

[As Further Amended by House Committee of the Whole]

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As Amended by House Committee

Session of 2010

## HOUSE BILL No. 2549

By Committee on Taxation

1-27

14 AN ACT concerning sales taxation; relating to **[income tax, credits,**  
15 **deductions; sales tax,]** imposition of tax on certain services; exemp-  
16 tions; repealed **[coin-operated laundry services];** fund-raising sales;  
17 amending K.S.A. 2009 Supp. **[79-32,218, 79-32,221, 79-32,222,]** ~~12-~~  
18 ~~189a, 79-3602; [and] 79-3603 and 79-3606~~ and repealing the existing  
19 sections **[section].**

20

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

22 ~~Section 1. K.S.A. 2009 Supp. 12-189a is hereby amended to read as~~  
23 ~~follows: 12-189a. The following sales shall be subject to the taxes levied~~  
24 ~~and collected by all cities and counties under the provisions of K.S.A. 12-~~  
25 ~~187 et seq. and amendments thereto:~~

26 ~~—(a) All sales of natural gas, electricity, heat and water delivered~~  
27 ~~through mains, lines or pipes to residential premises for noncommercial~~  
28 ~~use by the occupant of such premises and all sales of natural gas, elec-~~  
29 ~~tricity, heat and water delivered through mains, lines or pipes for agri-~~  
30 ~~cultural use, except that effective January 1, 2006, the provisions of this~~  
31 ~~subsection shall expire for sales of water pursuant to this subsection;~~

32 ~~—(b) all sales of propane gas, LP-gas, coal, wood and other fuel sources~~  
33 ~~for the production of heat or lighting for noncommercial use of an oc-~~  
34 ~~cupant of residential premises; and~~

35 ~~—(c) all sales of intrastate telephone and telegraph services for non-~~  
36 ~~commercial use.~~

37 Sec. ~~2~~ **[1].** K.S.A. 2009 Supp. 79-3602 is hereby amended to read as  
38 follows: 79-3602. Except as otherwise provided, as used in the Kansas  
39 retailers' sales tax act:

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

42 (b) "Agreement" means the multistate agreement entitled the  
43 streamlined sales and use tax agreement approved by the streamlined

1 sales tax implementing states at Chicago, Illinois on November 12, 2002.

2 (c) “Alcoholic beverages” means beverages that are suitable for hu-  
3 man consumption and contain .05% or more of alcohol by volume.

4 (d) “Certified automated system (CAS)” means software certified un-  
5 der the agreement to calculate the tax imposed by each jurisdiction on a  
6 transaction, determine the amount of tax to remit to the appropriate state  
7 and maintain a record of the transaction.

8 (e) “Certified service provider (CSP)” means an agent certified under  
9 the agreement to perform all the seller’s sales and use tax functions, other  
10 than the seller’s obligation to remit tax on its own purchases.

11 (f) “Computer” means an electronic device that accepts information  
12 in digital or similar form and manipulates it for a result based on a se-  
13 quence of instructions.

14 (g) “Computer software” means a set of coded instructions designed  
15 to cause a computer or automatic data processing equipment to perform  
16 a task.

17 (h) “Delivered electronically” means delivered to the purchaser by  
18 means other than tangible storage media.

19 (i) “Delivery charges” means charges by the seller of personal prop-  
20 erty or services for preparation and delivery to a location designated by  
21 the purchaser of personal property or services including, but not limited  
22 to, transportation, shipping, postage, handling, crating and packing. De-  
23 livery charges shall not include charges for delivery of direct mail if the  
24 charges are separately stated on an invoice or similar billing document  
25 given to the purchaser.

26 (j) “Direct mail” means printed material delivered or distributed by  
27 United States mail or other delivery services to a mass audience or to  
28 addressees on a mailing list provided by the purchaser or at the direction  
29 of the purchaser when the cost of the items are not billed directly to the  
30 recipients. Direct mail includes tangible personal property supplied di-  
31 rectly or indirectly by the purchaser to the direct mail seller for inclusion  
32 in the package containing the printed material. Direct mail does not in-  
33 clude multiple items of printed material delivered to a single address.

34 (k) “Director” means the state director of taxation.

35 (l) “Educational institution” means any nonprofit school, college and  
36 university that offers education at a level above the twelfth grade, and  
37 conducts regular classes and courses of study required for accreditation  
38 by, or membership in, the North Central Association of Colleges and  
39 Schools, the state board of education, or that otherwise qualify as an  
40 “educational institution,” as defined by K.S.A. 74-50,103, and amend-  
41 ments thereto. Such phrase shall include: (1) A group of educational in-  
42 stitutions that operates exclusively for an educational purpose; (2) non-  
43 profit endowment associations and foundations organized and operated

1 exclusively to receive, hold, invest and administer moneys and property  
2 as a permanent fund for the support and sole benefit of an educational  
3 institution; (3) nonprofit trusts, foundations and other entities organized  
4 and operated principally to hold and own receipts from intercollegiate  
5 sporting events and to disburse such receipts, as well as grants and gifts,  
6 in the interest of collegiate and intercollegiate athletic programs for the  
7 support and sole benefit of an educational institution; and (4) nonprofit  
8 trusts, foundations and other entities organized and operated for the pri-  
9 mary purpose of encouraging, fostering and conducting scholarly inves-  
10 tigation and industrial and other types of research for the support and  
11 sole benefit of an educational institution.

12 (m) “Electronic” means relating to technology having electrical, dig-  
13 ital, magnetic, wireless, optical, electromagnetic or similar capabilities.

14 (n) “Food and food ingredients” means substances, whether in liquid,  
15 concentrated, solid, frozen, dried or dehydrated form, that are sold for  
16 ingestion or chewing by humans and are consumed for their taste or  
17 nutritional value. “Food and food ingredients” does not include alcoholic  
18 beverages or tobacco.

19 (o) “Gross receipts” means the total selling price or the amount re-  
20 ceived as defined in this act, in money, credits, property or other consid-  
21 eration valued in money from sales at retail within this state; and em-  
22 braced within the provisions of this act. The taxpayer, may take credit in  
23 the report of gross receipts for: (1) An amount equal to the selling price  
24 of property returned by the purchaser when the full sale price thereof,  
25 including the tax collected, is refunded in cash or by credit; and (2) an  
26 amount equal to the allowance given for the trade-in of property.

27 (p) “Ingredient or component part” means tangible personal property  
28 which is necessary or essential to, and which is actually used in and be-  
29 comes an integral and material part of tangible personal property or serv-  
30 ices produced, manufactured or compounded for sale by the producer,  
31 manufacturer or compounder in its regular course of business. The fol-  
32 lowing items of tangible personal property are hereby declared to be  
33 ingredients or component parts, but the listing of such property shall not  
34 be deemed to be exclusive nor shall such listing be construed to be a  
35 restriction upon, or an indication of, the type or types of property to be  
36 included within the definition of “ingredient or component part” as  
37 herein set forth:

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

41 (2) Containers, labels, shipping cases, paper bags, drinking straws,  
42 paper plates, paper cups, twine and wrapping paper used in the distri-  
43 bution and sale of property taxable under the provisions of this act by

1 wholesalers and retailers and which is not to be returned to such whole-  
2 saler or retailer for reuse.

3 (3) Seeds and seedlings for the production of plants and plant prod-  
4 ucts produced for resale.

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

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

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

14 (q) “Isolated or occasional sale” means the nonrecurring sale of tan-  
15 gible personal property, or services taxable hereunder by a person not  
16 engaged at the time of such sale in the business of selling such property  
17 or services. ~~Any religious organization which makes a nonrecurring sale~~  
18 ~~of tangible personal property acquired for the purpose of resale shall be~~  
19 ~~deemed to be not engaged at the time of such sale in the business of~~  
20 ~~selling such property. [Any religious organization which makes a~~  
21 **nonrecurring sale of tangible personal property acquired for the**  
22 **purpose of resale shall be deemed to be not engaged at the time**  
23 **of such sale in the business of selling such property.]** Such term shall  
24 include: (1) Any sale by a bank, savings and loan institution, credit union  
25 or any finance company licensed under the provisions of the Kansas uni-  
26 form consumer credit code of tangible personal property which has been  
27 repossessed by any such entity; and (2) any sale of tangible personal prop-  
28 erty made by an auctioneer or agent on behalf of not more than two  
29 principals or households if such sale is nonrecurring and any such prin-  
30 cipal or household is not engaged at the time of such sale in the business  
31 of selling tangible personal property.

32 (r) “Lease or rental” means any transfer of possession or control of  
33 tangible personal property for a fixed or indeterminate term for consid-  
34 eration. A lease or rental may include future options to purchase or  
35 extend.

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

40 (B) a transfer or possession or control of property under an agree-  
41 ment that requires the transfer of title upon completion of required pay-  
42 ments and payment of an option price does not exceed the greater of  
43 \$100 or 1% of the total required payments; or

- 1 (C) providing tangible personal property along with an operator for  
2 a fixed or indeterminate period of time. A condition of this exclusion is  
3 that the operator is necessary for the equipment to perform as designed.  
4 For the purpose of this subsection, an operator must do more than main-  
5 tain, inspect or set-up the tangible personal property.
- 6 (2) Lease or rental does include agreements covering motor vehicles  
7 and trailers where the amount of consideration may be increased or de-  
8 creased by reference to the amount realized upon sale or disposition of  
9 the property as defined in 26 U.S.C. 7701(h)(1).
- 10 (3) This definition shall be used for sales and use tax purposes re-  
11 gardless if a transaction is characterized as a lease or rental under gen-  
12 erally accepted accounting principles, the internal revenue code, the uni-  
13 form commercial code, K.S.A. 84-1-101 et seq. and amendments thereto,  
14 or other provisions of federal, state or local law.
- 15 (4) This definition will be applied only prospectively from the effec-  
16 tive date of this act and will have no retroactive impact on existing leases  
17 or rentals.
- 18 (s) “Load and leave” means delivery to the purchaser by use of a  
19 tangible storage media where the tangible storage media is not physically  
20 transferred to the purchaser.
- 21 (t) “Member state” means a state that has entered in the agreement,  
22 pursuant to provisions of article VIII of the agreement.
- 23 (u) “Model 1 seller” means a seller that has selected a CSP as its  
24 agent to perform all the seller’s sales and use tax functions, other than  
25 the seller’s obligation to remit tax on its own purchases.
- 26 (v) “Model 2 seller” means a seller that has selected a CAS to perform  
27 part of its sales and use tax functions, but retains responsibility for re-  
28 mitting the tax.
- 29 (w) “Model 3 seller” means a seller that has sales in at least five  
30 member states, has total annual sales revenue of at least \$500,000,000,  
31 has a proprietary system that calculates the amount of tax due each juris-  
32 diction and has entered into a performance agreement with the member  
33 states that establishes a tax performance standard for the seller. As used  
34 in this subsection a seller includes an affiliated group of sellers using the  
35 same proprietary system.
- 36 (x) “Municipal corporation” means any city incorporated under the  
37 laws of Kansas.
- 38 (y) “Nonprofit blood bank” means any nonprofit place, organization,  
39 institution or establishment that is operated wholly or in part for the  
40 purpose of obtaining, storing, processing, preparing for transfusing, fur-  
41 nishing, donating or distributing human blood or parts or fractions of  
42 single blood units or products derived from single blood units, whether  
43 or not any remuneration is paid therefor, or whether such procedures are

1 done for direct therapeutic use or for storage for future use of such  
2 products.

3 (z) “Persons” means any individual, firm, copartnership, joint adven-  
4 ture, association, corporation, estate or trust, receiver or trustee, or any  
5 group or combination acting as a unit, and the plural as well as the singular  
6 number; and shall specifically mean any city or other political subdivision  
7 of the state of Kansas engaging in a business or providing a service spe-  
8 cifically taxable under the provisions of this act.

9 (aa) “Political subdivision” means any municipality, agency or sub-  
10 division of the state which is, or shall hereafter be, authorized to levy taxes  
11 upon tangible property within the state or which certifies a levy to a  
12 municipality, agency or subdivision of the state which is, or shall hereafter  
13 be, authorized to levy taxes upon tangible property within the state. Such  
14 term also shall include any public building commission, housing, airport,  
15 port, metropolitan transit or similar authority established pursuant to law  
16 and the horsethief reservoir benefit district established pursuant to K.S.A.  
17 82a-2201, and amendments thereto.

18 (bb) “Prescription” means an order, formula or recipe issued in any  
19 form of oral, written, electronic or other means of transmission by a duly  
20 licensed practitioner authorized by the laws of this state.

21 (cc) “Prewritten computer software” means computer software, in-  
22 cluding prewritten upgrades, which is not designed and developed by the  
23 author or other creator to the specifications of a specific purchaser. The  
24 combining of two or more prewritten computer software programs or  
25 prewritten portions thereof does not cause the combination to be other  
26 than prewritten computer software. Prewritten computer software in-  
27 cludes software designed and developed by the author or other creator  
28 to the specifications of a specific purchaser when it is sold to a person  
29 other than the purchaser. Where a person modifies or enhances computer  
30 software of which the person is not the author or creator, the person shall  
31 be deemed to be the author or creator only of such person’s modifications  
32 or enhancements. Prewritten computer software or a prewritten portion  
33 thereof that is modified or enhanced to any degree, where such modifi-  
34 cation or enhancement is designed and developed to the specifications of  
35 a specific purchaser, remains prewritten computer software, except that  
36 where there is a reasonable, separately stated charge or an invoice or  
37 other statement of the price given to the purchaser for such modification  
38 or enhancement, such modification or enhancement shall not constitute  
39 prewritten computer software.

40 (dd) “Property which is consumed” means tangible personal property  
41 which is essential or necessary to and which is used in the actual process  
42 of and consumed, depleted or dissipated within one year in (1) the pro-  
43 duction, manufacture, processing, mining, drilling, refining or compound-

1 ing of tangible personal property, (2) the providing of services, (3) the  
2 irrigation of crops, for sale in the regular course of business, or (4) the  
3 storage or processing of grain by a public grain warehouse or other grain  
4 storage facility, and which is not reusable for such purpose. The following  
5 is a listing of tangible personal property, included by way of illustration  
6 but not of limitation, which qualifies as property which is consumed:

7 (A) Insecticides, herbicides, germicides, pesticides, fungicides, fu-  
8 migants, antibiotics, biologicals, pharmaceuticals, vitamins and chemicals  
9 for use in commercial or agricultural production, processing or storage of  
10 fruit, vegetables, feeds, seeds, grains, animals or animal products whether  
11 fed, injected, applied, combined with or otherwise used;

12 (B) electricity, gas and water; and

13 (C) petroleum products, lubricants, chemicals, solvents, reagents and  
14 catalysts.

15 (ee) “Purchase price” applies to the measure subject to use tax and  
16 has the same meaning as sales price.

17 (ff) “Purchaser” means a person to whom a sale of personal property  
18 is made or to whom a service is furnished.

19 (gg) “Quasi-municipal corporation” means any county, township,  
20 school district, drainage district or any other governmental subdivision in  
21 the state of Kansas having authority to receive or hold moneys or funds.

22 (hh) “Registered under this agreement” means registration by a seller  
23 with the member states under the central registration system provided in  
24 article IV of the agreement.

25 (ii) “Retailer” means a seller regularly engaged in the business of  
26 selling, leasing or renting tangible personal property at retail or furnishing  
27 electrical energy, gas, water, services or entertainment, and selling only  
28 to the user or consumer and not for resale.

29 (jj) “Retail sale” or “sale at retail” means any sale, lease or rental for  
30 any purpose other than for resale, sublease or subrent.

31 (kk) “Sale” or “sales” means the exchange of tangible personal prop-  
32 erty, as well as the sale thereof for money, and every transaction, condi-  
33 tional or otherwise, for a consideration, constituting a sale, including the  
34 sale or furnishing of electrical energy, gas, water, services or entertain-  
35 ment taxable under the terms of this act and including, except as provided  
36 in the following provision, the sale of the use of tangible personal property  
37 by way of a lease, license to use or the rental thereof regardless of the  
38 method by which the title, possession or right to use the tangible personal  
39 property is transferred. The term “sale” or “sales” shall not mean the sale  
40 of the use of any tangible personal property used as a dwelling by way of  
41 a lease or rental thereof for a term of more than 28 consecutive days.

42 (ll) (1) “Sales or selling price” applies to the measure subject to sales  
43 tax and means the total amount of consideration, including cash, credit,

- 1 property and services, for which personal property or services are sold,  
2 leased or rented, valued in money, whether received in money or oth-  
3 erwise, without any deduction for the following:
- 4 (A) The seller's cost of the property sold;
  - 5 (B) the cost of materials used, labor or service cost, interest, losses,  
6 all costs of transportation to the seller, all taxes imposed on the seller and  
7 any other expense of the seller;
  - 8 (C) charges by the seller for any services necessary to complete the  
9 sale, other than delivery and installation charges;
  - 10 (D) delivery charges; and
  - 11 (E) installation charges.
- 12 (2) "Sales or selling price" includes consideration received by the  
13 seller from third parties if:
- 14 (A) The seller actually receives consideration from a party other than  
15 the purchaser and the consideration is directly related to a price reduction  
16 or discount on the sale;
  - 17 (B) the seller has an obligation to pass the price reduction or discount  
18 through to the purchaser;
  - 19 (C) the amount of the consideration attributable to the sale is fixed  
20 and determinable by the seller at the time of the sale of the item to the  
21 purchaser; and
  - 22 (D) one of the following criteria is met:
    - 23 (i) The purchaser presents a coupon, certificate or other documen-  
24 tation to the seller to claim a price reduction or discount where the cou-  
25 pon, certificate or documentation is authorized, distributed or granted by  
26 a third party with the understanding that the third party will reimburse  
27 any seller to whom the coupon, certificate or documentation is presented;
    - 28 (ii) the purchaser identifies to the seller that the purchaser is a mem-  
29 ber of a group or organization entitled to a price reduction or discount.  
30 A preferred customer card that is available to any patron does not con-  
31 stitute membership in such a group; or
    - 32 (iii) the price reduction or discount is identified as a third party price  
33 reduction or discount on the invoice received by the purchaser or on a  
34 coupon, certificate or other documentation presented by the purchaser.
- 35 (3) "Sales or selling price" shall not include:
- 36 (A) Discounts, including cash, term or coupons that are not reim-  
37 bursed by a third party that are allowed by a seller and taken by a pur-  
38 chaser on a sale;
  - 39 (B) interest, financing and carrying charges from credit extended on  
40 the sale of personal property or services, if the amount is separately stated  
41 on the invoice, bill of sale or similar document given to the purchaser;
  - 42 (C) any taxes legally imposed directly on the consumer that are sep-  
43 arately stated on the invoice, bill of sale or similar document given to the

- 1 purchaser; *and*  
2 (D) the amount equal to the allowance given for the trade-in of prop-  
3 erty, if separately stated on the invoice, billing or similar document given  
4 to the purchaser; ~~and~~  
5 ~~(E) commencing on July 1, 2006, and ending on June 30, 2009, cash~~  
6 ~~rebates granted by a manufacturer to a purchaser or lessee of a new motor~~  
7 ~~vehicle if paid directly to the retailer as a result of the original sale.~~  
8 (mm) “Seller” means a person making sales, leases or rentals of per-  
9 sonal property or services.  
10 (nn) “Service” means those services described in and taxed under the  
11 provisions of K.S.A. 79-3603 and amendments thereto.  
12 (oo) “Sourcing rules” means the rules set forth in K.S.A. 2009 Supp.  
13 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments  
14 thereto, which shall apply to identify and determine the state and local  
15 taxing jurisdiction sales or use taxes to pay, or collect and remit on a  
16 particular retail sale.  
17 (pp) “Tangible personal property” means personal property that can  
18 be seen, weighed, measured, felt or touched, or that is in any other man-  
19 ner perceptible to the senses. Tangible personal property includes elec-  
20 tricity, water, gas, steam and prewritten computer software.  
21 (qq) “Taxpayer” means any person obligated to account to the direc-  
22 tor for taxes collected under the terms of this act.  
23 (rr) “Tobacco” means cigarettes, cigars, chewing or pipe tobacco or  
24 any other item that contains tobacco.  
25 (ss) “Entity-based exemption” means an exemption based on who  
26 purchases the product or who sells the product. An exemption that is  
27 available to all individuals shall not be considered an entity-based  
28 exemption.  
29 (tt) “Over-the-counter” drug means a drug that contains a label that  
30 identifies the product as a drug as required by 21 C.F.R. § 201.66. The  
31 over-the-counter drug label includes: (1) A drug facts panel; or (2) a  
32 statement of the active ingredients with a list of those ingredients con-  
33 tained in the compound, substance or preparation. Over-the-counter  
34 drugs do not include grooming and hygiene products such as soaps, clean-  
35 ing solutions, shampoo, toothpaste, antiperspirants and sun tan lotions  
36 and screens.  
37 (uu) “Ancillary services” means services that are associated with or  
38 incidental to the provision of telecommunications services, including, but  
39 not limited to, detailed telecommunications billing, directory assistance,  
40 vertical service and voice mail services.  
41 (vv) “Conference bridging service” means an ancillary service that  
42 links two or more participants of an audio or video conference call and  
43 may include the provision of a telephone number. Conference bridging

1 service does not include the telecommunications services used to reach  
2 the conference bridge.

3 (ww) “Detailed telecommunications billing service” means an ancil-  
4 lary service of separately stating information pertaining to individual calls  
5 on a customer’s billing statement.

6 (xx) “Directory assistance” means an ancillary service of providing  
7 telephone number information or address information, or both.

8 (yy) “Vertical service” means an ancillary service that is offered in  
9 connection with one or more telecommunications services, which offers  
10 advanced calling features that allow customers to identify callers and to  
11 manage multiple calls and call connections, including conference bridging  
12 services.

13 (zz) “Voice mail service” means an ancillary service that enables the  
14 customer to store, send or receive recorded messages. Voice mail service  
15 does not include any vertical services that the customer may be required  
16 to have in order to utilize the voice mail service.

17 (aaa) “Telecommunications service” means the electronic transmis-  
18 sion, conveyance or routing of voice, data, audio, video or any other in-  
19 formation or signals to a point, or between or among points. The term  
20 telecommunications service includes such transmission, conveyance or  
21 routing in which computer processing applications are used to act on the  
22 form, code or protocol of the content for purposes of transmissions, con-  
23 veyance or routing without regard to whether such service is referred to  
24 as voice over Internet protocol services or is classified by the federal  
25 communications commission as enhanced or value added. Telecommu-  
26 nications service does not include:

27 (1) Data processing and information services that allow data to be  
28 generated, acquired, stored, processed or retrieved and delivered by an  
29 electronic transmission to a purchaser where such purchaser’s primary  
30 purpose for the underlying transaction is the processed data or  
31 information;

32 (2) installation or maintenance of wiring or equipment on a cus-  
33 tomer’s premises;

34 (3) tangible personal property;

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

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

37 (6) internet access service;

38 (7) radio and television audio and video programming services, re-  
39 gardless of the medium, including the furnishing of transmission, con-  
40 veyance and routing of such services by the programming service pro-  
41 vider. Radio and television audio and video programming services shall  
42 include, but not be limited to, cable service as defined in 47 U.S.C. 522(6)  
43 and audio and video programming services delivered by commercial mo-

1   bile radio service providers, as defined in 47 C.F.R. 20.3;  
2   (8) ancillary services; or  
3   (9) digital products delivered electronically, including, but not limited  
4   to, software, music, video, reading materials or ring tones.  
5   (bbb) “800 service” means a telecommunications service that allows  
6   a caller to dial a toll-free number without incurring a charge for the call.  
7   The service is typically marketed under the name 800, 855, 866, 877 and  
8   888 toll-free calling, and any subsequent numbers designated by the fed-  
9   eral communications commission.  
10   (ccc) “900 service” means an inbound toll telecommunications serv-  
11   ice purchased by a subscriber that allows the subscriber’s customers to  
12   call in to the subscriber’s prerecorded announcement or live service. 900  
13   service does not include the charge for collection services provided by  
14   the seller of the telecommunications services to the subscriber, or service  
15   or product sold by the subscriber to the subscriber’s customer. The serv-  
16   ice is typically marketed under the name 900 service, and any subsequent  
17   numbers designated by the federal communications commission.  
18   (ddd) “Value-added non-voice data service” means a service that oth-  
19   erwise meets the definition of telecommunications services in which com-  
20   puter processing applications are used to act on the form, content, code  
21   or protocol of the information or data primarily for a purpose other than  
22   transmission, conveyance or routing.  
23   (eee) “International” means a telecommunications service that orig-  
24   inates or terminates in the United States and terminates or originates  
25   outside the United States, respectively. United States includes the Dis-  
26   trict of Columbia or a U.S. territory or possession.  
27   (fff) “Interstate” means a telecommunications service that originates  
28   in one United States state, or a United States territory or possession, and  
29   terminates in a different United States state or a United States territory  
30   or possession.  
31   (ggg) “Intrastate” means a telecommunications service that originates  
32   in one United States state or a United States territory or possession, and  
33   terminates in the same United States state or a United States territory or  
34   possession.  
35   ~~Sec. 3 [2]. K.S.A. 2009 Supp. 79-3603 is hereby amended to read as~~  
36   ~~follows: 79-3603. For the privilege of engaging in the business of selling~~  
37   ~~tangible personal property at retail in this state or rendering or furnishing~~  
38   ~~any of the services taxable under this act, there is hereby levied and there~~  
39   ~~shall be collected and paid a tax at the rate of 5.3%. Within a redevelop-~~  
40   ~~ment district established pursuant to K.S.A. 74-8921, and amendments~~  
41   ~~thereto, there is hereby levied and there shall be collected and paid an~~  
42   ~~additional tax at the rate of 2% until the earlier of the date the bonds~~  
43   ~~issued to finance or refinance the redevelopment project have been paid~~

1 in full or the final scheduled maturity of the first series of bonds issued  
2 to finance any part of the project upon:

3 ~~—(a) The gross receipts received from the sale of tangible personal~~  
4 ~~property at retail within this state;~~

5 ~~—(b) the gross receipts from intrastate, interstate or international tel-~~  
6 ~~ecomunications services and any ancillary services sourced to this state~~  
7 ~~in accordance with K.S.A. 2009 Supp. 79-3673, and amendments thereto;~~  
8 ~~except that telecommunications service does not include: (1) Any inter-~~  
9 ~~state or international 800 or 900 service; (2) any interstate or international~~  
10 ~~private communications service as defined in K.S.A. 2009 Supp. 79-3673,~~  
11 ~~and amendments thereto; (3) any value-added nonvoice data service; (4)~~  
12 ~~**[Any interstate or international 800 or 900 service; (2) any inter-**~~  
13 ~~**state or international private communications service as defined**~~  
14 ~~**in K.S.A. 2009 Supp. 79-3673, and amendments thereto; (3) any**~~  
15 ~~**value-added nonvoice data service; (4)]** any telecommunication serv-~~  
16 ~~ice to a provider of telecommunication services which will be used to~~  
17 ~~render telecommunications services, including carrier access services; or~~  
18 ~~(5) (2) [(5)] any service or transaction defined in this section among en-~~  
19 ~~tities classified as members of an affiliated group as provided by section~~  
20 ~~1504 of the federal internal revenue code of 1986, as in effect on January~~  
21 ~~1, 2001;~~

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

1 ~~fee or similar fee collected by a water supplier as a condition for~~  
2 ~~establishing service; or (3) connection or reconnection fees col-~~  
3 ~~lected by a water supplier];~~  
4 ~~—(d) the gross receipts from the sale of meals or drinks furnished at~~  
5 ~~any private club, drinking establishment, catered event, restaurant, eating~~  
6 ~~house, dining car, hotel, drugstore or other place where meals or drinks~~  
7 ~~are regularly sold to the public;~~  
8 ~~—(e) the gross receipts from the sale of admissions to any place pro-~~  
9 ~~viding amusement, entertainment or recreation services including admis-~~  
10 ~~sions to state, county, district and local fairs, but such tax shall not be~~  
11 ~~levied and collected upon the gross receipts received from sales of ad-~~  
12 ~~missions to any cultural and historical event which occurs triennially;~~  
13 ~~—(f) the gross receipts from the operation of any coin-operated device~~  
14 ~~dispensing or providing tangible personal property, amusement or other~~  
15 ~~services except laundry services, whether automatic or manually operated;~~  
16 ~~—(g) the gross receipts from the service of renting of rooms by hotels,~~  
17 ~~as defined by K.S.A. 36-501 and amendments thereto, or by accommo-~~  
18 ~~dation brokers, as defined by K.S.A. 12-1692, and amendments thereto~~  
19 ~~but such tax shall not be levied and collected upon the gross receipts~~  
20 ~~received from sales of such service to the federal government and any~~  
21 ~~agency, officer or employee thereof in association with the performance~~  
22 ~~of official government duties;~~  
23 ~~—(h) the gross receipts from the service of renting or leasing of tangible~~  
24 ~~personal property except such tax shall not apply to the renting or leasing~~  
25 ~~of machinery, equipment or other personal property owned by a city and~~  
26 ~~purchased from the proceeds of industrial revenue bonds issued prior to~~  
27 ~~July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through~~  
28 ~~12-1749, and amendments thereto, and any city or lessee renting or leas-~~  
29 ~~ing such machinery, equipment or other personal property purchased~~  
30 ~~with the proceeds of such bonds who shall have paid a tax under the~~  
31 ~~provisions of this section upon sales made prior to July 1, 1973, shall be~~  
32 ~~entitled to a refund from the sales tax refund fund of all taxes paid~~  
33 ~~thereon;~~  
34 ~~—(i) the gross receipts from the rendering of dry cleaning, pressing,~~  
35 ~~dyeing and laundry services except laundry services rendered through a~~  
36 ~~coin-operated device whether automatic or manually operated;~~  
37 ~~—(j) the gross receipts from the rendering of the services of washing~~  
38 ~~and washing and waxing of vehicles;~~  
39 ~~—(k) the gross receipts from cable, community antennae and other sub-~~  
40 ~~scriber radio and television services;~~  
41 ~~—(l) (1) except as otherwise provided by paragraph (2), the gross re-~~  
42 ~~ceipts received from the sales of tangible personal property to all con-~~  
43 ~~tractors, subcontractors or repairmen for use by them in erecting struc-~~

1 tures, or building on, or otherwise improving, altering, or repairing real  
2 or personal property.

