

**SENATE BILL No. 248**

By Committee on Assessment and Taxation

2-13

1 AN ACT concerning sales and compensating use tax; relating to food;  
2 providing a sales tax exemption for sales of healthy food; repealing the  
3 state rate reduction for sales of certain food and food ingredients;  
4 amending K.S.A. 12-189a and K.S.A. 2022 Supp. 79-3603, 79-3606,  
5 79-3620, 79-3703 and 79-3710 and repealing the existing sections; also  
6 repealing K.S.A. 2022 Supp. 79-3603d.  
7

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

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

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

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

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

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

25 Sec. 2. K.S.A. 2022 Supp. 79-3603 is hereby amended to read as  
26 follows: 79-3603. For the privilege of engaging in the business of selling  
27 tangible personal property at retail in this state or rendering or furnishing  
28 any of the services taxable under this act, there is hereby levied and there  
29 shall be collected and paid a tax at the rate of 6.5%. On and after January  
30 1, ~~2023~~ 2024, 17% ~~and on and after January 1, 2025, 18%~~ of the tax rate  
31 imposed pursuant to this section ~~and the rate provided in K.S.A. 2022~~  
32 ~~Supp. 79-3603d, and amendments thereto,~~ shall be levied for the state  
33 highway fund, the state highway fund purposes and those purposes  
34 specified in K.S.A. 68-416, and amendments thereto, and all revenue  
35 collected and received from such tax levy shall be deposited in the state  
36 highway fund.

1        Within a redevelopment district established pursuant to K.S.A. 74-  
2 8921, and amendments thereto, there is hereby levied and there shall be  
3 collected and paid an additional tax at the rate of 2% until the earlier of the  
4 date the bonds issued to finance or refinance the redevelopment project  
5 have been paid in full or the final scheduled maturity of the first series of  
6 bonds issued to finance any part of the project.

7        Such tax shall be imposed upon:

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

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

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

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

42        (e) the gross receipts from the sale of admissions to any place  
43 providing amusement, entertainment or recreation services including

1 admissions to state, county, district and local fairs, but such tax shall not  
2 be levied and collected upon the gross receipts received from sales of  
3 admissions to any cultural and historical event which occurs triennially;

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

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

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

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

27 (j) the gross receipts from the rendering of the services of washing  
28 and washing and waxing of vehicles;

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

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

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

43 (m) the gross receipts received from fees and charges by public and

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

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

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

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

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

26 For the purposes of this subsection:

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

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

41 (3) "facility" means a mill, plant, refinery, oil or gas well, water well,  
42 feedlot or any conveyance, transmission or distribution line of any  
43 cooperative, nonprofit, membership corporation organized under or subject

1 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or  
2 municipal or quasi-municipal corporation, including the land  
3 improvements immediately surrounding such facility;

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

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

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

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

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

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

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

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

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

37 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-  
38 5171 et seq., and amendments thereto, shall be exempt from taxes imposed  
39 pursuant to this section; *and*

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

43 Sec. 3. K.S.A. 2022 Supp. 79-3606 is hereby amended to read as

1 follows: 79-3606. The following shall be exempt from the tax imposed by  
2 this act:

3 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
4 or excise tax has been paid, not subject to refund, under the laws of this  
5 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-  
6 3301, and amendments thereto, including consumable material for such  
7 electronic cigarettes, cereal malt beverages and malt products as defined  
8 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,  
9 malt syrup and malt extract, that is not subject to taxation under the  
10 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles  
11 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed  
12 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and  
13 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
14 thereto, and gross receipts from regulated sports contests taxed pursuant to  
15 the Kansas professional regulated sports act, and amendments thereto;

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

32 (c) all sales of tangible personal property or services, including the  
33 renting and leasing of tangible personal property, purchased directly by a  
34 public or private elementary or secondary school or public or private  
35 nonprofit educational institution and used primarily by such school or  
36 institution for nonsectarian programs and activities provided or sponsored  
37 by such school or institution or in the erection, repair or enlargement of  
38 buildings to be used for such purposes. The exemption herein provided  
39 shall not apply to erection, construction, repair, enlargement or equipment  
40 of buildings used primarily for human habitation, except that such  
41 exemption shall apply to the erection, construction, repair, enlargement or  
42 equipment of buildings used for human habitation by the cerebral palsy  
43 research foundation of Kansas located in Wichita, Kansas, and multi

