

**SENATE BILL No. 98**

By Committee on Assessment and Taxation

2-3

1 AN ACT concerning taxation; relating to income tax, rates and  
2 elimination of tax on corporations; sales taxation, exemptions, rates  
3 and distribution of revenue and imposition of tax on certain services;  
4 eliminating food sales tax refund; amending K.S.A. 2010 Supp. 12-  
5 198, 79-32,110, 79-3602, 79-3603, 79-3606, 79-3620, 79-3703 and  
6 79-3710 and repealing the existing sections; also repealing K.S.A. 79-  
7 3632, 79-3634, 79-3636, 79-3637 and 79-3638 and K.S.A. 2010 Supp.  
8 79-3633, 79-3635 and 79-3639.

9  
10 *Be it enacted by the Legislature of the State of Kansas:*

11 Section 1. On January 1, 2012, K.S.A. 2010 Supp. 12-198 is hereby  
12 amended to read as follows: 12-198. (a) A compensating use tax for the  
13 privilege of using or storing within a city or county any tangible personal  
14 property or any vehicle which is required to be registered under the  
15 provisions of article 1 of chapter 8 of the Kansas Statutes Annotated, and  
16 amendments thereto, or any vessel, as defined by K.S.A. 82a-802, and  
17 amendments thereto, *or using, consuming or realizing the benefits from*  
18 *within a city or county any service that would otherwise be subject to*  
19 *retailer's sales tax if purchased in this state*, is hereby imposed by every  
20 city, county or municipal university imposing a retailers' sales tax. The  
21 rate of any such tax shall be fixed at the same rate as such city's, county's  
22 or university's retailers' sales tax. Any city, county or municipal university  
23 imposing a compensating use tax is prohibited from administering or  
24 collecting such tax locally, but shall utilize the services of the state  
25 department of revenue to administer, enforce and collect such tax. Such  
26 tax shall be identical in its application and exemptions therefrom to the  
27 Kansas compensating tax, and all laws and rules and regulations of the  
28 state department of revenue relating to the Kansas compensating tax shall  
29 apply to such local compensating use tax insofar as the same may be  
30 made applicable. If any contractor has entered into a written, binding  
31 contract prior to July 1, 2003, for the construction, reconstruction,  
32 restoration, replacement, repair, equipment or improvement of a bridge or  
33 highway, street, road, alley, sewer, sewage system, water line, water  
34 system or other related improvement, and such contract includes the  
35 furnishing to or by the contractor of tangible personal property which is  
36 to become part of the completed improvement subject to the tax imposed

1 by this section, and which would have been exempt from taxation  
 2 pursuant to this section prior to its enactment effective on July 1, 2003,  
 3 such furnishing of tangible personal property shall continue to be exempt  
 4 from taxation pursuant to this section, if the contractor gives notice and  
 5 proof of such contract to the director of taxation on or before July 10,  
 6 2004. Such notice and proof shall be in such form and of such sufficiency  
 7 as the director prescribes.

8 (b) The secretary of revenue is authorized to administer, enforce and  
 9 collect a city's, county's or municipal university's compensating use tax  
 10 and to adopt such rules and regulations necessary for the efficient and  
 11 effective administration, enforcement and collection thereof. The state  
 12 director of taxation shall cause such taxes to be collected within the  
 13 boundaries of such taxing subdivision at the same time and in the same  
 14 manner provided for the collection of the state compensating use tax. All  
 15 moneys collected by the director of taxation pursuant to the provisions of  
 16 this section shall be credited to the city and county compensating use tax  
 17 fund or to the municipal university compensating use tax fund, which  
 18 funds are hereby established in the state treasury. Any refund due on any  
 19 city's, county's *or* municipal university's compensating use tax collected  
 20 pursuant to this section shall be paid out of the sales tax refund fund and  
 21 reimbursement to such fund shall be made by the director of taxation  
 22 from collections of local compensating use tax revenue. All moneys  
 23 collected pursuant to this section for a city or county shall be remitted at  
 24 least quarterly by the state treasurer to the treasurer of such city, county or  
 25 university.

26 (c) All revenue received by any county treasurer from a countywide  
 27 compensating use tax shall be apportioned among the county and each  
 28 city located in such county in the same manner as provided in K.S.A. 12-  
 29 192, and amendments thereto, for the apportionment of revenue received  
 30 from a countywide retailers' sales tax.

31 Sec. 2. K.S.A. 2010 Supp. 79-32,110 is hereby amended to read as  
 32 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise  
 33 provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a  
 34 tax is hereby imposed upon the Kansas taxable income of every resident  
 35 individual, which tax shall be computed in accordance with the following  
 36 tax schedules:

37 (1) *Married individuals filing joint returns.*

38 (A) *For tax years 2010 and 2011:*

39 If the taxable income is:.....The tax is:

40 Not over \$30,000 .....	3.5% of Kansas taxable income
41 Over \$30,000 but not over \$60,000 .....	\$.1,050 plus 6.25% of excess over \$30,000
42 Over \$60,000 .....	\$2,925 plus 6.45% of excess over \$60,000

43 (B) *For tax year 2012, and all tax years thereafter:*

44 *If the taxable income is:.....The tax is:*

- 1     *Not over \$30,000* .....2.8% of Kansas taxable income
- 2     *Over \$30,000 but not over \$60,000* .\$.840 plus 5.3% of excess over \$30,000
- 3     *Over \$60,000* .....\$2,430 plus 5.85% of excess over \$60,000
- 4     (2) *All other individuals.*
- 5     (A) ~~For tax year 1997:~~
- 6     If the taxable income is:..... The tax is:
- 7     Not over \$20,000 ..... 4.1% of Kansas taxable income
- 8     Over \$20,000 but not over \$30,000.. \$820 plus 7.5% of excess over \$20,000
- 9     Over \$30,000 ..... \$1,570 plus 7.75% of excess over \$30,000

- 10    (B) ~~For tax year 1998, and all tax years thereafter~~
- 11    (A) *For tax years 2010 and 2011:*
- 12    If the taxable income is:.....The tax is:
- 13    Not over \$15,000.....3.5% of Kansas taxable income
- 14    Over \$15,000 but not over \$30,000..\$525 plus 6.25% of excess over \$15,000
- 15    Over \$30,000.....\$1,462.50 plus 6.45% of excess over \$30,000

- 16    (B) *For tax year 2012, and all tax years thereafter:*
- 17    If the taxable income is:.....The tax is:
- 18    Not over \$15,000 .....2.8% of Kansas taxable income
- 19    Over \$15,000 but not over \$30,000 .\$.420 plus 5.3% of excess over \$15,000
- 20    Over \$30,000 .....\$1,215 plus 5.85% of excess over \$30,000

21    (b) *Nonresident Individuals.* A tax is hereby imposed upon the  
 22    Kansas taxable income of every nonresident individual, which tax shall  
 23    be an amount equal to the tax computed under subsection (a) as if the  
 24    nonresident were a resident multiplied by the ratio of modified Kansas  
 25    source income to Kansas adjusted gross income.

26    (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable  
 27    income of every corporation doing business within this state or deriving  
 28    income from sources within this state. Such tax shall consist of a normal  
 29    tax and a surtax and shall be computed as follows:

30    (1) (A) *For tax year 2010,* the normal tax shall be in an amount  
 31    equal to 4% of the Kansas taxable income of such corporation; and

32    (B) *for tax year 2011, the normal tax shall be in an amount equal to*  
 33    *2% of the Kansas taxable income of such corporation; and*

34    (C) *for tax year 2012, and all tax years thereafter, there is no tax*  
 35    *imposed on the Kansas taxable income of such corporation pursuant to*  
 36    *this subsection;*

37    (2) (A) ~~for tax year 2008, the surtax shall be in an amount equal to~~  
 38    ~~3.1% of the Kansas taxable income of such corporation in excess of~~  
 39    ~~\$50,000;~~

40    (B) ~~for tax years 2009 and for tax year 2010, the surtax shall be in~~  
 41    ~~an amount equal to 3.05% of the Kansas taxable income of such~~  
 42    ~~corporation in excess of \$50,000; and~~

43    (C) ~~(B) for tax year 2011, and all tax years thereafter, the surtax shall~~  
 44    ~~be in an amount equal to 3% 1.525% of the Kansas taxable income of~~  
 45    ~~such corporation in excess of \$50,000.; and~~

46    (C) *for tax year 2012, and all tax years thereafter, there is no surtax*

1 *imposed on Kansas taxable income of such corporation in excess of*  
2 *\$50,000 pursuant to this subsection.*

3 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable  
4 income of estates and trusts at the rates provided in paragraph (2) of  
5 subsection (a) hereof.

6 Sec. 3. On January 1, 2012, K.S.A. 2010 Supp. 79-3602 is hereby  
7 amended to read as follows: 79-3602. Except as otherwise provided, as  
8 used in the Kansas retailers' sales tax act:

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

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

14 (c) "Alcoholic beverages" means beverages that are suitable for  
15 human consumption and contain .05% or more of alcohol by volume.

16 (d) "Certified automated system (CAS)" means software certified  
17 under the agreement to calculate the tax imposed by each jurisdiction on a  
18 transaction, determine the amount of tax to remit to the appropriate state  
19 and maintain a record of the transaction.

20 (e) "Certified service provider (CSP)" means an agent certified  
21 under the agreement to perform all the seller's sales and use tax functions,  
22 other than the seller's obligation to remit tax on its own purchases.

23 (f) "Computer" means an electronic device that accepts information  
24 in digital or similar form and manipulates it for a result based on a  
25 sequence of instructions.

26 (g) "Computer software" means a set of coded instructions designed  
27 to cause a computer or automatic data processing equipment to perform a  
28 task.

29 (h) "Delivered electronically" means delivered to the purchaser by  
30 means other than tangible storage media.

31 (i) "Delivery charges" means charges by the seller of personal  
32 property or services for preparation and delivery to a location designated  
33 by the purchaser of personal property or services including, but not  
34 limited to, transportation, shipping, postage, handling, crating and  
35 packing. Delivery charges shall not include charges for delivery of direct  
36 mail if the charges are separately stated on an invoice or similar billing  
37 document given to the purchaser.

38 (j) "Direct mail" means printed material delivered or distributed by  
39 United States mail or other delivery services to a mass audience or to  
40 addressees on a mailing list provided by the purchaser or at the direction  
41 of the purchaser when the cost of the items are not billed directly to the  
42 recipients. Direct mail includes tangible personal property supplied  
43 directly or indirectly by the purchaser to the direct mail seller for

1 inclusion in the package containing the printed material. Direct mail does  
2 not include multiple items of printed material delivered to a single  
3 address.

4 (k) "Director" means the state director of taxation.

5 (l) "Educational institution" means any nonprofit school, college and  
6 university that offers education at a level above the twelfth grade, and  
7 conducts regular classes and courses of study required for accreditation  
8 by, or membership in, the north central association of colleges and  
9 schools, the state board of education, or that otherwise qualify as an  
10 "educational institution," as defined by K.S.A. 74-50,103, and  
11 amendments thereto. Such phrase shall include: (1) A group of  
12 educational institutions that operates exclusively for an educational  
13 purpose; (2) nonprofit endowment associations and foundations  
14 organized and operated exclusively to receive, hold, invest and administer  
15 moneys and property as a permanent fund for the support and sole benefit  
16 of an educational institution; (3) nonprofit trusts, foundations and other  
17 entities organized and operated principally to hold and own receipts from  
18 intercollegiate sporting events and to disburse such receipts, as well as  
19 grants and gifts, in the interest of collegiate and intercollegiate athletic  
20 programs for the support and sole benefit of an educational institution;  
21 and (4) nonprofit trusts, foundations and other entities organized and  
22 operated for the primary purpose of encouraging, fostering and  
23 conducting scholarly investigations and industrial and other types of  
24 research for the support and sole benefit of an educational institution.

25 (m) "Electronic" means relating to technology having electrical,  
26 digital, magnetic, wireless, optical, electromagnetic or similar  
27 capabilities.

28 (n) "Food and food ingredients" means substances, whether in  
29 liquid, concentrated, solid, frozen, dried or dehydrated form, that are sold  
30 for ingestion or chewing by humans and are consumed for their taste or  
31 nutritional value. "Food and food ingredients" does not include alcoholic  
32 beverages or tobacco.

33 (o) "Gross receipts" means the total selling price or the amount  
34 received as defined in this act, in money, credits, property or other  
35 consideration valued in money from sales at retail within this state; and  
36 embraced within the provisions of this act. The taxpayer, may take credit  
37 in the report of gross receipts for: (1) An amount equal to the selling price  
38 of property returned by the purchaser when the full sale price thereof,  
39 including the tax collected, is refunded in cash or by credit; and (2) an  
40 amount equal to the allowance given for the trade-in of property.

