

SENATE BILL No. 530

By Committee on Assessment and Taxation

2-4

9 AN ACT concerning sales taxation; relating to exemptions; repealing all
10 sales tax exemptions; amending K.S.A. 12-3418 and K.S.A. 2009 Supp.
11 12-189a, 41-501, 79-3602, 79-3603, 79-3606 and 82a-2101 and re-
12 pealing the existing sections; also repealing K.S.A. 74-8721 and 79-
13 3606d and K.S.A. 2009 Supp. 76-784, 79-3606e and 79-3606f.
14

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

16 Section 1. K.S.A. 2009 Supp. 12-189a is hereby amended to read as
17 follows: 12-189a. The following sales shall be subject to the taxes levied
18 and collected by all cities and counties under the provisions of K.S.A. 12-
19 187 et seq. and amendments thereto:

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

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

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

31 Sec. 2. K.S.A. 12-3418 is hereby amended to read as follows: 12-
32 3418. The exercise of the powers granted by this act will be in all respects
33 for the benefit of the people of the state, for the increase of their com-
34 merce and prosperity, and for the improvement of their health and living
35 conditions, and the activities and operations of a port authority will con-
36 stitute the performance of essential governmental functions. No port au-
37 thority shall be required to pay any taxes or assessments upon any prop-
38 erty acquired and used by it or leased to another under the provisions of
39 this act or upon the income therefrom, and any bonds issued under the
40 provisions of this act, their transfer and the income therefrom (including
41 any profit made on the sale thereof) shall at all times be free from taxation
42 within the state except that property acquired by a port authority shall be
43 exempt from ad valorem property tax only until the calendar year in which

1 the same is rented, leased, subleased or developed and returns revenue
2 to such authority in excess of the amount necessary to retire the obliga-
3 tions of the port authority and pay administrative costs of the port au-
4 thority, and in such year such property shall be placed upon the tax rolls
5 and thereafter ad valorem property taxes shall be paid thereon as is pro-
6 vided by law. The provisions of this subsection shall not apply to Kansas
7 retailers' sales tax, ad valorem property tax on industrial-use facilities,
8 state inheritance tax or any intangible tax.

9 ~~All sales of: (1) Tangible personal property and services purchased di-~~
10 ~~rectly by any port authority for use exclusively by such authority, (2) tan-~~
11 ~~gible personal property or services purchased by a port authority for con-~~
12 ~~structing, maintaining, equipping, reconstructing, repairing, enlarging,~~
13 ~~remodeling or furnishing port facilities other than an industrial-use facil-~~
14 ~~ity, and (3) tangible personal property or services purchased with funds~~
15 ~~of a political subdivision by a contractor for constructing, reconstructing,~~
16 ~~repairing, enlarging or remodeling a port or industrial-use facility for any~~
17 ~~port authority shall be exempt from the Kansas retailers' sales tax imposed~~
18 ~~by K.S.A. 79-3603, and amendments thereto.~~

19 Sec. 3. K.S.A. 2009 Supp. 41-501 is hereby amended to read as fol-
20 lows: 41-501. (a) As used in this section and K.S.A. 41-501a, and amend-
21 ments thereto:

22 (1) "Gallon" means wine gallon.

23 (2) "Federal area" means any lands or premises which are located
24 within the exterior boundaries of this state and which are held or acquired
25 by or for the use of the United States or any department, establishment
26 or agency of the United States.

27 (3) "Malt product" means malt syrup, malt extract, liquid malt or
28 wort.

29 (b) (1) For the purpose of raising revenue a tax is imposed upon the
30 manufacturing, using, selling, storing or purchasing alcoholic liquor, ce-
31 real malt beverage or malt products in this state or a federal area at a rate
32 of \$.18 per gallon on beer and cereal malt beverage; \$.20 per gallon on
33 all wort or liquid malt; \$.10 per pound on all malt syrup or malt extract;
34 \$.30 per gallon on wine containing 14% or less alcohol by volume; \$.75
35 per gallon on wine containing more than 14% alcohol by volume; and
36 \$2.50 per gallon on alcohol and spirits.

37 (2) The tax imposed by this section shall be paid only once and shall
38 be paid by the person in this state or federal area who first manufactures,
39 uses, sells, stores, purchases or receives the alcoholic liquor or cereal malt
40 beverage. The tax shall be collected and paid to the director as provided
41 in this act. If the alcoholic liquor or cereal malt beverage is manufactured
42 and sold in this state or a federal area, the tax shall be paid by the man-
43 ufacturer, microbrewery or farm winery producing it. If the alcoholic

1 liquor or cereal malt beverage is imported into this state by a distributor
2 for the purpose of sale at wholesale in this state or a federal area, the tax
3 shall be paid by the distributor, and in no event shall such tax be paid by
4 the manufacturer unless the alcoholic liquor or cereal malt beverage is
5 manufactured in this state. If not to exceed one gallon, or metric equiv-
6 alent, per person of alcoholic liquor has been purchased by a private
7 citizen outside the borders of the United States and is brought into this
8 state by the private citizen in such person's personal possession for such
9 person's own personal use and not for sale or resale, such import is lawful
10 and no tax payment shall be due thereon.

11 (c) Manufacturers, microbreweries, farm wineries or distributors at
12 wholesale of alcoholic liquor or cereal malt beverage shall be exempt from
13 the payment of the gallonage tax imposed on alcoholic liquor and cereal
14 malt beverage, upon satisfactory proof, including bills of lading furnished
15 to the director by affidavit or otherwise as the director requires, that the
16 liquor or cereal malt beverage was manufactured in this state but was
17 shipped out of the state for sale and consumption outside the state.

18 (d) Wines manufactured or imported solely and exclusively for sac-
19 ramental purposes and uses shall not be subject to the tax provided for
20 by this section.

21 (e) The tax provided for by this section is not imposed upon:

22 (1) Any alcohol or wine, whether manufactured in or imported into
23 this state, when sold to a nonbeverage user licensed by the state, for use
24 in the manufacture of any of the following when they are unfit for bev-
25 erage purposes: Patent and proprietary medicines and medicinal, anti-
26 septic and toilet preparations; flavoring extracts and syrups and food prod-
27 ucts; scientific, industrial and chemical products; or scientific, chemical,
28 experimental or mechanical purposes; or

29 (2) the privilege of engaging in any business of interstate commerce
30 or otherwise, which business may not be made the subject of taxation by
31 this state under the constitution and statutes of the United States.

32 (f) The tax imposed by this section shall be in addition to all other
33 taxes imposed by the state of Kansas or by any municipal corporation or
34 political subdivision thereof.

35 ~~(g) Retail sales of alcoholic liquor, sales of beer to consumers by mi-
36 crobreweries and sales of wine to consumers by farm wineries shall not
37 be subject to the tax imposed by the Kansas retailers' sales tax act but
38 shall be subject to the enforcement tax provided for in this act.~~

39 ~~(h)~~ Notwithstanding any ordinance to the contrary, no city shall im-
40 pose an occupation or privilege tax on the business of any person, firm
41 or corporation licensed as a manufacturer, distributor, microbrewery,
42 farm winery, retailer or nonbeverage user under this act and doing busi-
43 ness within the boundaries of the city except as specifically authorized by

1 K.S.A. 41-310, and amendments thereto.

2 ~~(h)~~ (h) The director shall collect the taxes imposed by this section and
3 shall account for and remit all moneys collected from the tax to the state
4 treasurer in accordance with the provisions of K.S.A. 75-4215, and
5 amendments thereto. Upon receipt of each such remittance, the state
6 treasurer shall deposit the entire amount in the state treasury and the
7 state treasurer shall credit $\frac{1}{10}$ of the moneys collected from taxes imposed
8 upon alcohol and spirits under subsection (b)(1) to the community alco-
9 holism and intoxication programs fund created by K.S.A. 41-1126, and
10 amendments thereto, and shall credit the balance of the moneys collected
11 to the state general fund.

12 ~~(i)~~ (i) If any alcoholic liquor manufactured in or imported into this
13 state is sold to a licensed manufacturer or distributor of this state to be
14 used solely as an ingredient in the manufacture of any beverage for human
15 consumption, the tax imposed upon the manufacturer or distributor shall
16 be reduced by the amount of the taxes which have been paid under this
17 section as to the alcoholic liquor so used.

18 ~~(j)~~ (j) The tax provided for by this section is not imposed upon alcohol
19 or wine used by any school or college for scientific, chemical, experimen-
20 tal or mechanical purposes or by hospitals, sanatoria or other institutions
21 caring for the sick. Any school, college, hospital, sanatorium or other
22 institution caring for the sick may import alcohol or wine for scientific,
23 chemical, experimental, mechanical or medicinal purposes by making ap-
24 plication to the director for a permit to import it and receiving such a
25 permit. Application for the permit shall be on a form prescribed and
26 furnished by the director, and a separate permit shall be required for
27 each purchase of alcohol or wine. A fee of \$2 shall accompany each ap-
28 plication. All permits shall be issued in triplicate to the applicant and shall
29 be under the seal of the office of the director. Two copies of the permit
30 shall be forwarded by the applicant to the microbrewery, farm winery,
31 manufacturer or distributor from which the alcohol or wine is purchased,
32 and the microbrewery, farm winery, manufacturer or distributor shall
33 return to the office of the director one copy of the permit with its shipping
34 affidavit and invoice. Within 10 days after receipt of any alcohol or wine,
35 the school, college, hospital or sanatorium ordering it shall file a report
36 in the office of the director upon forms furnished by the director, showing
37 the amount of alcohol or wine received, the place where it is to be stored,
38 from whom it was received, the purpose for which it is to be used and
39 such other information as required by the director. Any school, college,
40 hospital, sanatorium or institution caring for the sick, which complies with
41 the provisions of this subsection, shall not be required to have any other
42 license to purchase alcohol or wine from a microbrewery, farm winery,
43 manufacturer or distributor.

- 1 Sec. 4. K.S.A. 2009 Supp. 79-3602 is hereby amended to read as
2 follows: 79-3602. Except as otherwise provided, as used in the Kansas
3 retailers' sales tax act:
- 4 (a) "Agent" means a person appointed by a seller to represent the
5 seller before the member states.
- 6 (b) "Agreement" means the multistate agreement entitled the
7 streamlined sales and use tax agreement approved by the streamlined
8 sales tax implementing states at Chicago, Illinois on November 12, 2002.
- 9 (c) "Alcoholic beverages" means beverages that are suitable for hu-
10 man consumption and contain .05% or more of alcohol by volume.
- 11 (d) "Certified automated system (CAS)" means software certified un-
12 der the agreement to calculate the tax imposed by each jurisdiction on a
13 transaction, determine the amount of tax to remit to the appropriate state
14 and maintain a record of the transaction.
- 15 (e) "Certified service provider (CSP)" means an agent certified under
16 the agreement to perform all the seller's sales and use tax functions, other
17 than the seller's obligation to remit tax on its own purchases.
- 18 (f) "Computer" means an electronic device that accepts information
19 in digital or similar form and manipulates it for a result based on a se-
20 quence of instructions.
- 21 (g) "Computer software" means a set of coded instructions designed
22 to cause a computer or automatic data processing equipment to perform
23 a task.
- 24 (h) "Delivered electronically" means delivered to the purchaser by
25 means other than tangible storage media.
- 26 (i) "Delivery charges" means charges by the seller of personal prop-
27 erty or services for preparation and delivery to a location designated by
28 the purchaser of personal property or services including, but not limited
29 to, transportation, shipping, postage, handling, crating and packing. De-
30 livery charges shall not include charges for delivery of direct mail if the
31 charges are separately stated on an invoice or similar billing document
32 given to the purchaser.
- 33 (j) "Direct mail" means printed material delivered or distributed by
34 United States mail or other delivery services to a mass audience or to
35 addressees on a mailing list provided by the purchaser or at the direction
36 of the purchaser when the cost of the items are not billed directly to the
37 recipients. Direct mail includes tangible personal property supplied di-
38 rectly or indirectly by the purchaser to the direct mail seller for inclusion
39 in the package containing the printed material. Direct mail does not in-
40 clude multiple items of printed material delivered to a single address.
- 41 (k) "Director" means the state director of taxation.
- 42 (l) "Educational institution" means any nonprofit school, college and
43 university that offers education at a level above the twelfth grade, and

1 conducts regular classes and courses of study required for accreditation
2 by, or membership in, the North Central Association of Colleges and
3 Schools, the state board of education, or that otherwise qualify as an
4 “educational institution,” as defined by K.S.A. 74-50,103, and amend-
5 ments thereto. Such phrase shall include: (1) A group of educational in-
6 stitutions that operates exclusively for an educational purpose; (2) non-
7 profit endowment associations and foundations organized and operated
8 exclusively to receive, hold, invest and administer moneys and property
9 as a permanent fund for the support and sole benefit of an educational
10 institution; (3) nonprofit trusts, foundations and other entities organized
11 and operated principally to hold and own receipts from intercollegiate
12 sporting events and to disburse such receipts, as well as grants and gifts,
13 in the interest of collegiate and intercollegiate athletic programs for the
14 support and sole benefit of an educational institution; and (4) nonprofit
15 trusts, foundations and other entities organized and operated for the pri-
16 mary purpose of encouraging, fostering and conducting scholarly inves-
17 tigation and industrial and other types of research for the support and
18 sole benefit of an educational institution.

