

SENATE BILL No. 428

By Committee on Ways and Means

2-14

1 AN ACT concerning sales and use taxation; relating to rate on sales of
2 food and food ingredients, exemption; eliminating food sales tax
3 refunds; amending K.S.A. 2011 Supp. 79-3603, 79-3606 and 79-3703
4 and repealing the existing sections; also repealing K.S.A. 79-3632, 79-
5 3634, 79-3636 and 79-3638 and K.S.A. 2011 Supp. 79-3606g, 79-3633,
6 79-3635, 79-3637, 79-3639 and 79-3639a.

7

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

9 Section 1. K.S.A. 2011 Supp. 79-3603 is hereby amended to read as
10 follows: 79-3603. For the privilege of engaging in the business of selling
11 tangible personal property at retail in this state or rendering or furnishing
12 any of the services taxable under this act, there is hereby levied and there
13 shall be collected and paid a tax at the rate of 5.3%, and commencing July
14 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of
15 5.7%. Within a redevelopment district established pursuant to K.S.A. 74-
16 8921, and amendments thereto, there is hereby levied and there shall be
17 collected and paid an additional tax at the rate of 2% until the earlier of the
18 date the bonds issued to finance or refinance the redevelopment project
19 have been paid in full or the final scheduled maturity of the first series of
20 bonds issued to finance any part of the project. *Such tax shall be levied*
21 *upon:*

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

24 (b) the gross receipts from intrastate, interstate or international
25 telecommunications services and any ancillary services sourced to this
26 state in accordance with K.S.A. 2011 Supp. 79-3673, and amendments
27 thereto, except that telecommunications service does not include: (1) Any
28 interstate or international 800 or 900 service; (2) any interstate or
29 international private communications service as defined in K.S.A. 2011
30 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
31 data service; (4) any telecommunication service to a provider of
32 telecommunication services which will be used to render
33 telecommunications services, including carrier access services; or (5) any
34 service or transaction defined in this section among entities classified as
35 members of an affiliated group as provided by section 1504 of the federal
36 internal revenue code of 1986, as in effect on January 1, 2001;

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

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

20 (e) the gross receipts from the sale of admissions to any place
21 providing amusement, entertainment or recreation services including
22 admissions to state, county, district and local fairs, but such tax shall not
23 be levied and collected upon the gross receipts received from sales of
24 admissions to any cultural and historical event which occurs triennially;

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

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

35 (h) the gross receipts from the service of renting or leasing of tangible
36 personal property except such tax shall not apply to the renting or leasing
37 of machinery, equipment or other personal property owned by a city and
38 purchased from the proceeds of industrial revenue bonds issued prior to
39 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
40 12-1749, and amendments thereto, and any city or lessee renting or leasing
41 such machinery, equipment or other personal property purchased with the
42 proceeds of such bonds who shall have paid a tax under the provisions of
43 this section upon sales made prior to July 1, 1973, shall be entitled to a

1 refund from the sales tax refund fund of all taxes paid thereon;

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

5 (j) the gross receipts from the rendering of the services of washing
6 and washing and waxing of vehicles;

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

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

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

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

35 (n) the gross receipts received from dues charged by public and
36 private clubs, drinking establishments, organizations and businesses,
37 payment of which entitles a member to the use of facilities for recreation
38 or entertainment, but such tax shall not be levied and collected upon the
39 gross receipts received from: (1) Dues charged by any organization exempt
40 from property taxation pursuant to paragraphs *Eighth* and *Ninth* of K.S.A.
41 79-201, and amendments thereto; and (2) sales of memberships in a
42 nonprofit organization which is exempt from federal income taxation
43 pursuant to section 501 (c)(3) of the federal internal revenue code of 1986,

1 and whose purpose is to support the operation of a nonprofit zoo;

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

37 (p) the gross receipts received for the service of installing or applying
38 tangible personal property which when installed or applied is not being
39 held for sale in the regular course of business, and whether or not such
40 tangible personal property when installed or applied remains tangible
41 personal property or becomes a part of real estate, except that no tax shall
42 be imposed upon the service of installing or applying tangible personal
43 property in connection with the original construction of a building or

1 facility, the original construction, reconstruction, restoration, remodeling,
2 renovation, repair or replacement of a residence or the construction,
3 reconstruction, restoration, replacement or repair of a bridge or highway.

4 For the purposes of this subsection:

5 (1) "Original construction" shall mean the first or initial construction
6 of a new building or facility. The term "original construction" shall include
7 the addition of an entire room or floor to any existing building or facility,
8 the completion of any unfinished portion of any existing building or
9 facility and the restoration, reconstruction or replacement of a building,
10 facility or utility structure damaged or destroyed by fire, flood, tornado,
11 lightning, explosion, windstorm, ice loading and attendant winds,
12 terrorism or earthquake, but such term, except with regard to a residence,
13 shall not include replacement, remodeling, restoration, renovation or
14 reconstruction under any other circumstances;

15 (2) "building" shall mean only those enclosures within which
16 individuals customarily are employed, or which are customarily used to
17 house machinery, equipment or other property, and including the land
18 improvements immediately surrounding such building;

19 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
20 well, feedlot or any conveyance, transmission or distribution line of any
21 cooperative, nonprofit, membership corporation organized under or subject
22 to the provisions of K.S.A. 17-4601 *et seq.*, and amendments thereto, or
23 municipal or quasi-municipal corporation, including the land
24 improvements immediately surrounding such facility;

25 (4) "residence" shall mean only those enclosures within which
26 individuals customarily live;

27 (5) "utility structure" shall mean transmission and distribution lines
28 owned by an independent transmission company or cooperative, the
29 Kansas electric transmission authority or natural gas or electric public
30 utility; and

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

34 (q) the gross receipts received for the service of repairing, servicing,
35 altering or maintaining tangible personal property which when such
36 services are rendered is not being held for sale in the regular course of
37 business, and whether or not any tangible personal property is transferred
38 in connection therewith. The tax imposed by this subsection shall be
39 applicable to the services of repairing, servicing, altering or maintaining an
40 item of tangible personal property which has been and is fastened to,
41 connected with or built into real property;

42 (r) the gross receipts from fees or charges made under service or
43 maintenance agreement contracts for services, charges for the providing of

1 which are taxable under the provisions of subsection (p) or (q);

