SENATE BILL No. 185

By Committee on Assessment and Taxation

2-14

AN ACT concerning taxation; relating to income tax, Kansas itemized deduction, expensing deduction, credit for certain purchases of goods and services for qualified vendors; rural opportunity zones, Cowley and Crawford counties; sales and compensating use tax, authority for countywide retailers, exemptions for sales of certain coins or bullion and purchases by midland care connection, inc.; property tax, cities and counties, approval of budgets; motor-fuel law, definitions, special fuels; amending K.S.A. 74-50,222 and K.S.A. 2018 Supp. 12-187, 12-189, 79-2925c, 79-32,120, 79-32,143a, 79-3401 and 79-3606 and repealing the existing sections.

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

New Section 1. (a) For tax years 2019 through 2023, a credit shall be allowed against the tax imposed by the Kansas income tax act in an amount equal to 15% of the amount for expenditures of goods and services purchased by the taxpayer from a qualified vendor on and after January 1, 2019, and before January 1, 2024, as certified by the secretary of commerce as provided in subsection (c). The amount of such credit awarded for each taxpayer shall not exceed $500,000 per qualified vendor per tax year. In no event shall the total amount of cumulative credits allowed under this section exceed $5,000,000 for all tax years that the credit remains in effect.

(b) The tax credit allowed by this section shall be deducted from the taxpayer's income tax liability for the tax year in which the expenditures were made by the taxpayer. If the amount of such tax credit exceeds the taxpayer's income tax liability for such tax year, the taxpayer may carry over the amount that exceeds such tax liability for deduction from the taxpayer's liability in the next succeeding tax year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the fourth tax year succeeding the tax year in which the expenditures were incurred.

(c) The secretary of commerce shall annually certify that expenditures for goods and services purchased by a taxpayer subject to the tax credit provided in this section were made from a qualified vendor and provide such certification to the secretary of revenue. The secretary of commerce is hereby authorized to promulgate rules and regulations for
establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and
amendments thereto, for evaluating whether purchases by taxpayers from a
qualified vendor should be certified as provided in this section, with the
assistance and approval of the secretary of revenue.

(d) As used in this section:

(1) "Certified business" means any business certified by the
department of administration that is a sole proprietorship, partnership,
association or corporation domiciled in Kansas, or any corporation, even if
a wholly owned subsidiary of a foreign corporation, that:

(A) Does business primarily in Kansas or substantially all of its
production in Kansas;

(B) employs at least 30% of its employees who are individuals with
disabilities and reside in Kansas;

(C) offers to contribute at least 75% of the premium cost for
individual health insurance coverage for each employee. The department
of administration shall require a certification of these facts; and

(D) does not employ individuals under a certificate issued by the
United States secretary of labor under 29 U.S.C. § 214(c);

(2) "individuals with disabilities" or "individual with a disability"
means any individual who:

(A) Is certified by the Kansas department for aging and disability
services or by the Kansas department for children and families, which
administers the rehabilitation services program as having a physical or
mental impairment that constitutes a substantial barrier to employment;

(B) works a minimum number of hours per week for a certified
business necessary to qualify for health insurance coverage offered
pursuant to subsection (d)(1); and

(C) (i) is receiving services, has received services or is eligible to
receive services under a home and community based services program, as
defined by K.S.A. 39-7,100, and amendments thereto;

(ii) is employed by a charitable organization domiciled in the state of
Kansas and exempt from federal income taxation pursuant to section
501(c)(3) of the federal internal revenue code of 1986; or

(iii) is an individual with a disability pursuant to the disability
standards established by the social security administration as determined
by the Kansas disability determination services under the Kansas
department for children and families; and

(3) "qualified vendor" means an entity that:

(A) Is a "qualified vendor" pursuant to K.S.A. 75-3317, and
amendments thereto, or is a "certified business" that is also a nonprofit
organization pursuant to K.S.A. 75-3740, and amendments thereto;

(B) pays minimum wage or above to all their employees in a manner
that meets the definition of "competitive employment" pursuant to K.S.A.
44-1136, and amendments thereto;
(C) meets the definition of employing all of their workers in an
"integrated setting" pursuant to K.S.A. 44-1136, and amendments thereto;
and
(D) offers a qualified company-sponsored insurance plan under the
affordable care act or pays the required subsidy to the internal revenue
service for employees who purchase insurance through the open market, if
a company-sponsored plan is not offered. If any such company is not
covered under the affordable care act and does not offer a company-
sponsored insurance plan, such company must offer assistance to the
employee to cover at least 75% of their health insurance costs through a
health savings account or other legal and appropriate methodology.
(e) The secretary of revenue shall report to the house committee on
taxation and the senate committee on assessment and taxation on or before
February 1, 2021, 2022 and 2023 concerning the implementation and
effectiveness of the credit provided in this section.
Sec. 2. K.S.A. 2018 Supp. 12-187 is hereby amended to read as
follows: 12-187. (a) No city shall impose a retailers' sales tax under the
provisions of this act without the governing body of such city having first
submitted such proposition to and having received the approval of a
majority of the electors of the city voting thereon at an election called and
held therefor. The governing body of any city may submit the question of
imposing a retailers' sales tax and the governing body shall be required to
submit the question upon submission of a petition signed by electors of
such city equal in number to not less than 10% of the electors of such city.
(b) (1) The board of county commissioners of any county may submit
the question of imposing a countywide retailers' sales tax to the electors at
an election called and held thereon, and any such board shall be required
to submit the question upon submission of a petition signed by electors of
such county equal in number to not less than 10% of the electors of such
county who voted at the last preceding general election for the office of
secretary of state, or upon receiving resolutions requesting such an election
passed by not less than 2/3 of the membership of the governing body of
each of one or more cities within such county—which that contains a
population of not less than 25% of the entire population of the county, or
upon receiving resolutions requesting such an election passed by 2/3 of the
membership of the governing body of each of one or more taxing
subdivisions within such county—which that levy not less than 25% of the
property taxes levied by all taxing subdivisions within the county.
(2) The board of county commissioners of Anderson, Atchison,
Barton, Brown, Butler, Chase, Cowley, Cherokee, Crawford, Ford,
Franklin, Jefferson, Linn, Lyon, Marion, Miami, Montgomery, Neosho,
Osage, Ottawa, Reno, Riley, Saline, Seward, Sumner, Thomas,
Wabaunsee, Wilson and Wyandotte counties may submit the question of imposing a countywide retailers' sales tax and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center facility or other county administrative facility, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire when sales tax sufficient to pay all of the costs incurred in the financing of such facility has been collected by retailers as determined by the secretary of revenue. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley, Sumner or Wilson county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(3) (A) Except as otherwise provided in this paragraph, the result of the election held on November 8, 1988, on the question submitted by the board of county commissioners of Jackson county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the Banner Creek reservoir project. The tax imposed pursuant to this paragraph shall take effect on the effective date of this act and shall expire not later than five years after such date.

(B) The result of the election held on November 8, 1994, on the question submitted by the board of county commissioners of Ottawa county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the erection, construction and furnishing of a law enforcement center and jail facility.

(C) Except as otherwise provided in this paragraph, the result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Sedgwick county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be used only to pay the costs of: (i) Acquisition of a site and constructing and equipping thereon a new regional events center, associated parking and infrastructure improvements and related appurtenances thereto, to be located in the downtown area of the city of Wichita, Kansas, (the "downtown arena"); (ii) design for the Kansas coliseum complex and construction of improvements to the pavilions; and (iii) establishing an operating and maintenance reserve for the downtown arena and the Kansas coliseum complex. The tax imposed pursuant to this paragraph shall commence on July 1, 2005, and shall terminate not later than 30 months after the commencement thereof.

(D) Except as otherwise provided in this paragraph, the result of the
election held on August 5, 2008, on the question submitted by the board of
county commissioners of Lyon county for the purpose of increasing its
countywide retailers' sales tax by 1% is hereby declared valid, and the
revenue received therefrom by the county shall be expended for the
purposes of ad valorem tax reduction and capital outlay. The tax imposed
pursuant to this paragraph shall terminate not later than five years after the
commencement thereof.

(E) Except as otherwise provided in this paragraph, the result of the
election held on August 5, 2008, on the question submitted by the board of
county commissioners of Rawlins county for the purpose of increasing its
countywide retailers' sales tax by 0.75% is hereby declared valid, and the
revenue received therefrom by the county shall be expended for the
purposes of financing the costs of a swimming pool. The tax imposed
pursuant to this paragraph shall terminate not later than 15 years after the
commencement thereof or upon payment of all costs authorized pursuant
to this paragraph in the financing of such project.

(F) The result of the election held on December 1, 2009, on the
question submitted by the board of county commissioners of Chautauqua
county for the purpose of increasing its countywide retailers' sales tax by
1% is hereby declared valid, and the revenue received from such tax by the
county shall be expended for the purposes of financing the costs of
constructing, furnishing and equipping a county jail and law enforcement
center and necessary improvements appurtenant to such jail and law
enforcement center. Any tax imposed pursuant to authority granted in this
paragraph shall terminate upon payment of all costs authorized pursuant to
this paragraph incurred in the financing of the project described in this
paragraph.

(G) The result of the election held on April 7, 2015, on the question
submitted by the board of county commissioners of Bourbon county for
the purpose of increasing its retailers’ sales tax by 0.4% is hereby declared
valid, and the revenue received therefrom by the county shall be expended
solely for the purpose of financing the costs of constructing, furnishing
and operating a courthouse, law enforcement center or jail facility
improvements. Any tax imposed pursuant to authority granted in this
paragraph shall terminate upon payment of all costs authorized pursuant to
this paragraph incurred in the financing of the project described in this
paragraph.

(4) The board of county commissioners of Finney and Ford counties
may submit the question of imposing a countywide retailers' sales tax at
the rate of 0.25% and pledging the revenue received therefrom for the
purpose of financing all or any portion of the cost to be paid by Finney or
Ford county for construction of highway projects identified as system
enhancements under the provisions of K.S.A. 68-2314(b)(5), and
amendments thereto, to the electors at an election called and held thereon. Such election shall be called and held in the manner provided by the general bond law. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Finney or Ford county pursuant to this paragraph to exceed the maximum rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Finney county, the state treasurer shall remit such funds to the treasurer of Finney county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Ford county, the state treasurer shall remit such funds to the treasurer of Ford county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund.

(5) The board of county commissioners of any county may submit the question of imposing a retailers’ sales tax at the rate of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. Whenever any county imposes a tax pursuant to this paragraph, any tax imposed pursuant to subsection (a)(2) by any city located in such county shall expire upon the effective date of the imposition of the countywide tax, and thereafter the state treasurer shall remit to each such city that portion of the countywide tax revenue collected by retailers within such city as certified by the director of taxation. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include, but not be limited to, the following: Local health departments, city or county hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home care services, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, rural health clinics, integration of health care services, home health services and rural health networks.

(6) The board of county commissioners of Allen county may submit the question of imposing a countywide retailers’ sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of operation and construction of a solid waste disposal area or the modification of an existing landfill to comply with federal
regulations to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs incurred in the financing of the project undertaken. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Allen county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(7) (A) The board of county commissioners of Clay, Dickinson and Miami county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.50% in the case of Clay and Dickinson county and at a rate of up to 1% in the case of Miami county, and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. Except as otherwise provided, the tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected. The result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Miami county for the purpose of extending for an additional five-year period the countywide retailers' sales tax imposed pursuant to this subsection in Miami county is hereby declared valid. The countywide retailers' sales tax imposed pursuant to this subsection in Clay and Miami county may be extended or reenacted for additional five-year periods upon the board of county commissioners of Clay and Miami county submitting such question to the electors at an election called and held thereon for each additional five-year period as provided by law.