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

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

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

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

1 herein set forth:

- 2 (1) Containers, labels and shipping cases used in the distribution of
3 property produced, manufactured or compounded for sale which are not
4 to be returned to the producer, manufacturer or compounder for reuse.
- 5 (2) Containers, labels, shipping cases, paper bags, drinking straws,
6 paper plates, paper cups, twine and wrapping paper used in the distri-
7 bution and sale of property taxable under the provisions of this act by
8 wholesalers and retailers and which is not to be returned to such whole-
9 saler or retailer for reuse.
- 10 (3) Seeds and seedlings for the production of plants and plant prod-
11 ucts produced for resale.
- 12 (4) Paper and ink used in the publication of newspapers.
- 13 (5) Fertilizer used in the production of plants and plant products
14 produced for resale.
- 15 (6) Feed for animals, fowl and aquatic plants and animals, the primary
16 purpose of which is use in agriculture or aquaculture, as defined in K.S.A.
17 47-1901, and amendments thereto, the production of food for human
18 consumption, the production of animal, dairy, poultry or aquatic plant
19 and animal products, fiber, fur, or the production of offspring for use for
20 any such purpose or purposes.
- 21 (q) "Isolated or occasional sale" means the nonrecurring sale of tan-
22 gible personal property, or services taxable hereunder by a person not
23 engaged at the time of such sale in the business of selling such property
24 or services. Any religious organization which makes a nonrecurring sale
25 of tangible personal property acquired for the purpose of resale shall be
26 deemed to be not engaged at the time of such sale in the business of
27 selling such property. Such term shall include: (1) Any sale by a bank,
28 savings and loan institution, credit union or any finance company licensed
29 under the provisions of the Kansas uniform consumer credit code of tan-
30 gible personal property which has been repossessed by any such entity;
31 and (2) any sale of tangible personal property made by an auctioneer or
32 agent on behalf of not more than two principals or households if such
33 sale is nonrecurring and any such principal or household is not engaged
34 at the time of such sale in the business of selling tangible personal
35 property.
- 36 (r) "Lease or rental" means any transfer of possession or control of
37 tangible personal property for a fixed or indeterminate term for consid-
38 eration. A lease or rental may include future options to purchase or
39 extend.
- 40 (1) Lease or rental does not include: (A) A transfer of possession or
41 control of property under a security agreement or deferred payment plan
42 that requires the transfer of title upon completion of the required
43 payments;

- 1 (B) a transfer or possession or control of property under an agree-
2 ment that requires the transfer of title upon completion of required pay-
3 ments and payment of an option price does not exceed the greater of
4 \$100 or 1% of the total required payments; or
- 5 (C) providing tangible personal property along with an operator for
6 a fixed or indeterminate period of time. A condition of this exclusion is
7 that the operator is necessary for the equipment to perform as designed.
8 For the purpose of this subsection, an operator must do more than main-
9 tain, inspect or set-up the tangible personal property.
- 10 (2) Lease or rental does include agreements covering motor vehicles
11 and trailers where the amount of consideration may be increased or de-
12 creased by reference to the amount realized upon sale or disposition of
13 the property as defined in 26 U.S.C. 7701(h)(1).
- 14 (3) This definition shall be used for sales and use tax purposes re-
15 gardless if a transaction is characterized as a lease or rental under gen-
16 erally accepted accounting principles, the internal revenue code, the uni-
17 form commercial code, K.S.A. 84-1-101 et seq. and amendments thereto,
18 or other provisions of federal, state or local law.
- 19 (4) This definition will be applied only prospectively from the effec-
20 tive date of this act and will have no retroactive impact on existing leases
21 or rentals.
- 22 (s) “Load and leave” means delivery to the purchaser by use of a
23 tangible storage media where the tangible storage media is not physically
24 transferred to the purchaser.
- 25 (t) “Member state” means a state that has entered in the agreement,
26 pursuant to provisions of article VIII of the agreement.
- 27 (u) “Model 1 seller” means a seller that has selected a CSP as its
28 agent to perform all the seller’s sales and use tax functions, other than
29 the seller’s obligation to remit tax on its own purchases.
- 30 (v) “Model 2 seller” means a seller that has selected a CAS to perform
31 part of its sales and use tax functions, but retains responsibility for re-
32 mitting the tax.
- 33 (w) “Model 3 seller” means a seller that has sales in at least five
34 member states, has total annual sales revenue of at least \$500,000,000,
35 has a proprietary system that calculates the amount of tax due each juris-
36 diction and has entered into a performance agreement with the member
37 states that establishes a tax performance standard for the seller. As used
38 in this subsection a seller includes an affiliated group of sellers using the
39 same proprietary system.
- 40 (x) “Municipal corporation” means any city incorporated under the
41 laws of Kansas.
- 42 (y) “Nonprofit blood bank” means any nonprofit place, organization,
43 institution or establishment that is operated wholly or in part for the

1 purpose of obtaining, storing, processing, preparing for transfusing, fur-
2 nishing, donating or distributing human blood or parts or fractions of
3 single blood units or products derived from single blood units, whether
4 or not any remuneration is paid therefor, or whether such procedures are
5 done for direct therapeutic use or for storage for future use of such
6 products.

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

13 (aa) “Political subdivision” means any municipality, agency or sub-
14 division of the state which is, or shall hereafter be, authorized to levy taxes
15 upon tangible property within the state or which certifies a levy to a
16 municipality, agency or subdivision of the state which is, or shall hereafter
17 be, authorized to levy taxes upon tangible property within the state. Such
18 term also shall include any public building commission, housing, airport,
19 port, metropolitan transit or similar authority established pursuant to law
20 and the horsethief reservoir benefit district established pursuant to K.S.A.
21 82a-2201, and amendments thereto.

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

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

- 1 (dd) "Property which is consumed" means tangible personal property
2 which is essential or necessary to and which is used in the actual process
3 of and consumed, depleted or dissipated within one year in (1) the pro-
4 duction, manufacture, processing, mining, drilling, refining or compound-
5 ing of tangible personal property, (2) the providing of services, (3) the
6 irrigation of crops, for sale in the regular course of business, or (4) the
7 storage or processing of grain by a public grain warehouse or other grain
8 storage facility, and which is not reusable for such purpose. The following
9 is a listing of tangible personal property, included by way of illustration
10 but not of limitation, which qualifies as property which is consumed:
- 11 (A) Insecticides, herbicides, germicides, pesticides, fungicides, fu-
12 migants, antibiotics, biologicals, pharmaceuticals, vitamins and chemicals
13 for use in commercial or agricultural production, processing or storage of
14 fruit, vegetables, feeds, seeds, grains, animals or animal products whether
15 fed, injected, applied, combined with or otherwise used;
- 16 (B) electricity, gas and water; and
- 17 (C) petroleum products, lubricants, chemicals, solvents, reagents and
18 catalysts.
- 19 (ee) "Purchase price" applies to the measure subject to use tax and
20 has the same meaning as sales price.
- 21 (ff) "Purchaser" means a person to whom a sale of personal property
22 is made or to whom a service is furnished.
- 23 (gg) "Quasi-municipal corporation" means any county, township,
24 school district, drainage district or any other governmental subdivision in
25 the state of Kansas having authority to receive or hold moneys or funds.
- 26 (hh) "Registered under this agreement" means registration by a seller
27 with the member states under the central registration system provided in
28 article IV of the agreement.
- 29 (ii) "Retailer" means a seller regularly engaged in the business of
30 selling, leasing or renting tangible personal property at retail or furnishing
31 electrical energy, gas, water, services or entertainment, and selling only
32 to the user or consumer and not for resale.
- 33 (jj) "Retail sale" or "sale at retail" means any sale, lease or rental for
34 any purpose other than for resale, sublease or subrent.
- 35 (kk) "Sale" or "sales" means the exchange of tangible personal prop-
36 erty, as well as the sale thereof for money, and every transaction, condi-
37 tional or otherwise, for a consideration, constituting a sale, including the
38 sale or furnishing of electrical energy, gas, water, services or entertain-
39 ment taxable under the terms of this act and including, except as provided
40 in the following provision, the sale of the use of tangible personal property
41 by way of a lease, license to use or the rental thereof regardless of the
42 method by which the title, possession or right to use the tangible personal
43 property is transferred. The term "sale" or "sales" shall not mean the sale

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

1 the sale of personal property or services, if the amount is separately stated
 2 on the invoice, bill of sale or similar document given to the purchaser;

3 (C) any taxes legally imposed directly on the consumer that are sep-
 4 arately stated on the invoice, bill of sale or similar document given to the
 5 purchaser;

6 (D) the amount equal to the allowance given for the trade-in of prop-
 7 erty, if separately stated on the invoice, billing or similar document given
 8 to the purchaser; and

9 (E) commencing on July 1, 2006, and ending on June 30, 2009, cash
 10 rebates granted by a manufacturer to a purchaser or lessee of a new motor
 11 vehicle if paid directly to the retailer as a result of the original sale.

12 (mm) “Seller” means a person making sales, leases or rentals of per-
 13 sonal property or services.

14 (nn) ~~“Service” means those services described in and taxed under the~~
 15 ~~provisions of K.S.A. 79-3603 and amendments thereto.~~

16 ~~(oo)~~ “Sourcing rules” means the rules set forth in K.S.A. 2009 Supp.
 17 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
 18 thereto, which shall apply to identify and determine the state and local
 19 taxing jurisdiction sales or use taxes to pay, or collect and remit on a
 20 particular retail sale.

21 ~~(pp)~~ (oo) “Tangible personal property” means personal property that
 22 can be seen, weighed, measured, felt or touched, or that is in any other
 23 manner perceptible to the senses. Tangible personal property includes
 24 electricity, water, gas, steam and prewritten computer software.

25 ~~(qq)~~ (pp) “Taxpayer” means any person obligated to account to the
 26 director for taxes collected under the terms of this act.

27 ~~(rr)~~ (qq) “Tobacco” means cigarettes, cigars, chewing or pipe tobacco
 28 or any other item that contains tobacco.

29 ~~(ss)~~ (rr) “Entity-based exemption” means an exemption based on who
 30 purchases the product or who sells the product. An exemption that is
 31 available to all individuals shall not be considered an entity-based
 32 exemption.

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

41 ~~(uu)~~ (tt) “Ancillary services” means services that are associated with
 42 or incidental to the provision of telecommunications services, including,
 43 but not limited to, detailed telecommunications billing, directory assis-

1 tance, vertical service and voice mail services.
2 ~~(vv)~~ (uu) “Conference bridging service” means an ancillary service
3 that links two or more participants of an audio or video conference call
4 and may include the provision of a telephone number. Conference bridg-
5 ing service does not include the telecommunications services used to
6 reach the conference bridge.
7 ~~(ww)~~ (vv) “Detailed telecommunications billing service” means an
8 ancillary service of separately stating information pertaining to individual
9 calls on a customer’s billing statement.
10 ~~(xx)~~ (ww) “Directory assistance” means an ancillary service of provid-
11 ing telephone number information or address information, or both.
12 ~~(yy)~~ (xx) “Vertical service” means an ancillary service that is offered
13 in connection with one or more telecommunications services, which offers
14 advanced calling features that allow customers to identify callers and to
15 manage multiple calls and call connections, including conference bridging
16 services.
17 ~~(zz)~~ (yy) “Voice mail service” means an ancillary service that enables
18 the customer to store, send or receive recorded messages. Voice mail
19 service does not include any vertical services that the customer may be
20 required to have in order to utilize the voice mail service.
21 ~~(aaa)~~ (zz) “Telecommunications service” means the electronic trans-
22 mission, conveyance or routing of voice, data, audio, video or any other
23 information or signals to a point, or between or among points. The term
24 telecommunications service includes such transmission, conveyance or
25 routing in which computer processing applications are used to act on the
26 form, code or protocol of the content for purposes of transmissions, con-
27 veyance or routing without regard to whether such service is referred to
28 as voice over Internet protocol services or is classified by the federal
29 communications commission as enhanced or value added. Telecommu-
30 nications service does not include:
31 (1) Data processing and information services that allow data to be
32 generated, acquired, stored, processed or retrieved and delivered by an
33 electronic transmission to a purchaser where such purchaser’s primary
34 purpose for the underlying transaction is the processed data or
35 information;
36 (2) installation or maintenance of wiring or equipment on a cus-
37 tomer’s premises;
38 (3) tangible personal property;
39 (4) advertising, including, but not limited to, directory advertising;
40 (5) billing and collection services provided to third parties;
41 (6) internet access service;
42 (7) radio and television audio and video programming services, re-
43 gardless of the medium, including the furnishing of transmission, con-

1 conveyance and routing of such services by the programming service pro-
2 vider. Radio and television audio and video programming services shall
3 include, but not be limited to, cable service as defined in 47 U.S.C. 522(6)
4 and audio and video programming services delivered by commercial mo-
5 bile radio service providers, as defined in 47 C.F.R. 20.3;

6 (8) ancillary services; or
7 (9) digital products delivered electronically, including, but not limited
8 to, software, music, video, reading materials or ring tones.

9 ~~(bbb)~~ (aaa) “800 service” means a telecommunications service that
10 allows a caller to dial a toll-free number without incurring a charge for
11 the call. The service is typically marketed under the name 800, 855, 866,
12 877 and 888 toll-free calling, and any subsequent numbers designated by
13 the federal communications commission.

14 ~~(ccc)~~ (bbb) “900 service” means an inbound toll telecommunications
15 service purchased by a subscriber that allows the subscriber’s customers
16 to call in to the subscriber’s prerecorded announcement or live service.
17 900 service does not include the charge for collection services provided
18 by the seller of the telecommunications services to the subscriber, or
19 service or product sold by the subscriber to the subscriber’s customer.
20 The service is typically marketed under the name 900 service, and any
21 subsequent numbers designated by the federal communications
22 commission.

23 ~~(ddd)~~ (ccc) “Value-added non-voice data service” means a service that
24 otherwise meets the definition of telecommunications services in which
25 computer processing applications are used to act on the form, content,
26 code or protocol of the information or data primarily for a purpose other
27 than transmission, conveyance or routing.