41 (p) "Ingredient or component part" means tangible personal property  
42 which is necessary or essential to, and which is actually used in and  
43 becomes an integral and material part of tangible personal property or

1 services produced, manufactured or compounded for sale by the producer,  
2 manufacturer or compounder in its regular course of business. The  
3 following items of tangible personal property are hereby declared to be  
4 ingredients or component parts, but the listing of such property shall not  
5 be deemed to be exclusive nor shall such listing be construed to be a  
6 restriction upon, or an indication of, the type or types of property to be  
7 included within the definition of "ingredient or component part" as herein  
8 set forth:

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

12 (2) Containers, labels, shipping cases, paper bags, drinking straws,  
13 paper plates, paper cups, twine and wrapping paper used in the  
14 distribution and sale of property taxable under the provisions of this act  
15 by wholesalers and retailers and which is not to be returned to such  
16 wholesaler or retailer for reuse.

17 (3) Seeds and seedlings for the production of plants and plant  
18 products produced for resale.

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

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

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

28 (q) "Isolated or occasional sale" means the nonrecurring sale of  
29 tangible personal property, or services taxable hereunder by a person not  
30 engaged at the time of such sale in the business of selling such property  
31 or services. Any religious organization which makes a nonrecurring sale  
32 of tangible personal property acquired for the purpose of resale shall be  
33 deemed to be not engaged at the time of such sale in the business of  
34 selling such property. Such term shall include: (1) Any sale by a bank,  
35 savings and loan institution, credit union or any finance company  
36 licensed under the provisions of the Kansas uniform consumer credit  
37 code of tangible personal property which has been repossessed by any  
38 such entity; and (2) any sale of tangible personal property made by an  
39 auctioneer or agent on behalf of not more than two principals or  
40 households if such sale is nonrecurring and any such principal or  
41 household is not engaged at the time of such sale in the business of  
42 selling tangible personal property.

43 (r) "Lease or rental" means any transfer of possession or control of

1 tangible personal property for a fixed or indeterminate term for  
2 consideration. A lease or rental may include future options to purchase or  
3 extend.

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

8 (B) a transfer or possession or control of property under an  
9 agreement that requires the transfer of title upon completion of required  
10 payments and payment of an option price does not exceed the greater of  
11 \$100 or 1% of the total required payments; or

12 (C) providing tangible personal property along with an operator for a  
13 fixed or indeterminate period of time. A condition of this exclusion is that  
14 the operator is necessary for the equipment to perform as designed. For  
15 the purpose of this subsection, an operator must do more than maintain,  
16 inspect or set-up the tangible personal property.

17 (2) Lease or rental does include agreements covering motor vehicles  
18 and trailers where the amount of consideration may be increased or  
19 decreased by reference to the amount realized upon sale or disposition of  
20 the property as defined in 26 U.S.C. § 7701(h)(1).

21 (3) This definition shall be used for sales and use tax purposes  
22 regardless if a transaction is characterized as a lease or rental under  
23 generally accepted accounting principles, the internal revenue code, the  
24 uniform commercial code, K.S.A. 84-1-101 et seq. and amendments  
25 thereto, or other provisions of federal, state or local law.

26 (4) This definition will be applied only prospectively from the  
27 effective date of this act and will have no retroactive impact on existing  
28 leases or rentals.

29 (s) "Load and leave" means delivery to the purchaser by use of a  
30 tangible storage media where the tangible storage media is not physically  
31 transferred to the purchaser.

32 (t) "Member state" means a state that has entered in the agreement,  
33 pursuant to provisions of article VIII of the agreement.

34 (u) "Model 1 seller" means a seller that has selected a CSP as its  
35 agent to perform all the seller's sales and use tax functions, other than the  
36 seller's obligation to remit tax on its own purchases.

37 (v) "Model 2 seller" means a seller that has selected a CAS to  
38 perform part of its sales and use tax functions, but retains responsibility  
39 for remitting the tax.

40 (w) "Model 3 seller" means a seller that has sales in at least five  
41 member states, has total annual sales revenue of at least \$500,000,000,  
42 has a proprietary system that calculates the amount of tax due each  
43 jurisdiction and has entered into a performance agreement with the

1 member states that establishes a tax performance standard for the seller.  
2 As used in this subsection a seller includes an affiliated group of sellers  
3 using the same proprietary system.

4 (x) "Municipal corporation" means any city incorporated under the  
5 laws of Kansas.

6 (y) "Nonprofit blood bank" means any nonprofit place, organization,  
7 institution or establishment that is operated wholly or in part for the  
8 purpose of obtaining, storing, processing, preparing for transfusing,  
9 furnishing, donating or distributing human blood or parts or fractions of  
10 single blood units or products derived from single blood units, whether or  
11 not any remuneration is paid therefor, or whether such procedures are  
12 done for direct therapeutic use or for storage for future use of such  
13 products.

14 (z) "Persons" means any individual, firm, copartnership, joint  
15 adventure, association, corporation, estate or trust, receiver or trustee, or  
16 any group or combination acting as a unit, and the plural as well as the  
17 singular number; and shall specifically mean any city or other political  
18 subdivision of the state of Kansas engaging in a business or providing a  
19 service specifically taxable under the provisions of this act.

20 (aa) "Political subdivision" means any municipality, agency or  
21 subdivision of the state which is, or shall hereafter be, authorized to levy  
22 taxes upon tangible property within the state or which certifies a levy to a  
23 municipality, agency or subdivision of the state which is, or shall  
24 hereafter be, authorized to levy taxes upon tangible property within the  
25 state. Such term also shall include any public building commission,  
26 housing, airport, port, metropolitan transit or similar authority established  
27 pursuant to law and the horsethief reservoir benefit district established  
28 pursuant to K.S.A. 82a-2201, and amendments thereto.

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

32 ~~(cc) "Prewritten computer software" means computer software,~~  
33 ~~including prewritten upgrades, which is not designed and developed by~~  
34 ~~the author or other creator to the specifications of a specific purchaser.~~  
35 ~~The combining of two or more prewritten computer software programs or~~  
36 ~~prewritten portions thereof does not cause the combination to be other~~  
37 ~~than prewritten computer software. Prewritten computer software~~  
38 ~~includes software designed and developed by the author or other creator~~  
39 ~~to the specifications of a specific purchaser when it is sold to a person~~  
40 ~~other than the purchaser. Where a person modifies or enhances computer~~  
41 ~~software of which the person is not the author or creator, the person shall~~  
42 ~~be deemed to be the author or creator only of such person's modifications~~  
43 ~~or enhancements. Prewritten computer software or a prewritten portion~~



1 ~~thereof that is modified or enhanced to any degree, where such~~  
2 ~~modification or enhancement is designed and developed to the~~  
3 ~~specifications of a specific purchaser, remains prewritten computer~~  
4 ~~software, except that where there is a reasonable, separately stated charge~~  
5 ~~or an invoice or other statement of the price given to the purchaser for~~  
6 ~~such modification or enhancement, such modification or enhancement~~  
7 ~~shall not constitute prewritten computer software.~~

8 (dd) "Property which is consumed" means tangible personal  
9 property which is essential or necessary to and which is used in the actual  
10 process of and consumed, depleted or dissipated within one year in (1)  
11 the production, manufacture, processing, mining, drilling, refining or  
12 compounding of tangible personal property, (2) the providing of services,  
13 (3) the irrigation of crops, for sale in the regular course of business, or (4)  
14 the storage or processing of grain by a public grain warehouse or other  
15 grain storage facility, and which is not reusable for such purpose. The  
16 following is a listing of tangible personal property, included by way of  
17 illustration but not of limitation, which qualifies as property which is  
18 consumed:

19 (A) Insecticides, herbicides, germicides, pesticides, fungicides,  
20 fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and  
21 chemicals for use in commercial or agricultural production, processing or  
22 storage of fruit, vegetables, feeds, seeds, grains, animals or animal  
23 products whether fed, injected, applied, combined with or otherwise used;

24 (B) electricity, gas and water; and

25 (C) petroleum products, lubricants, chemicals, solvents, reagents and  
26 catalysts.

27 (ee)(dd) "Purchase price" applies to the measure subject to use tax  
28 and has the same meaning as sales price.

29 (ff)(ee) "Purchaser" means a person to whom a sale of personal  
30 property is made or to whom a service is furnished.

31 (gg)(ff) "Quasi-municipal corporation" means any county, township,  
32 school district, drainage district or any other governmental subdivision in  
33 the state of Kansas having authority to receive or hold moneys or funds.

34 (hh)(gg) "Registered under this agreement" means registration by a  
35 seller with the member states under the central registration system  
36 provided in article IV of the agreement.

37 (ii)(hh) "Retailer" means a seller regularly engaged in the business  
38 of selling, leasing or renting tangible personal property at retail or  
39 furnishing electrical energy, gas, water, services or entertainment, and  
40 selling only to the user or consumer and not for resale.

41 (jj)(ii) "Retail sale" or "sale at retail" means any sale, lease or rental  
42 for any purpose other than for resale, sublease or subrent.

43 (kk)(jj) "Sale" or "sales" means the exchange of tangible personal

1 property, as well as the sale thereof for money, and every transaction,  
2 conditional or otherwise, for a consideration, constituting a sale,  
3 including the sale or furnishing of electrical energy, gas, water, services  
4 or entertainment taxable under the terms of this act and including, except  
5 as provided in the following provision, the sale of the use of tangible  
6 personal property by way of a lease, license to use or the rental thereof  
7 regardless of the method by which the title, possession or right to use the  
8 tangible personal property is transferred. The term "sale" or "sales" shall  
9 not mean the sale of the use of any tangible personal property used as a  
10 dwelling by way of a lease or rental thereof for a term of more than 28  
11 consecutive days.

12 ~~(H)~~(I)(kk) (I) "Sales or selling price" applies to the measure subject  
13 to sales tax and means the total amount of consideration, including cash,  
14 credit, property and services, for which personal property or services are  
15 sold, leased or rented, valued in money, whether received in money or  
16 otherwise, without any deduction for the following:

17 (A) The seller's cost of the property sold;

18 (B) the cost of materials used, labor or service cost, interest, losses,  
19 all costs of transportation to the seller, all taxes imposed on the seller and  
20 any other expense of the seller;

21 (C) charges by the seller for any services necessary to complete the  
22 sale, other than delivery and installation charges;

23 (D) delivery charges; and

24 (E) installation charges.

25 (2) "Sales or selling price" includes consideration received by the  
26 seller from third parties if:

27 (A) The seller actually receives consideration from a party other  
28 than the purchaser and the consideration is directly related to a price  
29 reduction or discount on the sale;

30 (B) the seller has an obligation to pass the price reduction or  
31 discount through to the purchaser;

32 (C) the amount of the consideration attributable to the sale is fixed  
33 and determinable by the seller at the time of the sale of the item to the  
34 purchaser; and

35 (D) one of the following criteria is met:

36 (i) The purchaser presents a coupon, certificate or other  
37 documentation to the seller to claim a price reduction or discount where  
38 the coupon, certificate or documentation is authorized, distributed or  
39 granted by a third party with the understanding that the third party will  
40 reimburse any seller to whom the coupon, certificate or documentation is  
41 presented;

42 (ii) the purchaser identifies to the seller that the purchaser is a  
43 member of a group or organization entitled to a price reduction or

- 1 discount. A preferred customer card that is available to any patron does  
2 not constitute membership in such a group; or
- 3 (iii) the price reduction or discount is identified as a third party price  
4 reduction or discount on the invoice received by the purchaser or on a  
5 coupon, certificate or other documentation presented by the purchaser.
- 6 (3) "Sales or selling price" shall not include:
- 7 (A) Discounts, including cash, term or coupons that are not  
8 reimbursed by a third party that are allowed by a seller and taken by a  
9 purchaser on a sale;
- 10 (B) interest, financing and carrying charges from credit extended on  
11 the sale of personal property or services, if the amount is separately stated  
12 on the invoice, bill of sale or similar document given to the purchaser;
- 13 (C) any taxes legally imposed directly on the consumer that are  
14 separately stated on the invoice, bill of sale or similar document given to  
15 the purchaser;
- 16 (D) the amount equal to the allowance given for the trade-in of  
17 property, if separately stated on the invoice, billing or similar document  
18 given to the purchaser; and
- 19 (E) commencing on July 1, 2006, and ending on June 30, 2009, cash  
20 rebates granted by a manufacturer to a purchaser or lessee of a new motor  
21 vehicle if paid directly to the retailer as a result of the original sale.
- 22 ~~(mm)~~(ll) "Seller" means a person making sales, leases or rentals of  
23 personal property or services.
- 24 ~~(nn)~~ "Service" means those services described in and taxed under the  
25 provisions of K.S.A. 79-3603 and amendments thereto.
- 26 ~~(oo)~~(mm) "Sourcing rules" means the rules set forth in K.S.A. 2010  
27 Supp. 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and  
28 amendments thereto, which shall apply to identify and determine the state  
29 and local taxing jurisdiction sales or use taxes to pay, or collect and remit  
30 on a particular retail sale.
- 31 ~~(pp)~~(nn) "Tangible personal property" means personal property that  
32 can be seen, weighed, measured, felt or touched, or that is in any other  
33 manner perceptible to the senses. Tangible personal property includes  
34 electricity, water, gas, steam and prewritten computer software.
- 35 ~~(qq)~~(oo) "Taxpayer" means any person obligated to account to the  
36 director for taxes collected under the terms of this act.
- 37 ~~(rr)~~(pp) "Tobacco" means cigarettes, cigars, chewing or pipe  
38 tobacco or any other item that contains tobacco.
- 39 ~~(ss)~~(qq) "Entity-based exemption" means an exemption based on  
40 who purchases the product or who sells the product. An exemption that is  
41 available to all individuals shall not be considered an entity-based  
42 exemption.
- 43 ~~(tt)~~(rr) "Over-the-counter" drug means a drug that contains a label

1 that identifies the product as a drug as required by 21 C.F.R. § 201.66.  
2 The over-the-counter drug label includes: (1) A drug facts panel; or (2) a  
3 statement of the active ingredients with a list of those ingredients  
4 contained in the compound, substance or preparation. Over-the-counter  
5 drugs do not include grooming and hygiene products such as soaps,  
6 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan  
7 lotions and screens.