(B) The board of county commissioners of Dickinson county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this subparagraph shall expire after 10 years from the date such tax is first collected.

(8) The board of county commissioners of Sherman county may submit the question of imposing a countywide retailers' sales tax at the rate of 1% and pledging the revenue received therefrom for the purpose of financing the costs of street and roadway improvements to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(9) (A) The board of county commissioners of Cowley, Crawford, Russell and Woodson county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% in the case of Crawford, Russell and Woodson county and at a rate of up to 0.25%, in the case of Cowley county and pledging the revenue received therefrom for the
purpose of financing economic development initiatives or public
infrastructure projects. The tax imposed pursuant to this paragraph
shall expire after five years from the date such tax is first
collected.

(B) The board of county commissioners of Russell county may submit
the question of imposing a countywide retailers' sales tax at the rate of
0.5% and pledging the revenue received therefrom for the purpose of
financing economic development initiatives or public infrastructure
projects. The tax imposed pursuant to this subparagraph shall expire after
10 years from the date such tax is first collected.

(10) The board of county commissioners of Franklin county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.25% and pledging the revenue received therefrom for the purpose of
financing recreational facilities. The tax imposed pursuant to this
paragraph shall expire upon payment of all costs authorized in financing
such facilities.

(11) The board of county commissioners of Douglas county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.25% and pledging the revenue received therefrom for the purposes of
conservation, access and management of open space; preservation of
cultural heritage; and economic development projects and activities.

(12) The board of county commissioners of Shawnee county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.25% and pledging the revenue received therefrom to the city of
Topeka for the purpose of financing the costs of rebuilding the Topeka
boulevard bridge and other public infrastructure improvements associated
with such project to the electors at an election called and held thereon. The
tax imposed pursuant to this paragraph shall expire upon payment of all
costs authorized in financing such project.

(13) The board of county commissioners of Jackson county may
submit the question of imposing a countywide retailers' sales tax at a rate
of 0.4% and pledging the revenue received therefrom as follows: 50% of
such revenues for the purpose of financing economic development
initiatives; and 50% of such revenues for the purpose of financing public
infrastructure projects to the electors at an election called and held thereon.
The tax imposed pursuant to this paragraph shall expire after seven years
from the date such tax is first collected. The board of county
commissioners of Jackson county may submit the question of imposing a
countywide retailers' sales tax at a rate of 0.4%, which such tax shall take
effect after the expiration of the tax imposed pursuant to this paragraph
prior to the effective date of this act, and pledging the revenue received
therefrom for the purpose of financing public infrastructure projects to the
electors at an election called and held thereon. Such tax shall expire after
seven years from the date such tax is first collected.

14) The board of county commissioners of Neosho county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

15) The board of county commissioners of Saline county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of construction and operation of an expo center to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

16) The board of county commissioners of Harvey county may submit the question of imposing a countywide retailers' sales tax at the rate of 1.0% and pledging the revenue received therefrom for the purpose of financing the costs of property tax relief, economic development initiatives and public infrastructure improvements to the electors at an election called and held thereon.

17) The board of county commissioners of Atchison county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purpose of financing the costs of construction and maintenance of sports and recreational facilities to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such facilities.

18) The board of county commissioners of Wabaunsee county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.5% and pledging the revenue received therefrom for the purpose of financing the costs of bridge and roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after 15 years from the date such tax is first collected.

19) The board of county commissioners of Jefferson county may submit the question of imposing a countywide retailers' sales tax at the rate of 1% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after six years from the date such tax is first collected. The countywide retailers' sales tax imposed pursuant to this paragraph may be extended or reenacted for additional six-year periods.
upon the board of county commissioners of Jefferson county submitting such question to the electors at an election called and held thereon for each additional six-year period as provided by law.

(20) The board of county commissioners of Riley county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 1% and pledging the revenue received therefrom for the purpose of financing the costs of bridge and roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(21) The board of county commissioners of Johnson county may submit the question of imposing a countywide retailers' sales tax at the rate of 0.25% and pledging the revenue received therefrom for the purpose of financing the construction and operation costs of public safety projects, including, but not limited to, a jail, detention center, sheriff's resource center, crime lab or other county administrative or operational facility dedicated to public safety, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after 10 years from the date such tax is first collected. The countywide retailers' sales tax imposed pursuant to this subsection may be extended or reenacted for additional periods not exceeding 10 years upon the board of county commissioners of Johnson county submitting such question to the electors at an election called and held thereon for each additional ten-year period as provided by law.

(22) The board of county commissioners of Wilson county may submit the question of imposing a countywide retailers' sales tax at the rate of up to 1% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvements to federal highways, the development of a new industrial park and other public infrastructure improvements to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project or projects.

(23) The board of county commissioners of Butler county may submit the question of imposing a countywide retailers' sales tax at the rate of either 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received therefrom for the purpose of financing the costs of public safety capital projects or bridge and roadway construction projects, or both, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such projects.

(24) The board of county commissioners of Barton county may submit the question of imposing a countywide retailers' sales tax at the rate
of up to 0.5% and pledging the revenue received therefrom for the purpose
of financing the costs of roadway and bridge construction and
improvement and infrastructure development and improvement to the
electors at an election called and held thereon. The tax imposed pursuant
to this paragraph shall expire after 10 years from the date such tax is first
collected.

(25) The board of county commissioners of Jefferson county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.25% and pledging the revenue received therefrom for the purpose of
financing the costs of the county's obligation as participating employer to
make employer contributions and other required contributions to the
Kansas public employees retirement system for eligible employees of the
county who are members of the Kansas police and firemen's retirement
system, to the electors at an election called and held thereon. The tax
imposed pursuant to this paragraph shall expire upon payment of all costs
authorized in financing such purpose.

(26) The board of county commissioners of Pottawatomie county
may submit the question of imposing a countywide retailers' sales tax at
the rate of up to 0.5% and pledging the revenue received therefrom for the
purpose of financing the costs of construction or remodeling of a
courthouse, jail, law enforcement center facility or other county
administrative facility, or public infrastructure improvements, or both, to
the electors at an election called and held thereon. The tax imposed
pursuant to this paragraph shall expire upon payment of all costs
authorized in financing such project or projects.

(27) The board of county commissioners of Kingman county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received
therefrom for the purpose of financing the costs of constructing and
furnishing a law enforcement center and jail facility and the costs of
roadway and bridge improvements to the electors at an election called and
held thereon. The tax imposed pursuant to this paragraph shall expire not
later than 20 years from the date such tax is first collected.

(28) The board of county commissioners of Edwards county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.375% and pledging the revenue therefrom for the purpose of
financing the costs of economic development initiatives to the electors at
an election called and held thereon.

(29) The board of county commissioners of Rooks county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.5% and pledging the revenue therefrom for the purpose of financing
the costs of constructing or remodeling and furnishing a jail facility to the
electors at an election called and held thereon. The tax imposed pursuant
to this paragraph shall expire upon the payment of all costs authorized in
financing such project or projects.

(30) The board of county commissioners of Douglas county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.5% and pledging the revenue received therefrom for the purpose of
financing the construction or remodeling of a courthouse, jail, law
enforcement center facility, detention facility or other county
administrative facility, specifically including mental health and for the
operation thereof.

(31) The board of county commissioners of Bourbon county may
submit the question of imposing a countywide retailers' sales tax at the rate
of up to 1%, in increments of 0.05%, and pledging the revenue received
therefrom for the purpose of financing the costs of constructing, furnishing
and operating a courthouse, law enforcement center or jail facility
improvements to the electors at an election called and held thereon.

(32) The board of county commissioners of Marion county may
submit the question of imposing a countywide retailers' sales tax at the rate
of 0.5% and pledging the revenue received therefrom for the purpose of
financing the costs of property tax relief, economic development initiatives
and the construction of public infrastructure improvements, including
buildings, to the electors at an election called and held thereon.

(c) The boards of county commissioners of any two or more
contiguous counties, upon adoption of a joint resolution by such boards,
may submit the question of imposing a retailers' sales tax within such
counties to the electors of such counties at an election called and held
thereon and such boards of any two or more contiguous counties shall be
required to submit such question upon submission of a petition in each of
such counties, signed by a number of electors of each of such counties
where submitted equal in number to not less than 10% of the electors of
each of such counties who voted at the last preceding general election for
the office of secretary of state, or upon receiving resolutions requesting
such an election passed by not less than $2/3$ of the membership of the
governing body of each of one or more cities within each of such counties
which contains a population of not less than 25% of the entire population
of each of such counties, or upon receiving resolutions requesting such an
election passed by $2/3$ of the membership of the governing body of each of
one or more taxing subdivisions within each of such counties which levy
not less than 25% of the property taxes levied by all taxing subdivisions
within each of such counties.

(d) Any city retailers' sales tax being levied by a city prior to July 1,
2006, shall continue in effect until repealed in the manner provided herein
for the adoption and approval of such tax or until repealed by the adoption
of an ordinance for such repeal. Any countywide retailers' sales tax in the
amount of 0.5% or 1% in effect on July 1, 1990, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax.

(e) Any city or county proposing to adopt a retailers' sales tax shall give notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notices shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of any such city or county shall provide by ordinance or resolution, as the case may be, for the levy of the tax. Any repeal of such tax or any reduction or increase in the rate thereof, within the limits prescribed by K.S.A. 12-189, and amendments thereto, shall be accomplished in the manner provided herein for the adoption and approval of such tax except that the repeal of any such city retailers' sales tax may be accomplished by the adoption of an ordinance so providing.

(f) The sufficiency of the number of signers of any petition filed under this section shall be determined by the county election officer. Every election held under this act shall be conducted by the county election officer.

(g) The governing body of the city or county proposing to levy any retailers' sales tax shall specify the purpose or purposes for which the revenue would be used, and a statement generally describing such purpose or purposes shall be included as a part of the ballot proposition.

Sec. 3. K.S.A. 2018 Supp. 12-189 is hereby amended to read as follows: 12-189. The rate of any city retailers' sales tax shall be fixed in increments of 0.05% and in an amount not to exceed 2% for general purposes and not to exceed 1% for special purposes which shall be determined by the governing body of the city. For any retailers' sales tax imposed by a city for special purposes, such city shall specify the purposes for which such tax is imposed. All such special purpose retailers' sales taxes imposed by a city shall expire after 10 years from the date such tax is first collected. The rate of any countywide retailers' sales tax shall be fixed in an amount not to exceed 1% and shall be fixed in increments of 0.25%, and which amount shall be determined by the board of county commissioners, except that:

(a) The board of county commissioners of Wabaunsee county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 1.25%; the board of county commissioners of Osage or Reno county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto,
may fix such rate at 1.25% or 1.5%; the board of county commissioners of Cherokee, Crawford, Ford, Saline, Seward, Thomas or Wyandotte county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 1.5%; the board of county commissioners of Atchison or Thomas county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 1.5% or 1.75%; the board of county commissioners of Anderson, Barton, Jefferson or Ottawa county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 1.75%; the board of county commissioners of Marion county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at 2%; the board of county commissioners of Brown county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the respective board of county commissioners on July 1, 2007, plus up to 1.0%; and the board of county commissioners of Jefferson county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such rate at up to 2%;

(b) the board of county commissioners of Jackson county, for the purposes of K.S.A. 12-187(b)(3), and amendments thereto, may fix such rate at 2%;

(c) the boards of county commissioners of Finney and Ford counties, for the purposes of K.S.A. 12-187(b)(4), and amendments thereto, may fix such rate at 0.25%;

(d) the board of county commissioners of any county for the purposes of K.S.A. 12-187(b)(5), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by a board of county commissioners on the effective date of this act plus 0.25%, 0.5%, 0.75% or 1%, as the case requires;

