

SENATE BILL No. 476

By Committee on Assessment and Taxation

1-27

9 AN ACT concerning sales taxation; relating to imposition of tax on certain
10 services; exemptions, repealed; fund-raising sales; amending K.S.A.
11 2009 Supp. 12-189a, 79-3602, 79-3603 and 79-3606 and repealing the
12 existing sections.
13

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

15 Section 1. K.S.A. 2009 Supp. 12-189a is hereby amended to read as
16 follows: 12-189a. The following sales shall be subject to the taxes levied
17 and collected by all cities and counties under the provisions of K.S.A. 12-
18 187 et seq. and amendments thereto:

19 (a) All sales of natural gas, electricity, heat and water delivered
20 through mains, lines or pipes to residential premises for noncommercial
21 use by the occupant of such premises and all sales of natural gas, elec-
22 tricity, heat and water delivered through mains, lines or pipes for agri-
23 cultural use, ~~except that effective January 1, 2006, the provisions of this~~
24 ~~subsection shall expire for sales of water pursuant to this subsection;~~

25 (b) all sales of propane gas, LP-gas, coal, wood and other fuel sources
26 for the production of heat or lighting for noncommercial use of an oc-
27 cupant of residential premises; and

28 (c) all sales of intrastate telephone and telegraph services for non-
29 commercial use.

30 Sec. 2. K.S.A. 2009 Supp. 79-3602 is hereby amended to read as
31 follows: 79-3602. Except as otherwise provided, as used in the Kansas
32 retailers' sales tax act:

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

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

38 (c) "Alcoholic beverages" means beverages that are suitable for hu-
39 man consumption and contain .05% or more of alcohol by volume.

40 (d) "Certified automated system (CAS)" means software certified un-
41 der the agreement to calculate the tax imposed by each jurisdiction on a
42 transaction, determine the amount of tax to remit to the appropriate state
43 and maintain a record of the transaction.

- 1 (e) “Certified service provider (CSP)” means an agent certified under
2 the agreement to perform all the seller’s sales and use tax functions, other
3 than the seller’s obligation to remit tax on its own purchases.
- 4 (f) “Computer” means an electronic device that accepts information
5 in digital or similar form and manipulates it for a result based on a se-
6 quence of instructions.
- 7 (g) “Computer software” means a set of coded instructions designed
8 to cause a computer or automatic data processing equipment to perform
9 a task.
- 10 (h) “Delivered electronically” means delivered to the purchaser by
11 means other than tangible storage media.
- 12 (i) “Delivery charges” means charges by the seller of personal prop-
13 erty or services for preparation and delivery to a location designated by
14 the purchaser of personal property or services including, but not limited
15 to, transportation, shipping, postage, handling, crating and packing. De-
16 livery charges shall not include charges for delivery of direct mail if the
17 charges are separately stated on an invoice or similar billing document
18 given to the purchaser.
- 19 (j) “Direct mail” means printed material delivered or distributed by
20 United States mail or other delivery services to a mass audience or to
21 addressees on a mailing list provided by the purchaser or at the direction
22 of the purchaser when the cost of the items are not billed directly to the
23 recipients. Direct mail includes tangible personal property supplied di-
24 rectly or indirectly by the purchaser to the direct mail seller for inclusion
25 in the package containing the printed material. Direct mail does not in-
26 clude multiple items of printed material delivered to a single address.
- 27 (k) “Director” means the state director of taxation.
- 28 (l) “Educational institution” means any nonprofit school, college and
29 university that offers education at a level above the twelfth grade, and
30 conducts regular classes and courses of study required for accreditation
31 by, or membership in, the North Central Association of Colleges and
32 Schools, the state board of education, or that otherwise qualify as an
33 “educational institution,” as defined by K.S.A. 74-50,103, and amend-
34 ments thereto. Such phrase shall include: (1) A group of educational in-
35 stitutions that operates exclusively for an educational purpose; (2) non-
36 profit endowment associations and foundations organized and operated
37 exclusively to receive, hold, invest and administer moneys and property
38 as a permanent fund for the support and sole benefit of an educational
39 institution; (3) nonprofit trusts, foundations and other entities organized
40 and operated principally to hold and own receipts from intercollegiate
41 sporting events and to disburse such receipts, as well as grants and gifts,
42 in the interest of collegiate and intercollegiate athletic programs for the
43 support and sole benefit of an educational institution; and (4) nonprofit

1 trusts, foundations and other entities organized and operated for the pri-
2 mary purpose of encouraging, fostering and conducting scholarly inves-
3 tigations and industrial and other types of research for the support and
4 sole benefit of an educational institution.

5 (m) “Electronic” means relating to technology having electrical, digi-
6 tal, magnetic, wireless, optical, electromagnetic or similar capabilities.

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

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

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

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

34 (2) Containers, labels, shipping cases, paper bags, drinking straws,
35 paper plates, paper cups, twine and wrapping paper used in the distri-
36 bution and sale of property taxable under the provisions of this act by
37 wholesalers and retailers and which is not to be returned to such whole-
38 saler or retailer for reuse.

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

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

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

- 1 (6) Feed for animals, fowl and aquatic plants and animals, the primary
2 purpose of which is use in agriculture or aquaculture, as defined in K.S.A.
3 47-1901, and amendments thereto, the production of food for human
4 consumption, the production of animal, dairy, poultry or aquatic plant
5 and animal products, fiber, fur, or the production of offspring for use for
6 any such purpose or purposes.
- 7 (q) “Isolated or occasional sale” means the nonrecurring sale of tan-
8 gible personal property, or services taxable hereunder by a person not
9 engaged at the time of such sale in the business of selling such property
10 or services. ~~Any religious organization which makes a nonrecurring sale~~
11 ~~of tangible personal property acquired for the purpose of resale shall be~~
12 ~~deemed to be not engaged at the time of such sale in the business of~~
13 ~~selling such property.~~ Such term shall include: (1) Any sale by a bank,
14 savings and loan institution, credit union or any finance company licensed
15 under the provisions of the Kansas uniform consumer credit code of tan-
16 gible personal property which has been repossessed by any such entity;
17 and (2) any sale of tangible personal property made by an auctioneer or
18 agent on behalf of not more than two principals or households if such
19 sale is nonrecurring and any such principal or household is not engaged
20 at the time of such sale in the business of selling tangible personal
21 property.
- 22 (r) “Lease or rental” means any transfer of possession or control of
23 tangible personal property for a fixed or indeterminate term for consid-
24 eration. A lease or rental may include future options to purchase or
25 extend.
- 26 (1) Lease or rental does not include: (A) A transfer of possession or
27 control of property under a security agreement or deferred payment plan
28 that requires the transfer of title upon completion of the required
29 payments;
- 30 (B) a transfer or possession or control of property under an agree-
31 ment that requires the transfer of title upon completion of required pay-
32 ments and payment of an option price does not exceed the greater of
33 \$100 or 1% of the total required payments; or
- 34 (C) providing tangible personal property along with an operator for
35 a fixed or indeterminate period of time. A condition of this exclusion is
36 that the operator is necessary for the equipment to perform as designed.
37 For the purpose of this subsection, an operator must do more than main-
38 tain, inspect or set-up the tangible personal property.
- 39 (2) Lease or rental does include agreements covering motor vehicles
40 and trailers where the amount of consideration may be increased or de-
41 creased by reference to the amount realized upon sale or disposition of
42 the property as defined in 26 U.S.C. 7701(h)(1).
- 43 (3) This definition shall be used for sales and use tax purposes re-

- 1 regardless if a transaction is characterized as a lease or rental under
2 generally accepted accounting principles, the internal revenue code, the uni-
3 form commercial code, K.S.A. 84-1-101 et seq. and amendments thereto,
4 or other provisions of federal, state or local law.
- 5 (4) This definition will be applied only prospectively from the effec-
6 tive date of this act and will have no retroactive impact on existing leases
7 or rentals.
- 8 (s) “Load and leave” means delivery to the purchaser by use of a
9 tangible storage media where the tangible storage media is not physically
10 transferred to the purchaser.
- 11 (t) “Member state” means a state that has entered in the agreement,
12 pursuant to provisions of article VIII of the agreement.
- 13 (u) “Model 1 seller” means a seller that has selected a CSP as its
14 agent to perform all the seller’s sales and use tax functions, other than
15 the seller’s obligation to remit tax on its own purchases.
- 16 (v) “Model 2 seller” means a seller that has selected a CAS to perform
17 part of its sales and use tax functions, but retains responsibility for re-
18 mitting the tax.
- 19 (w) “Model 3 seller” means a seller that has sales in at least five
20 member states, has total annual sales revenue of at least \$500,000,000,
21 has a proprietary system that calculates the amount of tax due each juris-
22 diction and has entered into a performance agreement with the member
23 states that establishes a tax performance standard for the seller. As used
24 in this subsection a seller includes an affiliated group of sellers using the
25 same proprietary system.
- 26 (x) “Municipal corporation” means any city incorporated under the
27 laws of Kansas.
- 28 (y) “Nonprofit blood bank” means any nonprofit place, organization,
29 institution or establishment that is operated wholly or in part for the
30 purpose of obtaining, storing, processing, preparing for transfusing, fur-
31 nishing, donating or distributing human blood or parts or fractions of
32 single blood units or products derived from single blood units, whether
33 or not any remuneration is paid therefor, or whether such procedures are
34 done for direct therapeutic use or for storage for future use of such
35 products.
- 36 (z) “Persons” means any individual, firm, copartnership, joint adven-
37 ture, association, corporation, estate or trust, receiver or trustee, or any
38 group or combination acting as a unit, and the plural as well as the singular
39 number; and shall specifically mean any city or other political subdivision
40 of the state of Kansas engaging in a business or providing a service spe-
41 cifically taxable under the provisions of this act.
- 42 (aa) “Political subdivision” means any municipality, agency or sub-
43 division of the state which is, or shall hereafter be, authorized to levy taxes

1 upon tangible property within the state or which certifies a levy to a
2 municipality, agency or subdivision of the state which is, or shall hereafter
3 be, authorized to levy taxes upon tangible property within the state. Such
4 term also shall include any public building commission, housing, airport,
5 port, metropolitan transit or similar authority established pursuant to law
6 and the horsethief reservoir benefit district established pursuant to K.S.A.
7 82a-2201, and amendments thereto.

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

11 (cc) "Prewritten computer software" means computer software, in-
12 cluding prewritten upgrades, which is not designed and developed by the
13 author or other creator to the specifications of a specific purchaser. The
14 combining of two or more prewritten computer software programs or
15 prewritten portions thereof does not cause the combination to be other
16 than prewritten computer software. Prewritten computer software in-
17 cludes software designed and developed by the author or other creator
18 to the specifications of a specific purchaser when it is sold to a person
19 other than the purchaser. Where a person modifies or enhances computer
20 software of which the person is not the author or creator, the person shall
21 be deemed to be the author or creator only of such person's modifications
22 or enhancements. Prewritten computer software or a prewritten portion
23 thereof that is modified or enhanced to any degree, where such modifi-
24 cation or enhancement is designed and developed to the specifications of
25 a specific purchaser, remains prewritten computer software, except that
26 where there is a reasonable, separately stated charge or an invoice or
27 other statement of the price given to the purchaser for such modification
28 or enhancement, such modification or enhancement shall not constitute
29 prewritten computer software.