8 ~~(ttt)~~ (ss) "Ancillary services" means services that are associated with  
9 or incidental to the provision of telecommunications services, including,  
10 but not limited to, detailed telecommunications billing, directory  
11 assistance, vertical service and voice mail services.

12 ~~(vvv)~~ (tt) "Conference bridging service" means an ancillary service  
13 that links two or more participants of an audio or video conference call  
14 and may include the provision of a telephone number. Conference  
15 bridging service does not include the telecommunications services used to  
16 reach the conference bridge.

17 ~~(www)~~ (uu) "Detailed telecommunications billing service" means an  
18 ancillary service of separately stating information pertaining to individual  
19 calls on a customer's billing statement.

20 ~~(xxx)~~ (vv) "Directory assistance" means an ancillary service of  
21 providing telephone number information or address information, or both.

22 ~~(yyy)~~ (ww) "Vertical service" means an ancillary service that is  
23 offered in connection with one or more telecommunications services,  
24 which offers advanced calling features that allow customers to identify  
25 callers and to manage multiple calls and call connections, including  
26 conference bridging services.

27 ~~(zzz)~~ (xx) "Voice mail service" means an ancillary service that  
28 enables the customer to store, send or receive recorded messages. Voice  
29 mail service does not include any vertical services that the customer may  
30 be required to have in order to utilize the voice mail service.

31 ~~(aaa)~~(yy) "Telecommunications service" means the electronic  
32 transmission, conveyance or routing of voice, data, audio, video or any  
33 other information or signals to a point, or between or among points. The  
34 term telecommunications service includes such transmission, conveyance  
35 or routing in which computer processing applications are used to act on  
36 the form, code or protocol of the content for purposes of transmissions,  
37 conveyance or routing without regard to whether such service is referred  
38 to as voice over Internet protocol services or is classified by the federal  
39 communications commission as enhanced or value added.  
40 Telecommunications service does not include:

41 (1) Data processing and information services that allow data to be  
42 generated, acquired, stored, processed or retrieved and delivered by an  
43 electronic transmission to a purchaser where such purchaser's primary

1 purpose for the underlying transaction is the processed data or  
2 information;

3 (2) installation or maintenance of wiring or equipment on a  
4 customer's premises;

5 (3) tangible personal property;

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

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

8 (6) internet access service;

9 (7) radio and television audio and video programming services,  
10 regardless of the medium, including the furnishing of transmission,  
11 conveyance and routing of such services by the programming service  
12 provider. Radio and television audio and video programming services  
13 shall include, but not be limited to, cable service as defined in 47 U.S.C.  
14 § 522(6) and audio and video programming services delivered by  
15 commercial mobile radio service providers, as defined in 47 C.F.R. §  
16 20.3;

17 (8) ancillary services; or

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

20 ~~(bbb)~~(zz) "800 service" means a telecommunications service that  
21 allows a caller to dial a toll-free number without incurring a charge for  
22 the call. The service is typically marketed under the name 800, 855, 866,  
23 877 and 888 toll-free calling, and any subsequent numbers designated by  
24 the federal communications commission.

25 ~~(eee)~~(aaa) "900 service" means an inbound toll telecommunications  
26 service purchased by a subscriber that allows the subscriber's customers  
27 to call in to the subscriber's prerecorded announcement or live service.  
28 900 service does not include the charge for collection services provided  
29 by the seller of the telecommunications services to the subscriber, or  
30 service or product sold by the subscriber to the subscriber's customer. The  
31 service is typically marketed under the name 900 service, and any  
32 subsequent numbers designated by the federal communications  
33 commission.

34 ~~(ddd)~~(bbb) "Value-added non-voice data service" means a service  
35 that otherwise meets the definition of telecommunications services in  
36 which computer processing applications are used to act on the form,  
37 content, code or protocol of the information or data primarily for a  
38 purpose other than transmission, conveyance or routing.

39 ~~(eee)~~(ccc) "International" means a telecommunications service that  
40 originates or terminates in the United States and terminates or originates  
41 outside the United States, respectively. United States includes the District  
42 of Columbia or a U.S. territory or possession.

43 ~~(fff)~~(ddd) "Interstate" means a telecommunications service that

1 originates in one United States state, or a United States territory or  
 2 possession, and terminates in a different United States state or a United  
 3 States territory or possession.

4 ~~(ggg)~~(eee) "Intrastate" means a telecommunications service that  
 5 originates in one United States state or a United States territory or  
 6 possession, and terminates in the same United States state or a United  
 7 States territory or possession.

8 Sec. 4. On January 1, 2012, K.S.A. 2010 Supp. 79-3603 is hereby  
 9 amended to read as follows: 79-3603. *Unless made exempt from the tax*  
 10 *imposed by the Kansas retailer's sales tax*, for the privilege of engaging  
 11 in the business of selling tangible personal property at retail in this state  
 12 or rendering or furnishing any of the services taxable under this act, there  
 13 is hereby levied and there shall be collected and paid a tax ~~at the rate of~~  
 14 ~~5.3%, and, commencing July 1, 2010, at the rate of 6.3%, and~~  
 15 ~~commencing July 1, 2013~~*January 1, 2012*, at the rate of ~~5.7%~~5.3%.  
 16 Within a redevelopment district established pursuant to K.S.A. 74-8921,  
 17 and amendments thereto, there is hereby levied and there shall be  
 18 collected and paid an additional tax at the rate of 2% until the earlier of  
 19 the date the bonds issued to finance or refinance the redevelopment  
 20 project have been paid in full or the final scheduled maturity of the first  
 21 series of bonds issued to finance any part of the project upon:

22 (a) The gross receipts received from the sale of tangible personal  
 23 property at retail within this state, *and commencing January 1, 2012, the*  
 24 *rendering or furnishing of any services within this state except*  
 25 *ambulatory health care services and hospital services as described in*  
 26 *subsectors 621 and 622 of the North American industry classification*  
 27 *system, United States, 2002 edition. This imposition of tax is upon all*  
 28 *other services specifically named by law and upon services not*  
 29 *specifically named by law;*

30 (b) the gross receipts from intrastate, interstate or international  
 31 telecommunications services and any ancillary services sourced to this  
 32 state in accordance with K.S.A. 2010 Supp. 79-3673, and amendments  
 33 thereto, ~~except that telecommunications service does not include: (1) Any~~  
 34 ~~interstate or international 800 or 900 service; (2) any interstate or~~  
 35 ~~international private communications service as defined in K.S.A. 2010~~  
 36 ~~Supp. 79-3673, and amendments thereto; (3) any value added nonvoice~~  
 37 ~~data service; (4) any telecommunication service to a provider of~~  
 38 ~~telecommunication services which will be used to render~~  
 39 ~~telecommunications services, including carrier access services; or (5) any~~  
 40 ~~service or transaction defined in this section among entities classified as~~  
 41 ~~members of an affiliated group as provided by section 1504 of the federal~~  
 42 ~~internal revenue code of 1986, as in effect on January 1, 2001;~~

43 (c) the gross receipts from the sale or furnishing of gas, water,

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

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

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

24 (f) the gross receipts from the operation of any coin-operated device  
25 dispensing or providing tangible personal property, amusement or other  
26 services ~~except laundry services, whether automatic or manually~~  
27 ~~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  
36 tangible personal property except such tax shall not apply to the renting  
37 or leasing of machinery, equipment or other personal property owned by a  
38 city and purchased from the proceeds of industrial revenue bonds issued  
39 prior to July 1, 1973, in accordance with the provisions of K.S.A. 12-  
40 1740 through 12-1749, and amendments thereto, and any city or lessee  
41 renting or leasing such machinery, equipment or other personal property  
42 purchased with the proceeds of such bonds who shall have paid a tax  
43 under the provisions of this section upon sales made prior to July 1, 1973,

1 shall be entitled to a refund from the sales tax refund fund of all taxes  
2 paid thereon;

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

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

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

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

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

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

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



1 pursuant to section 501 (c)(3) of the federal internal revenue code of  
2 1986, and whose purpose is to support the operation of a nonprofit zoo;

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

39 (p) the gross receipts received for the service of installing or  
40 applying tangible personal property which when installed or applied is  
41 not being held for sale in the regular course of business, and whether or  
42 not such tangible personal property when installed or applied remains  
43 tangible personal property or becomes a part of real estate, except that no

1 tax shall be imposed upon the service of installing or applying tangible  
2 personal property in connection with the original construction of a  
3 building or facility, the original construction, reconstruction, restoration,  
4 remodeling, renovation, repair or replacement of a residence or the  
5 construction, reconstruction, restoration, replacement or repair of a bridge  
6 or highway;

7 For the purposes of this subsection:

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

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

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

28 (4) "~~residence~~" shall mean only those enclosures within which  
29 individuals customarily live;

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

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

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

- 1 connected with or built into real property;
- 2 (r) the gross receipts from fees or charges made under service or  
3 maintenance agreement contracts for services, charges for the providing  
4 of which are taxable under the provisions of subsection (p) or (q);
- 5 (s) ~~on and after January 1, 2005~~, the gross receipts received from the  
6 sale of ~~prewritten~~ computer software and the sale of the services of  
7 modifying, altering, updating or maintaining ~~prewritten~~ computer  
8 software, whether the ~~prewritten~~ computer software is installed or  
9 delivered electronically by tangible storage media physically transferred  
10 to the purchaser or by load and leave, *and the gross receipts received*  
11 *from the service of providing access to or use of computer software*  
12 *regardless of where such software is located*;
- 13 (t) the gross receipts received for telephone answering services;
- 14 (u) the gross receipts received from the sale of prepaid calling  
15 service and prepaid wireless calling service as defined in K.S.A. 2010  
16 Supp. 79-3673, and amendments thereto; ~~and~~
- 17 (v) the gross receipts received from the sales of bingo cards, bingo  
18 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,  
19 and amendments thereto, ~~shall be taxed at a rate of: (1) 4.9% on July 1,~~  
20 ~~2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before~~  
21 ~~July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo~~  
22 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,~~  
23 ~~and amendments thereto, shall be exempt from taxes imposed pursuant to~~  
24 ~~this section.; and~~
- 25 (w) *sale of specified digital products. As used in this subsection: (1)*  
26 *"Digital audio works" means works that result from the fixation of a*  
27 *series of musical, spoken or other sounds, including ringtones;*  
28 (2) *"digital audio-visual works" means a series of related images*  
29 *which, when shown in succession, impart an impression of motion,*  
30 *together with accompanying sounds, if any;*  
31 (3) *"digital books" means works that are generally recognized in the*  
32 *ordinary and usual sense as books;*  
33 (4) *"electronically transferred" means obtained by the purchaser by*  
34 *means other than tangible storage media;*  
35 (5) *"ringtones" means digitized sound files that are downloaded*  
36 *onto a device and that may be used to alert the customer with respect to a*  
37 *communication; and*  
38 (6) *"specified digital products" means electronically transferred*  
39 *digital audio works, digital audio-visual works and digital books.*
- 40 Sec. 5. On January 1, 2012, K.S.A. 2010 Supp. 79-3606 is hereby  
41 amended to read as follows: 79-3606. The following shall be exempt  
42 from the tax imposed by this act:
- 43 (a) All sales of motor-vehicle fuel or other articles upon which a