2 (s) on and after January 1, 2005, the gross receipts received from the
3 sale of prewritten computer software and the sale of the services of
4 modifying, altering, updating or maintaining prewritten computer
5 software, whether the prewritten computer software is installed or
6 delivered electronically by tangible storage media physically transferred to
7 the purchaser or by load and leave;

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

9 (u) the gross receipts received from the sale of prepaid calling service
10 and prepaid wireless calling service as defined in K.S.A. 2011 Supp. 79-
11 3673, and amendments thereto; ~~and~~

12 (v) the gross receipts received from the sales of bingo cards, bingo
13 faces and instant bingo tickets by licensees under K.S.A. 79-4701; *et seq.*,
14 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
15 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
16 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
17 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,
18 and amendments thereto, shall be exempt from taxes imposed pursuant to
19 this section; *and*

20 (w) *the gross receipts from the sales of food and food ingredients, and*
21 *shall be taxed at a rate of: (1) 5.5% on July 1, 2012, and before July 1,*
22 *2013; (2) 4% on July 1, 2013, and before July 1, 2014; and (3) 2% on*
23 *July 1, 2014, and before July 1, 2015. From and after July 1, 2015, all*
24 *such sales of food and food ingredients shall be exempt from taxes*
25 *imposed pursuant to this section pursuant to the provisions of subsection*
26 *(hhhh) of K.S.A. 79-3606, and amendments thereto.*

27 Sec. 2. K.S.A. 2011 Supp. 79-3606 is hereby amended to read as
28 follows: 79-3606. The following shall be exempt from the tax imposed by
29 this act:

30 (a) All sales of motor-vehicle fuel or other articles upon which a sales
31 or excise tax has been paid, not subject to refund, under the laws of this
32 state except cigarettes as defined by K.S.A. 79-3301, and amendments
33 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
34 3817, and amendments thereto, including wort, liquid malt, malt syrup and
35 malt extract, which is not subject to taxation under the provisions of
36 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant
37 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.
38 65-3424d, and amendments thereto, drycleaning and laundry services
39 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross
40 receipts from regulated sports contests taxed pursuant to the Kansas
41 professional regulated sports act, and amendments thereto;

42 (b) all sales of tangible personal property or service, including the
43 renting and leasing of tangible personal property, purchased directly by the

1 state of Kansas, a political subdivision thereof, other than a school or
2 educational institution, or purchased by a public or private nonprofit
3 hospital or public hospital authority or nonprofit blood, tissue or organ
4 bank and used exclusively for state, political subdivision, hospital or
5 public hospital authority or nonprofit blood, tissue or organ bank purposes,
6 except when: (1) Such state, hospital or public hospital authority is
7 engaged or proposes to engage in any business specifically taxable under
8 the provisions of this act and such items of tangible personal property or
9 service are used or proposed to be used in such business; or (2) such
10 political subdivision is engaged or proposes to engage in the business of
11 furnishing gas, electricity or heat to others and such items of personal
12 property or service are used or proposed to be used in such business;

13 (c) all sales of tangible personal property or services, including the
14 renting and leasing of tangible personal property, purchased directly by a
15 public or private elementary or secondary school or public or private
16 nonprofit educational institution and used primarily by such school or
17 institution for nonsectarian programs and activities provided or sponsored
18 by such school or institution or in the erection, repair or enlargement of
19 buildings to be used for such purposes. The exemption herein provided
20 shall not apply to erection, construction, repair, enlargement or equipment
21 of buildings used primarily for human habitation;

22 (d) all sales of tangible personal property or services purchased by a
23 contractor for the purpose of constructing, equipping, reconstructing,
24 maintaining, repairing, enlarging, furnishing or remodeling facilities for
25 any public or private nonprofit hospital or public hospital authority, public
26 or private elementary or secondary school, a public or private nonprofit
27 educational institution, state correctional institution including a privately
28 constructed correctional institution contracted for state use and ownership,
29 which would be exempt from taxation under the provisions of this act if
30 purchased directly by such hospital or public hospital authority, school,
31 educational institution or a state correctional institution; and all sales of
32 tangible personal property or services purchased by a contractor for the
33 purpose of constructing, equipping, reconstructing, maintaining, repairing,
34 enlarging, furnishing or remodeling facilities for any political subdivision
35 of the state or district described in subsection (s), the total cost of which is
36 paid from funds of such political subdivision or district and which would
37 be exempt from taxation under the provisions of this act if purchased
38 directly by such political subdivision or district. Nothing in this subsection
39 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be
40 deemed to exempt the purchase of any construction machinery, equipment
41 or tools used in the constructing, equipping, reconstructing, maintaining,
42 repairing, enlarging, furnishing or remodeling facilities for any political
43 subdivision of the state or any such district. As used in this subsection,

1 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
2 political subdivision" shall mean general tax revenues, the proceeds of any
3 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
4 purpose of constructing, equipping, reconstructing, repairing, enlarging,
5 furnishing or remodeling facilities which are to be leased to the donor.
6 When any political subdivision of the state, district described in subsection
7 (s), public or private nonprofit hospital or public hospital authority, public
8 or private elementary or secondary school, public or private nonprofit
9 educational institution, state correctional institution including a privately
10 constructed correctional institution contracted for state use and ownership
11 shall contract for the purpose of constructing, equipping, reconstructing,
12 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
13 shall obtain from the state and furnish to the contractor an exemption
14 certificate for the project involved, and the contractor may purchase
15 materials for incorporation in such project. The contractor shall furnish the
16 number of such certificate to all suppliers from whom such purchases are
17 made, and such suppliers shall execute invoices covering the same bearing
18 the number of such certificate. Upon completion of the project the
19 contractor shall furnish to the political subdivision, district described in
20 subsection (s), hospital or public hospital authority, school, educational
21 institution or department of corrections concerned a sworn statement, on a
22 form to be provided by the director of taxation, that all purchases so made
23 were entitled to exemption under this subsection. As an alternative to the
24 foregoing procedure, any such contracting entity may apply to the
25 secretary of revenue for agent status for the sole purpose of issuing and
26 furnishing project exemption certificates to contractors pursuant to rules
27 and regulations adopted by the secretary establishing conditions and
28 standards for the granting and maintaining of such status. All invoices
29 shall be held by the contractor for a period of five years and shall be
30 subject to audit by the director of taxation. If any materials purchased
31 under such a certificate are found not to have been incorporated in the
32 building or other project or not to have been returned for credit or the sales
33 or compensating tax otherwise imposed upon such materials which will
34 not be so incorporated in the building or other project reported and paid by
35 such contractor to the director of taxation not later than the 20th day of the
36 month following the close of the month in which it shall be determined
37 that such materials will not be used for the purpose for which such
38 certificate was issued, the political subdivision, district described in
39 subsection (s), hospital or public hospital authority, school, educational
40 institution or the contractor contracting with the department of corrections
41 for a correctional institution concerned shall be liable for tax on all
42 materials purchased for the project, and upon payment thereof it may
43 recover the same from the contractor together with reasonable attorney