(e) the board of county commissioners of Dickinson county, for the purposes of K.S.A. 12-187(b)(7), and amendments thereto, may fix such rate at 1.5%, and the board of county commissioners of Miami county, for the purposes of K.S.A. 12-187(b)(7), and amendments thereto, may fix such rate at 1.25%, 1.5%, 1.75% or 2%;

(f) the board of county commissioners of Sherman county, for the purposes of K.S.A. 12-187(b)(8), and amendments thereto, may fix such rate at 2.25%;

(g) the board of county commissioners of Crawford or Russell county for the purposes of K.S.A. 12-187(b)(9), and amendments thereto, may fix such rate at 1.5%;

(h) the board of county commissioners of Franklin county, for the purposes of K.S.A. 12-187(b)(10), and amendments thereto, may fix such rate at 1.75%;

(i) the board of county commissioners of Douglas county, for the
purposes of K.S.A. 12-187(b)(11) and (b)(30), and amendments thereto, may fix such rate at 1.75%;

(j) the board of county commissioners of Jackson county, for the purposes of K.S.A. 12-187(b)(13), and amendments thereto, may fix such rate at 1.4%;

(k) the board of county commissioners of Sedgwick county, for the purposes of K.S.A. 12-187(b)(3)(C), and amendments thereto, may fix such rate at 2%;

(l) the board of county commissioners of Neosho county, for the purposes of K.S.A. 12-187(b)(14), and amendments thereto, may fix such rate at 1.0% or 1.5%;

(m) the board of county commissioners of Saline county, for the purposes of K.S.A. 12-187(b)(15), and amendments thereto, may fix such rate at up to 1.5%;

(n) the board of county commissioners of Harvey county, for the purposes of K.S.A. 12-187(b)(16), and amendments thereto, may fix such rate at 2.0%;

(o) the board of county commissioners of Atchison county, for the purpose of K.S.A. 12-187(b)(17), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Atchison county on the effective date of this act plus 0.25%;

(p) the board of county commissioners of Wabaunsee county, for the purpose of K.S.A. 12-187(b)(18), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Wabaunsee county on July 1, 2007, plus 0.5%;

(q) the board of county commissioners of Jefferson county, for the purpose of K.S.A. 12-187(b)(19) and (25), and amendments thereto, may fix such rate at 2.25%;

(r) the board of county commissioners of Riley county, for the purpose of K.S.A. 12-187(b)(20), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Riley county on July 1, 2007, plus up to 1%;

(s) the board of county commissioners of Johnson county for the purposes of K.S.A. 12-187(b)(21), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Johnson county on July 1, 2007, plus 0.25%;

(t) the board of county commissioners of Wilson county for the purposes of K.S.A. 12-187(b)(22), and amendments thereto, may fix such rate at up to 2%;
(u) the board of county commissioners of Butler county for the purposes of K.S.A. 12-187(b)(23), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate otherwise allowed pursuant to this section, plus 0.25%, 0.5%, 0.75% or 1%;

(v) the board of county commissioners of Barton county, for the purposes of K.S.A. 12-187(b)(24), and amendments thereto, may fix such rate at up to 1.5%;

(w) the board of county commissioners of Lyon county, for the purposes of K.S.A. 12-187(b)(3)(D), and amendments thereto, may fix such rate at 1.5%;

(x) the board of county commissioners of Rawlins county, for the purposes of K.S.A. 12-187(b)(3)(E), and amendments thereto, may fix such rate at 1.75%;

(y) the board of county commissioners of Chautauqua county, for the purposes of K.S.A. 12-187(b)(3)(F), and amendments thereto, may fix such rate at 2.0%;

(z) the board of county commissioners of Pottawatomie county, for the purposes of K.S.A. 12-187(b)(26), and amendments thereto, may fix such rate at up to 1.5%;

(aa) the board of county commissioners of Kingman county, for the purposes of K.S.A. 12-187(b)(27), and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate otherwise allowed pursuant to this section, plus 0.25%, 0.5%, 0.75%, or 1%;

(bb) the board of county commissioners of Edwards county, for the purposes of K.S.A. 12-187(b)(28), and amendments thereto, may fix such rate at 1.375%;

(cc) the board of county commissioners of Rooks county, for the purposes of K.S.A. 12-187(b)(29), and amendments thereto, may fix such rate at up to 1.5%;

(dd) the board of county commissioners of Bourbon county, for the purposes of K.S.A. 12-187(b)(3)(G) and (b)(31), and amendments thereto, may fix such rate at up to 2.0%; and

(ee) the board of county commissioners of Marion county, for the purposes of K.S.A. 12-187(b)(32), and amendments thereto, may fix such rate at 2.5%.

Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply
to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof.

Upon receipt of a certified copy of an ordinance or resolution authorizing the levy of a local retailers' sales tax, the director of taxation shall cause such taxes to be collected within or without the boundaries of such taxing subdivision at the same time and in the same manner provided for the collection of the state retailers' sales tax. Such copy shall be submitted to the director of taxation within 30 days after adoption of any such ordinance or resolution. All moneys collected by the director of taxation under the provisions of this section shall be credited to a county and city retailers' sales tax fund which fund is hereby established in the state treasury, except that all moneys collected by the director of taxation pursuant to the authority granted in K.S.A. 12-187(b)(22), and amendments thereto, shall be credited to the Wilson county capital improvements fund. Any refund due on any county or city retailers' sales tax collected pursuant to this act shall be paid out of the sales tax refund fund and reimbursed by the director of taxation from collections of local retailers' sales tax revenue. Except for local retailers' sales tax revenue required to be deposited in the redevelopment bond fund established under K.S.A. 74-8927, and amendments thereto, all local retailers' sales tax revenue collected within any county or city pursuant to this act shall be apportioned and remitted at least quarterly by the state treasurer, on instruction from the director of taxation, to the treasurer of such county or city.

Revenue that is received from the imposition of a local retailers' sales tax which exceeds the amount of revenue required to pay the costs of a special project for which such revenue was pledged shall be credited to the city or county general fund, as the case requires.

The director of taxation shall provide, upon request by a city or county clerk or treasurer or finance officer of any city or county levying a local retailers' sales tax, monthly reports identifying each retailer doing business in such city or county or making taxable sales sourced to such city or county, setting forth the tax liability and the amount of such tax remitted by each retailer during the preceding month and identifying each business location maintained by the retailer and such retailer's sales or use tax registration or account number. Such report shall be made available to the clerk or treasurer or finance officer of such city or county within a reasonable time after it has been requested from the director of taxation. The director of taxation shall be allowed to assess a reasonable fee for the issuance of such report. Information received by any city or county
pursuant to this section shall be confidential, and it shall be unlawful for
any officer or employee of such city or county to divulge any such
information in any manner. Any violation of this paragraph by a city or
county officer or employee is a class A misdemeanor, and such officer or
employee shall be dismissed from office. Reports of violations of this
paragraph shall be investigated by the attorney general. The district
attorney or county attorney and the attorney general shall have authority to
prosecute violations of this paragraph.

Sec. 4. K.S.A. 74-50,222 is hereby amended to read as follows: 74-50,222. As used in K.S.A. 74-50,222; and 74-50,223 and K.S.A. 2018
Supp. 79-32,267, and amendments thereto:
(a) "Institution of higher education" means a public or private
nonprofit educational institution that meets the requirements of
participation in programs under the higher education act of 1965, as
amended, 34 C.F.R. § 600;
(b) "rural opportunity zone" means Allen, Anderson, Barber,
Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,
Cloud, Coffey, Comanche, Cowley, Crawford, Decatur, Doniphan,
Edwards, Elk, Ellsworth, Gove, Graham, Grant, Gray, Greeley,
Greenwood, Hamilton, Harper, Haskell, Hodgeman, Jackson, Jewell,
Kearny, Kingman, Kiowa, Labette, Lane, Lincoln, Linn, Logan, Marion,
Marshall, Meade, Mitchell, Montgomery, Morris, Morton, Nemaha,
Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins,
Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith,
Stafford, Stanton, Stevens, Sumner, Trego, Thomas, Wabaunsee, Wallace,
Washington, Wichita, Wilson or Woodson counties;
(c) "secretary" means the secretary of commerce; and
(d) "student loan" means a federal student loan program supported by
the federal government and a nonfederal loan issued by a lender such as a
bank, savings and loan or credit union to help students and parents pay
school expenses for attendance at an institution of higher education.

Sec. 5. K.S.A. 2018 Supp. 79-2925c is hereby amended to read as
follows: 79-2925c. (a) (1) On and after January 1, 2017, the governing
body of any city or county shall not approve any appropriation or budget
which provides for funding by property tax revenues in an amount
exceeding that of the next preceding year as adjusted to reflect the average
changes in the consumer price index for all urban consumers as published
by the United States department of labor for the preceding five calendar
years, which shall not be less than zero, unless the city or county approves
the appropriation or budget with the adoption of a resolution and such
resolution has been submitted to and approved by a majority of the
qualified electors of the city or county voting at an election called and held
thereon, except as otherwise provided.
(2) The election shall be called and held in the manner provided by K.S.A. 10-120, and amendments thereto, and may be:
   (A) Held at the next regularly scheduled election to be held in August or November;
   (B) may be a mail ballot election, conducted in accordance with K.S.A. 25-431 et seq., and amendments thereto; or
   (C) may be a special election called by the city or county. Nothing in this subsection shall prevent any city or county from holding more than one election in any year. The city or county requesting the election shall be responsible for paying all costs associated with conducting the election.
(b) A resolution by the governing body of a city or county otherwise required by the provisions of this section shall not be required to be approved by an election required by subsection (a) under the following circumstances:
   (1) Increased property tax revenues that, in the current year, are produced and attributable to the taxation of:
       (A) The construction of any new structures or improvements or the remodeling or renovation of any existing structures or improvements on real property, which shall not include any ordinary maintenance or repair of any existing structures or improvements on the property;
       (B) increased personal property valuation;
       (C) real property located within added jurisdictional territory;
       (D) real property which has changed in use;
       (E) expiration of any abatement of property from property tax; or
       (F) expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program.
   (2) Increased property tax revenues that will be spent on:
       (A) Bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016;
       (B) payment of special assessments not exceeding the amount of ad valorem property taxes levied in support of such payments;
       (C) court judgments or settlements of legal actions against the city or county and legal costs directly related to such judgments or settlements;
       (D) expenditures of city or county funds that are specifically mandated by federal or state law with such mandates becoming effective on or after July 1, 2015, and loss of funds from federal sources after January 1, 2017, where the city or county is contractually obligated to provide a service;
       (E) expenses relating to a federal, state or local disaster or federal,
state or local emergency, including, but not limited to, a financial
emergency, declared by a federal or state official. The board of county
commissioners may request the governor to declare such disaster or
emergency; or
(F) increased costs above the consumer price index for law
enforcement, fire protection or emergency medical services.
(3) Any increased property tax revenues generated for law
enforcement, fire protection or emergency medical services shall be
expended exclusively for these purposes but shall not be used for the
construction or remodeling of buildings.
(4) The property tax revenues levied by the city or county have
declined:
(A) In one or more of the next preceding three calendar years and the
increase in the amount of funding for the budget or appropriation from
revenue produced from property taxes does not exceed the average amount
of funding from such revenue of the next preceding three calendar years,
adjusted to reflect changes in the consumer price index for all urban
consumers as published by the United States department of labor for the
preceding calendar year; or
(B) the increase in the amount of ad valorem tax to be levied is less
than the change in the consumer price index plus the loss of assessed
property valuation that has occurred as the result of legislative action,
judicial action or a ruling by the board of tax appeals.
(5) Whenever a city or county is required by law to levy taxes for the
financing of the budget of any political or governmental subdivision of this
state that is not authorized by law to levy taxes on its own behalf, and the
governing body of such city or county is not authorized or empowered to
modify or reduce the amount of taxes levied therefore, the tax levies of the
political or governmental subdivision shall not be included in or
considered in computing the aggregate limitation upon the property tax
levies of the city or county.
(6) Any tax levy increase as a result of another taxing entity being
dissolved and all powers, responsibilities, duties and liabilities of the
taxing entity have been transferred to a city located in the county in which
the taxing entity is located, or to the county in which the taxing entity is
located, to carry on the function and responsibilities of the dissolved
taxing entity, so long as the levy increase does not exceed the levy of the
dissolved taxing entity.
Sec. 6. K.S.A. 2018 Supp. 79-32,120 is hereby amended to read as
follows: 79-32,120. (a) (1) For all tax years prior to tax year 2018, if
federal taxable income of an individual is determined by itemizing
deductions from such individual's federal adjusted gross income, such
individual may elect to deduct the Kansas itemized deduction in lieu of the
Kansas standard deduction. For tax year 2018, and all tax years thereafter, an individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction regardless of whether or not such individual's federal taxable income is determined by itemizing deductions from such individual's federal adjusted gross income.