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

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

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

36 (d) ~~all sales of tangible personal property or services purchased by a~~  
37 ~~contractor for the purpose of constructing, equipping, reconstructing,~~  
38 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities for~~  
39 ~~any public or private nonprofit hospital or public hospital authority,~~  
40 ~~public or private elementary or secondary school, a public or private~~  
41 ~~nonprofit educational institution, state correctional institution including a~~  
42 ~~privately constructed correctional institution contracted for state use and~~  
43 ~~ownership, which would be exempt from taxation under the provisions of~~

1 this act if purchased directly by such hospital or public hospital authority,  
2 school, educational institution or a state correctional institution; and all  
3 sales of tangible personal property or services purchased by a contractor  
4 for the purpose of constructing, equipping, reconstructing, maintaining,  
5 repairing, enlarging, furnishing or remodeling facilities for any political  
6 subdivision of the state or district described in subsection (s), the total  
7 cost of which is paid from funds of such political subdivision or district  
8 and which would be exempt from taxation under the provisions of this act  
9 if purchased directly by such political subdivision or district. Nothing in  
10 this subsection or in the provisions of K.S.A. 12-3418 and amendments  
11 thereto, shall be deemed to exempt the purchase of any construction  
12 machinery, equipment or tools used in the constructing, equipping,  
13 reconstructing, maintaining, repairing, enlarging, furnishing or  
14 remodeling facilities for any political subdivision of the state or any such  
15 district. As used in this subsection, K.S.A. 12-3418 and 79-3640, and  
16 amendments thereto, "funds of a political subdivision" shall mean general  
17 tax revenues, the proceeds of any bonds and gifts or grants in aid. Gifts  
18 shall not mean funds used for the purpose of constructing, equipping,  
19 reconstructing, repairing, enlarging, furnishing or remodeling facilities  
20 which are to be leased to the donor. When any political subdivision of the  
21 state, district described in subsection (s), public or private nonprofit  
22 hospital or public hospital authority, public or private elementary or  
23 secondary school, public or private nonprofit educational institution, state  
24 correctional institution including a privately constructed correctional  
25 institution contracted for state use and ownership shall contract for the  
26 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  
29 the 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 political subdivision, district described in subsection  
35 (s), hospital or public hospital authority, school, educational institution or  
36 department of corrections concerned a sworn statement, on a form to be  
37 provided by the director of taxation, that all purchases so made were  
38 entitled to exemption under this subsection. As an alternative to the  
39 foregoing procedure, any such contracting entity may apply to the  
40 secretary of revenue for agent status for the sole purpose of issuing and  
41 furnishing project exemption certificates to contractors pursuant to rules  
42 and regulations adopted by the secretary establishing conditions and  
43 standards for the granting and maintaining of such status. All invoices

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

23 (e) all sales of tangible personal property or services purchased by a  
24 contractor for the erection, repair or enlargement of buildings or other  
25 projects for the government of the United States, its agencies or  
26 instrumentalities, which would be exempt from taxation if purchased  
27 directly by the government of the United States, its agencies or  
28 instrumentalities. When the government of the United States, its agencies  
29 or instrumentalities shall contract for the erection, repair, or enlargement  
30 of any building or other project, it shall obtain from the state and furnish  
31 to the contractor an exemption certificate for the project involved, and the  
32 contractor may purchase materials for incorporation in such project. The  
33 contractor shall furnish the number of such certificates to all suppliers  
34 from whom such purchases are made, and such suppliers shall execute  
35 invoices covering the same bearing the number of such certificate. Upon  
36 completion of the project the contractor shall furnish to the government  
37 of the United States, its agencies or instrumentalities concerned a sworn  
38 statement, on a form to be provided by the director of taxation, that all  
39 purchases so made were entitled to exemption under this subsection. As  
40 an alternative to the foregoing procedure, any such contracting entity may  
41 apply to the secretary of revenue for agent status for the sole purpose of  
42 issuing and furnishing project exemption certificates to contractors  
43 pursuant to rules and regulations adopted by the secretary establishing

1 conditions and standards for the granting and maintaining of such status.  
2 All invoices shall be held by the contractor for a period of five years and  
3 shall be subject to audit by the director of taxation. Any contractor or any  
4 agent, employee or subcontractor thereof, who shall use or otherwise  
5 dispose of any materials purchased under such a certificate for any  
6 purpose other than that for which such a certificate is issued without the  
7 payment of the sales or compensating tax otherwise imposed upon such  
8 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
9 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
10 79-3615, and amendments thereto;

11 ~~(f) tangible personal property purchased by a railroad or public~~  
12 ~~utility for consumption or movement directly and immediately in~~  
13 ~~interstate commerce;~~

14 ~~(g)(c) purchases of transportation equipment as defined in K.S.A.~~  
15 ~~79-3670(d), and amendments thereto, by common carriers for use~~  
16 ~~primarily in the carriage of persons or property in interstate commerce;~~

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

26 ~~(h) all rentals of nonsectarian textbooks by public or private~~  
27 ~~elementary or secondary schools;~~

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

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

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

41 ~~(l)(f) all isolated or occasional sales of tangible personal property,~~  
42 ~~services, substances or things, except isolated or occasional sale of motor~~  
43 ~~vehicles specifically taxed under the provisions of subsection (o) of~~

1 K.S.A. 79-3603, and amendments thereto;

2 ~~(m)~~(g) all sales of tangible personal property which become an  
3 ingredient or component part of tangible personal property or services  
4 produced, manufactured or compounded for ultimate sale at retail within  
5 or without the state of Kansas; and any such producer, manufacturer or  
6 compounder may obtain from the director of taxation and furnish to the  
7 supplier an exemption certificate number for tangible personal property  
8 for use as an ingredient or component part of the property or services  
9 produced, manufactured or compounded;

10 ~~(n)~~(h) all sales of tangible personal property which is consumed in  
11 the production, manufacture, processing, mining, drilling, refining or  
12 compounding of tangible personal property, the treating of by-products or  
13 wastes derived from any such production process, the providing of  
14 services or the irrigation of crops for ultimate sale at retail within or  
15 without the state of Kansas; and any purchaser of such property may  
16 obtain from the director of taxation and furnish to the supplier an  
17 exemption certificate number for tangible personal property for  
18 consumption in such production, manufacture, processing, mining,  
19 drilling, refining, compounding, treating, irrigation and in providing such  
20 services;

21 ~~(o)~~(i) all sales of animals, fowl and aquatic plants and animals, the  
22 primary purpose of which is use in agriculture or aquaculture, as defined  
23 in K.S.A. 47-1901, and amendments thereto, the production of food for  
24 human consumption, the production of animal, dairy, poultry or aquatic  
25 plant and animal products, fiber or fur, or the production of offspring for  
26 use for any such purpose or purposes;

27 ~~(p)~~(j) all sales of drugs dispensed pursuant to a prescription order by  
28 a licensed practitioner or a mid-level practitioner as defined by K.S.A.  
29 65-1626, and amendments thereto. As used in this subsection, "drug"  
30 means a compound, substance or preparation and any component of a  
31 compound, substance or preparation, other than food and food  
32 ingredients, dietary supplements or alcoholic beverages, recognized in the  
33 official United States pharmacopoeia, official homeopathic  
34 pharmacopoeia of the United States or official national formulary, and  
35 supplement to any of them, intended for use in the diagnosis, cure,  
36 mitigation, treatment or prevention of disease or intended to affect the  
37 structure or any function of the body;

38 ~~(q)~~(k) all sales of insulin dispensed by a person licensed by the state  
39 board of pharmacy to a person for treatment of diabetes at the direction of  
40 a person licensed to practice medicine by the board of healing arts;

41 ~~(r)~~(l) all sales of oxygen delivery equipment, kidney dialysis  
42 equipment, enteral feeding systems, prosthetic devices and mobility  
43 enhancing equipment prescribed in writing by a person licensed to



1 practice the healing arts, dentistry or optometry, and in addition to such  
2 sales, all sales of hearing aids, as defined by subsection (c) of K.S.A. 74-  
3 5807, and amendments thereto, and repair and replacement parts therefor,  
4 including batteries, by a person licensed in the practice of dispensing and  
5 fitting hearing aids pursuant to the provisions of K.S.A. 74-5808, and  
6 amendments thereto. For the purposes of this subsection: (1) "Mobility  
7 enhancing equipment" means equipment including repair and  
8 replacement parts to same, but does not include durable medical  
9 equipment, which is primarily and customarily used to provide or  
10 increase the ability to move from one place to another and which is  
11 appropriate for use either in a home or a motor vehicle; is not generally  
12 used by persons with normal mobility; and does not include any motor  
13 vehicle or equipment on a motor vehicle normally provided by a motor  
14 vehicle manufacturer; and (2) "prosthetic device" means a replacement,  
15 corrective or supportive device including repair and replacement parts for  
16 same worn on or in the body to artificially replace a missing portion of  
17 the body, prevent or correct physical deformity or malfunction or support  
18 a weak or deformed portion of the body;

19 ~~(s) except as provided in K.S.A. 2010 Supp. 82a-2101, and~~  
20 ~~amendments thereto, all sales of tangible personal property or services~~  
21 ~~purchased directly or indirectly by a groundwater management district~~  
22 ~~organized or operating under the authority of K.S.A. 82a-1020 et seq. and~~  
23 ~~amendments thereto, by a rural water district organized or operating~~  
24 ~~under the authority of K.S.A. 82a-612, and amendments thereto, or by a~~  
25 ~~water supply district organized or operating under the authority of K.S.A.~~  
26 ~~19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto;~~  
27 ~~which property or services are used in the construction activities,~~  
28 ~~operation or maintenance of the district;~~

29 ~~(t)(m)~~ all sales of farm machinery and equipment or aquaculture  
30 machinery and equipment, repair and replacement parts therefor and  
31 services performed in the repair and maintenance of such machinery and  
32 equipment. For the purposes of this subsection the term "farm machinery  
33 and equipment or aquaculture machinery and equipment" shall include a  
34 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
35 thereto, and is equipped with a bed or cargo box for hauling materials,  
36 and shall also include machinery and equipment used in the operation of  
37 Christmas tree farming but shall not include any passenger vehicle, truck,  
38 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as  
39 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm  
40 machinery and equipment" includes precision farming equipment that is  
41 portable or is installed or purchased to be installed on farm machinery  
42 and equipment. "Precision farming equipment" includes the following  
43 items used only in computer-assisted farming, ranching or aquaculture

1 production operations: Soil testing sensors, yield monitors, computers,  
2 monitors, software, global positioning and mapping systems, guiding  
3 systems, modems, data communications equipment and any necessary  
4 mounting hardware, wiring and antennas. Each purchaser of farm  
5 machinery and equipment or aquaculture machinery and equipment  
6 exempted herein must certify in writing on the copy of the invoice or  
7 sales ticket to be retained by the seller that the farm machinery and  
8 equipment or aquaculture machinery and equipment purchased will be  
9 used only in farming, ranching or aquaculture production. Farming or  
10 ranching shall include the operation of a feedlot and farm and ranch work  
11 for hire and the operation of a nursery;

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

15 ~~(v) all sales of tangible personal property to any contractor for use in~~  
16 ~~preparing meals for delivery to homebound elderly persons over 60 years~~  
17 ~~of age and to homebound disabled persons or to be served at a group~~  
18 ~~sitting at a location outside of the home to otherwise homebound elderly~~  
19 ~~persons over 60 years of age and to otherwise homebound disabled~~  
20 ~~persons, as all or part of any food service project funded in whole or in~~  
21 ~~part by government or as part of a private nonprofit food service project~~  
22 ~~available to all such elderly or disabled persons residing within an area of~~  
23 ~~service designated by the private nonprofit organization, and all sales of~~  
24 ~~tangible personal property for use in preparing meals for consumption by~~  
25 ~~indigent or homeless individuals whether or not such meals are consumed~~  
26 ~~at a place designated for such purpose, and all sales of food products by~~  
27 ~~or on behalf of any such contractor or organization for any such purpose;~~

28 ~~(w)(n) all sales of natural gas, electricity, heat and water delivered~~  
29 ~~through mains, lines or pipes: (1) To residential premises for~~  
30 ~~noncommercial use by the occupant of such premises; (2) for agricultural~~  
31 ~~use and also, for such use, all sales of propane gas; (3) For use in the~~  
32 ~~severing of oil; and (4)(2) to any property which is exempt from property~~  
33 ~~taxation pursuant to K.S.A. 79-201b *Second* through *Sixth*. As used in this~~  
34 ~~paragraph, "severing" shall have the meaning ascribed thereto by~~  
35 ~~subsection (k) of K.S.A. 79-4216, and amendments thereto. For all sales~~  
36 ~~of natural gas, electricity and heat delivered through mains, lines or pipes~~  
37 ~~pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions~~  
38 ~~of this subsection shall expire on December 31, 2005;~~

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

42 ~~(y)(o) all sales of materials and services used in the repairing,~~  
43 ~~servicing, altering, maintaining, manufacturing, remanufacturing, or~~