1 community diversified services, incorporated, located in McPherson,  
2 Kansas;

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



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

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

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

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

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

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

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

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

41 (k) any motor vehicle, semitrailer or pole trailer, as such terms are  
42 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and  
43 delivered in this state to a bona fide resident of another state, which motor

1 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based  
2 in this state and which vehicle, semitrailer, pole trailer or aircraft will not  
3 remain in this state more than 10 days;

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

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

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

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

33 (p) all sales of drugs dispensed pursuant to a prescription order by a  
34 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
35 1626, and amendments thereto. As used in this subsection, "drug" means a  
36 compound, substance or preparation and any component of a compound,  
37 substance or preparation, other than food and food ingredients, dietary  
38 supplements or alcoholic beverages, recognized in the official United  
39 States pharmacopeia, official homeopathic pharmacopoeia of the United  
40 States or official national formulary, and supplement to any of them,  
41 intended for use in the diagnosis, cure, mitigation, treatment or prevention  
42 of disease or intended to affect the structure or any function of the body,  
43 except that for taxable years commencing after December 31, 2013, this

1 subsection shall not apply to any sales of drugs used in the performance or  
2 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
3 thereto;

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

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

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

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

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

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

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

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

1 delivered through mains, lines or pipes pursuant to the provisions of  
2 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire  
3 on December 31, 2005;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (2) For purposes of this subsection:

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



1 materials; (iii) post production handling, storage, warehousing and  
2 distribution operations; and (iv) waste, pollution and environmental  
3 control operations, if any;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (I) transmit or transport electricity, coke, gas, water, steam or similar

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

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

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

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

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

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

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

43 (A) Machinery and equipment used for nonproduction purposes,

1 including, but not limited to, machinery and equipment used for plant  
2 security, fire prevention, first aid, accounting, administration, record  
3 keeping, advertising, marketing, sales or other related activities, plant  
4 cleaning, plant communications and employee work scheduling;

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

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

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

16 (E) furniture and other furnishings;

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

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

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

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

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

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

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

40 (II) all sales of educational materials purchased for distribution to the  
41 public at no charge by a nonprofit corporation organized for the purpose of  
42 encouraging, fostering and conducting programs for the improvement of  
43 public health, except that for taxable years commencing after December

1 31, 2013, this subsection shall not apply to any sales of such materials  
2 purchased by a nonprofit corporation which performs any abortion, as  
3 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

42 (vv) all sales of tangible personal property purchased by any of the  
43 following organizations that are exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
2 for the following purposes, and all sales of any such property by or on  
3 behalf of any such organization for any such purpose:

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

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

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

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

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

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

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

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

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

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

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

1 opportunities;

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

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

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

12 (15) the KSDS, Inc., for the purpose of promoting the independence  
13 and inclusion of people with disabilities as fully participating and  
14 contributing members of their communities and society through the  
15 training and providing of guide and service dogs to people with  
16 disabilities, and providing disability education and awareness to the  
17 general public;

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

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

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

27 (19) the international association of lions clubs for the purpose of  
28 creating and fostering a spirit of understanding among all people for  
29 humanitarian needs by providing voluntary services through community  
30 involvement and international cooperation;

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

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

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

41 (23) the angel babies association, for the purpose of providing  
42 assistance, support and items of necessity to teenage mothers and their  
43 babies; and

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

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

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



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

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

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

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

1 years and shall be subject to audit by the director of taxation. If any  
2 materials purchased under such a certificate are found not to have been  
3 incorporated in the building or other project or not to have been returned  
4 for credit or the sales or compensating tax otherwise imposed upon such  
5 materials that will not be so incorporated in the building or other project  
6 reported and paid by such contractor to the director of taxation not later  
7 than the 20<sup>th</sup> day of the month following the close of the month in which it  
8 shall be determined that such materials will not be used for the purpose for  
9 which such certificate was issued, such organization concerned shall be  
10 liable 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 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
20 this act upon the gross receipts received from any sale exempted by the  
21 amendatory provisions of this subsection shall be refunded. Each claim for  
22 a sales tax refund shall be verified and submitted to the director of taxation  
23 upon forms furnished by the director and shall be accompanied by any  
24 additional documentation required by the director. The director shall  
25 review each claim and shall refund that amount of sales tax paid as  
26 determined under the provisions of this subsection. All refunds shall be  
27 paid from the sales tax refund fund upon warrants of the director of  
28 accounts and reports pursuant to vouchers approved by the director or the  
29 director's designee;