(2) For the tax year commencing on January 1, 2013, the Kansas itemized deduction of an individual means 70% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(3) For the tax year commencing on January 1, 2014, the Kansas itemized deduction of an individual means 65% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(4) For the tax years commencing on and after January 1, 2015, and ending before January 1, 2018, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 50% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (C) 50% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(5) For the tax year commencing on and after January 1, 2018, and ending before January 1, 2019, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 50% of expenses for medical care allowable as deductions in section 213 of the federal internal revenue code; (C) 50% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (D) 50% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(6) For the tax year commencing on and after January 1, 2019, and ending before January 1, 2020, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as—
provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 75% of expenses for medical care allowable as deductions in section 213 of the federal internal revenue code; (C) 75% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (D) 75% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(7)(4) For the tax years commencing on and after January 1, 2020, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 100% of expenses for medical care allowable as deductions in section 213 of the federal internal revenue code; (C) 100% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (D) 100% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(b) The total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income taxes imposed by or paid to this state or any other taxing jurisdiction to the extent that the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 2018 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

(c) A taxpayer may file an amended return on or before December 31, 2019, in order to elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction pursuant to subsection (a)(1) for tax year 2018.

Sec. 7. K.S.A. 2018 Supp. 79-32,143a is hereby amended to read as follows: 79-32,143a. (a) For taxable years beginning after December 31, 2018, a taxpayer may elect to take an expense deduction from Kansas net income before expensing or recapture allocated or apportioned to this state for the cost of the following property placed in service in this state during the taxable year: (1) Tangible property eligible for depreciation under the modified accelerated cost recovery system in section 168 of the internal revenue code, as amended, but not including residential rental property, nonresidential real property, any railroad grading or tunnel bore or any other property with an applicable recovery
period in excess of 25 years as defined under section 168(c) or (g) of the
internal revenue code, as amended; and (2) computer software as defined
in section 197(e)(3)(B) of the internal revenue code, as amended, and as
described in section 197(e)(3)(A)(i) of the internal revenue code, as
amended, to which section 167 of the internal revenue code, as amended,
applies. If such election is made, the amount of expense deduction for such
cost shall equal the difference between the depreciable cost of such
property for federal income tax purposes and the sum of the amount of
bonus depreciation being claimed for such property pursuant to section
168(k) and the amount of expensing deduction being claimed for such
property pursuant to section 179 of the internal revenue code, as amended,
for federal income tax purposes in such tax year, but without regard to any
expense deduction being claimed for such property under section 179 of
the internal revenue code, as amended, multiplied by the applicable factor,
determined by using, the table provided in subsection (f), based on the
method of depreciation selected pursuant to section 168(b)(1), (2), or (3)
or (g) of the internal revenue code, as amended, and the applicable
recovery period for such property as defined under section 168(c) or (g) of
the internal revenue code, as amended. This election shall be made by the
due date of the original return, including any extensions, and may be made
only for the taxable year in which the property is placed in service, and
once made, shall be irrevocable. If the section 179 expense deduction
election has been made for federal income tax purposes for any asset, the
applicable factor to be utilized is in the IRC § 168 (b)(1) column of the
table provided in subsection (f) for the applicable recovery period of the
respective assets.

(b) If the amount of expense deduction calculated pursuant to
subsection (a) exceeds the taxpayer's Kansas net income before expensing
or recapture allocated or apportioned to this state, such excess amount
shall be treated as a Kansas net operating loss as provided in K.S.A. 79-
32,143, and amendments thereto.

(c) If the property for which an expense deduction is taken pursuant
to subsection (a) is subsequently sold during the applicable recovery
period for such property as defined under section 168(c) of the internal
revenue code, as amended, and in a manner that would cause recapture of
any previously taken expense or depreciation deductions for federal
income tax purposes, or if the situs of such property is otherwise changed
such that the property is relocated outside the state of Kansas during such
applicable recovery period, then the expense deduction determined
pursuant to subsection (a) shall be subject to recapture and treated as
Kansas taxable income allocated to this state. The amount of recapture
shall be the Kansas expense deduction determined pursuant to subsection
(a) multiplied by a fraction, the numerator of which is the number of years
remaining in the applicable recovery period for such property as defined under section 168(c) or (g) of the internal revenue code, as amended, after such property is sold or removed from the state including the year of such disposition, and the denominator of which is the total number of years in such applicable recovery period.

(d) The situs of tangible property for purposes of claiming and recapture of the expense deduction shall be the physical location of such property. If such property is mobile, the situs shall be the physical location of the business operations from where such property is used or based. The situs of computer software shall be apportioned to Kansas based on the fraction, the numerator of which is the number of the taxpayer's users located in Kansas of licenses for such computer software used in the active conduct of the taxpayer's business operations, and the denominator of which is the total number of the taxpayer's users of the licenses for such computer software used in the active conduct of the taxpayer's business operations everywhere.

(e) Any member of a unitary group filing a combined report may elect to take an expense deduction pursuant to subsection (a) for an investment in property made by any member of the combined group, provided that the amount calculated pursuant to subsection (a) may only be deducted from the Kansas net income before expensing or recapture allocated to or apportioned to this state by such member making the election.

(f) The following table shall be used in determining the expense deduction calculated pursuant to subsection (a):

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*Not Applicable*


(h) (1) For tax year 2013, the deduction allowed by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110(c), and amendments thereto, and used only to determine such taxpayer's corporate income tax liability.

(2) For tax years 2014, and all tax years thereafter, the deduction allowed by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to subsection (c) of K.S.A. 79-32,110(c), and amendments thereto, or the privilege tax imposed upon any national banking association, state bank, savings bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and used only to determine such taxpayer's corporate income or privilege tax liability.

(i) For tax year 2019, and all tax years thereafter, the deduction allowed by this section shall be available to all taxpayers subject to the income tax imposed pursuant to K.S.A. 79-32,110, and amendments thereto.
thereto, or the privilege tax imposed upon any national banking
association, state bank, savings bank, trust company or savings and loan
association pursuant to article 11 of chapter 79 of the Kansas Statutes
Annotated, and amendments thereto, and used only to determine such
taxpayer's income or privilege tax liability.

Sec. 8. K.S.A. 2018 Supp. 79-3401 is hereby amended to read as
follows: 79-3401. This act, and amendments thereto, shall be known and
may be cited as the "motor-fuel tax law," and as so constituted is
hereinafter referred to as "this act." The following words, terms and
phrases, when used in this act, shall have the meanings ascribed to them in
this section, except in those instances clearly indicating a different
meaning:

(a) "Aviation fuel" means motor fuels for use as fuel for aircraft;
(b) "agricultural ethyl alcohol" means a motor-vehicle fuel
component with a purity of at least 99%, exclusive of any added
denaturants, denatured in conformity with one of the methods approved by
the United States department of the treasury, bureau of alcohol, tobacco
and firearms, and distilled in the United States of America from grain
produced in the United States of America;
(c) "bulk plant" means a motor fuels storage facility, other than a
terminal, that is primarily used to redistribute motor fuels;
(d) "dealer" means any person engaged in the retail sale of motor-
vehicle fuels or special fuels;
(e) "director" means the director of taxation, a duly authorized
deputy, agent or representative;
(f) "distributor" means any person, who:
   (1) Imports or causes to be imported from any other state or territory
       of the United States motor-vehicle fuels or special fuels for such person's
       own use in the state of Kansas, or for sale and delivery therein, after the
       same shall have come to rest or storage therein, whether or not in the
       original package, receptacle or container; or
   (2) imports or causes to be imported, from a foreign country, motor-
       vehicle fuels or special fuels for such person's own use in the state of
       Kansas, or for sale and delivery therein, after the same shall have come to
       rest or storage, whether or not in the original package, receptacle or
       container;
   (3) purchases or receives motor-vehicle fuels or special fuels in the
       original package, receptacle or container in the state of Kansas for such
       person's own use therein, or for sale and delivery therein, from any person
       who has imported the same from any other state or territory of the United
       States, or any other nation, in case such motor-vehicle fuels or special
       fuels have not, prior to such purchase or receipt, come to rest or storage in
       the state of Kansas; or
received and, in any manner, uses, sells or delivers motor-vehicle fuels or special fuels in the state of Kansas on which the tax provided for in this act has not been previously paid;

(g) "exporter" means any person who exports or causes to be exported motor vehicle fuels or special fuels from Kansas to any other state or territory of the United States or to a foreign country, for such person's own use or for sale or delivery therein, whether or not in the original package, receptacle or container;

(h) "importer" means any person who imports or causes to be imported motor-vehicle fuels or special fuels from any other state or territory of the United States or from a foreign country, for such person's own use in the state of Kansas or for sale or delivery therein, whether or not in the original package, receptacle or container;

(i) "liquid fuels" or "motor fuels" means any inflammable liquid by whatever name such liquid shall be known or sold, which is used, or practically or commercially usable, either alone or when mixed or combined in an internal-combustion engine for the generation of power;

(j) "manufacturer" or "refiner" means any person who or which produces, refines, prepares, blends, distills, manufactures or compounds motor-vehicle fuels or special fuels in the state of Kansas for such person's own use therein, or for sale or delivery therein. The term "manufacturer" shall not include any person who or which mechanically separates liquids from natural gas at production facilities or gathering system pipelines on the lease. No person who produces, refines, prepares, blends, distills, manufactures, or compounds motor-vehicle fuels or special fuels shall be required to render a distributor's (manufacturer's) report as to any particular lot or lots of motor-vehicle fuels or special fuels until such motor-vehicle fuels or special fuels have been loaded at a refinery or other place of production into tank cars, or placed in any tank at such refinery or other place of production from which any withdrawals are made direct into tanks, tank wagons or other types of transportation equipment, containers or facilities;

(k) "motor vehicle" means a motor vehicle as defined by K.S.A. 8-126, and amendments thereto, and which is required to be registered pursuant to K.S.A. 8-126 et seq., and amendments thereto;

(l) "motor-vehicle fuels" means gasoline, casinghead gasoline, natural gasoline, drip gasoline, aviation gasoline, gasohol, gasoline-oxygenate blend and any other spark-ignition motor fuel as defined by the 1995 United States department of commerce, national institute of standards and technology handbook 130 issued December of 1994, and as may subsequently be defined in rules and regulations which the director may adopt pursuant to K.S.A. 79-3419, and amendments thereto;

(m) "oil inspector" means the director of taxation, a duly authorized
deputy, agent or representative;

