  
43 conducted that are separate and apart from the business' retail operations,

1 if any, and that do not otherwise qualify for exemption as occurring at a  
2 manufacturing or processing plant or facility. Material handling and  
3 storage equipment shall include aeration, dust control, cleaning, handling  
4 and other such equipment that is used in a public grain warehouse or other  
5 commercial grain storage facility, whether used for grain handling, grain  
6 storage, grain refining or processing, or other grain treatment operation;

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

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

15 (iii) all sales of personal property and services purchased by an  
16 organization that is exempt from federal income taxation pursuant to  
17 section 501(c)(3) of the federal internal revenue code of 1986, and such  
18 personal property and services are used by any such organization in the  
19 collection, storage and distribution of food products to nonprofit  
20 organizations that distribute such food products to persons pursuant to a  
21 food distribution program on a charitable basis without fee or charge, and  
22 all sales of tangible personal property or services purchased by a  
23 contractor for the purpose of constructing, equipping, reconstructing,  
24 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
25 for the collection and storage of such food products for any such  
26 organization which is exempt from federal income taxation pursuant to  
27 section 501(c)(3) of the federal internal revenue code of 1986, that would  
28 be exempt from taxation under the provisions of this section if purchased  
29 directly by such organization. Nothing in this subsection shall be deemed  
30 to exempt the purchase of any construction machinery, equipment or tools  
31 used in the constructing, equipping, reconstructing, maintaining, repairing,  
32 enlarging, furnishing or remodeling facilities for any such organization.  
33 When any such organization shall contract for the purpose of constructing,  
34 equipping, 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. The  
38 contractor shall furnish the number of such certificate to all suppliers from  
39 whom such purchases are made, and such suppliers shall execute invoices  
40 covering the same bearing the number of such certificate. Upon  
41 completion of the project the contractor shall furnish to such organization  
42 concerned a sworn statement, on a form to be provided by the director of  
43 taxation, that all purchases so made were entitled to exemption under this

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

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

1 and as required pursuant to 21 C.F.R. § 101.36;

2 (lll) all sales of tangible personal property and services purchased by  
3 special olympics Kansas, inc. for the purpose of providing year-round  
4 sports training and athletic competition in a variety of olympic-type sports  
5 for individuals with intellectual disabilities by giving them continuing  
6 opportunities to develop physical fitness, demonstrate courage, experience  
7 joy and participate in a sharing of gifts, skills and friendship with their  
8 families, other special olympics athletes and the community, and activities  
9 provided or sponsored by such organization, and all sales of tangible  
10 personal property by or on behalf of any such organization;

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

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

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

26 (ppp) all sales of tangible personal property and services purchased  
27 by or on behalf of a homeless shelter that is exempt from federal income  
28 taxation pursuant to section 501(c)(3) of the federal income tax code of  
29 1986, and used by any such homeless shelter to provide emergency and  
30 transitional housing for individuals and families experiencing  
31 homelessness, and all sales of any such property by or on behalf of any  
32 such homeless shelter for any such purpose;

33 (qqq) all sales of tangible personal property and services purchased  
34 by TLC for children and families, inc., hereinafter referred to as TLC,  
35 which is exempt from federal income taxation pursuant to section 501(c)  
36 (3) of the federal internal revenue code of 1986, and such property and  
37 services are used for the purpose of providing emergency shelter and  
38 treatment for abused and neglected children as well as meeting additional  
39 critical needs for children, juveniles and family, and all sales of any such  
40 property by or on behalf of TLC 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 or  
43 remodeling facilities for the operation of services for TLC for any such

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

35 (rrr) all sales of tangible personal property and services purchased by  
36 any county law library maintained pursuant to law and sales of tangible  
37 personal property and services purchased by an organization that would  
38 have been exempt from taxation under the provisions of this subsection if  
39 purchased directly by the county law library for the purpose of providing  
40 legal resources to attorneys, judges, students and the general public, and  
41 all sales of any such property by or on behalf of any such county law  
42 library;