30 (dd) "Property which is consumed" means tangible personal property
31 which is essential or necessary to and which is used in the actual process
32 of and consumed, depleted or dissipated within one year in (1) the pro-
33 duction, manufacture, processing, mining, drilling, refining or compound-
34 ing of tangible personal property, (2) the providing of services, (3) the
35 irrigation of crops, for sale in the regular course of business, or (4) the
36 storage or processing of grain by a public grain warehouse or other grain
37 storage facility, and which is not reusable for such purpose. The following
38 is a listing of tangible personal property, included by way of illustration
39 but not of limitation, which qualifies as property which is consumed:

40 (A) Insecticides, herbicides, germicides, pesticides, fungicides, fu-
41 migants, antibiotics, biologicals, pharmaceuticals, vitamins and chemicals
42 for use in commercial or agricultural production, processing or storage of
43 fruit, vegetables, feeds, seeds, grains, animals or animal products whether

- 1 fed, injected, applied, combined with or otherwise used;
- 2 (B) electricity, gas and water; and
- 3 (C) petroleum products, lubricants, chemicals, solvents, reagents and
- 4 catalysts.
- 5 (ee) "Purchase price" applies to the measure subject to use tax and
- 6 has the same meaning as sales price.
- 7 (ff) "Purchaser" means a person to whom a sale of personal property
- 8 is made or to whom a service is furnished.
- 9 (gg) "Quasi-municipal corporation" means any county, township,
- 10 school district, drainage district or any other governmental subdivision in
- 11 the state of Kansas having authority to receive or hold moneys or funds.
- 12 (hh) "Registered under this agreement" means registration by a seller
- 13 with the member states under the central registration system provided in
- 14 article IV of the agreement.
- 15 (ii) "Retailer" means a seller regularly engaged in the business of
- 16 selling, leasing or renting tangible personal property at retail or furnishing
- 17 electrical energy, gas, water, services or entertainment, and selling only
- 18 to the user or consumer and not for resale.
- 19 (jj) "Retail sale" or "sale at retail" means any sale, lease or rental for
- 20 any purpose other than for resale, sublease or subrent.
- 21 (kk) "Sale" or "sales" means the exchange of tangible personal prop-
- 22 erty, as well as the sale thereof for money, and every transaction, condi-
- 23 tional or otherwise, for a consideration, constituting a sale, including the
- 24 sale or furnishing of electrical energy, gas, water, services or entertain-
- 25 ment taxable under the terms of this act and including, except as provided
- 26 in the following provision, the sale of the use of tangible personal property
- 27 by way of a lease, license to use or the rental thereof regardless of the
- 28 method by which the title, possession or right to use the tangible personal
- 29 property is transferred. The term "sale" or "sales" shall not mean the sale
- 30 of the use of any tangible personal property used as a dwelling by way of
- 31 a lease or rental thereof for a term of more than 28 consecutive days.
- 32 (ll) (1) "Sales or selling price" applies to the measure subject to sales
- 33 tax and means the total amount of consideration, including cash, credit,
- 34 property and services, for which personal property or services are sold,
- 35 leased or rented, valued in money, whether received in money or oth-
- 36 erwise, without any deduction for the following:
- 37 (A) The seller's cost of the property sold;
- 38 (B) the cost of materials used, labor or service cost, interest, losses,
- 39 all costs of transportation to the seller, all taxes imposed on the seller and
- 40 any other expense of the seller;
- 41 (C) charges by the seller for any services necessary to complete the
- 42 sale, other than delivery and installation charges;
- 43 (D) delivery charges; and

- 1 (E) installation charges.
- 2 (2) "Sales or selling price" includes consideration received by the
3 seller from third parties if:
- 4 (A) The seller actually receives consideration from a party other than
5 the purchaser and the consideration is directly related to a price reduction
6 or discount on the sale;
- 7 (B) the seller has an obligation to pass the price reduction or discount
8 through to the purchaser;
- 9 (C) the amount of the consideration attributable to the sale is fixed
10 and determinable by the seller at the time of the sale of the item to the
11 purchaser; and
- 12 (D) one of the following criteria is met:
- 13 (i) The purchaser presents a coupon, certificate or other documen-
14 tation to the seller to claim a price reduction or discount where the cou-
15 pon, certificate or documentation is authorized, distributed or granted by
16 a third party with the understanding that the third party will reimburse
17 any seller to whom the coupon, certificate or documentation is presented;
- 18 (ii) the purchaser identifies to the seller that the purchaser is a mem-
19 ber of a group or organization entitled to a price reduction or discount.
20 A preferred customer card that is available to any patron does not con-
21 stitute membership in such a group; or
- 22 (iii) the price reduction or discount is identified as a third party price
23 reduction or discount on the invoice received by the purchaser or on a
24 coupon, certificate or other documentation presented by the purchaser.
- 25 (3) "Sales or selling price" shall not include:
- 26 (A) Discounts, including cash, term or coupons that are not reim-
27 bursed by a third party that are allowed by a seller and taken by a pur-
28 chaser on a sale;
- 29 (B) interest, financing and carrying charges from credit extended on
30 the sale of personal property or services, if the amount is separately stated
31 on the invoice, bill of sale or similar document given to the purchaser;
- 32 (C) any taxes legally imposed directly on the consumer that are sep-
33 arately stated on the invoice, bill of sale or similar document given to the
34 purchaser; *and*
- 35 (D) the amount equal to the allowance given for the trade-in of prop-
36 erty, if separately stated on the invoice, billing or similar document given
37 to the purchaser; ~~and~~
- 38 ~~(E) commencing on July 1, 2006, and ending on June 30, 2009, cash~~
39 ~~rebates granted by a manufacturer to a purchaser or lessee of a new motor~~
40 ~~vehicle if paid directly to the retailer as a result of the original sale.~~
- 41 (mm) "Seller" means a person making sales, leases or rentals of per-
42 sonal property or services.
- 43 (nn) "Service" means those services described in and taxed under the

1 provisions of K.S.A. 79-3603 and amendments thereto.

2 (oo) “Sourcing rules” means the rules set forth in K.S.A. 2009 Supp.
3 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
4 thereto, which shall apply to identify and determine the state and local
5 taxing jurisdiction sales or use taxes to pay, or collect and remit on a
6 particular retail sale.

7 (pp) “Tangible personal property” means personal property that can
8 be seen, weighed, measured, felt or touched, or that is in any other man-
9 ner perceptible to the senses. Tangible personal property includes elec-
10 tricity, water, gas, steam and prewritten computer software.

11 (qq) “Taxpayer” means any person obligated to account to the direc-
12 tor for taxes collected under the terms of this act.

13 (rr) “Tobacco” means cigarettes, cigars, chewing or pipe tobacco or
14 any other item that contains tobacco.

15 (ss) “Entity-based exemption” means an exemption based on who
16 purchases the product or who sells the product. An exemption that is
17 available to all individuals shall not be considered an entity-based
18 exemption.

19 (tt) “Over-the-counter” drug means a drug that contains a label that
20 identifies the product as a drug as required by 21 C.F.R. § 201.66. The
21 over-the-counter drug label includes: (1) A drug facts panel; or (2) a
22 statement of the active ingredients with a list of those ingredients con-
23 tained in the compound, substance or preparation. Over-the-counter
24 drugs do not include grooming and hygiene products such as soaps, clean-
25 ing solutions, shampoo, toothpaste, antiperspirants and sun tan lotions
26 and screens.

27 (uu) “Ancillary services” means services that are associated with or
28 incidental to the provision of telecommunications services, including, but
29 not limited to, detailed telecommunications billing, directory assistance,
30 vertical service and voice mail services.

31 (vv) “Conference bridging service” means an ancillary service that
32 links two or more participants of an audio or video conference call and
33 may include the provision of a telephone number. Conference bridging
34 service does not include the telecommunications services used to reach
35 the conference bridge.

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

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

41 (yy) “Vertical service” means an ancillary service that is offered in
42 connection with one or more telecommunications services, which offers
43 advanced calling features that allow customers to identify callers and to

1 manage multiple calls and call connections, including conference bridging
2 services.

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

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

17 (1) Data processing and information services that allow data to be
18 generated, acquired, stored, processed or retrieved and delivered by an
19 electronic transmission to a purchaser where such purchaser’s primary
20 purpose for the underlying transaction is the processed data or
21 information;

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

24 (3) tangible personal property;

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

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

27 (6) internet access service;

28 (7) radio and television audio and video programming services, re-
29 gardless of the medium, including the furnishing of transmission, con-
30 veyance and routing of such services by the programming service pro-
31 vider. Radio and television audio and video programming services shall
32 include, but not be limited to, cable service as defined in 47 U.S.C. 522(6)
33 and audio and video programming services delivered by commercial mo-
34 bile radio service providers, as defined in 47 C.F.R. 20.3;

35 (8) ancillary services; or

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

38 (bbb) “800 service” means a telecommunications service that allows
39 a caller to dial a toll-free number without incurring a charge for the call.
40 The service is typically marketed under the name 800, 855, 866, 877 and
41 888 toll-free calling, and any subsequent numbers designated by the fed-
42 eral communications commission.

43 (ccc) “900 service” means an inbound toll telecommunications serv-

1 ice purchased by a subscriber that allows the subscriber's customers to
2 call in to the subscriber's prerecorded announcement or live service. 900
3 service does not include the charge for collection services provided by
4 the seller of the telecommunications services to the subscriber, or service
5 or product sold by the subscriber to the subscriber's customer. The serv-
6 ice is typically marketed under the name 900 service, and any subsequent
7 numbers designated by the federal communications commission.

8 (ddd) "Value-added non-voice data service" means a service that oth-
9 erwise meets the definition of telecommunications services in which com-
10 puter processing applications are used to act on the form, content, code
11 or protocol of the information or data primarily for a purpose other than
12 transmission, conveyance or routing.

13 (eee) "International" means a telecommunications service that orig-
14 inates or terminates in the United States and terminates or originates
15 outside the United States, respectively. United States includes the Dis-
16 trict of Columbia or a U.S. territory or possession.

17 (fff) "Interstate" means a telecommunications service that originates
18 in one United States state, or a United States territory or possession, and
19 terminates in a different United States state or a United States territory
20 or possession.

21 (ggg) "Intrastate" means a telecommunications service that originates
22 in one United States state or a United States territory or possession, and
23 terminates in the same United States state or a United States territory or
24 possession.

25 Sec. 3. K.S.A. 2009 Supp. 79-3603 is hereby amended to read as
26 follows: 79-3603. For the privilege of engaging in the business of selling
27 tangible personal property at retail in this state or rendering or furnishing
28 any of the services taxable under this act, there is hereby levied and there
29 shall be collected and paid a tax at the rate of 5.3%. Within a redevel-
30 opment district established pursuant to K.S.A. 74-8921, and amendments
31 thereto, there is hereby levied and there shall be collected and paid an
32 additional tax at the rate of 2% until the earlier of the date the bonds
33 issued to finance or refinance the redevelopment project have been paid
34 in full or the final scheduled maturity of the first series of bonds issued
35 to finance any part of the project upon:

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

38 (b) the gross receipts from intrastate, interstate or international tel-
39 ecommunications services and any ancillary services sourced to this state
40 in accordance with K.S.A. 2009 Supp. 79-3673, and amendments thereto,
41 except that telecommunications service does not include: (1) ~~Any inter-~~
42 ~~state or international 800 or 900 service;~~ (2) ~~any interstate or international~~
43 ~~private communications service as defined in K.S.A. 2009 Supp. 79-3673;~~

1 ~~and amendments thereto; (3) any value-added nonvoice data service; (4)~~
2 any telecommunication service to a provider of telecommunication serv-
3 ices which will be used to render telecommunications services, including
4 carrier access services; or ~~(5) (2) any service or transaction defined in this~~
5 section among entities classified as members of an affiliated group as
6 provided by section 1504 of the federal internal revenue code of 1986, as
7 in effect on January 1, 2001;