(n) "person" means every natural person, association, partnership, limited partnership, limited liability company or corporation. When used in any statute, prescribing and imposing a fine or imprisonment, or both, the term "person" as applied to firms and associations means the partners or members thereof and, as applied to corporations, the corporation and the officers thereof;

(o) "public highways" means and includes every way or place, of whatever nature, generally open to the use of the public as a matter of right, for the purposes of vehicular travel and notwithstanding that the same shall have been temporarily closed for the purpose of construction, reconstruction or repair;

(p) "received" means motor-vehicle fuel or special fuel produced, refined, prepared, distilled, manufactured, blended or compounded at any refinery or other place, in the state of Kansas by any person, or imported into this state from any other state, territory, or foreign country by pipeline or connecting pipeline at a pipeline terminal or pipeline tank farm for storage, shall be deemed to be "received" by such person thereat when the same shall have been loaded at such refinery, pipeline terminal, pipeline tank farm or other place, into tank cars, tank trucks or other container, or placed in any tank from which any withdrawals are made direct into tank cars, tank trucks or other types of transportation equipment, containers or facilities;

(q) "retailer" means a person that engages in the business of selling or distributing motor fuels to the end user;

(r) "school bus" means every bus, as defined by K.S.A. 8-1406, and amendments thereto, which is: (1) Privately owned and contracted for, leased or hired by a school district or nonpublic school for the transportation of pupils, students or school personnel to or from school or to or from school-related functions or activities; or (2) owned and operated by a school district or nonpublic school which is registered under the provisions of K.S.A. 8-126 et seq., and amendments thereto, used for the transportation of pupils, students or school personnel to or from school or to or from school-related functions or activities;

(s) "special fuels" means all combustible liquids suitable for the generation of power for the propulsion of motor vehicles including, but not limited to, diesel fuel, alcohol and such fuels not defined under the motor-vehicle fuels definition, hereinafter referred to as motor-vehicle fuel;

(t) "terminal" means a fuel storage and distribution facility that is supplied by motor vehicle, pipeline or marine vessel, and from which motor fuels may be removed at a rack. "Terminal" does not include any facility at which motor fuel blend stocks and additives are used in the manufacture of products other than motor fuels and from which no motor
fuels are removed;

(u) "terminal operator" means the person who by ownership or contractual agreement is charged with the responsibility for, or physical control over, and operation of a terminal;

(v) "transporter" means a person who has been issued a liquid-fuels carrier's license pursuant to K.S.A. 55-506 et seq., and amendments thereto; and

(w) "E85 fuels" means an alternative fuel that is a blend of denatured ethanol and hydrocarbon that typically contains 85% ethanol by volume, but at a minimum must contain 70% ethanol by volume, and complies with ASTM specification D5798-99.

Sec. 9. K.S.A. 2018 Supp. 79-3606 is hereby amended to read as follows: 79-3606. The following shall be exempt from the tax imposed by this act:

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

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

(c) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly by a
(d) all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school, a public or private nonprofit educational institution, state correctional institution including a privately constructed correctional institution contracted for state use and ownership, that would be exempt from taxation under the provisions of this act if purchased directly by such hospital or public hospital authority, school, educational institution or a state correctional institution; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or district described in subsection (s), the total cost of which is paid from funds of such political subdivision or district and that would be exempt from taxation under the provisions of this act if purchased directly by such political subdivision or district. Nothing in this subsection or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or any such district. As used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a political subdivision" shall mean general tax revenues, the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the purpose of constructing, equipping, reconstructing, repairing, enlarging, furnishing or remodeling facilities that are to be leased to the donor. When any political subdivision of the state, district described in subsection (s), public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school, public or private nonprofit educational institution, state correctional institution including a privately constructed correctional institution contracted for state use and ownership shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase
materials for incorporation in such project. The contractor shall furnish the
number of such certificate to all suppliers from whom such purchases are
made, and such suppliers shall execute invoices covering the same bearing
the number of such certificate. Upon completion of the project the
contractor shall furnish to the political subdivision, district described in
subsection (s), hospital or public hospital authority, school, educational
institution or department of corrections concerned a sworn statement, on a
form to be provided by the director of taxation, that all purchases so made
were entitled to exemption under this subsection. As an alternative to the
foregoing procedure, any such contracting entity may apply to the
secretary of revenue for agent status for the sole purpose of issuing and
furnishing project exemption certificates to contractors pursuant to rules
and regulations adopted by the secretary establishing conditions and
standards for the granting and maintaining of such status. All invoices
shall be held by the contractor for a period of five years and shall be
subject to audit by the director of taxation. If any materials purchased
under such a certificate are found not to have been incorporated in the
building or other project or not to have been returned for credit or the sales
or compensating tax otherwise imposed upon such materials that will not
be so incorporated in the building or other project reported and paid by
such contractor to the director of taxation not later than the 20th day of the
month following the close of the month in which it shall be determined
that such materials will not be used for the purpose for which such
certificate was issued, the political subdivision, district described in
subsection (s), hospital or public hospital authority, school, educational
institution or the contractor contracting with the department of corrections
for a correctional institution concerned shall be liable for tax on all
materials purchased for the project, and upon payment thereof it may
recover the same from the contractor together with reasonable attorney
fees. Any contractor or any agent, employee or subcontractor thereof, who
shall use or otherwise dispose of any materials purchased under such a
certificate for any purpose other than that for which such a certificate is
issued without the payment of the sales or compensating tax otherwise
imposed upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in K.S.A.
79-3615(h), and amendments thereto;
(e) all sales of tangible personal property or services purchased by a
contractor for the erection, repair or enlargement of buildings or other
projects for the government of the United States, its agencies or
instrumentalities, that would be exempt from taxation if purchased directly
by the government of the United States, its agencies or instrumentalities.
When the government of the United States, its agencies or
instrumentalities shall contract for the erection, repair, or enlargement of
any building or other project, it shall obtain from the state and furnish to
the contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificates to all suppliers
from whom such purchases are made, and such suppliers shall execute
invoices covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to the government of
the United States, its agencies or instrumentalities concerned a sworn
statement, on a form to be provided by the director of taxation, that all
purchases so made were entitled to exemption under this subsection. As an
alternative to the foregoing procedure, any such contracting entity may
apply to the secretary of revenue for agent status for the sole purpose of
issuing and furnishing project exemption certificates to contractors
pursuant to rules and regulations adopted by the secretary establishing
conditions and standards for the granting and maintaining of such status.
All invoices shall be held by the contractor for a period of five years and
shall be subject to audit by the director of taxation. Any contractor or any
agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto;
(f) tangible personal property purchased by a railroad or public utility
for consumption or movement directly and immediately in interstate
commerce;
(g) sales of aircraft including remanufactured and modified aircraft
sold to persons using directly or through an authorized agent such aircraft
as certified or licensed carriers of persons or property in interstate or
foreign commerce under authority of the laws of the United States or any
foreign government or sold to any foreign government or agency or
instrumentality of such foreign government and all sales of aircraft for use
outside of the United States and sales of aircraft repair, modification and
replacement parts and sales of services employed in the remanufacture,
modification and repair of aircraft;
(h) all rentals of nonsectarian textbooks by public or private
elementary or secondary schools;
(i) the lease or rental of all films, records, tapes, or any type of sound
or picture transcriptions used by motion picture exhibitors;
(j) meals served without charge or food used in the preparation of
such meals to employees of any restaurant, eating house, dining car, hotel,
drugstore or other place where meals or drinks are regularly sold to the
public if such employees' duties are related to the furnishing or sale of such meals or drinks;

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

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

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

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

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

(p) all sales of drugs dispensed pursuant to a prescription order by a licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-1626, and amendments thereto. As used in this subsection, "drug" means a compound, substance or preparation and any component of a compound, substance or preparation, other than food and food ingredients, dietary supplements or alcoholic beverages, recognized in the official United
States pharmacopeia, official homeopathic pharmacopoeia of the United States or official national formulary, and supplement to any of them, intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease or intended to affect the structure or any function of the body, except that for taxable years commencing after December 31, 2013, this subsection shall not apply to any sales of drugs used in the performance or induction of an abortion, as defined in K.S.A. 65-6701, and amendments thereto;

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

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

(s) except as provided in K.S.A. 2018 Supp. 82a-2101, and amendments thereto, all sales of tangible personal property or services purchased directly or indirectly by a groundwater management district organized or operating under the authority of K.S.A. 82a-1020 et seq., and amendments thereto, by a rural water district organized or operating under the authority of K.S.A. 82a-612, and amendments thereto, or by a water supply district organized or operating under the authority of K.S.A. 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which property or services are used in the construction activities, operation or maintenance of the district;

(t) all sales of farm machinery and equipment or aquaculture machinery and equipment, repair and replacement parts therefor and
services performed in the repair and maintenance of such machinery and
equipment. For the purposes of this subsection the term "farm machinery
and equipment or aquaculture machinery and equipment" shall include a
work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
thereto, and is equipped with a bed or cargo box for hauling materials, and
shall also include machinery and equipment used in the operation of
Christmas tree farming but shall not include any passenger vehicle, truck,
truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
machinery and equipment" includes precision farming equipment that is
portable or is installed or purchased to be installed on farm machinery and
equipment. "Precision farming equipment" includes the following items
used only in computer-assisted farming, ranching or aquaculture
production operations: Soil testing sensors, yield monitors, computers,
monitors, software, global positioning and mapping systems, guiding
systems, modems, data communications equipment and any necessary
mounting hardware, wiring and antennas. Each purchaser of farm
machinery and equipment or aquaculture machinery and equipment
exempted herein must certify in writing on the copy of the invoice or sales
ticket to be retained by the seller that the farm machinery and equipment
or aquaculture machinery and equipment purchased will be used only in
farming, ranching or aquaculture production. Farming or ranching shall
include the operation of a feedlot and farm and ranch work for hire and the
operation of a nursery;
(u) all leases or rentals of tangible personal property used as a
dwelling if such tangible personal property is leased or rented for a period
of more than 28 consecutive days;
(v) all sales of tangible personal property to any contractor for use in
preparing meals for delivery to homebound elderly persons over 60 years
of age and to homebound disabled persons or to be served at a group-
sitting at a location outside of the home to otherwise homebound elderly
persons over 60 years of age and to otherwise homebound disabled
persons, as all or part of any food service project funded in whole or in
part by government or as part of a private nonprofit food service project
available to all such elderly or disabled persons residing within an area of
service designated by the private nonprofit organization, and all sales of
tangible personal property for use in preparing meals for consumption by
indigent or homeless individuals whether or not such meals are consumed
at a place designated for such purpose, and all sales of food products by or
on behalf of any such contractor or organization for any such purpose;
(w) all sales of natural gas, electricity, heat and water delivered
through mains, lines or pipes: (1) To residential premises for
noncommercial use by the occupant of such premises; (2) for agricultural
use and also, for such use, all sales of propane gas; (3) for use in the 
severing of oil; and (4) to any property which is exempt from property 
taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this 
paragraph, "severing" means the same as defined in K.S.A. 79-4216(k), 
and amendments thereto. For all sales of natural gas, electricity and heat 
delivered through mains, lines or pipes pursuant to the provisions of 
subsection (w)(1) and (w)(2), the provisions of this subsection shall expire 
on December 31, 2005;
(x) all sales of propane gas, LP-gas, coal, wood and other fuel sources 
for the production of heat or lighting for noncommercial use of an 
occupant of residential premises occurring prior to January 1, 2006;
(y) all sales of materials and services used in the repairing, servicing, 
altering, maintaining, manufacturing, remanufacturing, or modification of 
railroad rolling stock for use in interstate or foreign commerce under 
authority of the laws of the United States;
(z) all sales of tangible personal property and services purchased 
directly by a port authority or by a contractor therefor as provided by the 
provisions of K.S.A. 12-3418, and amendments thereto;
(aa) all sales of materials and services applied to equipment that is 
transported into the state from without the state for repair, service, 
alteration, maintenance, remanufacture or modification and that is 
subsequently transported outside the state for use in the transmission of 
liquids or natural gas by means of pipeline in interstate or foreign 
commerce under authority of the laws of the United States;
(bb) all sales of used mobile homes or manufactured homes. As used 
in this subsection: (1) "Mobile homes" and "manufactured homes" mean 
the same as defined in K.S.A. 58-4202, and amendments thereto; and (2) 
"sales of used mobile homes or manufactured homes" means sales other 
than the original retail sale thereof;
(cc) all sales of tangible personal property or services purchased prior 
to January 1, 2012, except as otherwise provided, for the purpose of and in 
conjunction with constructing, reconstructing, enlarging or remodeling a 
business or retail business that meets the requirements established in 
K.S.A. 74-50,115, and amendments thereto, and the sale and installation of 
machinery and equipment purchased for installation at any such business 
or retail business, and all sales of tangible personal property or services 
purchased on or after January 1, 2012, for the purpose of and in 
conjunction with constructing, reconstructing, enlarging or remodeling a 
business that meets the requirements established in K.S.A. 74-50,115(e), 
and amendments thereto, and the sale and installation of machinery and 
equipment purchased for installation at any such business. When a person 
shall contract for the construction, reconstruction, enlargement or 
remodeling of any such business or retail business, such person shall
obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the owner of the business or retail business a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. As used in this subsection, "business" and "retail business" mean the same as defined in K.S.A. 74-50,114, and amendments thereto. Project exemption certificates that have been previously issued under this subsection by the department of revenue pursuant to K.S.A. 74-50,115, and amendments thereto, project exemption certificates that are submitted to the department of revenue prior to January 1, 2012, and are found to qualify will be issued a project exemption certificate that will be effective for a two-year period or for the term of the project, whichever occurs earlier;