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

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

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

4 (ttt) all sales of tangible personal property or services purchased by a  
5 contractor for a project for the purpose of restoring, constructing,  
6 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
7 remodeling a home or facility owned by a nonprofit museum that has been  
8 granted an exemption pursuant to subsection (qq), which such home or  
9 facility is located in a city that has been designated as a qualified  
10 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
11 amendments thereto, and which such project is related to the purposes of  
12 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
13 exempt from taxation under the provisions of this section if purchased  
14 directly by such nonprofit museum. Nothing in this subsection shall be  
15 deemed to exempt the purchase of any construction machinery, equipment  
16 or tools used in the restoring, constructing, equipping, reconstructing,  
17 maintaining, repairing, enlarging, furnishing or remodeling a home or  
18 facility for any such nonprofit museum. When any such nonprofit museum  
19 shall contract for the purpose of restoring, constructing, equipping,  
20 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
21 a home or facility, it shall obtain from the state and furnish to the  
22 contractor an exemption certificate for the project involved, and the  
23 contractor may purchase materials for incorporation in such project. The  
24 contractor shall furnish the number of such certificates to all suppliers  
25 from whom such purchases are made, and such suppliers shall execute  
26 invoices covering the same bearing the number of such certificate. Upon  
27 completion of the project, the contractor shall furnish to such nonprofit  
28 museum a sworn statement on a form to be provided by the director of  
29 taxation that all purchases so made were entitled to exemption under this  
30 subsection. All invoices shall be held by the contractor for a period of five  
31 years and shall be subject to audit by the director of taxation. If any  
32 materials purchased under such a certificate are found not to have been  
33 incorporated in the building or other project or not to have been returned  
34 for credit or the sales or compensating tax otherwise imposed upon such  
35 materials that will not be so incorporated in a home or facility or other  
36 project reported and paid by such contractor to the director of taxation not  
37 later than the 20<sup>th</sup> day of the month following the close of the month in  
38 which it shall be determined that such materials will not be used for the  
39 purpose for which such certificate was issued, such nonprofit museum  
40 shall be liable for tax on all materials purchased for the project, and upon  
41 payment thereof it may recover the same from the contractor together with  
42 reasonable attorney fees. Any contractor or any agent, employee or  
43 subcontractor thereof, who shall use or otherwise dispose of any materials

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

6 (uuu) all sales of tangible personal property and services purchased  
7 by Kansas children's service league, hereinafter referred to as KCSL,  
8 which is exempt from federal income taxation pursuant to section 501(c)  
9 (3) of the federal internal revenue code of 1986, and which such property  
10 and services are used for the purpose of providing for the prevention and  
11 treatment of child abuse and maltreatment as well as meeting additional  
12 critical needs for children, juveniles and family, and all sales of any such  
13 property by or on behalf of KCSL for any such purpose; and all sales of  
14 tangible personal property or services purchased by a contractor for the  
15 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
16 remodeling facilities for the operation of services for KCSL for any such  
17 purpose that would be exempt from taxation under the provisions of this  
18 section if purchased directly by KCSL. Nothing in this subsection shall be  
19 deemed to exempt the purchase of any construction machinery, equipment  
20 or tools used in the constructing, maintaining, repairing, enlarging,  
21 furnishing or remodeling such facilities for KCSL. When KCSL contracts  
22 for the purpose of constructing, maintaining, repairing, enlarging,  
23 furnishing or remodeling such facilities, it shall obtain from the state and  
24 furnish to the contractor an exemption certificate for the project involved,  
25 and the contractor may purchase materials for incorporation in such  
26 project. The contractor shall furnish the number of such certificate to all  
27 suppliers from whom such purchases are made, and such suppliers shall  
28 execute invoices covering the same bearing the number of such certificate.  
29 Upon completion of the project the contractor shall furnish to KCSL a  
30 sworn statement, on a form to be provided by the director of taxation, that  
31 all purchases so made were entitled to exemption under this subsection.  
32 All invoices shall be held by the contractor for a period of five years and  
33 shall be subject to audit by the director of taxation. If any materials  
34 purchased under such a certificate are found not to have been incorporated  
35 in the building or other project or not to have been returned for credit or  
36 the 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 20<sup>th</sup>  
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 which  
41 such certificate was issued, KCSL shall be liable for tax on all materials  
42 purchased for the project, and upon payment thereof it may recover the  
43 same from the contractor together with reasonable attorney fees. Any