8 (c) the gross receipts from the sale or furnishing of gas, water, elec-
9 tricity and heat, which sale is not otherwise exempt from taxation under
10 the provisions of this act, and whether furnished by municipally or pri-
11 vately owned utilities, except that, on and after January 1, 2006, for sales
12 of gas, electricity and heat delivered through mains, lines or pipes ~~to~~
13 ~~residential premises for noncommercial use by the occupant of such~~
14 ~~premises, and for agricultural use and also, for such use, all sales of pro-~~
15 ~~pane gas, the state rate shall be 0%, and for all sales of propane gas, LP~~
16 ~~gas, coal, wood and other fuel sources for the production of heat or light-~~
17 ~~ing for noncommercial use of an occupant of residential premises, the~~
18 ~~state rate shall be 0%, but such tax shall not be levied and collected upon~~
19 ~~the gross receipts from: (1) The sale of a rural water district benefit unit;~~
20 ~~(2) a water system impact fee, system enhancement fee or similar fee~~
21 ~~collected by a water supplier as a condition for establishing service; or (3)~~
22 ~~connection or reconnection fees collected by a water supplier;~~

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

27 (e) the gross receipts from the sale of admissions to any place pro-
28 viding amusement, entertainment or recreation services including admis-
29 sions to state, county, district and local fairs, but such tax shall not be
30 levied and collected upon the gross receipts received from sales of ad-
31 missions to any cultural and historical event which occurs triennially;

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

35 (g) the gross receipts from the service of renting of rooms by hotels,
36 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-
37 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto
38 but such tax shall not be levied and collected upon the gross receipts
39 received from sales of such service to the federal government and any
40 agency, officer or employee thereof in association with the performance
41 of official government duties;

42 (h) the gross receipts from the service of renting or leasing of tangible
43 personal property except such tax shall not apply to the renting or leasing

- 1 of machinery, equipment or other personal property owned by a city and
2 purchased from the proceeds of industrial revenue bonds issued prior to
3 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
4 12-1749, and amendments thereto, and any city or lessee renting or leas-
5 ing such machinery, equipment or other personal property purchased
6 with the proceeds of such bonds who shall have paid a tax under the
7 provisions of this section upon sales made prior to July 1, 1973, shall be
8 entitled to a refund from the sales tax refund fund of all taxes paid
9 thereon;
- 10 (i) the gross receipts from the rendering of dry cleaning, pressing,
11 dyeing and laundry services except laundry services rendered through a
12 coin-operated device whether automatic or manually operated;
- 13 (j) the gross receipts from the rendering of the services of washing
14 and washing and waxing of vehicles;
- 15 (k) the gross receipts from cable, community antennae and other sub-
16 scriber radio and television services;
- 17 (l) (1) except as otherwise provided by paragraph (2), the gross re-
18 cepts received from the sales of tangible personal property to all con-
19 tractors, subcontractors or repairmen for use by them in erecting struc-
20 tures, or building on, or otherwise improving, altering, or repairing real
21 or personal property.
- 22 (2) Any such contractor, subcontractor or repairman who maintains
23 an inventory of such property both for sale at retail and for use by them
24 for the purposes described by paragraph (1) shall be deemed a retailer
25 with respect to purchases for and sales from such inventory, except that
26 the gross receipts received from any such sale, other than a sale at retail,
27 shall be equal to the total purchase price paid for such property and the
28 tax imposed thereon shall be paid by the deemed retailer;
- 29 (m) the gross receipts received from fees and charges by public and
30 private clubs, drinking establishments, organizations and businesses for
31 participation in sports, games and other recreational activities, ~~but such~~
32 ~~tax shall not be levied and collected upon the gross receipts received from:~~
33 ~~(1) Fees and charges by any political subdivision, by any organization~~
34 ~~exempt from property taxation pursuant to paragraph Ninth of K.S.A. 79-~~
35 ~~201, and amendments thereto, or by any youth recreation organization~~
36 ~~exclusively providing services to persons 18 years of age or younger which~~
37 ~~is exempt from federal income taxation pursuant to section 501(c)(3) of~~
38 ~~the federal internal revenue code of 1986, for participation in sports,~~
39 ~~games and other recreational activities; and (2) entry fees and charges for~~
40 ~~participation in a special event or tournament sanctioned by a national~~
41 ~~sporting association to which spectators are charged an admission which~~
42 ~~is taxable pursuant to subsection (c);~~
- 43 (n) the gross receipts received from dues charged by public and pri-

1 vate clubs, drinking establishments, organizations and businesses, pay-
2 ment of which entitles a member to the use of facilities for recreation or
3 entertainment, but such tax shall not be levied and collected upon the
4 gross receipts received from: (1) Dues charged by any organization ex-
5 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
6 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
7 in a nonprofit organization which is exempt from federal income taxation
8 pursuant to section 501 (c)(3) of the federal internal revenue code of
9 1986, and whose purpose is to support the operation of a nonprofit zoo;

10 (o) the gross receipts received from the isolated or occasional sale of
11 motor vehicles or trailers but not including: (1) The transfer of motor
12 vehicles or trailers by a person to a corporation or limited liability com-
13 pany solely in exchange for stock securities or membership interest in
14 such corporation or limited liability company; or (2) the transfer of motor
15 vehicles or trailers by one corporation or limited liability company to
16 another when all of the assets of such corporation or limited liability
17 company are transferred to such other corporation or limited liability
18 company; or (3) the sale of motor vehicles or trailers which are subject
19 to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
20 amendments thereto, by an immediate family member to another im-
21 mediate family member. For the purposes of clause (3), immediate family
22 member means lineal ascendants or descendants, and their spouses. Any
23 amount of sales tax paid pursuant to the Kansas retailers sales tax act on
24 the isolated or occasional sale of motor vehicles or trailers on and after
25 July 1, 2004, which the base for computing the tax was the value pursuant
26 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments
27 thereto, when such amount was higher than the amount of sales tax which
28 would have been paid under the law as it existed on June 30, 2004, shall
29 be refunded to the taxpayer pursuant to the procedure prescribed by this
30 section. Such refund shall be in an amount equal to the difference be-
31 tween the amount of sales tax paid by the taxpayer and the amount of
32 sales tax which would have been paid by the taxpayer under the law as it
33 existed on June 30, 2004. Each claim for a sales tax refund shall be verified
34 and submitted not later than six months from the effective date of this
35 act to the director of taxation upon forms furnished by the director and
36 shall be accompanied by any additional documentation required by the
37 director. The director shall review each claim and shall refund that
38 amount of tax paid as provided by this act. All such refunds shall be paid
39 from the sales tax refund fund, upon warrants of the director of accounts
40 and reports pursuant to vouchers approved by the director of taxation or
41 the director's designee. No refund for an amount less than \$10 shall be
42 paid pursuant to this act. In determining the base for computing the tax
43 on such isolated or occasional sale, the fair market value of any motor

1 vehicle or trailer traded in by the purchaser to the seller may be deducted
2 from the selling price;

3 (p) the gross receipts received for the service of installing or applying
4 tangible personal property which when installed or applied is not being
5 held for sale in the regular course of business, and whether or not such
6 tangible personal property when installed or applied remains tangible
7 personal property or becomes a part of real estate, except that no tax shall
8 be imposed upon the service of installing or applying tangible personal
9 property in connection with the original construction of a building or
10 facility, the original construction, reconstruction, restoration, remodeling,
11 renovation, ~~repair~~ or replacement of a residence or the construction, re-
12 construction, restoration, replacement or repair of a bridge or highway.

13 For the purposes of this subsection:

14 (1) "Original construction" shall mean the first or initial construction
15 of a new building or facility. The term "original construction" shall include
16 the addition of an entire room or floor to any existing building or facility,
17 the completion of any unfinished portion of any existing building or fa-
18 cility and the restoration, reconstruction or replacement of a building,
19 facility or utility structure damaged or destroyed by fire, flood, tornado,
20 lightning, explosion, windstorm, ice loading and attendant winds, terror-
21 ism or earthquake, but such term, except with regard to a residence, shall
22 not include replacement, remodeling, restoration, renovation or recon-
23 struction under any other circumstances;

24 (2) "building" shall mean only those enclosures within which individ-
25 uals customarily are employed, or which are customarily used to house
26 machinery, equipment or other property, and including the land improve-
27 ments immediately surrounding such building;

28 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
29 well, feedlot or any conveyance, transmission or distribution line of any
30 cooperative, nonprofit, membership corporation organized under or sub-
31 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,
32 or municipal or quasi-municipal corporation, including the land improve-
33 ments immediately surrounding such facility;

34 (4) "residence" shall mean only those enclosures within which indi-
35 viduals customarily live;

36 (5) "utility structure" shall mean transmission and distribution lines
37 owned by an independent transmission company or cooperative, the Kan-
38 sas electric transmission authority or natural gas or electric public utility;
39 and

40 (6) "windstorm" shall mean straight line winds of at least 80 miles
41 per hour as determined by a recognized meteorological reporting agency
42 or organization;

43 (q) the gross receipts received for the service of repairing, servicing,

1 altering or maintaining tangible personal property which when such serv-
2 ices are rendered is not being held for sale in the regular course of busi-
3 ness, and whether or not any tangible personal property is transferred in
4 connection therewith. The tax imposed by this subsection shall be appli-
5 cable to the services of repairing, servicing, altering or maintaining an
6 item of tangible personal property which has been and is fastened to,
7 connected with or built into real property; *and for such services per-*
8 *formed at a residence or in a location immediately surrounding a resi-*
9 *dence shall include, but not be limited to, repairing, servicing, altering or*
10 *maintaining tangible personal property or the following fixtures or ap-*
11 *pliances: Wall-to-wall carpeting, security systems, garage door opening*
12 *systems, swimming pools, saunas, hot tubs, exercise equipment, antennae,*
13 *lighting fixtures, central air conditioning units, furnaces, air-purifiers, wa-*
14 *ter heaters, water treatment equipment, refrigerators, freezers, ranges,*
15 *stove-tops, ovens, microwave ovens, clothes washers, clothes dryers, dish-*
16 *washers, garbage disposals, trash compactors, window air-conditioners,*
17 *televisions, monitors, speakers, radios, CD or DVD players, computers,*
18 *entertainment centers or components thereof, small appliances such as*
19 *installed coffee makers, curtains, interior window dressings, venetian*
20 *blinds, other similar products that are normally used or sold for residential*
21 *use. Services to these fixtures and appliances shall not be taxable when*
22 *the services being performed to the fixtures, appliances, at the residence*
23 *are exempt as part of the restoration, reconstruction or replacement of a*
24 *residence damaged or destroyed by fire, flood, tornado, lightning, explo-*
25 *sion, windstorm, ice loading and attendant winds, terrorism or earth-*
26 *quake. When a fixture or appliance is sold to replace any of these resi-*
27 *dential fixtures or appliances, the total selling price charged for the*
28 *replacement fixture or appliance, its delivery and its installation shall be*
29 *subject to sales tax. The department may adopt rules and regulations that*
30 *add to this list of fixtures and appliances or that explains the application*
31 *of sales tax to the list of fixtures or appliances described in this subsection*
32 *if determined that such additions or explanations are necessary for the*
33 *proper administration of the Kansas retailers' sales tax act. For services*
34 *done to tangible personal property that has been and is fastened to, con-*
35 *connected with or built into real property at a facility or building, "mainte-*
36 *nance" means scheduled, periodic work, including, but not limited to,*
37 *cleaning services necessary to sustain or support safe, efficient, continuous*
38 *operations or to prevent the decline, failure, lapse or deterioration of the*
39 *tangible personal property that has been fastened to, connected with or*
40 *built into real property;*
41 (r) the gross receipts from fees or charges made under service or
42 maintenance agreement contracts for services, charges for the providing
43 of which are taxable under the provisions of subsection (p) or (q);