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

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

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

40 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
41 sales of materials and services purchased by any class II or III railroad as  
42 classified by the federal surface transportation board for the construction,  
43 renovation, repair or replacement of class II or III railroad track and

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

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

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

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

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

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

1 contractor for the purpose of constructing, equipping, reconstructing,  
2 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
3 for the collection and storage of such food products for any such  
4 organization which is exempt from federal income taxation pursuant to  
5 section 501(c)(3) of the federal internal revenue code of 1986, that would  
6 be 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 such facilities or not to have been returned for credit or the  
26 sales or compensating tax otherwise imposed upon such materials that will  
27 not be so incorporated in such facilities reported and paid by such  
28 contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
29 month following the close of the month in which it shall be determined  
30 that such materials will not be used for the purpose for which such  
31 certificate was issued, such organization concerned shall be liable for tax  
32 on all materials purchased for the project, and upon payment thereof it  
33 may recover the same from the contractor together with reasonable  
34 attorney fees. Any contractor or any agent, employee or subcontractor  
35 thereof, who shall use or otherwise dispose of any materials purchased  
36 under such a certificate for any purpose other than that for which such a  
37 certificate is issued without the payment of the sales or compensating tax  
38 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
39 and, upon conviction therefor, shall be subject to the penalties provided for  
40 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
41 July 1, 2005, but prior to the effective date of this act upon the gross  
42 receipts received from any sale exempted by the amendatory provisions of  
43 this subsection shall be refunded. Each claim for a sales tax refund shall be

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

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

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

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

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

43 (ooo) all sales of tangible personal property by or on behalf of a

1 public library serving the general public and supported in whole or in part  
2 with tax money or a not-for-profit organization whose purpose is to raise  
3 funds for or provide services or other benefits to any such public library;

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

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

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

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

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



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

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

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

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

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

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

43 (xxx) all sales of personal property and services purchased by the

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

1 amendments thereto. Sales tax paid on and after January 1, 2007, but prior  
2 to the effective date of this act upon the gross receipts received from any  
3 sale which would have been exempted by the provisions of this subsection  
4 had such sale occurred after the effective date of this act shall be refunded.  
5 Each claim for a sales tax refund shall be verified and submitted to the  
6 director of taxation upon forms furnished by the director and shall be  
7 accompanied by any additional documentation required by the director.  
8 The director shall review each claim and shall refund that amount of sales  
9 tax paid as determined under the provisions of this subsection. All refunds  
10 shall be paid from the sales tax refund fund upon warrants of the director  
11 of accounts and reports pursuant to vouchers approved by the director or  
12 the director's designee;

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

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

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

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

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

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

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

1 education, training and employment opportunities for people with  
2 disabilities and other barriers to employment;

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

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

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

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

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

43 (iiii) all sales of tangible personal property or services purchased by a



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

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

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

1 by or on behalf of reaching out from within, inc., which is exempt from  
2 federal income taxation pursuant to section 501(c)(3) of the federal  
3 internal revenue code, for the purpose of sponsoring self-help programs for  
4 incarcerated persons that will enable such incarcerated persons to become  
5 role models for non-violence while in correctional facilities and productive  
6 family members and citizens upon return to the community;

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

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

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

10 (nnnn) all sales of tangible personal property or services purchased  
11 by friends of hospice of Jefferson county, an organization that is exempt  
12 from federal income taxation pursuant to section 501(c)(3) of the federal  
13 internal revenue code of 1986, for the purpose of providing support to the  
14 Jefferson county hospice agency in end-of-life care of Jefferson county  
15 families, friends and neighbors, and all sales of entry or participation fees,  
16 charges or tickets by friends of hospice of Jefferson county for such  
17 organization's fundraising event for such purpose; ~~and~~