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

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

(ff) on and after July 1, 1988, all sales of new mobile homes or manufactured homes to the extent of 40% of the gross receipts, determined without regard to any trade-in allowance, received from such sale. As used in this subsection, "mobile homes" and "manufactured homes" mean the same as defined in K.S.A. 58-4202, and amendments thereto;

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

(hh) all sales of medical supplies and equipment, including durable
medical equipment, purchased directly by a nonprofit skilled nursing home
or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
and amendments thereto, for the purpose of providing medical services to
residents thereof. This exemption shall not apply to tangible personal
property customarily used for human habitation purposes. As used in this
subsection, "durable medical equipment" means equipment including
repair and replacement parts for such equipment, that can withstand
repeated use, is primarily and customarily used to serve a medical purpose,
generally is not useful to a person in the absence of illness or injury and is
not worn in or on the body, but does not include mobility enhancing
equipment as defined in subsection (r), oxygen delivery equipment, kidney
dialysis equipment or enteral feeding systems;
(ii) all sales of tangible personal property purchased directly by a
nonprofit organization for nonsectarian comprehensive multidiscipline
youth development programs and activities provided or sponsored by such
organization, and all sales of tangible personal property by or on behalf of
any such organization. This exemption shall not apply to tangible personal
property customarily used for human habitation purposes;
(jj) all sales of tangible personal property or services, including the
renting and leasing of tangible personal property, purchased directly on
behalf of a community-based facility for people with intellectual disability
or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
amendments thereto, and licensed in accordance with the provisions of
K.S.A. 2018 Supp. 39-2001 et seq., and amendments thereto, and all sales
of tangible personal property or services purchased by contractors during
the time period from July, 2003, through June, 2006, for the purpose of
constructing, equipping, maintaining or furnishing a new facility for a
community-based facility for people with intellectual disability or mental
health center located in Riverton, Cherokee County, Kansas, that would
have been eligible for sales tax exemption pursuant to this subsection if
purchased directly by such facility or center. This exemption shall not
apply to tangible personal property customarily used for human habitation
purposes;
(kk) (1) (A) all sales of machinery and equipment that are used in this
state as an integral or essential part of an integrated production operation
by a manufacturing or processing plant or facility;
(B) all sales of installation, repair and maintenance services
performed on such machinery and equipment; and
(C) all sales of repair and replacement parts and accessories
purchased for such machinery and equipment.
(2) For purposes of this subsection:
(A) "Integrated production operation" means an integrated series of
operations engaged in at a manufacturing or processing plant or facility to
process, transform or convert tangible personal property by physical, chemical or other means into a different form, composition or character from that in which it originally existed. Integrated production operations shall include: (i) Production line operations, including packaging operations; (ii) preproduction operations to handle, store and treat raw materials; (iii) post production handling, storage, warehousing and distribution operations; and (iv) waste, pollution and environmental control operations, if any;

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

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

(D) "manufacturing or processing business" means a business that utilizes an integrated production operation to manufacture, process, fabricate, finish or assemble items for wholesale and retail distribution as part of what is commonly regarded by the general public as an industrial manufacturing or processing operation or an agricultural commodity processing operation. (i) Industrial manufacturing or processing operations include, by way of illustration but not of limitation, the fabrication of automobiles, airplanes, machinery or transportation equipment, the fabrication of metal, plastic, wood or paper products, electricity power generation, water treatment, petroleum refining, chemical production, wholesale bottling, newspaper printing, ready mixed concrete production, and the remanufacturing of used parts for wholesale or retail sale. Such processing operations shall include operations at an oil well, gas well, mine or other excavation site where the oil, gas, minerals, coal, clay, stone, sand or gravel that has been extracted from the earth is cleaned, separated, crushed, ground, milled, screened, washed or otherwise treated or prepared before its transmission to a refinery or before any other wholesale or retail distribution. (ii) Agricultural commodity processing operations include, by way of illustration but not of limitation, meat packing, poultry slaughtering and dressing, processing and packaging farm and dairy products in sealed containers for wholesale and retail distribution, feed grinding, grain
milling, frozen food processing, and grain handling, cleaning, blending, fumigation, drying and aeration operations engaged in by grain elevators or other grain storage facilities. (iii) Manufacturing or processing businesses do not include, by way of illustration but not of limitation, nonindustrial businesses whose operations are primarily retail and that produce or process tangible personal property as an incidental part of conducting the retail business, such as retailers who bake, cook or prepare food products in the regular course of their retail trade, grocery stores, meat lockers and meat markets that butcher or dress livestock or poultry in the regular course of their retail trade, contractors who alter, service, repair or improve real property, and retail businesses that clean, service or refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) The following machinery, equipment and materials shall be deemed to be exempt even though it may not otherwise qualify as machinery and equipment used as an integral or essential part of an integrated production operation: (A) Computers and related peripheral equipment that are utilized by a manufacturing or processing business for engineering of the finished product or for research and development or product design; (B) machinery and equipment that is utilized by a manufacturing or processing business to manufacture or rebuild tangible personal property that is used in manufacturing or processing operations, including tools, dies, molds, forms and other parts of qualifying machinery and equipment; (C) portable plants for aggregate concrete, bulk cement and asphalt including cement mixing drums to be attached to a motor vehicle; (D) industrial fixtures, devices, support facilities and special foundations necessary for manufacturing and production operations, and materials and other tangible personal property sold for the purpose of fabricating such fixtures, devices, facilities and foundations. An exemption certificate for such purchases shall be signed by the manufacturer or processor. If the fabricator purchases such material, the fabricator shall also sign the exemption certificate; (E) a manufacturing or processing business' laboratory equipment that is not located at the plant or facility, but that would otherwise qualify for exemption under subsection (3)(E); (F) all machinery and equipment used in surface mining activities as described in K.S.A. 49-601 et seq., and amendments thereto, beginning
from the time a reclamation plan is filed to the acceptance of the completed final site reclamation.

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

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

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

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

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

(E) furniture and other furnishings;

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

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

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

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

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

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

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

(II) all sales of educational materials purchased for distribution to the public at no charge by a nonprofit corporation organized for the purpose of encouraging, fostering and conducting programs for the improvement of public health, except that for taxable years commencing after December 31, 2013, this subsection shall not apply to any sales of such materials purchased by a nonprofit corporation which performs any abortion, as defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

(rr) all sales of tangible personal property that will admit the purchaser thereof to any annual event sponsored by a nonprofit organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, except that for taxable years commencing after December 31, 2013, this subsection shall not apply to any sales of such tangible personal property purchased by a nonprofit organization which performs any abortion, as defined in K.S.A. 65-6701, and amendments thereto;

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

(tt) all sales of tangible personal property and services purchased by or on behalf of a not-for-profit corporation that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for the sole purpose of constructing a Kansas Korean War memorial;
(uu) all sales of tangible personal property and services purchased by
or on behalf of any rural volunteer fire-fighting organization for use
exclusively in the performance of its duties and functions;
(vv) all sales of tangible personal property purchased by any of the
following organizations that are exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
for the following purposes, and all sales of any such property by or on
behalf of any such organization for any such purpose:
   (1) The American heart association, Kansas affiliate, inc. for the
   purposes of providing education, training, certification in emergency
   cardiac care, research and other related services to reduce disability and
death from cardiovascular diseases and stroke;
   (2) the Kansas alliance for the mentally ill, inc. for the purpose of
   advocacy for persons with mental illness and to education, research and
   support for their families;
   (3) the Kansas mental illness awareness council for the purposes of
   advocacy for persons who are mentally ill and for education, research and
   support for them and their families;
   (4) the American diabetes association Kansas affiliate, inc. for the
   purpose of eliminating diabetes through medical research, public education
   focusing on disease prevention and education, patient education including
   information on coping with diabetes, and professional education and
   training;
   (5) the American lung association of Kansas, inc. for the purpose of
   eliminating all lung diseases through medical research, public education
   including information on coping with lung diseases, professional education
   and training related to lung disease and other related services to reduce the
   incidence of disability and death due to lung disease;
   (6) the Kansas chapters of the Alzheimer's disease and related
   disorders association, inc. for the purpose of providing assistance and
   support to persons in Kansas with Alzheimer's disease, and their families
   and caregivers;
   (7) the Kansas chapters of the Parkinson's disease association for the
   purpose of eliminating Parkinson's disease through medical research and
   public and professional education related to such disease;
   (8) the national kidney foundation of Kansas and western Missouri
   for the purpose of eliminating kidney disease through medical research
   and public and private education related to such disease;
   (9) the heartstrings community foundation for the purpose of
   providing training, employment and activities for adults with
   developmental disabilities;
   (10) the cystic fibrosis foundation, heart of America chapter, for the
   purposes of assuring the development of the means to cure and control
cystic fibrosis and improving the quality of life for those with the disease;

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

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

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

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

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

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

(17) the dream factory, inc., for the purpose of granting the dreams of children with critical and chronic illnesses;

(18) the Ottawa Suzuki strings, inc., for the purpose of providing students and families with education and resources necessary to enable each child to develop fine character and musical ability to the fullest potential;

(19) the international association of lions clubs for the purpose of creating and fostering a spirit of understanding among all people for humanitarian needs by providing voluntary services through community involvement and international cooperation;

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

(21) the American cancer society, inc., for the purpose of eliminating cancer as a major health problem by preventing cancer, saving lives and diminishing suffering from cancer, through research, education, advocacy and service;
(22) the community services of Shawnee, Inc., for the purpose of providing food and clothing to those in need;
(23) the Angel Babies Association, for the purpose of providing assistance, support and items of necessity to teenage mothers and their babies; and
(24) the Kansas Fairgrounds Foundation for the purpose of the preservation, renovation, and beautification of the Kansas State fairgrounds;
(ww) all sales of tangible personal property purchased by the Habitat for Humanity for the exclusive use of being incorporated within a housing project constructed by such organization;
(xx) all sales of tangible personal property and services purchased by a nonprofit zoo that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, or on behalf of such zoo by an entity itself exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986 contracted with to operate such zoo and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo that would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit zoo or the entity operating such zoo. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo. When any nonprofit zoo shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the nonprofit zoo concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the
close of the month in which it shall be determined that such materials will
not be used for the purpose for which such certificate was issued, the
nonprofit zoo concerned shall be liable for tax on all materials purchased
for the project, and upon payment thereof it may recover the same from
the contractor together with reasonable attorney fees. Any contractor or
any agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto;

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

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

(aaa) all sales of tangible personal property and services purchased by
a religious organization that is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code, and used
exclusively for religious purposes, and all sales of tangible personal
property or services purchased by a contractor for the purpose of
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
furnishing or remodeling facilities for any such organization that would be
exempt from taxation under the provisions of this section if purchased
directly by such organization. Nothing in this subsection shall be deemed
to exempt the purchase of any construction machinery, equipment or tools
used in the constructing, equipping, reconstructing, maintaining, repairing,
enlarging, furnishing or remodeling facilities for any such organization.
When any such organization shall contract for the purpose of constructing,
equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities, it shall obtain from the state and furnish to the
contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto.