- 1 (s) on and after January 1, 2005, the gross receipts received from the
2 sale of prewritten computer software and the sale of the services of mod-
3 ifying, altering, updating or maintaining prewritten computer software,
4 whether the prewritten computer software is installed or delivered elec-
5 tronically by tangible storage media physically transferred to the pur-
6 chaser or by load and leave;
- 7 (t) the gross receipts received for telephone answering services;
- 8 (u) the gross receipts received from the sale of prepaid calling service
9 and prepaid wireless calling service as defined in K.S.A. 2009 Supp. 79-
10 3673, and amendments thereto; and
- 11 (v) the gross receipts received from the sales of bingo cards, bingo
12 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,
13 and amendments thereto, ~~shall be taxed at a rate of: (1) 4.9% on July 1,
14 2000, and before July 1, 2001, and (2) 2.5% on July 1, 2001, and before
15 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
16 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
17 and amendments thereto, shall be exempt from taxes imposed pursuant
18 to this section.~~
- 19 Sec. 4. K.S.A. 2009 Supp. 79-3606 is hereby amended to read as
20 follows: 79-3606. The following shall be exempt from the tax imposed by
21 this act:
- 22 (a) All sales of motor-vehicle fuel or other articles upon which a sales
23 or excise tax has been paid, not subject to refund, under the laws of this
24 state except cigarettes as defined by K.S.A. 79-3301 and amendments
25 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
26 3817 and amendments thereto, including wort, liquid malt, malt syrup
27 and malt extract, which is not subject to taxation under the provisions of
28 K.S.A. 79-41a02 and amendments thereto, motor vehicles taxed pursuant
29 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to
30 K.S.A. 65-3424d, and amendments thereto, drycleaning and laundry serv-
31 ices taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and
32 gross receipts from regulated sports contests taxed pursuant to the Kansas
33 professional regulated sports act, and amendments thereto;
- 34 (b) all sales of tangible personal property or service, including the
35 renting and leasing of tangible personal property, purchased directly by
36 the state of Kansas, a political subdivision thereof, other than a school or
37 educational institution, or purchased by a public or private nonprofit hos-
38 pital or public hospital authority or nonprofit blood, tissue or organ bank
39 and used exclusively for state, political subdivision, hospital or public hos-
40 pital authority or nonprofit blood, tissue or organ bank purposes, except
41 when: (1) Such state, hospital or public hospital authority is engaged or
42 proposes to engage in any business specifically taxable under the provi-
43 sions of this act and such items of tangible personal property or service

1 are used or proposed to be used in such business, or (2) such political
2 subdivision is engaged or proposes to engage in the business of furnishing
3 gas, electricity or heat to others and such items of personal property or
4 service are used or proposed to be used in such business;

5 (c) all sales of tangible personal property or services, including the
6 renting and leasing of tangible personal property, purchased directly by
7 a public or private elementary or secondary school or public or private
8 nonprofit educational institution and used primarily by such school or
9 institution for nonsectarian programs and activities provided or sponsored
10 by such school or institution or in the erection, repair or enlargement of
11 buildings to be used for such purposes. The exemption herein provided
12 shall not apply to erection, construction, repair, enlargement or equip-
13 ment of buildings used primarily for human habitation;

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

1 lic or private nonprofit educational institution, state correctional institu-
2 tion including a privately constructed correctional institution contracted
3 for state use and ownership shall contract for the purpose of constructing,
4 equipping, reconstructing, maintaining, repairing, enlarging, furnishing
5 or remodeling facilities, it shall obtain from the state and furnish to the
6 contractor an exemption certificate for the project involved, and the con-
7 tractor may purchase materials for incorporation in such project. The
8 contractor shall furnish the number of such certificate to all suppliers
9 from whom such purchases are made, and such suppliers shall execute
10 invoices covering the same bearing the number of such certificate. Upon
11 completion of the project the contractor shall furnish to the political sub-
12 division, district described in subsection (s), hospital or public hospital
13 authority, school, educational institution or department of corrections
14 concerned a sworn statement, on a form to be provided by the director
15 of taxation, that all purchases so made were entitled to exemption under
16 this subsection. As an alternative to the foregoing procedure, any such
17 contracting entity may apply to the secretary of revenue for agent status
18 for the sole purpose of issuing and furnishing project exemption certifi-
19 cates to contractors pursuant to rules and regulations adopted by the
20 secretary establishing conditions and standards for the granting and main-
21 taining of such status. All invoices shall be held by the contractor for a
22 period of five years and shall be subject to audit by the director of taxation.
23 If any materials purchased under such a certificate are found not to have
24 been incorporated in the building or other project or not to have been
25 returned for credit or the sales or compensating tax otherwise imposed
26 upon such materials which will not be so incorporated in the building or
27 other project reported and paid by such contractor to the director of
28 taxation not later than the 20th day of the month following the close of
29 the month in which it shall be determined that such materials will not be
30 used for the purpose for which such certificate was issued, the political
31 subdivision, district described in subsection (s), hospital or public hospital
32 authority, school, educational institution or the contractor contracting
33 with the department of corrections for a correctional institution con-
34 cerned shall be liable for tax on all materials purchased for the project,
35 and upon payment thereof it may recover the same from the contractor
36 together with reasonable attorney fees. Any contractor or any agent, em-
37 ployee or subcontractor thereof, who shall use or otherwise dispose of
38 any materials purchased under such a certificate for any purpose other
39 than that for which such a certificate is issued without the payment of
40 the sales or compensating tax otherwise imposed upon such materials,
41 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
42 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,
43 and amendments thereto;

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

32 (f) tangible personal property purchased by a railroad or public utility
33 for consumption or movement directly and immediately in interstate
34 commerce;

35 (g) sales of aircraft including remanufactured and modified aircraft
36 sold to persons using directly or through an authorized agent such aircraft
37 as certified or licensed carriers of persons or property in interstate or
38 foreign commerce under authority of the laws of the United States or any
39 foreign government or sold to any foreign government or agency or in-
40 strumentality of such foreign government and all sales of aircraft for use
41 outside of the United States and sales of aircraft repair, modification and
42 replacement parts and sales of services employed in the remanufacture,
43 modification and repair of aircraft;

- 1 (h) all rentals of nonsectarian textbooks by public or private elemen-
2 tary or secondary schools;
- 3 (i) the lease or rental of all films, records, tapes, or any type of sound
4 or picture transcriptions used by motion picture exhibitors;
- 5 (j) meals served without charge or food used in the preparation of
6 such meals to employees of any restaurant, eating house, dining car, hotel,
7 drugstore or other place where meals or drinks are regularly sold to the
8 public if such employees' duties are related to the furnishing or sale of
9 such meals or drinks;
- 10 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
11 defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and
12 delivered in this state to a bona fide resident of another state, which motor
13 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
14 in this state and which vehicle, semitrailer, pole trailer or aircraft will not
15 remain in this state more than 10 days;
- 16 (l) all isolated or occasional sales of tangible personal property, serv-
17 ices, substances or things, except isolated or occasional sale of motor
18 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.
19 79-3603 and amendments thereto;
- 20 (m) all sales of tangible personal property which become an ingre-
21 dient or component part of tangible personal property or services pro-
22 duced, manufactured or compounded for ultimate sale at retail within or
23 without the state of Kansas; and any such producer, manufacturer or
24 compounder may obtain from the director of taxation and furnish to the
25 supplier an exemption certificate number for tangible personal property
26 for use as an ingredient or component part of the property or services
27 produced, manufactured or compounded;
- 28 (n) all sales of tangible personal property which is consumed in the
29 production, manufacture, processing, mining, drilling, refining or com-
30 pounding of tangible personal property, the treating of by-products or
31 wastes derived from any such production process, the providing of serv-
32 ices or the irrigation of crops for ultimate sale at retail within or without
33 the state of Kansas; and any purchaser of such property may obtain from
34 the director of taxation and furnish to the supplier an exemption certifi-
35 cate number for tangible personal property for consumption in such pro-
36 duction, manufacture, processing, mining, drilling, refining, compound-
37 ing, treating, irrigation and in providing such services;
- 38 (o) all sales of animals, fowl and aquatic plants and animals, the pri-
39 mary purpose of which is use in agriculture or aquaculture, as defined in
40 K.S.A. 47-1901, and amendments thereto, the production of food for
41 human consumption, the production of animal, dairy, poultry or aquatic
42 plant and animal products, fiber or fur, or the production of offspring for
43 use for any such purpose or purposes;

1 (p) all sales of drugs dispensed pursuant to a prescription order by a
2 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
3 1626, and amendments thereto. As used in this subsection, “drug” means
4 a compound, substance or preparation and any component of a com-
5 pound, substance or preparation, other than food and food ingredients,
6 dietary supplements or alcoholic beverages, recognized in the official
7 United States pharmacopoeia, official homeopathic pharmacopoeia of the
8 United States or official national formulary, and supplement to any of
9 them, intended for use in the diagnosis, cure, mitigation, treatment or
10 prevention of disease or intended to affect the structure or any function
11 of the body;

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

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

35 (s) except as provided in K.S.A. 2009 Supp. 82a-2101, and amend-
36 ments thereto, all sales of tangible personal property or services pur-
37 chased directly or indirectly by a groundwater management district or-
38 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and
39 amendments thereto, by a rural water district organized or operating un-
40 der the authority of K.S.A. 82a-612, and amendments thereto, or by a
41 water supply district organized or operating under the authority of K.S.A.
42 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,
43 which property or services are used in the construction activities, opera-

1 tion or maintenance of the district;

2 (t) all sales of farm machinery and equipment or aquaculture ma-
3 chinery and equipment, repair and replacement parts therefor and serv-
4 ices performed in the repair and maintenance of such machinery and
5 equipment. For the purposes of this subsection the term “farm machinery
6 and equipment or aquaculture machinery and equipment” shall include
7 a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
8 thereto, and is equipped with a bed or cargo box for hauling materials,
9 and shall also include machinery and equipment used in the operation of
10 Christmas tree farming but shall not include any passenger vehicle, truck,
11 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer,
12 as such terms are defined by K.S.A. 8-126 and amendments thereto.
13 “Farm machinery and equipment” includes precision farming equipment
14 that is portable or is installed or purchased to be installed on farm ma-
15 chinery and equipment. “Precision farming equipment” includes the fol-
16 lowing items used only in computer-assisted farming, ranching or aqua-
17 culture production operations: Soil testing sensors, yield monitors,
18 computers, monitors, software, global positioning and mapping systems,
19 guiding systems, modems, data communications equipment and any nec-
20 essary mounting hardware, wiring and antennas. Each purchaser of farm
21 machinery and equipment or aquaculture machinery and equipment ex-
22 empted herein must certify in writing on the copy of the invoice or sales
23 ticket to be retained by the seller that the farm machinery and equipment
24 or aquaculture machinery and equipment purchased will be used only in
25 farming, ranching or aquaculture production. Farming or ranching shall
26 include the operation of a feedlot and farm and ranch work for hire and
27 the operation of a nursery;

28 (u) all leases or rentals of tangible personal property used as a dwell-
29 ing if such tangible personal property is leased or rented for a period of
30 more than 28 consecutive days;

31 ~~(v) all sales of tangible personal property to any contractor for use in~~
32 ~~preparing meals for delivery to homebound elderly persons over 60 years~~
33 ~~of age and to homebound disabled persons or to be served at a group-~~
34 ~~sitting at a location outside of the home to otherwise homebound elderly~~
35 ~~persons over 60 years of age and to otherwise homebound disabled per-~~
36 ~~sons, as all or part of any food service project funded in whole or in part~~
37 ~~by government or as part of a private nonprofit food service project avail-~~
38 ~~able to all such elderly or disabled persons residing within an area of~~
39 ~~service designated by the private nonprofit organization, and all sales of~~
40 ~~tangible personal property for use in preparing meals for consumption by~~
41 ~~indigent or homeless individuals whether or not such meals are consumed~~
42 ~~at a place designated for such purpose, and all sales of food products by~~
43 ~~or on behalf of any such contractor or organization for any such purpose;~~