3 ~~—(2) Any such contractor, subcontractor or repairman who maintains~~  
4 ~~an inventory of such property both for sale at retail and for use by them~~  
5 ~~for the purposes described by paragraph (1) shall be deemed a retailer~~  
6 ~~with respect to purchases for and sales from such inventory, except that~~  
7 ~~the gross receipts received from any such sale, other than a sale at retail,~~  
8 ~~shall be equal to the total purchase price paid for such property and the~~  
9 ~~tax imposed thereon shall be paid by the deemed retailer;~~

10 ~~—(m) the gross receipts received from fees and charges by public and~~  
11 ~~private clubs, drinking establishments, organizations and businesses for~~  
12 ~~participation in sports, games and other recreational activities, but such~~  
13 ~~tax shall not be levied and collected upon the gross receipts received from:~~  
14 ~~(1) Fees and charges by any political subdivision, by any organization~~  
15 ~~exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-~~  
16 ~~201, and amendments thereto, or by any youth recreation organization~~  
17 ~~exclusively providing services to persons 18 years of age or younger which~~  
18 ~~is exempt from federal income taxation pursuant to section 501(c)(3) of~~  
19 ~~the federal internal revenue code of 1986, for participation in sports,~~  
20 ~~games and other recreational activities, and (2) entry fees and charges for~~  
21 ~~participation in a special event or tournament sanctioned by a national~~  
22 ~~sporting association to which spectators are charged an admission which~~  
23 ~~is taxable pursuant to subsection (e), **but such tax shall not be levied**~~  
24 ~~**and collected upon the gross receipts received from fees**[-(1) Fees]~~  
25 ~~**and charges** [by any political subdivision,] **by any organization ex-**~~  
26 ~~**empt from property taxation pursuant to paragraph *Ninth* of K.S.A.**~~  
27 ~~**79-201, and amendments thereto, or by any youth recreation or-**~~  
28 ~~**ganization exclusively providing services to persons 18 years of age**~~  
29 ~~**or younger which is exempt from federal income taxation pursuant**~~  
30 ~~**to section 501(c)(3) of the federal internal revenue code of 1986,**~~  
31 ~~**for participation in sports, games and other recreational activities;**~~  
32 ~~**[and (2) entry fees and charges for participation in a special event**~~  
33 ~~**or tournament sanctioned by a national sporting association to**~~  
34 ~~**which spectators are charged an admission which is taxable pur-**~~  
35 ~~**suant to subsection (e)]**~~

36 ~~—(n) the gross receipts received from dues charged by public and pri-~~  
37 ~~ivate clubs, drinking establishments, organizations and businesses, pay-~~  
38 ~~ment of which entitles a member to the use of facilities for recreation or~~  
39 ~~entertainment, but such tax shall not be levied and collected upon the~~  
40 ~~gross receipts received from: (1) Dues charged by any organization ex-~~  
41 ~~empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of~~  
42 ~~K.S.A. 79-201, and amendments thereto; and (2) sales of memberships~~  
43 ~~in a nonprofit organization which is exempt from federal income taxation~~

1 pursuant to section 501 (c)(3) of the federal internal revenue code of  
2 1986, and whose purpose is to support the operation of a nonprofit zoo;  
3 ~~but such tax shall not be levied and collected upon the gross re-~~  
4 ~~ceipts received from: (1) Dues charged by any organization exempt~~  
5 ~~from property taxation pursuant to paragraphs Eighth and Ninth of~~  
6 ~~K.S.A. 79-201, and amendments thereto; and (2) sales of member-~~  
7 ~~ships in a nonprofit organization which is exempt from federal in-~~  
8 ~~come taxation pursuant to section 501 (c)(3) of the federal internal~~  
9 ~~revenue code of 1986, and whose purpose is to support the oper-~~  
10 ~~ation of a nonprofit zoo;~~  
11 ~~—(o)—the gross receipts received from the isolated or occasional sale of~~  
12 ~~motor vehicles or trailers but not including: (1) The transfer of motor~~  
13 ~~vehicles or trailers by a person to a corporation or limited liability com-~~  
14 ~~pany solely in exchange for stock securities or membership interest in~~  
15 ~~such corporation or limited liability company; or (2) the transfer of motor~~  
16 ~~vehicles or trailers by one corporation or limited liability company to~~  
17 ~~another when all of the assets of such corporation or limited liability~~  
18 ~~company are transferred to such other corporation or limited liability~~  
19 ~~company; or (3) the sale of motor vehicles or trailers which are subject~~  
20 ~~to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and~~  
21 ~~amendments thereto, by an immediate family member to another im-~~  
22 ~~mediate family member. For the purposes of clause (3), immediate family~~  
23 ~~member means lineal ascendants or descendants, and their spouses [but~~  
24 ~~not including: (1) The transfer of motor vehicles or trailers by a~~  
25 ~~person to a corporation or limited liability company solely in~~  
26 ~~exchange for stock securities or membership interest in such cor-~~  
27 ~~poration or limited liability company; or (2) the transfer of motor~~  
28 ~~vehicles or trailers by one corporation or limited liability company~~  
29 ~~to another when all of the assets of such corporation or limited~~  
30 ~~liability company are transferred to such other corporation or lim-~~  
31 ~~ited liability company; or (3) the sale of motor vehicles or trailers~~  
32 ~~which are subject to taxation pursuant to the provisions of K.S.A.~~  
33 ~~79-5101 et seq., and amendments thereto, by an immediate family~~  
34 ~~member to another immediate family member. For the purposes~~  
35 ~~of clause (3), immediate family member means lineal ascendants~~  
36 ~~or descendants, and their spouses]. Any amount of sales tax paid pur-~~  
37 ~~suant to the Kansas retailers sales tax act on the isolated or occasional sale~~  
38 ~~of motor vehicles or trailers on and after July 1, 2004, which the base for~~  
39 ~~computing the tax was the value pursuant to subsections (a), (b)(1) and~~  
40 ~~(b)(2) of K.S.A. 79-5105, and amendments thereto, when such amount~~  
41 ~~was higher than the amount of sales tax which would have been paid~~  
42 ~~under the law as it existed on June 30, 2004, shall be refunded to the~~  
43 ~~taxpayer pursuant to the procedure prescribed by this section. Such re-~~

1 fund shall be in an amount equal to the difference between the amount  
2 of 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  
5 not later than six months from the effective date of this act to the director  
6 of taxation upon forms furnished by the director and shall be accompanied  
7 by any additional documentation required by the director. The director  
8 shall review each claim and shall refund that amount of tax paid as pro-  
9 vided by this act. All such refunds shall be paid from the sales tax refund  
10 fund, upon warrants of the director of accounts and reports pursuant to  
11 vouchers approved by the director of taxation or the director's designee.  
12 No refund for an amount less than \$10 shall be paid pursuant to this act.  
13 In determining the base for computing the tax on such isolated or occa-  
14 sional sale, the fair market value of any motor vehicle or trailer traded in  
15 by the 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, **repair** or replacement of a residence or the construc-~~  
25 ~~tion, reconstruction, restoration, replacement or repair of a bridge or~~  
26 ~~highway.~~  
27 ~~—For the purposes of this subsection:~~  
28 ~~—(1)—“Original construction” shall mean the first or initial construction~~  
29 ~~of a new building or facility. The term “original construction” shall include~~  
30 ~~the addition of an entire room or floor to any existing building or facility,~~  
31 ~~the completion of any unfinished portion of any existing building or fa-~~  
32 ~~ility and the restoration, reconstruction or replacement of a building,~~  
33 ~~facility or utility structure damaged or destroyed by fire, flood, tornado,~~  
34 ~~lightning, explosion, windstorm, ice loading and attendant winds, terror-~~  
35 ~~ism or earthquake, but such term, except with regard to a residence, shall~~  
36 ~~not include replacement, remodeling, restoration, renovation or recon-~~  
37 ~~struction under any other circumstances;~~  
38 ~~—(2)—“building” shall mean only those enclosures within which individ-~~  
39 ~~uals customarily are employed, or which are customarily used to house~~  
40 ~~machinery, equipment or other property, and including the land improve-~~  
41 ~~ments immediately surrounding such building;~~  
42 ~~—(3)—“facility” shall mean a mill, plant, refinery, oil or gas well, water~~  
43 ~~well, feedlot or any conveyance, transmission or distribution line of any~~

1 cooperative, nonprofit, membership corporation organized under or sub-  
2 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,  
3 or municipal or quasi-municipal corporation, including the land improve-  
4 ments immediately surrounding such facility;

5 —(4)—“residence” shall mean only those enclosures within which indi-  
6 viduals customarily live;

7 —(5)—“utility structure” shall mean transmission and distribution lines  
8 owned by an independent transmission company or cooperative, the Kan-  
9 sas electric transmission authority or natural gas or electric public utility;  
10 and

11 —(6)—“windstorm” shall mean straight line winds of at least 80 miles  
12 per hour as determined by a recognized meteorological reporting agency  
13 or organization;

14 —(q)—the gross receipts received for the service of repairing, servicing,  
15 altering or maintaining tangible personal property which when such serv-  
16 ices are rendered is not being held for sale in the regular course of busi-  
17 ness, and whether or not any tangible personal property is transferred in  
18 connection therewith. The tax imposed by this subsection shall be appli-  
19 cable to the services of repairing, servicing, altering or maintaining an  
20 item of tangible personal property which has been and is fastened to,  
21 connected with or built into real property, *and for such services per-*  
22 *formed at a residence or in a location immediately surrounding a resi-*  
23 *dence shall include, but not be limited to, repairing, servicing, altering or*  
24 *maintaining tangible personal property or the following fixtures or ap-*  
25 *pliances: Wall-to-wall carpeting, security systems, garage door opening*  
26 *systems, swimming pools, saunas, hot tubs, exercise equipment, antennae,*  
27 *lighting fixtures, central air conditioning units, furnaces, air-purifiers, wa-*  
28 *ter heaters, water treatment equipment, refrigerators, freezers, ranges,*  
29 *stovetops, ovens, microwave ovens, clothes washers, clothes dryers, dish-*  
30 *washers, garbage disposals, trash compactors, window air-conditioners,*  
31 *televisions, monitors, speakers, radios, CD or DVD players, computers,*  
32 *entertainment centers or components thereof, small appliances such as*  
33 *installed coffee makers, curtains, interior window dressings, venetian*  
34 *blinds, other similar products that are normally used or sold for residential*  
35 *use. Services to these fixtures and appliances shall not be taxable when*  
36 *the services being performed to the fixtures, appliances, at the residence*  
37 *are exempt as part of the restoration, reconstruction or replacement of a*  
38 *residence damaged or destroyed by fire, flood, tornado, lightning, explo-*  
39 *sion, windstorm, ice loading and attendant winds, terrorism or earth-*  
40 *quake. When a fixture or appliance is sold to replace any of these resi-*  
41 *dential fixtures or appliances, the total selling price charged for the*  
42 *replacement fixture or appliance, its delivery and its installation shall be*  
43 *subject to sales tax. The department may adopt rules and regulations that*

1 ~~add to this list of fixtures and appliances or that explains the application~~  
2 ~~of sales tax to the list of fixtures or appliances described in this subsection~~  
3 ~~if determined that such additions or explanations are necessary for the~~  
4 ~~proper administration of the Kansas retailers' sales tax act. For services~~  
5 ~~done to tangible personal property that has been and is fastened to, con-~~  
6 ~~nected with or built into real property at a facility or building, "mainte-~~  
7 ~~nance" means scheduled, periodic work, including, but not limited to,~~  
8 ~~cleaning services necessary to sustain or support safe, efficient, continuous~~  
9 ~~operations or to prevent the decline, failure, lapse or deterioration of the~~  
10 ~~tangible personal property that has been fastened to, connected with or~~  
11 ~~built into real property;~~

12 ~~—(r) the gross receipts from fees or charges made under service or~~  
13 ~~maintenance agreement contracts for services, charges for the providing~~  
14 ~~of which are taxable under the provisions of subsection (p) or (q);~~

15 ~~—(s) on and after January 1, 2005, the gross receipts received from the~~  
16 ~~sale of prewritten computer software and the sale of the services of mod-~~  
17 ~~ifying, altering, updating or maintaining prewritten computer software,~~  
18 ~~whether the prewritten computer software is installed or delivered elec-~~  
19 ~~tronically by tangible storage media physically transferred to the pur-~~  
20 ~~chaser or by load and leave;~~

21 ~~—(t) the gross receipts received for telephone answering services; [and]~~

22 ~~—(u) the gross receipts received from the sale of prepaid calling service~~  
23 ~~and prepaid wireless calling service as defined in K.S.A. 2009 Supp. 79-~~  
24 ~~3673, and amendments thereto; and~~

25 ~~—(v) the gross receipts received from the sales of bingo cards, bingo~~  
26 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,~~  
27 ~~and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,~~  
28 ~~2000, and before July 1, 2001, and (2) 2.5% on July 1, 2001, and before~~  
29 ~~July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo~~  
30 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,~~  
31 ~~and amendments thereto, shall be exempt from taxes imposed pursuant~~  
32 ~~to this section.~~

33 ~~Sec. 4.—K.S.A. 2009 Supp. 79-3606 is hereby amended to read as~~  
34 ~~follows: 79-3606. The following shall be exempt from the tax imposed by~~  
35 ~~this act:~~

36 ~~—(a) All sales of motor-vehicle fuel or other articles upon which a sales~~  
37 ~~or excise tax has been paid, not subject to refund, under the laws of this~~  
38 ~~state except cigarettes as defined by K.S.A. 79-3301 and amendments~~  
39 ~~thereto, cereal malt beverages and malt products as defined by K.S.A. 79-~~  
40 ~~3817 and amendments thereto, including wort, liquid malt, malt syrup~~  
41 ~~and malt extract, which is not subject to taxation under the provisions of~~  
42 ~~K.S.A. 79-41a02 and amendments thereto, motor vehicles taxed pursuant~~  
43 ~~to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to~~

1 ~~K.S.A. 65-3424d, and amendments thereto, drycleaning and laundry serv-~~  
2 ~~ices taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and~~  
3 ~~gross receipts from regulated sports contests taxed pursuant to the Kansas~~  
4 ~~professional regulated sports act, and amendments thereto;~~  
5 ~~—(b)—all sales of tangible personal property or service, including the~~  
6 ~~renting and leasing of tangible personal property, purchased directly by~~  
7 ~~the state of Kansas, a political subdivision thereof, other than a school or~~  
8 ~~educational institution, or purchased by a public or private nonprofit hos-~~  
9 ~~pital or public hospital authority or nonprofit blood, tissue or organ bank~~  
10 ~~and used exclusively for state, political subdivision, hospital or public hos-~~  
11 ~~pital authority or nonprofit blood, tissue or organ bank purposes, except~~  
12 ~~when: (1) Such state, hospital or public hospital authority is engaged or~~  
13 ~~proposes to engage in any business specifically taxable under the provi-~~  
14 ~~sions of this act and such items of tangible personal property or service~~  
15 ~~are used or proposed to be used in such business, or (2) such political~~  
16 ~~subdivision is engaged or proposes to engage in the business of furnishing~~  
17 ~~gas, electricity or heat to others and such items of personal property or~~  
18 ~~service are used or proposed to be used in such business;~~  
19 ~~—(c)—all sales of tangible personal property or services, including the~~  
20 ~~renting and leasing of tangible personal property, purchased directly by~~  
21 ~~a public or private elementary or secondary school or public or private~~  
22 ~~nonprofit educational institution and used primarily by such school or~~  
23 ~~institution for nonsectarian programs and activities provided or sponsored~~  
24 ~~by such school or institution or in the erection, repair or enlargement of~~  
25 ~~buildings to be used for such purposes. The exemption herein provided~~  
26 ~~shall not apply to erection, construction, repair, enlargement or equip-~~  
27 ~~ment of buildings used primarily for human habitation;~~  
28 ~~—(d)—all sales of tangible personal property or services purchased by a~~  
29 ~~contractor for the purpose of constructing, equipping, reconstructing,~~  
30 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities for~~  
31 ~~any public or private nonprofit hospital or public hospital authority, public~~  
32 ~~or private elementary or secondary school, a public or private nonprofit~~  
33 ~~educational institution, state correctional institution including a privately~~  
34 ~~constructed correctional institution contracted for state use and owner-~~  
35 ~~ship, which would be exempt from taxation under the provisions of this~~  
36 ~~act if purchased directly by such hospital or public hospital authority,~~  
37 ~~school, educational institution or a state correctional institution; and all~~  
38 ~~sales of tangible personal property or services purchased by a contractor~~  
39 ~~for the purpose of constructing, equipping, reconstructing, maintaining,~~  
40 ~~repairing, enlarging, furnishing or remodeling facilities for any political~~  
41 ~~subdivision of the state or district described in subsection (s), the total~~  
42 ~~cost of which is paid from funds of such political subdivision or district~~  
43 ~~and which would be exempt from taxation under the provisions of this~~

1 ~~act if purchased directly by such political subdivision or district. Nothing~~  
 2 ~~in this subsection or in the provisions of K.S.A. 12-3418 and amendments~~  
 3 ~~thereto, shall be deemed to exempt the purchase of any construction~~  
 4 ~~machinery, equipment or tools used in the constructing, equipping, re-~~  
 5 ~~constructing, maintaining, repairing, enlarging, furnishing or remodeling~~  
 6 ~~facilities for any political subdivision of the state or any such district. As~~  
 7 ~~used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments~~  
 8 ~~thereto, “funds of a political subdivision” shall mean general tax revenues,~~  
 9 ~~the proceeds of any bonds and gifts or grants in aid. Gifts shall not mean~~  
 10 ~~funds used for the purpose of constructing, equipping, reconstructing,~~  
 11 ~~repairing, enlarging, furnishing or remodeling facilities which are to be~~  
 12 ~~leased to the donor. When any political subdivision of the state, district~~  
 13 ~~described in subsection (s), public or private nonprofit hospital or public~~  
 14 ~~hospital authority, public or private elementary or secondary school, pub-~~  
 15 ~~lic or private nonprofit educational institution, state correctional institu-~~  
 16 ~~tion including a privately constructed correctional institution contracted~~  
 17 ~~for state use and ownership shall contract for the purpose of constructing,~~  
 18 ~~equipping, reconstructing, maintaining, repairing, enlarging, furnishing~~  
 19 ~~or remodeling facilities, it shall obtain from the state and furnish to the~~  
 20 ~~contractor an exemption certificate for the project involved, and the con-~~  
 21 ~~tractor may purchase materials for incorporation in such project. The~~  
 22 ~~contractor shall furnish the number of such certificate to all suppliers~~  
 23 ~~from whom such purchases are made, and such suppliers shall execute~~  
 24 ~~invoices covering the same bearing the number of such certificate. Upon~~  
 25 ~~completion of the project the contractor shall furnish to the political sub-~~  
 26 ~~division, district described in subsection (s), hospital or public hospital~~  
 27 ~~authority, school, educational institution or department of corrections~~  
 28 ~~concerned a sworn statement, on a form to be provided by the director~~  
 29 ~~of taxation, that all purchases so made were entitled to exemption under~~  
 30 ~~this subsection. As an alternative to the foregoing procedure, any such~~  
 31 ~~contracting entity may apply to the secretary of revenue for agent status~~  
 32 ~~for the sole purpose of issuing and furnishing project exemption certifi-~~  
 33 ~~icates to contractors pursuant to rules and regulations adopted by the~~  
 34 ~~secretary establishing conditions and standards for the granting and main-~~  
 35 ~~taining of such status. All invoices shall be held by the contractor for a~~  
 36 ~~period of five years and shall be subject to audit by the director of taxation.~~  
 37 ~~If any materials purchased under such a certificate are found not to have~~  
 38 ~~been incorporated in the building or other project or not to have been~~  
 39 ~~returned for credit or the sales or compensating tax otherwise imposed~~  
 40 ~~upon such materials which will not be so incorporated in the building or~~  
 41 ~~other project reported and paid by such contractor to the director of~~  
 42 ~~taxation not later than the 20th day of the month following the close of~~  
 43 ~~the month in which it shall be determined that such materials will not be~~

1 used for the purpose for which such certificate was issued, the political  
2 subdivision, district described in subsection (s), hospital or public hospital  
3 authority, school, educational institution or the contractor contracting  
4 with the department of corrections for a correctional institution con-  
5 cerned shall be liable for tax on all materials purchased for the project,  
6 and upon payment thereof it may recover the same from the contractor  
7 together with reasonable attorney fees. Any contractor or any agent, em-  
8 ployee or subcontractor thereof, who shall use or otherwise dispose of  
9 any materials purchased under such a certificate for any purpose other  
10 than that for which such a certificate is issued without the payment of  
11 the sales or compensating tax otherwise imposed upon such materials,  
12 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
13 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,  
14 and amendments thereto;

15 —(c)—all sales of tangible personal property or services purchased by a  
16 contractor for the erection, repair or enlargement of buildings or other  
17 projects for the government of the United States, its agencies or instru-  
18 mentalities, which would be exempt from taxation if purchased directly  
19 by the government of the United States, its agencies or instrumentalities.  
20 When the government of the United States, its agencies or instrumen-  
21 talities shall contract for the erection, repair, or enlargement of any build-  
22 ing or other project, it shall obtain from the state and furnish to the  
23 contractor an exemption certificate for the project involved, and the con-  
24 tractor may purchase materials for incorporation in such project. The  
25 contractor shall furnish the number of such certificates to all suppliers  
26 from whom such purchases are made, and such suppliers shall execute  
27 invoices covering the same bearing the number of such certificate. Upon  
28 completion of the project the contractor shall furnish to the government  
29 of the United States, its agencies or instrumentalities concerned a sworn  
30 statement, on a form to be provided by the director of taxation, that all  
31 purchases so made were entitled to exemption under this subsection. As  
32 an alternative to the foregoing procedure, any such contracting entity may  
33 apply to the secretary of revenue for agent status for the sole purpose of  
34 issuing and furnishing project exemption certificates to contractors pur-  
35 suant to rules and regulations adopted by the secretary establishing con-  
36 ditions and standards for the granting and maintaining of such status. 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. Any contractor or any agent,  
39 employee or subcontractor thereof, who shall use or otherwise dispose of  
40 any materials purchased under such a certificate for any purpose other  
41 than that for which such a certificate is issued without the payment of  
42 the sales or compensating tax otherwise imposed upon such materials,  
43 shall be guilty of a misdemeanor and, upon conviction therefor, shall be

- 1 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615
- 2 and amendments thereto;
- 3 ~~—(f) tangible personal property purchased by a railroad or public utility~~
- 4 ~~for consumption or movement directly and immediately in interstate~~
- 5 ~~commerce;~~
- 6 ~~—(g) sales of aircraft including remanufactured and modified aircraft~~
- 7 ~~sold to persons using directly or through an authorized agent such aircraft~~
- 8 ~~as certified or licensed carriers of persons or property in interstate or~~
- 9 ~~foreign commerce under authority of the laws of the United States or any~~
- 10 ~~foreign government or sold to any foreign government or agency or in-~~
- 11 ~~strumentality of such foreign government and all sales of aircraft for use~~
- 12 ~~outside of the United States and sales of aircraft repair, modification and~~
- 13 ~~replacement parts and sales of services employed in the remanufacture,~~
- 14 ~~modification and repair of aircraft;~~
- 15 ~~—(h) all rentals of nonsectarian textbooks by public or private elemen-~~
- 16 ~~tary or secondary schools;~~
- 17 ~~—(i) the lease or rental of all films, records, tapes, or any type of sound~~
- 18 ~~or picture transcriptions used by motion picture exhibitors;~~
- 19 ~~—(j) meals served without charge or food used in the preparation of~~
- 20 ~~such meals to employees of any restaurant, eating house, dining car, hotel,~~
- 21 ~~drugstore or other place where meals or drinks are regularly sold to the~~
- 22 ~~public if such employees' duties are related to the furnishing or sale of~~
- 23 ~~such meals or drinks;~~
- 24 ~~—(k) any motor vehicle, semitrailer or pole trailer, as such terms are~~
- 25 ~~defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and~~
- 26 ~~delivered in this state to a bona fide resident of another state, which motor~~
- 27 ~~vehicle, semitrailer, pole trailer or aircraft is not to be registered or based~~
- 28 ~~in this state and which vehicle, semitrailer, pole trailer or aircraft will not~~
- 29 ~~remain in this state more than 10 days;~~
- 30 ~~—(l) all isolated or occasional sales of tangible personal property, serv-~~
- 31 ~~ices, substances or things, except isolated or occasional sale of motor~~
- 32 ~~vehicles specifically taxed under the provisions of subsection (o) of K.S.A.~~
- 33 ~~79-3603 and amendments thereto;~~
- 34 ~~—(m) all sales of tangible personal property which become an ingre-~~
- 35 ~~redient or component part of tangible personal property or services pro-~~
- 36 ~~duced, manufactured or compounded for ultimate sale at retail within or~~
- 37 ~~without the state of Kansas, and any such producer, manufacturer or~~
- 38 ~~compounder may obtain from the director of taxation and furnish to the~~
- 39 ~~supplier an exemption certificate number for tangible personal property~~
- 40 ~~for use as an ingredient or component part of the property or services~~
- 41 ~~produced, manufactured or compounded;~~
- 42 ~~—(n) all sales of tangible personal property which is consumed in the~~
- 43 ~~production, manufacture, processing, mining, drilling, refining or com-~~

1 ~~pounding of tangible personal property, the treating of by-products or~~  
2 ~~wastes derived from any such production process, the providing of serv-~~  
3 ~~ices or the irrigation of crops for ultimate sale at retail within or without~~  
4 ~~the state of Kansas; and any purchaser of such property may obtain from~~  
5 ~~the director of taxation and furnish to the supplier an exemption certifi-~~  
6 ~~cate number for tangible personal property for consumption in such pro-~~  
7 ~~duction, manufacture, processing, mining, drilling, refining, compound-~~  
8 ~~ing, treating, irrigation and in providing such services;~~  
9 ~~—(o)—all sales of animals, fowl and aquatic plants and animals, the pri-~~  
10 ~~mary purpose of which is use in agriculture or aquaculture, as defined in~~  
11 ~~K.S.A. 47-1901, and amendments thereto, the production of food for~~  
12 ~~human consumption, the production of animal, dairy, poultry or aquatic~~  
13 ~~plant and animal products, fiber or fur, or the production of offspring for~~  
14 ~~use for any such purpose or purposes;~~  
15 ~~—(p)—all sales of drugs dispensed pursuant to a prescription order by a~~  
16 ~~licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-~~  
17 ~~1626, and amendments thereto. As used in this subsection, “drug” means~~  
18 ~~a compound, substance or preparation and any component of a com-~~  
19 ~~ound, substance or preparation, other than food and food ingredients,~~  
20 ~~dietary supplements or alcoholic beverages, recognized in the official~~  
21 ~~United States pharmacopocia, official homeopathic pharmacopocia of the~~  
22 ~~United States or official national formulary, and supplement to any of~~  
23 ~~them, intended for use in the diagnosis, cure, mitigation, treatment or~~  
24 ~~prevention of disease or intended to affect the structure or any function~~  
25 ~~of the body;~~  
26 ~~—(q)—all sales of insulin dispensed by a person licensed by the state~~  
27 ~~board of pharmacy to a person for treatment of diabetes at the direction~~  
28 ~~of a person licensed to practice medicine by the board of healing arts;~~  
29 ~~—(r)—all sales of oxygen delivery equipment, kidney dialysis equipment,~~  
30 ~~enteral feeding systems, prosthetic devices and mobility enhancing equip-~~  
31 ~~ment prescribed in writing by a person licensed to practice the healing~~  
32 ~~arts, dentistry or optometry, and in addition to such sales, all sales of~~  
33 ~~hearing aids, as defined by subsection (c) of K.S.A. 74-5807, and amend-~~  
34 ~~ments thereto, and repair and replacement parts therefor, including bat-~~  
35 ~~teries, by a person licensed in the practice of dispensing and fitting hear-~~  
36 ~~ing aids pursuant to the provisions of K.S.A. 74-5808, and amendments~~  
37 ~~thereto. For the purposes of this subsection: (1) “Mobility enhancing~~  
38 ~~equipment” means equipment including repair and replacement parts to~~  
39 ~~same, but does not include durable medical equipment, which is primarily~~  
40 ~~and customarily used to provide or increase the ability to move from one~~  
41 ~~place to another and which is appropriate for use either in a home or a~~  
42 ~~motor vehicle; is not generally used by persons with normal mobility; and~~  
43 ~~does not include any motor vehicle or equipment on a motor vehicle~~