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

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

39 (f) tangible personal property purchased by a railroad or public utility
40 for consumption or movement directly and immediately in interstate
41 commerce;

42 (g) sales of aircraft including remanufactured and modified aircraft
43 sold to persons using directly or through an authorized agent such aircraft

1 as certified or licensed carriers of persons or property in interstate or
2 foreign commerce under authority of the laws of the United States or any
3 foreign government or sold to any foreign government or agency or
4 instrumentality of such foreign government and all sales of aircraft for use
5 outside of the United States and sales of aircraft repair, modification and
6 replacement parts and sales of services employed in the remanufacture,
7 modification and repair of aircraft;

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

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

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

17 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
18 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and
19 delivered in this state to a bona fide resident of another state, which motor
20 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
21 in this state and which vehicle, semitrailer, pole trailer or aircraft will not
22 remain in this state more than 10 days;

23 (l) all isolated or occasional sales of tangible personal property,
24 services, substances or things, except isolated or occasional sale of motor
25 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.
26 79-3603, and amendments thereto;

27 (m) all sales of tangible personal property which become an
28 ingredient or component part of tangible personal property or services
29 produced, manufactured or compounded for ultimate sale at retail within
30 or without the state of Kansas; and any such producer, manufacturer or
31 compounder may obtain from the director of taxation and furnish to the
32 supplier an exemption certificate number for tangible personal property for
33 use as an ingredient or component part of the property or services
34 produced, manufactured or compounded;

35 (n) all sales of tangible personal property which is consumed in the
36 production, manufacture, processing, mining, drilling, refining or
37 compounding of tangible personal property, the treating of by-products or
38 wastes derived from any such production process, the providing of
39 services or the irrigation of crops for ultimate sale at retail within or
40 without the state of Kansas; and any purchaser of such property may
41 obtain from the director of taxation and furnish to the supplier an
42 exemption certificate number for tangible personal property for
43 consumption in such production, manufacture, processing, mining,

1 drilling, refining, compounding, treating, irrigation and in providing such
2 services;

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

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

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

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

43 (s) except as provided in K.S.A. 2011 Supp. 82a-2101, and

1 amendments thereto, all sales of tangible personal property or services
2 purchased directly or indirectly by a groundwater management district
3 organized or operating under the authority of K.S.A. 82a-1020 *et seq.* and
4 amendments thereto, by a rural water district organized or operating under
5 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
6 supply district organized or operating under the authority of K.S.A. 19-
7 3501 *et seq.*, 19-3522 *et seq.* or 19-3545, and amendments thereto, which
8 property or services are used in the construction activities, operation or
9 maintenance of the district;

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

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

39 (v) all sales of tangible personal property to any contractor for use in
40 preparing meals for delivery to homebound elderly persons over 60 years
41 of age and to homebound disabled persons or to be served at a group-
42 sitting at a location outside of the home to otherwise homebound elderly
43 persons over 60 years of age and to otherwise homebound disabled

1 persons, as all or part of any food service project funded in whole or in
2 part by government or as part of a private nonprofit food service project
3 available to all such elderly or disabled persons residing within an area of
4 service designated by the private nonprofit organization, and all sales of
5 tangible personal property for use in preparing meals for consumption by
6 indigent or homeless individuals whether or not such meals are consumed
7 at a place designated for such purpose, and all sales of food products by or
8 on behalf of any such contractor or organization for any such purpose;

9 (w) all sales of natural gas, electricity, heat and water delivered
10 through mains, lines or pipes: (1) To residential premises for
11 noncommercial use by the occupant of such premises; (2) for agricultural
12 use and also, for such use, all sales of propane gas; (3) for use in the
13 severing of oil; and (4) to any property which is exempt from property
14 taxation pursuant to K.S.A. 79-201b *Second* through *Sixth*. As used in this
15 paragraph, "severing" shall have the meaning ascribed thereto by
16 subsection (k) of K.S.A. 79-4216, and amendments thereto. For all sales of
17 natural gas, electricity and heat delivered through mains, lines or pipes
18 pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions
19 of this subsection shall expire on December 31, 2005;

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

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

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

30 (aa) all sales of materials and services applied to equipment which is
31 transported into the state from without the state for repair, service,
32 alteration, maintenance, remanufacture or modification and which is
33 subsequently transported outside the state for use in the transmission of
34 liquids or natural gas by means of pipeline in interstate or foreign
35 commerce under authority of the laws of the United States;

36 (bb) all sales of used mobile homes or manufactured homes. As used
37 in this subsection: (1) "Mobile homes" and "manufactured homes" shall
38 have the meanings ascribed thereto by K.S.A. 58-4202, and amendments
39 thereto; and (2) "sales of used mobile homes or manufactured homes"
40 means sales other than the original retail sale thereof;

41 (cc) all sales of tangible personal property or services purchased prior
42 to January 1, 2012, except as otherwise provided, for the purpose of and in
43 conjunction with constructing, reconstructing, enlarging or remodeling a