1 ~~(w)~~ all sales of natural gas, electricity, heat and water delivered
2 through mains, lines or pipes: (1) ~~To residential premises for noncom-~~
3 ~~mercial use by the occupant of such premises, (2) For agricultural use~~
4 and also, for such use, all sales of propane gas; ~~(3) (2) for use in the~~
5 severing of oil; and ~~(4) (3) to any property which is exempt from property~~
6 taxation pursuant to K.S.A. 79-201b *Second* through *Sixth*. As used in this
7 paragraph, “severing” shall have the meaning ascribed thereto by sub-
8 section (k) of K.S.A. 79-4216, and amendments thereto. For all sales of
9 natural gas, electricity and heat delivered through mains, lines or pipes
10 pursuant to the provisions of subsection (w)(1) and ~~(w)(2)~~, the provisions
11 of this subsection shall expire on December 31, 2005;
12 ~~(x) all sales of propane gas, LP gas, coal, wood and other fuel sources~~
13 ~~for the production of heat or lighting for noncommercial use of an oc-~~
14 ~~cupant of residential premises occurring prior to January 1, 2006;~~
15 ~~(y) (w)~~ all sales of materials and services used in the repairing, serv-
16 icing, altering, maintaining, manufacturing, remanufacturing, or modifi-
17 cation of railroad rolling stock for use in interstate or foreign commerce
18 under authority of the laws of the United States;
19 ~~(z) (x)~~ all sales of tangible personal property and services purchased
20 directly by a port authority or by a contractor therefor as provided by the
21 provisions of K.S.A. 12-3418 and amendments thereto;
22 ~~(aa) (y)~~ all sales of materials and services applied to equipment which
23 is transported into the state from without the state for repair, service,
24 alteration, maintenance, remanufacture or modification and which is sub-
25 sequently transported outside the state for use in the transmission of
26 liquids or natural gas by means of pipeline in interstate or foreign com-
27 merce under authority of the laws of the United States;
28 ~~(bb) (z)~~ all sales of used mobile homes or manufactured homes. As
29 used in this subsection: (1) “Mobile homes” and “manufactured homes”
30 shall have the meanings ascribed thereto by K.S.A. 58-4202 and amend-
31 ments thereto; and (2) “sales of used mobile homes or manufactured
32 homes” means sales other than the original retail sale thereof;
33 ~~(cc) (aa)~~ all sales of tangible personal property or services purchased
34 for the purpose of and in conjunction with constructing, reconstructing,
35 enlarging or remodeling a business or retail business which meets the
36 requirements established in K.S.A. 74-50,115 and amendments thereto,
37 and the sale and installation of machinery and equipment purchased for
38 installation at any such business or retail business. When a person shall
39 contract for the construction, reconstruction, enlargement or remodeling
40 of any such business or retail business, such person shall obtain from the
41 state and furnish to the contractor an exemption certificate for the project
42 involved, and the contractor may purchase materials, machinery and
43 equipment for incorporation in such project. The contractor shall furnish

1 the number of such certificates to all suppliers from whom such purchases
2 are made, and such suppliers shall execute invoices covering the same
3 bearing the number of such certificate. Upon completion of the project
4 the contractor shall furnish to the owner of the business or retail business
5 a sworn statement, on a form to be provided by the director of taxation,
6 that all purchases so made were entitled to exemption under this subsec-
7 tion. All invoices shall be held by the contractor for a period of five years
8 and shall be subject to audit by the director of taxation. Any contractor
9 or any agent, employee or subcontractor thereof, who shall use or oth-
10 erwise dispose of any materials, machinery or equipment purchased under
11 such a certificate for any purpose other than that for which such a
12 certificate is issued without the payment of the sales or compensating tax
13 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon
14 conviction therefor, shall be subject to the penalties provided for in sub-
15 section (g) of K.S.A. 79-3615 and amendments thereto. As used in this
16 subsection, “business” and “retail business” have the meanings respec-
17 tively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;

18 ~~(dd)~~ (bb) all sales of tangible personal property purchased with food
19 stamps issued by the United States department of agriculture;

20 ~~(cc)~~ all sales of lottery tickets and shares made as part of a lottery
21 operated by the state of Kansas;

22 ~~(ff)~~ (cc) on and after July 1, 1988, all sales of new mobile homes or
23 manufactured homes to the extent of 40% of the gross receipts, deter-
24 mined without regard to any trade-in allowance, received from such sale.
25 As used in this subsection, “mobile homes” and “manufactured homes”
26 shall have the meanings ascribed thereto by K.S.A. 58-4202 and amend-
27 ments thereto;

28 ~~(gg)~~ (dd) all sales of tangible personal property purchased in accord-
29 ance with vouchers issued pursuant to the federal special supplemental
30 food program for women, infants and children;

31 ~~(hh)~~ (ee) all sales of medical supplies and equipment, including du-
32 rable medical equipment, purchased directly by a nonprofit skilled nurs-
33 ing home or nonprofit intermediate nursing care home, as defined by
34 K.S.A. 39-923, and amendments thereto, for the purpose of providing
35 medical services to residents thereof. This exemption shall not apply to
36 tangible personal property customarily used for human habitation pur-
37 poses. As used in this subsection, “durable medical equipment” means
38 equipment including repair and replacement parts for such equipment,
39 which can withstand repeated use, is primarily and customarily used to
40 serve a medical purpose, generally is not useful to a person in the absence
41 of illness or injury and is not worn in or on the body, but does not include
42 mobility enhancing equipment as defined in subsection (r), oxygen deliv-
43 ery equipment, kidney dialysis equipment or enteral feeding systems;

- 1 ~~(ii) all sales of tangible personal property purchased directly by a non-~~
2 ~~profit organization for nonsectarian comprehensive multidiscipline youth~~
3 ~~development programs and activities provided or sponsored by such or-~~
4 ~~ganization, and all sales of tangible personal property by or on behalf of~~
5 ~~any such organization. This exemption shall not apply to tangible personal~~
6 ~~property customarily used for human habitation purposes;~~
7 ~~(jj) (ff)~~ all sales of tangible personal property or services, including
8 the renting and leasing of tangible personal property, purchased directly
9 on behalf of a community-based mental retardation facility or mental
10 health center organized pursuant to K.S.A. 19-4001 et seq., and amend-
11 ments thereto, and licensed in accordance with the provisions of K.S.A.
12 75-3307b and amendments thereto and all sales of tangible personal prop-
13 erty or services purchased by contractors during the time period from
14 July, 2003, through June, 2006, for the purpose of constructing, equip-
15 ping, maintaining or furnishing a new facility for a community-based men-
16 tal retardation facility or mental health center located in Riverton, Cher-
17 okee County, Kansas, which would have been eligible for sales tax
18 exemption pursuant to this subsection if purchased directly by such fa-
19 cility or center. This exemption shall not apply to tangible personal prop-
20 erty customarily used for human habitation purposes;
21 ~~(kk) (gg)~~ (1) (A) all sales of machinery and equipment which are
22 used in this state as an integral or essential part of an integrated produc-
23 tion operation by a manufacturing or processing plant or facility;
24 (B) all sales of installation, repair and maintenance services per-
25 formed on such machinery and equipment; and
26 (C) all sales of repair and replacement parts and accessories pur-
27 chased for such machinery and equipment.
28 (2) For purposes of this subsection:
29 (A) “Integrated production operation” means an integrated series of
30 operations engaged in at a manufacturing or processing plant or facility
31 to process, transform or convert tangible personal property by physical,
32 chemical or other means into a different form, composition or character
33 from that in which it originally existed. Integrated production operations
34 shall include: (i) Production line operations, including packaging opera-
35 tions; (ii) preproduction operations to handle, store and treat raw mate-
36 rials; (iii) post production handling, storage, warehousing and distribution
37 operations; and (iv) waste, pollution and environmental control opera-
38 tions, if any;
39 (B) “production line” means the assemblage of machinery and equip-
40 ment at a manufacturing or processing plant or facility where the actual
41 transformation or processing of tangible personal property occurs;
42 (C) “manufacturing or processing plant or facility” means a single,
43 fixed location owned or controlled by a manufacturing or processing busi-

1 ness that consists of one or more structures or buildings in a contiguous
2 area where integrated production operations are conducted to manufac-
3 ture or process tangible personal property to be ultimately sold at retail.
4 Such term shall not include any facility primarily operated for the purpose
5 of conveying or assisting in the conveyance of natural gas, electricity, oil
6 or water. A business may operate one or more manufacturing or process-
7 ing plants or facilities at different locations to manufacture or process
8 a single product of tangible personal property to be ultimately sold at
9 retail;

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

43 (E) “repair and replacement parts and accessories” means all parts

- 1 and accessories for exempt machinery and equipment, including, but not
2 limited to, dies, jigs, molds, patterns and safety devices that are attached
3 to exempt machinery or that are otherwise used in production, and parts
4 and accessories that require periodic replacement such as belts, drill bits,
5 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
6 other refractory items for exempt kiln equipment used in production
7 operations;
- 8 (F) “primary” or “primarily” mean more than 50% of the time.
- 9 (3) For purposes of this subsection, machinery and equipment shall
10 be deemed to be used as an integral or essential part of an integrated
11 production operation when used:
- 12 (A) To receive, transport, convey, handle, treat or store raw materials
13 in preparation of its placement on the production line;
- 14 (B) to transport, convey, handle or store the property undergoing
15 manufacturing or processing at any point from the beginning of the pro-
16 duction line through any warehousing or distribution operation of the
17 final product that occurs at the plant or facility;
- 18 (C) to act upon, effect, promote or otherwise facilitate a physical
19 change to the property undergoing manufacturing or processing;
- 20 (D) to guide, control or direct the movement of property undergoing
21 manufacturing or processing;
- 22 (E) to test or measure raw materials, the property undergoing man-
23 ufacturing or processing or the finished product, as a necessary part of
24 the manufacturer’s integrated production operations;
- 25 (F) to plan, manage, control or record the receipt and flow of inven-
26 tories of raw materials, consumables and component parts, the flow of
27 the property undergoing manufacturing or processing and the manage-
28 ment of inventories of the finished product;
- 29 (G) to produce energy for, lubricate, control the operating of or oth-
30 erwise enable the functioning of other production machinery and equip-
31 ment and the continuation of production operations;
- 32 (H) to package the property being manufactured or processed in a
33 container or wrapping in which such property is normally sold or
34 transported;
- 35 (I) to transmit or transport electricity, coke, gas, water, steam or sim-
36 ilar substances used in production operations from the point of genera-
37 tion, if produced by the manufacturer or processor at the plant site, to
38 that manufacturer’s production operation; or, if purchased or delivered
39 from offsite, from the point where the substance enters the site of the
40 plant or facility to that manufacturer’s production operations;
- 41 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,
42 oil, solvents or other substances that are used in production operations;
- 43 (K) to provide and control an environment required to maintain cer-

1 tain levels of air quality, humidity or temperature in special and limited
2 areas of the plant or facility, where such regulation of temperature or
3 humidity is part of and essential to the production process;

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

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

8 (4) The following machinery, equipment and materials shall be
9 deemed to be exempt even though it may not otherwise qualify as ma-
10 chinery and equipment used as an integral or essential part of an inte-
11 grated production operation: (A) Computers and related peripheral
12 equipment that are utilized by a manufacturing or processing business
13 for engineering of the finished product or for research and development
14 or product design; (B) machinery and equipment that is utilized by a
15 manufacturing or processing business to manufacture or rebuild tangible
16 personal property that is used in manufacturing or processing operations,
17 including tools, dies, molds, forms and other parts of qualifying machinery
18 and equipment; (C) portable plants for aggregate concrete, bulk cement
19 and asphalt including cement mixing drums to be attached to a motor
20 vehicle; (D) industrial fixtures, devices, support facilities and special foun-
21 dations necessary for manufacturing and production operations, and ma-
22 terials and other tangible personal property sold for the purpose of fab-
23 ricating such fixtures, devices, facilities and foundations. An exemption
24 certificate for such purchases shall be signed by the manufacturer or
25 processor. If the fabricator purchases such material, the fabricator shall
26 also sign the exemption certificate; and (E) a manufacturing or processing
27 business' laboratory equipment that is not located at the plant or facility,
28 but that would otherwise qualify for exemption under subsection (3)(E).