1 modification of railroad rolling stock for use in interstate or foreign  
2 commerce under authority of the laws of the United States;

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

6 ~~(aa)(p) all sales of materials and services applied to equipment~~  
7 ~~which is transported into the state from without the state for repair,~~  
8 ~~service, alteration, maintenance, remanufacture or modification and~~  
9 ~~which is subsequently transported outside the state for use in the~~  
10 ~~transmission of liquids or natural gas by means of pipeline in interstate or~~  
11 ~~foreign commerce under authority of the laws of the United States;~~

12 ~~(bb) all sales of used mobile homes or manufactured homes. As used~~  
13 ~~in this subsection: (1) "Mobile homes" and "manufactured homes" shall~~  
14 ~~have the meanings ascribed thereto by K.S.A. 58-4202 and amendments~~  
15 ~~thereto; and (2) "sales of used mobile homes or manufactured homes"~~  
16 ~~means sales other than the original retail sale thereof;~~

17 ~~(cc) all sales of tangible personal property or services purchased for~~  
18 ~~the purpose of and in conjunction with constructing, reconstructing,~~  
19 ~~enlarging or remodeling a business or retail business which meets the~~  
20 ~~requirements established in K.S.A. 74-50,115 and amendments thereto,~~  
21 ~~and the sale and installation of machinery and equipment purchased for~~  
22 ~~installation at any such business or retail business. When a person shall~~  
23 ~~contract for the construction, reconstruction, enlargement or remodeling~~  
24 ~~of any such business or retail business, such person shall obtain from the~~  
25 ~~state and furnish to the contractor an exemption certificate for the project~~  
26 ~~involved, and the contractor may purchase materials, machinery and~~  
27 ~~equipment for incorporation in such project. The contractor shall furnish~~  
28 ~~the number of such certificates to all suppliers from whom such~~  
29 ~~purchases are made, and such suppliers shall execute invoices covering~~  
30 ~~the same bearing the number of such certificate. Upon completion of the~~  
31 ~~project the contractor shall furnish to the owner of the business or retail~~  
32 ~~business a sworn statement, on a form to be provided by the director of~~  
33 ~~taxation, that all purchases so made were entitled to exemption under this~~  
34 ~~subsection. All invoices shall be held by the contractor for a period of~~  
35 ~~five years and shall be subject to audit by the director of taxation. Any~~  
36 ~~contractor or any agent, employee or subcontractor thereof, who shall use~~  
37 ~~or otherwise dispose of any materials, machinery or equipment purchased~~  
38 ~~under such a certificate for any purpose other than that for which such a~~  
39 ~~certificate is issued without the payment of the sales or compensating tax~~  
40 ~~otherwise imposed thereon, shall be guilty of a misdemeanor and, upon~~  
41 ~~conviction therefor, shall be subject to the penalties provided for in~~  
42 ~~subsection (g) of K.S.A. 79-3615 and amendments thereto. As used in~~  
43 ~~this subsection, "business" and "retail business" have the meanings~~

1 respectively ascribed thereto by K.S.A. 74-50,114 and amendments  
2 thereto;

3 ~~(dd)(q)~~ all sales of tangible personal property purchased with food  
4 stamps issued by the United States department of agriculture;

5 ~~(ee)(r)~~ all sales of lottery tickets and shares made as part of a lottery  
6 operated by the state of Kansas;

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

13 ~~(gg)(s)~~ all sales of tangible personal property purchased in  
14 accordance with vouchers issued pursuant to the federal special  
15 supplemental food program for women, infants and children;

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

30 ~~(ii)~~ all sales of tangible personal property purchased directly by a  
31 nonprofit organization for nonsectarian comprehensive multidiscipline  
32 youth development programs and activities provided or sponsored by  
33 such organization, and all sales of tangible personal property by or on  
34 behalf of any such organization. This exemption shall not apply to  
35 tangible personal property customarily used for human habitation  
36 purposes;

37 ~~(jj)~~ all sales of tangible personal property or services, including the  
38 renting and leasing of tangible personal property, purchased directly on  
39 behalf of a community-based mental retardation facility or mental health  
40 center organized pursuant to K.S.A. 19-4001 et seq., and amendments  
41 thereto, and licensed in accordance with the provisions of K.S.A. 75-  
42 3307b and amendments thereto and all sales of tangible personal property  
43 or services purchased by contractors during the time period from July,

1 ~~2003, through June, 2006, for the purpose of constructing, equipping,~~  
2 ~~maintaining or furnishing a new facility for a community-based mental~~  
3 ~~retardation facility or mental health center located in Riverton, Cherokee~~  
4 ~~County, Kansas, which would have been eligible for sales tax exemption~~  
5 ~~pursuant to this subsection if purchased directly by such facility or center.~~  
6 ~~This exemption shall not apply to tangible personal property customarily~~  
7 ~~used for human habitation purposes;~~

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

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

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

15 (2) For purposes of this subsection:

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

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

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

40 (D) "manufacturing or processing business" means a business that  
41 utilizes an integrated production operation to manufacture, process,  
42 fabricate, finish, or assemble items for wholesale and retail distribution as  
43 part of what is commonly regarded by the general public as an industrial

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

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

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

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

43 (A) To receive, transport, convey, handle, treat or store raw materials

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

1 engineering of the finished product or for research and development or  
2 product design; (B) machinery and equipment that is utilized by a  
3 manufacturing or processing business to manufacture or rebuild tangible  
4 personal property that is used in manufacturing or processing operations,  
5 including tools, dies, molds, forms and other parts of qualifying  
6 machinery and equipment; (C) portable-plants for aggregate concrete,  
7 bulk cement and asphalt including cement mixing drums to be attached to  
8 a motor vehicle; (D) industrial fixtures, devices, support facilities and  
9 special foundations necessary for manufacturing and production  
10 operations, and materials and other tangible personal property sold for the  
11 purpose of fabricating such fixtures, devices, facilities and foundations.  
12 An exemption certificate for such purchases shall be signed by the  
13 manufacturer or processor. If the fabricator purchases such material, the  
14 fabricator shall also sign the exemption certificate; and (E) a  
15 manufacturing or processing business' laboratory equipment that is not  
16 located at the plant or facility, but that would otherwise qualify for  
17 exemption under subsection (3)(E).

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

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

25 (B) machinery, equipment and tools used primarily in maintaining  
26 and repairing any type of machinery and equipment or the building and  
27 plant;

28 (C) transportation, transmission and distribution equipment not  
29 primarily used in a production, warehousing or material handling  
30 operation at the plant or facility, including the means of conveyance of  
31 natural gas, electricity, oil or water, and equipment related thereto,  
32 located outside the plant or facility;

33 (D) office machines and equipment including computers and related  
34 peripheral equipment not used directly and primarily to control or  
35 measure the manufacturing process;

36 (E) furniture and other furnishings;

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

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

43 (H) machinery and equipment used for general plant heating,



1 cooling and lighting;

2 (I) motor vehicles that are registered for operation on public  
3 highways; or

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

7 (6) Subsections (3) and (5) shall not be construed as exclusive  
8 listings of the machinery and equipment that qualify or do not qualify as  
9 an integral or essential part of an integrated production operation. When  
10 machinery or equipment is used as an integral or essential part of  
11 production operations part of the time and for nonproduction purpose at  
12 other times, the primary use of the machinery or equipment shall  
13 determine whether or not such machinery or equipment qualifies for  
14 exemption.

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

17 ~~(H) all sales of educational materials purchased for distribution to the  
18 public at no charge by a nonprofit corporation organized for the purpose  
19 of encouraging, fostering and conducting programs for the improvement  
20 of public health;~~

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

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

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

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

33 ~~(qq) all sales of tangible personal property and services purchased  
34 by a nonprofit museum or historical society or any combination thereof,  
35 including a nonprofit organization which is organized for the purpose of  
36 stimulating public interest in the exploration of space by providing  
37 educational information, exhibits and experiences, which is exempt from  
38 federal income taxation pursuant to section 501(c)(3) of the federal  
39 internal revenue code of 1986;~~

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

1       ~~(ss) — all sales of tangible personal property and services purchased by~~  
2 ~~a public broadcasting station licensed by the federal communications~~  
3 ~~commission as a noncommercial educational television or radio station;~~

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

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

12       ~~(vv) — all sales of tangible personal property purchased by any of the~~  
13 ~~following organizations which are exempt from federal income taxation~~  
14 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986,~~  
15 ~~for the following purposes, and all sales of any such property by or on~~  
16 ~~behalf of any such organization for any such purpose:~~

17       ~~(1) — The American Heart Association, Kansas Affiliate, Inc. for the~~  
18 ~~purposes of providing education, training, certification in emergency~~  
19 ~~cardiac care, research and other related services to reduce disability and~~  
20 ~~death from cardiovascular diseases and stroke;~~

21       ~~(2) — the Kansas Alliance for the Mentally Ill, Inc. for the purpose of~~  
22 ~~advocacy for persons with mental illness and to education, research and~~  
23 ~~support for their families;~~

24       ~~(3) — the Kansas Mental Illness Awareness Council for the purposes of~~  
25 ~~advocacy for persons who are mentally ill and to education, research and~~  
26 ~~support for them and their families;~~

27       ~~(4) — the American Diabetes Association Kansas Affiliate, Inc. for the~~  
28 ~~purpose of eliminating diabetes through medical research, public~~  
29 ~~education focusing on disease prevention and education, patient~~  
30 ~~education including information on coping with diabetes, and~~  
31 ~~professional education and training;~~

32       ~~(5) — the American Lung Association of Kansas, Inc. for the purpose~~  
33 ~~of eliminating all lung diseases through medical research, public~~  
34 ~~education including information on coping with lung diseases,~~  
35 ~~professional education and training related to lung disease and other~~  
36 ~~related services to reduce the incidence of disability and death due to lung~~  
37 ~~disease;~~

38       ~~(6) — the Kansas chapters of the Alzheimer's Disease and Related~~  
39 ~~Disorders Association, Inc. for the purpose of providing assistance and~~  
40 ~~support to persons in Kansas with Alzheimer's disease, and their families~~  
41 ~~and caregivers;~~

42       ~~(7) — the Kansas chapters of the Parkinson's disease association for the~~  
43 ~~purpose of eliminating Parkinson's disease through medical research and~~

1 public and professional education related to such disease;

2 (8) ~~the National Kidney Foundation of Kansas and Western Missouri~~  
3 ~~for the purpose of eliminating kidney disease through medical research~~  
4 ~~and public and private education related to such disease;~~

5 (9) ~~the heartstrings community foundation for the purpose of~~  
6 ~~providing training, employment and activities for adults with~~  
7 ~~developmental disabilities;~~

8 (10) ~~the Cystic Fibrosis Foundation, Heart of America Chapter, for~~  
9 ~~the purposes of assuring the development of the means to cure and~~  
10 ~~control cystic fibrosis and improving the quality of life for those with the~~  
11 ~~disease;~~

12 (11) ~~the spina bifida association of Kansas for the purpose of~~  
13 ~~providing financial, educational and practical aid to families and~~  
14 ~~individuals with spina bifida. Such aid includes, but is not limited to,~~  
15 ~~funding for medical devices, counseling and medical educational~~  
16 ~~opportunities;~~

17 (12) ~~the CHWC, Inc., for the purpose of rebuilding urban core~~  
18 ~~neighborhoods through the construction of new homes, acquiring and~~  
19 ~~renovating existing homes and other related activities, and promoting~~  
20 ~~economic development in such neighborhoods;~~

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

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

27 (15) ~~the KSDS, Inc., for the purpose of promoting the independence~~  
28 ~~and inclusion of people with disabilities as fully participating and~~  
29 ~~contributing members of their communities and society through the~~  
30 ~~training and providing of guide and service dogs to people with~~  
31 ~~disabilities, and providing disability education and awareness to the~~  
32 ~~general public;~~

33 (16) ~~the Lyme association of greater Kansas City, Inc., for the~~  
34 ~~purpose of providing support to persons with Lyme disease and public~~  
35 ~~education relating to the prevention, treatment and cure of Lyme disease;~~

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

38 (18) ~~the Ottawa Suzuki Strings, Inc., for the purpose of providing~~  
39 ~~students and families with education and resources necessary to enable~~  
40 ~~each child to develop fine character and musical ability to the fullest~~  
41 ~~potential;~~

42 (19) ~~the International Association of Lions Clubs for the purpose of~~  
43 ~~creating and fostering a spirit of understanding among all people for~~

1 humanitarian needs by providing voluntary services through community  
2 involvement and international cooperation;

3 ~~(20) the Johnson county young matrons, inc., for the purpose of~~  
4 ~~promoting a positive future for members of the community through~~  
5 ~~volunteerism, financial support and education through the efforts of an all~~  
6 ~~volunteer organization;~~