Sales tax paid on and after July 1, 1998, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

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

(cc) on and after July 1, 1999, all sales of tangible personal property and services purchased by a primary care clinic or health center the primary purpose of which is to provide services to medically underserved individuals and families, and that is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code, and all
sales of tangible personal property or services purchased by a contractor
for the purpose of constructing, equipping, reconstructing, maintaining,
repairing, enlarging, furnishing or remodeling facilities for any such clinic
or center that would be exempt from taxation under the provisions of this
section if purchased directly by such clinic or center, except that for
taxable years commencing after December 31, 2013, this subsection shall
not apply to any sales of such tangible personal property and services
purchased by a primary care clinic or health center which performs any
abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
in this subsection shall be deemed to exempt the purchase of any
construction machinery, equipment or tools used in the constructing,
equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities for any such clinic or center. When any such clinic or
center shall contract for the purpose of constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
facilities, it shall obtain from the state and furnish to the contractor an
exemption certificate for the project involved, and the contractor may
purchase materials for incorporation in such project. The contractor shall
furnish the number of such certificate to all suppliers from whom such
purchases are made, and such suppliers shall execute invoices covering the
same bearing the number of such certificate. Upon completion of the
project the contractor shall furnish to such clinic or center concerned a
sworn statement, on a form to be provided by the director of taxation, that
all purchases so made were entitled to exemption under this subsection.
All invoices shall be held by the contractor for a period of five years and
shall be subject to audit by the director of taxation. If any materials
purchased under such a certificate are found not to have been incorporated
in the building or other project or not to have been returned for credit or
the sales or compensating tax otherwise imposed upon such materials that
will not be so incorporated in the building or other project reported and
paid by such contractor to the director of taxation not later than the 20th
day of the month following the close of the month in which it shall be
determined that such materials will not be used for the purpose for which
such certificate was issued, such clinic or center concerned shall be liable
for tax on all materials purchased for the project, and upon payment
thereof it may recover the same from the contractor together with
reasonable attorney fees. Any contractor or any agent, employee or
subcontractor thereof, who shall use or otherwise dispose of any materials
purchased under such a certificate for any purpose other than that for
which such a certificate is issued without the payment of the sales or
compensating tax otherwise imposed upon such materials, shall be guilty
of a misdemeanor and, upon conviction therefor, shall be subject to the
penalties provided for in K.S.A. 79-3615(h), and amendments thereto;
(ddd) on and after January 1, 1999, and before January 1, 2000, all
sales of materials and services purchased by any class II or III railroad as
classified by the federal surface transportation board for the construction,
renovation, repair or replacement of class II or III railroad track and
facilities used directly in interstate commerce. In the event any such track
or facility for which materials and services were purchased sales tax
exempt is not operational for five years succeeding the allowance of such
exemption, the total amount of sales tax that would have been payable
except for the operation of this subsection shall be recouped in accordance
with rules and regulations adopted for such purpose by the secretary of
revenue;
(eee) on and after January 1, 1999, and before January 1, 2001, all
sales of materials and services purchased for the original construction,
reconstruction, repair or replacement of grain storage facilities, including
railroad sidings providing access thereto;
(ff) all sales of material handling equipment, racking systems and
other related machinery and equipment that is used for the handling,
movement or storage of tangible personal property in a warehouse or
distribution facility in this state; all sales of installation, repair and
maintenance services performed on such machinery and equipment; and
all sales of repair and replacement parts for such machinery and
equipment. For purposes of this subsection, a warehouse or distribution
facility means a single, fixed location that consists of buildings or
structures in a contiguous area where storage or distribution operations are
conducted that are separate and apart from the business’ retail operations,
if any, and that do not otherwise qualify for exemption as occurring at a
manufacturing or processing plant or facility. Material handling and
storage equipment shall include aeration, dust control, cleaning, handling
and other such equipment that is used in a public grain warehouse or other
commercial grain storage facility, whether used for grain handling, grain
storage, grain refining or processing, or other grain treatment operation;
(ggg) all sales of tangible personal property and services purchased
by or on behalf of the Kansas academy of science, which is exempt from
federal income taxation pursuant to section 501(c)(3) of the federal
internal revenue code of 1986, and used solely by such academy for the
preparation, publication and dissemination of education materials;
(hhh) all sales of tangible personal property and services purchased
by or on behalf of all domestic violence shelters that are member agencies
of the Kansas coalition against sexual and domestic violence;
(iii) all sales of personal property and services purchased by an
organization that is exempt from federal income taxation pursuant to
section 501(c)(3) of the federal internal revenue code of 1986, and such
personal property and services are used by any such organization in the
collection, storage and distribution of food products to nonprofit
organizations that distribute such food products to persons pursuant to a
food distribution program on a charitable basis without fee or charge, and
all sales of tangible personal property or services purchased by a
contractor for the purpose of constructing, equipping, reconstructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities used
for the collection and storage of such food products for any such
organization which is exempt from federal income taxation pursuant to
section 501(c)(3) of the federal internal revenue code of 1986, that would
be exempt from taxation under the provisions of this section if purchased
directly by such organization. Nothing in this subsection shall be deemed
to exempt the purchase of any construction machinery, equipment or tools
used in the constructing, equipping, reconstructing, maintaining, repairing,
enlarging, furnishing or remodeling facilities for any such organization.
When any such organization shall contract for the purpose of constructing,
equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities, it shall obtain from the state and furnish to the
contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to such organization
concerned a sworn statement, on a form to be provided by the director of
taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of five
years and shall be subject to audit by the director of taxation. If any
materials purchased under such a certificate are found not to have been
incorporated in such facilities or not to have been returned for credit or the
sales or compensating tax otherwise imposed upon such materials that will
not be so incorporated in such facilities reported and paid by such
contractor to the director of taxation not later than the 20th day of the
month following the close of the month in which it shall be determined
that such materials will not be used for the purpose for which such
certificate was issued, such organization concerned shall be liable for tax
on all materials purchased for the project, and upon payment thereof it
may recover the same from the contractor together with reasonable
attorney fees. Any contractor or any agent, employee or subcontractor
thereof, who shall use or otherwise dispose of any materials purchased
under such a certificate for any purpose other than that for which such a
certificate is issued without the payment of the sales or compensating tax
otherwise imposed upon such materials, shall be guilty of a misdemeanor
and, upon conviction therefor, shall be subject to the penalties provided for
in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
July 1, 2005, but prior to the effective date of this act upon the gross
receipts received from any sale exempted by the amendatory provisions of
this subsection shall be refunded. Each claim for a sales tax refund shall be
verified and submitted to the director of taxation upon forms furnished by
the director and shall be accompanied by any additional documentation
required by the director. The director shall review each claim and shall
refund that amount of sales tax paid as determined under the provisions of
this subsection. All refunds shall be paid from the sales tax refund fund
upon warrants of the director of accounts and reports pursuant to vouchers
approved by the director or the director's designee;

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

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

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

(nnn) all sales of tangible personal property and services purchased
by the west Sedgwick county-sunrise rotary club and sunrise charitable
fund for the purpose of constructing a boundless playground which is an
integrated, barrier-free and developmentally advantageous play
environment for children of all abilities and disabilities;
(o00) all sales of tangible personal property by or on behalf of a
public library serving the general public and supported in whole or in part
with tax money or a not-for-profit organization whose purpose is to raise
funds for or provide services or other benefits to any such public library;
(ppp) all sales of tangible personal property and services purchased
by or on behalf of a homeless shelter that is exempt from federal income
taxation pursuant to section 501(c)(3) of the federal income tax code of
1986, and used by any such homeless shelter to provide emergency and
transitional housing for individuals and families experiencing
homelessness, and all sales of any such property by or on behalf of any
such homeless shelter for any such purpose;
(qqq) all sales of tangible personal property and services purchased
by TLC for children and families, inc., hereinafter referred to as TLC,
which is exempt from federal income taxation pursuant to section 501(c)
(3) of the federal internal revenue code of 1986, and such property and
services are used for the purpose of providing emergency shelter and
treatment for abused and neglected children as well as meeting additional
critical needs for children, juveniles and family, and all sales of any such
property by or on behalf of TLC for any such purpose; and all sales of
tangible personal property or services purchased by a contractor for the
purpose of constructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities for the operation of services for TLC for any such
purpose that would be exempt from taxation under the provisions of this
section if purchased directly by TLC. Nothing in this subsection shall be
deemed to exempt the purchase of any construction machinery, equipment
or tools used in the constructing, maintaining, repairing, enlarging,
furnishing or remodeling such facilities for TLC. When TLC contracts for
the purpose of constructing, maintaining, repairing, enlarging, furnishing
or remodeling such facilities, it shall obtain from the state and furnish to
the contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to TLC a sworn
statement, on a form to be provided by the director of taxation, that all
purchases so made were entitled to exemption under this subsection. All
invoices shall be held by the contractor for a period of five years and shall
be subject to audit by the director of taxation. If any materials purchased
under such a certificate are found not to have been incorporated in the
building or other project or not to have been returned for credit or the sales
or compensating tax otherwise imposed upon such materials that will not
be so incorporated in the building or other project reported and paid by
such contractor to the director of taxation not later than the 20th day of the
month following the close of the month in which it shall be determined
that such materials will not be used for the purpose for which such
certificate was issued, TLC shall be liable for tax on all materials
purchased for the project, and upon payment thereof it may recover the
same from the contractor together with reasonable attorney fees. Any
contractor or any agent, employee or subcontractor thereof, who shall use
or otherwise dispose of any materials purchased under such a certificate
for any purpose other than that for which such a certificate is issued
without the payment of the sales or compensating tax otherwise imposed
upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in K.S.A.
79-3615(h), and amendments thereto;