1 business or retail business which meets the requirements established in
2 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
3 machinery and equipment purchased for installation at any such business
4 or retail business, and all sales of tangible personal property or services
5 purchased on or after January 1, 2012, for the purpose of and in
6 conjunction with constructing, reconstructing, enlarging or remodeling a
7 business which meets the requirements established in K.S.A. 74-50,115(e),
8 and amendments thereto, and the sale and installation of machinery and
9 equipment purchased for installation at any such business. When a person
10 shall contract for the construction, reconstruction, enlargement or
11 remodeling of any such business or retail business, such person shall
12 obtain from the state and furnish to the contractor an exemption certificate
13 for the project involved, and the contractor may purchase materials,
14 machinery and equipment for incorporation in such project. The contractor
15 shall furnish the number of such certificates to all suppliers from whom
16 such purchases are made, and such suppliers shall execute invoices
17 covering the same bearing the number of such certificate. Upon
18 completion of the project the contractor shall furnish to the owner of the
19 business or retail business a sworn statement, on a form to be provided by
20 the director of taxation, that all purchases so made were entitled to
21 exemption under this subsection. All invoices shall be held by the
22 contractor for a period of five years and shall be subject to audit by the
23 director of taxation. Any contractor or any agent, employee or
24 subcontractor thereof, who shall use or otherwise dispose of any materials,
25 machinery or equipment purchased under such a certificate for any
26 purpose other than that for which such a certificate is issued without the
27 payment of the sales or compensating tax otherwise imposed thereon, shall
28 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
29 to the penalties provided for in subsection (g) of K.S.A. 79-3615, and
30 amendments thereto. As used in this subsection, "business" and "retail
31 business" have the meanings respectively ascribed thereto by K.S.A. 74-
32 50,114, and amendments thereto. Project exemption certificates that have
33 been previously issued under this subsection by the department of revenue
34 pursuant to K.S.A. 74-50,115, and amendments thereto, but not including
35 K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,
36 and have not expired will be effective for the term of the project or two
37 years from the effective date of the certificate, whichever occurs earlier.
38 Project exemption certificates that are submitted to the department of
39 revenue prior to January 1, 2012, and are found to qualify will be issued a
40 project exemption certificate that will be effective for a two-year period or
41 for the term of the project, whichever occurs earlier;
42 (dd) all sales of tangible personal property purchased with food
43 stamps issued by the United States department of agriculture;

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

3 (ff) on and after July 1, 1988, all sales of new mobile homes or
4 manufactured homes to the extent of 40% of the gross receipts, determined
5 without regard to any trade-in allowance, received from such sale. As used
6 in this subsection, "mobile homes" and "manufactured homes" shall have
7 the meanings ascribed thereto by K.S.A. 58-4202, and amendments
8 thereto;

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

12 (hh) all sales of medical supplies and equipment, including durable
13 medical equipment, purchased directly by a nonprofit skilled nursing home
14 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
15 and amendments thereto, for the purpose of providing medical services to
16 residents thereof. This exemption shall not apply to tangible personal
17 property customarily used for human habitation purposes. As used in this
18 subsection, "durable medical equipment" means equipment including
19 repair and replacement parts for such equipment, which can withstand
20 repeated use, is primarily and customarily used to serve a medical purpose,
21 generally is not useful to a person in the absence of illness or injury and is
22 not worn in or on the body, but does not include mobility enhancing
23 equipment as defined in subsection (r), oxygen delivery equipment, kidney
24 dialysis equipment or enteral feeding systems;

25 (ii) all sales of tangible personal property purchased directly by a
26 nonprofit organization for nonsectarian comprehensive multidiscipline
27 youth development programs and activities provided or sponsored by such
28 organization, and all sales of tangible personal property by or on behalf of
29 any such organization. This exemption shall not apply to tangible personal
30 property customarily used for human habitation purposes;

31 (jj) all sales of tangible personal property or services, including the
32 renting and leasing of tangible personal property, purchased directly on
33 behalf of a community-based mental retardation facility or mental health
34 center organized pursuant to K.S.A. 19-4001 *et seq.*, and amendments
35 thereto, and licensed in accordance with the provisions of K.S.A. 75-
36 3307b and amendments thereto and all sales of tangible personal property
37 or services purchased by contractors during the time period from July,
38 2003, through June, 2006, for the purpose of constructing, equipping,
39 maintaining or furnishing a new facility for a community-based mental
40 retardation facility or mental health center located in Riverton, Cherokee
41 County, Kansas, which would have been eligible for sales tax exemption
42 pursuant to this subsection if purchased directly by such facility or center.
43 This exemption shall not apply to tangible personal property customarily

1 used for human habitation purposes;

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

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

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

9 (2) For purposes of this subsection:

10 (A) "Integrated production operation" means an integrated series of
11 operations engaged in at a manufacturing or processing plant or facility to
12 process, transform or convert tangible personal property by physical,
13 chemical or other means into a different form, composition or character
14 from that in which it originally existed. Integrated production operations
15 shall include: (i) Production line operations, including packaging
16 operations; (ii) preproduction operations to handle, store and treat raw
17 materials; (iii) post production handling, storage, warehousing and
18 distribution operations; and (iv) waste, pollution and environmental
19 control operations, if any;

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

23 (C) "manufacturing or processing plant or facility" means a single,
24 fixed location owned or controlled by a manufacturing or processing
25 business that consists of one or more structures or buildings in a
26 contiguous area where integrated production operations are conducted to
27 manufacture or process tangible personal property to be ultimately sold at
28 retail. Such term shall not include any facility primarily operated for the
29 purpose of conveying or assisting in the conveyance of natural gas,
30 electricity, oil or water. A business may operate one or more manufacturing
31 or processing plants or facilities at different locations to manufacture or
32 process a single product of tangible personal property to be ultimately sold
33 at retail;

34 (D) "manufacturing or processing business" means a business that
35 utilizes an integrated production operation to manufacture, process,
36 fabricate, finish, or assemble items for wholesale and retail distribution as
37 part of what is commonly regarded by the general public as an industrial
38 manufacturing or processing operation or an agricultural commodity
39 processing operation. (i) Industrial manufacturing or processing operations
40 include, by way of illustration but not of limitation, the fabrication of
41 automobiles, airplanes, machinery or transportation equipment, the
42 fabrication of metal, plastic, wood, or paper products, electricity power
43 generation, water treatment, petroleum refining, chemical production,

1 wholesale bottling, newspaper printing, ready mixed concrete production,
2 and the remanufacturing of used parts for wholesale or retail sale. Such
3 processing operations shall include operations at an oil well, gas well,
4 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
5 sand or gravel that has been extracted from the earth is cleaned, separated,
6 crushed, ground, milled, screened, washed, or otherwise treated or
7 prepared before its transmission to a refinery or before any other wholesale
8 or retail distribution. (ii) Agricultural commodity processing operations
9 include, by way of illustration but not of limitation, meat packing, poultry
10 slaughtering and dressing, processing and packaging farm and dairy
11 products in sealed containers for wholesale and retail distribution, feed
12 grinding, grain milling, frozen food processing, and grain handling,
13 cleaning, blending, fumigation, drying and aeration operations engaged in
14 by grain elevators or other grain storage facilities. (iii) Manufacturing or
15 processing businesses do not include, by way of illustration but not of
16 limitation, nonindustrial businesses whose operations are primarily retail
17 and that produce or process tangible personal property as an incidental part
18 of conducting the retail business, such as retailers who bake, cook or
19 prepare food products in the regular course of their retail trade, grocery
20 stores, meat lockers and meat markets that butcher or dress livestock or
21 poultry in the regular course of their retail trade, contractors who alter,
22 service, repair or improve real property, and retail businesses that clean,
23 service or refurbish and repair tangible personal property for its owner;

