AN ACT concerning sales taxation; relating to exemptions, food and food ingredients; amending K.S.A. 2016 Supp. 79-3602 and 79-3606 and repealing the existing sections.

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

Section 1. K.S.A. 2016 Supp. 79-3602 is hereby amended to read as follows: 79-3602. Except as otherwise provided, as used in the Kansas retailers' sales tax act:

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

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

(c) "Alcoholic beverages" means beverages that are suitable for human consumption and contain 0.05% or more of alcohol by volume.

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

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

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

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

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

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

(j) "Direct mail" means printed material delivered or distributed by United States mail or other delivery services to a mass audience or to addressees on a mailing list provided by the purchaser or at the direction of the purchaser when the cost of the items are not billed directly to the recipients. Direct mail includes tangible personal property supplied directly or indirectly by the purchaser to the direct mail seller for inclusion in the package containing the printed material. Direct mail does not include multiple items of printed material delivered to a single address.

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

(l) "Educational institution" means any nonprofit school, college and university that offers education at a level above the 12th grade, and conducts regular classes and courses of study required for accreditation by, or membership in, the North Central Association of Colleges and Schools, the state board of education, or that otherwise qualify as an "educational institution," as defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall include: (1) A group of educational institutions that operates exclusively for an educational purpose; (2) nonprofit endowment associations and foundations organized and operated exclusively to receive, hold, invest and administer moneys and property as a permanent fund for the support and sole benefit of an educational institution; (3) nonprofit trusts, foundations and other entities organized and operated principally to hold and own receipts from intercollegiate sporting events and to disburse such receipts, as well as grants and gifts, in the interest of collegiate and intercollegiate athletic programs for the support and sole benefit of an educational institution; and (4) nonprofit trusts, foundations and other entities organized and operated for the primary purpose of encouraging, fostering and conducting scholarly investigations and industrial and other types of research for the support and sole benefit of an educational institution.

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

(n) "Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. "Food and food ingredients" does not include alcoholic beverages or, tobacco, candy, dietary supplements, soft drinks or food sold through vending machines. "Food and food ingredients" does include bottled water.

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

(p) "Ingredient or component part" means tangible personal property
which is necessary or essential to, and which is actually used in and
becomes an integral and material part of tangible personal property or
services produced, manufactured or compounded for sale by the producer,
manufacturer or compounder in its regular course of business. The
following items of tangible personal property are hereby declared to be
ingredients or component parts, but the listing of such property shall not be
deemed to be exclusive nor shall such listing be construed to be a
restriction upon, or an indication of, the type or types of property to be
included within the definition of "ingredient or component part" as herein
set forth:

(1) Containers, labels and shipping cases used in the distribution of
property produced, manufactured or compounded for sale which are not to
be returned to the producer, manufacturer or compounder for reuse.
(2) Containers, labels, shipping cases, paper bags, drinking straws,
paper plates, paper cups, twine and wrapping paper used in the distribution
and sale of property taxable under the provisions of this act by wholesalers
and retailers and which is not to be returned to such wholesaler or retailer
for reuse.
(3) Seeds and seedlings for the production of plants and plant
products produced for resale.
(4) Paper and ink used in the publication of newspapers.
(5) Fertilizer used in the production of plants and plant products
produced for resale.
(6) Feed for 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, fur, or the production of offspring for use
for any such purpose or purposes.

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

(r) "Lease or rental" means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental may include future options to purchase or extend.

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

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

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

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

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

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

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

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

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

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

(w) "Model 3 seller" means a seller that has sales in at least five
member states, has total annual sales revenue of at least $500,000,000, has
a proprietary system that calculates the amount of tax due each jurisdiction
and has entered into a performance agreement with the member states that
establishes a tax performance standard for the seller. As used in this
subsection a seller includes an affiliated group of sellers using the same
proprietary system.

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

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

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

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

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

(cc) "Prewritten computer software" means computer software,
including prewritten upgrades, which is not designed and developed by the
author or other creator to the specifications of a specific purchaser. The
combining of two or more prewritten computer software programs or
prewritten portions thereof does not cause the combination to be other than
prewritten computer software. Prewritten computer software includes
software designed and developed by the author or other creator to the
specifications of a specific purchaser when it is sold to a person other than
the purchaser. Where a person modifies or enhances computer software of
which the person is not the author or creator, the person shall be deemed to
be the author or creator only of such person's modifications or
enhancements. Prewritten computer software or a prewritten portion
thereof that is modified or enhanced to any degree, where such
modification or enhancement is designed and developed to the
specifications of a specific purchaser, remains prewritten computer
software, except that where there is a reasonable, separately stated charge
or an invoice or other statement of the price given to the purchaser for
such modification or enhancement, such modification or enhancement
shall not constitute prewritten computer software.