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

(sss) all sales of tangible personal property and services purchased by
catholic charities or youthville, hereinafter referred to as charitable family
providers, which is exempt from federal income taxation pursuant to
section 501(c)(3) of the federal internal revenue code of 1986, and which
such property and services are used for the purpose of providing
emergency shelter and treatment for abused and neglected children as well
as meeting additional critical needs for children, juveniles and family, and
all sales of any such property by or on behalf of charitable family
providers for any such purpose; and all sales of tangible personal property
or services purchased by a contractor for the purpose of constructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities for
the operation of services for charitable family providers for any such
purpose which would be exempt from taxation under the provisions of this
section if purchased directly by charitable family providers. Nothing in
this subsection shall be deemed to exempt the purchase of any construction
machinery, equipment or tools used in the constructing, maintaining,
repairing, enlarging, furnishing or remodeling such facilities for charitable
family providers. When charitable family providers contracts for the
purpose of constructing, maintaining, repairing, enlarging, furnishing or
remodeling such facilities, it shall obtain from the state and furnish to the
contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to charitable family
providers a sworn statement, on a form to be provided by the director of
taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of five
years and shall be subject to audit by the director of taxation. If any
materials purchased under such a certificate are found not to have been
incorporated in the building or other project or not to have been returned
for credit or the sales or compensating tax otherwise imposed upon such
materials that will not be so incorporated in the building or other project
reported and paid by such contractor to the director of taxation not later
than the 20\textsuperscript{th} day of the month following the close of the month in which it
shall be determined that such materials will not be used for the purpose for
which such certificate was issued, charitable family providers shall be
liable for tax on all materials purchased for the project, and upon payment
thereof it may recover the same from the contractor together with
reasonable attorney fees. Any contractor or any agent, employee or
subcontractor thereof, who shall use or otherwise dispose of any materials
purchased under such a certificate for any purpose other than that for
which such a certificate is issued without the payment of the sales or
compensating tax otherwise imposed upon such materials, shall be guilty
of a misdemeanor and, upon conviction therefor, shall be subject to the
penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

\texttt{(ttt)} all sales of tangible personal property or services purchased by a
contractor for a project for the purpose of restoring, constructing,
equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling a home or facility owned by a nonprofit museum that has been
granted an exemption pursuant to subsection (qq), which such home or
facility is located in a city that has been designated as a qualified
hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
amendments thereto, and which such project is related to the purposes of
K.S.A. 75-5071 et seq., and amendments thereto, and that would be
exempt from taxation under the provisions of this section if purchased
directly by such nonprofit museum. Nothing in this subsection shall be
deemed to exempt the purchase of any construction machinery, equipment
or tools used in the restoring, constructing, equipping, reconstructing,
maintaining, repairing, enlarging, furnishing or remodeling a home or
facility for any such nonprofit museum. When any such nonprofit museum shall contract for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such nonprofit museum a sworn statement on a form to be provided by the director of taxation that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in a home or facility or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such nonprofit museum shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

(uuu) all sales of tangible personal property and services purchased by Kansas children’s service league, hereinafter referred to as KCSL, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing for the prevention and treatment of child abuse and maltreatment as well as meeting additional critical needs for children, juveniles and family, and all sales of any such property by or on behalf of KCSL for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for KCSL for any such purpose that would be exempt from taxation under the provisions of this
section if purchased directly by KCSL. Nothing in this subsection shall be
deemed to exempt the purchase of any construction machinery, equipment
or tools used in the constructing, maintaining, repairing, enlarging,
furnishing or remodeling such facilities for KCSL. When KCSL contracts
for the purpose of constructing, maintaining, repairing, enlarging,
furnishing or remodeling such facilities, it shall obtain from the state and
furnish to the contractor an exemption certificate for the project involved,
and the contractor may purchase materials for incorporation in such
project. The contractor shall furnish the number of such certificate to all
suppliers from whom such purchases are made, and such suppliers shall
execute invoices covering the same bearing the number of such certificate.
Upon completion of the project the contractor shall furnish to KCSL a
sworn statement, on a form to be provided by the director of taxation, that
all purchases so made were entitled to exemption under this subsection.
All invoices shall be held by the contractor for a period of five years and
shall be subject to audit by the director of taxation. If any materials
purchased under such a certificate are found not to have been incorporated
in the building or other project or not to have been returned for credit or
the sales or compensating tax otherwise imposed upon such materials that
will not be so incorporated in the building or other project reported and
paid by such contractor to the director of taxation not later than the 20th
day of the month following the close of the month in which it shall be
determined that such materials will not be used for the purpose for which
such certificate was issued, KCSL shall be liable for tax on all materials
purchased for the project, and upon payment thereof it may recover the
same from the contractor together with reasonable attorney fees. Any
contractor or any agent, employee or subcontractor thereof, who shall use
or otherwise dispose of any materials purchased under such a certificate
for any purpose other than that for which such a certificate is issued
without the payment of the sales or compensating tax otherwise imposed
upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in K.S.A.
79-3615(h), and amendments thereto;
(vvv) all sales of tangible personal property or services, including the
renting and leasing of tangible personal property or services, purchased by
jazz in the woods, inc., a Kansas corporation that is exempt from federal
income taxation pursuant to section 501(c)(3) of the federal internal
revenue code, for the purpose of providing jazz in the woods, an event
benefiting children-in-need and other nonprofit charities assisting such
children, and all sales of any such property by or on behalf of such
organization for such purpose;
(www) all sales of tangible personal property purchased by or on
behalf of the Frontenac education foundation, which is exempt from
federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, for the purpose of providing education support for students, and all sales of any such property by or on behalf of such organization for such purpose;

(3) all sales of personal property and services purchased by the booth theatre foundation, inc., an organization, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such personal property and services are used by any such organization in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling of the booth theatre, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling the booth theatre for such organization, that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after January 1, 2007, but prior to the effective date of this act upon the gross receipts received from any sale which would have been exempted by the provisions of this subsection had such sale occurred after the effective date of this act shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

(yyy) all sales of tangible personal property and services purchased by TLC charities foundation, inc., hereinafter referred to as TLC charities, which is exempt from federal income taxation pursuant to section 501(c) (3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of encouraging private philanthropy to further the vision, values, and goals of TLC for children and families, inc.; and all sales of such property and services by or on behalf of TLC charities for any such purpose and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for TLC charities for any such purpose that would be exempt from taxation under the provisions of this section if purchased directly by TLC charities. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for TLC charities. When TLC charities contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to TLC charities a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be incorporated into the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, TLC charities shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

(dddd) all sales of tangible personal property or services purchased
by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
of which are exempt from federal income taxation pursuant to section
501(c)(3) of the federal internal revenue code, for the purpose of providing
education, training and employment opportunities for people with
disabilities and other barriers to employment;

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

(ffff) all sales of tangible personal property and services purchased by
sheltered living, inc., which is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
and which such property and services are used for the purpose of
providing residential and day services for people with developmental
disabilities or intellectual disability, or both, and all sales of any such
property by or on behalf of sheltered living, inc., for any such purpose; and
all sales of tangible personal property or services purchased by a
contractor for the purpose of rehabilitating, constructing, maintaining,
repairing, enlarging, furnishing or remodeling homes and facilities for
sheltered living, inc., for any such purpose that would be exempt from
taxation under the provisions of this section if purchased directly by
sheltered living, inc. Nothing in this subsection shall be deemed to exempt
the purchase of any construction machinery, equipment or tools used in the
constructing, maintaining, repairing, enlarging, furnishing or remodeling
such homes and facilities for sheltered living, inc. When sheltered living,
inc., contracts for the purpose of rehabilitating, constructing, maintaining,
repairing, enlarging, furnishing or remodeling such homes and facilities, it
shall obtain from the state and furnish to the contractor an exemption
certificate for the project involved, and the contractor may purchase
materials for incorporation in such project. The contractor shall furnish the
number of such certificate to all suppliers from whom such purchases are
made, and such suppliers shall execute invoices covering the same bearing
the number of such certificate. Upon completion of the project the
contractor shall furnish to sheltered living, inc., a sworn statement, on a
form to be provided by the director of taxation, that all purchases so made
were entitled to exemption under this subsection. All invoices shall be held
by the contractor for a period of five years and shall be subject to audit by
the director of taxation. If any materials purchased under such a certificate
are found not to have been incorporated in the building or other project or
not to have been returned for credit or the sales or compensating tax
otherwise imposed upon such materials that will not be so incorporated in
the building or other project reported and paid by such contractor to the
director of taxation not later than the 20th day of the month following the
close of the month in which it shall be determined that such materials will
not be used for the purpose for which such certificate was issued, sheltered
living, inc., shall be liable for tax on all materials purchased for the
project, and upon payment thereof it may recover the same from the
contractor together with reasonable attorney fees. Any contractor or any
agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto;

(eggg) all sales of game birds for which the primary purpose is use in
hunting;

(hhhh) all sales of tangible personal property or services purchased
on or after July 1, 2014, for the purpose of and in conjunction with
constructing, reconstructing, enlarging or remodeling a business identified
under the North American industry classification system (NAICS)
subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
installation of machinery and equipment purchased for installation at any
such business. The exemption provided in this subsection shall not apply
to projects that have actual total costs less than $50,000. When a person
contracts for the construction, reconstruction, enlargement or remodeling
of any such business, such person shall obtain from the state and furnish to
the contractor an exemption certificate for the project involved, and the
contractor may purchase materials, machinery and equipment for
incorporation in such project. The contractor shall furnish the number of
such certificates to all suppliers from whom such purchases are made, and
such suppliers shall execute invoices covering the same bearing the
number of such certificate. Upon completion of the project, the contractor
shall furnish to the owner of the business a sworn statement, on a form to
be provided by the director of taxation, that all purchases so made were
entitled to exemption under this subsection. All invoices shall be held by
the contractor for a period of five years and shall be subject to audit by the
director of taxation. Any contractor or any agent, employee or
subcontractor of the contractor, who shall use or otherwise dispose of any
materials, machinery or equipment purchased under such a certificate for
any purpose other than that for which such a certificate is issued without
the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

(iii) all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for Wichita children's home for any such purpose that would be exempt from taxation under the provisions of this section if purchased directly by Wichita children's home. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for Wichita children's home. When Wichita children's home contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for Wichita children's home, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to Wichita children's home a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, Wichita children's home shall be liable for the tax on all materials purchased for the project, and upon payment, it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

(jjjj) all sales of tangible personal property or services purchased by
or on behalf of the beacon, inc., that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, for the purpose of providing those desiring help with food, shelter, clothing and other necessities of life during times of special need;

(kkkk) all sales of tangible personal property and services purchased by or on behalf of reaching out from within, inc., which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, for the purpose of sponsoring self-help programs for incarcerated persons that will enable such incarcerated persons to become role models for non-violence while in correctional facilities and productive family members and citizens upon return to the community; and

(llll) all sales of tangible personal property and services purchased by Gove county healthcare endowment foundation, inc., which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of constructing and equipping an airport in Quinter, Kansas, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing and equipping an airport in Quinter, Kansas, for such organization, that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing or equipping of facilities for such organization. When such organization shall contract for the purpose of constructing or equipping an airport in Quinter, Kansas, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation no later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials
purchased for the project, and upon payment thereof it may recover the
same from the contractor together with reasonable attorney fees. Any
contractor or any agent, employee or subcontractor thereof, who purchased
under such a certificate for any purpose other than that for which such a
certificate is issued without the payment of the sales or compensating tax
otherwise imposed upon such materials, shall be guilty of a misdemeanor
and, upon conviction thereof, shall be subject to the penalties provided for
in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
subsection shall expire and have no effect on and after July 1, 2019;

(....) all sales of gold or silver coins; and palladium, platinum,
gold or silver bullion. For the purposes of this subsection, "bullion" means
bars, ingots, or commemorative medallions of gold, silver, platinum,
palladium, or a combination thereof, for which the value of the metal
depends on its content and not the form; and

(....) all sales of tangible personal property and services purchased
by midland care connection, inc., that is exempt from federal income
taxation pursuant to section 501(c)(3) of the federal internal revenue code
of 1986, and such property and services are used for the purpose of
providing healthcare services to persons in the community.

Sec. 10. K.S.A. 74-50,222 and K.S.A. 2018 Supp. 12-187, 12-189,
79-2925c, 79-32,120, 79-32,143a, 79-3401 and 79-3606 are hereby
repealed.

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