

**SENATE BILL No. 3**

By Senator Thompson

6-3

1 AN ACT concerning taxation; relating to exemptions from sales and  
2 compensating use taxes; enacting the COVID-19 state tax abatement  
3 and relief act; temporary exemption period.  
4

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

6 Section 1. (a) This section shall be known and may be cited as the  
7 COVID-19 state tax abatement and relief (COSTAR) act.

8 (b) The following shall be exempt from the tax imposed by the  
9 Kansas retailers' sales tax act: All sales of tangible personal property and  
10 services during the period beginning at 12:01 a.m. on July 31, 2020, and  
11 ending at 11:59 p.m. on August 6, 2020. The seller or retailer is not  
12 required to obtain an exemption certificate from the purchaser as provided  
13 pursuant to K.S.A. 79-3692, and amendments thereto, during the time  
14 period specified in this subsection. Insofar as practicable, the provisions of  
15 this section shall also have full force and effect with respect to the  
16 compensating use tax imposed under the Kansas compensating tax act.

17 (c) The secretary of revenue shall provide notice of the exemption  
18 period to retailers at least 60 days prior to the first day of the calendar  
19 month in which the exemption period commences or as soon as practicable  
20 after the effective date of this act, if the effective date of this act is less  
21 than 60 days prior to the first day of the calendar month in which the  
22 exemption period commences.

23 (d) The following procedures shall be used in administering the  
24 exemption provided in this section:

25 (1) A sale of eligible property under a layaway sale qualifies for the  
26 exemption if:

27 (A) Final payment on a layaway order is made by and the property is  
28 given to the purchaser during the exemption period; or

29 (B) the purchaser selects the property and the retailer accepts the  
30 order for the item during the exemption period for immediate delivery  
31 upon full payment, even if delivery is made after the exemption period;

32 (2) there shall be no change during the period of exemption for the  
33 handling of a bundled sale as treated for sales tax purposes at times other  
34 than the exemption period;

35 (3) a rain check allows a customer to purchase an item at a certain  
36 price at a later time because the particular item was out of stock. Eligible

1 property that customers purchase during the exemption period with use of  
2 a rain check shall qualify for the exemption regardless of when the rain  
3 check was issued. Issuance of a rain check during the exemption period  
4 shall not qualify eligible property for the exemption if the property is  
5 actually purchased after the exemption period;

6 (4) the procedure for an exchange in regard to an exemption is as  
7 follows:

8 (A) If a customer purchases an item of eligible property during the  
9 exemption period, but later exchanges the item for a similar eligible item,  
10 even if a different size, color or other feature, no additional tax shall be  
11 due even if the exchange is made after the exemption period;

12 (B) if a customer purchases an item of eligible property during the  
13 exemption period, but after the exemption period has ended, the customer  
14 returns the item and receives credit on the purchase of a different item, the  
15 appropriate sales tax shall be due on the sale of the new item; and

16 (C) if a customer purchases an item of eligible property before the  
17 exemption period, but during the exemption period, the customer returns  
18 the item and receives credit on the purchase of a different item of eligible  
19 property, no sales tax shall be due on the sale of the new item if the new  
20 item is purchased during the exemption period;

21 (5) for the purpose of an exemption, eligible property qualifies for the  
22 exemption if:

23 (A) The item is both delivered to and paid for by the customer during  
24 the exemption period; or

25 (B) the customer orders and pays for the item and the seller accepts  
26 the order during the exemption period for immediate shipment, even if  
27 delivery is made after the exemption period. The seller accepts an order  
28 when the seller has taken action to fill the order for immediate shipment.  
29 Actions to fill an order include placement of an "in date" stamp on a mail  
30 order or assignment of an order number to a telephone order. An order is  
31 for immediate shipment when the customer does not request delayed  
32 shipment. An order is for immediate shipment, notwithstanding that the  
33 shipment may be delayed because of a backlog of orders or because stock  
34 is currently unavailable to, or on back order by, the seller;

35 (6) for a 60-day period immediately after the exemption period, when  
36 a customer returns an item that would qualify for the exemption, no credit  
37 for or refund of sales tax shall be given unless the customer provides a  
38 receipt or invoice that shows tax was paid or the seller has sufficient  
39 documentation to show that tax was paid on the specific item. This 60-day  
40 period is set solely for the purpose of designating a time period during  
41 which the customer must provide documentation that shows that sales tax  
42 was paid on returned merchandise. The 60-day period is not intended to  
43 change a seller's policy on the time period during which the seller will

1 accept returns; and

2 (7) the time zone of the seller's location determines the authorized  
3 time period with respect to the exemption of this section when the  
4 purchaser is located in one time zone and a seller is located in another.

5 (e) The provisions of this section shall be a part of and supplemental  
6 to the Kansas retailers' sales tax act.

7 Sec. 2. This act shall take effect and be in force from and after its  
8 publication in the Kansas register.