24 (E) "repair and replacement parts and accessories" means all parts
25 and accessories for exempt machinery and equipment, including, but not
26 limited to, dies, jigs, molds, patterns and safety devices that are attached to
27 exempt machinery or that are otherwise used in production, and parts and
28 accessories that require periodic replacement such as belts, drill bits,
29 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
30 other refractory items for exempt kiln equipment used in production
31 operations;

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

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

36 (A) To receive, transport, convey, handle, treat or store raw materials
37 in preparation of its placement on the production line;

38 (B) to transport, convey, handle or store the property undergoing
39 manufacturing or processing at any point from the beginning of the
40 production line through any warehousing or distribution operation of the
41 final product that occurs at the plant or facility;

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

1 (D) to guide, control or direct the movement of property undergoing
2 manufacturing or processing;

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

6 (F) to plan, manage, control or record the receipt and flow of
7 inventories of raw materials, consumables and component parts, the flow
8 of the property undergoing manufacturing or processing and the
9 management of inventories of the finished product;

10 (G) to produce energy for, lubricate, control the operating of or
11 otherwise enable the functioning of other production machinery and
12 equipment and the continuation of production operations;

13 (H) to package the property being manufactured or processed in a
14 container or wrapping in which such property is normally sold or
15 transported;

16 (I) to transmit or transport electricity, coke, gas, water, steam or
17 similar substances used in production operations from the point of
18 generation, if produced by the manufacturer or processor at the plant site,
19 to that manufacturer's production operation; or, if purchased or delivered
20 from offsite, from the point where the substance enters the site of the plant
21 or facility to that manufacturer's production operations;

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

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

28 (L) to treat, transport or store waste or other byproducts of production
29 operations at the plant or facility; or

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

32 (4) The following machinery, equipment and materials shall be
33 deemed to be exempt even though it may not otherwise qualify as
34 machinery and equipment used as an integral or essential part of an
35 integrated production operation: (A) Computers and related peripheral
36 equipment that are utilized by a manufacturing or processing business for
37 engineering of the finished product or for research and development or
38 product design; (B) machinery and equipment that is utilized by a
39 manufacturing or processing business to manufacture or rebuild tangible
40 personal property that is used in manufacturing or processing operations,
41 including tools, dies, molds, forms and other parts of qualifying machinery
42 and equipment; (C) portable plants for aggregate concrete, bulk cement
43 and asphalt including cement mixing drums to be attached to a motor

1 vehicle; (D) industrial fixtures, devices, support facilities and special
2 foundations necessary for manufacturing and production operations, and
3 materials and other tangible personal property sold for the purpose of
4 fabricating such fixtures, devices, facilities and foundations. An exemption
5 certificate for such purchases shall be signed by the manufacturer or
6 processor. If the fabricator purchases such material, the fabricator shall
7 also sign the exemption certificate; and (E) a manufacturing or processing
8 business' laboratory equipment that is not located at the plant or facility,
9 but that would otherwise qualify for exemption under subsection (3)(E).

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

12 (A) Machinery and equipment used for nonproduction purposes,
13 including, but not limited to, machinery and equipment used for plant
14 security, fire prevention, first aid, accounting, administration, record
15 keeping, advertising, marketing, sales or other related activities, plant
16 cleaning, plant communications, and employee work scheduling;

17 (B) machinery, equipment and tools used primarily in maintaining
18 and repairing any type of machinery and equipment or the building and
19 plant;

20 (C) transportation, transmission and distribution equipment not
21 primarily used in a production, warehousing or material handling
22 operation at the plant or facility, including the means of conveyance of
23 natural gas, electricity, oil or water, and equipment related thereto, located
24 outside the plant or facility;

25 (D) office machines and equipment including computers and related
26 peripheral equipment not used directly and primarily to control or measure
27 the manufacturing process;

28 (E) furniture and other furnishings;

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

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

35 (H) machinery and equipment used for general plant heating, cooling
36 and lighting;

37 (I) motor vehicles that are registered for operation on public
38 highways; or

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

42 (6) Subsections (3) and (5) shall not be construed as exclusive listings
43 of the machinery and equipment that qualify or do not qualify as an

1 integral or essential part of an integrated production operation. When
2 machinery or equipment is used as an integral or essential part of
3 production operations part of the time and for nonproduction purpose at
4 other times, the primary use of the machinery or equipment shall
5 determine whether or not such machinery or equipment qualifies for
6 exemption.

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

9 (ll) all sales of educational materials purchased for distribution to the
10 public at no charge by a nonprofit corporation organized for the purpose of
11 encouraging, fostering and conducting programs for the improvement of
12 public health;

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

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

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

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

25 (qq) all sales of tangible personal property and services purchased by
26 a nonprofit museum or historical society or any combination thereof,
27 including a nonprofit organization which is organized for the purpose of
28 stimulating public interest in the exploration of space by providing
29 educational information, exhibits and experiences, which is exempt from
30 federal income taxation pursuant to section 501(c)(3) of the federal
31 internal revenue code of 1986;

32 (rr) all sales of tangible personal property which will admit the
33 purchaser thereof to any annual event sponsored by a nonprofit
34 organization which is exempt from federal income taxation pursuant to
35 section 501(c)(3) of the federal internal revenue code of 1986;

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

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

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

4 (vv) all sales of tangible personal property purchased by any of the
5 following organizations which are exempt from federal income taxation
6 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
7 for the following purposes, and all sales of any such property by or on
8 behalf of any such organization for any such purpose:

9 (1) The American Heart Association, Kansas Affiliate, Inc. for the
10 purposes of providing education, training, certification in emergency
11 cardiac care, research and other related services to reduce disability and
12 death from cardiovascular diseases and stroke;

13 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
14 advocacy for persons with mental illness and to education, research and
15 support for their families;

16 (3) the Kansas Mental Illness Awareness Council for the purposes of
17 advocacy for persons who are mentally ill and to education, research and
18 support for them and their families;