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

31 (A) Machinery and equipment used for nonproduction purposes, in-
32 cluding, but not limited to, machinery and equipment used for plant se-
33 curity, fire prevention, first aid, accounting, administration, record keep-
34 ing, advertising, marketing, sales or other related activities, plant cleaning,
35 plant communications, and employee work scheduling;

36 (B) machinery, equipment and tools used primarily in maintaining
37 and repairing any type of machinery and equipment or the building and
38 plant;

39 (C) transportation, transmission and distribution equipment not pri-
40 marily used in a production, warehousing or material handling operation
41 at the plant or facility, including the means of conveyance of natural gas,
42 electricity, oil or water, and equipment related thereto, located outside
43 the plant or facility;

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

- 1 ~~(qq)~~ all sales of tangible personal property and services purchased by
 2 a nonprofit museum or historical society or any combination thereof, in-
 3 cluding a nonprofit organization which is organized for the purpose of
 4 stimulating public interest in the exploration of space by providing edu-
 5 cational information, exhibits and experiences, which is exempt from fed-
 6 eral income taxation pursuant to section 501(c)(3) of the federal internal
 7 revenue code of 1986;
- 8 ~~(rr)~~ all sales of tangible personal property which will admit the pur-
 9 chaser thereof to any annual event sponsored by a nonprofit organization
 10 which is exempt from federal income taxation pursuant to section
 11 501(c)(3) of the federal internal revenue code of 1986;
- 12 ~~(ss)~~ *(kk)* all sales of tangible personal property and services purchased
 13 by a public broadcasting station licensed by the federal communications
 14 commission as a noncommercial educational television or radio station;
- 15 ~~(tt)~~ all sales of tangible personal property and services purchased by
 16 or on behalf of a not-for-profit corporation which is exempt from federal
 17 income taxation pursuant to section 501(c)(3) of the federal internal rev-
 18 enue code of 1986, for the sole purpose of constructing a Kansas Korean
 19 War memorial;
- 20 ~~(uu)~~ *(ll)* all sales of tangible personal property and services purchased
 21 by or on behalf of any rural volunteer fire-fighting organization for use
 22 exclusively in the performance of its duties and functions;
- 23 ~~(vv)~~ all sales of tangible personal property purchased by any of the
 24 following organizations which are exempt from federal income taxation
 25 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
 26 for the following purposes, and all sales of any such property by or on
 27 behalf of any such organization for any such purpose:
- 28 ~~(1)~~ The American Heart Association, Kansas Affiliate, Inc. for the
 29 purposes of providing education, training, certification in emergency car-
 30 diac care, research and other related services to reduce disability and
 31 death from cardiovascular diseases and stroke;
- 32 ~~(2)~~ the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
 33 advocacy for persons with mental illness and to education, research and
 34 support for their families;
- 35 ~~(3)~~ the Kansas Mental Illness Awareness Council for the purposes of
 36 advocacy for persons who are mentally ill and to education, research and
 37 support for them and their families;
- 38 ~~(4)~~ the American Diabetes Association Kansas Affiliate, Inc. for the
 39 purpose of eliminating diabetes through medical research, public edu-
 40 cation focusing on disease prevention and education, patient education
 41 including information on coping with diabetes, and professional education
 42 and training;
- 43 ~~(5)~~ the American Lung Association of Kansas, Inc. for the purpose of

1 eliminating all lung diseases through medical research, public education
2 including information on coping with lung diseases, professional educa-
3 tion and training related to lung disease and other related services to
4 reduce the incidence of disability and death due to lung disease;
5 —(6)—the Kansas chapters of the Alzheimer’s Disease and Related Dis-
6 orders Association, Inc. for the purpose of providing assistance and sup-
7 port to persons in Kansas with Alzheimer’s disease, and their families and
8 caregivers;
9 —(7)—the Kansas chapters of the Parkinson’s disease association for the
10 purpose of eliminating Parkinson’s disease through medical research and
11 public and professional education related to such disease;
12 —(8)—the National Kidney Foundation of Kansas and Western Missouri
13 for the purpose of eliminating kidney disease through medical research
14 and public and private education related to such disease;
15 —(9)—the heartstrings community foundation for the purpose of provid-
16 ing training, employment and activities for adults with developmental
17 disabilities;
18 —(10)—the Cystic Fibrosis Foundation, Heart of America Chapter, for
19 the purposes of assuring the development of the means to cure and con-
20 trol cystic fibrosis and improving the quality of life for those with the
21 disease;
22 —(11)—the spina bifida association of Kansas for the purpose of provid-
23 ing financial, educational and practical aid to families and individuals with
24 spina bifida. Such aid includes, but is not limited to, funding for medical
25 devices, counseling and medical educational opportunities;
26 —(12)—the CHWC, Inc., for the purpose of rebuilding urban core neigh-
27 borhoods through the construction of new homes, acquiring and reno-
28 vating existing homes and other related activities, and promoting eco-
29 nomic development in such neighborhoods;
30 —(13)—the cross-lines cooperative council for the purpose of providing
31 social services to low income individuals and families;
32 —(14)—the Dreams Work, Inc., for the purpose of providing young adult
33 day services to individuals with developmental disabilities and assisting
34 families in avoiding institutional or nursing home care for a developmen-
35 tally disabled member of their family;
36 —(15)—the KSDS, Inc., for the purpose of promoting the independence
37 and inclusion of people with disabilities as fully participating and contrib-
38 uting members of their communities and society through the training and
39 providing of guide and service dogs to people with disabilities, and pro-
40 viding disability education and awareness to the general public;
41 —(16)—the lyme association of greater Kansas City, Inc., for the purpose
42 of providing support to persons with lyme disease and public education
43 relating to the prevention, treatment and cure of lyme disease;

1 ~~—(17) the Dream Factory, Inc., for the purpose of granting the dreams~~
2 ~~of children with critical and chronic illnesses;~~
3 ~~—(18) the Ottawa Suzuki Strings, Inc., for the purpose of providing~~
4 ~~students and families with education and resources necessary to enable~~
5 ~~each child to develop fine character and musical ability to the fullest~~
6 ~~potential;~~
7 ~~—(19) the International Association of Lions Clubs for the purpose of~~
8 ~~creating and fostering a spirit of understanding among all people for hu-~~
9 ~~manitarian needs by providing voluntary services through community in-~~
10 ~~volvement and international cooperation;~~
11 ~~—(20) the Johnson county young matrons, inc., for the purpose of pro-~~
12 ~~moting a positive future for members of the community through volun-~~
13 ~~teerism, financial support and education through the efforts of an all~~
14 ~~volunteer organization;~~
15 ~~—(21) the American Cancer Society, Inc., for the purpose of eliminat-~~
16 ~~ing cancer as a major health problem by preventing cancer, saving lives~~
17 ~~and diminishing suffering from cancer, through research, education, ad-~~
18 ~~vocacy and service;~~
19 ~~—(22) the community services of Shawnee, inc., for the purpose of~~
20 ~~providing food and clothing to those in need;~~
21 ~~—(23) the angel babies association, for the purpose of providing assis-~~
22 ~~tance, support and items of necessity to teenage mothers and their babies;~~
23 ~~and~~
24 ~~—(24) the Kansas fairgrounds foundation for the purpose of the pres-~~
25 ~~ervation, renovation and beautification of the Kansas state fairgrounds;~~
26 ~~—(ww) all sales of tangible personal property purchased by the Habitat~~
27 ~~for Humanity for the exclusive use of being incorporated within a housing~~
28 ~~project constructed by such organization;~~
29 ~~—(xx) all sales of tangible personal property and services purchased by~~
30 ~~a nonprofit zoo which is exempt from federal income taxation pursuant~~
31 ~~to section 501(c)(3) of the federal internal revenue code of 1986, or on~~
32 ~~behalf of such zoo by an entity itself exempt from federal income taxation~~
33 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986~~
34 ~~contracted with to operate such zoo and all sales of tangible personal~~
35 ~~property or services purchased by a contractor for the purpose of con-~~
36 ~~structing, equipping, reconstructing, maintaining, repairing, enlarging,~~
37 ~~furnishing or remodeling facilities for any nonprofit zoo which would be~~
38 ~~exempt from taxation under the provisions of this section if purchased~~
39 ~~directly by such nonprofit zoo or the entity operating such zoo. Nothing~~
40 ~~in this subsection shall be deemed to exempt the purchase of any con-~~
41 ~~struction machinery, equipment or tools used in the constructing, equip-~~
42 ~~ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-~~
43 ~~modeling facilities for any nonprofit zoo. When any nonprofit zoo shall~~

1 ~~contract for the purpose of constructing, equipping, reconstructing, main-~~
2 ~~taining, repairing, enlarging, furnishing or remodeling facilities, it shall~~
3 ~~obtain from the state and furnish to the contractor an exemption certifi-~~
4 ~~cate for the project involved, and the contractor may purchase materials~~
5 ~~for incorporation in such project. The contractor shall furnish the number~~
6 ~~of such certificate to all suppliers from whom such purchases are made,~~
7 ~~and such suppliers shall execute invoices covering the same bearing the~~
8 ~~number of such certificate. Upon completion of the project the contractor~~
9 ~~shall furnish to the nonprofit zoo concerned a sworn statement, on a form~~
10 ~~to be provided by the director of taxation, that all purchases so made were~~
11 ~~entitled to exemption under this subsection. All invoices shall be held by~~
12 ~~the contractor for a period of five years and shall be subject to audit by~~
13 ~~the director of taxation. If any materials purchased under such a certifi-~~
14 ~~cate are found not to have been incorporated in the building or other~~
15 ~~project or not to have been returned for credit or the sales or compen-~~
16 ~~sating tax otherwise imposed upon such materials which will not be so~~
17 ~~incorporated in the building or other project reported and paid by such~~
18 ~~contractor to the director of taxation not later than the 20th day of the~~
19 ~~month following the close of the month in which it shall be determined~~
20 ~~that such materials will not be used for the purpose for which such cer-~~
21 ~~tificate was issued, the nonprofit zoo concerned shall be liable for tax on~~
22 ~~all materials purchased for the project, and upon payment thereof it may~~
23 ~~recover the same from the contractor together with reasonable attorney~~
24 ~~fees. Any contractor or any agent, employee or subcontractor thereof,~~
25 ~~who shall use or otherwise dispose of any materials purchased under such~~
26 ~~a certificate for any purpose other than that for which such a certificate~~
27 ~~is issued without the payment of the sales or compensating tax otherwise~~
28 ~~imposed upon such materials, shall be guilty of a misdemeanor and, upon~~
29 ~~conviction therefor, shall be subject to the penalties provided for in sub-~~
30 ~~section (g) of K.S.A. 79-3615, and amendments thereto;~~
31 ~~—(yy)—all sales of tangible personal property and services purchased by~~
32 ~~a parent teacher association or organization, and all sales of tangible per-~~
33 ~~sonal property by or on behalf of such association or organization;~~
34 ~~—(zz) (mm) all sales of machinery and equipment purchased by over-~~
35 ~~the-air, free access radio or television station which is used directly and~~
36 ~~primarily for the purpose of producing a broadcast signal or is such that~~
37 ~~the failure of the machinery or equipment to operate would cause broad-~~
38 ~~casting to cease. For purposes of this subsection, machinery and equip-~~
39 ~~ment shall include, but not be limited to, that required by rules and~~
40 ~~regulations of the federal communications commission, and all sales of~~
41 ~~electricity which are essential or necessary for the purpose of producing~~
42 ~~a broadcast signal or is such that the failure of the electricity would cause~~
43 ~~broadcasting to cease;~~