18 (oooo) all sales of tangible personal property or services purchased  
19 for the purpose of and in conjunction with constructing, reconstructing,  
20 enlarging or remodeling a qualified business facility by a qualified firm or  
21 qualified supplier that meets the requirements established in K.S.A. 2022  
22 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has  
23 been approved for a project exemption certificate by the secretary of  
24 commerce, and the sale and installation of machinery and equipment  
25 purchased by such qualified firm or qualified supplier for installation at  
26 any such qualified business facility. When a person shall contract for the  
27 construction, reconstruction, enlargement or remodeling of any such  
28 qualified business facility, such person shall obtain from the state and  
29 furnish to the contractor an exemption certificate for the project involved,  
30 and the contractor may purchase materials, machinery and equipment for  
31 incorporation in such project. The contractor shall furnish the number of  
32 such certificates to all suppliers from whom such purchases are made, and  
33 such suppliers shall execute invoices covering the same bearing the  
34 number of such certificate. Upon completion of the project, the contractor  
35 shall furnish to the owner of the qualified firm or qualified supplier a  
36 sworn statement, on a form to be provided by the director of taxation, that  
37 all purchases so made were entitled to exemption under this subsection.  
38 All invoices shall be held by the contractor for a period of five years and  
39 shall be subject to audit by the director of taxation. Any contractor or any  
40 agent, employee or subcontractor thereof who shall use or otherwise  
41 dispose of any materials, machinery or equipment purchased under such a  
42 certificate for any purpose other than that for which such a certificate is  
43 issued without the payment of the sales or compensating tax otherwise

1 imposed thereon, shall be guilty of a misdemeanor and, upon conviction  
 2 therefor, shall be subject to the penalties provided for in K.S.A. 79-  
 3 3615(h), and amendments thereto. As used in this subsection, "qualified  
 4 business facility," "qualified firm" and "qualified supplier" mean the same  
 5 as defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto; and  
 6 *(pppp) on and after January 1, 2024, all sales of healthy food for*  
 7 *human consumption. As used in this subsection, "healthy food" means*  
 8 *fruits and vegetables, including fresh, canned, jarred, frozen and dried;*  
 9 *meat, poultry and fish; eggs; milk, including whole, fat-reduced, nonfat,*  
 10 *evaporated, dry, soy and almond; cheese; yogurt; tofu; infant formula;*  
 11 *infant cereal; infant food fruits, vegetables and meats; juice; whole wheat*  
 12 *or whole grain bread; corn or flour tortillas; pasta; brown rice, bulgur,*  
 13 *oatmeal and whole grain barley; breakfast cereals; beans and nuts; and*  
 14 *peanut butter. This exemption shall not apply to prepared food.*

15 Sec. 4. K.S.A. 2022 Supp. 79-3620 is hereby amended to read as  
 16 follows: 79-3620. (a) All revenue collected or received by the director of  
 17 taxation from the taxes imposed by this act shall be remitted to the state  
 18 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
 19 amendments thereto. Upon receipt of each such remittance, the state  
 20 treasurer shall deposit the entire amount in the state treasury, less amounts  
 21 withheld as provided in subsection (b) and amounts credited as provided in  
 22 subsections (c), (d) and (e), to the credit of the state general fund.

23 (b) A refund fund, designated as "sales tax refund fund" not to exceed  
 24 \$100,000 shall be set apart and maintained by the director from sales tax  
 25 collections and estimated tax collections and held by the state treasurer for  
 26 prompt payment of all sales tax refunds. Such fund shall be in such  
 27 amount, within the limit set by this section, as the director shall determine  
 28 is necessary to meet current refunding requirements under this act. In the  
 29 event such fund as established by this section is, at any time, insufficient to  
 30 provide for the payment of refunds due claimants thereof, the director shall  
 31 certify the amount of additional funds required to the director of accounts  
 32 and reports who shall promptly transfer the required amount from the state  
 33 general fund to the sales tax refund fund, and notify the state treasurer,  
 34 who shall make proper entry in the records.

35 (c) ~~(1)~~ On January 1, ~~2023~~ 2024, and thereafter, the state treasurer  
 36 shall credit 17% of the revenue collected and received from the tax  
 37 imposed by K.S.A. 79-3603, and amendments thereto, at the ~~rates~~  
 38 ~~provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2022~~  
 39 ~~Supp. 79-3603d, and amendments thereto~~ rate of 6.5%, and deposited as  
 40 provided by subsection (a), exclusive of amounts credited pursuant to  
 41 subsection (d), in the state highway fund.