19 (4) the American Diabetes Association Kansas Affiliate, Inc. for the
20 purpose of eliminating diabetes through medical research, public education
21 focusing on disease prevention and education, patient education including
22 information on coping with diabetes, and professional education and
23 training;

24 (5) the American Lung Association of Kansas, Inc. for the purpose of
25 eliminating all lung diseases through medical research, public education
26 including information on coping with lung diseases, professional education
27 and training related to lung disease and other related services to reduce the
28 incidence of disability and death due to lung disease;

29 (6) the Kansas chapters of the Alzheimer's Disease and Related
30 Disorders Association, Inc. for the purpose of providing assistance and
31 support to persons in Kansas with Alzheimer's disease, and their families
32 and caregivers;

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

36 (8) the National Kidney Foundation of Kansas and Western Missouri
37 for the purpose of eliminating kidney disease through medical research
38 and public and private education related to such disease;

39 (9) the heartstrings community foundation for the purpose of
40 providing training, employment and activities for adults with
41 developmental disabilities;

42 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
43 the purposes of assuring the development of the means to cure and control

1 cystic fibrosis and improving the quality of life for those with the disease;

2 (11) the spina bifida association of Kansas for the purpose of
3 providing financial, educational and practical aid to families and
4 individuals with spina bifida. Such aid includes, but is not limited to,
5 funding for medical devices, counseling and medical educational
6 opportunities;

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

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

13 (14) the Dreams Work, Inc., for the purpose of providing young adult
14 day services to individuals with developmental disabilities and assisting
15 families in avoiding institutional or nursing home care for a
16 developmentally disabled member of their family;

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

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

26 (17) the Dream Factory, Inc., for the purpose of granting the dreams
27 of children with critical and chronic illnesses;

28 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
29 students and families with education and resources necessary to enable
30 each child to develop fine character and musical ability to the fullest
31 potential;

32 (19) the International Association of Lions Clubs for the purpose of
33 creating and fostering a spirit of understanding among all people for
34 humanitarian needs by providing voluntary services through community
35 involvement and international cooperation;

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

40 (21) the American Cancer Society, Inc., for the purpose of eliminating
41 cancer as a major health problem by preventing cancer, saving lives and
42 diminishing suffering from cancer, through research, education, advocacy
43 and service;

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

3 (23) the angel babies association, for the purpose of providing
4 assistance, support and items of necessity to teenage mothers and their
5 babies; and

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

8 (ww) all sales of tangible personal property purchased by the Habitat
9 for Humanity for the exclusive use of being incorporated within a housing
10 project constructed by such organization;

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

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

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

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

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

1 covering the same bearing the number of such certificate. Upon
2 completion of the project the contractor shall furnish to such organization
3 concerned a sworn statement, on a form to be provided by the director of
4 taxation, that all purchases so made were entitled to exemption under this
5 subsection. All invoices shall be held by the contractor for a period of five
6 years and shall be subject to audit by the director of taxation. If any
7 materials purchased under such a certificate are found not to have been
8 incorporated in the building or other project or not to have been returned
9 for credit or the sales or compensating tax otherwise imposed upon such
10 materials which will not be so incorporated in the building or other project
11 reported and paid by such contractor to the director of taxation not later
12 than the 20th day of the month following the close of the month in which it
13 shall be determined that such materials will not be used for the purpose for
14 which such certificate was issued, such organization concerned shall be
15 liable for tax on all materials purchased for the project, and upon payment
16 thereof it may recover the same from the contractor together with
17 reasonable attorney fees. Any contractor or any agent, employee or
18 subcontractor thereof, who shall use or otherwise dispose of any materials
19 purchased under such a certificate for any purpose other than that for
20 which such a certificate is issued without the payment of the sales or
21 compensating tax otherwise imposed upon such materials, shall be guilty
22 of a misdemeanor and, upon conviction therefor, shall be subject to the
23 penalties provided for in subsection (g) of K.S.A. 79-3615, and
24 amendments thereto. Sales tax paid on and after July 1, 1998, but prior to
25 the effective date of this act upon the gross receipts received from any sale
26 exempted by the amendatory provisions of this subsection shall be
27 refunded. Each claim for a sales tax refund shall be verified and submitted
28 to the director of taxation upon forms furnished by the director and shall
29 be accompanied by any additional documentation required by the director.
30 The director shall review each claim and shall refund that amount of sales
31 tax paid as determined under the provisions of this subsection. All refunds
32 shall be paid from the sales tax refund fund upon warrants of the director
33 of accounts and reports pursuant to vouchers approved by the director or
34 the director's designee;

35 (bbb) all sales of food for human consumption by an organization
36 which is exempt from federal income taxation pursuant to section 501(c)
37 (3) of the federal internal revenue code of 1986, pursuant to a food
38 distribution program which offers such food at a price below cost in
39 exchange for the performance of community service by the purchaser
40 thereof;

41 (ccc) on and after July 1, 1999, all sales of tangible personal property
42 and services purchased by a primary care clinic or health center the
43 primary purpose of which is to provide services to medically underserved

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

43 (ddd) on and after January 1, 1999, and before January 1, 2000, all

1 sales of materials and services purchased by any class II or III railroad as
2 classified by the federal surface transportation board for the construction,
3 renovation, repair or replacement of class II or III railroad track and
4 facilities used directly in interstate commerce. In the event any such track
5 or facility for which materials and services were purchased sales tax
6 exempt is not operational for five years succeeding the allowance of such
7 exemption, the total amount of sales tax which would have been payable
8 except for the operation of this subsection shall be recouped in accordance
9 with rules and regulations adopted for such purpose by the secretary of
10 revenue;

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

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

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

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

39 (iii) all sales of personal property and services purchased by an
40 organization which is exempt from federal income taxation pursuant to
41 section 501(c)(3) of the federal internal revenue code of 1986, and which
42 such personal property and services are used by any such organization in
43 the collection, storage and distribution of food products to nonprofit

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

1 paid on and after July 1, 2005, but prior to the effective date of this act
2 upon the gross receipts received from any sale exempted by the
3 amendatory provisions of this subsection shall be refunded. Each claim for
4 a sales tax refund shall be verified and submitted to the director of taxation
5 upon forms furnished by the director and shall be accompanied by any
6 additional documentation required by the director. The director shall
7 review each claim and shall refund that amount of sales tax paid as
8 determined under the provisions of this subsection. All refunds shall be
9 paid from the sales tax refund fund upon warrants of the director of
10 accounts and reports pursuant to vouchers approved by the director or the
11 director's designee;