28 ~~(eee)~~ (ddd) “International” means a telecommunications service that
29 originates or terminates in the United States and terminates or originates
30 outside the United States, respectively. United States includes the Dis-
31 trict of Columbia or a U.S. territory or possession.

32 ~~(fff)~~ (eee) “Interstate” means a telecommunications service that orig-
33 inates in one United States state, or a United States territory or posses-
34 sion, and terminates in a different United States state or a United States
35 territory or possession.

36 ~~(ggg)~~ (fff) “Intrastate” means a telecommunications service that orig-
37 inates in one United States state or a United States territory or possession,
38 and terminates in the same United States state or a United States territory
39 or possession.

40 Sec. 5. K.S.A. 2009 Supp. 79-3603 is hereby amended to read as
41 follows: 79-3603. *Unless specifically made exempt from the tax imposed*
42 *by this act*, for the privilege of engaging in the business of selling tangible
43 personal property at retail in this state or rendering or furnishing any of

1 ~~the services taxable under this act~~ *whether specifically provided for in*
2 *this section or otherwise*, there is hereby levied and there shall be col-
3 lected and paid a tax at the rate of 5.3%. Within a redevelopment district
4 established pursuant to K.S.A. 74-8921, and amendments thereto, there
5 is hereby levied and there shall be collected and paid an additional tax at
6 the rate of 2% until the earlier of the date the bonds issued to finance or
7 refinance the redevelopment project have been paid in full or the final
8 scheduled maturity of the first series of bonds issued to finance any part
9 of the project upon:

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

12 (b) the gross receipts from intrastate, interstate or international tel-
13 ecommunications services and any ancillary services sourced to this state
14 in accordance with K.S.A. 2009 Supp. 79-3673, and amendments thereto;
15 ~~except that telecommunications service does not include: (1) Any inter-~~
16 ~~state or international 800 or 900 service; (2) any interstate or international~~
17 ~~private communications service as defined in K.S.A. 2000 Supp. 79-3673;~~
18 ~~and amendments thereto; (3) any value-added nonvoice data service; (4)~~
19 ~~any telecommunication service to a provider of telecommunication serv-~~
20 ~~ices which will be used to render telecommunications services; including~~
21 ~~carrier access services; or (5) any service or transaction defined in this~~
22 ~~section among entities classified as members of an affiliated group as~~
23 ~~provided by section 1504 of the federal internal revenue code of 1986, as~~
24 ~~in effect on January 1, 2001;~~

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

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

- 1 (e) the gross receipts from the sale of admissions to any place pro-
2 viding amusement, entertainment or recreation services including admis-
3 sions to state, county, district and local fairs, ~~but such tax shall not be~~
4 ~~levied and collected upon the gross receipts received from sales of ad-~~
5 ~~missions to any cultural and historical event which occurs triennially;~~
- 6 (f) the gross receipts from the operation of any coin-operated device
7 dispensing or providing tangible personal property, amusement or other
8 services ~~except laundry services, whether automatic or manually operated;~~
- 9 (g) the gross receipts from the service of renting of rooms by hotels,
10 as defined by K.S.A. 36-501, and amendments thereto, or by accommo-
11 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto
12 ~~but such tax shall not be levied and collected upon the gross receipts~~
13 ~~received from sales of such service to the federal government and any~~
14 ~~agency, officer or employee thereof in association with the performance~~
15 ~~of official government duties;~~
- 16 (h) the gross receipts from the service of renting or leasing of tangible
17 personal property ~~except such tax shall not apply to the renting or leasing~~
18 ~~of machinery, equipment or other personal property owned by a city and~~
19 ~~purchased from the proceeds of industrial revenue bonds issued prior to~~
20 ~~July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through~~
21 ~~12-1749, and amendments thereto, and any city or lessee renting or leas-~~
22 ~~ing such machinery, equipment or other personal property purchased~~
23 ~~with the proceeds of such bonds who shall have paid a tax under the~~
24 ~~provisions of this section upon sales made prior to July 1, 1973, shall be~~
25 ~~entitled to a refund from the sales tax refund fund of all taxes paid~~
26 ~~thereon;~~
- 27 (i) the gross receipts from the rendering of dry cleaning, pressing,
28 dyeing and laundry services ~~except laundry services rendered through a~~
29 ~~coin-operated device whether automatic or manually operated;~~
- 30 (j) the gross receipts from the rendering of the services of washing
31 and washing and waxing of vehicles;
- 32 (k) the gross receipts from cable, community antennae and other sub-
33 scriber radio and television services;
- 34 (l) (1) except as otherwise provided by paragraph (2), the gross re-
35 cepts received from the sales of tangible personal property to all con-
36 tractors, subcontractors or repairmen for use by them in erecting struc-
37 tures, or building on, or otherwise improving, altering, or repairing real
38 or personal property.
- 39 (2) Any such contractor, subcontractor or repairman who maintains
40 an inventory of such property both for sale at retail and for use by them
41 for the purposes described by paragraph (1) shall be deemed a retailer
42 with respect to purchases for and sales from such inventory, except that
43 the gross receipts received from any such sale, other than a sale at retail,

1 shall be equal to the total purchase price paid for such property and the
2 tax imposed thereon shall be paid by the deemed retailer;

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

17 (n) the gross receipts received from dues charged by public and pri-
18 vate clubs, drinking establishments, organizations and businesses, pay-
19 ment of which entitles a member to the use of facilities for recreation or
20 entertainment, ~~but such tax shall not be levied and collected upon the~~
21 ~~gross receipts received from: (1) Dues charged by any organization ex-~~
22 ~~empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of~~
23 ~~K.S.A. 79-201, and amendments thereto; and (2) sales of memberships~~
24 ~~in a nonprofit organization which is exempt from federal income taxation~~
25 ~~pursuant to section 501 (c)(3) of the federal internal revenue code of~~
26 ~~1986, and whose purpose is to support the operation of a nonprofit zoo;~~

27 (o) the gross receipts received from the isolated or occasional sale of
28 motor vehicles or trailers ~~but not including: (1) The transfer of motor~~
29 ~~vehicles or trailers by a person to a corporation or limited liability com-~~
30 ~~pany solely in exchange for stock securities or membership interest in~~
31 ~~such corporation or limited liability company; or (2) the transfer of motor~~
32 ~~vehicles or trailers by one corporation or limited liability company to~~
33 ~~another when all of the assets of such corporation or limited liability~~
34 ~~company are transferred to such other corporation or limited liability~~
35 ~~company; or (3) the sale of motor vehicles or trailers which are subject~~
36 ~~to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and~~
37 ~~amendments thereto, by an immediate family member to another im-~~
38 ~~mediate family member. For the purposes of clause (3), immediate family~~
39 ~~member means lineal ascendants or descendants, and their spouses. Any~~
40 amount of sales tax paid pursuant to the Kansas retailers sales tax act on
41 the isolated or occasional sale of motor vehicles or trailers on and after
42 July 1, 2004, which the base for computing the tax was the value pursuant
43 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments

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

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

30 ~~—For the purposes of this subsection:~~

31 ~~—(1) “Original construction” shall mean the first or initial construction~~
32 ~~of a new building or facility. The term “original construction” shall include~~
33 ~~the addition of an entire room or floor to any existing building or facility,~~
34 ~~the completion of any unfinished portion of any existing building or fa-~~
35 ~~ility and the restoration, reconstruction or replacement of a building,~~
36 ~~facility or utility structure damaged or destroyed by fire, flood, tornado,~~
37 ~~lightning, explosion, windstorm, ice loading and attendant winds, terror-~~
38 ~~ism or earthquake, but such term, except with regard to a residence, shall~~
39 ~~not include replacement, remodeling, restoration, renovation or recon-~~
40 ~~struction under any other circumstances;~~

41 ~~—(2) “building” shall mean only those enclosures within which individ-~~
42 ~~uals customarily are employed, or which are customarily used to house~~
43 ~~machinery, equipment or other property, and including the land improve-~~

1 ~~ments immediately surrounding such building;~~
2 ~~—(3) “facility” shall mean a mill, plant, refinery, oil or gas well, water~~
3 ~~well, feedlot or any conveyance, transmission or distribution line of any~~
4 ~~cooperative, nonprofit, membership corporation organized under or sub-~~
5 ~~ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,~~
6 ~~or municipal or quasi-municipal corporation, including the land improve-~~
7 ~~ments immediately surrounding such facility;~~
8 ~~—(4) “residence” shall mean only those enclosures within which indi-~~
9 ~~viduals customarily live;~~
10 ~~—(5) “utility structure” shall mean transmission and distribution lines~~
11 ~~owned by an independent transmission company or cooperative, the Kan-~~
12 ~~sas electric transmission authority or natural gas or electric public utility;~~
13 ~~and~~
14 ~~—(6) “windstorm” shall mean straight line winds of at least 80 miles~~
15 ~~per hour as determined by a recognized meteorological reporting agency~~
16 ~~or organization;~~
17 (q) the gross receipts received for the service of repairing, servicing,
18 altering or maintaining tangible personal property which when such serv-
19 ices are rendered is not being held for sale in the regular course of busi-
20 ness, and whether or not any tangible personal property is transferred in
21 connection therewith. The tax imposed by this subsection shall be appli-
22 cable to the services of repairing, servicing, altering or maintaining an
23 item of tangible personal property which has been and is fastened to,
24 connected with or built into real property;
25 (r) the gross receipts from fees or charges made under service or
26 maintenance agreement contracts for services, charges for the providing
27 of which are taxable under the provisions of subsection (p) or (q);
28 (s) on and after January 1, 2005, the gross receipts received from the
29 sale of prewritten computer software and the sale of the services of mod-
30 ifying, altering, updating or maintaining prewritten computer software,
31 whether the prewritten computer software is installed or delivered elec-
32 tronically by tangible storage media physically transferred to the pur-
33 chaser or by load and leave;
34 (t) the gross receipts received for telephone answering services;
35 (u) the gross receipts received from the sale of prepaid calling service
36 and prepaid wireless calling service as defined in K.S.A. 2009 Supp. 79-
37 3673, and amendments thereto; and
38 (v) the gross receipts received from the sales of bingo cards, bingo
39 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,
40 and amendments thereto; ~~shall be taxed at a rate of: (1) 4.0% on July 1,~~
41 ~~2000, and before July 1, 2001, and (2) 2.5% on July 1, 2001, and before~~
42 ~~July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo~~
43 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,~~

1 ~~and amendments thereto, shall be exempt from taxes imposed pursuant~~
2 ~~to this section.~~

3 Sec. 6. K.S.A. 2009 Supp. 79-3606 is hereby amended to read as
4 follows: 79-3606. The following shall be exempt from the tax imposed by
5 this act:

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

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

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

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

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

1 ~~contracting entity may apply to the secretary of revenue for agent status~~
2 ~~for the sole purpose of issuing and furnishing project exemption certifi-~~
3 ~~ates to contractors pursuant to rules and regulations adopted by the~~
4 ~~secretary establishing conditions and standards for the granting and main-~~
5 ~~taining of such status. All invoices shall be held by the contractor for a~~
6 ~~period of five years and shall be subject to audit by the director of taxation.~~
7 ~~If any materials purchased under such a certificate are found not to have~~
8 ~~been incorporated in the building or other project or not to have been~~
9 ~~returned for credit or the sales or compensating tax otherwise imposed~~
10 ~~upon such materials which will not be so incorporated in the building or~~
11 ~~other project reported and paid by such contractor to the director of~~
12 ~~taxation not later than the 20th day of the month following the close of~~
13 ~~the month in which it shall be determined that such materials will not be~~
14 ~~used for the purpose for which such certificate was issued, the political~~
15 ~~subdivision, district described in subsection (s), hospital or public hospital~~
16 ~~authority, school, educational institution or the contractor contracting~~
17 ~~with the department of corrections for a correctional institution con-~~
18 ~~cerned shall be liable for tax on all materials purchased for the project,~~
19 ~~and upon payment thereof it may recover the same from the contractor~~
20 ~~together with reasonable attorney fees. Any contractor or any agent, em-~~
21 ~~ployee or subcontractor thereof, who shall use or otherwise dispose of~~
22 ~~any materials purchased under such a certificate for any purpose other~~
23 ~~than that for which such a certificate is issued without the payment of~~
24 ~~the sales or compensating tax otherwise imposed upon such materials,~~
25 ~~shall be guilty of a misdemeanor and, upon conviction therefor, shall be~~
26 ~~subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,~~
27 ~~and amendments thereto;~~
28 ~~—(c)—all sales of tangible personal property or services purchased by a~~
29 ~~contractor for the erection, repair or enlargement of buildings or other~~
30 ~~projects for the government of the United States, its agencies or instru-~~
31 ~~mentalities, which would be exempt from taxation if purchased directly~~
32 ~~by the government of the United States, its agencies or instrumentalities.~~
33 ~~When the government of the United States, its agencies or instrumen-~~
34 ~~talities shall contract for the erection, repair, or enlargement of any build-~~
35 ~~ing or other project, it shall obtain from the state and furnish to the~~
36 ~~contractor an exemption certificate for the project involved, and the con-~~
37 ~~tractor may purchase materials for incorporation in such project. The~~
38 ~~contractor shall furnish the number of such certificates to all suppliers~~
39 ~~from whom such purchases are made, and such suppliers shall execute~~
40 ~~invoices covering the same bearing the number of such certificate. Upon~~
41 ~~completion of the project the contractor shall furnish to the government~~
42 ~~of the United States, its agencies or instrumentalities concerned a sworn~~
43 ~~statement, on a form to be provided by the director of taxation, that all~~