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

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

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

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

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

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

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

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

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

1 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
2 for the purpose of providing a cancer support group and services for  
3 persons with cancer, and all sales of any such property by or on behalf of  
4 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 code,  
8 for such organization's annual fundraising event which purpose is to  
9 provide health care services for uninsured workers;

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

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

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

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

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

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

37 (hhhh) all sales of tangible personal property or services purchased  
38 on or after July 1, 2014, for the purpose of and in conjunction with  
39 constructing, reconstructing, enlarging or remodeling a business identified  
40 under the North American industry classification system (NAICS)  
41 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
42 installation of machinery and equipment purchased for installation at any  
43 such business. The exemption provided in this subsection shall not apply

1 to projects that have actual total costs less than \$50,000. When a person  
2 contracts for the construction, reconstruction, enlargement or remodeling  
3 of any such business, such person shall obtain from the state and furnish to  
4 the contractor an exemption certificate for the project involved, and the  
5 contractor may purchase materials, machinery and equipment for  
6 incorporation in such project. The contractor shall furnish the number of  
7 such certificates to all suppliers from whom such purchases are made, and  
8 such suppliers shall execute invoices covering the same bearing the  
9 number of such certificate. Upon completion of the project, the contractor  
10 shall furnish to the owner of the business a sworn statement, on a form to  
11 be provided by the director of taxation, that all purchases so made were  
12 entitled to exemption under this subsection. All invoices shall be held by  
13 the contractor for a period of five years and shall be subject to audit by the  
14 director of taxation. Any contractor or any agent, employee or  
15 subcontractor of the contractor, who shall use or otherwise dispose of any  
16 materials, machinery or equipment purchased under such a certificate for  
17 any purpose other than that for which such a certificate is issued without  
18 the payment of the sales or compensating tax otherwise imposed thereon,  
19 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
20 subject to the penalties provided for in K.S.A. 79-3615(h), and  
21 amendments thereto;

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

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

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

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

29 (llll) all sales of tangible personal property and services purchased by  
30 Gove county healthcare endowment foundation, inc., which is exempt  
31 from federal income taxation pursuant to section 501(c)(3) of the federal  
32 internal revenue code of 1986, and which such property and services are  
33 used for the purpose of constructing and equipping an airport in Quinter,  
34 Kansas, and all sales of tangible personal property or services purchased  
35 by a contractor for the purpose of constructing and equipping an airport in  
36 Quinter, Kansas, for such organization, that would be exempt from  
37 taxation under the provisions of this section if purchased directly by such  
38 organization. Nothing in this subsection shall be deemed to exempt the  
39 purchase of any construction machinery, equipment or tools used in the  
40 constructing or equipping of facilities for such organization. When such  
41 organization shall contract for the purpose of constructing or equipping an  
42 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
43 contractor an exemption certificate for the project involved, and the

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

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

32 (nnnn) all sales of tangible personal property or services purchased  
33 by friends of hospice of Jefferson county, an organization that is exempt  
34 from federal income taxation pursuant to section 501(c)(3) of the federal  
35 internal revenue code of 1986, for the purpose of providing support to the  
36 Jefferson county hospice agency in end-of-life care of Jefferson county  
37 families, friends and neighbors, and all sales of entry or participation fees,  
38 charges or tickets by friends of hospice of Jefferson county for such  
39 organization's fundraising event for such purpose; ~~and~~

40 (oooo) all sales of tangible personal property or services purchased  
41 for the purpose of and in conjunction with constructing, reconstructing,  
42 enlarging or remodeling a qualified business facility by a qualified firm or  
43 qualified supplier that meets the requirements established in K.S.A. 2022