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

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

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

42 (nnn) all sales of tangible personal property and services purchased
43 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Charitable

1 Fund for the purpose of constructing a boundless playground which is an
2 integrated, barrier free and developmentally advantageous play
3 environment for children of all abilities and disabilities;

4 (ooo) all sales of tangible personal property by or on behalf of a
5 public library serving the general public and supported in whole or in part
6 with tax money or a not-for-profit organization whose purpose is to raise
7 funds for or provide services or other benefits to any such public library;

8 (ppp) all sales of tangible personal property and services purchased
9 by or on behalf of a homeless shelter which is exempt from federal income
10 taxation pursuant to section 501(c)(3) of the federal income tax code of
11 1986, and used by any such homeless shelter to provide emergency and
12 transitional housing for individuals and families experiencing
13 homelessness, and all sales of any such property by or on behalf of any
14 such homeless shelter for any such purpose;

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

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

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

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

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

30 (ttt) all sales of tangible personal property or services purchased by a
31 contractor for a project for the purpose of restoring, constructing,
32 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
33 remodeling a home or facility owned by a nonprofit museum which has
34 been granted an exemption pursuant to subsection (qq), which such home
35 or facility is located in a city which has been designated as a qualified
36 hometown pursuant to the provisions of K.S.A. 75-5071 *et seq.*, and
37 amendments thereto, and which such project is related to the purposes of
38 K.S.A. 75-5071 *et seq.*, and amendments thereto, and which would be
39 exempt from taxation under the provisions of this section if purchased
40 directly by such nonprofit museum. Nothing in this subsection shall be
41 deemed to exempt the purchase of any construction machinery, equipment
42 or tools used in the restoring, constructing, equipping, reconstructing,
43 maintaining, repairing, enlarging, furnishing or remodeling a home or

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

33 (uuu) all sales of tangible personal property and services purchased
34 by Kansas children's service league, hereinafter referred to as KCSL,
35 which is exempt from federal income taxation pursuant to section 501(c)
36 (3) of the federal internal revenue code of 1986, and which such property
37 and services are used for the purpose of providing for the prevention and
38 treatment of child abuse and maltreatment as well as meeting additional
39 critical needs for children, juveniles and family, and all sales of any such
40 property by or on behalf of KCSL for any such purpose; and all sales of
41 tangible personal property or services purchased by a contractor for the
42 purpose of constructing, maintaining, repairing, enlarging, furnishing or
43 remodeling facilities for the operation of services for KCSL for any such

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

35 (vvv) all sales of tangible personal property or services, including the
36 renting and leasing of tangible personal property or services, purchased by
37 Jazz in the Woods, Inc., a Kansas corporation which is exempt from
38 federal income taxation pursuant to section 501(c)(3) of the federal
39 internal revenue code, for the purpose of providing Jazz in the Woods, an
40 event benefiting children-in-need and other nonprofit charities assisting
41 such children, and all sales of any such property by or on behalf of such
42 organization for such purpose;

43 (www) all sales of tangible personal property purchased by or on

1 behalf of the Frontenac Education Foundation, which is exempt from
2 federal income taxation pursuant to section 501(c)(3) of the federal
3 internal revenue code, for the purpose of providing education support for
4 students, and all sales of any such property by or on behalf of such
5 organization for such purpose;

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

1 any agent, employee or subcontractor thereof, who shall use or otherwise
2 dispose of any materials purchased under such a certificate for any purpose
3 other than that for which such a certificate is issued without the payment
4 of the sales or compensating tax otherwise imposed upon such materials,
5 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
6 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,
7 and amendments thereto. Sales tax paid on and after January 1, 2007, but
8 prior to the effective date of this act upon the gross receipts received from
9 any sale which would have been exempted by the provisions of this
10 subsection had such sale occurred after the effective date of this act shall
11 be refunded. Each claim for a sales tax refund shall be verified and
12 submitted to the director of taxation upon forms furnished by the director
13 and shall be accompanied by any additional documentation required by the
14 director. The director shall review each claim and shall refund that amount
15 of sales tax paid as determined under the provisions of this subsection. All
16 refunds shall be paid from the sales tax refund fund upon warrants of the
17 director of accounts and reports pursuant to vouchers approved by the
18 director or the director's designee;

19 (yyy) all sales of tangible personal property and services purchased
20 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
21 which is exempt from federal income taxation pursuant to section 501(c)
22 (3) of the federal internal revenue code of 1986, and which such property
23 and services are used for the purpose of encouraging private philanthropy
24 to further the vision, values, and goals of TLC for children and families,
25 inc.; and all sales of such property and services by or on behalf of TLC
26 charities for any such purpose and all sales of tangible personal property or
27 services purchased by a contractor for the purpose of constructing,
28 maintaining, repairing, enlarging, furnishing or remodeling facilities for
29 the operation of services for TLC charities for any such purpose which
30 would be exempt from taxation under the provisions of this section if
31 purchased directly by TLC charities. Nothing in this subsection shall be
32 deemed to exempt the purchase of any construction machinery, equipment
33 or tools used in the constructing, maintaining, repairing, enlarging,
34 furnishing or remodeling such facilities for TLC charities. When TLC
35 charities contracts for the purpose of constructing, maintaining, repairing,
36 enlarging, furnishing or remodeling such facilities, it shall obtain from the
37 state and furnish to the contractor an exemption certificate for the project
38 involved, and the contractor may purchase materials for incorporation in
39 such project. The contractor shall furnish the number of such certificate to
40 all suppliers from whom such purchases are made, and such suppliers shall
41 execute invoices covering the same bearing the number of such certificate.
42 Upon completion of the project the contractor shall furnish to TLC
43 charities a sworn statement, on a form to be provided by the director of

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

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

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

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

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

1 all sales of any such property, including entry or participation fees or
2 charges, by or on behalf of such organization for such purpose;

3 (dddd) all sales of tangible personal property or services purchased
4 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,
5 both of which are exempt from federal income taxation pursuant to section
6 501(c)(3) of the federal internal revenue code, for the purpose of providing
7 education, training and employment opportunities for people with
8 disabilities and other barriers to employment;

9 (eeee) all sales of tangible personal property or services purchased by
10 or on behalf of All American Beef Battalion, Inc., which is exempt from
11 federal income taxation pursuant to section 501(c)(3) of the federal
12 internal revenue code, for the purpose of educating, promoting and
13 participating as a contact group through the beef cattle industry in order to
14 carry out such projects that provide support and morale to members of the
15 United States armed forces and military services; ~~and~~