1 purchases so made were entitled to exemption under this subsection. As
2 an alternative to the foregoing procedure, any such contracting entity may
3 apply to the secretary of revenue for agent status for the sole purpose of
4 issuing and furnishing project exemption certificates to contractors pur-
5 suant to rules and regulations adopted by the secretary establishing con-
6 ditions and standards for the granting and maintaining of such status. All
7 invoices shall be held by the contractor for a period of five years and shall
8 be subject to audit by the director of taxation. Any contractor or any agent,
9 employee or subcontractor thereof, who shall use or otherwise dispose of
10 any materials purchased under such a certificate for any purpose other
11 than that for which such a certificate is issued without the payment of
12 the sales or compensating tax otherwise imposed upon such materials,
13 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
14 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615
15 and amendments thereto;

16 ~~—(f)—tangible personal property purchased by a railroad or public utility~~
17 ~~for consumption or movement directly and immediately in interstate~~
18 ~~commerce;~~

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

28 ~~—(h)—all rentals of nonsectarian textbooks by public or private elemen-~~
29 ~~tary or secondary schools;~~

30 ~~—(i)—the lease or rental of all films, records, tapes, or any type of sound~~
31 ~~or picture transcriptions used by motion picture exhibitors;~~

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

37 ~~—(k)—any motor vehicle, semitrailer or pole trailer, as such terms are~~
38 ~~defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and~~
39 ~~delivered in this state to a bona fide resident of another state, which motor~~
40 ~~vehicle, semitrailer, pole trailer or aircraft is not to be registered or based~~
41 ~~in this state and which vehicle, semitrailer, pole trailer or aircraft will not~~
42 ~~remain in this state more than 10 days;~~

43 ~~—(l)—all isolated or occasional sales of tangible personal property, serv-~~

1 ~~ices, substances or things, except isolated or occasional sale of motor~~
2 ~~vehicles specifically taxed under the provisions of subsection (o) of K.S.A.~~
3 ~~79-3603 and amendments thereto;~~
4 ~~—(m) all sales of tangible personal property which become an ingre-~~
5 ~~redient or component part of tangible personal property or services pro-~~
6 ~~duced, manufactured or compounded for ultimate sale at retail within or~~
7 ~~without the state of Kansas; and any such producer, manufacturer or~~
8 ~~compounder may obtain from the director of taxation and furnish to the~~
9 ~~supplier an exemption certificate number for tangible personal property~~
10 ~~for use as an ingredient or component part of the property or services~~
11 ~~produced, manufactured or compounded;~~
12 ~~—(n) all sales of tangible personal property which is consumed in the~~
13 ~~production, manufacture, processing, mining, drilling, refining or com-~~
14 ~~pounding of tangible personal property, the treating of by-products or~~
15 ~~wastes derived from any such production process, the providing of serv-~~
16 ~~ices or the irrigation of crops for ultimate sale at retail within or without~~
17 ~~the state of Kansas; and any purchaser of such property may obtain from~~
18 ~~the director of taxation and furnish to the supplier an exemption certifi-~~
19 ~~cate number for tangible personal property for consumption in such pro-~~
20 ~~duction, manufacture, processing, mining, drilling, refining, compound-~~
21 ~~ing, treating, irrigation and in providing such services;~~
22 ~~—(o) all sales of animals, fowl and aquatic plants and animals, the pri-~~
23 ~~mary purpose of which is use in agriculture or aquaculture, as defined in~~
24 ~~K.S.A. 47-1901, and amendments thereto, the production of food for~~
25 ~~human consumption, the production of animal, dairy, poultry or aquatic~~
26 ~~plant and animal products, fiber or fur, or the production of offspring for~~
27 ~~use for any such purpose or purposes;~~
28 ~~—(p) all sales of drugs dispensed pursuant to a prescription order by a~~
29 ~~licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-~~
30 ~~1626, and amendments thereto. As used in this subsection, “drug” means~~
31 ~~a compound, substance or preparation and any component of a com-~~
32 ~~pound, substance or preparation, other than food and food ingredients,~~
33 ~~dietary supplements or alcoholic beverages, recognized in the official~~
34 ~~United States pharmacopocia, official homeopathic pharmacopocia of the~~
35 ~~United States or official national formulary, and supplement to any of~~
36 ~~them, intended for use in the diagnosis, cure, mitigation, treatment or~~
37 ~~prevention of disease or intended to affect the structure or any function~~
38 ~~of the body;~~
39 ~~—(q) all sales of insulin dispensed by a person licensed by the state~~
40 ~~board of pharmacy to a person for treatment of diabetes at the direction~~
41 ~~of a person licensed to practice medicine by the board of healing arts;~~
42 ~~—(r) all sales of oxygen delivery equipment, kidney dialysis equipment,~~
43 ~~enteral feeding systems, prosthetic devices and mobility enhancing equip-~~

1 ment prescribed in writing by a person licensed to practice the healing
2 arts, dentistry or optometry, and in addition to such sales, all sales of
3 hearing aids, as defined by subsection (c) of K.S.A. 74-5807, and amend-
4 ments thereto, and repair and replacement parts therefor, including bat-
5 teries, by a person licensed in the practice of dispensing and fitting hear-
6 ing aids pursuant to the provisions of K.S.A. 74-5808, and amendments
7 thereto. For the purposes of this subsection: (1) “Mobility enhancing
8 equipment” means equipment including repair and replacement parts to
9 same, but does not include durable medical equipment, which is primarily
10 and customarily used to provide or increase the ability to move from one
11 place to another and which is appropriate for use either in a home or a
12 motor vehicle; is not generally used by persons with normal mobility; and
13 does not include any motor vehicle or equipment on a motor vehicle
14 normally provided by a motor vehicle manufacturer; and (2) “prosthetic
15 device” means a replacement, corrective or supportive device including
16 repair and replacement parts for same worn on or in the body to artificially
17 replace a missing portion of the body, prevent or correct physical deform-
18 ity or malfunction or support a weak or deformed portion of the body;
19 ~~—(s)—~~except as provided in K.S.A. 2009 Supp. 82a-2101, and amend-
20 ments thereto, all sales of tangible personal property or services pur-
21 chased directly or indirectly by a groundwater management district or-
22 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and
23 amendments thereto, by a rural water district organized or operating un-
24 der the authority of K.S.A. 82a-612, and amendments thereto, or by a
25 water supply district organized or operating under the authority of K.S.A.
26 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto;
27 which property or services are used in the construction activities, opera-
28 tion or maintenance of the district;
29 ~~—(t)—~~all sales of farm machinery and equipment or aquaculture ma-
30 chinery and equipment, repair and replacement parts therefor and serv-
31 ices performed in the repair and maintenance of such machinery and
32 equipment. For the purposes of this subsection the term “farm machinery
33 and equipment or aquaculture machinery and equipment” shall include
34 a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
35 thereto, and is equipped with a bed or cargo box for hauling materials;
36 and shall also include machinery and equipment used in the operation of
37 Christmas tree farming but shall not include any passenger vehicle, truck,
38 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer,
39 as such terms are defined by K.S.A. 8-126 and amendments thereto.
40 “Farm machinery and equipment” includes precision farming equipment
41 that is portable or is installed or purchased to be installed on farm ma-
42 chinery and equipment. “Precision farming equipment” includes the fol-
43 lowing items used only in computer-assisted farming, ranching or aqua-

1 ~~culture production operations: Soil testing sensors, yield monitors,~~
2 ~~computers, monitors, software, global positioning and mapping systems,~~
3 ~~guiding systems, modems, data communications equipment and any nec-~~
4 ~~essary mounting hardware, wiring and antennas. Each purchaser of farm~~
5 ~~machinery and equipment or aquaculture machinery and equipment ex-~~
6 ~~empted herein must certify in writing on the copy of the invoice or sales~~
7 ~~ticket to be retained by the seller that the farm machinery and equipment~~
8 ~~or aquaculture machinery and equipment purchased will be used only in~~
9 ~~farming, ranching or aquaculture production. Farming or ranching shall~~
10 ~~include the operation of a feedlot and farm and ranch work for hire and~~
11 ~~the operation of a nursery;~~
12 ~~—(u)—all leases or rentals of tangible personal property used as a dwell-~~
13 ~~ing if such tangible personal property is leased or rented for a period of~~
14 ~~more than 28 consecutive days;~~
15 ~~—(v)—all sales of tangible personal property to any contractor for use in~~
16 ~~preparing meals for delivery to homebound elderly persons over 60 years~~
17 ~~of age and to homebound disabled persons or to be served at a group-~~
18 ~~sitting at a location outside of the home to otherwise homebound elderly~~
19 ~~persons over 60 years of age and to otherwise homebound disabled per-~~
20 ~~sons, as all or part of any food service project funded in whole or in part~~
21 ~~by government or as part of a private nonprofit food service project avail-~~
22 ~~able to all such elderly or disabled persons residing within an area of~~
23 ~~service designated by the private nonprofit organization, and all sales of~~
24 ~~tangible personal property for use in preparing meals for consumption by~~
25 ~~indigent or homeless individuals whether or not such meals are consumed~~
26 ~~at a place designated for such purpose, and all sales of food products by~~
27 ~~or on behalf of any such contractor or organization for any such purpose;~~
28 ~~—(w)—all sales of natural gas, electricity, heat and water delivered~~
29 ~~through mains, lines or pipes: (1) To residential premises for nonecom-~~
30 ~~mercial use by the occupant of such premises; (2) for agricultural use and~~
31 ~~also, for such use, all sales of propane gas; (3) for use in the severing of~~
32 ~~oil; and (4) to any property which is exempt from property taxation pur-~~
33 ~~suant to K.S.A. 79-201b *Second* through *Sixth*. As used in this paragraph,~~
34 ~~“severing” shall have the meaning ascribed thereto by subsection (k) of~~
35 ~~K.S.A. 79-4216, and amendments thereto. For all sales of natural gas,~~
36 ~~electricity and heat delivered through mains, lines or pipes pursuant to~~
37 ~~the provisions of subsection (w)(1) and (w)(2), the provisions of this sub-~~
38 ~~section shall expire on December 31, 2005;~~
39 ~~—(x)—all sales of propane gas, LP-gas, coal, wood and other fuel sources~~
40 ~~for the production of heat or lighting for noncommercial use of an oc-~~
41 ~~cupant of residential premises occurring prior to January 1, 2006;~~
42 ~~—(y)—all sales of materials and services used in the repairing, servicing,~~
43 ~~altering, maintaining, manufacturing, remanufacturing, or modification of~~

1 ~~railroad rolling stock for use in interstate or foreign commerce under~~
2 ~~authority of the laws of the United States;~~
3 ~~—(z) all sales of tangible personal property and services purchased di-~~
4 ~~rectly by a port authority or by a contractor therefor as provided by the~~
5 ~~provisions of K.S.A. 12-3418 and amendments thereto;~~
6 ~~—(aa) all sales of materials and services applied to equipment which is~~
7 ~~transported into the state from without the state for repair, service, al-~~
8 ~~teration, maintenance, remanufacture or modification and which is sub-~~
9 ~~sequently transported outside the state for use in the transmission of~~
10 ~~liquids or natural gas by means of pipeline in interstate or foreign com-~~
11 ~~merce under authority of the laws of the United States;~~
12 ~~—(bb) all sales of used mobile homes or manufactured homes. As used~~
13 ~~in this subsection: (1) “Mobile homes” and “manufactured homes” shall~~
14 ~~have the meanings ascribed thereto by K.S.A. 58-4202 and amendments~~
15 ~~thereto; and (2) “sales of used mobile homes or manufactured homes”~~
16 ~~means sales other than the original retail sale thereof;~~
17 ~~—(cc) all sales of tangible personal property or services purchased for~~
18 ~~the purpose of and in conjunction with constructing, reconstructing, en-~~
19 ~~larging or remodeling a business or retail business which meets the~~
20 ~~requirements established in K.S.A. 74-50,115 and amendments thereto;~~
21 ~~and the sale and installation of machinery and equipment purchased for~~
22 ~~installation at any such business or retail business. When a person shall~~
23 ~~contract for the construction, reconstruction, enlargement or remodeling~~
24 ~~of any such business or retail business, such person shall obtain from the~~
25 ~~state and furnish to the contractor an exemption certificate for the project~~
26 ~~involved, and the contractor may purchase materials, machinery and~~
27 ~~equipment for incorporation in such project. The contractor shall furnish~~
28 ~~the number of such certificates to all suppliers from whom such purchases~~
29 ~~are made, and such suppliers shall execute invoices covering the same~~
30 ~~bearing the number of such certificate. Upon completion of the project~~
31 ~~the contractor shall furnish to the owner of the business or retail business~~
32 ~~a sworn statement, on a form to be provided by the director of taxation,~~
33 ~~that all purchases so made were entitled to exemption under this subsec-~~
34 ~~tion. All invoices shall be held by the contractor for a period of five years~~
35 ~~and shall be subject to audit by the director of taxation. Any contractor~~
36 ~~or any agent, employee or subcontractor thereof, who shall use or oth-~~
37 ~~erwise dispose of any materials, machinery or equipment purchased un-~~
38 ~~der such a certificate for any purpose other than that for which such a~~
39 ~~certificate is issued without the payment of the sales or compensating tax~~
40 ~~otherwise imposed thereon, shall be guilty of a misdemeanor and, upon~~
41 ~~conviction therefor, shall be subject to the penalties provided for in sub-~~
42 ~~section (g) of K.S.A. 79-3615 and amendments thereto. As used in this~~
43 ~~subsection, “business” and “retail business” have the meanings respec-~~