7 ~~(21) the American Cancer Society, Inc., for the purpose of~~  
8 ~~eliminating cancer as a major health problem by preventing cancer,~~  
9 ~~saving lives and diminishing suffering from cancer, through research,~~  
10 ~~education, advocacy and service;~~

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

13 ~~(23) the angel babies association, for the purpose of providing~~  
14 ~~assistance, support and items of necessity to teenage mothers and their~~  
15 ~~babies; and~~

16 ~~(24) the Kansas fairgrounds foundation for the purpose of the~~  
17 ~~preservation, renovation and beautification of the Kansas state~~  
18 ~~fairgrounds;~~

19 ~~(ww) all sales of tangible personal property purchased by the Habitat~~  
20 ~~for Humanity for the exclusive use of being incorporated within a~~  
21 ~~housing project constructed by such organization;~~

22 ~~(xx) all sales of tangible personal property and services purchased~~  
23 ~~by a nonprofit zoo which is exempt from federal income taxation~~  
24 ~~pursuant to section 501(c)(3) of the federal internal revenue code of 1986,~~  
25 ~~or on behalf of such zoo by an entity itself exempt from federal income~~  
26 ~~taxation pursuant to section 501(c)(3) of the federal internal revenue code~~  
27 ~~of 1986 contracted with to operate such zoo and all sales of tangible~~  
28 ~~personal property or services purchased by a contractor for the purpose of~~  
29 ~~constructing, equipping, reconstructing, maintaining, repairing, enlarging,~~  
30 ~~furnishing or remodeling facilities for any nonprofit zoo which would be~~  
31 ~~exempt from taxation under the provisions of this section if purchased~~  
32 ~~directly by such nonprofit zoo or the entity operating such zoo. Nothing~~  
33 ~~in this subsection shall be deemed to exempt the purchase of any~~  
34 ~~construction machinery, equipment or tools used in the constructing,~~  
35 ~~equipping, reconstructing, maintaining, repairing, enlarging, furnishing or~~  
36 ~~remodeling facilities for any nonprofit zoo. When any nonprofit zoo shall~~  
37 ~~contract for the purpose of constructing, equipping, reconstructing,~~  
38 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities, it~~  
39 ~~shall obtain from the state and furnish to the contractor an exemption~~  
40 ~~certificate for the project involved, and the contractor may purchase~~  
41 ~~materials for incorporation in such project. The contractor shall furnish~~  
42 ~~the number of such certificate to all suppliers from whom such purchases~~  
43 ~~are made, and such suppliers shall execute invoices covering the same.~~

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

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

28 (zz) all sales of machinery and equipment purchased by over-the-air,  
29 free access radio or television station which is used directly and primarily  
30 for the purpose of producing a broadcast signal or is such that the failure  
31 of the machinery or equipment to operate would cause broadcasting to  
32 cease. For purposes of this subsection, machinery and equipment shall  
33 include, but not be limited to, that required by rules and regulations of the  
34 federal communications commission, and all sales of electricity which are  
35 essential or necessary for the purpose of producing a broadcast signal or  
36 is such that the failure of the electricity would cause broadcasting to  
37 cease;

38 (aaa) all sales of tangible personal property and services purchased  
39 by a religious organization which is exempt from federal income taxation  
40 pursuant to section 501(c)(3) of the federal internal revenue code, and  
41 used exclusively for religious purposes, and all sales of tangible personal  
42 property or services purchased by a contractor for the purpose of  
43 constructing, equipping, reconstructing, maintaining, repairing, enlarging,

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

1 refund that amount of sales tax paid as determined under the provisions  
2 of this subsection. All refunds shall be paid from the sales tax refund fund  
3 upon warrants of the director of accounts and reports pursuant to  
4 vouchers approved by the director or the director's designee;

5 (bbb) ~~all sales of food for human consumption by an organization~~  
6 ~~which is exempt from federal income taxation pursuant to section 501(c)~~  
7 ~~(3) of the federal internal revenue code of 1986, pursuant to a food~~  
8 ~~distribution program which offers such food at a price below cost in~~  
9 ~~exchange for the performance of community service by the purchaser~~  
10 ~~thereof;~~

11 (ccc) ~~on and after July 1, 1999, all sales of tangible personal~~  
12 ~~property and services purchased by a primary care clinic or health center~~  
13 ~~the primary purpose of which is to provide services to medically~~  
14 ~~underserved individuals and families, and which is exempt from federal~~  
15 ~~income taxation pursuant to section 501(c)(3) of the federal internal~~  
16 ~~revenue code, and all sales of tangible personal property or services~~  
17 ~~purchased by a contractor for the purpose of constructing, equipping,~~  
18 ~~reconstructing, maintaining, repairing, enlarging, furnishing or~~  
19 ~~remodeling facilities for any such clinic or center which would be exempt~~  
20 ~~from taxation under the provisions of this section if purchased directly by~~  
21 ~~such clinic or center. Nothing in this subsection shall be deemed to~~  
22 ~~exempt the purchase of any construction machinery, equipment or tools~~  
23 ~~used in the constructing, equipping, reconstructing, maintaining,~~  
24 ~~repairing, enlarging, furnishing or remodeling facilities for any such~~  
25 ~~clinic or center. When any such clinic or center shall contract for the~~  
26 ~~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~~  
29 ~~the 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 such clinic or center concerned a sworn statement, on a~~  
35 ~~form to be provided by the director of taxation, that all purchases so made~~  
36 ~~were entitled to exemption under this subsection. All invoices shall be~~  
37 ~~held by the contractor for a period of five years and shall be subject to~~  
38 ~~audit by the director of taxation. If any materials purchased under such a~~  
39 ~~certificate are found not to have been incorporated in the building or other~~  
40 ~~project or not to have been returned for credit or the sales or~~  
41 ~~compensating tax otherwise imposed upon such materials which will not~~  
42 ~~be so incorporated in the building or other project reported and paid by~~  
43 ~~such contractor to the director of taxation not later than the 20th day of~~

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

14 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
15 sales of materials and services purchased by any class II or III railroad as  
16 classified by the federal surface transportation board for the construction,  
17 renovation, repair or replacement of class II or III railroad track and  
18 facilities used directly in interstate commerce. In the event any such track  
19 or facility for which materials and services were purchased sales tax  
20 exempt is not operational for five years succeeding the allowance of such  
21 exemption, the total amount of sales tax which would have been payable  
22 except for the operation of this subsection shall be recouped in  
23 accordance with rules and regulations adopted for such purpose by the  
24 secretary of revenue;

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

29 (fff) all sales of material handling equipment, racking systems and  
30 other related machinery and equipment that is used for the handling,  
31 movement or storage of tangible personal property in a warehouse or  
32 distribution facility in this state; all sales of installation, repair and  
33 maintenance services performed on such machinery and equipment; and  
34 all sales of repair and replacement parts for such machinery and  
35 equipment. For purposes of this subsection, a warehouse or distribution  
36 facility means a single, fixed location that consists of buildings or  
37 structures in a contiguous area where storage or distribution operations  
38 are conducted that are separate and apart from the business' retail  
39 operations, if any, and which do not otherwise qualify for exemption as  
40 occurring at a manufacturing or processing plant or facility. Material  
41 handling and storage equipment shall include aeration, dust control,  
42 cleaning, handling and other such equipment that is used in a public grain  
43 warehouse or other commercial grain storage facility, whether used for



1 grain handling, grain storage, grain refining or processing, or other grain  
2 treatment operation;

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

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

11 (iii) ~~all sales of personal property and services purchased by an~~  
12 ~~organization which is exempt from federal income taxation pursuant to~~  
13 ~~section 501(c)(3) of the federal internal revenue code of 1986, and which~~  
14 ~~such personal property and services are used by any such organization in~~  
15 ~~the collection, storage and distribution of food products to nonprofit~~  
16 ~~organizations which distribute such food products to persons pursuant to~~  
17 ~~a food distribution program on a charitable basis without fee or charge,~~  
18 ~~and all sales of tangible personal property or services purchased by a~~  
19 ~~contractor for the purpose of constructing, equipping, reconstructing,~~  
20 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities used~~  
21 ~~for the collection and storage of such food products for any such~~  
22 ~~organization which is exempt from federal income taxation pursuant to~~  
23 ~~section 501(c)(3) of the federal internal revenue code of 1986, which~~  
24 ~~would be exempt from taxation under the provisions of this section if~~  
25 ~~purchased directly by such organization. Nothing in this subsection shall~~  
26 ~~be deemed to exempt the purchase of any construction machinery,~~  
27 ~~equipment or tools used in the constructing, equipping, reconstructing,~~  
28 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities for~~  
29 ~~any such organization. When any such organization shall contract for the~~  
30 ~~purpose of constructing, equipping, reconstructing, maintaining,~~  
31 ~~repairing, enlarging, furnishing or remodeling facilities, it shall obtain~~  
32 ~~from the state and furnish to the contractor an exemption certificate for~~  
33 ~~the project involved, and the contractor may purchase materials for~~  
34 ~~incorporation in such project. The contractor shall furnish the number of~~  
35 ~~such certificate to all suppliers from whom such purchases are made, and~~  
36 ~~such suppliers shall execute invoices covering the same bearing the~~  
37 ~~number of such certificate. Upon completion of the project the contractor~~  
38 ~~shall furnish to such organization concerned a sworn statement, on a form~~  
39 ~~to be provided by the director of taxation, that all purchases so made were~~  
40 ~~entitled to exemption under this subsection. All invoices shall be held by~~  
41 ~~the contractor for a period of five years and shall be subject to audit by~~  
42 ~~the director of taxation. If any materials purchased under such a~~  
43 ~~certificate are found not to have been incorporated in such facilities or not~~

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

27 (jjj)(u) all sales of dietary supplements dispensed pursuant to a  
28 prescription order by a licensed practitioner or a mid-level practitioner as  
29 defined by K.S.A. 65-1626, and amendments thereto. As used in this  
30 subsection, "dietary supplement" means any product, other than tobacco,  
31 intended to supplement the diet that: (1) Contains one or more of the  
32 following dietary ingredients: A vitamin, a mineral, an herb or other  
33 botanical, an amino acid, a dietary substance for use by humans to  
34 supplement the diet by increasing the total dietary intake or a concentrate,  
35 metabolite, constituent, extract or combination of any such ingredient; (2)  
36 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or  
37 liquid form, or if not intended for ingestion, in such a form, is not  
38 represented as conventional food and is not represented for use as a sole  
39 item of a meal or of the diet; and (3) is required to be labeled as a dietary  
40 supplement, identifiable by the supplemental facts box found on the label  
41 and as required pursuant to 21 C.F.R. § 101.36; and

42 (lll) all sales of tangible personal property and services purchased by  
43 special olympics Kansas, inc. for the purpose of providing year-round

1 sports training and athletic competition in a variety of olympic-type  
2 sports for individuals with intellectual disabilities by giving them  
3 continuing opportunities to develop physical fitness, demonstrate  
4 courage, experience joy and participate in a sharing of gifts, skills and  
5 friendship with their families, other special olympics athletes and the  
6 community, and activities provided or sponsored by such organization,  
7 and all sales of tangible personal property by or on behalf of any such  
8 organization;

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

15 (nnn) all sales of tangible personal property and services purchased  
16 by the West Sedgwick County Sunrise Rotary Club and Sunrise  
17 Charitable Fund for the purpose of constructing a boundless playground  
18 which is an integrated, barrier free and developmentally advantageous  
19 play environment for children of all abilities and disabilities;

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

24 (ppp) all sales of tangible personal property and services purchased  
25 by or on behalf of a homeless shelter which is exempt from federal  
26 income taxation pursuant to section 501(c)(3) of the federal income tax  
27 code of 1986, and used by any such homeless shelter to provide  
28 emergency and transitional housing for individuals and families  
29 experiencing homelessness, and all sales of any such property by or on  
30 behalf of any such homeless shelter for any such purpose;

31 (qqq) all sales of tangible personal property and services purchased  
32 by TLC for children and families, inc., hereinafter referred to as TLC,  
33 which is exempt from federal income taxation pursuant to section 501(c)  
34 (3) of the federal internal revenue code of 1986, and which such property  
35 and services are used for the purpose of providing emergency shelter and  
36 treatment for abused and neglected children as well as meeting additional  
37 critical needs for children, juveniles and family, and all sales of any such  
38 property by or on behalf of TLC for any such purpose; and all sales of  
39 tangible personal property or services purchased by a contractor for the  
40 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
41 remodeling facilities for the operation of services for TLC for any such  
42 purpose which would be exempt from taxation under the provisions of  
43 this section if purchased directly by TLC. Nothing in this subsection shall

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

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

41 ~~(sss) all sales of tangible personal property and services purchased~~  
42 ~~by catholic charities or youthville, hereinafter referred to as charitable~~  
43 ~~family providers, which is exempt from federal income taxation pursuant~~