1 normally provided by a motor vehicle manufacturer; and (2) “prosthetic  
2 device” means a replacement, corrective or supportive device including  
3 repair and replacement parts for same worn on or in the body to artificially  
4 replace a missing portion of the body, prevent or correct physical deform-  
5 mity or malfunction or support a weak or deformed portion of the body;  
6 ~~—(s)—except as provided in K.S.A. 2000 Supp. 82a-2101, and amend-~~  
7 ~~ments thereto, all sales of tangible personal property or services pur-~~  
8 ~~chased directly or indirectly by a groundwater management district or~~  
9 ~~organized or operating under the authority of K.S.A. 82a-1020 et seq. and~~  
10 ~~amendments thereto, by a rural water district organized or operating un-~~  
11 ~~der the authority of K.S.A. 82a-612, and amendments thereto, or by a~~  
12 ~~water supply district organized or operating under the authority of K.S.A.~~  
13 ~~19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,~~  
14 ~~which property or services are used in the construction activities, opera-~~  
15 ~~tion or maintenance of the district;~~  
16 ~~—(t)—all sales of farm machinery and equipment or aquaculture ma-~~  
17 ~~chinery and equipment, repair and replacement parts therefor and serv-~~  
18 ~~ices performed in the repair and maintenance of such machinery and~~  
19 ~~equipment. For the purposes of this subsection the term “farm machinery~~  
20 ~~and equipment or aquaculture machinery and equipment” shall include~~  
21 ~~a work site utility vehicle, as defined in K.S.A. 8-126, and amendments~~  
22 ~~thereto, and is equipped with a bed or cargo box for hauling materials,~~  
23 ~~and shall also include machinery and equipment used in the operation of~~  
24 ~~Christmas tree farming but shall not include any passenger vehicle, truck,~~  
25 ~~truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer,~~  
26 ~~as such terms are defined by K.S.A. 8-126 and amendments thereto.~~  
27 ~~“Farm machinery and equipment” includes precision farming equipment~~  
28 ~~that is portable or is installed or purchased to be installed on farm ma-~~  
29 ~~chinery and equipment. “Precision farming equipment” includes the fol-~~  
30 ~~lowing items used only in computer-assisted farming, ranching or aqua-~~  
31 ~~culture production operations: Soil testing sensors, yield monitors,~~  
32 ~~computers, monitors, software, global positioning and mapping systems,~~  
33 ~~guiding systems, modems, data communications equipment and any nec-~~  
34 ~~essary mounting hardware, wiring and antennas. Each purchaser of farm~~  
35 ~~machinery and equipment or aquaculture machinery and equipment ex-~~  
36 ~~empted herein must certify in writing on the copy of the invoice or sales~~  
37 ~~ticket to be retained by the seller that the farm machinery and equipment~~  
38 ~~or aquaculture machinery and equipment purchased will be used only in~~  
39 ~~farming, ranching or aquaculture production. Farming or ranching shall~~  
40 ~~include the operation of a feedlot and farm and ranch work for hire and~~  
41 ~~the operation of a nursery;~~  
42 ~~—(u)—all leases or rentals of tangible personal property used as a dwell-~~  
43 ~~ing if such tangible personal property is leased or rented for a period of~~

1 more than 28 consecutive days;  
2 ~~—(v)—all sales of tangible personal property to any contractor for use in~~  
3 ~~preparing meals for delivery to homebound elderly persons over 60 years~~  
4 ~~of age and to homebound disabled persons or to be served at a group-~~  
5 ~~sitting at a location outside of the home to otherwise homebound elderly~~  
6 ~~persons over 60 years of age and to otherwise homebound disabled per-~~  
7 ~~sons, as all or part of any food service project funded in whole or in part~~  
8 ~~by government or as part of a private nonprofit food service project avail-~~  
9 ~~able to all such elderly or disabled persons residing within an area of~~  
10 ~~service designated by the private nonprofit organization, and all sales of~~  
11 ~~tangible personal property for use in preparing meals for consumption by~~  
12 ~~indigent or homeless individuals whether or not such meals are consumed~~  
13 ~~at a place designated for such purpose, and all sales of food products by~~  
14 ~~or on behalf of any such contractor or organization for any such purpose;~~  
15 ~~—(w)—all sales of natural gas, electricity, heat and water delivered~~  
16 ~~through mains, lines or pipes: (1) To residential premises for noncom-~~  
17 ~~mmercial use by the occupant of such premises; (2) For agricultural use~~  
18 ~~and also, for such use, all sales of propane gas, (3) (2) for use in the~~  
19 ~~severing of oil, and (4) (3) to any property which is exempt from property~~  
20 ~~taxation pursuant to K.S.A. 79-201b *Second* through *Sixth*. As used in this~~  
21 ~~paragraph, “severing” shall have the meaning ascribed thereto by sub-~~  
22 ~~section (k) of K.S.A. 79-4216, and amendments thereto. For all sales of~~  
23 ~~natural gas, electricity and heat delivered through mains, lines or pipes~~  
24 ~~pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions~~  
25 ~~of this subsection shall expire on December 31, 2005;~~  
26 ~~—(x)—all sales of propane gas, LP-gas, coal, wood and other fuel sources~~  
27 ~~for the production of heat or lighting for noncommercial use of an oc-~~  
28 ~~cupant of residential premises occurring prior to January 1, 2006;~~  
29 ~~—(y) (w)—all sales of materials and services used in the repairing, serv-~~  
30 ~~icing, altering, maintaining, manufacturing, remanufacturing, or modifi-~~  
31 ~~cation of railroad rolling stock for use in interstate or foreign commerce~~  
32 ~~under authority of the laws of the United States;~~  
33 ~~—(z) (x)—all sales of tangible personal property and services purchased~~  
34 ~~directly by a port authority or by a contractor therefor as provided by the~~  
35 ~~provisions of K.S.A. 12-3418 and amendments thereto;~~  
36 ~~—(aa) (y)—all sales of materials and services applied to equipment which~~  
37 ~~is transported into the state from without the state for repair, service,~~  
38 ~~alteration, maintenance, remanufacture or modification and which is sub-~~  
39 ~~sequently transported outside the state for use in the transmission of~~  
40 ~~liquids or natural gas by means of pipeline in interstate or foreign com-~~  
41 ~~mmerce under authority of the laws of the United States;~~  
42 ~~—(bb) (z)—all sales of used mobile homes or manufactured homes. As~~  
43 ~~used in this subsection: (1) “Mobile homes” and “manufactured homes”~~

1 shall have the meanings ascribed thereto by K.S.A. 58-4202 and amend-  
2 ments thereto, and (2) “sales of used mobile homes or manufactured  
3 homes” means sales other than the original retail sale thereof;  
4 —(cc) (aa)—all sales of tangible personal property or services purchased  
5 for the purpose of and in conjunction with constructing, reconstructing,  
6 enlarging or remodeling a business or retail business which meets the  
7 requirements established in K.S.A. 74-50,115 and amendments thereto,  
8 and the sale and installation of machinery and equipment purchased for  
9 installation at any such business or retail business. When a person shall  
10 contract for the construction, reconstruction, enlargement or remodeling  
11 of any such business or retail business, such person shall obtain from the  
12 state and furnish to the contractor an exemption certificate for the project  
13 involved, and the contractor may purchase materials, machinery and  
14 equipment for incorporation in such project. The contractor shall furnish  
15 the number of such certificates to all suppliers from whom such purchases  
16 are made, and such suppliers shall execute invoices covering the same  
17 bearing the number of such certificate. Upon completion of the project  
18 the contractor shall furnish to the owner of the business or retail business  
19 a sworn statement, on a form to be provided by the director of taxation,  
20 that all purchases so made were entitled to exemption under this subsec-  
21 tion. All invoices shall be held by the contractor for a period of five years  
22 and shall be subject to audit by the director of taxation. Any contractor  
23 or any agent, employee or subcontractor thereof, who shall use or oth-  
24 erwise dispose of any materials, machinery or equipment purchased under  
25 such a certificate for any purpose other than that for which such a  
26 certificate is issued without the payment of the sales or compensating tax  
27 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon  
28 conviction therefor, shall be subject to the penalties provided for in sub-  
29 section (g) of K.S.A. 79-3615 and amendments thereto. As used in this  
30 subsection, “business” and “retail business” have the meanings respec-  
31 tively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;  
32 —(dd) (bb)—all sales of tangible personal property purchased with food  
33 stamps issued by the United States department of agriculture;  
34 —(cc)—all sales of lottery tickets and shares made as part of a lottery  
35 operated by the state of Kansas;  
36 —(ff) (cc)—on and after July 1, 1988, all sales of new mobile homes or  
37 manufactured homes to the extent of 40% of the gross receipts, deter-  
38 mined without regard to any trade-in allowance, received from such sale.  
39 As used in this subsection, “mobile homes” and “manufactured homes”  
40 shall have the meanings ascribed thereto by K.S.A. 58-4202 and amend-  
41 ments thereto;  
42 —(gg) (dd)—all sales of tangible personal property purchased in accord-  
43 ance with vouchers issued pursuant to the federal special supplemental

- 1 food program for women, infants and children;
- 2 ~~—(hh) (ee)—all sales of medical supplies and equipment, including du-~~
- 3 ~~rable medical equipment, purchased directly by a nonprofit skilled nurs-~~
- 4 ~~ing home or nonprofit intermediate nursing care home, as defined by~~
- 5 ~~K.S.A. 39-923, and amendments thereto, for the purpose of providing~~
- 6 ~~medical services to residents thereof. This exemption shall not apply to~~
- 7 ~~tangible personal property customarily used for human habitation pur-~~
- 8 ~~poses. As used in this subsection, “durable medical equipment” means~~
- 9 ~~equipment including repair and replacement parts for such equipment,~~
- 10 ~~which can withstand repeated use, is primarily and customarily used to~~
- 11 ~~serve a medical purpose, generally is not useful to a person in the absence~~
- 12 ~~of illness or injury and is not worn in or on the body, but does not include~~
- 13 ~~mobility enhancing equipment as defined in subsection (r), oxygen deliv-~~
- 14 ~~ery equipment, kidney dialysis equipment or enteral feeding systems;~~
- 15 ~~—(ii)—all sales of tangible personal property purchased directly by a non-~~
- 16 ~~profit organization for nonsectarian comprehensive multidiscipline youth~~
- 17 ~~development programs and activities provided or sponsored by such or-~~
- 18 ~~ganization, and all sales of tangible personal property by or on behalf of~~
- 19 ~~any such organization. This exemption shall not apply to tangible personal~~
- 20 ~~property customarily used for human habitation purposes;~~
- 21 ~~—(jj) (ff)—all sales of tangible personal property or services, including~~
- 22 ~~the renting and leasing of tangible personal property, purchased directly~~
- 23 ~~on behalf of a community-based mental retardation facility or mental~~
- 24 ~~health center organized pursuant to K.S.A. 19-4001 et seq., and amend-~~
- 25 ~~ments thereto, and licensed in accordance with the provisions of K.S.A.~~
- 26 ~~75-3307b and amendments thereto and all sales of tangible personal prop-~~
- 27 ~~erty or services purchased by contractors during the time period from~~
- 28 ~~July, 2003, through June, 2006, for the purpose of constructing, equip-~~
- 29 ~~ping, maintaining or furnishing a new facility for a community-based men-~~
- 30 ~~tal retardation facility or mental health center located in Riverton, Cher-~~
- 31 ~~okee County, Kansas, which would have been eligible for sales tax~~
- 32 ~~exemption pursuant to this subsection if purchased directly by such fa-~~
- 33 ~~ility or center. This exemption shall not apply to tangible personal prop-~~
- 34 ~~erty customarily used for human habitation purposes;~~
- 35 ~~—(kk) (gg) (1) (A)—all sales of machinery and equipment which are~~
- 36 ~~used in this state as an integral or essential part of an integrated produc-~~
- 37 ~~tion operation by a manufacturing or processing plant or facility;~~
- 38 ~~—(B)—all sales of installation, repair and maintenance services per-~~
- 39 ~~formed on such machinery and equipment; and~~
- 40 ~~—(C)—all sales of repair and replacement parts and accessories pur-~~
- 41 ~~chased for such machinery and equipment.~~
- 42 ~~—(2) For purposes of this subsection:~~
- 43 ~~—(A) “Integrated production operation” means an integrated series of~~

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

10 —(B) “production line” means the assemblage of machinery and equip-  
11 ment at a manufacturing or processing plant or facility where the actual  
12 transformation or processing of tangible personal property occurs;

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

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

1 ucts in sealed containers for wholesale and retail distribution, feed grind-  
2 ing, grain milling, frozen food processing, and grain handling, cleaning,  
3 blending, fumigation, drying and aeration operations engaged in by grain  
4 elevators or other grain storage facilities. (iii) Manufacturing or processing  
5 businesses do not include, by way of illustration but not of limitation,  
6 nonindustrial businesses whose operations are primarily retail and that  
7 produce or process tangible personal property as an incidental part of  
8 conducting the retail business, such as retailers who bake, cook or prepare  
9 food products in the regular course of their retail trade, grocery stores,  
10 meat lockers and meat markets that butcher or dress livestock or poultry  
11 in the regular course of their retail trade, contractors who alter, service,  
12 repair or improve real property, and retail businesses that clean, service  
13 or refurbish and repair tangible personal property for its owner;  
14 —(E) “repair and replacement parts and accessories” means all parts  
15 and accessories for exempt machinery and equipment, including, but not  
16 limited to, dies, jigs, molds, patterns and safety devices that are attached  
17 to exempt machinery or that are otherwise used in production, and parts  
18 and accessories that require periodic replacement such as belts, drill bits,  
19 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
20 other refractory items for exempt kiln equipment used in production  
21 operations;  
22 —(F) “primary” or “primarily” mean more than 50% of the time.  
23 —(3) For purposes of this subsection, machinery and equipment shall  
24 be deemed to be used as an integral or essential part of an integrated  
25 production operation when used:  
26 —(A) To receive, transport, convey, handle, treat or store raw materials  
27 in preparation of its placement on the production line;  
28 —(B) to transport, convey, handle or store the property undergoing  
29 manufacturing or processing at any point from the beginning of the pro-  
30 duction line through any warehousing or distribution operation of the  
31 final product that occurs at the plant or facility;  
32 —(C) to act upon, effect, promote or otherwise facilitate a physical  
33 change to the property undergoing manufacturing or processing;  
34 —(D) to guide, control or direct the movement of property undergoing  
35 manufacturing or processing;  
36 —(E) to test or measure raw materials, the property undergoing man-  
37 ufacturing or processing or the finished product, as a necessary part of  
38 the manufacturer’s integrated production operations;  
39 —(F) to plan, manage, control or record the receipt and flow of inven-  
40 tories of raw materials, consumables and component parts, the flow of  
41 the property undergoing manufacturing or processing and the manage-  
42 ment of inventories of the finished product;  
43 —(G) to produce energy for, lubricate, control the operating of or oth-

1 erwise enable the functioning of other production machinery and equip-  
2 ment and the continuation of production operations;  
3 ~~—(H) to package the property being manufactured or processed in a~~  
4 ~~container or wrapping in which such property is normally sold or~~  
5 ~~transported;~~  
6 ~~—(I) to transmit or transport electricity, coke, gas, water, steam or sim-~~  
7 ~~ilar substances used in production operations from the point of genera-~~  
8 ~~tion, if produced by the manufacturer or processor at the plant site, to~~  
9 ~~that manufacturer's production operation; or, if purchased or delivered~~  
10 ~~from offsite, from the point where the substance enters the site of the~~  
11 ~~plant or facility to that manufacturer's production operations;~~  
12 ~~—(J) to cool, heat, filter, refine or otherwise treat water, steam, acid,~~  
13 ~~oil, solvents or other substances that are used in production operations;~~  
14 ~~—(K) to provide and control an environment required to maintain cer-~~  
15 ~~tain levels of air quality, humidity or temperature in special and limited~~  
16 ~~areas of the plant or facility, where such regulation of temperature or~~  
17 ~~humidity is part of and essential to the production process;~~  
18 ~~—(L) to treat, transport or store waste or other byproducts of produc-~~  
19 ~~tion operations at the plant or facility; or~~  
20 ~~—(M) to control pollution at the plant or facility where the pollution is~~  
21 ~~produced by the manufacturing or processing operation.~~  
22 ~~—(4) The following machinery, equipment and materials shall be~~  
23 ~~deemed to be exempt even though it may not otherwise qualify as ma-~~  
24 ~~chinery and equipment used as an integral or essential part of an inte-~~  
25 ~~grated production operation: (A) Computers and related peripheral~~  
26 ~~equipment that are utilized by a manufacturing or processing business~~  
27 ~~for engineering of the finished product or for research and development~~  
28 ~~or product design; (B) machinery and equipment that is utilized by a~~  
29 ~~manufacturing or processing business to manufacture or rebuild tangible~~  
30 ~~personal property that is used in manufacturing or processing operations;~~  
31 ~~including tools, dies, molds, forms and other parts of qualifying machinery~~  
32 ~~and equipment; (C) portable plants for aggregate concrete, bulk cement~~  
33 ~~and asphalt including cement mixing drums to be attached to a motor~~  
34 ~~vehicle; (D) industrial fixtures, devices, support facilities and special foun-~~  
35 ~~dations necessary for manufacturing and production operations; and ma-~~  
36 ~~terials and other tangible personal property sold for the purpose of fab-~~  
37 ~~ricating such fixtures, devices, facilities and foundations. An exemption~~  
38 ~~certificate for such purchases shall be signed by the manufacturer or~~  
39 ~~processor. If the fabricator purchases such material, the fabricator shall~~  
40 ~~also sign the exemption certificate; and (E) a manufacturing or processing~~  
41 ~~business' laboratory equipment that is not located at the plant or facility,~~  
42 ~~but that would otherwise qualify for exemption under subsection (3)(E).~~  
43 ~~—(5) "Machinery and equipment used as an integral or essential part~~

- 1 of an integrated production operation” shall not include:
- 2 —(A)—Machinery and equipment used for nonproduction purposes, in-  
3 cluding, but not limited to, machinery and equipment used for plant se-  
4 curity, fire prevention, first aid, accounting, administration, record keep-  
5 ing, advertising, marketing, sales or other related activities, plant cleaning,  
6 plant communications, and employee work scheduling;
- 7 —(B)—machinery, equipment and tools used primarily in maintaining  
8 and repairing any type of machinery and equipment or the building and  
9 plant;
- 10 —(C)—transportation, transmission and distribution equipment not pri-  
11 marily used in a production, warehousing or material handling operation  
12 at the plant or facility, including the means of conveyance of natural gas,  
13 electricity, oil or water, and equipment related thereto, located outside  
14 the plant or facility;
- 15 —(D)—office machines and equipment including computers and related  
16 peripheral equipment not used directly and primarily to control or mea-  
17 sure the manufacturing process;
- 18 —(E)—furniture and other furnishings;
- 19 —(F)—buildings, other than exempt machinery and equipment that is  
20 permanently affixed to or becomes a physical part of the building, and  
21 any other part of real estate that is not otherwise exempt;
- 22 —(G)—building fixtures that are not integral to the manufacturing op-  
23 eration, such as utility systems for heating, ventilation, air conditioning,  
24 communications, plumbing or electrical;
- 25 —(H)—machinery and equipment used for general plant heating, cooling  
26 and lighting;
- 27 —(I)—motor vehicles that are registered for operation on public high-  
28 ways, or
- 29 —(J)—employee apparel, except safety and protective apparel that is pur-  
30 chased by an employer and furnished gratuitously to employees who are  
31 involved in production or research activities.
- 32 —(6)—Subsections (3) and (5) shall not be construed as exclusive listings  
33 of the machinery and equipment that qualify or do not qualify as an  
34 integral or essential part of an integrated production operation. When  
35 machinery or equipment is used as an integral or essential part of pro-  
36 duction operations part of the time and for nonproduction purpose at  
37 other times, the primary use of the machinery or equipment shall deter-  
38 mine whether or not such machinery or equipment qualifies for  
39 exemption.
- 40 —(7)—The secretary of revenue shall adopt rules and regulations nec-  
41 essary to administer the provisions of this subsection;
- 42 —(H)—all sales of educational materials purchased for distribution to the  
43 public at no charge by a nonprofit corporation organized for the purpose

- 1 of encouraging, fostering and conducting programs for the improvement
- 2 of public health;
- 3 —(mm) *(hh)*—all sales of seeds and tree seedlings, fertilizers, insecti-
- 4 cides, herbicides, germicides, pesticides and fungicides; and services, pur-
- 5 chased and used for the purpose of producing plants in order to prevent
- 6 soil erosion on land devoted to agricultural use;
- 7 —(nn) *(ii)*—except as otherwise provided in this act, all sales of services
- 8 rendered by an advertising agency or licensed broadcast station or any
- 9 member, agent or employee thereof;
- 10 —(oo)—all sales of tangible personal property purchased by a community
- 11 action group or agency for the exclusive purpose of repairing or weath-
- 12 erizing housing occupied by low income individuals;
- 13 —(pp) *(jj)*—all sales of drill bits and explosives actually utilized in the
- 14 exploration and production of oil or gas;
- 15 —(qq)—all sales of tangible personal property and services purchased by
- 16 a nonprofit museum or historical society or any combination thereof, in-
- 17 cluding a nonprofit organization which is organized for the purpose of
- 18 stimulating public interest in the exploration of space by providing edu-
- 19 cational information, exhibits and experiences, which is exempt from fed-
- 20 eral income taxation pursuant to section 501(c)(3) of the federal internal
- 21 revenue code of 1986;
- 22 —(rr)—all sales of tangible personal property which will admit the pur-
- 23 chaser thereof to any annual event sponsored by a nonprofit organization
- 24 which is exempt from federal income taxation pursuant to section
- 25 501(c)(3) of the federal internal revenue code of 1986;
- 26 —(ss) *(kk)*—all sales of tangible personal property and services purchased
- 27 by a public broadcasting station licensed by the federal communications
- 28 commission as a noncommercial educational television or radio station;
- 29 —(tt)—all sales of tangible personal property and services purchased by
- 30 or on behalf of a not-for-profit corporation which is exempt from federal
- 31 income taxation pursuant to section 501(c)(3) of the federal internal rev-
- 32 enue code of 1986, for the sole purpose of constructing a Kansas Korean
- 33 War memorial;
- 34 —(uu) *(ll)*—all sales of tangible personal property and services purchased
- 35 by or on behalf of any rural volunteer fire-fighting organization for use
- 36 exclusively in the performance of its duties and functions;
- 37 —(vv)—all sales of tangible personal property purchased by any of the
- 38 following organizations which are exempt from federal income taxation
- 39 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
- 40 for the following purposes, and all sales of any such property by or on
- 41 behalf of any such organization for any such purpose:
- 42 —(1)—The American Heart Association, Kansas Affiliate, Inc. for the
- 43 purposes of providing education, training, certification in emergency car-

- 1 ~~diac care, research and other related services to reduce disability and~~
- 2 ~~death from cardiovascular diseases and stroke;~~
- 3 ~~—(2)—the Kansas Alliance for the Mentally Ill, Inc. for the purpose of~~
- 4 ~~advocacy for persons with mental illness and to education, research and~~
- 5 ~~support for their families;~~
- 6 ~~—(3)—the Kansas Mental Illness Awareness Council for the purposes of~~
- 7 ~~advocacy for persons who are mentally ill and to education, research and~~
- 8 ~~support for them and their families;~~
- 9 ~~—(4)—the American Diabetes Association Kansas Affiliate, Inc. for the~~
- 10 ~~purpose of eliminating diabetes through medical research, public edu-~~
- 11 ~~cation focusing on disease prevention and education, patient education~~
- 12 ~~including information on coping with diabetes, and professional education~~
- 13 ~~and training;~~
- 14 ~~—(5)—the American Lung Association of Kansas, Inc. for the purpose of~~
- 15 ~~eliminating all lung diseases through medical research, public education~~
- 16 ~~including information on coping with lung diseases, professional educa-~~
- 17 ~~tion and training related to lung disease and other related services to~~
- 18 ~~reduce the incidence of disability and death due to lung disease;~~
- 19 ~~—(6)—the Kansas chapters of the Alzheimer’s Disease and Related Dis-~~
- 20 ~~orders Association, Inc. for the purpose of providing assistance and sup-~~
- 21 ~~port to persons in Kansas with Alzheimer’s disease, and their families and~~
- 22 ~~caregivers;~~
- 23 ~~—(7)—the Kansas chapters of the Parkinson’s disease association for the~~
- 24 ~~purpose of eliminating Parkinson’s disease through medical research and~~
- 25 ~~public and professional education related to such disease;~~
- 26 ~~—(8)—the National Kidney Foundation of Kansas and Western Missouri~~
- 27 ~~for the purpose of eliminating kidney disease through medical research~~
- 28 ~~and public and private education related to such disease;~~
- 29 ~~—(9)—the heartstrings community foundation for the purpose of provid-~~
- 30 ~~ing training, employment and activities for adults with developmental~~
- 31 ~~disabilities;~~
- 32 ~~—(10)—the Cystic Fibrosis Foundation, Heart of America Chapter, for~~
- 33 ~~the purposes of assuring the development of the means to cure and con-~~
- 34 ~~trol cystic fibrosis and improving the quality of life for those with the~~
- 35 ~~disease;~~
- 36 ~~—(11)—the spina bifida association of Kansas for the purpose of provid-~~
- 37 ~~ing financial, educational and practical aid to families and individuals with~~
- 38 ~~spina bifida. Such aid includes, but is not limited to, funding for medical~~
- 39 ~~devices, counseling and medical educational opportunities;~~
- 40 ~~—(12)—the CHWC, Inc., for the purpose of rebuilding urban core neigh-~~
- 41 ~~borhoods through the construction of new homes, acquiring and reno-~~
- 42 ~~vating existing homes and other related activities, and promoting eco-~~
- 43 ~~nomic development in such neighborhoods;~~

- 1 ~~—(13)—the cross-lines cooperative council for the purpose of providing~~  
2 ~~social services to low income individuals and families;~~
- 3 ~~—(14)—the Dreams Work, Inc., for the purpose of providing young adult~~  
4 ~~day services to individuals with developmental disabilities and assisting~~  
5 ~~families in avoiding institutional or nursing home care for a developmen-~~  
6 ~~tally disabled member of their family;~~
- 7 ~~—(15)—the KSDS, Inc., for the purpose of promoting the independence~~  
8 ~~and inclusion of people with disabilities as fully participating and contrib-~~  
9 ~~uting members of their communities and society through the training and~~  
10 ~~providing of guide and service dogs to people with disabilities, and provi-~~  
11 ~~ding disability education and awareness to the general public;~~
- 12 ~~—(16)—the Lyme Association of Greater Kansas City, Inc., for the purpose~~  
13 ~~of providing support to persons with Lyme disease and public education~~  
14 ~~relating to the prevention, treatment and cure of Lyme disease;~~
- 15 ~~—(17)—the Dream Factory, Inc., for the purpose of granting the dreams~~  
16 ~~of children with critical and chronic illnesses;~~
- 17 ~~—(18)—the Ottawa Suzuki Strings, Inc., for the purpose of providing~~  
18 ~~students and families with education and resources necessary to enable~~  
19 ~~each child to develop fine character and musical ability to the fullest~~  
20 ~~potential;~~
- 21 ~~—(19)—the International Association of Lions Clubs for the purpose of~~  
22 ~~creating and fostering a spirit of understanding among all people for hu-~~  
23 ~~manitarian needs by providing voluntary services through community in-~~  
24 ~~volvement and international cooperation;~~
- 25 ~~—(20)—the Johnson County Young Matrons, Inc., for the purpose of pro-~~  
26 ~~moting a positive future for members of the community through volun-~~  
27 ~~teerism, financial support and education through the efforts of an all~~  
28 ~~volunteer organization;~~
- 29 ~~—(21)—the American Cancer Society, Inc., for the purpose of eliminat-~~  
30 ~~ing cancer as a major health problem by preventing cancer, saving lives~~  
31 ~~and diminishing suffering from cancer, through research, education, ad-~~  
32 ~~vocacy and service;~~
- 33 ~~—(22)—the Community Services of Shawnee, Inc., for the purpose of~~  
34 ~~providing food and clothing to those in need;~~
- 35 ~~—(23)—the Angel Babies Association, for the purpose of providing assis-~~  
36 ~~tance, support and items of necessity to teenage mothers and their babies;~~  
37 ~~and~~
- 38 ~~—(24)—the Kansas Fairgrounds Foundation for the purpose of the pres-~~  
39 ~~ervation, renovation and beautification of the Kansas State Fairgrounds;~~
- 40 ~~—(ww)—all sales of tangible personal property purchased by the Habitat~~  
41 ~~for Humanity for the exclusive use of being incorporated within a housing~~  
42 ~~project constructed by such organization;~~
- 43 ~~—(xx)—all sales of tangible personal property and services purchased by~~