42 ~~(2) On January 1, 2025, and thereafter, the state treasurer shall credit~~  
 43 ~~18% of the revenue collected and received from the tax imposed by K.S.A.~~

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

6 (d) The state treasurer shall credit all revenue collected or received  
7 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
8 certified by the director, from taxpayers doing business within that portion  
9 of a STAR bond project district occupied by a STAR bond project or  
10 taxpayers doing business with such entity financed by a STAR bond  
11 project as defined in K.S.A. 12-17,162, and amendments thereto, that was  
12 determined by the secretary of commerce to be of statewide as well as  
13 local importance or will create a major tourism area for the state or the  
14 project was designated as a STAR bond project as defined in K.S.A. 12-  
15 17,162, and amendments thereto, to the city bond finance fund, which fund  
16 is hereby created. The provisions of this subsection shall expire when the  
17 total of all amounts credited hereunder and under K.S.A. 79-3710(d), and  
18 amendments thereto, is sufficient to retire the special obligation bonds  
19 issued for the purpose of financing all or a portion of the costs of such  
20 STAR bond project.

21 (e) All revenue certified by the director of taxation as having been  
22 collected or received from the tax imposed by K.S.A. 79-3603(c), and  
23 amendments thereto, on the sale or furnishing of gas, water, electricity and  
24 heat for use or consumption within the intermodal facility district  
25 described in this subsection, shall be credited by the state treasurer to the  
26 state highway fund. Such revenue may be transferred by the secretary of  
27 transportation to the rail service improvement fund pursuant to law. The  
28 provisions of this subsection shall take effect upon certification by the  
29 secretary of transportation that a notice to proceed has been received for  
30 the construction of the improvements within the intermodal facility  
31 district, but not later than December 31, 2010, and shall expire when the  
32 secretary of revenue determines that the total of all amounts credited  
33 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is  
34 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all  
35 revenues shall be collected and distributed in accordance with applicable  
36 law. For all tax reporting periods during which the provisions of this  
37 subsection are in effect, none of the exemptions contained in K.S.A. 79-  
38 3601 et seq., and amendments thereto, shall apply to the sale or furnishing  
39 of any gas, water, electricity and heat for use or consumption within the  
40 intermodal facility district. As used in this subsection, "intermodal facility  
41 district" shall consist of an intermodal transportation area as defined by  
42 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county  
43 within the polygonal-shaped area having Waverly Road as the eastern

1 boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the  
2 western boundary, and Highway 56 as the northern boundary, and the  
3 polygonal-shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup>  
4 Street as the southern boundary, Waverly Road as the western boundary,  
5 and the BNSF mainline track as the northern boundary, that includes  
6 capital investment in an amount exceeding \$150 million for the  
7 construction of an intermodal facility to handle the transfer, storage and  
8 distribution of freight through railway and trucking operations.

9 Sec. 5. K.S.A. 2022 Supp. 79-3703 is hereby amended to read as  
10 follows: 79-3703. (a) There is hereby levied and there shall be collected  
11 from every person in this state a tax or excise for the privilege of using,  
12 storing, or consuming within this state any article of tangible personal  
13 property. Such tax shall be levied and collected in an amount equal to the  
14 consideration paid by the taxpayer multiplied by the rate of 6.5%.

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

20 ~~(e)~~ On and after January 1, ~~2023~~ 2024, 17% ~~and on and after January~~  
21 ~~1, 2025, 18%~~ of the tax rate imposed pursuant to this section ~~and the rate~~  
22 ~~provided in K.S.A. 2022 Supp. 79-3603d, and amendments thereto,~~ shall  
23 be levied for the state highway fund, the state highway fund purposes and  
24 those purposes specified in K.S.A. 68-416, and amendments thereto, and  
25 all revenue collected and received from such tax levy shall be deposited in  
26 the state highway fund.

27 ~~(d)~~(c) Within a redevelopment district established pursuant to K.S.A.  
28 74-8921, and amendments thereto, there is hereby levied and there shall be  
29 collected and paid an additional tax of 2% until the earlier of: (1) The date  
30 the bonds issued to finance or refinance the redevelopment project  
31 undertaken in the district have been paid in full; or (2) the final scheduled  
32 maturity of the first series of bonds issued to finance the redevelopment  
33 project.