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

1 ~~July 1, 1998, but prior to the effective date of this act upon the gross~~
2 ~~receipts received from any sale exempted by the amendatory provisions~~
3 ~~of this subsection shall be refunded. Each claim for a sales tax refund~~
4 ~~shall be verified and submitted to the director of taxation upon forms~~
5 ~~furnished by the director and shall be accompanied by any additional~~
6 ~~documentation required by the director. The director shall review each~~
7 ~~claim and shall refund that amount of sales tax paid as determined under~~
8 ~~the provisions of this subsection. All refunds shall be paid from the sales~~
9 ~~tax refund fund upon warrants of the director of accounts and reports~~
10 ~~pursuant to vouchers approved by the director or the director's designee;~~
11 ~~—(bbb) all sales of food for human consumption by an organization~~
12 ~~which is exempt from federal income taxation pursuant to section~~
13 ~~501(c)(3) of the federal internal revenue code of 1986, pursuant to a food~~
14 ~~distribution program which offers such food at a price below cost in~~
15 ~~exchange for the performance of community service by the purchaser~~
16 ~~thereof;~~
17 ~~—(ccc) (nn) on and after July 1, 1999, all sales of tangible personal~~
18 ~~property and services purchased by a primary care clinic or health center~~
19 ~~the primary purpose of which is to provide services to medically under-~~
20 ~~served individuals and families, and which is exempt from federal income~~
21 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue~~
22 ~~code, and all sales of tangible personal property or services purchased by~~
23 ~~a contractor for the purpose of constructing, equipping, reconstructing,~~
24 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities for~~
25 ~~any such clinic or center which would be exempt from taxation under the~~
26 ~~provisions of this section if purchased directly by such clinic or center.~~
27 ~~Nothing in this subsection shall be deemed to exempt the purchase of~~
28 ~~any construction machinery, equipment or tools used in the constructing,~~
29 ~~equipping, reconstructing, maintaining, repairing, enlarging, furnishing~~
30 ~~or remodeling facilities for any such clinic or center. When any such clinic~~
31 ~~or center shall contract for the purpose of constructing, equipping, re-~~
32 ~~constructing, maintaining, repairing, enlarging, furnishing or remodeling~~
33 ~~facilities, it shall obtain from the state and furnish to the contractor an~~
34 ~~exemption certificate for the project involved, and the contractor may~~
35 ~~purchase materials for incorporation in such project. The contractor shall~~
36 ~~furnish the number of such certificate to all suppliers from whom such~~
37 ~~purchases are made, and such suppliers shall execute invoices covering~~
38 ~~the same bearing the number of such certificate. Upon completion of the~~
39 ~~project the contractor shall furnish to such clinic or center concerned a~~
40 ~~sworn statement, on a form to be provided by the director of taxation,~~
41 ~~that all purchases so made were entitled to exemption under this subsec-~~
42 ~~tion. 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 materials~~

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

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

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

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

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

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

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

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

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

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

1 supplement, identifiable by the supplemental facts box found on the label
2 and as required pursuant to 21 C.F.R. § 101.36; *and*
3 ~~(lll) — all sales of tangible personal property and services purchased by~~
4 ~~special olympics Kansas, inc. for the purpose of providing year-round~~
5 ~~sports training and athletic competition in a variety of olympic-type sports~~
6 ~~for individuals with intellectual disabilities by giving them continuing op-~~
7 ~~portunities to develop physical fitness, demonstrate courage, experience~~
8 ~~joy and participate in a sharing of gifts, skills and friendship with their~~
9 ~~families, other special olympics athletes and the community, and activities~~
10 ~~provided or sponsored by such organization, and all sales of tangible per-~~
11 ~~sonal property by or on behalf of any such organization;~~
12 ~~—(mmm) — all sales of tangible personal property purchased by or on~~
13 ~~behalf of the Marillac Center, Inc., which is exempt from federal income~~
14 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue~~
15 ~~code, for the purpose of providing psycho-social-biological and special~~
16 ~~education services to children, and all sales of any such property by or on~~
17 ~~behalf of such organization for such purpose;~~
18 ~~—(nnn) — all sales of tangible personal property and services purchased~~
19 ~~by the West Sedgwick County-Sunrise Rotary Club and Sunrise Char-~~
20 ~~itable Fund for the purpose of constructing a boundless playground which~~
21 ~~is an integrated, barrier free and developmentally advantageous play en-~~
22 ~~vironment for children of all abilities and disabilities;~~
23 ~~—(ooo) — all sales of tangible personal property by or on behalf of a public~~
24 ~~library serving the general public and supported in whole or in part with~~
25 ~~tax money or a not-for-profit organization whose purpose is to raise funds~~
26 ~~for or provide services or other benefits to any such public library;~~
27 ~~—(ppp) — all sales of tangible personal property and services purchased~~
28 ~~by or on behalf of a homeless shelter which is exempt from federal income~~
29 ~~taxation pursuant to section 501(c)(3) of the federal income tax code of~~
30 ~~1986, and used by any such homeless shelter to provide emergency and~~
31 ~~transitional housing for individuals and families experiencing homeless-~~
32 ~~ness, and all sales of any such property by or on behalf of any such home-~~
33 ~~less shelter for any such purpose;~~
34 ~~—(qqq) — all sales of tangible personal property and services purchased~~
35 ~~by TLC for children and families, inc., hereinafter referred to as TLC,~~
36 ~~which is exempt from federal income taxation pursuant to section~~
37 ~~501(c)(3) of the federal internal revenue code of 1986, and which such~~
38 ~~property and services are used for the purpose of providing emergency~~
39 ~~shelter and treatment for abused and neglected children as well as meet-~~
40 ~~ing additional critical needs for children, juveniles and family, and all sales~~
41 ~~of any such property by or on behalf of TLC for any such purpose; and~~
42 ~~all sales of tangible personal property or services purchased by a contrac-~~
43 ~~tor for the purpose of constructing, maintaining, repairing, enlarging, fur-~~

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

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

1 library;
2 ~~—(sss)—all sales of tangible personal property and services purchased by~~
3 ~~catholic charities or youthville, hereinafter referred to as charitable family~~
4 ~~providers, which is exempt from federal income taxation pursuant to section~~
5 ~~501(c)(3) of the federal internal revenue code of 1986, and which~~
6 ~~such property and services are used for the purpose of providing emer-~~
7 ~~gency shelter and treatment for abused and neglected children as well as~~
8 ~~meeting additional critical needs for children, juveniles and family, and~~
9 ~~all sales of any such property by or on behalf of charitable family providers~~
10 ~~for any such purpose, and all sales of tangible personal property or serv-~~
11 ~~ices purchased by a contractor for the purpose of constructing, maintain-~~
12 ~~ing, repairing, enlarging, furnishing or remodeling facilities for the op-~~
13 ~~eration of services for charitable family providers for any such purpose~~
14 ~~which would be exempt from taxation under the provisions of this section~~
15 ~~if purchased directly by charitable family providers. Nothing in this sub-~~
16 ~~section shall be deemed to exempt the purchase of any construction ma-~~
17 ~~chinery, equipment or tools used in the constructing, maintaining, re-~~
18 ~~pairing, enlarging, furnishing or remodeling such facilities for charitable~~
19 ~~family providers. When charitable family providers contracts for the pur-~~
20 ~~pose of constructing, maintaining, repairing, enlarging, furnishing or re-~~
21 ~~modeling such facilities, it shall obtain from the state and furnish to the~~
22 ~~contractor an exemption certificate for the project involved, and the con-~~
23 ~~tractor may purchase materials for incorporation in such project. The~~
24 ~~contractor shall furnish the number of such certificate to all suppliers~~
25 ~~from whom such purchases are made, and such suppliers shall execute~~
26 ~~invoices covering the same bearing the number of such certificate. Upon~~
27 ~~completion of the project the contractor shall furnish to charitable family~~
28 ~~providers a sworn statement, on a form to be provided by the director of~~
29 ~~taxation, that all purchases so made were entitled to exemption under~~
30 ~~this subsection. All invoices shall be held by the contractor for a period~~
31 ~~of five years and shall be subject to audit by the director of taxation. If~~
32 ~~any materials purchased under such a certificate are found not to have~~
33 ~~been incorporated in the building or other project or not to have been~~
34 ~~returned for credit or the sales or compensating tax otherwise imposed~~
35 ~~upon such materials which will not be so incorporated in the building or~~
36 ~~other project reported and paid by such contractor to the director of~~
37 ~~taxation not later than the 20th day of the month following the close of~~
38 ~~the month in which it shall be determined that such materials will not be~~
39 ~~used for the purpose for which such certificate was issued, charitable~~
40 ~~family providers shall be liable for tax on all materials purchased for the~~
41 ~~project, and upon payment thereof it may recover the same from the~~
42 ~~contractor together with reasonable attorney fees. Any contractor or any~~
43 ~~agent, employee or subcontractor thereof, who shall use or otherwise~~

1 ~~dispose of any materials purchased under such a certificate for any pur-~~
2 ~~pose other than that for which such a certificate is issued without the~~
3 ~~payment of the sales or compensating tax otherwise imposed upon such~~
4 ~~materials, shall be guilty of a misdemeanor and, upon conviction therefor,~~
5 ~~shall be subject to the penalties provided for in subsection (g) of K.S.A.~~
6 ~~79-3615, and amendments thereto;~~
7 ~~—(ttt) all sales of tangible personal property or services purchased by~~
8 ~~a contractor for a project for the purpose of restoring, constructing, equip-~~
9 ~~ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-~~
10 ~~modeling a home or facility owned by a nonprofit museum which has~~
11 ~~been granted an exemption pursuant to subsection (qq), which such home~~
12 ~~or facility is located in a city which has been designated as a qualified~~
13 ~~hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and~~
14 ~~amendments thereto, and which such project is related to the purposes~~
15 ~~of K.S.A. 75-5071 et seq., and amendments thereto, and which would be~~
16 ~~exempt from taxation under the provisions of this section if purchased~~
17 ~~directly by such nonprofit museum. Nothing in this subsection shall be~~
18 ~~deemed to exempt the purchase of any construction machinery, equip-~~
19 ~~ment or tools used in the restoring, constructing, equipping, reconstruct-~~
20 ~~ing, maintaining, repairing, enlarging, furnishing or remodeling a home~~
21 ~~or facility for any such nonprofit museum. When any such nonprofit mu-~~
22 ~~seum shall contract for the purpose of restoring, constructing, equipping,~~
23 ~~reconstructing, maintaining, repairing, enlarging, furnishing or remodel-~~
24 ~~ing a home or facility, it shall obtain from the state and furnish to the~~
25 ~~contractor an exemption certificate for the project involved, and the con-~~
26 ~~tractor may purchase materials for incorporation in such project. The~~
27 ~~contractor shall furnish the number of such certificates to all suppliers~~
28 ~~from whom such purchases are made, and such suppliers shall execute~~
29 ~~invoices covering the same bearing the number of such certificate. Upon~~
30 ~~completion of the project, the contractor shall furnish to such nonprofit~~
31 ~~museum a sworn statement on a form to be provided by the director of~~
32 ~~taxation that all purchases so made were entitled to exemption under this~~
33 ~~subsection. All invoices shall be held by the contractor for a period of five~~
34 ~~years and shall be subject to audit by the director of taxation. If any~~
35 ~~materials purchased under such a certificate are found not to have been~~
36 ~~incorporated in the building or other project or not to have been returned~~
37 ~~for credit or the sales or compensating tax otherwise imposed upon such~~
38 ~~materials which will not be so incorporated in a home or facility or other~~
39 ~~project reported and paid by such contractor to the director of taxation~~
40 ~~not later 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 for~~
42 ~~the purpose for which such certificate was issued, such nonprofit museum~~
43 ~~shall be liable for tax on all materials purchased for the project, and upon~~