1 tively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;
2 ~~—(dd)—all sales of tangible personal property purchased with food~~
3 ~~stamps issued by the United States department of agriculture;~~
4 ~~—(cc)—all sales of lottery tickets and shares made as part of a lottery~~
5 ~~operated by the state of Kansas;~~
6 ~~—(ff)—on and after July 1, 1988, all sales of new mobile homes or man-~~
7 ~~ufactured homes to the extent of 40% of the gross receipts, determined~~
8 ~~without regard to any trade-in allowance, received from such sale. As used~~
9 ~~in this subsection, “mobile homes” and “manufactured homes” shall have~~
10 ~~the meanings ascribed thereto by K.S.A. 58-4202 and amendments~~
11 ~~thereto;~~
12 ~~—(gg)—all sales of tangible personal property purchased in accordance~~
13 ~~with vouchers issued pursuant to the federal special supplemental food~~
14 ~~program for women, infants and children;~~
15 ~~—(hh)—all sales of medical supplies and equipment, including durable~~
16 ~~medical equipment, purchased directly by a nonprofit skilled nursing~~
17 ~~home or nonprofit intermediate nursing care home, as defined by K.S.A.~~
18 ~~39-923, and amendments thereto, for the purpose of providing medical~~
19 ~~services to residents thereof. This exemption shall not apply to tangible~~
20 ~~personal property customarily used for human habitation purposes. As~~
21 ~~used in this subsection, “durable medical equipment” means equipment~~
22 ~~including repair and replacement parts for such equipment, which can~~
23 ~~withstand repeated use, is primarily and customarily used to serve a med-~~
24 ~~ical purpose, generally is not useful to a person in the absence of illness~~
25 ~~or injury and is not worn in or on the body, but does not include mobility~~
26 ~~enhancing equipment as defined in subsection (r), oxygen delivery equip-~~
27 ~~ment, kidney dialysis equipment or enteral feeding systems;~~
28 ~~—(ii)—all sales of tangible personal property purchased directly by a non-~~
29 ~~profit organization for nonsectarian comprehensive multidiscipline youth~~
30 ~~development programs and activities provided or sponsored by such or-~~
31 ~~ganization, and all sales of tangible personal property by or on behalf of~~
32 ~~any such organization. This exemption shall not apply to tangible personal~~
33 ~~property customarily used for human habitation purposes;~~
34 ~~—(jj)—all sales of tangible personal property or services, including the~~
35 ~~renting and leasing of tangible personal property, purchased directly on~~
36 ~~behalf of a community-based mental retardation facility or mental health~~
37 ~~center organized pursuant to K.S.A. 19-4001 et seq., and amendments~~
38 ~~thereto, and licensed in accordance with the provisions of K.S.A. 75-~~
39 ~~3307b and amendments thereto and all sales of tangible personal property~~
40 ~~or services purchased by contractors during the time period from July,~~
41 ~~2003, through June, 2006, for the purpose of constructing, equipping,~~
42 ~~maintaining or furnishing a new facility for a community-based mental~~
43 ~~retardation facility or mental health center located in Riverton, Cherokee~~

1 County, Kansas, which would have been eligible for sales tax exemption
2 pursuant to this subsection if purchased directly by such facility or center.
3 This exemption shall not apply to tangible personal property customarily
4 used for human habitation purposes;
5 ~~—(1) (A) all sales of machinery and equipment which are used in~~
6 ~~this state as an integral or essential part of an integrated production op-~~
7 ~~eration by a manufacturing or processing plant or facility;~~
8 ~~—(B) all sales of installation, repair and maintenance services per-~~
9 ~~formed on such machinery and equipment; and~~
10 ~~—(C) all sales of repair and replacement parts and accessories pur-~~
11 ~~chased for such machinery and equipment.~~
12 ~~—(2) For purposes of this subsection:~~
13 ~~—(A) “Integrated production operation” means an integrated series of~~
14 ~~operations engaged in at a manufacturing or processing plant or facility~~
15 ~~to process, transform or convert tangible personal property by physical,~~
16 ~~chemical or other means into a different form, composition or character~~
17 ~~from that in which it originally existed. Integrated production operations~~
18 ~~shall include: (i) Production line operations, including packaging opera-~~
19 ~~tions, (ii) preproduction operations to handle, store and treat raw mate-~~
20 ~~rials, (iii) post production handling, storage, warehousing and distribution~~
21 ~~operations; and (iv) waste, pollution and environmental control opera-~~
22 ~~tions, if any;~~
23 ~~—(B) “production line” means the assemblage of machinery and equip-~~
24 ~~ment at a manufacturing or processing plant or facility where the actual~~
25 ~~transformation or processing of tangible personal property occurs;~~
26 ~~—(C) “manufacturing or processing plant or facility” means a single,~~
27 ~~fixed location owned or controlled by a manufacturing or processing busi-~~
28 ~~ness that consists of one or more structures or buildings in a contiguous~~
29 ~~area where integrated production operations are conducted to manufac-~~
30 ~~ture or process tangible personal property to be ultimately sold at retail.~~
31 ~~Such term shall not include any facility primarily operated for the purpose~~
32 ~~of conveying or assisting in the conveyance of natural gas, electricity, oil~~
33 ~~or water. A business may operate one or more manufacturing or proces-~~
34 ~~sing plants or facilities at different locations to manufacture or process~~
35 ~~a single product of tangible personal property to be ultimately sold at~~
36 ~~retail;~~
37 ~~—(D) “manufacturing or processing business” means a business that~~
38 ~~utilizes an integrated production operation to manufacture, process, fab-~~
39 ~~ricate, finish, or assemble items for wholesale and retail distribution as~~
40 ~~part of what is commonly regarded by the general public as an industrial~~
41 ~~manufacturing or processing operation or an agricultural commodity~~
42 ~~processing operation. (i) Industrial manufacturing or processing opera-~~
43 ~~tions include, by way of illustration but not of limitation, the fabrication~~

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

1 final product that occurs at the plant or facility;
2 ~~—(C) to act upon, effect, promote or otherwise facilitate a physical~~
3 ~~change to the property undergoing manufacturing or processing;~~
4 ~~—(D) to guide, control or direct the movement of property undergoing~~
5 ~~manufacturing or processing;~~
6 ~~—(E) to test or measure raw materials, the property undergoing man-~~
7 ~~ufacturing or processing or the finished product, as a necessary part of~~
8 ~~the manufacturer's integrated production operations;~~
9 ~~—(F) to plan, manage, control or record the receipt and flow of inven-~~
10 ~~tories of raw materials, consumables and component parts, the flow of~~
11 ~~the property undergoing manufacturing or processing and the manage-~~
12 ~~ment of inventories of the finished product;~~
13 ~~—(G) to produce energy for, lubricate, control the operating of or oth-~~
14 ~~erwise enable the functioning of other production machinery and equip-~~
15 ~~ment and the continuation of production operations;~~
16 ~~—(H) to package the property being manufactured or processed in a~~
17 ~~container or wrapping in which such property is normally sold or~~
18 ~~transported;~~
19 ~~—(I) to transmit or transport electricity, coke, gas, water, steam or sim-~~
20 ~~ilar substances used in production operations from the point of genera-~~
21 ~~tion, if produced by the manufacturer or processor at the plant site, to~~
22 ~~that manufacturer's production operation; or, if purchased or delivered~~
23 ~~from offsite, from the point where the substance enters the site of the~~
24 ~~plant or facility to that manufacturer's production operations;~~
25 ~~—(J) to cool, heat, filter, refine or otherwise treat water, steam, acid,~~
26 ~~oil, solvents or other substances that are used in production operations;~~
27 ~~—(K) to provide and control an environment required to maintain cer-~~
28 ~~tain levels of air quality, humidity or temperature in special and limited~~
29 ~~areas of the plant or facility, where such regulation of temperature or~~
30 ~~humidity is part of and essential to the production process;~~
31 ~~—(L) to treat, transport or store waste or other byproducts of produc-~~
32 ~~tion operations at the plant or facility; or~~
33 ~~—(M) to control pollution at the plant or facility where the pollution is~~
34 ~~produced by the manufacturing or processing operation.~~
35 ~~—(4) The following machinery, equipment and materials shall be~~
36 ~~deemed to be exempt even though it may not otherwise qualify as ma-~~
37 ~~chinery and equipment used as an integral or essential part of an inte-~~
38 ~~grated production operation: (A) Computers and related peripheral~~
39 ~~equipment that are utilized by a manufacturing or processing business~~
40 ~~for engineering of the finished product or for research and development~~
41 ~~or product design; (B) machinery and equipment that is utilized by a~~
42 ~~manufacturing or processing business to manufacture or rebuild tangible~~
43 ~~personal property that is used in manufacturing or processing operations;~~

1 including tools, dies, molds, forms and other parts of qualifying machinery
2 and equipment, (C) portable plants for aggregate concrete, bulk cement
3 and asphalt including cement mixing drums to be attached to a motor
4 vehicle; (D) industrial fixtures, devices, support facilities and special foun-
5 dations necessary for manufacturing and production operations, and ma-
6 terials and other tangible personal property sold for the purpose of fab-
7 ricating such fixtures, devices, facilities and foundations. An exemption
8 certificate for such purchases shall be signed by the manufacturer or
9 processor. If the fabricator purchases such material, the fabricator shall
10 also sign the exemption certificate, and (E) a manufacturing or processing
11 business' laboratory equipment that is not located at the plant or facility,
12 but that would otherwise qualify for exemption under subsection (3)(E).
13 ~~—(5) “Machinery and equipment used as an integral or essential part
14 of an integrated production operation” shall not include:~~
15 ~~—(A) Machinery and equipment used for nonproduction purposes, in-
16 cluding, but not limited to, machinery and equipment used for plant se-
17 curity, fire prevention, first aid, accounting, administration, record keep-
18 ing, advertising, marketing, sales or other related activities, plant cleaning,
19 plant communications, and employee work scheduling;~~
20 ~~—(B) machinery, equipment and tools used primarily in maintaining
21 and repairing any type of machinery and equipment or the building and
22 plant;~~
23 ~~—(C) transportation, transmission and distribution equipment not pri-
24 marily used in a production, warehousing or material handling operation
25 at the plant or facility, including the means of conveyance of natural gas,
26 electricity, oil or water, and equipment related thereto, located outside
27 the plant or facility;~~
28 ~~—(D) office machines and equipment including computers and related
29 peripheral equipment not used directly and primarily to control or mea-
30 sure the manufacturing process;~~
31 ~~—(E) furniture and other furnishings;~~
32 ~~—(F) buildings, other than exempt machinery and equipment that is
33 permanently affixed to or becomes a physical part of the building, and
34 any other part of real estate that is not otherwise exempt;~~
35 ~~—(G) building fixtures that are not integral to the manufacturing op-
36 eration, such as utility systems for heating, ventilation, air conditioning,
37 communications, plumbing or electrical;~~
38 ~~—(H) machinery and equipment used for general plant heating, cooling
39 and lighting;~~
40 ~~—(I) motor vehicles that are registered for operation on public high-
41 ways; or~~
42 ~~—(J) employee apparel, except safety and protective apparel that is pur-
43 chased by an employer and furnished gratuitously to employees who are~~

- 1 involved in production or research activities.
- 2 ~~—(6)—Subsections (3) and (5) shall not be construed as exclusive listings~~
3 ~~of the machinery and equipment that qualify or do not qualify as an~~
4 ~~integral or essential part of an integrated production operation. When~~
5 ~~machinery or equipment is used as an integral or essential part of pro-~~
6 ~~duction operations part of the time and for nonproduction purpose at~~
7 ~~other times, the primary use of the machinery or equipment shall deter-~~
8 ~~mine whether or not such machinery or equipment qualifies for~~
9 ~~exemption.~~
- 10 ~~—(7)—The secretary of revenue shall adopt rules and regulations nec-~~
11 ~~essary to administer the provisions of this subsection;~~
- 12 ~~—(ll)—all sales of educational materials purchased for distribution to the~~
13 ~~public at no charge by a nonprofit corporation organized for the purpose~~
14 ~~of encouraging, fostering and conducting programs for the improvement~~
15 ~~of public health;~~
- 16 ~~—(mm)—all sales of seeds and tree seedlings, fertilizers, insecticides,~~
17 ~~herbicides, germicides, pesticides and fungicides, and services, purchased~~
18 ~~and used for the purpose of producing plants in order to prevent soil~~
19 ~~erosion on land devoted to agricultural use;~~
- 20 ~~—(nn)—except as otherwise provided in this act, all sales of services ren-~~
21 ~~dered by an advertising agency or licensed broadcast station or any mem-~~
22 ~~ber, agent or employee thereof;~~
- 23 ~~—(oo)—all sales of tangible personal property purchased by a community~~
24 ~~action group or agency for the exclusive purpose of repairing or weath-~~
25 ~~erizing housing occupied by low income individuals;~~
- 26 ~~—(pp)—all sales of drill bits and explosives actually utilized in the explo-~~
27 ~~ration and production of oil or gas;~~
- 28 ~~—(qq)—all sales of tangible personal property and services purchased by~~
29 ~~a nonprofit museum or historical society or any combination thereof, in-~~
30 ~~cluding a nonprofit organization which is organized for the purpose of~~
31 ~~stimulating public interest in the exploration of space by providing edu-~~
32 ~~cational information, exhibits and experiences, which is exempt from fed-~~
33 ~~eral income taxation pursuant to section 501(c)(3) of the federal internal~~
34 ~~revenue code of 1986;~~
- 35 ~~—(rr)—all sales of tangible personal property which will admit the pur-~~
36 ~~chaser thereof to any annual event sponsored by a nonprofit organization~~
37 ~~which is exempt from federal income taxation pursuant to section~~
38 ~~501(c)(3) of the federal internal revenue code of 1986;~~
- 39 ~~—(ss)—all sales of tangible personal property and services purchased by~~
40 ~~a public broadcasting station licensed by the federal communications~~
41 ~~commission as a noncommercial educational television or radio station;~~
- 42 ~~—(tt)—all sales of tangible personal property and services purchased by~~
43 ~~or on behalf of a not-for-profit corporation which is exempt from federal~~