1 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has  
2 been approved for a project exemption certificate by the secretary of  
3 commerce, and the sale and installation of machinery and equipment  
4 purchased by such qualified firm or qualified supplier for installation at  
5 any such qualified business facility. When a person shall contract for the  
6 construction, reconstruction, enlargement or remodeling of any such  
7 qualified business facility, such person shall obtain from the state and  
8 furnish to the contractor an exemption certificate for the project involved,  
9 and the contractor may purchase materials, machinery and equipment for  
10 incorporation in such project. The contractor shall furnish the number of  
11 such certificates to all suppliers from whom such purchases are made, and  
12 such suppliers shall execute invoices covering the same bearing the  
13 number of such certificate. Upon completion of the project, the contractor  
14 shall furnish to the owner of the qualified firm or qualified supplier a  
15 sworn statement, on a form to be provided by the director of taxation, that  
16 all purchases so made were entitled to exemption under this subsection.  
17 All invoices shall be held by the contractor for a period of five years and  
18 shall be subject to audit by the director of taxation. Any contractor or any  
19 agent, employee or subcontractor thereof who shall use or otherwise  
20 dispose of any materials, machinery or equipment purchased under such a  
21 certificate for any purpose other than that for which such a certificate is  
22 issued without the payment of the sales or compensating tax otherwise  
23 imposed thereon, shall be guilty of a misdemeanor and, upon conviction  
24 therefor, shall be subject to the penalties provided for in K.S.A. 79-  
25 3615(h), and amendments thereto. As used in this subsection, "qualified  
26 business facility," "qualified firm" and "qualified supplier" mean the same  
27 as defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto;

28 *(pppp) all sales of children's diapers. As used in this subsection:*

29 *(1) "Children's diapers" means diapers marketed to be worn by*  
30 *children; and*

31 *(2) "diaper" means an absorbent garment worn by humans who are*  
32 *incapable of, or have difficulty, controlling their bladder or bowel*  
33 *movements; and*

34 *(qqqq) all sales of feminine hygiene products. For purposes of this*  
35 *subsection, "feminine hygiene products" means tampons, panty liners,*  
36 *menstrual cups, sanitary napkins and other similar tangible personal*  
37 *property designed for feminine hygiene in connection with the human*  
38 *menstrual cycle.*

39 Sec. 7. K.S.A. 2022 Supp. 79-3620 is hereby amended to read as  
40 follows: 79-3620. (a) All revenue collected or received by the director of  
41 taxation from the taxes imposed by this act shall be remitted to the state  
42 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
43 amendments thereto. Upon receipt of each such remittance, the state

1 treasurer shall deposit the entire amount in the state treasury, less amounts  
2 withheld as provided in subsection (b) and amounts credited as provided in  
3 subsections (c), (d) and (e), to the credit of the state general fund.

4 (b) A refund fund, designated as "sales tax refund fund" not to exceed  
5 \$100,000 shall be set apart and maintained by the director from sales tax  
6 collections and estimated tax collections and held by the state treasurer for  
7 prompt payment of all sales tax refunds. Such fund shall be in such  
8 amount, within the limit set by this section, as the director shall determine  
9 is necessary to meet current refunding requirements under this act. In the  
10 event such fund as established by this section is, at any time, insufficient to  
11 provide for the payment of refunds due claimants thereof, the director shall  
12 certify the amount of additional funds required to the director of accounts  
13 and reports who shall promptly transfer the required amount from the state  
14 general fund to the sales tax refund fund, and notify the state treasurer,  
15 who shall make proper entry in the records.

16 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the  
17 revenue collected and received from the tax imposed by K.S.A. 79-3603,  
18 and amendments thereto, at the rates provided in K.S.A. 79-3603, and  
19 amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments  
20 thereto, and deposited as provided by subsection (a), exclusive of amounts  
21 credited pursuant to subsection (d), in the state highway fund.

22 (2) ~~On January 1, 2025~~ *April 1, 2023*, and thereafter, the state  
23 treasurer shall credit 18% of the revenue collected and received from the  
24 tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates  
25 provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2022  
26 Supp. 79-3603d, and amendments thereto, and deposited as provided by  
27 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
28 the state highway fund.

29 (d) The state treasurer shall credit all revenue collected or received  
30 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
31 certified by the director, from taxpayers doing business within that portion  
32 of a STAR bond project district occupied by a STAR bond project or  
33 taxpayers doing business with such entity financed by a STAR bond  
34 project as defined in K.S.A. 12-17,162, and amendments thereto, that was  
35 determined by the secretary of commerce to be of statewide as well as  
36 local importance or will create a major tourism area for the state or the  
37 project was designated as a STAR bond project as defined in K.S.A. 12-  
38 17,162, and amendments thereto, to the city bond finance fund, which fund  
39 is hereby created. The provisions of this subsection shall expire when the  
40 total of all amounts credited hereunder and under K.S.A. 79-3710(d), and  
41 amendments thereto, is sufficient to retire the special obligation bonds  
42 issued for the purpose of financing all or a portion of the costs of such  
43 STAR bond project.