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

10 ~~—(uuu)—all sales of tangible personal property and services purchased~~
11 ~~by Kansas children's service league, hereinafter referred to as KCSL,~~
12 ~~which is exempt from federal income taxation pursuant to section~~
13 ~~501(c)(3) of the federal internal revenue code of 1986, and which such~~
14 ~~property and services are used for the purpose of providing for the pre-~~
15 ~~vention and treatment of child abuse and maltreatment as well as meeting~~
16 ~~additional critical needs for children, juveniles and family, and all sales of~~
17 ~~any such property by or on behalf of KCSL for any such purpose, and all~~
18 ~~sales of tangible personal property or services purchased by a contractor~~
19 ~~for the purpose of constructing, maintaining, repairing, enlarging, fur-~~
20 ~~nishing or remodeling facilities for the operation of services for KCSL~~
21 ~~for any such purpose which would be exempt from taxation under the~~
22 ~~provisions of this section if purchased directly by KCSL. Nothing in this~~
23 ~~subsection shall be deemed to exempt the purchase of any construction~~
24 ~~machinery, equipment or tools used in the constructing, maintaining, re-~~
25 ~~pairing, enlarging, furnishing or remodeling such facilities for KCSL.~~
26 ~~When KCSL contracts for the purpose of constructing, maintaining, re-~~
27 ~~pairing, enlarging, furnishing or remodeling such 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 KCSL a sworn statement, on a form to be provided by~~
35 ~~the director of taxation, that all purchases so made were entitled to ex-~~
36 ~~emption under this subsection. All invoices shall be held by the contractor~~
37 ~~for a period of five years and shall be subject to audit by the director of~~
38 ~~taxation. If any materials purchased under such a certificate are found~~
39 ~~not to have been incorporated in the building or other project or not to~~
40 ~~have been returned for credit or the sales or compensating tax otherwise~~
41 ~~imposed upon such materials which will not be so incorporated in the~~
42 ~~building or other project reported and paid by such contractor to the~~
43 ~~director of taxation not later than the 20th day of the month following~~

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

13 ~~—(vvv) all sales of tangible personal property or services, including the~~
14 ~~renting and leasing of tangible personal property or services, purchased~~
15 ~~by Jazz in the Woods, Inc., a Kansas corporation which is exempt from~~
16 ~~federal income taxation pursuant to section 501(c)(3) of the federal in-~~
17 ~~ternal revenue code, for the purpose of providing Jazz in the Woods, an~~
18 ~~event benefiting children in need and other nonprofit charities assisting~~
19 ~~such children, and all sales of any such property by or on behalf of such~~
20 ~~organization for such purpose;~~

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

27 ~~—(xxx) all sales of personal property and services purchased by the~~
28 ~~booth theatre foundation, inc., an organization which is exempt from fed-~~
29 ~~eral income taxation pursuant to section 501(c)(3) of the federal internal~~
30 ~~revenue code of 1986, and which such personal property and services are~~
31 ~~used by any such organization in the constructing, equipping, recon-~~
32 ~~structing, maintaining, repairing, enlarging, furnishing or remodeling of~~
33 ~~the booth theatre, and all sales of tangible personal property or services~~
34 ~~purchased by a contractor for the purpose of constructing, equipping,~~
35 ~~reconstructing, maintaining, repairing, enlarging, furnishing or remodel-~~
36 ~~ing the booth theatre for such organization, which would be exempt from~~
37 ~~taxation under the provisions of this section if purchased directly by such~~
38 ~~organization. Nothing in this subsection shall be deemed to exempt the~~
39 ~~purchase of any construction machinery, equipment or tools used in the~~
40 ~~constructing, equipping, reconstructing, maintaining, repairing, enlarg-~~
41 ~~ing, furnishing or remodeling facilities for any such organization. When~~
42 ~~any such organization shall contract for the purpose of constructing,~~
43 ~~equipping, reconstructing, maintaining, repairing, enlarging, furnishing~~

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

41 —(yyy) all sales of tangible personal property and services purchased
42 by TLC charities foundation, inc., hereinafter referred to as TLC chari-
43 ties, which is exempt from federal income taxation pursuant to section

1 ~~501(c)(3) of the federal internal revenue code of 1986, and which such~~
2 ~~property and services are used for the purpose of encouraging private~~
3 ~~philanthropy to further the vision, values, and goals of TLC for children~~
4 ~~and families, inc.; and all sales of such property and services by or on~~
5 ~~behalf of TLC charities for any such purpose and all sales of tangible~~
6 ~~personal property or services purchased by a contractor for the purpose~~
7 ~~of constructing, maintaining, repairing, enlarging, furnishing or remodel-~~
8 ~~ing facilities for the operation of services for TLC charities for any such~~
9 ~~purpose which would be exempt from taxation under the provisions of~~
10 ~~this section if purchased directly by TLC charities. Nothing in this sub-~~
11 ~~section shall be deemed to exempt the purchase of any construction ma-~~
12 ~~chinery, equipment or tools used in the constructing, maintaining, re-~~
13 ~~pairing, enlarging, furnishing or remodeling such facilities for TLC~~
14 ~~charities. When TLC charities contracts for the purpose of constructing,~~
15 ~~maintaining, repairing, enlarging, furnishing or remodeling such facilities,~~
16 ~~it shall obtain from the state and furnish to the contractor an exemption~~
17 ~~certificate for the project involved, and the contractor may purchase ma-~~
18 ~~terials for incorporation in such project. The contractor shall furnish the~~
19 ~~number of such certificate to all suppliers from whom such purchases are~~
20 ~~made, and such suppliers shall execute invoices covering the same bearing~~
21 ~~the number of such certificate. Upon completion of the project the con-~~
22 ~~tractor shall furnish to TLC charities a sworn statement, on a form to be~~
23 ~~provided by the director of taxation, that all purchases so made were~~
24 ~~entitled to exemption under this subsection. All invoices shall be held by~~
25 ~~the contractor for a period of five years and shall be subject to audit by~~
26 ~~the director of taxation. If any materials purchased under such a certifi-~~
27 ~~cate are found not to have been incorporated in the building or other~~
28 ~~project or not to have been returned for credit or the sales or compen-~~
29 ~~sating tax otherwise imposed upon such materials which will not be in-~~
30 ~~corporated into the building or other project reported and paid by such~~
31 ~~contractor to the director of taxation not later than the 20th day of the~~
32 ~~month following the close of the month in which it shall be determined~~
33 ~~that such materials will not be used for the purpose for which such cer-~~
34 ~~tificate was issued, TLC charities shall be liable for tax on all materials~~
35 ~~purchased for the project, and upon payment thereof it may recover the~~
36 ~~same from the contractor together with reasonable attorney fees. Any~~
37 ~~contractor or any agent, employee or subcontractor thereof, who shall use~~
38 ~~or otherwise dispose of any materials purchased under such a certificate~~
39 ~~for any purpose other than that for which such a certificate is issued~~
40 ~~without the payment of the sales or compensating tax otherwise imposed~~
41 ~~upon such materials, shall be guilty of a misdemeanor and, upon convic-~~
42 ~~tion therefor, shall be subject to the penalties provided for in subsection~~
43 ~~(g) of K.S.A. 79-3615, and amendments thereto;~~

- 1 ~~—(zzz)—all sales of tangible personal property purchased by the rotary~~
2 ~~club of shawnee foundation which is exempt from federal income taxation~~
3 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986,~~
4 ~~as amended, used for the purpose of providing contributions to com-~~
5 ~~munity service organizations and scholarships;~~
- 6 ~~—(aaaa)—all sales of personal property and services purchased by or on~~
7 ~~behalf of victory in the valley, inc., which is exempt from federal income~~
8 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue~~
9 ~~code, for the purpose of providing a cancer support group and services~~
10 ~~for persons with cancer, and all sales of any such property by or on behalf~~
11 ~~of any such organization for any such purpose;~~
- 12 ~~—(bbbb)—all sales of entry or participation fees, charges or tickets by~~
13 ~~Guadalupe health foundation, which is exempt from federal income tax-~~
14 ~~ation pursuant to section 501(c)(3) of the federal internal revenue code,~~
15 ~~for such organization's annual fundraising event which purpose is to pro-~~
16 ~~vide health care services for uninsured workers;~~
- 17 ~~—(cccc)—all sales of tangible personal property or services purchased by~~
18 ~~or on behalf of wayside waifs, inc., which is exempt from federal income~~
19 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue~~
20 ~~code, for the purpose of providing such organization's annual fundraiser,~~
21 ~~an event whose purpose is to support the care of homeless and abandoned~~
22 ~~animals, animal adoption efforts, education programs for children and~~
23 ~~efforts to reduce animal over population and animal welfare services, and~~
24 ~~all sales of any such property, including entry or participation fees or~~
25 ~~charges, by or on behalf of such organization for such purpose;~~
- 26 ~~—(dddd)—all sales of tangible personal property or services purchased~~
27 ~~by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,~~
28 ~~both of which are exempt from federal income taxation pursuant to sec-~~
29 ~~tion 501(c)(3) of the federal internal revenue code, for the purpose of~~
30 ~~providing education, training and employment opportunities for people~~
31 ~~with disabilities and other barriers to employment;~~
- 32 ~~—(eeee)—all sales of tangible personal property or services purchased by~~
33 ~~or on behalf of All American Beef Battalion, Inc., which is exempt from~~
34 ~~federal income taxation pursuant to section 501(c)(3) of the federal in-~~
35 ~~ternal revenue code, for the purpose of educating, promoting and partic-~~
36 ~~ipating as a contact group through the beef cattle industry in order to~~
37 ~~carry out such projects that provide support and morale to members of~~
38 ~~the United States armed forces and military services; and~~
- 39 ~~—(ffff)—all sales of tangible personal property and services purchased by~~
40 ~~sheltered living, inc., which is exempt from federal income taxation pur-~~
41 ~~suant to section 501(c)(3) of the federal internal revenue code of 1986,~~
42 ~~and which such property and services are used for the purpose of provid-~~
43 ~~ing residential and day services for people with developmental disabilities~~

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

42 New Sec. 5. (a) Sales of tangible personal property and services made
43 by a non-profit organization conducted as a fund-raising event in the

1 support of such organization shall be exempt when:

2 (1) The organization is not in the business of retail sales;

3 (2) the sales are conducted by members of the organization and not
4 by a retailer, or other for-profit business;

5 (3) the sales do not occur at a retail place of business;

6 (4) the sales are not in direct competition with a for-profit business
7 at the same event;

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

13 (6) all proceeds derived from the sales are used by the organization
14 to further its exempt purpose;

15 (7) the organization maintains an accounting of all sales and provide
16 that information upon request by the department of revenue; and

17 (8) tangible personal property, including meals, and services pur-
18 chased for the the fund-raising event shall be subject to sales tax when
19 purchased.

20 (b) The following are not considered exempt as fund-raising sales:

21 (1) Sales resulting from agreements or contracts entered into with
22 companies and organizations to participate in fund-raising campaigns for
23 a percentage of the gross receipts where members of the organization act
24 as agents or salesmen by selling or taking orders for the sale of tangible
25 personal property;

26 (2) admissions; or

27 (3) concession sales.

28 Sec. 6. K.S.A. 2009 Supp. 12-189a, 79-3602, 79-3603 and 79-3606
29 are hereby repealed.

30 Sec. 7. This act shall take effect and be in force from and after its
31 publication in the statute book.