1 ~~income taxation pursuant to section 501(c)(3) of the federal internal revenue~~
2 ~~code of 1986, for the sole purpose of constructing a Kansas Korean~~
3 ~~War memorial;~~
4 ~~—(uu)—all sales of tangible personal property and services purchased by~~
5 ~~or on behalf of any rural volunteer fire-fighting organization for use ex-~~
6 ~~clusively in the performance of its duties and functions;~~
7 ~~—(vv)—all sales of tangible personal property purchased by any of the~~
8 ~~following organizations which are exempt from federal income taxation~~
9 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986,~~
10 ~~for the following purposes, and all sales of any such property by or on~~
11 ~~behalf of any such organization for any such purpose:~~
12 ~~—(1)—The American Heart Association, Kansas Affiliate, Inc. for the~~
13 ~~purposes of providing education, training, certification in emergency car-~~
14 ~~diac care, research and other related services to reduce disability and~~
15 ~~death from cardiovascular diseases and stroke;~~
16 ~~—(2)—the Kansas Alliance for the Mentally Ill, Inc. for the purpose of~~
17 ~~advocacy for persons with mental illness and to education, research and~~
18 ~~support for their families;~~
19 ~~—(3)—the Kansas Mental Illness Awareness Council for the purposes of~~
20 ~~advocacy for persons who are mentally ill and to education, research and~~
21 ~~support for them and their families;~~
22 ~~—(4)—the American Diabetes Association Kansas Affiliate, Inc. for the~~
23 ~~purpose of eliminating diabetes through medical research, public edu-~~
24 ~~cation focusing on disease prevention and education, patient education~~
25 ~~including information on coping with diabetes, and professional education~~
26 ~~and training;~~
27 ~~—(5)—the American Lung Association of Kansas, Inc. for the purpose of~~
28 ~~eliminating all lung diseases through medical research, public education~~
29 ~~including information on coping with lung diseases, professional educa-~~
30 ~~tion and training related to lung disease and other related services to~~
31 ~~reduce the incidence of disability and death due to lung disease;~~
32 ~~—(6)—the Kansas chapters of the Alzheimer’s Disease and Related Dis-~~
33 ~~orders Association, Inc. for the purpose of providing assistance and sup-~~
34 ~~port to persons in Kansas with Alzheimer’s disease, and their families and~~
35 ~~caregivers;~~
36 ~~—(7)—the Kansas chapters of the Parkinson’s disease association for the~~
37 ~~purpose of eliminating Parkinson’s disease through medical research and~~
38 ~~public and professional education related to such disease;~~
39 ~~—(8)—the National Kidney Foundation of Kansas and Western Missouri~~
40 ~~for the purpose of eliminating kidney disease through medical research~~
41 ~~and public and private education related to such disease;~~
42 ~~—(9)—the heartstrings community foundation for the purpose of provid-~~
43 ~~ing training, employment and activities for adults with developmental~~

- 1 disabilities;
- 2 ~~—(10)—the Cystic Fibrosis Foundation, Heart of America Chapter, for~~
- 3 ~~the purposes of assuring the development of the means to cure and con-~~
- 4 ~~trol cystic fibrosis and improving the quality of life for those with the~~
- 5 ~~disease;~~
- 6 ~~—(11)—the spina bifida association of Kansas for the purpose of provid-~~
- 7 ~~ing financial, educational and practical aid to families and individuals with~~
- 8 ~~spina bifida. Such aid includes, but is not limited to, funding for medical~~
- 9 ~~devices, counseling and medical educational opportunities;~~
- 10 ~~—(12)—the CHWC, Inc., for the purpose of rebuilding urban core neigh-~~
- 11 ~~borhoods through the construction of new homes, acquiring and reno-~~
- 12 ~~vating existing homes and other related activities, and promoting eco-~~
- 13 ~~nomie development in such neighborhoods;~~
- 14 ~~—(13)—the cross-lines cooperative council for the purpose of providing~~
- 15 ~~social services to low income individuals and families;~~
- 16 ~~—(14)—the Dreams Work, Inc., for the purpose of providing young adult~~
- 17 ~~day services to individuals with developmental disabilities and assisting~~
- 18 ~~families in avoiding institutional or nursing home care for a developmen-~~
- 19 ~~tally disabled member of their family;~~
- 20 ~~—(15)—the KSDS, Inc., for the purpose of promoting the independence~~
- 21 ~~and inclusion of people with disabilities as fully participating and contrib-~~
- 22 ~~uting members of their communities and society through the training and~~
- 23 ~~providing of guide and service dogs to people with disabilities, and pro-~~
- 24 ~~viding disability education and awareness to the general public;~~
- 25 ~~—(16)—the lyme association of greater Kansas City, Inc., for the purpose~~
- 26 ~~of providing support to persons with lyme disease and public education~~
- 27 ~~relating to the prevention, treatment and cure of lyme disease;~~
- 28 ~~—(17)—the Dream Factory, Inc., for the purpose of granting the dreams~~
- 29 ~~of children with critical and chronic illnesses;~~
- 30 ~~—(18)—the Ottawa Suzuki Strings, Inc., for the purpose of providing~~
- 31 ~~students and families with education and resources necessary to enable~~
- 32 ~~each child to develop fine character and musical ability to the fullest~~
- 33 ~~potential;~~
- 34 ~~—(19)—the International Association of Lions Clubs for the purpose of~~
- 35 ~~creating and fostering a spirit of understanding among all people for hu-~~
- 36 ~~manitarian needs by providing voluntary services through community in-~~
- 37 ~~volvement and international cooperation;~~
- 38 ~~—(20)—the Johnson county young matrons, inc., for the purpose of pro-~~
- 39 ~~moting a positive future for members of the community through volun-~~
- 40 ~~teerism, financial support and education through the efforts of an all~~
- 41 ~~volunteer organization;~~
- 42 ~~—(21)—the American Cancer Society, Inc., for the purpose of eliminat-~~
- 43 ~~ing cancer as a major health problem by preventing cancer, saving lives~~

1 and diminishing suffering from cancer, through research, education, ad-
2 vocacy and service;
3 ~~—(22) the community services of Shawnee, inc., for the purpose of~~
4 ~~providing food and clothing to those in need;~~
5 ~~—(23) the angel babies association, for the purpose of providing assis-~~
6 ~~tance, support and items of necessity to teenage mothers and their babies;~~
7 ~~and~~
8 ~~—(24) the Kansas fairgrounds foundation for the purpose of the pres-~~
9 ~~ervation, renovation and beautification of the Kansas state fairgrounds;~~
10 ~~—(ww) all sales of tangible personal property purchased by the Habitat~~
11 ~~for Humanity for the exclusive use of being incorporated within a housing~~
12 ~~project constructed by such organization;~~
13 ~~—(xx) all sales of tangible personal property and services purchased by~~
14 ~~a nonprofit zoo which is exempt from federal income taxation pursuant~~
15 ~~to section 501(c)(3) of the federal internal revenue code of 1986, or on~~
16 ~~behalf of such zoo by an entity itself exempt from federal income taxation~~
17 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986~~
18 ~~contracted with to operate such zoo and all sales of tangible personal~~
19 ~~property or services purchased by a contractor for the purpose of con-~~
20 ~~structing, equipping, reconstructing, maintaining, repairing, enlarging,~~
21 ~~furnishing or remodeling facilities for any nonprofit zoo which would be~~
22 ~~exempt from taxation under the provisions of this section if purchased~~
23 ~~directly by such nonprofit zoo or the entity operating such zoo. Nothing~~
24 ~~in this subsection shall be deemed to exempt the purchase of any con-~~
25 ~~struction machinery, equipment or tools used in the constructing, equip-~~
26 ~~ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-~~
27 ~~modeling facilities for any nonprofit zoo. When any nonprofit zoo shall~~
28 ~~contract for the purpose of constructing, equipping, reconstructing, main-~~
29 ~~taining, repairing, enlarging, furnishing or remodeling facilities, it shall~~
30 ~~obtain from the state and furnish to the contractor an exemption certifi-~~
31 ~~cate for the project involved, and the contractor may purchase materials~~
32 ~~for incorporation in such project. The contractor shall furnish the number~~
33 ~~of such certificate to all suppliers from whom such purchases are made,~~
34 ~~and such suppliers shall execute invoices covering the same bearing the~~
35 ~~number of such certificate. Upon completion of the project the contractor~~
36 ~~shall furnish to the nonprofit zoo concerned a sworn statement, on a form~~
37 ~~to be provided by the director of taxation, that all purchases so made were~~
38 ~~entitled to exemption under this subsection. All invoices shall be held by~~
39 ~~the contractor for a period of five years and shall be subject to audit by~~
40 ~~the director of taxation. If any materials purchased under such a certifi-~~
41 ~~cate are found not to have been incorporated in the building or other~~
42 ~~project or not to have been returned for credit or the sales or compen-~~
43 ~~sating tax otherwise imposed upon such materials which will not be so~~

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

15 ~~—(yy) all sales of tangible personal property and services purchased by~~
16 ~~a parent teacher association or organization, and all sales of tangible per-~~
17 ~~sonal property by or on behalf of such association or organization;~~

18 ~~—(zz) all sales of machinery and equipment purchased by over-the-air,~~
19 ~~free access radio or television station which is used directly and primarily~~
20 ~~for the purpose of producing a broadcast signal or is such that the failure~~
21 ~~of the machinery or equipment to operate would cause broadcasting to~~
22 ~~cease. For purposes of this subsection, machinery and equipment shall~~
23 ~~include, but not be limited to, that required by rules and regulations of~~
24 ~~the federal communications commission, and all sales of electricity which~~
25 ~~are essential or necessary for the purpose of producing a broadcast signal~~
26 ~~or is such that the failure of the electricity would cause broadcasting to~~
27 ~~cease;~~

28 ~~—(aaa) all sales of tangible personal property and services purchased~~
29 ~~by a religious organization which is exempt from federal income taxation~~
30 ~~pursuant to section 501(c)(3) of the federal internal revenue code, and~~
31 ~~used exclusively for religious purposes, and all sales of tangible personal~~
32 ~~property or services purchased by a contractor for the purpose of con-~~
33 ~~structing, equipping, reconstructing, maintaining, repairing, enlarging,~~
34 ~~furnishing or remodeling facilities for any such organization which would~~
35 ~~be exempt from taxation under the provisions of this section if purchased~~
36 ~~directly by such organization. Nothing in this subsection shall be deemed~~
37 ~~to exempt the purchase of any construction machinery, equipment or~~
38 ~~tools used in the constructing, equipping, reconstructing, maintaining,~~
39 ~~repairing, enlarging, furnishing or remodeling facilities for any such or-~~
40 ~~ganization. When any such organization shall contract for the purpose of~~
41 ~~constructing, equipping, reconstructing, maintaining, repairing, enlarg-~~
42 ~~ing, furnishing or remodeling facilities, it shall obtain from the state and~~
43 ~~furnish to the contractor an exemption certificate for the project involved,~~

1 and the contractor may purchase materials for incorporation in such pro-
2 ject. The contractor shall furnish the number of such certificate to all
3 suppliers from whom such purchases are made, and such suppliers shall
4 execute invoices covering the same bearing the number of such certifi-
5 cate. Upon completion of the project the contractor shall furnish to such
6 organization concerned a sworn statement, on a form to be provided by
7 the director of taxation, that all purchases so made were entitled to ex-
8 emption under this subsection. All invoices shall be held by the contractor
9 for a period of five years and shall be subject to audit by the director of
10 taxation. If any materials purchased under such a certificate are found
11 not to have been incorporated in the building or other project or not to
12 have been returned for credit or the sales or compensating tax otherwise
13 imposed upon such materials which will not be so incorporated in the
14 building or other project reported and paid by such contractor to the
15 director of taxation not later than the 20th day of the month following
16 the close of the month in which it shall be determined that such materials
17 will not be used for the purpose for which such certificate was issued,
18 such organization concerned shall be liable for tax on all materials pur-
19 chased for the project, and upon payment thereof it may recover the same
20 from the contractor together with reasonable attorney fees. Any contrac-
21 tor or any agent, employee or subcontractor thereof, who shall use or
22 otherwise dispose of any materials purchased under such a certificate for
23 any purpose other than that for which such a certificate is issued without
24 the payment of the sales or compensating tax otherwise imposed upon
25 such materials, shall be guilty of a misdemeanor and, upon conviction
26 therefor, shall be subject to the penalties provided for in subsection (g)
27 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after
28 July 1, 1998, but prior to the effective date of this act upon the gross
29 receipts received from any sale exempted by the amendatory provisions
30 of this subsection shall be refunded. Each claim for a sales tax refund
31 shall be verified and submitted to the director of taxation upon forms
32 furnished by the director and shall be accompanied by any additional
33 documentation required by the director. The director shall review each
34 claim and shall refund that amount of sales tax paid as determined under
35 the provisions of this subsection. All refunds shall be paid from the sales
36 tax refund fund upon warrants of the director of accounts and reports
37 pursuant to vouchers approved by the director or the director's designee;
38 ~~—(bbb)—all sales of food for human consumption by an organization~~
39 ~~which is exempt from federal income taxation pursuant to section~~
40 ~~501(c)(3) of the federal internal revenue code of 1986, pursuant to a food~~
41 ~~distribution program which offers such food at a price below cost in~~
42 ~~exchange for the performance of community service by the purchaser~~
43 ~~thereof;~~