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

1 section (g) of K.S.A. 79-3615, and amendments thereto;  
2 ~~—(yy) all sales of tangible personal property and services purchased by~~  
3 ~~a parent-teacher association or organization, and all sales of tangible per-~~  
4 ~~sonal property by or on behalf of such association or organization;~~  
5 ~~—(zz) (mm) all sales of machinery and equipment purchased by over-~~  
6 ~~the-air, free access radio or television station which is used directly and~~  
7 ~~primarily for the purpose of producing a broadcast signal or is such that~~  
8 ~~the failure of the machinery or equipment to operate would cause broad-~~  
9 ~~casting to cease. For purposes of this subsection, machinery and equip-~~  
10 ~~ment shall include, but not be limited to, that required by rules and~~  
11 ~~regulations of the federal communications commission, and all sales of~~  
12 ~~electricity which are essential or necessary for the purpose of producing~~  
13 ~~a broadcast signal or is such that the failure of the electricity would cause~~  
14 ~~broadcasting to cease;~~  
15 ~~—(aaa) all sales of tangible personal property and services purchased~~  
16 ~~by a religious organization which is exempt from federal income taxation~~  
17 ~~pursuant to section 501(c)(3) of the federal internal revenue code, and~~  
18 ~~used exclusively for religious purposes, and all sales of tangible personal~~  
19 ~~property or services purchased by a contractor for the purpose of con-~~  
20 ~~structing, equipping, reconstructing, maintaining, repairing, enlarging,~~  
21 ~~furnishing or remodeling facilities for any such organization which would~~  
22 ~~be exempt from taxation under the provisions of this section if purchased~~  
23 ~~directly by such organization. Nothing in this subsection shall be deemed~~  
24 ~~to exempt the purchase of any construction machinery, equipment or~~  
25 ~~tools used in the constructing, equipping, reconstructing, maintaining,~~  
26 ~~repairing, enlarging, furnishing or remodeling facilities for any such or-~~  
27 ~~ganization. When any such organization shall contract for the purpose of~~  
28 ~~constructing, equipping, reconstructing, maintaining, repairing, enlarg-~~  
29 ~~ing, furnishing or remodeling facilities, it shall obtain from the state and~~  
30 ~~furnish to the contractor an exemption certificate for the project involved,~~  
31 ~~and the contractor may purchase materials for incorporation in such pro-~~  
32 ~~ject. The contractor shall furnish the number of such certificate to all~~  
33 ~~suppliers from whom such purchases are made, and such suppliers shall~~  
34 ~~execute invoices covering the same bearing the number of such certifi-~~  
35 ~~cate. Upon completion of the project the contractor shall furnish to such~~  
36 ~~organization concerned a sworn statement, on a form to be provided by~~  
37 ~~the director of taxation, that all purchases so made were entitled to ex-~~  
38 ~~emption under this subsection. All invoices shall be held by the contractor~~  
39 ~~for a period of five years and shall be subject to audit by the director of~~  
40 ~~taxation. If any materials purchased under such a certificate are found~~  
41 ~~not to have been incorporated in the building or other project or not to~~  
42 ~~have been returned for credit or the sales or compensating tax otherwise~~  
43 ~~imposed upon such materials which will not be so incorporated in the~~

1 building or other project reported and paid by such contractor to the  
2 director of taxation not later than the 20th day of the month following  
3 the close of the month in which it shall be determined that such materials  
4 will not be used for the purpose for which such certificate was issued;  
5 such organization concerned shall be liable for tax on all materials pur-  
6 chased for the project, and upon payment thereof it may recover the same  
7 from the contractor together with reasonable attorney fees. Any contrac-  
8 tor or any agent, employee or subcontractor thereof, who shall use or  
9 otherwise dispose of any materials purchased under such a certificate for  
10 any purpose other than that for which such a certificate is issued without  
11 the payment of the sales or compensating tax otherwise imposed upon  
12 such materials, shall be guilty of a misdemeanor and, upon conviction  
13 therefor, shall be subject to the penalties provided for in subsection (g)  
14 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after  
15 July 1, 1998, but prior to the effective date of this act upon the gross  
16 receipts received from any sale exempted by the amendatory provisions  
17 of this subsection shall be refunded. Each claim for a sales tax refund  
18 shall be verified and submitted to the director of taxation upon forms  
19 furnished by the director and shall be accompanied by any additional  
20 documentation required by the director. The director shall review each  
21 claim and shall refund that amount of sales tax paid as determined under  
22 the provisions of this subsection. All refunds shall be paid from the sales  
23 tax refund fund upon warrants of the director of accounts and reports  
24 pursuant to vouchers approved by the director or the director's designee;  
25 ~~—(bbb)—all sales of food for human consumption by an organization~~  
26 ~~which is exempt from federal income taxation pursuant to section~~  
27 ~~501(c)(3) of the federal internal revenue code of 1986, pursuant to a food~~  
28 ~~distribution program which offers such food at a price below cost in~~  
29 ~~exchange for the performance of community service by the purchaser~~  
30 ~~thereof;~~  
31 ~~—(ccc) (nn)—on and after July 1, 1999, all sales of tangible personal~~  
32 ~~property and services purchased by a primary care clinic or health center~~  
33 ~~the primary purpose of which is to provide services to medically under-~~  
34 ~~served individuals and families, and which is exempt from federal income~~  
35 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue~~  
36 ~~code, and all sales of tangible personal property or services purchased by~~  
37 ~~a contractor for the purpose of constructing, equipping, reconstructing,~~  
38 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities for~~  
39 ~~any such clinic or center which would be exempt from taxation under the~~  
40 ~~provisions of this section if purchased directly by such clinic or center.~~  
41 ~~Nothing in this subsection shall be deemed to exempt the purchase of~~  
42 ~~any construction machinery, equipment or tools used in the constructing,~~  
43 ~~equipping, reconstructing, maintaining, repairing, enlarging, furnishing~~

1 or remodeling facilities for any such clinic or center. When any such clinic  
2 or center shall contract for the purpose of constructing, equipping, re-  
3 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
4 facilities, it shall obtain from the state and furnish to the contractor an  
5 exemption certificate for the project involved, and the contractor may  
6 purchase materials for incorporation in such project. The contractor shall  
7 furnish the number of such certificate to all suppliers from whom such  
8 purchases are made, and such suppliers shall execute invoices covering  
9 the same bearing the number of such certificate. Upon completion of the  
10 project the contractor shall furnish to such clinic or center concerned a  
11 sworn statement, on a form to be provided by the director of taxation,  
12 that all purchases so made were entitled to exemption under this subsec-  
13 tion. All invoices shall be held by the contractor for a period of five years  
14 and shall be subject to audit by the director of taxation. If any materials  
15 purchased under such a certificate are found not to have been incorpo-  
16 rated in the building or other project or not to have been returned for  
17 credit or the sales or compensating tax otherwise imposed upon such  
18 materials which will not be so incorporated in the building or other pro-  
19 ject reported and paid by such contractor to the director of taxation not  
20 later than the 20th day of the month following the close of the month in  
21 which it shall be determined that such materials will not be used for the  
22 purpose for which such certificate was issued, such clinic or center con-  
23 cerned shall be liable for tax on all materials purchased for the project,  
24 and upon payment thereof it may recover the same from the contractor  
25 together with reasonable attorney fees. Any contractor or any agent, em-  
26 ployee or subcontractor thereof, who shall use or otherwise dispose of  
27 any materials purchased under such a certificate for any purpose other  
28 than that for which such a certificate is issued without the payment of  
29 the sales or compensating tax otherwise imposed upon such materials,  
30 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
31 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,  
32 and amendments thereto;  
33 —(ddd) (oo)— on and after January 1, 1999, and before January 1, 2000,  
34 all sales of materials and services purchased by any class II or III railroad  
35 as classified by the federal surface transportation board for the construc-  
36 tion, renovation, repair or replacement of class II or III railroad track and  
37 facilities used directly in interstate commerce. In the event any such track  
38 or facility for which materials and services were purchased sales tax ex-  
39 empt is not operational for five years succeeding the allowance of such  
40 exemption, the total amount of sales tax which would have been payable  
41 except for the operation of this subsection shall be recouped in accord-  
42 ance with rules and regulations adopted for such purpose by the secretary  
43 of revenue;

1 ~~—(ccc) (pp) on and after January 1, 1999, and before January 1, 2001,~~  
2 ~~all sales of materials and services purchased for the original construction,~~  
3 ~~reconstruction, repair or replacement of grain storage facilities, including~~  
4 ~~railroad sidings providing access thereto;~~  
5 ~~—(fff) (qq) all sales of material handling equipment, racking systems~~  
6 ~~and other related machinery and equipment that is used for the handling,~~  
7 ~~movement or storage of tangible personal property in a warehouse or~~  
8 ~~distribution facility in this state, all sales of installation, repair and main-~~  
9 ~~tenance services performed on such machinery and equipment, and all~~  
10 ~~sales of repair and replacement parts for such machinery and equipment.~~  
11 ~~For purposes of this subsection, a warehouse or distribution facility means~~  
12 ~~a single, fixed location that consists of buildings or structures in a contig-~~  
13 ~~uous area where storage or distribution operations are conducted that are~~  
14 ~~separate and apart from the business' retail operations, if any, and which~~  
15 ~~do not otherwise qualify for exemption as occurring at a manufacturing~~  
16 ~~or processing plant or facility. Material handling and storage equipment~~  
17 ~~shall include aeration, dust control, cleaning, handling and other such~~  
18 ~~equipment that is used in a public grain warehouse or other commercial~~  
19 ~~grain storage facility, whether used for grain handling, grain storage, grain~~  
20 ~~refining or processing, or other grain treatment operation;~~  
21 ~~—(ggg) all sales of tangible personal property and services purchased~~  
22 ~~by or on behalf of the Kansas Academy of Science which is exempt from~~  
23 ~~federal income taxation pursuant to section 501(c)(3) of the federal in-~~  
24 ~~ternal revenue code of 1986, and used solely by such academy for the~~  
25 ~~preparation, publication and dissemination of education materials;~~  
26 ~~—(hhh) all sales of tangible personal property and services purchased~~  
27 ~~by or on behalf of all domestic violence shelters that are member agencies~~  
28 ~~of the Kansas coalition against sexual and domestic violence;~~  
29 ~~—(iii) all sales of personal property and services purchased by an or-~~  
30 ~~ganization which is exempt from federal income taxation pursuant to sec-~~  
31 ~~tion 501(c)(3) of the federal internal revenue code of 1986, and which~~  
32 ~~such personal property and services are used by any such organization in~~  
33 ~~the collection, storage and distribution of food products to nonprofit or-~~  
34 ~~ganizations which distribute such food products to persons pursuant to a~~  
35 ~~food distribution program on a charitable basis without fee or charge, and~~  
36 ~~all sales of tangible personal property or services purchased by a contrac-~~  
37 ~~tor for the purpose of constructing, equipping, reconstructing, maintain-~~  
38 ~~ing, repairing, enlarging, furnishing or remodeling facilities used for the~~  
39 ~~collection and storage of such food products for any such organization~~  
40 ~~which is exempt from federal income taxation pursuant to section~~  
41 ~~501(c)(3) of the federal internal revenue code of 1986, which would be~~  
42 ~~exempt from taxation under the provisions of this section if purchased~~  
43 ~~directly by such organization. Nothing in this subsection shall be deemed~~

1 to exempt the purchase of any construction machinery, equipment or  
2 tools used in the constructing, equipping, reconstructing, maintaining,  
3 repairing, enlarging, furnishing or remodeling facilities for any such or-  
4 ganization. When any such organization shall contract for the purpose of  
5 constructing, equipping, reconstructing, maintaining, repairing, enlarg-  
6 ing, furnishing or remodeling facilities, it shall obtain from the state and  
7 furnish to the contractor an exemption certificate for the project involved,  
8 and the contractor may purchase materials for incorporation in such pro-  
9 ject. The contractor shall furnish the number of such certificate to all  
10 suppliers from whom such purchases are made, and such suppliers shall  
11 execute invoices covering the same bearing the number of such certifi-  
12 cate. Upon completion of the project the contractor shall furnish to such  
13 organization concerned a sworn statement, on a form to be provided by  
14 the director of taxation, that all purchases so made were entitled to ex-  
15 emption under this subsection. All invoices shall be held by the contractor  
16 for a period of five years and shall be subject to audit by the director of  
17 taxation. If any materials purchased under such a certificate are found  
18 not to have been incorporated in such facilities or not to have been re-  
19 turned for credit or the sales or compensating tax otherwise imposed upon  
20 such materials which will not be so incorporated in such facilities reported  
21 and paid by such contractor to the director of taxation not later than the  
22 20th day of the month following the close of the month in which it shall  
23 be determined that such materials will not be used for the purpose for  
24 which such certificate was issued, such organization concerned shall be  
25 liable for tax on all materials purchased for the project, and upon payment  
26 thereof it may recover the same from the contractor together with rea-  
27 sonable attorney fees. Any contractor or any agent, employee or subcon-  
28 tractor thereof, who shall use or otherwise dispose of any materials pur-  
29 chased under such a certificate for any purpose other than that for which  
30 such a certificate is issued without the payment of the sales or compen-  
31 sating tax otherwise imposed upon such materials, shall be guilty of a  
32 misdemeanor and, upon conviction therefor, shall be subject to the pen-  
33 alties provided for in subsection (g) of K.S.A. 79-3615, and amendments  
34 thereto. Sales tax paid on and after July 1, 2005, but prior to the effective  
35 date of this act upon the gross receipts received from any sale exempted  
36 by the amendatory provisions of this subsection shall be refunded. Each  
37 claim for a sales tax refund shall be verified and submitted to the director  
38 of taxation upon forms furnished by the director and shall be accompanied  
39 by any additional documentation required by the director. The director  
40 shall review each claim and shall refund that amount of sales tax paid as  
41 determined under the provisions of this subsection. All refunds shall be  
42 paid from the sales tax refund fund upon warrants of the director of  
43 accounts and reports pursuant to vouchers approved by the director or

1 the director's designee;  
2 —(jjj) (*rr*)—all sales of dietary supplements dispensed pursuant to a pre-  
3 scription order by a licensed practitioner or a mid-level practitioner as  
4 defined by K.S.A. 65-1626, and amendments thereto. As used in this  
5 subsection, “dietary supplement” means any product, other than tobacco,  
6 intended to supplement the diet that: (1) Contains one or more of the  
7 following dietary ingredients: A vitamin, a mineral, an herb or other bo-  
8 tanical, an amino acid, a dietary substance for use by humans to supple-  
9 ment the diet by increasing the total dietary intake or a concentrate,  
10 metabolite, constituent, extract or combination of any such ingredient;  
11 (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap or  
12 liquid form, or if not intended for ingestion, in such a form, is not rep-  
13 resented as conventional food and is not represented for use as a sole  
14 item of a meal or of the diet; and (3) is required to be labeled as a dietary  
15 supplement, identifiable by the supplemental facts box found on the label  
16 and as required pursuant to 21 C.F.R. § 101.36; *and*  
17 —(lll)—all sales of tangible personal property and services purchased by  
18 special olympics Kansas, inc. for the purpose of providing year-round  
19 sports training and athletic competition in a variety of olympic-type sports  
20 for individuals with intellectual disabilities by giving them continuing op-  
21 portunities to develop physical fitness, demonstrate courage, experience  
22 joy and participate in a sharing of gifts, skills and friendship with their  
23 families, other special olympics athletes and the community, and activities  
24 provided or sponsored by such organization, and all sales of tangible per-  
25 sonal property by or on behalf of any such organization;  
26 —(mmm)—all sales of tangible personal property purchased by or on  
27 behalf of the Marillac Center, Inc., which is exempt from federal income  
28 taxation pursuant to section 501(c)(3) of the federal internal revenue  
29 code, for the purpose of providing psycho-social-biological and special  
30 education services to children, and all sales of any such property by or on  
31 behalf of such organization for such purpose;  
32 —(nnn)—all sales of tangible personal property and services purchased  
33 by the West Sedgwick County Sunrise Rotary Club and Sunrise Char-  
34 itable Fund for the purpose of constructing a boundless playground which  
35 is an integrated, barrier free and developmentally advantageous play en-  
36 vironment for children of all abilities and disabilities;  
37 —(ooo)—all sales of tangible personal property by or on behalf of a public  
38 library serving the general public and supported in whole or in part with  
39 tax money or a not-for-profit organization whose purpose is to raise funds  
40 for or provide services or other benefits to any such public library;  
41 —(ppp)—all sales of tangible personal property and services purchased  
42 by or on behalf of a homeless shelter which is exempt from federal income  
43 taxation pursuant to section 501(c)(3) of the federal income tax code of

1 1986, and used by any such homeless shelter to provide emergency and  
2 transitional housing for individuals and families experiencing homeless-  
3 ness, and all sales of any such property by or on behalf of any such home-  
4 less shelter for any such purpose;  
5 ~~(qqq) all sales of tangible personal property and services purchased~~  
6 ~~by TLC for children and families, inc., hereinafter referred to as TLC,~~  
7 ~~which is exempt from federal income taxation pursuant to section~~  
8 ~~501(c)(3) of the federal internal revenue code of 1986, and which such~~  
9 ~~property and services are used for the purpose of providing emergency~~  
10 ~~shelter and treatment for abused and neglected children as well as meet-~~  
11 ~~ing additional critical needs for children, juveniles and family, and all sales~~  
12 ~~of any such property by or on behalf of TLC for any such purpose; and~~  
13 ~~all sales of tangible personal property or services purchased by a contrac-~~  
14 ~~tor for the purpose of constructing, maintaining, repairing, enlarging, fur-~~  
15 ~~nishing or remodeling facilities for the operation of services for TLC for~~  
16 ~~any such purpose which would be exempt from taxation under the pro-~~  
17 ~~visions of this section if purchased directly by TLC. Nothing in this sub-~~  
18 ~~section shall be deemed to exempt the purchase of any construction ma-~~  
19 ~~chinery, equipment or tools used in the constructing, maintaining,~~  
20 ~~repairing, enlarging, furnishing or remodeling such facilities for TLC.~~  
21 ~~When TLC contracts for the purpose of constructing, maintaining, re-~~  
22 ~~pairing, enlarging, furnishing or remodeling such facilities, it shall obtain~~  
23 ~~from the state and furnish to the contractor an exemption certificate for~~  
24 ~~the project involved, and the contractor may purchase materials for in-~~  
25 ~~corporation 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 num-~~  
28 ~~ber of such certificate. Upon completion of the project the contractor~~  
29 ~~shall furnish to TLC a sworn statement, on a form to be provided by the~~  
30 ~~director of taxation, that all purchases so made were entitled to exemption~~  
31 ~~under this subsection. All invoices shall be held by the contractor for a~~  
32 ~~period of five years and shall be subject to audit by the director of taxation.~~  
33 ~~If any materials purchased under such a certificate are found not to have~~  
34 ~~been incorporated in the building or other project or not to have been~~  
35 ~~returned for credit or the sales or compensating tax otherwise imposed~~  
36 ~~upon such materials which will not be so incorporated in the building or~~  
37 ~~other project reported and paid by such contractor to the director of~~  
38 ~~taxation not later than the 20th day of the month following the close of~~  
39 ~~the month in which it shall be determined that such materials will not be~~  
40 ~~used for the purpose for which such certificate was issued, TLC shall be~~  
41 ~~liable for tax on all materials purchased for the project, and upon payment~~  
42 ~~thereof it may recover the same from the contractor together with rea-~~  
43 ~~sonable attorney fees. Any contractor or any agent, employee or subcon-~~

1 tractor thereof, who shall use or otherwise dispose of any materials pur-  
2 chased under such a certificate for any purpose other than that for which  
3 such a certificate is issued without the payment of the sales or compen-  
4 sating tax otherwise imposed upon such materials, shall be guilty of a  
5 misdemeanor and, upon conviction therefor, shall be subject to the pen-  
6 alties provided for in subsection (g) of K.S.A. 79-3615, and amendments  
7 thereto;  
8 —(rrr)(ss)—all sales of tangible personal property and services purchased  
9 by any county law library maintained pursuant to law and sales of tangible  
10 personal property and services purchased by an organization which would  
11 have been exempt from taxation under the provisions of this subsection  
12 if purchased directly by the county law library for the purpose of providing  
13 legal resources to attorneys, judges, students and the general public, and  
14 all sales of any such property by or on behalf of any such county law  
15 library;  
16 —(sss)—all sales of tangible personal property and services purchased by  
17 catholic charities or youthville, hereinafter referred to as charitable family  
18 providers, which is exempt from federal income taxation pursuant to sec-  
19 tion 501(c)(3) of the federal internal revenue code of 1986, and which  
20 such property and services are used for the purpose of providing emer-  
21 gency shelter and treatment for abused and neglected children as well as  
22 meeting additional critical needs for children, juveniles and family, and  
23 all sales of any such property by or on behalf of charitable family providers  
24 for any such purpose, and all sales of tangible personal property or ser-  
25 vices purchased by a contractor for the purpose of constructing, maintain-  
26 ing, repairing, enlarging, furnishing or remodeling facilities for the op-  
27 eration of services for charitable family providers for any such purpose  
28 which would be exempt from taxation under the provisions of this section  
29 if purchased directly by charitable family providers. Nothing in this sub-  
30 section shall be deemed to exempt the purchase of any construction ma-  
31 chinery, equipment or tools used in the constructing, maintaining, re-  
32 pairing, enlarging, furnishing or remodeling such facilities for charitable  
33 family providers. When charitable family providers contracts for the pur-  
34 pose of constructing, maintaining, repairing, enlarging, furnishing or re-  
35 modeling such facilities, it shall obtain from the state and furnish to the  
36 contractor an exemption certificate for the project involved, and the con-  
37 tractor may purchase materials for incorporation in such project. The  
38 contractor shall furnish the number of such certificate to all suppliers  
39 from whom such purchases are made, and such suppliers shall execute  
40 invoices covering the same bearing the number of such certificate. Upon  
41 completion of the project the contractor shall furnish to charitable family  
42 providers a sworn statement, on a form to be provided by the director of  
43 taxation, that all purchases so made were entitled to exemption under

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

21 ~~—(ttt) all sales of tangible personal property or services purchased by~~  
22 ~~a contractor for a project for the purpose of restoring, constructing, equip-~~  
23 ~~ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-~~  
24 ~~modeling a home or facility owned by a nonprofit museum which has~~  
25 ~~been granted an exemption pursuant to subsection (qq), which such home~~  
26 ~~or facility is located in a city which has been designated as a qualified~~  
27 ~~hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and~~  
28 ~~amendments thereto, and which such project is related to the purposes~~  
29 ~~of K.S.A. 75-5071 et seq., and amendments thereto, and which would be~~  
30 ~~exempt from taxation under the provisions of this section if purchased~~  
31 ~~directly by such nonprofit museum. Nothing in this subsection shall be~~  
32 ~~deemed to exempt the purchase of any construction machinery, equip-~~  
33 ~~ment or tools used in the restoring, constructing, equipping, reconstruct-~~  
34 ~~ing, maintaining, repairing, enlarging, furnishing or remodeling a home~~  
35 ~~or facility for any such nonprofit museum. When any such nonprofit mu-~~  
36 ~~seum shall contract for the purpose of restoring, constructing, equipping,~~  
37 ~~reconstructing, maintaining, repairing, enlarging, furnishing or remodel-~~  
38 ~~ing a home or facility, it shall obtain from the state and furnish to the~~  
39 ~~contractor an exemption certificate for the project involved, and the con-~~  
40 ~~tractor may purchase materials for incorporation in such project. The~~  
41 ~~contractor shall furnish the number of such certificates to all suppliers~~  
42 ~~from whom such purchases are made, and such suppliers shall execute~~  
43 ~~invoices covering the same bearing the number of such certificate. Upon~~

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

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

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

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

35 —(www)—all sales of tangible personal property purchased by or on be-  
36 half of the Frontenac Education Foundation, which is exempt from fed-  
37 eral income taxation pursuant to section 501(c)(3) of the federal internal  
38 revenue code, for the purpose of providing education support for stu-  
39 dents, and all sales of any such property by or on behalf of such organi-  
40 zation for such purpose;

41 —(xxx)—all sales of personal property and services purchased by the  
42 booth theatre foundation, inc., an organization which is exempt from fed-  
43 eral income taxation pursuant to section 501(c)(3) of the federal internal

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

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

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

1 incorporated into the building or other project reported and paid by such  
2 contractor to the director of taxation not later than the 20th day of the  
3 month following the close of the month in which it shall be determined  
4 that such materials will not be used for the purpose for which such cer-  
5 tificate was issued, TLC charities shall be liable for tax on all materials  
6 purchased for the project, and upon payment thereof it may recover the  
7 same from the contractor together with reasonable attorney fees. Any  
8 contractor or any agent, employee or subcontractor thereof, who shall use  
9 or otherwise dispose of any materials purchased under such a certificate  
10 for any purpose other than that for which such a certificate is issued  
11 without the payment of the sales or compensating tax otherwise imposed  
12 upon such materials, shall be guilty of a misdemeanor and, upon convic-  
13 tion therefor, shall be subject to the penalties provided for in subsection  
14 (g) of K.S.A. 79-3615, 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 com-~~  
19 ~~munity 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~~  
23 ~~code, for the purpose of providing a cancer support group and services~~  
24 ~~for persons with cancer, and all sales of any such property by or on behalf~~  
25 ~~of 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 tax-~~  
28 ~~ation pursuant to section 501(c)(3) of the federal internal revenue code,~~  
29 ~~for such organization's annual fundraising event which purpose is to pro-~~  
30 ~~vide 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~~  
34 ~~code, for the purpose of providing such organization's annual fundraiser,~~  
35 ~~an 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.,~~  
42 ~~both of which are exempt from federal income taxation pursuant to sec-~~  
43 ~~tion 501(c)(3) of the federal internal revenue code, for the purpose of~~

1 providing education, training and employment opportunities for people  
2 with disabilities and other barriers to employment;  
3 —(cccc) 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 in-  
6 ternal revenue code, for the purpose of educating, promoting and partic-  
7 ipating 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  
9 the United States armed forces and military services; and  
10 —(ffff) all sales of tangible personal property and services purchased by  
11 sheltered living, inc., which is exempt from federal income taxation pur-  
12 suant 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 provid-  
14 ing residential and day services for people with developmental disabilities  
15 or mental retardation, or both, and all sales of any such property by or  
16 on behalf of sheltered living, inc. for any such purpose, and all sales of  
17 tangible personal property or services purchased by a contractor for the  
18 purpose of rehabilitating, constructing, maintaining, repairing, enlarging,  
19 furnishing or remodeling homes and facilities for sheltered living, inc. for  
20 any such purpose which would be exempt from taxation under the pro-  
21 visions of this section if purchased directly by sheltered living, inc. Noth-  
22 ing in this subsection shall be deemed to exempt the purchase of any  
23 construction machinery, equipment or tools used in the constructing,  
24 maintaining, repairing, enlarging, furnishing or remodeling such homes  
25 and facilities for sheltered living, inc. When sheltered living, inc. contracts  
26 for the purpose of rehabilitating, constructing, maintaining, repairing, en-  
27 larging, furnishing or remodeling such homes and facilities, it shall obtain  
28 from the state and furnish to the contractor an exemption certificate for  
29 the project involved, and the contractor may purchase materials for in-  
30 corporation in such project. The contractor shall furnish the number of  
31 such certificate to all suppliers from whom such purchases are made, and  
32 such suppliers shall execute invoices covering the same bearing the num-  
33 ber of such certificate. Upon completion of the project the contractor  
34 shall furnish to sheltered living, inc. a sworn statement, on a form to be  
35 provided by the director of taxation, that all purchases so made were  
36 entitled to exemption under this subsection. All invoices shall be held by  
37 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 certifi-  
39 cate are found not to have been incorporated in the building or other  
40 project or not to have been returned for credit or the sales or compen-  
41 sating tax otherwise imposed upon such materials which will not be so  
42 incorporated in the building or other project reported and paid by such  
43 contractor to the director of taxation not later than the 20th 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 cer-  
3 tificate was issued, sheltered living, inc. shall be liable for tax on all ma-  
4 terials purchased for the project, and upon payment thereof it may re-  
5 cover the same from the contractor together with reasonable attorney  
6 fees. Any contractor or any agent, employee or subcontractor thereof,  
7 who shall use or otherwise dispose of any materials purchased under such  
8 a certificate for any purpose other than that for which such a certificate  
9 is issued without the payment of the sales or compensating tax otherwise  
10 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
11 conviction therefor, shall be subject to the penalties provided for in sub-  
12 section (g) of K.S.A. 79-3615, and amendments thereto.