16 (ffff) all sales of tangible personal property and services purchased by
17 sheltered living, inc., which is exempt from federal income taxation
18 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
19 and which such property and services are used for the purpose of
20 providing residential and day services for people with developmental
21 disabilities or mental retardation, or both, and all sales of any such
22 property by or on behalf of sheltered living, inc. for any such purpose; and
23 all sales of tangible personal property or services purchased by a
24 contractor for the purpose of rehabilitating, constructing, maintaining,
25 repairing, enlarging, furnishing or remodeling homes and facilities for
26 sheltered living, inc. for any such purpose which would be exempt from
27 taxation under the provisions of this section if purchased directly by
28 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
29 the purchase of any construction machinery, equipment or tools used in the
30 constructing, maintaining, repairing, enlarging, furnishing or remodeling
31 such homes and facilities for sheltered living, inc. When sheltered living,
32 inc. contracts for the purpose of rehabilitating, constructing, maintaining,
33 repairing, enlarging, furnishing or remodeling such homes and facilities, it
34 shall obtain from the state and furnish to the contractor an exemption
35 certificate for the project involved, and the contractor may purchase
36 materials for incorporation in such project. The contractor shall furnish the
37 number of such certificate to all suppliers from whom such purchases are
38 made, and such suppliers shall execute invoices covering the same bearing
39 the number of such certificate. Upon completion of the project the
40 contractor shall furnish to sheltered living, inc. a sworn statement, on a
41 form to be provided by the director of taxation, that all purchases so made
42 were entitled to exemption under this subsection. All invoices shall be held
43 by the contractor for a period of five years and shall be subject to audit by

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

19 *(gggg) all sales of game birds for which the primary purpose is use in*
20 *hunting; and*

21 *(hhhh) commencing July 1, 2015, all sales of food and food*
22 *ingredients. As used in this subsection, a sale of food and food ingredients*
23 *does not include a sale of alcoholic beverages as defined in subsection (c)*
24 *of K.S.A. 79-3602, and amendments thereto; candy; dietary supplements*
25 *as defined in subsection (rr) of K.S.A. 79-3606, and amendments thereto;*
26 *food sold through vending machines; or sales of prepared food, soft drinks*
27 *or tobacco as defined in subsection (qq) of K.S.A. 2011 Supp. 79-3602,*
28 *and amendments thereto. As used in this subsection:*

29 *(1) "Candy" means a preparation of sugar; honey or other natural or*
30 *artificial sweeteners in combination with chocolate, fruits, nuts or other*
31 *ingredients or flavorings in the form of bars, drops or pieces. Candy shall*
32 *not include any preparation containing flour and shall require no*
33 *refrigeration;*

34 *(2) "food sold through vending machines" means food dispensed from*
35 *a machine or other mechanical device that accepts payment;*

36 *(3)(A) "prepared food" means any of the following:*

37 *(i) Food sold in a heated state or heated by the seller;*

38 *(ii) two or more food ingredients mixed or combined by the seller for*
39 *sale as a single item; or*

40 *(iii) food sold with eating utensils provided by the seller; including*
41 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does*
42 *not include a container or packaging used to transport the food.*

43 *(B) "Prepared food" does not include:*

- 1 (i) Food that is only cut, repackaged or pasteurized by the seller;
- 2 (ii) eggs, fish, meat, poultry and foods containing these raw animal
- 3 foods requiring cooking by the consumer as recommended by the United
- 4 States food and drug administration, in chapter 3, part 401.11 of its food
- 5 code, so as to prevent foodborne illnesses;
- 6 (iii) if sold without eating utensils provided by the seller, bakery
- 7 items, including breads, rolls, buns, biscuits, bagels, croissants, pastries,
- 8 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies and
- 9 tortillas; or
- 10 (iv) food sold by a seller whose primary North American industry
- 11 classification system, United States, 2002 edition, classification is
- 12 manufacturing in sector 311, except subsector 3118; and
- 13 (4) "soft drinks" means nonalcoholic beverages that contain natural
- 14 or artificial sweeteners. "Soft drinks" do not include beverages that
- 15 contain milk or milk products; soy, rice or similar milk substitutes; or
- 16 greater than 50% of vegetable or fruit juice by volume.

17 Sec. 3. K.S.A. 2011 Supp. 79-3703 is hereby amended to read as

18 follows: 79-3703. There is hereby levied and there shall be collected from

19 every person in this state a tax or excise for the privilege of using, storing,

20 or consuming within this state any article of tangible personal property.

21 Such tax shall be levied and collected in an amount equal to the

22 consideration paid by the taxpayer multiplied by the rate of 5.3%, and

23 commencing July 1, 2010, at the rate of 6.3%, and commencing July 1,

24 2013, at the rate of 5.7%, *except that food and food ingredients, shall be*

25 *taxed at the rate of 5.5% on July 1, 2012, and before July 1, 2013; 4% on*

26 *July 1, 2013, and before July 1, 2014; and 2% on July 1, 2014, and before*

27 *July 1, 2015. Food and food ingredients means the same as provided in*

28 *subsection (hhhh) of K.S.A. 79-3606, and amendments thereto. Within a*

29 *redevelopment district established pursuant to K.S.A. 74-8921, and*

30 *amendments thereto, there is hereby levied and there shall be collected and*

31 *paid an additional tax of 2% until the earlier of: (1) The date the bonds*

32 *issued to finance or refinance the redevelopment project undertaken in the*

33 *district have been paid in full; or (2) the final scheduled maturity of the*

34 *first series of bonds issued to finance the redevelopment project. All*

35 *property purchased or leased within or without this state and subsequently*

36 *used, stored or consumed in this state shall be subject to the compensating*

37 *tax if the same property or transaction would have been subject to the*

38 *Kansas retailers' sales tax had the transaction been wholly within this state.*

39 Sec. 4. K.S.A. 2011 Supp. 79-3603, 79-3606, 79-3606g and 79-3703

40 are hereby repealed.

41 Sec. 5. On July 1, 2014, K.S.A. 79-3632, 79-3634, 79-3636 and 79-

42 3638 and K.S.A. 2011 Supp. 79-3633, 79-3635, 79-3637, 79-3639 and 79-

43 3639a are hereby repealed.

1 Sec. 6. This act shall take effect and be in force from and after its
2 publication in the statute book.