1 ~~—(ccc)—~~ on and after July 1, 1999, all sales of tangible personal property
2 and services purchased by a primary care clinic or health center the pri-
3 mary purpose of which is to provide services to medically underserved
4 individuals and families, and which is exempt from federal income taxa-
5 tion pursuant to section 501(c)(3) of the federal internal revenue code,
6 and all sales of tangible personal property or services purchased by a
7 contractor for the purpose of constructing, equipping, reconstructing,
8 maintaining, repairing, enlarging, furnishing or remodeling facilities for
9 any such clinic or center which would be exempt from taxation under the
10 provisions of this section if purchased directly by such clinic or center.
11 Nothing in this subsection shall be deemed to exempt the purchase of
12 any construction machinery, equipment or tools used in the constructing,
13 equipping, reconstructing, maintaining, repairing, enlarging, furnishing
14 or remodeling facilities for any such clinic or center. When any such clinic
15 or center shall contract for the purpose of constructing, equipping, re-
16 constructing, maintaining, repairing, enlarging, furnishing or remodeling
17 facilities, it shall obtain from the state and furnish to the contractor an
18 exemption certificate for the project involved, and the contractor may
19 purchase materials for incorporation in such project. The contractor shall
20 furnish the number of such certificate to all suppliers from whom such
21 purchases are made, and such suppliers shall execute invoices covering
22 the same bearing the number of such certificate. Upon completion of the
23 project the contractor shall furnish to such clinic or center concerned a
24 sworn statement, on a form to be provided by the director of taxation,
25 that all purchases so made were entitled to exemption under this subsec-
26 tion. All invoices shall be held by the contractor for a period of five years
27 and shall be subject to audit by the director of taxation. If any materials
28 purchased under such a certificate are found not to have been incorpo-
29 rated in the building or other project or not to have been returned for
30 credit or the sales or compensating tax otherwise imposed upon such
31 materials which will not be so incorporated in the building or other pro-
32 ject reported and paid by such contractor to the director of taxation not
33 later than the 20th day of the month following the close of the month in
34 which it shall be determined that such materials will not be used for the
35 purpose for which such certificate was issued, such clinic or center con-
36 cerned shall be liable for tax on all materials purchased for the project,
37 and upon payment thereof it may recover the same from the contractor
38 together with reasonable attorney fees. Any contractor or any agent, em-
39 ployee or subcontractor thereof, who shall use or otherwise dispose of
40 any materials purchased under such a certificate for any purpose other
41 than that for which such a certificate is issued without the payment of
42 the sales or compensating tax otherwise imposed upon such materials,
43 shall be guilty of a misdemeanor and, upon conviction therefor, shall be

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

3 ~~—(ddd)—on and after January 1, 1999, and before January 1, 2000, all~~
4 ~~sales of materials and services purchased by any class II or III railroad as~~
5 ~~classified by the federal surface transportation board for the construction,~~
6 ~~renovation, repair or replacement of class II or III railroad track and~~
7 ~~facilities used directly in interstate commerce. In the event any such track~~
8 ~~or facility for which materials and services were purchased sales tax ex-~~
9 ~~empt is not operational for five years succeeding the allowance of such~~
10 ~~exemption, the total amount of sales tax which would have been payable~~
11 ~~except for the operation of this subsection shall be recouped in accord-~~
12 ~~ance with rules and regulations adopted for such purpose by the secretary~~
13 ~~of revenue;~~

14 ~~—(ccc)—on and after January 1, 1999, and before January 1, 2001, all~~
15 ~~sales of materials and services purchased for the original construction,~~
16 ~~reconstruction, repair or replacement of grain storage facilities, including~~
17 ~~railroad sidings providing access thereto;~~

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

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

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

42 ~~—(iii)—all sales of personal property and services purchased by an or-~~
43 ~~ganization which is exempt from federal income taxation pursuant to sec-~~

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

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

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

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

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

1 behalf of such organization for such purpose;
2 ~~—(nmn)—all sales of tangible personal property and services purchased~~
3 ~~by the West Sedgwick County-Sunrise Rotary Club and Sunrise Char-~~
4 ~~itable Fund for the purpose of constructing a boundless playground which~~
5 ~~is an integrated, barrier free and developmentally advantageous play en-~~
6 ~~vironment for children of all abilities and disabilities;~~
7 ~~—(ooo)—all sales of tangible personal property by or on behalf of a public~~
8 ~~library serving the general public and supported in whole or in part with~~
9 ~~tax money or a not-for-profit organization whose purpose is to raise funds~~
10 ~~for or provide services or other benefits to any such public library;~~
11 ~~—(ppp)—all sales of tangible personal property and services purchased~~
12 ~~by or on behalf of a homeless shelter which is exempt from federal income~~
13 ~~taxation pursuant to section 501(c)(3) of the federal income tax code of~~
14 ~~1986, and used by any such homeless shelter to provide emergency and~~
15 ~~transitional housing for individuals and families experiencing homeles-~~
16 ~~ness, and all sales of any such property by or on behalf of any such home-~~
17 ~~less shelter for any such purpose;~~
18 ~~—(qqq)—all sales of tangible personal property and services purchased~~
19 ~~by TLC for children and families, inc., hereinafter referred to as TLC,~~
20 ~~which is exempt from federal income taxation pursuant to section~~
21 ~~501(c)(3) of the federal internal revenue code of 1986, and which such~~
22 ~~property and services are used for the purpose of providing emergency~~
23 ~~shelter and treatment for abused and neglected children as well as meet-~~
24 ~~ing additional critical needs for children, juveniles and family, and all sales~~
25 ~~of any such property by or on behalf of TLC for any such purpose; and~~
26 ~~all sales of tangible personal property or services purchased by a contrac-~~
27 ~~tor for the purpose of constructing, maintaining, repairing, enlarging, fur-~~
28 ~~nishing or remodeling facilities for the operation of services for TLC for~~
29 ~~any such purpose which would be exempt from taxation under the pro-~~
30 ~~visions of this section if purchased directly by TLC. Nothing in this sub-~~
31 ~~section shall be deemed to exempt the purchase of any construction ma-~~
32 ~~chinery, equipment or tools used in the constructing, maintaining,~~
33 ~~repairing, enlarging, furnishing or remodeling such facilities for TLC.~~
34 ~~When TLC contracts for the purpose of constructing, maintaining, re-~~
35 ~~pairing, enlarging, furnishing or remodeling such facilities, it shall obtain~~
36 ~~from the state and furnish to the contractor an exemption certificate for~~
37 ~~the project involved, and the contractor may purchase materials for in-~~
38 ~~corporation in such project. The contractor shall furnish the number of~~
39 ~~such certificate to all suppliers from whom such purchases are made, and~~
40 ~~such suppliers shall execute invoices covering the same bearing the num-~~
41 ~~ber of such certificate. Upon completion of the project the contractor~~
42 ~~shall furnish to TLC a sworn statement, on a form to be provided by the~~
43 ~~director of taxation, that all purchases so made were entitled to exemption~~

1 ~~under this subsection. All invoices shall be held by the contractor for a~~
2 ~~period of five years and shall be subject to audit by the director of taxation.~~
3 ~~If any materials purchased under such a certificate are found not to have~~
4 ~~been incorporated in the building or other project or not to have been~~
5 ~~returned for credit or the sales or compensating tax otherwise imposed~~
6 ~~upon such materials which will not be so incorporated in the building or~~
7 ~~other project reported and paid by such contractor to the director of~~
8 ~~taxation not later than the 20th day of the month following the close of~~
9 ~~the month in which it shall be determined that such materials will not be~~
10 ~~used for the purpose for which such certificate was issued, TLC 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;~~
21 ~~—(rrr)—all sales of tangible personal property and services purchased by~~
22 ~~any county law library maintained pursuant to law and sales of tangible~~
23 ~~personal property and services purchased by an organization which would~~
24 ~~have been exempt from taxation under the provisions of this subsection~~
25 ~~if purchased directly by the county law library for the purpose of providing~~
26 ~~legal resources to attorneys, judges, students and the general public, and~~
27 ~~all sales of any such property by or on behalf of any such county law~~
28 ~~library;~~
29 ~~—(sss)—all sales of tangible personal property and services purchased by~~
30 ~~eatholic charities or youthville, hereinafter referred to as charitable family~~
31 ~~providers, which is exempt from federal income taxation pursuant to sec-~~
32 ~~tion 501(c)(3) of the federal internal revenue code of 1986, and which~~
33 ~~such property and services are used for the purpose of providing emer-~~
34 ~~gency shelter and treatment for abused and neglected children as well as~~
35 ~~meeting additional critical needs for children, juveniles and family, and~~
36 ~~all sales of any such property by or on behalf of charitable family providers~~
37 ~~for any such purpose; and all sales of tangible personal property or serv-~~
38 ~~ices purchased by a contractor for the purpose of constructing, maintain-~~
39 ~~ing, repairing, enlarging, furnishing or remodeling facilities for the op-~~
40 ~~eration of services for charitable family providers for any such purpose~~
41 ~~which would be exempt from taxation under the provisions of this section~~
42 ~~if purchased directly by charitable family providers. Nothing in this sub-~~
43 ~~section shall be deemed to exempt the purchase of any construction ma-~~

1 ~~achinery, equipment or tools used in the constructing, maintaining, re-~~
2 ~~pairing, enlarging, furnishing or remodeling such facilities for charitable~~
3 ~~family providers. When charitable family providers contracts for the pur-~~
4 ~~pose of constructing, maintaining, repairing, enlarging, furnishing or re-~~
5 ~~modeling such 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 charitable family~~
12 ~~providers a sworn statement, on a form to be provided by the director of~~
13 ~~taxation, that all purchases so made were entitled to exemption under~~
14 ~~this subsection. All invoices shall be held by the contractor for a period~~
15 ~~of five years and shall be subject to audit by the director of taxation. If~~
16 ~~any materials purchased under such a certificate are found not to have~~
17 ~~been incorporated in the building or other project or not to have been~~
18 ~~returned for credit or the sales or compensating tax otherwise imposed~~
19 ~~upon such materials which will not be so incorporated in the building or~~
20 ~~other project reported and paid by such contractor to the director of~~
21 ~~taxation not later than the 20th day of the month following the close of~~
22 ~~the month in which it shall be determined that such materials will not be~~
23 ~~used for the purpose for which such certificate was issued, charitable~~
24 ~~family providers shall be liable for tax on all materials purchased for the~~
25 ~~project, and upon payment thereof it may recover the same from the~~
26 ~~contractor together with reasonable attorney fees. Any contractor or any~~
27 ~~agent, employee or subcontractor thereof, who shall use or otherwise~~
28 ~~dispose of any materials purchased under such a certificate for any pur-~~
29 ~~pose other than that for which such a certificate is issued without the~~
30 ~~payment of the sales or compensating tax otherwise imposed upon such~~
31 ~~materials, shall be guilty of a misdemeanor and, upon conviction therefor,~~
32 ~~shall be subject to the penalties provided for in subsection (g) of K.S.A.~~
33 ~~79-3615, and amendments thereto;~~
34 ~~—(ttt)—all sales of tangible personal property or services purchased by~~
35 ~~a contractor for a project for the purpose of restoring, constructing, equip-~~
36 ~~ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-~~
37 ~~modeling a home or facility owned by a nonprofit museum which has~~
38 ~~been granted an exemption pursuant to subsection (qq), which such home~~
39 ~~or facility is located in a city which has been designated as a qualified~~
40 ~~hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and~~
41 ~~amendments thereto, and which such project is related to the purposes~~
42 ~~of K.S.A. 75-5071 et seq., and amendments thereto, and which would be~~
43 ~~exempt from taxation under the provisions of this section if purchased~~

1 directly by such nonprofit museum. Nothing in this subsection shall be
2 deemed to exempt the purchase of any construction machinery, equip-
3 ment or tools used in the restoring, constructing, equipping, reconstruct-
4 ing, maintaining, repairing, enlarging, furnishing or remodeling a home
5 or facility for any such nonprofit museum. When any such nonprofit mu-
6 seum shall contract for the purpose of restoring, constructing, equipping,
7 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-
8 ing a home or facility, 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 such nonprofit
15 museum a sworn statement on a form to be provided by the director of
16 taxation that all purchases so made were entitled to exemption under this
17 subsection. All invoices shall be held by the contractor for a period of five
18 years and shall be subject to audit by the director of taxation. If any
19 materials purchased under such a certificate are found not to have been
20 incorporated in the building or other project or not to have been returned
21 for credit or the sales or compensating tax otherwise imposed upon such
22 materials which will not be so incorporated in a home or facility or other
23 project reported and paid by such contractor to the director of taxation
24 not later than the 20th day of the month following the close of the month
25 in which it shall be determined that such materials will not be used for
26 the purpose for which such certificate was issued, such nonprofit museum
27 shall be liable for tax on all materials purchased for the project, and upon
28 payment thereof it may recover the same from the contractor together
29 with reasonable attorney fees. Any contractor or any agent, employee or
30 subcontractor thereof, who shall use or otherwise dispose of any materials
31 purchased under such a certificate for any purpose other than that for
32 which such a certificate is issued without the payment of the sales or
33 compensating tax otherwise imposed upon such materials, shall be guilty
34 of a misdemeanor and, upon conviction therefor, shall be subject to the
35 penalties provided for in subsection (g) of K.S.A. 79-3615, and amend-
36 ments thereto;

37 —(uuu)—all sales of tangible personal property and services purchased
38 by Kansas children's service league, hereinafter referred to as KCSL,
39 which is exempt from federal income taxation pursuant to section
40 501(c)(3) of the federal internal revenue code of 1986, and which such
41 property and services are used for the purpose of providing for the pre-
42 vention and treatment of child abuse and maltreatment as well as meeting
43 additional critical needs for children, juveniles and family, and all sales of