13 ~~—New Sec. 5. (a) Sales of tangible personal property and services made~~  
14 ~~by a non-profit organization conducted as a fund-raising event in the~~  
15 ~~support of such organization shall be exempt when:~~

16 ~~—(1) The organization is not in the business of retail sales;~~

17 ~~—(2) the sales are conducted by members of the organization and not~~  
18 ~~by a retailer, or other for-profit business;~~

19 ~~—(3) the sales do not occur at a retail place of business;~~

20 ~~—(4) the sales are not in direct competition with a for-profit business~~  
21 ~~at the same event;~~

22 ~~—(5) except as provided in subsection (b), the organization shall be~~  
23 ~~limited to not more than three fund-raising events of not more than a~~  
24 ~~day's duration during any 12-month period, and including not more than~~  
25 ~~two fund-raising events occurring over a period of time in which members~~  
26 ~~of the organization take orders for items;~~

27 ~~—(6) all proceeds derived from the sales are used by the organization~~  
28 ~~to further its exempt purpose;~~

29 ~~—(7) the organization maintains an accounting of all sales and provide~~  
30 ~~that information upon request by the department of revenue; and~~

31 ~~—(8) tangible personal property, including meals, and services pur-~~  
32 ~~chased for the the fund-raising event shall be subject to sales tax when~~  
33 ~~purchased.~~

34 ~~—(b) The following are not considered exempt as fund-raising sales:~~

35 ~~—(1) Sales resulting from agreements or contracts entered into with~~  
36 ~~companies and organizations to participate in fund-raising campaigns for~~  
37 ~~a percentage of the gross receipts where members of the organization act~~  
38 ~~as agents or salesmen by selling or taking orders for the sale of tangible~~  
39 ~~personal property;~~

40 ~~—(2) admissions; or~~

41 ~~—(3) concession sales.~~

42 **Sec. 4 [3].—K.S.A. 2009 Supp. 79-3606 is hereby amended to**  
43 **read as follows: 79-3606. The following shall be exempt from the**

1 ~~tax imposed by this act:~~

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

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

31 ~~—(c)—all sales of tangible personal property or services, including~~  
32 ~~the renting and leasing of tangible personal property, purchased~~  
33 ~~directly by a public or private elementary or secondary school or~~  
34 ~~public or private nonprofit educational institution and used pri-~~  
35 ~~marily by such school or institution for nonsectarian programs and~~  
36 ~~activities provided or sponsored by such school or institution or in~~  
37 ~~the erection, repair or enlargement of buildings to be used for~~  
38 ~~such purposes. The exemption herein provided shall not apply to~~  
39 ~~erection, construction, repair, enlargement or equipment of build-~~  
40 ~~ings used primarily for human habitation;~~

41 ~~—(d)—all sales of tangible personal property or services purchased~~  
42 ~~by a contractor for the purpose of constructing, equipping, recon-~~  
43 ~~structing, maintaining, repairing, enlarging, furnishing or remod-~~

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

1 ~~scribed in subsection (s), hospital or public hospital authority,~~  
2 ~~school, educational institution or department of corrections con-~~  
3 ~~cerned a sworn statement, on a form to be provided by the director~~  
4 ~~of taxation, that all purchases so made were entitled to exemption~~  
5 ~~under this subsection. As an alternative to the foregoing proce-~~  
6 ~~dure, any such contracting entity may apply to the secretary of~~  
7 ~~revenue for agent status for the sole purpose of issuing and fur-~~  
8 ~~nishing project exemption certificates to contractors pursuant to~~  
9 ~~rules and regulations adopted by the secretary establishing con-~~  
10 ~~ditions and standards for the granting and maintaining of such~~  
11 ~~status. All invoices shall be held by the contractor for a period of~~  
12 ~~five years and shall be subject to audit by the director of taxation.~~  
13 ~~If any materials purchased under such a certificate are found not~~  
14 ~~to have been incorporated in the building or other project or not~~  
15 ~~to have been returned for credit or the sales or compensating tax~~  
16 ~~otherwise imposed upon such materials which will not be so in-~~  
17 ~~corporated in the building or other project reported and paid by~~  
18 ~~such contractor to the director of taxation not later than the 20th~~  
19 ~~day of the month following the close of the month in which it shall~~  
20 ~~be determined that such materials will not be used for the purpose~~  
21 ~~for which such certificate was issued, the political subdivision, dis-~~  
22 ~~trict described in subsection (s), hospital or public hospital au-~~  
23 ~~thority, school, educational institution or the contractor contract-~~  
24 ~~ing with the department of corrections for a correctional~~  
25 ~~institution concerned shall be liable for tax on all materials pur-~~  
26 ~~chased for the project, and upon payment thereof it may recover~~  
27 ~~the same from the contractor together with reasonable attorney~~  
28 ~~fees. Any contractor or any agent, employee or subcontractor~~  
29 ~~thereof, who shall use or otherwise dispose of any materials pur-~~  
30 ~~chased under such a certificate for any purpose other than that for~~  
31 ~~which such a certificate is issued without the payment of the sales~~  
32 ~~or compensating tax otherwise imposed upon such materials, shall~~  
33 ~~be guilty of a misdemeanor and, upon conviction therefor, shall be~~  
34 ~~subject to the penalties provided for in subsection (g) of K.S.A. 79-~~  
35 ~~3615, and amendments thereto;~~  
36 ~~—(e)—all sales of tangible personal property or services purchased~~  
37 ~~by a contractor for the erection, repair or enlargement of buildings~~  
38 ~~or other projects for the government of the United States, its agen-~~  
39 ~~cies or instrumentalities, which would be exempt from taxation if~~  
40 ~~purchased directly by the government of the United States, its~~  
41 ~~agencies or instrumentalities. When the government of the United~~  
42 ~~States, its agencies or instrumentalities shall contract for the erec-~~  
43 ~~tion, repair, or enlargement of any building or other project, it~~

1 ~~shall obtain from the state and furnish to the contractor an ex-~~  
2 ~~emption certificate for the project involved, and the contractor~~  
3 ~~may purchase materials for incorporation in such project. The con-~~  
4 ~~tractor shall furnish the number of such certificates to all suppliers~~  
5 ~~from whom such purchases are made, and such suppliers shall ex-~~  
6 ~~ecute invoices covering the same bearing the number of such cer-~~  
7 ~~tificate. Upon completion of the project the contractor shall fur-~~  
8 ~~nish to the government of the United States, its agencies or~~  
9 ~~instrumentalities concerned a sworn statement, on a form to be~~  
10 ~~provided by the director of taxation, that all purchases so made~~  
11 ~~were entitled to exemption under this subsection. As an alternative~~  
12 ~~to the foregoing procedure, any such contracting entity may apply~~  
13 ~~to the secretary of revenue for agent status for the sole purpose~~  
14 ~~of issuing and furnishing project exemption certificates to con-~~  
15 ~~tractors pursuant to rules and regulations adopted by the secretary~~  
16 ~~establishing conditions and standards for the granting and main-~~  
17 ~~taining of such status. All invoices shall be held by the contractor~~  
18 ~~for a period of five years and shall be subject to audit by the di-~~  
19 ~~rector of taxation. Any contractor or any agent, employee or sub-~~  
20 ~~contractor thereof, who shall use or otherwise dispose of any ma-~~  
21 ~~terials purchased under such a certificate for any purpose other~~  
22 ~~than that for which such a certificate is issued without the payment~~  
23 ~~of the sales or compensating tax otherwise imposed upon such ma-~~  
24 ~~terials, shall be guilty of a misdemeanor and, upon conviction~~  
25 ~~therefor, shall be subject to the penalties provided for in subsec-~~  
26 ~~tion (g) of K.S.A. 79-3615 and amendments thereto;~~  
27 ~~—(f)—tangible personal property purchased by a railroad or pub-~~  
28 ~~lic utility for consumption or movement directly and immediately~~  
29 ~~in interstate commerce;~~  
30 ~~—(g)—sales of aircraft including remanufactured and modified~~  
31 ~~aircraft sold to persons using directly or through an authorized~~  
32 ~~agent such aircraft as certified or licensed carriers of persons or~~  
33 ~~property in interstate or foreign commerce under authority of the~~  
34 ~~laws of the United States or any foreign government or sold to any~~  
35 ~~foreign government or agency or instrumentality of such foreign~~  
36 ~~government and all sales of aircraft for use outside of the United~~  
37 ~~States and sales of aircraft repair, modification and replacement~~  
38 ~~parts and sales of services employed in the remanufacture, modi-~~  
39 ~~fication and repair of aircraft;~~  
40 ~~—(h)—all rentals of nonsectarian textbooks by public or private~~  
41 ~~elementary or secondary schools;~~  
42 ~~—(i)—the lease or rental of all films, records, tapes, or any type of~~  
43 ~~sound or picture transcriptions used by motion picture exhibitors;~~

- 1 ~~—(j) meals served without charge or food used in the preparation~~  
2 ~~of such meals to employees of any restaurant, eating house, dining~~  
3 ~~car, hotel, drugstore or other place where meals or drinks are reg-~~  
4 ~~ularly sold to the public if such employees' duties are related to~~  
5 ~~the furnishing or sale of such meals or drinks;~~
- 6 ~~—(k) any motor vehicle, semitrailer or pole trailer, as such terms~~  
7 ~~are defined by K.S.A. 8-126 and amendments thereto, or aircraft~~  
8 ~~sold and delivered in this state to a bona fide resident of another~~  
9 ~~state, which motor vehicle, semitrailer, pole trailer or aircraft is~~  
10 ~~not to be registered or based in this state and which vehicle, sem-~~  
11 ~~itrailer, pole trailer or aircraft will not remain in this state more~~  
12 ~~than 10 days;~~
- 13 ~~—(l) all isolated or occasional sales of tangible personal property,~~  
14 ~~services, substances or things, except isolated or occasional sale of~~  
15 ~~motor vehicles specifically taxed under the provisions of subsec-~~  
16 ~~tion (o) of K.S.A. 79-3603 and amendments thereto;~~
- 17 ~~—(m) all sales of tangible personal property which become an~~  
18 ~~ingredient or component part of tangible personal property or~~  
19 ~~services produced, manufactured or compounded for ultimate sale~~  
20 ~~at retail within or without the state of Kansas; and any such pro-~~  
21 ~~ducer, manufacturer or compounder may obtain from the director~~  
22 ~~of taxation and furnish to the supplier an exemption certificate~~  
23 ~~number for tangible personal property for use as an ingredient or~~  
24 ~~component part of the property or services produced, manufac-~~  
25 ~~tured or compounded;~~
- 26 ~~—(n) all sales of tangible personal property which is consumed~~  
27 ~~in the production, manufacture, processing, mining, drilling, re-~~  
28 ~~fining or compounding of tangible personal property, the treating~~  
29 ~~of by-products or wastes derived from any such production pro-~~  
30 ~~cess, the providing of services or the irrigation of crops for ulti-~~  
31 ~~mate sale at retail within or without the state of Kansas; and any~~  
32 ~~purchaser of such property may obtain from the director of taxa-~~  
33 ~~tion and furnish to the supplier an exemption certificate number~~  
34 ~~for tangible personal property for consumption in such produc-~~  
35 ~~tion, manufacture, processing, mining, drilling, refining, com-~~  
36 ~~pounding, treating, irrigation and in providing such services;~~
- 37 ~~—(o) all sales of animals, fowl and aquatic plants and animals, the~~  
38 ~~primary purpose of which is use in agriculture or aquaculture, as~~  
39 ~~defined in K.S.A. 47-1901, and amendments thereto, the produc-~~  
40 ~~tion of food for human consumption, the production of animal,~~  
41 ~~dairy, poultry or aquatic plant and animal products, fiber or fur,~~  
42 ~~or the production of offspring for use for any such purpose or~~  
43 ~~purposes;~~

- 1 ~~—(p)—all sales of drugs dispensed pursuant to a prescription order~~  
2 ~~by a licensed practitioner or a mid-level practitioner as defined by~~  
3 ~~K.S.A. 65-1626, and amendments thereto. As used in this subsection,~~  
4 ~~“drug” means a compound, substance or preparation and any~~  
5 ~~component of a compound, substance or preparation, other than~~  
6 ~~food and food ingredients, dietary supplements or alcoholic beverages,~~  
7 ~~recognized in the official United States pharmacopocia,~~  
8 ~~official homeopathic pharmacopocia of the United States or official~~  
9 ~~national formulary, and supplement to any of them, intended~~  
10 ~~for use in the diagnosis, cure, mitigation, treatment or prevention~~  
11 ~~of disease or intended to affect the structure or any function of the~~  
12 ~~body;~~
- 13 ~~—(q)—all sales of insulin dispensed by a person licensed by the~~  
14 ~~state board of pharmacy to a person for treatment of diabetes at~~  
15 ~~the direction of a person licensed to practice medicine by the~~  
16 ~~board of healing arts;~~
- 17 ~~—(r)—all sales of oxygen delivery equipment, kidney dialysis~~  
18 ~~equipment, enteral feeding systems, prosthetic devices and mo-~~  
19 ~~bility enhancing equipment prescribed in writing by a person li-~~  
20 ~~censed to practice the healing arts, dentistry or optometry, and in~~  
21 ~~addition to such sales, all sales of hearing aids, as defined by sub-~~  
22 ~~section (c) of K.S.A. 74-5807, and amendments thereto, and repair~~  
23 ~~and replacement parts therefor, including batteries, by a person~~  
24 ~~licensed in the practice of dispensing and fitting hearing aids pur-~~  
25 ~~suant to the provisions of K.S.A. 74-5808, and amendments~~  
26 ~~thereto. For the purposes of this subsection: (1) “Mobility enhanc-~~  
27 ~~ing equipment” means equipment including repair and replace-~~  
28 ~~ment parts to same, but does not include durable medical equip-~~  
29 ~~ment, which is primarily and customarily used to provide or~~  
30 ~~increase the ability to move from one place to another and which~~  
31 ~~is appropriate for use either in a home or a motor vehicle; is not~~  
32 ~~generally used by persons with normal mobility; and does not in-~~  
33 ~~clude any motor vehicle or equipment on a motor vehicle normally~~  
34 ~~provided by a motor vehicle manufacturer; and (2) “prosthetic de-~~  
35 ~~vice” means a replacement, corrective or supportive device in-~~  
36 ~~cluding repair and replacement parts for same worn on or in the~~  
37 ~~body to artificially replace a missing portion of the body, prevent~~  
38 ~~or correct physical deformity or malfunction or support a weak or~~  
39 ~~deformed portion of the body;~~
- 40 ~~—(s)—except as provided in K.S.A. 2009 Supp. 82a-2101, and~~  
41 ~~amendments thereto, all sales of tangible personal property or~~  
42 ~~services purchased directly or indirectly by a groundwater man-~~  
43 ~~agement district organized or operating under the authority of~~

1 ~~K.S.A. 82a-1020 et seq. and amendments thereto, by a rural water~~  
2 ~~district organized or operating under the authority of K.S.A. 82a-~~  
3 ~~612, and amendments thereto, or by a water supply district organ-~~  
4 ~~ized or operating under the authority of K.S.A. 19-3501 et seq.,~~  
5 ~~19-3522 et seq. or 19-3545, and amendments thereto, which prop-~~  
6 ~~erty or services are used in the construction activities, operation~~  
7 ~~or maintenance of the district;~~  
8 ~~—(t)—all sales of farm machinery and equipment or aquaculture~~  
9 ~~machinery and equipment, repair and replacement parts therefor~~  
10 ~~and services performed in the repair and maintenance of such ma-~~  
11 ~~chinery and equipment. For the purposes of this subsection the~~  
12 ~~term “farm machinery and equipment or aquaculture machinery~~  
13 ~~and equipment” shall include a work-site utility vehicle, as defined~~  
14 ~~in K.S.A. 8-126, and amendments thereto, and is equipped with a~~  
15 ~~bed or cargo box for hauling materials, and shall also include ma-~~  
16 ~~chinery and equipment used in the operation of Christmas tree~~  
17 ~~farming but shall not include any passenger vehicle, truck, truck~~  
18 ~~tractor, trailer, semitrailer or pole trailer, other than a farm trailer,~~  
19 ~~as such terms are defined by K.S.A. 8-126 and amendments~~  
20 ~~thereto. “Farm machinery and equipment” includes precision~~  
21 ~~farming equipment that is portable or is installed or purchased to~~  
22 ~~be installed on farm machinery and equipment. “Precision farming~~  
23 ~~equipment” includes the following items used only in computer-~~  
24 ~~assisted farming, ranching or aquaculture production operations:~~  
25 ~~Soil testing sensors, yield monitors, computers, monitors, software,~~  
26 ~~global positioning and mapping systems, guiding systems, mo-~~  
27 ~~dem, data communications equipment and any necessary mount-~~  
28 ~~ing hardware, wiring and antennas. Each purchaser of farm ma-~~  
29 ~~chinery and equipment or aquaculture machinery and equipment~~  
30 ~~exempted herein must certify in writing on the copy of the invoice~~  
31 ~~or sales ticket to be retained by the seller that the farm machinery~~  
32 ~~and equipment or aquaculture machinery and equipment pur-~~  
33 ~~chased will be used only in farming, ranching or aquaculture pro-~~  
34 ~~duction. Farming or ranching shall include the operation of a feed-~~  
35 ~~lot and farm and ranch work for hire and the operation of a~~  
36 ~~nursery;~~  
37 ~~—(u)—all leases or rentals of tangible personal property used as a~~  
38 ~~dwelling if such tangible personal property is leased or rented for~~  
39 ~~a period of more than 28 consecutive days;~~  
40 ~~—(v)—all sales of tangible personal property to any contractor for~~  
41 ~~use in preparing meals for delivery to homebound elderly persons~~  
42 ~~over 60 years of age and to homebound disabled persons or to be~~  
43 ~~served at a group-sitting at a location outside of the home to oth-~~

1 ~~erwise homebound elderly persons over 60 years of age and to~~  
2 ~~otherwise homebound disabled persons, as all or part of any food~~  
3 ~~service project funded in whole or in part by government or as~~  
4 ~~part of a private nonprofit food service project available to all such~~  
5 ~~elderly or disabled persons residing within an area of service des-~~  
6 ~~ignated by the private nonprofit organization, and all sales of tan-~~  
7 ~~gible personal property for use in preparing meals for consump-~~  
8 ~~tion by indigent or homeless individuals whether or not such meals~~  
9 ~~are consumed at a place designated for such purpose, and all sales~~  
10 ~~of food products by or on behalf of any such contractor or organ-~~  
11 ~~ization for any such purpose;~~  
12 ~~—(w)—all sales of natural gas, electricity, heat and water delivered~~  
13 ~~through mains, lines or pipes: (1) To residential premises for noncom-~~  
14 ~~mmercial use by the occupant of such premises; (2) For agricultural use~~  
15 ~~and also, for such use, all sales of propane gas; (3) (2) for use in the~~  
16 ~~severing of oil; and (4) (3) to any property which is exempt from~~  
17 ~~property taxation pursuant to K.S.A. 79-201b *Second through Sixth.*~~  
18 ~~As used in this paragraph, “severing” shall have the meaning as-~~  
19 ~~cribed thereto by subsection (k) of K.S.A. 79-4216, and amend-~~  
20 ~~ments thereto. For all sales of natural gas, electricity and heat de-~~  
21 ~~livered through mains, lines or pipes pursuant to the provisions of~~  
22 ~~subsection (w)(1) and (w)(2), the provisions of this subsection shall~~  
23 ~~expire on December 31, 2005;~~  
24 ~~—(x)—all sales of propane gas, LP-gas, coal, wood and other fuel sources~~  
25 ~~for the production of heat or lighting for noncommercial use of an oc-~~  
26 ~~cupant of residential premises occurring prior to January 1, 2006;~~  
27 ~~—(y)—all sales of materials and services used in the repairing, serv-~~  
28 ~~icing, altering, maintaining, manufacturing, remanufacturing, or~~  
29 ~~modification of railroad rolling stock for use in interstate or for-~~  
30 ~~eign commerce under authority of the laws of the United States;~~  
31 ~~—(z)(y)—all sales of tangible personal property and services pur-~~  
32 ~~chased directly by a port authority or by a contractor therefor as~~  
33 ~~provided by the provisions of K.S.A. 12-3418 and amendments~~  
34 ~~thereto;~~  
35 ~~—(aa)(z)—all sales of materials and services applied to equipment~~  
36 ~~which is transported into the state from without the state for re-~~  
37 ~~pair, service, alteration, maintenance, remanufacture or modifi-~~  
38 ~~cation and which is subsequently transported outside the state for~~  
39 ~~use in the transmission of liquids or natural gas by means of pipe-~~  
40 ~~line in interstate or foreign commerce under authority of the laws~~  
41 ~~of the United States;~~  
42 ~~—(bb)(aa)—all sales of used mobile homes or manufactured~~  
43 ~~homes. As used in this subsection: (1) “Mobile homes” and “man-~~

1 ~~ufactured homes” shall have the meanings ascribed thereto by~~  
2 ~~K.S.A. 58-4202 and amendments thereto, and (2) “sales of used~~  
3 ~~mobile homes or manufactured homes” means sales other than the~~  
4 ~~original retail sale thereof;~~  
5 ~~—(cc) (bb)—all sales of tangible personal property or services pur-~~  
6 ~~chased for the purpose of and in conjunction with constructing,~~  
7 ~~reconstructing, enlarging or remodeling a business or retail busi-~~  
8 ~~ness which meets the requirements established in K.S.A. 74-50,115~~  
9 ~~and amendments thereto, and the sale and installation of machin-~~  
10 ~~ery and equipment purchased for installation at any such business~~  
11 ~~or retail business. When a person shall contract for the construc-~~  
12 ~~tion, reconstruction, enlargement or remodeling of any such busi-~~  
13 ~~ness or retail business, such person shall obtain from the state and~~  
14 ~~furnish to the contractor an exemption certificate for the project~~  
15 ~~involved, and the contractor may purchase materials, machinery~~  
16 ~~and equipment for incorporation in such project. The contractor~~  
17 ~~shall furnish the number of such certificates to all suppliers from~~  
18 ~~whom such purchases are made, and such suppliers shall execute~~  
19 ~~invoices covering the same bearing the number of such certificate.~~  
20 ~~Upon completion of the project the contractor shall furnish to the~~  
21 ~~owner of the business or retail business a sworn statement, on a~~  
22 ~~form to be provided by the director of taxation, that all purchases~~  
23 ~~so made were entitled to exemption under this subsection. All in-~~  
24 ~~voices shall be held by the contractor for a period of five years and~~  
25 ~~shall be subject to audit by the director of taxation. Any contractor~~  
26 ~~or any agent, employee or subcontractor thereof, who shall use or~~  
27 ~~otherwise dispose of any materials, machinery or equipment pur-~~  
28 ~~chased under such a certificate for any purpose other than that for~~  
29 ~~which such a certificate is issued without the payment of the sales~~  
30 ~~or compensating tax otherwise imposed thereon, shall be guilty of~~  
31 ~~a misdemeanor and, upon conviction therefor, shall be subject to~~  
32 ~~the penalties provided for in subsection (g) of K.S.A. 79-3615 and~~  
33 ~~amendments thereto. As used in this subsection, “business” and~~  
34 ~~“retail business” have the meanings respectively ascribed thereto~~  
35 ~~by K.S.A. 74-50,114 and amendments thereto;~~  
36 ~~—(dd) (cc)—all sales of tangible personal property purchased with~~  
37 ~~food stamps issued by the United States department of agriculture;~~  
38 ~~—(cc)—all sales of lottery tickets and shares made as part of a lottery~~  
39 ~~operated by the state of Kansas;~~  
40 ~~{(dd)—all sales of lottery tickets and shares made as part of a~~  
41 ~~lottery operated by the state of Kansas;}~~  
42 ~~{(ff) (dd) [(cc)]—on and after July 1, 1988, all sales of new mobile~~  
43 ~~homes or manufactured homes to the extent of 40% of the gross~~

1 ~~receipts, determined without regard to any trade-in allowance, re-~~  
2 ~~ceived from such sale. As used in this subsection, “mobile homes”~~  
3 ~~and “manufactured homes” shall have the meanings ascribed~~  
4 ~~thereto by K.S.A. 58-4202 and amendments thereto;~~  
5 ~~—(gg) (ee) [(ff)]—all sales of tangible personal property purchased~~  
6 ~~in accordance with vouchers issued pursuant to the federal special~~  
7 ~~supplemental food program for women, infants and children;~~  
8 ~~—(hh) (ff) [(gg)]—all sales of medical supplies and equipment, in-~~  
9 ~~cluding durable medical equipment, purchased directly by a non-~~  
10 ~~profit skilled nursing home or nonprofit intermediate nursing care~~  
11 ~~home, as defined by K.S.A. 39-923, and amendments thereto, for~~  
12 ~~the purpose of providing medical services to residents thereof.~~  
13 ~~This exemption shall not apply to tangible personal property cus-~~  
14 ~~tomarily used for human habitation purposes. As used in this sub-~~  
15 ~~section, “durable medical equipment” means equipment including~~  
16 ~~repair and replacement parts for such equipment, which can with-~~  
17 ~~stand repeated use, is primarily and customarily used to serve a~~  
18 ~~medical purpose, generally is not useful to a person in the absence~~  
19 ~~of illness or injury and is not worn in or on the body, but does not~~  
20 ~~include mobility enhancing equipment as defined in subsection (r);~~  
21 ~~oxygen delivery equipment, kidney dialysis equipment or enteral~~  
22 ~~feeding systems;~~  
23 ~~—(ii) (gg) [(hh)]—all sales of tangible personal property purchased~~  
24 ~~directly by a nonprofit organization for nonsectarian comprehen-~~  
25 ~~sive multidiscipline youth development programs and activities~~  
26 ~~provided or sponsored by such organization, and all sales of tan-~~  
27 ~~gible personal property by or on behalf of any such organization.~~  
28 ~~This exemption shall not apply to tangible personal property cus-~~  
29 ~~tomarily used for human habitation purposes;~~  
30 ~~—(jj) (hh) [(ii)]—all sales of tangible personal property or services,~~  
31 ~~including the renting and leasing of tangible personal property,~~  
32 ~~purchased directly on behalf of a community-based mental retar-~~  
33 ~~dation facility or mental health center organized pursuant to~~  
34 ~~K.S.A. 19-4001 et seq., and amendments thereto, and licensed in~~  
35 ~~accordance with the provisions of K.S.A. 75-3307b and amend-~~  
36 ~~ments thereto and all sales of tangible personal property or serv-~~  
37 ~~ices purchased by contractors during the time period from July,~~  
38 ~~2003, through June, 2006, for the purpose of constructing, equip-~~  
39 ~~ping, maintaining or furnishing a new facility for a community-~~  
40 ~~based mental retardation facility or mental health center located~~  
41 ~~in Riverton, Cherokee County, Kansas, which would have been~~  
42 ~~eligible for sales tax exemption pursuant to this subsection if pur-~~  
43 ~~chased directly by such facility or center. This exemption shall not~~

1 ~~apply to tangible personal property customarily used for human~~  
2 ~~habitation purposes;~~  
3 ~~—(kk) (ii) [(jj)] (1) (A) all sales of machinery and equipment~~  
4 ~~which are used in this state as an integral or essential part of an~~  
5 ~~integrated production operation by a manufacturing or processing~~  
6 ~~plant or facility;~~  
7 ~~—(B) all sales of installation, repair and maintenance services~~  
8 ~~performed on such machinery and equipment; and~~  
9 ~~—(C) all sales of repair and replacement parts and accessories~~  
10 ~~purchased for such machinery and equipment.~~  
11 ~~—(2) For purposes of this subsection:~~  
12 ~~—(A) “Integrated production operation” means an integrated se-~~  
13 ~~ries of operations engaged in at a manufacturing or processing~~  
14 ~~plant or facility to process, transform or convert tangible personal~~  
15 ~~property by physical, chemical or other means into a different~~  
16 ~~form, composition or character from that in which it originally ex-~~  
17 ~~isted. Integrated production operations shall include: (i) Produc-~~  
18 ~~tion line operations, including packaging operations; (ii) prepro-~~  
19 ~~duction operations to handle, store and treat raw materials; (iii)~~  
20 ~~post production handling, storage, warehousing and distribution~~  
21 ~~operations; and (iv) waste, pollution and environmental control op-~~  
22 ~~erations, if any;~~  
23 ~~—(B) “production line” means the assemblage of machinery and~~  
24 ~~equipment at a manufacturing or processing plant or facility where~~  
25 ~~the actual transformation or processing of tangible personal prop-~~  
26 ~~erty occurs;~~  
27 ~~—(C) “manufacturing or processing plant or facility” means a~~  
28 ~~single, fixed location owned or controlled by a manufacturing or~~  
29 ~~processing business that consists of one or more structures or~~  
30 ~~buildings in a contiguous area where integrated production op-~~  
31 ~~erations are conducted to manufacture or process tangible per-~~  
32 ~~sonal property to be ultimately sold at retail. Such term shall not~~  
33 ~~include any facility primarily operated for the purpose of convey-~~  
34 ~~ing or assisting in the conveyance of natural gas, electricity, oil or~~  
35 ~~water. A business may operate one or more manufacturing or proc-~~  
36 ~~essing plants or facilities at different locations to manufacture or~~  
37 ~~process a single product of tangible personal property to be ulti-~~  
38 ~~mately sold at retail;~~  
39 ~~—(D) “manufacturing or processing business” means a business~~  
40 ~~that utilizes an integrated production operation to manufacture,~~  
41 ~~process, fabricate, finish, or assemble items for wholesale and re-~~  
42 ~~tail distribution as part of what is commonly regarded by the gen-~~  
43 ~~eral public as an industrial manufacturing or processing operation~~