34 ~~(e)~~(d) All property purchased or leased within or without this state  
35 and subsequently used, stored or consumed in this state shall be subject to  
36 the compensating tax if the same property or transaction would have been  
37 subject to the Kansas retailers' sales tax had the transaction been wholly  
38 within this state.

39 Sec. 6. K.S.A. 2022 Supp. 79-3710 is hereby amended to read as  
40 follows: 79-3710. (a) All revenue collected or received by the director  
41 under the provisions of this act shall be remitted to the state treasurer in  
42 accordance with the provisions of K.S.A. 75-4215, and amendments  
43 thereto. Upon receipt of each such remittance, the state treasurer shall

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

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

11 (c)(~~1~~) On January 1, ~~2023~~ 2024, and thereafter, the state treasurer shall  
12 credit 17% of the revenue collected and received from the tax imposed by  
13 K.S.A. 79-3703, and amendments thereto, at the ~~rates~~ rate provided in  
14 K.S.A. 79-3703, and amendments thereto, ~~and K.S.A. 2022 Supp. 79-~~  
15 ~~3603d, and amendments thereto,~~ and deposited as provided by subsection  
16 (a), exclusive of amounts credited pursuant to subsection (d), in the state  
17 highway fund.

18 ~~(2) On January 1, 2025, and thereafter, the state treasurer shall credit~~  
19 ~~18% of the revenue collected and received from the tax imposed by K.S.A.~~  
20 ~~79-3703, and amendments thereto, at the rates provided in K.S.A. 79-~~  
21 ~~3703, and amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and~~  
22 ~~amendments thereto, and deposited as provided by subsection (a),~~  
23 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~  
24 ~~highway fund.~~

25 (d) The state treasurer shall credit all revenue collected or received  
26 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
27 certified by the director, from taxpayers doing business within that portion  
28 of a redevelopment district occupied by a redevelopment project that was  
29 determined by the secretary of commerce to be of statewide as well as  
30 local importance or will create a major tourism area for the state as defined  
31 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance  
32 fund created by K.S.A. 79-3620(d), and amendments thereto. The  
33 provisions of this subsection shall expire when the total of all amounts  
34 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,  
35 is sufficient to retire the special obligation bonds issued for the purpose of  
36 financing all or a portion of the costs of such redevelopment project.

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

39 (e) All revenue certified by the director of taxation as having been  
40 collected or received from the tax imposed by K.S.A. 79-3603(c), and  
41 amendments thereto, on the sale or furnishing of gas, water, electricity and  
42 heat for use or consumption within the intermodal facility district  
43 described in this subsection, shall be credited by the state treasurer to the

1 state highway fund. Such revenue may be transferred by the secretary of  
2 transportation to the rail service improvement fund pursuant to law. The  
3 provisions of this subsection shall take effect upon certification by the  
4 secretary of transportation that a notice to proceed has been received for  
5 the construction of the improvements within the intermodal facility  
6 district, but not later than December 31, 2010, and shall expire when the  
7 secretary of revenue determines that the total of all amounts credited  
8 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is  
9 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all  
10 revenues shall be collected and distributed in accordance with applicable  
11 law. For all tax reporting periods during which the provisions of this  
12 subsection are in effect, none of the exemptions contained in K.S.A. 79-  
13 3601 et seq., and amendments thereto, shall apply to the sale or furnishing  
14 of any gas, water, electricity and heat for use or consumption within the  
15 intermodal facility district. As used in this subsection, "intermodal facility  
16 district" shall consist of an intermodal transportation area as defined by  
17 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county  
18 within the polygonal-shaped area having Waverly Road as the eastern  
19 boundary, 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the  
20 western boundary, and Highway 56 as the northern boundary, and the  
21 polygonal-shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup>  
22 Street as the southern boundary, Waverly Road as the western boundary,  
23 and the BNSF mainline track as the northern boundary, that includes  
24 capital investment in an amount exceeding \$150 million for the  
25 construction of an intermodal facility to handle the transfer, storage and  
26 distribution of freight through railway and trucking operations.

27 Sec. 7. K.S.A. 12-189a and K.S.A. 2022 Supp. 79-3603, 79-3603d,  
28 79-3606, 79-3620, 79-3703 and 79-3710 are hereby repealed.

29 Sec. 8. This act shall take effect and be in force from and after  
30 January 1, 2024, and its publication in the statute book.