1 to section 501(c)(3) of the federal internal revenue code of 1986, and  
2 which such property and services are used for the purpose of providing  
3 emergency shelter and treatment for abused and neglected children as  
4 well as meeting additional critical needs for children, juveniles and  
5 family, and all sales of any such property by or on behalf of charitable  
6 family providers for any such purpose; and all sales of tangible personal  
7 property or services purchased by a contractor for the purpose of  
8 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
9 facilities for the operation of services for charitable family providers for  
10 any such purpose which would be exempt from taxation under the  
11 provisions of this section if purchased directly by charitable family  
12 providers. Nothing in this subsection shall be deemed to exempt the  
13 purchase of any construction machinery, equipment or tools used in the  
14 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
15 such facilities for charitable family providers. When charitable family  
16 providers contracts for the purpose of constructing, maintaining,  
17 repairing, enlarging, furnishing or remodeling such facilities, it shall  
18 obtain from the state and furnish to the contractor an exemption  
19 certificate for the project involved, and the contractor may purchase  
20 materials for incorporation in such project. The contractor shall furnish  
21 the number of such certificate to all suppliers from whom such purchases  
22 are made, and such suppliers shall execute invoices covering the same  
23 bearing the number of such certificate. Upon completion of the project  
24 the contractor shall furnish to charitable family providers a sworn  
25 statement, on a form to be provided by the director of taxation, that all  
26 purchases so made were entitled to exemption under this subsection. All  
27 invoices shall be held by the contractor for a period of five years and  
28 shall be subject to audit by the director of taxation. If any materials  
29 purchased under such a certificate are found not to have been  
30 incorporated in the building or other project or not to have been returned  
31 for credit or the sales or compensating tax otherwise imposed upon such  
32 materials which will not be so incorporated in the building or other  
33 project reported and paid by such contractor to the director of taxation not  
34 later than the 20th day of the month following the close of the month in  
35 which it shall be determined that such materials will not be used for the  
36 purpose for which such certificate was issued, charitable family providers  
37 shall be liable for tax on all materials purchased for the project, and upon  
38 payment thereof it may recover the same from the contractor together  
39 with reasonable attorney fees. Any contractor or any agent, employee or  
40 subcontractor thereof, who shall use or otherwise dispose of any materials  
41 purchased under such a certificate for any purpose other than that for  
42 which such a certificate is issued without the payment of the sales or  
43 compensating tax otherwise imposed upon such materials, shall be guilty

1 of a misdemeanor and, upon conviction therefor, shall be subject to the  
2 penalties provided for in subsection (g) of K.S.A. 79-3615, and  
3 amendments thereto;

4 ~~(ttt) all sales of tangible personal property or services purchased by a~~  
5 ~~contractor for a project for the purpose of restoring, constructing,~~  
6 ~~equipping, reconstructing, maintaining, repairing, enlarging, furnishing or~~  
7 ~~remodeling a home or facility owned by a nonprofit museum which has~~  
8 ~~been granted an exemption pursuant to subsection (qq), which such home~~  
9 ~~or facility is located in a city which has been designated as a qualified~~  
10 ~~hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and~~  
11 ~~amendments thereto, and which such project is related to the purposes of~~  
12 ~~K.S.A. 75-5071 et seq., and amendments thereto, and which would be~~  
13 ~~exempt from taxation under the provisions of this section if purchased~~  
14 ~~directly by such nonprofit museum. Nothing in this subsection shall be~~  
15 ~~deemed to exempt the purchase of any construction machinery,~~  
16 ~~equipment or tools used in the restoring, constructing, equipping,~~  
17 ~~reconstructing, maintaining, repairing, enlarging, furnishing or~~  
18 ~~remodeling a home or facility for any such nonprofit museum. When any~~  
19 ~~such nonprofit museum shall contract for the purpose of restoring,~~  
20 ~~constructing, equipping, reconstructing, maintaining, repairing, enlarging,~~  
21 ~~furnishing or remodeling a home or facility, it shall obtain from the state~~  
22 ~~and furnish to the contractor an exemption certificate for the project~~  
23 ~~involved, and the contractor may purchase materials for incorporation in~~  
24 ~~such project. The contractor shall furnish the number of such certificates~~  
25 ~~to all suppliers from whom such purchases are made, and such suppliers~~  
26 ~~shall execute invoices covering the same bearing the number of such~~  
27 ~~certificate. Upon completion of the project, the contractor shall furnish to~~  
28 ~~such nonprofit museum a sworn statement on a form to be provided by~~  
29 ~~the director of taxation that all purchases so made were entitled to~~  
30 ~~exemption under this subsection. All invoices shall be held by the~~  
31 ~~contractor for a period of five years and shall be subject to audit by the~~  
32 ~~director of taxation. If any materials purchased under such a certificate~~  
33 ~~are found not to have been incorporated in the building or other project or~~  
34 ~~not to have been returned for credit or the sales or compensating tax~~  
35 ~~otherwise imposed upon such materials which will not be so incorporated~~  
36 ~~in a home or facility or other project reported and paid by such contractor~~  
37 ~~to the director of taxation not later than the 20th day of the month~~  
38 ~~following the close of the month in which it shall be determined that such~~  
39 ~~materials will not be used for the purpose for which such certificate was~~  
40 ~~issued, such nonprofit museum shall be liable for tax on all materials~~  
41 ~~purchased for the project, and upon payment thereof it may recover the~~  
42 ~~same from the contractor together with reasonable attorney fees. Any~~  
43 ~~contractor or any agent, employee or subcontractor thereof, who shall use~~

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

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

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

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

17 (www) — all sales of tangible personal property purchased by or on  
18 behalf of the Frontenac Education Foundation, which is exempt from  
19 federal income taxation pursuant to section 501(c)(3) of the federal  
20 internal revenue code, for the purpose of providing education support for  
21 students, and all sales of any such property by or on behalf of such  
22 organization for such purpose;

23 (xxx) — all sales of personal property and services purchased by the  
24 booth theatre foundation, inc., an organization which is exempt from  
25 federal income taxation pursuant to section 501(c)(3) of the federal  
26 internal revenue code of 1986, and which such personal property and  
27 services are used by any such organization in the constructing, equipping,  
28 reconstructing, maintaining, repairing, enlarging, furnishing or  
29 remodeling of the booth theatre, and all sales of tangible personal  
30 property or services purchased by a contractor for the purpose of  
31 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
32 furnishing or remodeling the booth theatre for such organization, which  
33 would be exempt from taxation under the provisions of this section if  
34 purchased directly by such organization. Nothing in this subsection shall  
35 be deemed to exempt the purchase of any construction machinery,  
36 equipment or tools used in the constructing, equipping, reconstructing,  
37 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
38 any such organization. When any such organization shall contract for the  
39 purpose of constructing, equipping, reconstructing, maintaining,  
40 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
41 from the state and furnish to the contractor an exemption certificate for  
42 the project involved, and the contractor may purchase materials for  
43 incorporation in such project. The contractor shall furnish the number of



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

37 (yyy) all sales of tangible personal property and services purchased  
38 by TLC charities foundation, inc., hereinafter referred to as TLC  
39 charities, which is exempt from federal income taxation pursuant to  
40 section 501(c)(3) of the federal internal revenue code of 1986, and which  
41 such property and services are used for the purpose of encouraging  
42 private philanthropy to further the vision, values, and goals of TLC for  
43 children and families, inc.; and all sales of such property and services by

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

40 (zzz) all sales of tangible personal property purchased by the rotary  
41 club of shawnee foundation which is exempt from federal income  
42 taxation pursuant to section 501(c)(3) of the federal internal revenue code  
43 of 1986, as amended, used for the purpose of providing contributions to

1 community service organizations and scholarships;

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

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

13 (cccc) all sales of tangible personal property or services purchased  
14 by or on behalf of wayside waifs, inc., which is exempt from federal  
15 income taxation pursuant to section 501(c)(3) of the federal internal  
16 revenue code, for the purpose of providing such organization's annual  
17 fundraiser, an event whose purpose is to support the care of homeless and  
18 abandoned animals, animal adoption efforts, education programs for  
19 children and efforts to reduce animal over-population and animal welfare  
20 services, and all sales of any such property, including entry or  
21 participation fees or charges, by or on behalf of such organization for  
22 such purpose;

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

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

36 (ffff) all sales of tangible personal property and services purchased  
37 by sheltered living, inc., which is exempt from federal income taxation  
38 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
39 and which such property and services are used for the purpose of  
40 providing residential and day services for people with developmental  
41 disabilities or mental retardation, or both, and all sales of any such  
42 property by or on behalf of sheltered living, inc. for any such purpose;  
43 and all sales of tangible personal property or services purchased by a

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

*(v) all sales of food and food ingredients. As used in this subsection,  
41 a sale of food and food ingredients does not include a sale of alcoholic  
42 beverages as defined in subsection (c) of K.S.A. 79-3602, and  
43 amendments thereto; candy; dietary supplements as defined in subsection*

1 (rr) of K.S.A. 79-3606, and amendments thereto; food sold through  
2 vending machines; or sales of prepared food, soft drinks or tobacco as  
3 defined in subsection (qq) of K.S.A. 2010 Supp. 79-3602, and  
4 amendments thereto. As used in this subsection:

5 (1) "Candy" means a preparation of sugar, honey or other natural  
6 or artificial sweeteners in combination with chocolate, fruits, nuts or  
7 other ingredients or flavorings in the form of bars, drops or pieces.  
8 Candy shall not include any preparation containing flour and shall  
9 require no refrigeration;

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

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

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

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

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

19 (B) "Prepared food" does not include:

20 (i) Food that is only cut, repackaged or pasteurized by the seller;

21 (ii) eggs, fish, meat, poultry and foods containing these raw animal  
22 foods requiring cooking by the consumer as recommended by the United  
23 States food and drug administration, in chapter 3, part 401.11 of its food  
24 code, so as to prevent foodborne illnesses;

25 (iii) if sold without eating utensils provided by the seller; bakery  
26 items, including breads, rolls, buns, biscuits, bagels, croissants, pastries,  
27 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies and  
28 tortillas; or

29 (iv) food sold by a seller whose primary North American industry  
30 classification system, United States, 2002 edition, classification is  
31 manufacturing in sector 311, except subsector 3118; and

32 (4) "soft drinks" means nonalcoholic beverages that contain natural  
33 or artificial sweeteners. "Soft drinks" does not include beverages that  
34 contain milk or milk products; soy, rice or similar milk substitutes; or  
35 greater than 50% of vegetable or fruit juice by volume.

36 Sec. 6. On January 1, 2012, K.S.A. 2010 Supp. 79-3620 is hereby  
37 amended to read as follows: 79-3620. (a) All revenue collected or  
38 received by the director of taxation from the taxes imposed by this act  
39 shall be remitted to the state treasurer in accordance with the provisions  
40 of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such  
41 remittance, the state treasurer shall deposit the entire amount in the state  
42 treasury, less amounts withheld as provided in subsection (b) and  
43 amounts credited as provided in subsection (c), (d) and (e), to the credit

1 of the state general fund.

2 (b) A refund fund, designated as "sales tax refund fund" not to  
3 exceed \$100,000 shall be set apart and maintained by the director from  
4 sales tax collections and estimated tax collections and held by the state  
5 treasurer for prompt payment of all sales tax refunds including refunds  
6 authorized under the provisions of K.S.A. 79-3635, and amendments  
7 thereto. Such fund shall be in such amount, within the limit set by this  
8 section, as the director shall determine is necessary to meet current  
9 refunding requirements under this act. In the event such fund as  
10 established by this section is, at any time, insufficient to provide for the  
11 payment of refunds due claimants thereof, the director shall certify the  
12 amount of additional funds required to the director of accounts and  
13 reports who shall promptly transfer the required amount from the state  
14 general fund to the sales tax refund fund, and notify the state treasurer,  
15 who shall make proper entry in the records.

16 (c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or  
17 received from the tax imposed by K.S.A. 79-3603, and amendments  
18 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),  
19 exclusive of amounts credited pursuant to subsection (d), in the state  
20 highway fund.

21 (2) The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected or  
22 received from the tax imposed by K.S.A. 79-3603, and amendments  
23 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),  
24 exclusive of amounts credited pursuant to subsection (d), in the state  
25 highway fund.

26 (3) On July 1, 2006, the state treasurer shall credit  $\frac{19}{265}$  of the  
27 revenue collected and received from the tax imposed by K.S.A. 79-3603,  
28 and amendments thereto, at the rate of 5.3%, and deposited as provided  
29 by subsection (a), exclusive of amounts credited pursuant to subsection  
30 (d), in the state highway fund.