1 ~~or an agricultural commodity processing operation. (i) Industrial~~  
2 ~~manufacturing or processing operations include, by way of illus-~~  
3 ~~tration but not of limitation, the fabrication of automobiles, air-~~  
4 ~~planes, machinery or transportation equipment, the fabrication of~~  
5 ~~metal, plastic, wood, or paper products, electricity power gener-~~  
6 ~~ation, water treatment, petroleum refining, chemical production,~~  
7 ~~wholesale bottling, newspaper printing, ready mixed concrete pro-~~  
8 ~~duction, and the remanufacturing of used parts for wholesale or~~  
9 ~~retail sale. Such processing operations shall include operations at~~  
10 ~~an oil well, gas well, mine or other excavation site where the oil,~~  
11 ~~gas, minerals, coal, clay, stone, sand or gravel that has been ex-~~  
12 ~~tracted from the earth is cleaned, separated, crushed, ground,~~  
13 ~~milled, screened, washed, or otherwise treated or prepared before~~  
14 ~~its transmission to a refinery or before any other wholesale or re-~~  
15 ~~tail distribution. (ii) Agricultural commodity processing operations~~  
16 ~~include, by way of illustration but not of limitation, meat packing,~~  
17 ~~poultry slaughtering and dressing, processing and packaging farm~~  
18 ~~and dairy products in sealed containers for wholesale and retail~~  
19 ~~distribution, feed grinding, grain milling, frozen food processing,~~  
20 ~~and grain handling, cleaning, blending, fumigation, drying and~~  
21 ~~aeration operations engaged in by grain elevators or other grain~~  
22 ~~storage facilities. (iii) Manufacturing or processing businesses do~~  
23 ~~not include, by way of illustration but not of limitation, nonindus-~~  
24 ~~trial businesses whose operations are primarily retail and that pro-~~  
25 ~~duce or process tangible personal property as an incidental part~~  
26 ~~of conducting the retail business, such as retailers who bake, cook~~  
27 ~~or prepare food products in the regular course of their retail trade,~~  
28 ~~grocery stores, meat lockers and meat markets that butcher or~~  
29 ~~dress livestock or poultry in the regular course of their retail trade,~~  
30 ~~contractors who alter, service, repair or improve real property,~~  
31 ~~and retail businesses that clean, service or refurbish and repair~~  
32 ~~tangible personal property for its owner;~~  
33 ~~—(E)—“repair and replacement parts and accessories” means all~~  
34 ~~parts and accessories for exempt machinery and equipment, in-~~  
35 ~~cluding, but not limited to, dies, jigs, molds, patterns and safety~~  
36 ~~devices that are attached to exempt machinery or that are other-~~  
37 ~~wise used in production, and parts and accessories that require~~  
38 ~~periodic replacement such as belts, drill bits, grinding wheels,~~  
39 ~~grinding balls, cutting bars, saws, refractory brick and other re-~~  
40 ~~fractory items for exempt kiln equipment used in production~~  
41 ~~operations;~~  
42 ~~—(F)—“primary” or “primarily” mean more than 50% of the time.~~  
43 ~~—(3)—For purposes of this subsection, machinery and equipment~~

- 1 ~~shall be deemed to be used as an integral or essential part of an~~  
2 ~~integrated production operation when used:~~
- 3 ~~—(A) To receive, transport, convey, handle, treat or store raw~~  
4 ~~materials in preparation of its placement on the production line;~~
  - 5 ~~—(B) to transport, convey, handle or store the property under-~~  
6 ~~going manufacturing or processing at any point from the begin-~~  
7 ~~ning of the production line through any warehousing or distribu-~~  
8 ~~tion operation of the final product that occurs at the plant or~~  
9 ~~facility;~~
  - 10 ~~—(C) to act upon, effect, promote or otherwise facilitate a phys-~~  
11 ~~ical change to the property undergoing manufacturing or~~  
12 ~~processing;~~
  - 13 ~~—(D) to guide, control or direct the movement of property under-~~  
14 ~~going manufacturing or processing;~~
  - 15 ~~—(E) to test or measure raw materials, the property undergoing~~  
16 ~~manufacturing or processing or the finished product, as a neces-~~  
17 ~~sary part of the manufacturer's integrated production operations;~~
  - 18 ~~—(F) to plan, manage, control or record the receipt and flow of~~  
19 ~~inventories of raw materials, consumables and component parts,~~  
20 ~~the flow of the property undergoing manufacturing or processing~~  
21 ~~and the management of inventories of the finished product;~~
  - 22 ~~—(G) to produce energy for, lubricate, control the operating of~~  
23 ~~or otherwise enable the functioning of other production machin-~~  
24 ~~ery and equipment and the continuation of production operations;~~
  - 25 ~~—(H) to package the property being manufactured or processed~~  
26 ~~in a container or wrapping in which such property is normally sold~~  
27 ~~or transported;~~
  - 28 ~~—(I) to transmit or transport electricity, coke, gas, water, steam~~  
29 ~~or similar substances used in production operations from the point~~  
30 ~~of generation, if produced by the manufacturer or processor at the~~  
31 ~~plant site, to that manufacturer's production operation; or, if pur-~~  
32 ~~chased or delivered from offsite, from the point where the sub-~~  
33 ~~stance enters the site of the plant or facility to that manufacturer's~~  
34 ~~production operations;~~
  - 35 ~~—(J) to cool, heat, filter, refine or otherwise treat water, steam,~~  
36 ~~acid, oil, solvents or other substances that are used in production~~  
37 ~~operations;~~
  - 38 ~~—(K) to provide and control an environment required to main-~~  
39 ~~tain certain levels of air quality, humidity or temperature in special~~  
40 ~~and limited areas of the plant or facility, where such regulation of~~  
41 ~~temperature or humidity is part of and essential to the production~~  
42 ~~process;~~
  - 43 ~~—(L) to treat, transport or store waste or other byproducts of~~

1 ~~production operations at the plant or facility; or~~  
2 ~~—(M)—to control pollution at the plant or facility where the pol-~~  
3 ~~lution is produced by the manufacturing or processing operation.~~  
4 ~~—(4)—The following machinery, equipment and materials shall be~~  
5 ~~deemed to be exempt even though it may not otherwise qualify as~~  
6 ~~machinery and equipment used as an integral or essential part of~~  
7 ~~an integrated production operation: (A) Computers and related~~  
8 ~~peripheral equipment that are utilized by a manufacturing or~~  
9 ~~processing business for engineering of the finished product or for~~  
10 ~~research and development or product design; (B) machinery and~~  
11 ~~equipment that is utilized by a manufacturing or processing busi-~~  
12 ~~ness to manufacture or rebuild tangible personal property that is~~  
13 ~~used in manufacturing or processing operations, including tools,~~  
14 ~~dies, molds, forms and other parts of qualifying machinery and~~  
15 ~~equipment; (C) portable plants for aggregate concrete, bulk ce-~~  
16 ~~ment and asphalt including cement mixing drums to be attached~~  
17 ~~to a motor vehicle; (D) industrial fixtures, devices, support facili-~~  
18 ~~ties and special foundations necessary for manufacturing and pro-~~  
19 ~~duction operations, and materials and other tangible personal~~  
20 ~~property sold for the purpose of fabricating such fixtures, devices,~~  
21 ~~facilities and foundations. An exemption certificate for such pur-~~  
22 ~~chases shall be signed by the manufacturer or processor. If the~~  
23 ~~fabricator purchases such material, the fabricator shall also sign~~  
24 ~~the exemption certificate; and (E) a manufacturing or processing~~  
25 ~~business' laboratory equipment that is not located at the plant or~~  
26 ~~facility, but that would otherwise qualify for exemption under sub-~~  
27 ~~section (3)(E).~~  
28 ~~—(5)—“Machinery and equipment used as an integral or essential~~  
29 ~~part of an integrated production operation” shall not include:~~  
30 ~~—(A)—Machinery and equipment used for nonproduction pur-~~  
31 ~~poses, including, but not limited to, machinery and equipment~~  
32 ~~used for plant security, fire prevention, first aid, accounting, ad-~~  
33 ~~ministration, record keeping, advertising, marketing, sales or~~  
34 ~~other related activities, plant cleaning, plant communications, and~~  
35 ~~employee work scheduling;~~  
36 ~~—(B)—machinery, equipment and tools used primarily in main-~~  
37 ~~taining and repairing any type of machinery and equipment or the~~  
38 ~~building and plant;~~  
39 ~~—(C)—transportation, transmission and distribution equipment~~  
40 ~~not primarily used in a production, warehousing or material han-~~  
41 ~~dling operation at the plant or facility, including the means of con-~~  
42 ~~veyance of natural gas, electricity, oil or water, and equipment~~  
43 ~~related thereto, located outside the plant or facility;~~

- 1 ~~—(D) office machines and equipment including computers and~~
- 2 ~~related peripheral equipment not used directly and primarily to~~
- 3 ~~control or measure the manufacturing process;~~
- 4 ~~—(E) furniture and other furnishings;~~
- 5 ~~—(F) buildings, other than exempt machinery and equipment~~
- 6 ~~that is permanently affixed to or becomes a physical part of the~~
- 7 ~~building, and any other part of real estate that is not otherwise~~
- 8 ~~exempt;~~
- 9 ~~—(G) building fixtures that are not integral to the manufacturing~~
- 10 ~~operation, such as utility systems for heating, ventilation, air con-~~
- 11 ~~ditioning, communications, plumbing or electrical;~~
- 12 ~~—(H) machinery and equipment used for general plant heating,~~
- 13 ~~cooling and lighting;~~
- 14 ~~—(I) motor vehicles that are registered for operation on public~~
- 15 ~~highways; or~~
- 16 ~~—(J) employee apparel, except safety and protective apparel that~~
- 17 ~~is purchased by an employer and furnished gratuitously to em-~~
- 18 ~~ployees who are involved in production or research activities.~~
- 19 ~~—(6) Subsections (3) and (5) shall not be construed as exclusive~~
- 20 ~~listings of the machinery and equipment that qualify or do not~~
- 21 ~~qualify as an integral or essential part of an integrated production~~
- 22 ~~operation. When machinery or equipment is used as an integral or~~
- 23 ~~essential part of production operations part of the time and for~~
- 24 ~~nonproduction purpose at other times, the primary use of the ma-~~
- 25 ~~chinery or equipment shall determine whether or not such ma-~~
- 26 ~~chinery or equipment qualifies for exemption.~~
- 27 ~~—(7) The secretary of revenue shall adopt rules and regulations~~
- 28 ~~necessary to administer the provisions of this subsection;~~
- 29 ~~—(ll) (jj) [(kk)] all sales of educational materials purchased for~~
- 30 ~~distribution to the public at no charge by a nonprofit corporation~~
- 31 ~~organized for the purpose of encouraging, fostering and conduct-~~
- 32 ~~ing programs for the improvement of public health;~~
- 33 ~~—(mm) (kk) [(ll)] all sales of seeds and tree seedlings; fertilizers,~~
- 34 ~~insecticides, herbicides, germicides, pesticides and fungicides; and~~
- 35 ~~services, purchased and used for the purpose of producing plants~~
- 36 ~~in order to prevent soil erosion on land devoted to agricultural~~
- 37 ~~use;~~
- 38 ~~—(nn) (ll) [(mm)] except as otherwise provided in this act, all sales~~
- 39 ~~of services rendered by an advertising agency or licensed broad-~~
- 40 ~~east station or any member, agent or employee thereof;~~
- 41 ~~—(oo) (mm) [(nn)] all sales of tangible personal property pur-~~
- 42 ~~chased by a community action group or agency for the exclusive~~
- 43 ~~purpose of repairing or weatherizing housing occupied by low in-~~

- 1 ~~come individuals;~~
- 2 ~~—(pp)(mm) [(oo)]—all sales of drill bits and explosives actually util-~~  
3 ~~ized in the exploration and production of oil or gas;~~
- 4 ~~—(qq)(oo) [(pp)]—all sales of tangible personal property and serv-~~  
5 ~~ices purchased by a nonprofit museum or historical society or any~~  
6 ~~combination thereof, including a nonprofit organization which is~~  
7 ~~organized for the purpose of stimulating public interest in the ex-~~  
8 ~~ploration of space by providing educational information, exhibits~~  
9 ~~and experiences, which is exempt from federal income taxation~~  
10 ~~pursuant to section 501(c)(3) of the federal internal revenue code~~  
11 ~~of 1986;~~
- 12 ~~—(rr)(pp) [(qq)]—all sales of tangible personal property which will~~  
13 ~~admit the purchaser thereof to any annual event sponsored by a~~  
14 ~~nonprofit organization which is exempt from federal income tax-~~  
15 ~~ation pursuant to section 501(c)(3) of the federal internal revenue~~  
16 ~~code of 1986;~~
- 17 ~~—(ss)(qq) [(rr)]—all sales of tangible personal property and serv-~~  
18 ~~ices purchased by a public broadcasting station licensed by the~~  
19 ~~federal communications commission as a noncommercial educa-~~  
20 ~~tional television or radio station;~~
- 21 ~~—(tt)(rr) [(ss)]—all sales of tangible personal property and services~~  
22 ~~purchased by or on behalf of a not-for-profit corporation which is~~  
23 ~~exempt from federal income taxation pursuant to section 501(c)(3)~~  
24 ~~of the federal internal revenue code of 1986, for the sole purpose~~  
25 ~~of constructing a Kansas Korean War memorial;~~
- 26 ~~—(uu)(ss) [(tt)]—all sales of tangible personal property and serv-~~  
27 ~~ices purchased by or on behalf of any rural volunteer fire-fighting~~  
28 ~~organization for use exclusively in the performance of its duties~~  
29 ~~and functions;~~
- 30 ~~—(vv)(tt) [(uu)]—all sales of tangible personal property purchased~~  
31 ~~by any of the following organizations which are exempt from fed-~~  
32 ~~eral income taxation pursuant to section 501(c)(3) of the federal~~  
33 ~~internal revenue code of 1986, for the following purposes, and all~~  
34 ~~sales of any such property by or on behalf of any such organization~~  
35 ~~for any such purpose:~~
- 36 ~~—(1)—The American Heart Association, Kansas Affiliate, Inc. for~~  
37 ~~the purposes of providing education, training, certification in~~  
38 ~~emergency cardiac care, research and other related services to~~  
39 ~~reduce disability and death from cardiovascular diseases and~~  
40 ~~stroke;~~
- 41 ~~—(2)—the Kansas Alliance for the Mentally Ill, Inc. for the purpose~~  
42 ~~of advocacy for persons with mental illness and to education, re-~~  
43 ~~search and support for their families;~~

- 1 ~~—(3) the Kansas Mental Illness Awareness Council for the pur-~~  
2 ~~poses of advocacy for persons who are mentally ill and to educa-~~  
3 ~~tion, research and support for them and their families;~~
- 4 ~~—(4) the American Diabetes Association Kansas Affiliate, Inc. for~~  
5 ~~the purpose of eliminating diabetes through medical research,~~  
6 ~~public education focusing on disease prevention and education,~~  
7 ~~patient education including information on coping with diabetes,~~  
8 ~~and professional education and training;~~
- 9 ~~—(5) the American Lung Association of Kansas, Inc. for the pur-~~  
10 ~~pose of eliminating all lung diseases through medical research,~~  
11 ~~public education including information on coping with lung dis-~~  
12 ~~eases, professional education and training related to lung disease~~  
13 ~~and other related services to reduce the incidence of disability and~~  
14 ~~death due to lung disease;~~
- 15 ~~—(6) the Kansas chapters of the Alzheimer’s Disease and Related~~  
16 ~~Disorders Association, Inc. for the purpose of providing assistance~~  
17 ~~and support to persons in Kansas with Alzheimer’s disease, and~~  
18 ~~their families and caregivers;~~
- 19 ~~—(7) the Kansas chapters of the Parkinson’s disease association~~  
20 ~~for the purpose of eliminating Parkinson’s disease through medical~~  
21 ~~research and public and professional education related to such~~  
22 ~~disease;~~
- 23 ~~—(8) the National Kidney Foundation of Kansas and Western~~  
24 ~~Missouri for the purpose of eliminating kidney disease through~~  
25 ~~medical research and public and private education related to such~~  
26 ~~disease;~~
- 27 ~~—(9) the heartstrings community foundation for the purpose of~~  
28 ~~providing training, employment and activities for adults with de-~~  
29 ~~velopmental disabilities;~~
- 30 ~~—(10) the Cystic Fibrosis Foundation, Heart of America Chap-~~  
31 ~~ter, for the purposes of assuring the development of the means to~~  
32 ~~cure and control cystic fibrosis and improving the quality of life~~  
33 ~~for those with the disease;~~
- 34 ~~—(11) the spina bifida association of Kansas for the purpose of~~  
35 ~~providing financial, educational and practical aid to families and~~  
36 ~~individuals with spina bifida. Such aid includes, but is not limited~~  
37 ~~to, funding for medical devices, counseling and medical educa-~~  
38 ~~tional opportunities;~~
- 39 ~~—(12) the CHWC, Inc., for the purpose of rebuilding urban core~~  
40 ~~neighborhoods through the construction of new homes, acquiring~~  
41 ~~and renovating existing homes and other related activities, and~~  
42 ~~promoting economic development in such neighborhoods;~~
- 43 ~~—(13) the cross-lines cooperative council for the purpose of pro-~~

- 1 ~~viding social services to low income individuals and families;~~
- 2 ~~—(14) the Dreams Work, Inc., for the purpose of providing~~
- 3 ~~young adult day services to individuals with developmental disa-~~
- 4 ~~bilities and assisting families in avoiding institutional or nursing~~
- 5 ~~home care for a developmentally disabled member of their family;~~
- 6 ~~—(15) the KSDS, Inc., for the purpose of promoting the inde-~~
- 7 ~~pendence and inclusion of people with disabilities as fully partic-~~
- 8 ~~ipating and contributing members of their communities and soci-~~
- 9 ~~ety through the training and providing of guide and service dogs~~
- 10 ~~to people with disabilities, and providing disability education and~~
- 11 ~~awareness to the general public;~~
- 12 ~~—(16) the Lyme Association of Greater Kansas City, Inc., for the~~
- 13 ~~purpose of providing support to persons with Lyme disease and~~
- 14 ~~public education relating to the prevention, treatment and cure of~~
- 15 ~~Lyme disease;~~
- 16 ~~—(17) the Dream Factory, Inc., for the purpose of granting the~~
- 17 ~~dreams of children with critical and chronic illnesses;~~
- 18 ~~—(18) the Ottawa Suzuki Strings, Inc., for the purpose of provid-~~
- 19 ~~ing students and families with education and resources necessary~~
- 20 ~~to enable each child to develop fine character and musical ability~~
- 21 ~~to the fullest potential;~~
- 22 ~~—(19) the International Association of Lions Clubs for the pur-~~
- 23 ~~pose of creating and fostering a spirit of understanding among all~~
- 24 ~~people for humanitarian needs by providing voluntary services~~
- 25 ~~through community involvement and international cooperation;~~
- 26 ~~—(20) the Johnson County Young Matrons, Inc., for the purpose~~
- 27 ~~of promoting a positive future for members of the community~~
- 28 ~~through volunteerism, financial support and education through~~
- 29 ~~the efforts of an all-volunteer organization;~~
- 30 ~~—(21) the American Cancer Society, Inc., for the purpose of~~
- 31 ~~eliminating cancer as a major health problem by preventing can-~~
- 32 ~~cer, saving lives and diminishing suffering from cancer, through~~
- 33 ~~research, education, advocacy and service;~~
- 34 ~~—(22) the Community Services of Shawnee, Inc., for the purpose~~
- 35 ~~of providing food and clothing to those in need;~~
- 36 ~~—(23) the Angel Babies Association, for the purpose of providing~~
- 37 ~~assistance, support and items of necessity to teenage mothers and~~
- 38 ~~their babies; and~~
- 39 ~~—(24) the Kansas Fairgrounds Foundation for the purpose of the~~
- 40 ~~preservation, renovation and beautification of the Kansas State~~
- 41 ~~Fairgrounds;~~
- 42 ~~—(ww) (uu) [(vv)] all sales of tangible personal property pur-~~
- 43 ~~chased by the Habitat for Humanity for the exclusive use of being~~

1 ~~incorporated within a housing project constructed by such~~  
2 ~~organization;~~  
3 ~~—(xx)(vv) [(ww)]—all sales of tangible personal property and serv-~~  
4 ~~ices purchased by a nonprofit zoo which is exempt from federal~~  
5 ~~income taxation pursuant to section 501(c)(3) of the federal inter-~~  
6 ~~nal revenue code of 1986, or on behalf of such zoo by an entity~~  
7 ~~itself exempt from federal income taxation pursuant to section~~  
8 ~~501(c)(3) of the federal internal revenue code of 1986 contracted~~  
9 ~~with to operate such zoo and all sales of tangible personal property~~  
10 ~~or services purchased by a contractor for the purpose of construct-~~  
11 ~~ing, equipping, reconstructing, maintaining, repairing, enlarging,~~  
12 ~~furnishing or remodeling facilities for any nonprofit zoo which~~  
13 ~~would be exempt from taxation under the provisions of this section~~  
14 ~~if purchased directly by such nonprofit zoo or the entity operating~~  
15 ~~such zoo. Nothing in this subsection shall be deemed to exempt~~  
16 ~~the purchase of any construction machinery, equipment or tools~~  
17 ~~used in the constructing, equipping, reconstructing, maintaining,~~  
18 ~~repairing, enlarging, furnishing or remodeling facilities for any~~  
19 ~~nonprofit zoo. When any nonprofit zoo shall contract for the pur-~~  
20 ~~pose of constructing, equipping, reconstructing, maintaining, re-~~  
21 ~~pairing, enlarging, furnishing or remodeling facilities, it shall ob-~~  
22 ~~tain from the state and furnish to the contractor an exemption~~  
23 ~~certificate for the project involved, and the contractor may pur-~~  
24 ~~chase materials for incorporation in such project. The contractor~~  
25 ~~shall furnish the number of such certificate to all suppliers from~~  
26 ~~whom such purchases are made, and such suppliers shall execute~~  
27 ~~invoices covering the same bearing the number of such certificate.~~  
28 ~~Upon completion of the project the contractor shall furnish to the~~  
29 ~~nonprofit zoo concerned a sworn statement, on a form to be pro-~~  
30 ~~vided by the director of taxation, that all purchases so made were~~  
31 ~~entitled to exemption under this subsection. All invoices shall be~~  
32 ~~held by the contractor for a period of five years and shall be subject~~  
33 ~~to audit by the director of taxation. If any materials purchased~~  
34 ~~under such a certificate are found not to have been incorporated~~  
35 ~~in the building or other project or not to have been returned for~~  
36 ~~credit or the sales or compensating tax otherwise imposed upon~~  
37 ~~such materials which will not be so incorporated in the building~~  
38 ~~or other project reported and paid by such contractor to the di-~~  
39 ~~rector of taxation not later than the 20th day of the month follow-~~  
40 ~~ing the close of the month in which it shall be determined that~~  
41 ~~such materials will not be used for the purpose for which such~~  
42 ~~certificate was issued, the nonprofit zoo concerned shall be liable~~  
43 ~~for tax on all materials purchased for the project, and upon pay-~~

1 ~~ment thereof it may recover the same from the contractor together~~  
2 ~~with reasonable attorney fees. Any contractor or any agent, em-~~  
3 ~~ployee or subcontractor thereof, who shall use or otherwise dis-~~  
4 ~~pose of any materials purchased under such a certificate for any~~  
5 ~~purpose other than that for which such a certificate is issued with-~~  
6 ~~out the payment of the sales or compensating tax otherwise im-~~  
7 ~~posed upon such materials, shall be guilty of a misdemeanor and,~~  
8 ~~upon conviction therefor, shall be subject to the penalties provided~~  
9 ~~for in subsection (g) of K.S.A. 79-3615, and amendments thereto;~~  
10 ~~—(yy) (wtv) [(xx)]—all sales of tangible personal property and serv-~~  
11 ~~ices purchased by a parent-teacher association or organization,~~  
12 ~~and all sales of tangible personal property by or on behalf of such~~  
13 ~~association or organization;~~  
14 ~~—(zz) (xx) [(yy)]—all sales of machinery and equipment purchased~~  
15 ~~by over-the-air, free access radio or television station which is used~~  
16 ~~directly and primarily for the purpose of producing a broadcast~~  
17 ~~signal or is such that the failure of the machinery or equipment to~~  
18 ~~operate would cause broadcasting to cease. For purposes of this~~  
19 ~~subsection, machinery and equipment shall include, but not be~~  
20 ~~limited to, that required by rules and regulations of the federal~~  
21 ~~communications commission, and all sales of electricity which are~~  
22 ~~essential or necessary for the purpose of producing a broadcast~~  
23 ~~signal or is such that the failure of the electricity would cause~~  
24 ~~broadcasting to cease;~~  
25 ~~—(aaa)—all sales of tangible personal property and services purchased~~  
26 ~~by a religious organization which is exempt from federal income taxation~~  
27 ~~pursuant to section 501(c)(3) of the federal internal revenue code, and~~  
28 ~~used exclusively for religious purposes, and all sales of tangible personal~~  
29 ~~property or services purchased by a contractor for the purpose of con-~~  
30 ~~structing, equipping, reconstructing, maintaining, repairing, enlarging,~~  
31 ~~furnishing or remodeling facilities for any such organization which would~~  
32 ~~be exempt from taxation under the provisions of this section if purchased~~  
33 ~~directly by such organization. Nothing in this subsection shall be deemed~~  
34 ~~to exempt the purchase of any construction machinery, equipment or~~  
35 ~~tools used in the constructing, equipping, reconstructing, maintaining,~~  
36 ~~repairing, enlarging, furnishing or remodeling facilities for any such or-~~  
37 ~~ganization. When any such organization shall contract for the purpose of~~  
38 ~~constructing, equipping, reconstructing, maintaining, repairing, enlarg-~~  
39 ~~ing, furnishing or remodeling facilities, it shall obtain from the state and~~  
40 ~~furnish to the contractor an exemption certificate for the project involved,~~  
41 ~~and the contractor may purchase materials for incorporation in such pro-~~  
42 ~~ject. The contractor shall furnish the number of such certificate to all~~  
43 ~~suppliers from whom such purchases are made, and such suppliers shall~~

1 execute invoices covering the same bearing the number of such certifi-  
2 cate. Upon completion of the project the contractor shall furnish to such  
3 organization concerned a sworn statement, on a form to be provided by  
4 the director of taxation, that all purchases so made were entitled to ex-  
5 emption under this subsection. All invoices shall be held by the contractor  
6 for a period of five years and shall be subject to audit by the director of  
7 taxation. If any materials purchased under such a certificate are found  
8 not to have been incorporated in the building or other project or not to  
9 have been returned for credit or the sales or compensating tax otherwise  
10 imposed upon such materials which will not be so incorporated in the  
11 building or other project reported and paid by such contractor to the  
12 director of taxation not later than the 20th day of the month following  
13 the close of the month in which it shall be determined that such materials  
14 will not be used for the purpose for which such certificate was issued,  
15 such organization concerned shall be liable for tax on all materials pur-  
16 chased for the project, and upon payment thereof it may recover the same  
17 from the contractor together with reasonable attorney fees. Any contrac-  
18 tor or any agent, employee or subcontractor thereof, who shall use or  
19 otherwise dispose of any materials purchased under such a certificate for  
20 any purpose other than that for which such a certificate is issued without  
21 the payment of the sales or compensating tax otherwise imposed upon  
22 such materials, shall be guilty of a misdemeanor and, upon conviction  
23 therefor, shall be subject to the penalties provided for in subsection (g)  
24 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after  
25 July 1, 1998, but prior to the effective date of this act upon the gross  
26 receipts received from any sale exempted by the amendatory provisions  
27 of this subsection shall be refunded. Each claim for a sales tax refund  
28 shall be verified and submitted to the director of taxation upon forms  
29 furnished by the director and shall be accompanied by any additional  
30 documentation required by the director. The director shall review each  
31 claim and shall refund that amount of sales tax paid as determined under  
32 the provisions of this subsection. All refunds shall be paid from the sales  
33 tax refund fund upon warrants of the director of accounts and reports  
34 pursuant to vouchers approved by the director or the director's designee;  
35 ~~—[(yy) [(zz)]—all sales of tangible personal property and services~~  
36 ~~purchased by a religious organization which is exempt from federal~~  
37 ~~income taxation pursuant to section 501(c)(3) of the federal~~  
38 ~~internal revenue code, and used exclusively for religious purposes,~~  
39 ~~and all sales of tangible personal property or services purchased~~  
40 ~~by a contractor for the purpose of constructing, equipping, recon-~~  
41 ~~structing, maintaining, repairing, enlarging, furnishing or remodel-~~  
42 ~~ing facilities for any such organization which would be exempt~~  
43 ~~from taxation under the provisions of this section if purchased di-~~

1 ~~rectly by such organization. Nothing in this subsection shall be~~  
2 ~~deemed to exempt the purchase of any construction machinery,~~  
3 ~~equipment or tools used in the constructing, equipping, recon-~~  
4 ~~structing, maintaining, repairing, enlarging, furnishing or remodel-~~  
5 ~~ing facilities for any such organization. When any such organi-~~  
6 ~~zation shall contract for the purpose of constructing, equipping,~~  
7 ~~reconstructing, maintaining, repairing, enlarging, furnishing or~~  
8 ~~remodeling facilities, it shall obtain from the state and furnish to~~  
9 ~~the contractor an exemption certificate for the project involved,~~  
10 ~~and the contractor may purchase materials for incorporation in~~  
11 ~~such project. The contractor shall furnish the number of such cer-~~  
12 ~~tificate to all suppliers from whom such purchases are made, and~~  
13 ~~such suppliers shall execute invoices covering the same bearing~~  
14 ~~the number of such certificate. Upon completion of the project the~~  
15 ~~contractor shall furnish to such organization concerned a sworn~~  
16 ~~statement, on a form to be provided by the director of taxation,~~  
17 ~~that all purchases so made were entitled to exemption under this~~  
18 ~~subsection. All invoices shall be held by the contractor for a period~~  
19 ~~of five years and shall be subject to audit by the director of taxa-~~  
20 ~~tion. If any materials purchased under such a certificate are found~~  
21 ~~not to have been incorporated in the building or other project or~~  
22 ~~not to have been returned for credit or the sales or compensating~~  
23 ~~tax otherwise imposed upon such materials which will not be so~~  
24 ~~incorporated in the building or other project reported and paid by~~  
25 ~~such contractor to the director of taxation not later than the 20th~~  
26 ~~day of the month following the close of the month in which it shall~~  
27 ~~be determined that such materials will not be used for the purpose~~  
28 ~~for which such certificate was issued, such organization concerned~~  
29 ~~shall be liable for tax on all materials purchased for the project,~~  
30 ~~and upon payment thereof it may recover the same from the con-~~  
31 ~~tractor together with reasonable attorney fees. Any contractor or~~  
32 ~~any agent, employee or subcontractor thereof, who shall use or~~  
33 ~~otherwise dispose of any materials purchased under such a certifi-~~  
34 ~~cate for any purpose other than that for which such a certificate~~  
35 ~~is issued without the payment of the sales or compensating tax~~  
36 ~~otherwise imposed upon such materials, shall be guilty of a mis-~~  
37 ~~demeanor and, upon conviction therefor, shall be subject to the~~  
38 ~~penalties provided for in subsection (g) of K.S.A. 79-3615, and~~  
39 ~~amendments thereto. Sales tax paid on and after July 1, 1998, but~~  
40 ~~prior to the effective date of this act upon the gross receipts re-~~  
41 ~~ceived from any sale exempted by the amendatory provisions of~~  
42 ~~this subsection shall be refunded. Each claim for a sales tax refund~~  
43 ~~shall be verified and submitted to the director of taxation upon~~