1 (e) All revenue certified by the director of taxation as having been  
2 collected or received from the tax imposed by K.S.A. 79-3603(c), and  
3 amendments thereto, on the sale or furnishing of gas, water, electricity and  
4 heat for use or consumption within the intermodal facility district  
5 described in this subsection, shall be credited by the state treasurer to the  
6 state highway fund. Such revenue may be transferred by the secretary of  
7 transportation to the rail service improvement fund pursuant to law. The  
8 provisions of this subsection shall take effect upon certification by the  
9 secretary of transportation that a notice to proceed has been received for  
10 the construction of the improvements within the intermodal facility  
11 district, but not later than December 31, 2010, and shall expire when the  
12 secretary of revenue determines that the total of all amounts credited  
13 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is  
14 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all  
15 revenues shall be collected and distributed in accordance with applicable  
16 law. For all tax reporting periods during which the provisions of this  
17 subsection are in effect, none of the exemptions contained in K.S.A. 79-  
18 3601 et seq., and amendments thereto, shall apply to the sale or furnishing  
19 of any gas, water, electricity and heat for use or consumption within the  
20 intermodal facility district. As used in this subsection, "intermodal facility  
21 district" shall consist of an intermodal transportation area as defined by  
22 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county  
23 within the polygonal-shaped area having Waverly Road as the eastern  
24 boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the  
25 western boundary, and Highway 56 as the northern boundary, and the  
26 polygonal-shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup>  
27 Street as the southern boundary, Waverly Road as the western boundary,  
28 and the BNSF mainline track as the northern boundary, that includes  
29 capital investment in an amount exceeding \$150 million for the  
30 construction of an intermodal facility to handle the transfer, storage and  
31 distribution of freight through railway and trucking operations.

32 Sec. 8. K.S.A. 2022 Supp. 79-3703 is hereby amended to read as  
33 follows: 79-3703. (a) There is hereby levied and there shall be collected  
34 from every person in this state a tax or excise for the privilege of using,  
35 storing, or consuming within this state any article of tangible personal  
36 property. Such tax shall be levied and collected in an amount equal to the  
37 consideration paid by the taxpayer multiplied by the rate of 6.5%, *and on*  
38 *and after April 1, 2023, the rate of 5.5%.*

39 (b) Commencing on January 1, 2023, and thereafter, the state rate on  
40 the amount equal to the consideration paid by the taxpayer from the sale of  
41 food and food ingredients as provided in K.S.A. 79-3603, and amendments  
42 thereto, shall be as set forth in K.S.A. 2022 Supp. 79-3603d, and  
43 amendments thereto.

1 (c) On and after January 1, 2023, 17% and on and after ~~January 1,~~  
2 ~~2025 April 1, 2023~~, 18% of the tax rate imposed pursuant to this section  
3 and the rate provided in K.S.A. 2022 Supp. 79-3603d, and amendments  
4 thereto, shall be levied for the state highway fund, the state highway fund  
5 purposes and those purposes specified in K.S.A. 68-416, and amendments  
6 thereto, and all revenue collected and received from such tax levy shall be  
7 deposited in the state highway fund.

8 (d) Within a redevelopment district established pursuant to K.S.A.  
9 74-8921, and amendments thereto, there is hereby levied and there shall be  
10 collected and paid an additional tax of 2% until the earlier of: (1) The date  
11 the bonds issued to finance or refinance the redevelopment project  
12 undertaken in the district have been paid in full; or (2) the final scheduled  
13 maturity of the first series of bonds issued to finance the redevelopment  
14 project.

15 (e) All property purchased or leased within or without this state and  
16 subsequently used, stored or consumed in this state shall be subject to the  
17 compensating tax if the same property or transaction would have been  
18 subject to the Kansas retailers' sales tax had the transaction been wholly  
19 within this state.