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

1 ~~ter~~nal revenue code, for the purpose of providing Jazz in the Woods, an
2 event benefiting children-in-need and other nonprofit charities assisting
3 such children, and all sales of any such property by or on behalf of such
4 organization for such purpose;
5 ~~—(www)—~~all sales of tangible personal property purchased by or on be-
6 half of the Frontenac Education Foundation, which is exempt from fed-
7 eral income taxation pursuant to section 501(c)(3) of the federal internal
8 revenue code, for the purpose of providing education support for stu-
9 dents, and all sales of any such property by or on behalf of such organi-
10 zation for such purpose;
11 ~~—(xxx)—~~all sales of personal property and services purchased by the
12 booth theatre foundation, inc., an organization which is exempt from fed-
13 eral income taxation pursuant to section 501(c)(3) of the federal internal
14 revenue code of 1986, and which such personal property and services are
15 used by any such organization in the constructing, equipping, recon-
16 structing, maintaining, repairing, enlarging, furnishing or remodeling of
17 the booth theatre, and all sales of tangible personal property or services
18 purchased by a contractor for the purpose of constructing, equipping,
19 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-
20 ing the booth theatre for such organization, which would be exempt from
21 taxation under the provisions of this section if purchased directly by such
22 organization. Nothing in this subsection shall be deemed to exempt the
23 purchase of any construction machinery, equipment or tools used in the
24 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
25 ing, furnishing or remodeling facilities for any such organization. When
26 any such organization shall contract for the purpose of constructing,
27 equipping, reconstructing, maintaining, repairing, enlarging, furnishing
28 or remodeling facilities, it shall obtain from the state and furnish to the
29 contractor an exemption certificate for the project involved, and the con-
30 tractor may purchase materials for incorporation in such project. The
31 contractor shall furnish the number of such certificate to all suppliers
32 from whom such purchases are made, and such suppliers shall execute
33 invoices covering the same bearing the number of such certificate. Upon
34 completion of the project the contractor shall furnish to such organization
35 concerned a sworn statement, on a form to be provided by the director
36 of taxation, that all purchases so made were entitled to exemption under
37 this subsection. All invoices shall be held by the contractor for a period
38 of five years and shall be subject to audit by the director of taxation. If
39 any materials purchased under such a certificate are found not to have
40 been incorporated in such facilities or not to have been returned for credit
41 or the sales or compensating tax otherwise imposed upon such materials
42 which will not be so incorporated in such facilities reported and paid by
43 such contractor to the director of taxation not later than the 20th day of

1 the month following the close of the month in which it shall be deter-
2 mined that such materials will not be used for the purpose for which such
3 certificate was issued, such organization concerned shall be liable for tax
4 on all materials purchased for the project, and upon payment thereof it
5 may recover the same from the contractor together with reasonable at-
6 torney fees. Any contractor or any agent, employee or subcontractor
7 thereof, who shall use or otherwise dispose of any materials purchased
8 under such a certificate for any purpose other than that for which such a
9 certificate is issued without the payment of the sales or compensating tax
10 otherwise imposed upon such materials, shall be guilty of a misdemeanor
11 and, upon conviction therefor, shall be subject to the penalties provided
12 for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales
13 tax paid on and after January 1, 2007, but prior to the effective date of
14 this act upon the gross receipts received from any sale which would have
15 been exempted by the provisions of this subsection had such sale occurred
16 after the effective date of this act shall be refunded. Each claim for a
17 sales tax refund shall be verified and submitted to the director of taxation
18 upon forms furnished by the director and shall be accompanied by any
19 additional documentation required by the director. The director shall
20 review each claim and shall refund that amount of sales tax paid as de-
21 termined under the provisions of this subsection. All refunds shall be paid
22 from the sales tax refund fund upon warrants of the director of accounts
23 and reports pursuant to vouchers approved by the director or the direc-
24 tor's designee;

25 ~~—(yyy) all sales of tangible personal property and services purchased~~
26 ~~by TLC charities foundation, inc., hereinafter referred to as TLC chari-~~
27 ~~ties, which is exempt from federal income taxation pursuant to section~~
28 ~~501(c)(3) of the federal internal revenue code of 1986, and which such~~
29 ~~property and services are used for the purpose of encouraging private~~
30 ~~philanthropy to further the vision, values, and goals of TLC for children~~
31 ~~and families, inc., and all sales of such property and services by or on~~
32 ~~behalf of TLC charities for any such purpose and all sales of tangible~~
33 ~~personal property or services purchased by a contractor for the purpose~~
34 ~~of constructing, maintaining, repairing, enlarging, furnishing or remodel-~~
35 ~~ing facilities for the operation of services for TLC charities for any such~~
36 ~~purpose which would be exempt from taxation under the provisions of~~
37 ~~this section if purchased directly by TLC charities. Nothing in this sub-~~
38 ~~section shall be deemed to exempt the purchase of any construction ma-~~
39 ~~chinery, equipment or tools used in the constructing, maintaining, re-~~
40 ~~pairing, enlarging, furnishing or remodeling such facilities for TLC~~
41 ~~charities. When TLC charities contracts for the purpose of constructing,~~
42 ~~maintaining, repairing, enlarging, furnishing or remodeling such facilities,~~
43 ~~it shall obtain from the state and furnish to the contractor an exemption~~

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

28 ~~—(zzz)—all sales of tangible personal property purchased by the rotary~~
29 ~~club of shawnee foundation which is exempt from federal income taxation~~
30 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986,~~
31 ~~as amended, used for the purpose of providing contributions to com-~~
32 ~~munity service organizations and scholarships;~~

33 ~~—(aaaa)—all sales of personal property and services purchased by or on~~
34 ~~behalf of victory in the valley, inc., which is exempt from federal income~~
35 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue~~
36 ~~code, for the purpose of providing a cancer support group and services~~
37 ~~for persons with cancer, and all sales of any such property by or on behalf~~
38 ~~of any such organization for any such purpose;~~

39 ~~—(bbbb)—all sales of entry or participation fees, charges or tickets by~~
40 ~~Guadalupe health foundation, which is exempt from federal income tax-~~
41 ~~ation pursuant to section 501(c)(3) of the federal internal revenue code,~~
42 ~~for such organization's annual fundraising event which purpose is to pro-~~
43 ~~vide health care services for uninsured workers;~~

1 ~~—(cccc)—all sales of tangible personal property or services purchased by~~
2 ~~or on behalf of wayside waifs, inc., which is exempt from federal income~~
3 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue~~
4 ~~code, for the purpose of providing such organization's annual fundraiser,~~
5 ~~an event whose purpose is to support the care of homeless and abandoned~~
6 ~~animals, animal adoption efforts, education programs for children and~~
7 ~~efforts to reduce animal over population and animal welfare services, and~~
8 ~~all sales of any such property, including entry or participation fees or~~
9 ~~charges, by or on behalf of such organization for such purpose;~~
10 ~~—(dddd)—all sales of tangible personal property or services purchased~~
11 ~~by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,~~
12 ~~both of which are exempt from federal income taxation pursuant to sec-~~
13 ~~tion 501(c)(3) of the federal internal revenue code, for the purpose of~~
14 ~~providing education, training and employment opportunities for people~~
15 ~~with disabilities and other barriers to employment;~~
16 ~~—(cccc)—all sales of tangible personal property or services purchased by~~
17 ~~or on behalf of All American Beef Battalion, Inc., which is exempt from~~
18 ~~federal income taxation pursuant to section 501(c)(3) of the federal in-~~
19 ~~ternal revenue code, for the purpose of educating, promoting and partic-~~
20 ~~ipating as a contact group through the beef cattle industry in order to~~
21 ~~carry out such projects that provide support and morale to members of~~
22 ~~the United States armed forces and military services; and~~
23 ~~—(ffff)—all sales of tangible personal property and services purchased by~~
24 ~~sheltered living, inc., which is exempt from federal income taxation pur-~~
25 ~~suant to section 501(c)(3) of the federal internal revenue code of 1986,~~
26 ~~and which such property and services are used for the purpose of provid-~~
27 ~~ing residential and day services for people with developmental disabilities~~
28 ~~or mental retardation, or both, and all sales of any such property by or~~
29 ~~on behalf of sheltered living, inc. for any such purpose; and all sales of~~
30 ~~tangible personal property or services purchased by a contractor for the~~
31 ~~purpose of rehabilitating, constructing, maintaining, repairing, enlarging,~~
32 ~~furnishing or remodeling homes and facilities for sheltered living, inc. for~~
33 ~~any such purpose which would be exempt from taxation under the pro-~~
34 ~~visions of this section if purchased directly by sheltered living, inc. Noth-~~
35 ~~ing in this subsection shall be deemed to exempt the purchase of any~~
36 ~~construction machinery, equipment or tools used in the constructing,~~
37 ~~maintaining, repairing, enlarging, furnishing or remodeling such homes~~
38 ~~and facilities for sheltered living, inc. When sheltered living, inc. contracts~~
39 ~~for the purpose of rehabilitating, constructing, maintaining, repairing, en-~~
40 ~~larging, furnishing or remodeling such homes and facilities, it shall obtain~~
41 ~~from the state and furnish to the contractor an exemption certificate for~~
42 ~~the project involved, and the contractor may purchase materials for in-~~
43 ~~corporation in such project. The contractor shall furnish the number of~~

1 such certificate to all suppliers from whom such purchases are made, and
2 such suppliers shall execute invoices covering the same bearing the num-
3 ber of such certificate. Upon completion of the project the contractor
4 shall furnish to sheltered living, inc. a sworn statement, on a form to be
5 provided by the director of taxation, that all purchases so made were
6 entitled to exemption under this subsection. All invoices shall be held by
7 the contractor for a period of five years and shall be subject to audit by
8 the director of taxation. If any materials purchased under such a certifi-
9 cate are found not to have been incorporated in the building or other
10 project or not to have been returned for credit or the sales or compen-
11 sating tax otherwise imposed upon such materials which will not be so
12 incorporated in the building or other project reported and paid by such
13 contractor to the director of taxation not later than the 20th day of the
14 month following the close of the month in which it shall be determined
15 that such materials will not be used for the purpose for which such cer-
16 tificate was issued, sheltered living, inc. shall be liable for tax on all ma-
17 terials purchased for the project, and upon payment thereof it may re-
18 cover the same from the contractor together with reasonable attorney
19 fees. Any contractor or any agent, employee or subcontractor thereof,
20 who shall use or otherwise dispose of any materials purchased under such
21 a certificate for any purpose other than that for which such a certificate
22 is issued without the payment of the sales or compensating tax otherwise
23 imposed upon such materials, shall be guilty of a misdemeanor and, upon
24 conviction therefor, shall be subject to the penalties provided for in sub-
25 section (g) of K.S.A. 79-3615, and amendments thereto *All sales of tan-*
26 *gible personal property, the taxation of which is prohibited by the United*
27 *States constitution or federal law.*

28 Sec. 7. K.S.A. 2009 Supp. 82a-2101 is hereby amended to read as
29 follows: 82a-2101. (a) On and after January 1, 2002, there is hereby im-
30 posed a clean drinking water fee at the rate of \$.03 per 1,000 gallons of
31 water sold at retail by a public water supply system and delivered through
32 mains, lines or pipes. Such fee shall be paid, administered, enforced and
33 collected in the manner provided for the fee imposed by subsection (a)(1)
34 of K.S.A. 82a-954, and amendments thereto. The price to the consumer
35 of water sold at retail by any such system shall not include the amount of
36 such fee.

37 (b) (1) ~~A public water supply system may elect to opt out of the fee~~
38 ~~imposed by this section by notifying, before October 1, 2001, the Kansas~~
39 ~~water office and the department of revenue of the election to opt out.~~
40 ~~Except as provided by subsection (b)(2), such election shall be irrevoca-~~
41 ~~ble. Such public water supply system shall continue to pay all applicable~~
42 ~~sales tax on direct and indirect purchases of tangible personal property~~
43 ~~and services purchased by such system.~~

1 ~~—(2) On and after January 1, 2005, any public water supply system~~
2 ~~which elected to opt out of the fee imposed by subsection (a) may elect~~
3 ~~to collect such fee as provided by subsection (a) and direct and indirect~~
4 ~~purchases of tangible personal property and services by such system shall~~
5 ~~be exempt from sales tax as provided by K.S.A. 79-3606, and amendments~~
6 ~~thereto. Such election shall be irrevocable.~~

7 ~~—(e) (b)~~ The director of taxation shall remit to the state treasurer in
8 accordance with the provisions of K.S.A. 75-4215, and amendments
9 thereto, all moneys received or collected from the fee imposed pursuant
10 to this section. Upon receipt thereof, the state treasurer shall deposit the
11 entire amount in the state treasury and credit it as follows:

12 (1) 5/106 of such amount shall be credited to the state highway fund
13 and the remainder to the state general fund; and

14 (2) on and after July 1, 2007, 5/106 of such amount shall be credited
15 to the state highway fund and the remaining amount shall be credited to
16 the state water plan fund created by K.S.A. 82a-951, and amendments
17 thereto, for use as follows: (A) Not less than 15% shall be used to provide
18 on-site technical assistance for public water supply systems, as defined in
19 K.S.A. 65-162a, and amendments thereto, to aid such systems in con-
20 forming to responsible management practices and complying with regu-
21 lations of the United States environmental protection agency and rules
22 and regulations of the department of health and environment; and (B)
23 the remainder shall be used to renovate and protect lakes which are used
24 directly as a source of water for such public water supply systems, so long
25 as where appropriate, watershed restoration and protection practices are
26 planned or in place.

27 ~~(c)~~ The state conservation commission shall promulgate rules and
28 regulations in coordination with the Kansas water office establishing the
29 project application evaluation criteria for the use of such moneys under
30 subsection ~~(e)~~ (b)(2)(B).

31 Sec. 8. K.S.A. 12-3418, 74-8721 and 79-3606d and K.S.A. 2009 Supp.
32 12-189a, 41-501, 76-784, 79-3602, 79-3603, 79-3606, 79-3606e, 79-3606f
33 and 82a-2101 are hereby repealed.

34 Sec. 9. This act shall take effect and be in force from and after June
35 30, 2011, and its publication in the statute book.