31 (4) On July 1, 2007, the state treasurer shall credit  $\frac{13}{106}$  of the  
32 revenue collected and received from the tax imposed by K.S.A. 79-3603,  
33 and amendments thereto, at the rate of 5.3%, and deposited as provided  
34 by subsection (a), exclusive of amounts credited pursuant to subsection  
35 (d), in the state highway fund.

36 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the  
37 revenue collected and received from the tax imposed by K.S.A. 79-3603,  
38 and amendments thereto, at the rate of 6.3%, and deposited as provided  
39 by subsection (a), exclusive of amounts credited pursuant to subsection  
40 (d), in the state highway fund.

41 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the  
42 revenue collected and received from the tax imposed by K.S.A. 79-3603,  
43 and amendments thereto, at the rate of 6.3%, and deposited as provided

1 by subsection (a), exclusive of amounts credited pursuant to subsection  
2 (d), in the state highway fund.

3 (7) On ~~July~~*January* 1, 2012, the state treasurer shall credit  
4 ~~11.233%~~*9.023%* of the revenue collected and received from the tax  
5 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of  
6 ~~6.3%~~*5.3%*, and deposited as provided by subsection (a), exclusive of  
7 amounts credited pursuant to subsection (d), in the state highway fund,~~as~~  
8 ~~well as such revenue collected and received at the rate of 6.3%, after June~~  
9 ~~30, 2013.~~

10 (8) On July 1, ~~2013~~*2012*, and thereafter, the state treasurer shall  
11 credit ~~18.421%~~*8.466%* of the revenue collected and received from the tax  
12 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of  
13 ~~5.7%~~*5.3%*, and deposited as provided by subsection (a), exclusive of  
14 amounts credited pursuant to subsection (d), in the state highway fund.

15 (d) The state treasurer shall credit all revenue collected or received  
16 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
17 certified by the director, from taxpayers doing business within that  
18 portion of a STAR bond project district occupied by a STAR bond project  
19 or taxpayers doing business with such entity financed by a STAR bond  
20 project as defined in K.S.A. 2010 Supp. 12-17,162, and amendments  
21 thereto, that was determined by the secretary of commerce to be of  
22 statewide as well as local importance or will create a major tourism area  
23 for the state or the project was designated as a STAR bond project as  
24 defined in K.S.A. 2010 Supp. 12-17,162, and amendments thereto, to the  
25 city bond finance fund, which fund is hereby created. The provisions of  
26 this subsection shall expire when the total of all amounts credited  
27 hereunder and under subsection (d) of K.S.A. 79-3710, and amendments  
28 thereto, is sufficient to retire the special obligation bonds issued for the  
29 purpose of financing all or a portion of the costs of such STAR bond  
30 project.

31 (e) All revenue certified by the director of taxation as having been  
32 collected or received from the tax imposed by subsection (c) of K.S.A.  
33 79-3603, and amendments thereto, on the sale or furnishing of gas, water,  
34 electricity and heat for use or consumption within the intermodal facility  
35 district described in this subsection, shall be credited by the state treasurer  
36 to the state highway fund. Such revenue may be transferred by the  
37 secretary of transportation to the rail service improvement fund pursuant  
38 to law. The provisions of this subsection shall take effect upon  
39 certification by the secretary of transportation that a notice to proceed has  
40 been received for the construction of the improvements within the  
41 intermodal facility district, but not later than December 31, 2010, and  
42 shall expire when the secretary of revenue determines that the total of all  
43 amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-

1 3710, and amendments thereto, is equal to \$53,300,000, but not later than  
2 December 31, 2045. Thereafter, all revenues shall be collected and  
3 distributed in accordance with applicable law. For all tax reporting  
4 periods during which the provisions of this subsection are in effect, none  
5 of the exemptions contained in K.S.A. 79-3601 et seq., and amendments  
6 thereto, shall apply to the sale or furnishing of any gas, water, electricity  
7 and heat for use or consumption within the intermodal facility district. As  
8 used in this subsection, "intermodal facility district" shall consist of an  
9 intermodal transportation area as defined by subsection (oo) of K.S.A.  
10 12-1770a, and amendments thereto, located in Johnson county within the  
11 polygonal-shaped area having Waverly Road as the eastern boundary,  
12 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the western  
13 boundary, and Highway 56 as the northern boundary, and the polygonal-  
14 shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup> Street as  
15 the southern boundary, Waverly Road as the western boundary, and the  
16 BNSF mainline track as the northern boundary, that includes capital  
17 investment in an amount exceeding \$150 million for the construction of  
18 an intermodal facility to handle the transfer, storage and distribution of  
19 freight through railway and trucking operations.

20 Sec. 7. On January 1, 2012, K.S.A. 2010 Supp. 79-3703 is hereby  
21 amended to read as follows: 79-3703. There is hereby levied and there  
22 shall be collected from every person in this state a tax or excise for the  
23 privilege of using, storing, or consuming within this state any article of  
24 tangible personal property *or using, consuming or otherwise realizing the*  
25 *benefits in this state from any services provided.* Such tax shall be levied  
26 and collected in an amount equal to the consideration paid by the  
27 taxpayer multiplied by ~~the rate of 5.3%, and~~, commencing July 1, 2010,  
28 at the rate of 6.3%, and commencing ~~July 1, 2013.~~ *January 1, 2012*, at the  
29 rate of ~~5.7%~~ *5.3%*. Within a redevelopment district established pursuant to  
30 K.S.A. 74-8921, and amendments thereto, there is hereby levied and there  
31 shall be collected and paid an additional tax of 2% until the earlier of: (1)  
32 The date the bonds issued to finance or refinance the redevelopment  
33 project undertaken in the district have been paid in full; or (2) the final  
34 scheduled maturity of the first series of bonds issued to finance the  
35 redevelopment project. All property *or services* purchased or leased  
36 within or without this state and subsequently used, stored or consumed in  
37 this state *or such services used by, consumed by or benefiting the*  
38 *purchaser in this state* shall be subject to the compensating tax if the  
39 same property, *services* or transaction would have been subject to the  
40 Kansas retailers' sales tax had the transaction been wholly within this  
41 state.

42 Sec. 8. On January 1, 2012, K.S.A. 2010 Supp. 79-3710 is hereby  
43 amended to read as follows: 79-3710. (a) All revenue collected or



1 received by the director under the provisions of this act shall be remitted  
2 to the state treasurer in accordance with the provisions of K.S.A. 75-  
3 4215, and amendments thereto. Upon receipt of each such remittance, the  
4 state treasurer shall deposit the entire amount in the state treasury, less  
5 amounts set apart as provided in subsection (b) and amounts credited as  
6 provided in subsection (c), (d) and (e), to the credit of the state general  
7 fund.

8 (b) A revolving fund, designated as "compensating tax refund fund"  
9 not to exceed \$10,000 shall be set apart and maintained by the director  
10 from compensating tax collections and estimated tax collections and held  
11 by the state treasurer for prompt payment of all compensating tax  
12 refunds. Such fund shall be in such amount, within the limit set by this  
13 section, as the director shall determine is necessary to meet current  
14 refunding requirements under this act.

15 (c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or  
16 received from the tax imposed by K.S.A. 79-3703, and amendments  
17 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),  
18 exclusive of amounts credited pursuant to subsection (d), in the state  
19 highway fund.

20 (2) The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected or  
21 received from the tax imposed by K.S.A. 79-3703, and amendments  
22 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),  
23 exclusive of amounts credited pursuant to subsection (d), in the state  
24 highway fund.

25 (3) On July 1, 2006, the state treasurer shall credit  $\frac{19}{265}$  of the  
26 revenue collected or received from the tax imposed by K.S.A. 79-3703,  
27 and amendments thereto, at the rate of 5.3%, and deposited as provided  
28 by subsection (a), exclusive of amounts credited pursuant to subsection  
29 (d), in the state highway fund.

30 (4) On July 1, 2007, the state treasurer shall credit  $\frac{13}{106}$  of the  
31 revenue collected or received from the tax imposed by K.S.A. 79-3703,  
32 and amendments thereto, at the rate of 5.3%, and deposited as provided  
33 by subsection (a), exclusive of amounts credited pursuant to subsection  
34 (d), in the state highway fund.

35 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the  
36 revenue collected and received from the tax imposed by K.S.A. 79-3703,  
37 and amendments thereto, at the rate of 6.3%, and deposited as provided  
38 by subsection (a), exclusive of amounts credited pursuant to subsection  
39 (d), in the state highway fund.

40 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the  
41 revenue collected and received from the tax imposed by K.S.A. 79-3703,  
42 and amendments thereto, at the rate of 6.3%, and deposited as provided  
43 by subsection (a), exclusive of amounts credited pursuant to subsection

1 (d), in the state highway fund.

2 (7) On ~~July~~*January* 1, 2012, the state treasurer shall credit  
3 ~~11.233%~~*9.023%* of the revenue collected and received from the tax  
4 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of  
5 ~~6.3%~~*5.3%*, and deposited as provided by subsection (a), exclusive of  
6 amounts credited pursuant to subsection (d), in the state highway fund; ~~as~~  
7 ~~well as such revenue collected and received at the rate of 6.3%, after June~~  
8 ~~30, 2013.~~

9 (8) On July 1, ~~2013~~*2012*, and thereafter, the state treasurer shall  
10 credit ~~18.421%~~*8.466%* of the revenue collected and received from the tax  
11 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of  
12 ~~5.7%~~*5.3%*, and deposited as provided by subsection (a), exclusive of  
13 amounts credited pursuant to subsection (d), in the state highway fund.

14 (d) The state treasurer shall credit all revenue collected or received  
15 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
16 certified by the director, from taxpayers doing business within that  
17 portion of a redevelopment district occupied by a redevelopment project  
18 that was determined by the secretary of commerce to be of statewide as  
19 well as local importance or will create a major tourism area for the state  
20 as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond  
21 finance fund created by subsection (d) of K.S.A. 79-3620, and  
22 amendments thereto. The provisions of this subsection shall expire when  
23 the total of all amounts credited hereunder and under subsection (d) of  
24 K.S.A. 79-3620, and amendments thereto, is sufficient to retire the  
25 special obligation bonds issued for the purpose of financing all or a  
26 portion of the costs of such redevelopment project.

27 This subsection shall not apply to a project designated as a special  
28 bond project as defined in subsection (z) of K.S.A. 12-1770a, and  
29 amendments thereto.

30 (e) All revenue certified by the director of taxation as having been  
31 collected or received from the tax imposed by subsection (c) of K.S.A.  
32 79-3603, and amendments thereto, on the sale or furnishing of gas, water,  
33 electricity and heat for use or consumption within the intermodal facility  
34 district described in this subsection, shall be credited by the state treasurer  
35 to the state highway fund. Such revenue may be transferred by the  
36 secretary of transportation to the rail service improvement fund pursuant  
37 to law. The provisions of this subsection shall take effect upon  
38 certification by the secretary of transportation that a notice to proceed has  
39 been received for the construction of the improvements within the  
40 intermodal facility district, but not later than December 31, 2010, and  
41 shall expire when the secretary of revenue determines that the total of all  
42 amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-  
43 3620, and amendments thereto, is equal to \$53,300,000, but not later than

1 December 31, 2045. Thereafter, all revenues shall be collected and  
2 distributed in accordance with applicable law. For all tax reporting  
3 periods during which the provisions of this subsection are in effect, none  
4 of the exemptions contained in K.S.A. 79-3601 et seq., and amendments  
5 thereto, shall apply to the sale or furnishing of any gas, water, electricity  
6 and heat for use or consumption within the intermodal facility district. As  
7 used in this subsection, "intermodal facility district" shall consist of an  
8 intermodal transportation area as defined by subsection (oo) of K.S.A.  
9 12-1770a, and amendments thereto, located in Johnson county within the  
10 polygonal-shaped area having Waverly Road as the eastern boundary,  
11 191<sup>st</sup> Street as the southern boundary, Four Corners Road as the western  
12 boundary, and Highway 56 as the northern boundary, and the polygonal-  
13 shaped area having Poplar Road as the eastern boundary, 183<sup>rd</sup> Street as  
14 the southern boundary, Waverly Road as the western boundary, and the  
15 BNSF mainline track as the northern boundary, that includes capital  
16 investment in an amount exceeding \$150 million for the construction of  
17 an intermodal facility to handle the transfer, storage and distribution of  
18 freight through railway and trucking operations.

19 Sec. 9. K.S.A. 2010 Supp. 79-32,110 is hereby repealed.

20 Sec. 10. On January 1, 2012, K.S.A. 79-3632, 79-3634, 79-3636, 79-  
21 3637 and 79-3638, K.S.A. 2010 Supp. 12-198, 79-3602, 79-3603, 79-  
22 3606, 79-3620, 79-3633, 79-3635, 79-3639, 79-3703, and 79-3710 are  
23 hereby repealed.

24 Sec. 11. This act shall take effect and be in force from and after its  
25 publication in the statute book.

26