1 ~~forms furnished by the director and shall be accompanied by any~~  
2 ~~additional documentation required by the director. The director~~  
3 ~~shall review each claim and shall refund that amount of sales tax~~  
4 ~~paid as determined under the provisions of this subsection. All~~  
5 ~~refunds shall be paid from the sales tax refund fund upon warrants~~  
6 ~~of the director of accounts and reports pursuant to vouchers ap-~~  
7 ~~proved by the director or the director's designee;]~~  
8 ~~—(bbb) (yy) [(aaa)] all sales of food for human consumption by an~~  
9 ~~organization which is exempt from federal income taxation pur-~~  
10 ~~suant to section 501(c)(3) of the federal internal revenue code of~~  
11 ~~1986, pursuant to a food distribution program which offers such~~  
12 ~~food at a price below cost in exchange for the performance of com-~~  
13 ~~munity service by the purchaser thereof;~~  
14 ~~—(ccc) (zz) [(bbb)] on and after July 1, 1999, all sales of tangible~~  
15 ~~personal property and services purchased by a primary care clinic~~  
16 ~~or health center the primary purpose of which is to provide serv-~~  
17 ~~ices to medically underserved individuals and families, and which~~  
18 ~~is exempt from federal income taxation pursuant to section~~  
19 ~~501(c)(3) of the federal internal revenue code, and all sales of tan-~~  
20 ~~gible personal property or services purchased by a contractor for~~  
21 ~~the purpose of constructing, equipping, reconstructing, maintain-~~  
22 ~~ing, repairing, enlarging, furnishing or remodeling facilities for~~  
23 ~~any such clinic or center which would be exempt from taxation~~  
24 ~~under the provisions of this section if purchased directly by such~~  
25 ~~clinic or center. Nothing in this subsection shall be deemed to ex-~~  
26 ~~empt the purchase of any construction machinery, equipment or~~  
27 ~~tools used in the constructing, equipping, reconstructing, main-~~  
28 ~~taining, repairing, enlarging, furnishing or remodeling facilities~~  
29 ~~for any such clinic or center. When any such clinic or center shall~~  
30 ~~contract for the purpose of constructing, equipping, reconstruct-~~  
31 ~~ing, maintaining, repairing, enlarging, furnishing or remodeling~~  
32 ~~facilities, it shall obtain from the state and furnish to the contractor~~  
33 ~~an exemption certificate for the project involved, and the contrac-~~  
34 ~~tor may purchase materials for incorporation in such project. The~~  
35 ~~contractor shall furnish the number of such certificate to all sup-~~  
36 ~~pliers from whom such purchases are made, and such suppliers~~  
37 ~~shall execute invoices covering the same bearing the number of~~  
38 ~~such certificate. Upon completion of the project the contractor~~  
39 ~~shall furnish to such clinic or center concerned a sworn statement,~~  
40 ~~on a form to be provided by the director of taxation, that all pur-~~  
41 ~~chases so made were entitled to exemption under this subsection.~~  
42 ~~All invoices shall be held by the contractor for a period of five years~~  
43 ~~and shall be subject to audit by the director of taxation. If any~~

1 ~~materials purchased under such a certificate are found not to have~~  
2 ~~been incorporated in the building or other project or not to have~~  
3 ~~been returned for credit or the sales or compensating tax other-~~  
4 ~~wise imposed upon such materials which will not be so incorpo-~~  
5 ~~rated in the building or other project reported and paid by such~~  
6 ~~contractor to the director of taxation not later than the 20th day~~  
7 ~~of the month following the close of the month in which it shall be~~  
8 ~~determined that such materials will not be used for the purpose~~  
9 ~~for which such certificate was issued, such clinic or center con-~~  
10 ~~cerned shall be liable for tax on all materials purchased for the~~  
11 ~~project, and upon payment thereof it may recover the same from~~  
12 ~~the contractor together with reasonable attorney fees. Any con-~~  
13 ~~tractor or any agent, employee or subcontractor thereof, who shall~~  
14 ~~use or otherwise dispose of any materials purchased under such a~~  
15 ~~certificate for any purpose other than that for which such a certifi-~~  
16 ~~cate is issued without the payment of the sales or compensating~~  
17 ~~tax otherwise imposed upon such materials, shall be guilty of a~~  
18 ~~misdemeanor and, upon conviction therefor, shall be subject to the~~  
19 ~~penalties provided for in subsection (g) of K.S.A. 79-3615, and~~  
20 ~~amendments thereto;~~  
21 ~~—(ddd) (aaa) [(ccc)]—on and after January 1, 1999, and before Jan-~~  
22 ~~uary 1, 2000, all sales of materials and services purchased by any~~  
23 ~~class II or III railroad as classified by the federal surface trans-~~  
24 ~~portation board for the construction, renovation, repair or re-~~  
25 ~~placement of class II or III railroad track and facilities used di-~~  
26 ~~rectly in interstate commerce. In the event any such track or~~  
27 ~~facility for which materials and services were purchased sales tax~~  
28 ~~exempt is not operational for five years succeeding the allowance~~  
29 ~~of such exemption, the total amount of sales tax which would have~~  
30 ~~been payable except for the operation of this subsection shall be~~  
31 ~~recouped in accordance with rules and regulations adopted for~~  
32 ~~such purpose by the secretary of revenue;~~  
33 ~~—(ccc) (bbb) [(ddd)]—on and after January 1, 1999, and before~~  
34 ~~January 1, 2001, all sales of materials and services purchased for~~  
35 ~~the original construction, reconstruction, repair or replacement of~~  
36 ~~grain storage facilities, including railroad sidings providing access~~  
37 ~~thereto;~~  
38 ~~—(fff) (ccc) [(ccc)]—all sales of material handling equipment, rack-~~  
39 ~~ing systems and other related machinery and equipment that is~~  
40 ~~used for the handling, movement or storage of tangible personal~~  
41 ~~property in a warehouse or distribution facility in this state; all~~  
42 ~~sales of installation, repair and maintenance services performed~~  
43 ~~on such machinery and equipment; and all sales of repair and re-~~

1 ~~placement parts for such machinery and equipment. For purposes~~  
2 ~~of this subsection, a warehouse or distribution facility means a sin-~~  
3 ~~gle, fixed location that consists of buildings or structures in a con-~~  
4 ~~tiguous area where storage or distribution operations are con-~~  
5 ~~ducted that are separate and apart from the business' retail~~  
6 ~~operations, if any, and which do not otherwise qualify for exemp-~~  
7 ~~tion as occurring at a manufacturing or processing plant or facility.~~  
8 ~~Material handling and storage equipment shall include aeration,~~  
9 ~~dust control, cleaning, handling and other such equipment that is~~  
10 ~~used in a public grain warehouse or other commercial grain stor-~~  
11 ~~age facility, whether used for grain handling, grain storage, grain~~  
12 ~~refining or processing, or other grain treatment operation;~~  
13 ~~—(ggg) (ddd) [(fff)] all sales of tangible personal property and~~  
14 ~~services purchased by or on behalf of the Kansas Academy of Sci-~~  
15 ~~ence which is exempt from federal income taxation pursuant to~~  
16 ~~section 501(c)(3) of the federal internal revenue code of 1986, and~~  
17 ~~used solely by such academy for the preparation, publication and~~  
18 ~~dissemination of education materials;~~  
19 ~~—(hhh) (eee) [(ggg)] all sales of tangible personal property and~~  
20 ~~services purchased by or on behalf of all domestic violence shelters~~  
21 ~~that are member agencies of the Kansas coalition against sexual~~  
22 ~~and domestic violence;~~  
23 ~~—(iii) (fff) [(hhh)] all sales of personal property and services pur-~~  
24 ~~chased by an organization which is exempt from federal income~~  
25 ~~taxation pursuant to section 501(c)(3) of the federal internal rev-~~  
26 ~~enue code of 1986, and which such personal property and services~~  
27 ~~are used by any such organization in the collection, storage and~~  
28 ~~distribution of food products to nonprofit organizations which dis-~~  
29 ~~tribute such food products to persons pursuant to a food distri-~~  
30 ~~bution program on a charitable basis without fee or charge, and~~  
31 ~~all sales of tangible personal property or services purchased by a~~  
32 ~~contractor for the purpose of constructing, equipping, reconstruct-~~  
33 ~~ing, maintaining, repairing, enlarging, furnishing or remodeling~~  
34 ~~facilities used for the collection and storage of such food products~~  
35 ~~for any such organization which is exempt from federal income~~  
36 ~~taxation pursuant to section 501(c)(3) of the federal internal rev-~~  
37 ~~enue code of 1986, which would be exempt from taxation under~~  
38 ~~the provisions of this section if purchased directly by such organ-~~  
39 ~~ization. Nothing in this subsection shall be deemed to exempt the~~  
40 ~~purchase of any construction machinery, equipment or tools used~~  
41 ~~in the constructing, equipping, reconstructing, maintaining, re-~~  
42 ~~pairing, enlarging, furnishing or remodeling facilities for any such~~  
43 ~~organization. When any such organization shall contract for the~~

1 ~~purpose of constructing, equipping, reconstructing, maintaining,~~  
2 ~~repairing, enlarging, furnishing or remodeling facilities, it shall~~  
3 ~~obtain from the state and furnish to the contractor an exemption~~  
4 ~~certificate for the project involved, and the contractor may pur-~~  
5 ~~chase materials for incorporation in such project. The contractor~~  
6 ~~shall furnish the number of such certificate to all suppliers from~~  
7 ~~whom such purchases are made, and such suppliers shall execute~~  
8 ~~invoices covering the same bearing the number of such certificate.~~  
9 ~~Upon completion of the project the contractor shall furnish to such~~  
10 ~~organization concerned a sworn statement, on a form to be pro-~~  
11 ~~vided by the director of taxation, that all purchases so made were~~  
12 ~~entitled to exemption under this subsection. All invoices shall be~~  
13 ~~held by the contractor for a period of five years and shall be subject~~  
14 ~~to audit by the director of taxation. If any materials purchased~~  
15 ~~under such a certificate are found not to have been incorporated~~  
16 ~~in such facilities or not to have been returned for credit or the~~  
17 ~~sales or compensating tax otherwise imposed upon such materials~~  
18 ~~which will not be so incorporated in such facilities reported and~~  
19 ~~paid by such contractor to the director of taxation not later than~~  
20 ~~the 20th day of the month following the close of the month in which~~  
21 ~~it shall be determined that such materials will not be used for the~~  
22 ~~purpose for which such certificate was issued, such organization~~  
23 ~~concerned shall be liable for tax on all materials purchased for the~~  
24 ~~project, and upon payment thereof it may recover the same from~~  
25 ~~the contractor together with reasonable attorney fees. Any con-~~  
26 ~~tractor or any agent, employee or subcontractor thereof, who shall~~  
27 ~~use or otherwise dispose of any materials purchased under such a~~  
28 ~~certificate for any purpose other than that for which such a certifi-~~  
29 ~~cate is issued without the payment of the sales or compensating~~  
30 ~~tax otherwise imposed upon such materials, shall be guilty of a~~  
31 ~~misdemeanor and, upon conviction therefor, shall be subject to the~~  
32 ~~penalties provided for in subsection (g) of K.S.A. 79-3615, and~~  
33 ~~amendments thereto. Sales tax paid on and after July 1, 2005, but~~  
34 ~~prior to the effective date of this act upon the gross receipts re-~~  
35 ~~ceived from any sale exempted by the amendatory provisions of~~  
36 ~~this subsection shall be refunded. Each claim for a sales tax refund~~  
37 ~~shall be verified and submitted to the director of taxation upon~~  
38 ~~forms furnished by the director and shall be accompanied by any~~  
39 ~~additional documentation required by the director. The director~~  
40 ~~shall review each claim and shall refund that amount of sales tax~~  
41 ~~paid as determined under the provisions of this subsection. All~~  
42 ~~refunds shall be paid from the sales tax refund fund upon warrants~~  
43 ~~of the director of accounts and reports pursuant to vouchers ap-~~

1 ~~proved by the director or the director's designee;~~  
2 ~~—(jjj) (~~ggg~~) [(iii)]—all sales of dietary supplements dispensed pur-~~  
3 ~~suant to a prescription order by a licensed practitioner or a mid-~~  
4 ~~level practitioner as defined by K.S.A. 65-1626, and amendments~~  
5 ~~thereto. As used in this subsection, “dietary supplement” means~~  
6 ~~any product, other than tobacco, intended to supplement the diet~~  
7 ~~that: (1) Contains one or more of the following dietary ingredients:~~  
8 ~~A vitamin, a mineral, an herb or other botanical, an amino acid, a~~  
9 ~~dietary substance for use by humans to supplement the diet by~~  
10 ~~increasing the total dietary intake or a concentrate, metabolite,~~  
11 ~~constituent, extract or combination of any such ingredient; (2) is~~  
12 ~~intended for ingestion in tablet, capsule, powder, softgel, geicap~~  
13 ~~or liquid form, or if not intended for ingestion, in such a form, is~~  
14 ~~not represented as conventional food and is not represented for~~  
15 ~~use as a sole item of a meal or of the diet; and (3) is required to be~~  
16 ~~labeled as a dietary supplement, identifiable by the supplemental~~  
17 ~~facts box found on the label and as required pursuant to 21 C.F.R. §~~  
18 ~~101.36;~~  
19 ~~—(lll) (~~hhh~~) [(jjj)]—all sales of tangible personal property and serv-~~  
20 ~~ices purchased by special olympics Kansas, inc. for the purpose of~~  
21 ~~providing year-round sports training and athletic competition in a~~  
22 ~~variety of olympic-type sports for individuals with intellectual dis-~~  
23 ~~abilities by giving them continuing opportunities to develop phys-~~  
24 ~~ical fitness, demonstrate courage, experience joy and participate~~  
25 ~~in a sharing of gifts, skills and friendship with their families, other~~  
26 ~~special olympics athletes and the community, and activities pro-~~  
27 ~~vided or sponsored by such organization, and all sales of tangible~~  
28 ~~personal property by or on behalf of any such organization;~~  
29 ~~—(mmm) (~~iii~~) [(lll)]—all sales of tangible personal property pur-~~  
30 ~~chased by or on behalf of the Marillac Center, Inc., which is ex-~~  
31 ~~empt from federal income taxation pursuant to section 501(c)(3)~~  
32 ~~of the federal internal revenue code, for the purpose of providing~~  
33 ~~psycho-social-biological and special education services to children,~~  
34 ~~and all sales of any such property by or on behalf of such organi-~~  
35 ~~zation for such purpose;~~  
36 ~~—(nnn) (~~jjj~~) [(mmm)]—all sales of tangible personal property and~~  
37 ~~services purchased by the West Sedgwick County Sunrise Rotary~~  
38 ~~Club and Sunrise Charitable Fund for the purpose of constructing~~  
39 ~~a boundless playground which is an integrated, barrier free and~~  
40 ~~developmentally advantageous play environment for children of~~  
41 ~~all abilities and disabilities;~~  
42 ~~—(ooo) (~~lll~~) [(nnn)]—all sales of tangible personal property by or on~~  
43 ~~behalf of a public library serving the general public and supported in~~

1 whole or in part with tax money or ~~a not-for-profit organization whose~~  
2 ~~purpose is to raise funds for or provide services or other benefits~~  
3 ~~to any such public library serving the general public and supported in~~  
4 ~~whole or in part with tax money;~~  
5 ~~—(ppp) (mmm) [(ooo)]—all sales of tangible personal property and~~  
6 ~~services purchased by or on behalf of a homeless shelter which is~~  
7 ~~exempt from federal income taxation pursuant to section 501(c)(3)~~  
8 ~~of the federal income tax code of 1986, and used by any such home-~~  
9 ~~less shelter to provide emergency and transitional housing for in-~~  
10 ~~dividuals and families experiencing homelessness, and all sales of~~  
11 ~~any such property by or on behalf of any such homeless shelter for~~  
12 ~~any such purpose;~~  
13 ~~—(qqq) (nnn) [(ppp)]—all sales of tangible personal property and~~  
14 ~~services purchased by TLC for children and families, inc., here-~~  
15 ~~inafter referred to as TLC, which is exempt from federal income~~  
16 ~~taxation pursuant to section 501(c)(3) of the federal internal rev-~~  
17 ~~enue code of 1986, and which such property and services are used~~  
18 ~~for the purpose of providing emergency shelter and treatment for~~  
19 ~~abused and neglected children as well as meeting additional crit-~~  
20 ~~ical needs for children, juveniles and family, and all sales of any~~  
21 ~~such property by or on behalf of TLC for any such purpose; and~~  
22 ~~all sales of tangible personal property or services purchased by a~~  
23 ~~contractor for the purpose of constructing, maintaining, repairing,~~  
24 ~~enlarging, furnishing or remodeling facilities for the operation of~~  
25 ~~services for TLC for any such purpose which would be exempt~~  
26 ~~from taxation under the provisions of this section if purchased di-~~  
27 ~~rectly by TLC. Nothing in this subsection shall be deemed to ex-~~  
28 ~~empt the purchase of any construction machinery, equipment or~~  
29 ~~tools used in the constructing, maintaining, repairing, enlarging,~~  
30 ~~furnishing or remodeling such facilities for TLC. When TLC con-~~  
31 ~~tracts for the purpose of constructing, maintaining, repairing, en-~~  
32 ~~larging, furnishing or remodeling such facilities, it shall obtain~~  
33 ~~from the state and furnish to the contractor an exemption certifi-~~  
34 ~~cate for the project involved, and the contractor may purchase~~  
35 ~~materials for incorporation in such project. The contractor shall~~  
36 ~~furnish the number of such certificate to all suppliers from whom~~  
37 ~~such purchases are made, and such suppliers shall execute invoices~~  
38 ~~covering the same bearing the number of such certificate. Upon~~  
39 ~~completion of the project the contractor shall furnish to TLC a~~  
40 ~~sworn statement, on a form to be provided by the director of tax-~~  
41 ~~ation, that all purchases so made were entitled to exemption under~~  
42 ~~this subsection. All invoices shall be held by the contractor for a~~  
43 ~~period of five years and shall be subject to audit by the director of~~

1 ~~taxation. If any materials purchased under such a certificate are~~  
2 ~~found not to have been incorporated in the building or other pro-~~  
3 ~~ject or not to have been returned for credit or the sales or com-~~  
4 ~~pensating tax otherwise imposed upon such materials which will~~  
5 ~~not be so incorporated in the building or other project reported~~  
6 ~~and paid by such contractor to the director of taxation not later~~  
7 ~~than the 20th day of the month following the close of the month~~  
8 ~~in which it shall be determined that such materials will not be used~~  
9 ~~for the purpose for which such certificate was issued, TLC shall be~~  
10 ~~liable for tax on all materials purchased for the project, and upon~~  
11 ~~payment thereof it may recover the same from the contractor to-~~  
12 ~~gether with reasonable attorney fees. Any contractor or any agent,~~  
13 ~~employee or subcontractor thereof, who shall use or otherwise dis-~~  
14 ~~pose of any materials purchased under such a certificate for any~~  
15 ~~purpose other than that for which such a certificate is issued with-~~  
16 ~~out the payment of the sales or compensating tax otherwise im-~~  
17 ~~posed upon such materials, shall be guilty of a misdemeanor and,~~  
18 ~~upon conviction therefor, shall be subject to the penalties provided~~  
19 ~~for in subsection (g) of K.S.A. 79-3615, and amendments thereto;~~  
20 ~~—(rrr)—all sales of tangible personal property and services purchased by~~  
21 ~~any county law library maintained pursuant to law and sales of tangible~~  
22 ~~personal property and services purchased by an organization which would~~  
23 ~~have been exempt from taxation under the provisions of this subsection~~  
24 ~~if purchased directly by the county law library for the purpose of providing~~  
25 ~~legal resources to attorneys, judges, students and the general public, and~~  
26 ~~all sales of any such property by or on behalf of any such county law~~  
27 ~~library;~~  
28 ~~—(sss) (ooo) [(qqq)]—all sales of tangible personal property and~~  
29 ~~services purchased by catholic charities or youthville, hereinafter~~  
30 ~~referred to as charitable family providers, which is exempt from~~  
31 ~~federal income taxation pursuant to section 501(c)(3) of the federal~~  
32 ~~internal revenue code of 1986, and which such property and serv-~~  
33 ~~ices are used for the purpose of providing emergency shelter and~~  
34 ~~treatment for abused and neglected children as well as meeting~~  
35 ~~additional critical needs for children, juveniles and family, and all~~  
36 ~~sales of any such property by or on behalf of charitable family~~  
37 ~~providers for any such purpose; and all sales of tangible personal~~  
38 ~~property or services purchased by a contractor for the purpose of~~  
39 ~~constructing, maintaining, repairing, enlarging, furnishing or re-~~  
40 ~~modeling facilities for the operation of services for charitable fam-~~  
41 ~~ily providers for any such purpose which would be exempt from~~  
42 ~~taxation under the provisions of this section if purchased directly~~  
43 ~~by charitable family providers. Nothing in this subsection shall be~~

1 ~~deemed to exempt the purchase of any construction machinery,~~  
2 ~~equipment or tools used in the constructing, maintaining, repair-~~  
3 ~~ing, enlarging, furnishing or remodeling such facilities for chari-~~  
4 ~~table family providers. When charitable family providers contracts~~  
5 ~~for the purpose of constructing, maintaining, repairing, enlarging,~~  
6 ~~furnishing or remodeling such facilities, it shall obtain from the~~  
7 ~~state and furnish to the contractor an exemption certificate for the~~  
8 ~~project involved, and the contractor may purchase materials for~~  
9 ~~incorporation in such project. The contractor shall furnish the~~  
10 ~~number of such certificate to all suppliers from whom such pur-~~  
11 ~~chases are made, and such suppliers shall execute invoices cover-~~  
12 ~~ing the same bearing the number of such certificate. Upon comple-~~  
13 ~~tion of the project the contractor shall furnish to charitable~~  
14 ~~family providers a sworn statement, on a form to be provided by~~  
15 ~~the director of taxation, that all purchases so made were entitled~~  
16 ~~to exemption under this subsection. All invoices shall be held by~~  
17 ~~the contractor for a period of five years and shall be subject to~~  
18 ~~audit by the director of taxation. If any materials purchased under~~  
19 ~~such a certificate are found not to have been incorporated in the~~  
20 ~~building or other project or not to have been returned for credit~~  
21 ~~or the sales or compensating tax otherwise imposed upon such ma-~~  
22 ~~terials which will not be so incorporated in the building or other~~  
23 ~~project reported and paid by such contractor to the director of~~  
24 ~~taxation not later than the 20th day of the month following the~~  
25 ~~close of the month in which it shall be determined that such ma-~~  
26 ~~terials will not be used for the purpose for which such certificate~~  
27 ~~was issued, charitable family providers shall be liable for tax on all~~  
28 ~~materials purchased for the project, and upon payment thereof it~~  
29 ~~may recover the same from the contractor together with reason-~~  
30 ~~able attorney fees. Any contractor or any agent, employee or sub-~~  
31 ~~contractor thereof, who shall use or otherwise dispose of any ma-~~  
32 ~~terials purchased under such a certificate for any purpose other~~  
33 ~~than that for which such a certificate is issued without the payment~~  
34 ~~of the sales or compensating tax otherwise imposed upon such ma-~~  
35 ~~terials, shall be guilty of a misdemeanor and, upon conviction~~  
36 ~~therefor, shall be subject to the penalties provided for in subsec-~~  
37 ~~tion (g) of K.S.A. 79-3615, and amendments thereto;~~  
38 ~~—(ttt) (ppp) [(rrr)]—all sales of tangible personal property or serv-~~  
39 ~~ices purchased by a contractor for a project for the purpose of~~  
40 ~~restoring, constructing, equipping, reconstructing, maintaining,~~  
41 ~~repairing, enlarging, furnishing or remodeling a home or facility~~  
42 ~~owned by a nonprofit museum which has been granted an exemp-~~  
43 ~~tion pursuant to subsection (qq), which such home or facility is~~

1 ~~located in a city which has been designated as a qualified home-~~  
2 ~~town pursuant to the provisions of K.S.A. 75-5071 et seq., and~~  
3 ~~amendments thereto, and which such project is related to the pur-~~  
4 ~~poses of K.S.A. 75-5071 et seq., and amendments thereto, and~~  
5 ~~which would be exempt from taxation under the provisions of this~~  
6 ~~section if purchased directly by such nonprofit museum. Nothing~~  
7 ~~in this subsection shall be deemed to exempt the purchase of any~~  
8 ~~construction machinery, equipment or tools used in the restoring,~~  
9 ~~constructing, equipping, reconstructing, maintaining, repairing,~~  
10 ~~enlarging, furnishing or remodeling a home or facility for any such~~  
11 ~~nonprofit museum. When any such nonprofit museum shall con-~~  
12 ~~tract for the purpose of restoring, constructing, equipping, recon-~~  
13 ~~structing, maintaining, repairing, enlarging, furnishing or remodel-~~  
14 ~~ing a home or facility, it shall obtain from the state and furnish~~  
15 ~~to the contractor an exemption certificate for the project involved,~~  
16 ~~and the contractor may purchase materials for incorporation in~~  
17 ~~such project. The contractor shall furnish the number of such cer-~~  
18 ~~tificates to all suppliers from whom such purchases are made, and~~  
19 ~~such suppliers shall execute invoices covering the same bearing~~  
20 ~~the number of such certificate. Upon completion of the project,~~  
21 ~~the contractor shall furnish to such nonprofit museum a sworn~~  
22 ~~statement on a form to be provided by the director of taxation that~~  
23 ~~all purchases so made were entitled to exemption under this sub-~~  
24 ~~section. All invoices shall be held by the contractor for a period of~~  
25 ~~five years and shall be subject to audit by the director of taxation.~~  
26 ~~If any materials purchased under such a certificate are found not~~  
27 ~~to have been incorporated in the building or other project or not~~  
28 ~~to have been returned for credit or the sales or compensating tax~~  
29 ~~otherwise imposed upon such materials which will not be so in-~~  
30 ~~corporated in a home or facility or other project reported and paid~~  
31 ~~by such contractor to the director of taxation not later than the~~  
32 ~~20th day of the month following the close of the month in which~~  
33 ~~it shall be determined that such materials will not be used for the~~  
34 ~~purpose for which such certificate was issued, such nonprofit mu-~~  
35 ~~seum shall be liable for tax on all materials purchased for the pro-~~  
36 ~~ject, and upon payment thereof it may recover the same from the~~  
37 ~~contractor together with reasonable attorney fees. Any contractor~~  
38 ~~or any agent, employee or subcontractor thereof, who shall use or~~  
39 ~~otherwise dispose of any materials purchased under such a certifi-~~  
40 ~~cate for any purpose other than that for which such a certificate~~  
41 ~~is issued without the payment of the sales or compensating tax~~  
42 ~~otherwise imposed upon such materials, shall be guilty of a mis-~~  
43 ~~demeanor and, upon conviction therefor, shall be subject to the~~

1 ~~penalties provided for in subsection (g) of K.S.A. 79-3615, and~~  
2 ~~amendments thereto;~~  
3 ~~—(uuu) (qqq) [(sss)] all sales of tangible personal property and~~  
4 ~~services purchased by Kansas children's service league, hereinaf-~~  
5 ~~ter referred to as KCSL, which is exempt from federal income~~  
6 ~~taxation pursuant to section 501(c)(3) of the federal internal rev-~~  
7 ~~enue code of 1986, and which such property and services are used~~  
8 ~~for the purpose of providing for the prevention and treatment of~~  
9 ~~child abuse and maltreatment as well as meeting additional critical~~  
10 ~~needs for children, juveniles and family, and all sales of any such~~  
11 ~~property by or on behalf of KCSL for any such purpose, and all~~  
12 ~~sales of tangible personal property or services purchased by a con-~~  
13 ~~tractor for the purpose of constructing, maintaining, repairing, en-~~  
14 ~~larging, furnishing or remodeling facilities for the operation of~~  
15 ~~services for KCSL for any such purpose which would be exempt~~  
16 ~~from taxation under the provisions of this section if purchased di-~~  
17 ~~rectly by KCSL. Nothing in this subsection shall be deemed to ex-~~  
18 ~~empt the purchase of any construction machinery, equipment or~~  
19 ~~tools used in the constructing, maintaining, repairing, enlarging,~~  
20 ~~furnishing or remodeling such facilities for KCSL. When KCSL~~  
21 ~~contracts for the purpose of constructing, maintaining, repairing,~~  
22 ~~enlarging, furnishing or remodeling such facilities, it shall obtain~~  
23 ~~from the state and furnish to the contractor an exemption certifi-~~  
24 ~~cate for the project involved, and the contractor may purchase~~  
25 ~~materials for incorporation in such project. The contractor shall~~  
26 ~~furnish the number of such certificate to all suppliers from whom~~  
27 ~~such purchases are made, and such suppliers shall execute invoices~~  
28 ~~covering the same bearing the number of such certificate. Upon~~  
29 ~~completion of the project the contractor shall furnish to KCSL a~~  
30 ~~sworn statement, on a form to be provided by the director of tax-~~  
31 ~~ation, that all purchases so made were entitled to exemption under~~  
32 ~~this subsection. All invoices shall be held by the contractor for a~~  
33 ~~period of five years and shall be subject to audit by the director of~~  
34 ~~taxation. If any materials purchased under such a certificate are~~  
35 ~~found not to have been incorporated in the building or other pro-~~  
36 ~~ject or not to have been returned for credit or the sales or com-~~  
37 ~~pensating tax otherwise imposed upon such materials which will~~  
38 ~~not be so incorporated in the building or other project reported~~  
39 ~~and paid by such contractor to the director of taxation not later~~  
40 ~~than the 20th day of the month following the close of the month~~  
41 ~~in which it shall be determined that such materials will not be used~~  
42 ~~for the purpose for which such certificate was issued, KCSL shall~~  
43 ~~be liable for tax on all materials purchased for the project, and~~