20 Sec. 9. K.S.A. 2022 Supp. 79-3710 is hereby amended to read as  
21 follows: 79-3710. (a) All revenue collected or received by the director  
22 under the provisions of this act shall be remitted to the state treasurer in  
23 accordance with the provisions of K.S.A. 75-4215, and amendments  
24 thereto. Upon receipt of each such remittance, the state treasurer shall  
25 deposit the entire amount in the state treasury, less amounts set apart as  
26 provided in subsection (b) and amounts credited as provided in subsection  
27 (c), (d) and (e), to the credit of the state general fund.

28 (b) A revolving fund, designated as "compensating tax refund fund"  
29 not to exceed \$10,000 shall be set apart and maintained by the director  
30 from compensating tax collections and estimated tax collections and held  
31 by the state treasurer for prompt payment of all compensating tax refunds.  
32 Such fund shall be in such amount, within the limit set by this section, as  
33 the director shall determine is necessary to meet current refunding  
34 requirements under this act.

35 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the  
36 revenue collected and received from the tax imposed by K.S.A. 79-3703,  
37 and amendments thereto, at the rates provided in K.S.A. 79-3703, and  
38 amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments  
39 thereto, and deposited as provided by subsection (a), exclusive of amounts  
40 credited pursuant to subsection (d), in the state highway fund.

41 (2) On ~~January 1, 2025 April 1, 2023~~, and thereafter, the state  
42 treasurer shall credit 18% of the revenue collected and received from the  
43 tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates

1 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2022  
2 Supp. 79-3603d, and amendments thereto, and deposited as provided by  
3 subsection (a), exclusive of amounts credited pursuant to subsection (d), in  
4 the state highway fund.

5 (d) The state treasurer shall credit all revenue collected or received  
6 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
7 certified by the director, from taxpayers doing business within that portion  
8 of a redevelopment district occupied by a redevelopment project that was  
9 determined by the secretary of commerce to be of statewide as well as  
10 local importance or will create a major tourism area for the state as defined  
11 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance  
12 fund created by K.S.A. 79-3620(d), and amendments thereto. The  
13 provisions of this subsection shall expire when the total of all amounts  
14 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,  
15 is sufficient to retire the special obligation bonds issued for the purpose of  
16 financing all or a portion of the costs of such redevelopment project.

17 This subsection shall not apply to a project designated as a special bond  
18 project as defined in K.S.A. 12-1770a(z), and amendments thereto.

19 (e) All revenue certified by the director of taxation as having been  
20 collected or received from the tax imposed by K.S.A. 79-3603(c), and  
21 amendments thereto, on the sale or furnishing of gas, water, electricity and  
22 heat for use or consumption within the intermodal facility district  
23 described in this subsection, shall be credited by the state treasurer to the  
24 state highway fund. Such revenue may be transferred by the secretary of  
25 transportation to the rail service improvement fund pursuant to law. The  
26 provisions of this subsection shall take effect upon certification by the  
27 secretary of transportation that a notice to proceed has been received for  
28 the construction of the improvements within the intermodal facility  
29 district, but not later than December 31, 2010, and shall expire when the  
30 secretary of revenue determines that the total of all amounts credited  
31 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is  
32 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all  
33 revenues shall be collected and distributed in accordance with applicable  
34 law. For all tax reporting periods during which the provisions of this  
35 subsection are in effect, none of the exemptions contained in K.S.A. 79-  
36 3601 et seq., and amendments thereto, shall apply to the sale or furnishing  
37 of any gas, water, electricity and heat for use or consumption within the  
38 intermodal facility district. As used in this subsection, "intermodal facility  
39 district" shall consist of an intermodal transportation area as defined by  
40 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county  
41 within the polygonal-shaped area having Waverly Road as the eastern  
42 boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the  
43 western boundary, and Highway 56 as the northern boundary, and the

1 polygonal-shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup>  
2 Street as the southern boundary, Waverly Road as the western boundary,  
3 and the BNSF mainline track as the northern boundary, that includes  
4 capital investment in an amount exceeding \$150 million for the  
5 construction of an intermodal facility to handle the transfer, storage and  
6 distribution of freight through railway and trucking operations.

7 Sec. 10. K.S.A. 12-17,162 and K.S.A. 2022 Supp. 79-32,271, 79-  
8 3603, 79-3606, 79-3603d, 79-3620, 79-3703 and 79-3710 are hereby  
9 repealed.

10 Sec. 11. This act shall take effect and be in force from and after its  
11 publication in the Kansas register.