1 ~~upon payment thereof it may recover the same from the contractor~~  
2 ~~together with reasonable attorney fees. Any contractor or any~~  
3 ~~agent, employee or subcontractor thereof, who shall use or oth-~~  
4 ~~erwise dispose of any materials purchased under such a certificate~~  
5 ~~for any purpose other than that for which such a certificate is is-~~  
6 ~~sued without the payment of the sales or compensating tax oth-~~  
7 ~~erwise imposed upon such materials, shall be guilty of a misde-~~  
8 ~~meanor and, upon conviction therefor, shall be subject to the~~  
9 ~~penalties provided for in subsection (g) of K.S.A. 79-3615, and~~  
10 ~~amendments thereto;~~  
11 ~~—(vvv) (rrr) [(ttt)] all sales of tangible personal property or serv-~~  
12 ~~ices, including the renting and leasing of tangible personal prop-~~  
13 ~~erty or services, purchased by Jazz in the Woods, Inc., a Kansas~~  
14 ~~corporation which is exempt from federal income taxation pursu-~~  
15 ~~ant to section 501(c)(3) of the federal internal revenue code, for~~  
16 ~~the purpose of providing Jazz in the Woods, an event benefiting~~  
17 ~~children in need and other nonprofit charities assisting such chil-~~  
18 ~~dren, and all sales of any such property by or on behalf of such~~  
19 ~~organization for such purpose;~~  
20 ~~—(www) (sss) [(uuu)] all sales of tangible personal property pur-~~  
21 ~~chased by or on behalf of the Frontenac Education Foundation,~~  
22 ~~which is exempt from federal income taxation pursuant to section~~  
23 ~~501(c)(3) of the federal internal revenue code, for the purpose of~~  
24 ~~providing education support for students, and all sales of any such~~  
25 ~~property by or on behalf of such organization for such purpose;~~  
26 ~~—(xxx) (ttt) [(vvv)] all sales of personal property and services pur-~~  
27 ~~chased by the booth theatre foundation, inc., an organization~~  
28 ~~which is exempt from federal income taxation pursuant to section~~  
29 ~~501(c)(3) of the federal internal revenue code of 1986, and which~~  
30 ~~such personal property and services are used by any such organi-~~  
31 ~~zation in the constructing, equipping, reconstructing, maintaining,~~  
32 ~~repairing, enlarging, furnishing or remodeling of the booth thea-~~  
33 ~~tre, and all sales of tangible personal property or services pur-~~  
34 ~~chased by a contractor for the purpose of constructing, equipping,~~  
35 ~~reconstructing, maintaining, repairing, enlarging, furnishing or~~  
36 ~~remodeling the booth theatre for such organization, which would~~  
37 ~~be exempt from taxation under the provisions of this section if~~  
38 ~~purchased directly by such organization. Nothing in this subsec-~~  
39 ~~tion shall be deemed to exempt the purchase of any construction~~  
40 ~~machinery, equipment or tools used in the constructing, equip-~~  
41 ~~ping, reconstructing, maintaining, repairing, enlarging, furnishing~~  
42 ~~or remodeling facilities for any such organization. When any such~~  
43 ~~organization shall contract for the purpose of constructing, equip-~~

1 ~~ping, reconstructing, maintaining, repairing, enlarging, furnishing~~  
 2 ~~or remodeling facilities, it shall obtain from the state and furnish~~  
 3 ~~to the contractor an exemption certificate for the project involved,~~  
 4 ~~and the contractor may purchase materials for incorporation in~~  
 5 ~~such project. The contractor shall furnish the number of such cer-~~  
 6 ~~tificate to all suppliers from whom such purchases are made, and~~  
 7 ~~such suppliers shall execute invoices covering the same bearing~~  
 8 ~~the number of such certificate. Upon completion of the project the~~  
 9 ~~contractor shall furnish to such organization concerned a sworn~~  
 10 ~~statement, on a form to be provided by the director of taxation,~~  
 11 ~~that all purchases so made were entitled to exemption under this~~  
 12 ~~subsection. All invoices shall be held by the contractor for a period~~  
 13 ~~of five years and shall be subject to audit by the director of taxa-~~  
 14 ~~tion. If any materials purchased under such a certificate are found~~  
 15 ~~not to have been incorporated in such facilities or not to have been~~  
 16 ~~returned for credit or the sales or compensating tax otherwise im-~~  
 17 ~~posed upon such materials which will not be so incorporated in~~  
 18 ~~such facilities reported and paid by such contractor to the director~~  
 19 ~~of taxation not later than the 20th day of the month following the~~  
 20 ~~close of the month in which it shall be determined that such ma-~~  
 21 ~~terials will not be used for the purpose for which such certificate~~  
 22 ~~was issued, such organization concerned shall be liable for tax on~~  
 23 ~~all materials purchased for the project, and upon payment thereof~~  
 24 ~~it may recover the same from the contractor together with reason-~~  
 25 ~~able attorney fees. Any contractor or any agent, employee or sub-~~  
 26 ~~contractor thereof, who shall use or otherwise dispose of any ma-~~  
 27 ~~terials purchased under such a certificate for any purpose other~~  
 28 ~~than that for which such a certificate is issued without the payment~~  
 29 ~~of the sales or compensating tax otherwise imposed upon such ma-~~  
 30 ~~terials, shall be guilty of a misdemeanor and, upon conviction~~  
 31 ~~therefor, shall be subject to the penalties provided for in subsec-~~  
 32 ~~tion (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid~~  
 33 ~~on and after January 1, 2007, but prior to the effective date of this~~  
 34 ~~act upon the gross receipts received from any sale which would~~  
 35 ~~have been exempted by the provisions of this subsection had such~~  
 36 ~~sale occurred after the effective date of this act shall be refunded.~~  
 37 ~~Each claim for a sales tax refund shall be verified and submitted~~  
 38 ~~to the director of taxation upon forms furnished by the director~~  
 39 ~~and shall be accompanied by any additional documentation re-~~  
 40 ~~quired by the director. The director shall review each claim and~~  
 41 ~~shall refund that amount of sales tax paid as determined under the~~  
 42 ~~provisions of this subsection. All refunds shall be paid from the~~  
 43 ~~sales tax refund fund upon warrants of the director of accounts~~

1 and reports pursuant to vouchers approved by the director or the  
2 director's designee;  
3 ~~—(yyy) (uuu) [(www)]—~~ all sales of tangible personal property and  
4 services purchased by TLC charities foundation, inc., hereinafter  
5 referred to as TLC charities, which is exempt from federal income  
6 taxation pursuant to section 501(c)(3) of the federal internal rev-  
7 enue code of 1986, and which such property and services are used  
8 for the purpose of encouraging private philanthropy to further the  
9 vision, values, and goals of TLC for children and families, inc.; and  
10 all sales of such property and services by or on behalf of TLC  
11 charities for any such purpose and all sales of tangible personal  
12 property or services purchased by a contractor for the purpose of  
13 constructing, maintaining, repairing, enlarging, furnishing or re-  
14 modeling facilities for the operation of services for TLC charities  
15 for any such purpose which would be exempt from taxation under  
16 the provisions of this section if purchased directly by TLC chari-  
17 ties. Nothing in this subsection shall be deemed to exempt the pur-  
18 chase of any construction machinery, equipment or tools used in  
19 the constructing, maintaining, repairing, enlarging, furnishing or  
20 remodeling such facilities for TLC charities. When TLC charities  
21 contracts for the purpose of constructing, maintaining, repairing,  
22 enlarging, furnishing or remodeling such facilities, it shall obtain  
23 from the state and furnish to the contractor an exemption certifi-  
24 cate for the project involved, and the contractor may purchase  
25 materials for incorporation in such project. The contractor shall  
26 furnish the number of such certificate to all suppliers from whom  
27 such purchases are made, and such suppliers shall execute invoices  
28 covering the same bearing the number of such certificate. Upon  
29 completion of the project the contractor shall furnish to TLC char-  
30 ities a sworn statement, on a form to be provided by the director  
31 of taxation, that all purchases so made were entitled to exemption  
32 under this subsection. All invoices shall be held by the contractor  
33 for a period of five years and shall be subject to audit by the di-  
34 rector of taxation. If any materials purchased under such a certifi-  
35 cate are found not to have been incorporated in the building or  
36 other project or not to have been returned for credit or the sales  
37 or compensating tax otherwise imposed upon such materials which  
38 will not be incorporated into the building or other project reported  
39 and paid by such contractor to the director of taxation not later  
40 than the 20th day of the month following the close of the month  
41 in which it shall be determined that such materials will not be used  
42 for the purpose for which such certificate was issued, TLC chari-  
43 ties shall be liable for tax on all materials purchased for the project,

1 ~~and upon payment thereof it may recover the same from the con-~~  
2 ~~tractor together with reasonable attorney fees. Any contractor or~~  
3 ~~any agent, employee or subcontractor thereof, who shall use or~~  
4 ~~otherwise dispose of any materials purchased under such a certifi-~~  
5 ~~cate for any purpose other than that for which such a certificate~~  
6 ~~is issued without the payment of the sales or compensating tax~~  
7 ~~otherwise imposed upon such materials, shall be guilty of a mis-~~  
8 ~~demeanor and, upon conviction therefor, shall be subject to the~~  
9 ~~penalties provided for in subsection (g) of K.S.A. 79-3615, and~~  
10 ~~amendments thereto;~~  
11 ~~—(zzz) (vvv) [(xxx)] all sales of tangible personal property pur-~~  
12 ~~chased by the rotary club of shawnee foundation which is exempt~~  
13 ~~from federal income taxation pursuant to section 501(c)(3) of the~~  
14 ~~federal internal revenue code of 1986, as amended, used for the~~  
15 ~~purpose of providing contributions to community service organi-~~  
16 ~~zations and scholarships;~~  
17 ~~—(aaaa) (www) [(yyy)] all sales of personal property and services~~  
18 ~~purchased by or on behalf of victory in the valley, inc., which is~~  
19 ~~exempt from federal income taxation pursuant to section 501(c)(3)~~  
20 ~~of the federal internal revenue code, for the purpose of providing~~  
21 ~~a cancer support group and services for persons with cancer, and~~  
22 ~~all sales of any such property by or on behalf of any such organi-~~  
23 ~~zation for any such purpose;~~  
24 ~~—(bbbb) (xxx) [(zzz)] all sales of entry or participation fees,~~  
25 ~~charges or tickets by Guadalupe health foundation, which is ex-~~  
26 ~~empt from federal income taxation pursuant to section 501(c)(3)~~  
27 ~~of the federal internal revenue code, for such organization's an-~~  
28 ~~nuual fundraising event which purpose is to provide health care~~  
29 ~~services for uninsured workers;~~  
30 ~~—(cccc) (yyy) [(aaaa)] all sales of tangible personal property or~~  
31 ~~services purchased by or on behalf of wayside waifs, inc., which is~~  
32 ~~exempt from federal income taxation pursuant to section 501(c)(3)~~  
33 ~~of the federal internal revenue code, for the purpose of providing~~  
34 ~~such organization's annual fundraiser, an event whose purpose is~~  
35 ~~to support the care of homeless and abandoned animals, animal~~  
36 ~~adoption efforts, education programs for children and efforts to~~  
37 ~~reduce animal over-population and animal welfare services, and~~  
38 ~~all sales of any such property, including entry or participation fees~~  
39 ~~or charges, by or on behalf of such organization for such purpose;~~  
40 ~~—(dddd) (zzz) [(bbbb)] all sales of tangible personal property or~~  
41 ~~services purchased by or on behalf of Goodwill Industries or~~  
42 ~~Easter Seals of Kansas, Inc., both of which are exempt from federal~~  
43 ~~income taxation pursuant to section 501(c)(3) of the federal inter-~~

1 ~~nal revenue code, for the purpose of providing education, training~~  
2 ~~and employment opportunities for people with disabilities and~~  
3 ~~other barriers to employment;~~  
4 ~~—(eeee) (aaaa) [(eeee)] all sales of tangible personal property or~~  
5 ~~services purchased by or on behalf of All American Beef Battalion,~~  
6 ~~Inc., which is exempt from federal income taxation pursuant to~~  
7 ~~section 501(c)(3) of the federal internal revenue code, for the pur-~~  
8 ~~pose of educating, promoting and participating as a contact group~~  
9 ~~through the beef cattle industry in order to carry out such projects~~  
10 ~~that provide support and morale to members of the United States~~  
11 ~~armed forces and military services; and~~  
12 ~~—(ffff) (bbbb) [(dddd)] all sales of tangible personal property and~~  
13 ~~services purchased by sheltered living, inc., which is exempt from~~  
14 ~~federal income taxation pursuant to section 501(c)(3) of the federal~~  
15 ~~internal revenue code of 1986, and which such property and serv-~~  
16 ~~ices are used for the purpose of providing residential and day serv-~~  
17 ~~ices for people with developmental disabilities or mental retar-~~  
18 ~~dation, or both, and all sales of any such property by or on behalf~~  
19 ~~of sheltered living, inc. for any such purpose; and all sales of tan-~~  
20 ~~gible personal property or services purchased by a contractor for~~  
21 ~~the purpose of rehabilitating, constructing, maintaining, repairing,~~  
22 ~~enlarging, furnishing or remodeling homes and facilities for shel-~~  
23 ~~tered living, inc. for any such purpose which would be exempt from~~  
24 ~~taxation under the provisions of this section if purchased directly~~  
25 ~~by sheltered living, inc. Nothing in this subsection shall be deemed~~  
26 ~~to exempt the purchase of any construction machinery, equipment~~  
27 ~~or tools used in the constructing, maintaining, repairing, enlarg-~~  
28 ~~ing, furnishing or remodeling such homes and facilities for shel-~~  
29 ~~tered living, inc. When sheltered living, inc. contracts for the pur-~~  
30 ~~pose of rehabilitating, constructing, maintaining, repairing,~~  
31 ~~enlarging, furnishing or remodeling such homes and facilities, it~~  
32 ~~shall obtain from the state and furnish to the contractor an ex-~~  
33 ~~emption certificate for the project involved, and the contractor~~  
34 ~~may purchase materials for incorporation in such project. The con-~~  
35 ~~tractor shall furnish the number of such certificate to all suppliers~~  
36 ~~from whom such purchases are made, and such suppliers shall ex-~~  
37 ~~ecute invoices covering the same bearing the number of such cer-~~  
38 ~~tificate. Upon completion of the project the contractor shall fur-~~  
39 ~~nish to sheltered living, inc. a sworn statement, on a form to be~~  
40 ~~provided by the director of taxation, that all purchases so made~~  
41 ~~were entitled to exemption under this subsection. All invoices shall~~  
42 ~~be held by the contractor for a period of five years and shall be~~  
43 ~~subject to audit by the director of taxation. If any materials pur-~~

1 ~~chased under such a certificate are found not to have been incor-~~  
2 ~~porated in the building or other project or not to have been re-~~  
3 ~~turned for credit or the sales or compensating tax otherwise~~  
4 ~~imposed upon such materials which will not be so incorporated in~~  
5 ~~the building or other project reported and paid by such contractor~~  
6 ~~to the director of taxation not later than the 20th day of the month~~  
7 ~~following the close of the month in which it shall be determined~~  
8 ~~that such materials will not be used for the purpose for which such~~  
9 ~~certificate was issued, sheltered living, inc. shall be liable for tax~~  
10 ~~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~~  
13 ~~or subcontractor thereof, who shall use or otherwise dispose of any~~  
14 ~~materials purchased under such a certificate for any purpose other~~  
15 ~~than that for which such a certificate is issued without the payment~~  
16 ~~of the sales or compensating tax otherwise imposed upon such ma-~~  
17 ~~terials, shall be guilty of a misdemeanor and, upon conviction~~  
18 ~~therefor, shall be subject to the penalties provided for in subsec-~~  
19 ~~tion (g) of K.S.A. 79-3615, and amendments thereto.~~

20 [New Sec. 3. As used in sections 3 through 8, and amendments  
21 thereto, the following words and phrases shall mean:

22 [(a) “API gravity” means gravity, weight per unit volume, of oils  
23 as measured by the American petroleum institute, or API, scale  
24 whereby API gravity equals 141.5.

25 [(b) “First purchaser” means the first person purchasing crude  
26 oil directly from the operator or producer.

27 [(c) “Hauler” means any common carrier, as defined in K.S.A.  
28 2009 Supp. 66-105, and amendments thereto, or any other person,  
29 responsible for the transportation of crude oil to a refinery.

30 [(d) “Light crude” means crude oil with a low specific gravity  
31 and high API gravity due to the presence of a high proportion of  
32 light hydrocarbon fractions.

33 [(e) “Market rate” means the listed daily spot price on the New  
34 York mercantile exchange, or NYMEX, for one barrel of 40 light  
35 gravity sweet crude oil.

36 [(f) “Operator” means the person responsible for the actual  
37 physical operation of the crude oil producing property.

38 [(g) “Producer” means any interest owner in the crude oil pro-  
39 ducing property including a royalty interest owner.

40 [(h) “Refinery” has the meaning provided by K.S.A. 2009 Supp.  
41 79-32,217, and amendments thereto.

42 [(i) “Specific gravity” means the ratio of the density of a sub-  
43 stance at 60 degrees Fahrenheit to the density of water at the same

1 temperature, where specific gravity equals negative 131.5.  
2 [(j) “Spot price” means the one-time market case transaction,  
3 where a commodity is purchased on-the-spot at current market  
4 rates.  
5 [New Sec. 4. Any refinery required to purchase crude oil pro-  
6 duced in Kansas, if available, to be eligible to receive an income  
7 tax credit under K.S.A. 2009 Supp. 79-32,218, and amendments  
8 thereto, the accelerated depreciation deduction provided under  
9 K.S.A. 2009 Supp. 79-32,221, and amendments thereto, or the en-  
10 vironmental compliance income tax credit provided under K.S.A.  
11 2009 Supp. 79-32,222, and amendments thereto, shall have the  
12 right to reject any crude oil which is not of merchantable quality  
13 or is altered or contaminated by foreign substances or for other  
14 quality purposes as stated in the terms and conditions of any con-  
15 tract or division order between any such refinery and producer.  
16 Refineries shall provide written or electronic information detailing  
17 the requirements haulers must meet prior to delivering crude oil  
18 to the refinery, as well as written or electronic notice of all API  
19 gravity, specific gravity, basic sediments and water or any other  
20 standards that crude oil must meet to be delivered to the refinery.  
21 Each refinery shall post the relative amounts of different types of  
22 crude oil that the refinery generally purchases.  
23 [New Sec. 5. A first purchaser of crude oil shall disclose to the  
24 operator or producer a detailed statement of the reason for any  
25 deduction of the purchase price below the market rate for such  
26 crude oil. Any such deduction of the purchase price paid for crude  
27 oil shall be based on an industry standard such as API gravity,  
28 specific gravity, temperature or basic sediments and water.  
29 [Sec. 6. K.S.A. 2009 Supp. 79-32,218 is hereby amended to read  
30 as follows: 79-32,218. (a) For taxable years commencing after De-  
31 cember 31, ~~2005~~ 2009, and before January 1, 2011, any taxpayer  
32 who is awarded a tax credit under this act by the secretary of com-  
33 merce and complies with the conditions set forth in this act and  
34 the agreement entered into by the secretary and the taxpayer un-  
35 der this act shall be allowed a credit against the taxpayer’s tax  
36 liability under the Kansas income tax act as provided in subsection  
37 (b). Expenditures used to qualify for this credit shall not be used  
38 to qualify for any other type of Kansas income tax credit.  
39 [(b) The amount of the credit to which a taxpayer is entitled shall  
40 be equal to the sum of: (1) An amount equal to 10% of the tax-  
41 payer’s qualified investment for the first \$250,000,000 invested  
42 and (2) an amount equal to 5% of the amount of the taxpayer’s  
43 qualified investment that exceeds \$250,000,000. Such credit shall

1 be taken in 10 equal, annual installments, beginning with the year  
2 in which the taxpayer places into service the new refinery, the  
3 expansion of an existing refinery or the restoration of production  
4 of a refinery as provided in this section.

5 [(c) If the amount of an annual installment of a tax credit allowed  
6 under this section exceeds the taxpayer's income tax liability for  
7 the taxable year in which the annual installment is allowed, the  
8 amount thereof which exceeds such tax liability may be carried  
9 over for deduction from the taxpayer's income tax liability in the  
10 next succeeding taxable year or years until the total amount of the  
11 annual installment of the tax credit has been deducted from tax  
12 liability, except that no such tax credit shall be carried over for  
13 deduction after the 14th taxable year succeeding the taxable year  
14 in which the first annual installment is allowed.

15 [(d) (1) Before making a qualified investment, a taxpayer shall  
16 apply to the secretary of commerce to enter into an agreement for  
17 a tax credit under this act. The secretary shall prescribe the form  
18 of the application. After receipt of such application, the secretary  
19 may enter into an agreement with the applicant for a credit under  
20 this act if the secretary determines that the taxpayer's proposed  
21 investment satisfies the requirements of this act. The secretary  
22 shall enter into an agreement with an applicant which is awarded  
23 a credit under this act. The agreement shall include: (A) A detailed  
24 description of the refinery project that is the subject of the agree-  
25 ment, (B) the first taxable year for which the credit may be  
26 claimed, (C) the maximum amount of tax credit that will be allowed  
27 for each taxable year ~~and~~, (D) a requirement that the taxpayer shall  
28 maintain operation of the new, expanded or restored refinery for  
29 at least 10 years during the term that the tax credit is available,  
30 *and (E) documentation that the refinery has purchased crude oil produced*  
31 *in Kansas, if available, pursuant to section 4, and amendments thereto.*

32 [(2) A taxpayer must comply with the terms of the agreement  
33 described in subsection (d)(1) to receive an annual installment of  
34 the tax credit awarded under this act. The secretary of commerce,  
35 in accordance with rules and regulations of the secretary, shall  
36 annually determine whether the taxpayer is in compliance with the  
37 agreement. Such determination of compliance shall include, but  
38 not be limited to, operation of the new, expanded or restored re-  
39 *finery and the purchase of available crude oil produced in Kansas during*  
40 *the tax years when any installments of tax credits are claimed by*  
41 *the taxpayer. If the secretary determines that the taxpayer is in*  
42 *compliance, the secretary shall issue a certificate of compliance to*  
43 *the taxpayer. If the secretary determines that the taxpayer is not*

1 in compliance with the agreement, the secretary shall notify the  
2 taxpayer and the secretary of revenue of such determination of  
3 noncompliance, and any tax credits claimed pursuant to this sec-  
4 tion for any tax year shall be forfeited.

5 [(3) The secretary of commerce may adopt rules and regulations  
6 to administer the provisions of this subsection.

7 [Sec. 7. K.S.A. 2009 Supp. 79-32,221 is hereby amended to read  
8 as follows: 79-32,221. (a) In addition to the income tax credit al-  
9 lowable pursuant to K.S.A. 2009 Supp. 79-32,217 through 79-  
10 32,220, and amendments thereto, a taxpayer shall be entitled to a  
11 deduction from Kansas adjusted gross income with respect to the  
12 amortization of the amortizable costs of a new refinery, an expan-  
13 sion of an existing refinery or restoration of production of a refin-  
14 ery which has been out of production for five or more years based  
15 upon a period of 10 years *if the refinery purchases crude oil produced*  
16 *in Kansas, if available, pursuant to section 4, and amendments thereto.*  
17 Such amortization deduction shall be an amount equal to 55% of  
18 the amortizable costs of such new refinery, such expansion of an  
19 existing refinery or such restoration of production of a refinery for  
20 the first taxable year in which such refinery, such expansion of an  
21 existing refinery or such restoration of production of a refinery is  
22 in production and 5% of the amortizable costs of such new refin-  
23 ery, such expansion of an existing refinery or such restoration of  
24 production of a refinery for each of the next nine taxable years.

25 [(b) The election of the taxpayer to claim the deduction allowed  
26 by subsection (a) shall be made by filing a statement of such elec-  
27 tion with the secretary of revenue in the manner and form and  
28 within the time prescribed by rules and regulations adopted by the  
29 secretary.

30 [(c) The provisions of this section shall apply to all taxable years  
31 commencing after December 31, ~~2005~~ 2009.

32 [(d) The secretary of revenue shall adopt such rules and regu-  
33 lations as deemed necessary to carry out the provisions of this  
34 section.

35 [(e) As used in this section, terms have the meanings provided  
36 by K.S.A. 2009 Supp. 79-32,217, and amendments thereto.

37 [Sec. 8. K.S.A. 2009 Supp. 79-32,222 is hereby amended to read  
38 as follows: 79-32,222. (a) As used in this section:

39 [(1) “Refinery” has the meaning provided by K.S.A. 2009 Supp.  
40 79-32,217, and amendments thereto.

41 [(2) “Qualified expenditures” means expenditures which the sec-  
42 retary of health and environment certifies to the director of taxa-  
43 tion are required for an existing refinery to comply with environ-

1 **mental standards or requirements established pursuant to federal**  
2 **statute or regulation, or state statute or rules and regulation,**  
3 **adopted after December 31, 2006.**

4 **[(b) There shall be allowed as a credit against the tax liability of**  
5 **a taxpayer imposed under the Kansas income tax act an amount**  
6 **equal to the taxpayer's qualified expenditures. The tax credit al-**  
7 **lowed by this subsection shall be deducted from the taxpayer's**  
8 **income tax liability for the taxable year in which the expenditures**  
9 **are made by the taxpayer. If the amount of such tax credit exceeds**  
10 **the taxpayer's income tax liability for such taxable year, the tax-**  
11 **payer may carry over the amount thereof that exceeds such tax**  
12 **liability for deduction from the taxpayer's income tax liability in**  
13 **the next succeeding taxable year or years until the total amount of**  
14 **the tax credit has been deducted from tax liability, except that no**  
15 **such tax credit shall be carried over for deduction after the fourth**  
16 **taxable year succeeding the year in which the costs are incurred.**

17 **[(c) (1) To qualify the expenditures of the tax credit allowed by**  
18 **this section, a taxpayer shall apply to the secretary of health and**  
19 **environment for a certification that the costs were incurred to**  
20 **comply with environmental standards or requirements as specified**  
21 **in subsection (a). The secretary shall prescribe the form of the**  
22 **application, which shall include, but not be limited to, the follow-**  
23 **ing information: (A) A detailed description of the refinery project**  
24 **that is the subject of the expenditure; (B) a citation to the appli-**  
25 **cable federal or state statutes, regulations or rules and regulations**  
26 **which require the environmental compliance; (C) a detailed ac-**  
27 **counting of the costs incurred for the environmental compliance;**  
28 **(D) documentation that the refinery purchased crude oil produced in**  
29 **Kansas, if available, pursuant to section 4, and amendments thereto, dur-**  
30 **ing all tax years for which the tax credit is sought; and ~~(D)~~ (E) a certi-**  
31 **fication by a responsible official that, based on information and**  
32 **belief formed after reasonable inquiry, the statements and infor-**  
33 **mation in the application are true, accurate and complete.**

34 **[(2) If the secretary of health and environment determines that**  
35 **the expenditures were incurred to comply with environmental**  
36 **standards or requirements as specified in subsection (a) and the**  
37 **refinery has purchased crude oil produced in Kansas, if available, the**  
38 **secretary shall issue a certificate of compliance to the director of**  
39 **taxation.**

40 **[(3) The secretary of health and environment may adopt rules**  
41 **and regulations to administer the provisions of this subsection, in-**  
42 **cluding rules and regulations to fix, charge and collect an appli-**  
43 **cation fee to cover all or any part of the department of health and**

1 **environment's cost of certifying the taxpayer's qualified expendi-**  
2 **tures under this subsection.**

3 **[(d) The provisions of this section shall be applicable to all tax-**  
4 **able years commencing after December 31, 2006 2009.]**

5 **Sec. 6: ~~5: [3.]~~ [9.]** K.S.A. 2009 Supp. ~~12-189a, [79-32,218, 79-~~  
6 **32,221, 79-32,222]** 79-3602; ~~and 79-3603 and 79-3606 are [is]~~ hereby  
7 repealed.

8 **Sec. 7: ~~6: [4.]~~ [10.]** This act shall take effect and be in force from  
9 and after its publication in the statute book.