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

(A) Insecticides, herbicides, germicides, pesticides, fungicides,
fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and
chemicals for use in commercial or agricultural production, processing or
storage of fruit, vegetables, feeds, seeds, grains, animals or animal
products whether fed, injected, applied, combined with or otherwise used;
(B) electricity, gas and water; and
(C) petroleum products, lubricants, chemicals, solvents, reagents and
catalysts.

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

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

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

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

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

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

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

(II) (1) "Sales or selling price" applies to the measure subject to sales
tax and means the total amount of consideration, including cash, credit,
property and services, for which personal property or services are sold,
leased or rented, valued in money, whether received in money or
otherwise, without any deduction for the following:

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

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

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

(D) delivery charges; and

(E) installation charges.

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

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

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

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

(D) one of the following criteria is met:

(i) The purchaser presents a coupon, certificate or other
documentation to the seller to claim a price reduction or discount where
the coupon, certificate or documentation is authorized, distributed or
granted by a third party with the understanding that the third party will
reimburse any seller to whom the coupon, certificate or documentation is
presented;
(ii) the purchaser identifies to the seller that the purchaser is a
member of a group or organization entitled to a price reduction or
discount. A preferred customer card that is available to any patron does not
constitute membership in such a group; or
(iii) the price reduction or discount is identified as a third party price
reduction or discount on the invoice received by the purchaser or on a
coupon, certificate or other documentation presented by the purchaser.
(3) "Sales or selling price" shall not include:
(A) Discounts, including cash, term or coupons that are not
reimbursed by a third party that are allowed by a seller and taken by a
purchaser on a sale;
(B) interest, financing and carrying charges from credit extended on
the sale of personal property or services, if the amount is separately stated
on the invoice, bill of sale or similar document given to the purchaser;
(C) any taxes legally imposed directly on the consumer that are
separately stated on the invoice, bill of sale or similar document given to
the purchaser;
(D) the amount equal to the allowance given for the trade-in of
property, if separately stated on the invoice, billing or similar document
given to the purchaser; and
(E) commencing on July 1, 2006, and ending on June 30, 2009, cash
rebates granted by a manufacturer to a purchaser or lessee of a new motor
vehicle if paid directly to the retailer as a result of the original sale.

(mm) "Seller" means a person making sales, leases or rentals of
personal property or services.
(nn) "Service" means those services described in and taxed under the
provisions of K.S.A. 79-3603, and amendments thereto.
79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and amendments
thereto, which shall apply to identify and determine the state and local
taxing jurisdiction sales or use taxes to pay, or collect and remit on a
particular retail sale.
(pp) "Tangible personal property" means personal property that can
be seen, weighed, measured, felt or touched, or that is in any other manner
perceptible to the senses. Tangible personal property includes electricity,
water, gas, steam and prewritten computer software.
(qq) "Taxpayer" means any person obligated to account to the
director for taxes collected under the terms of this act.
(rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or
any other item that contains tobacco.
(ss) "Entity-based exemption" means an exemption based on who purchases the product or who sells the product. An exemption that is available to all individuals shall not be considered an entity-based exemption.

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

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

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

(ww) "Detailed telecommunications billing service" means an ancillary service of separately stating information pertaining to individual calls on a customer's billing statement.

(xx) "Directory assistance" means an ancillary service of providing telephone number information or address information, or both.

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

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

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

1. Data processing and information services that allow data to be generated, acquired, stored, processed or retrieved and delivered by an electronic transmission to a purchaser where such purchaser's primary purpose for the underlying transaction is the processed data or information;
2. Installation or maintenance of wiring or equipment on a customer's premises;
3. Tangible personal property;
4. Advertising, including, but not limited to, directory advertising;
5. Billing and collection services provided to third parties;
6. Internet access service;
7. Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television audio and video programming services shall include, but not be limited to, cable service as defined in 47 U.S.C. § 522(6) and audio and video programming services delivered by commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;
8. Ancillary services; or
9. Digital products delivered electronically, including, but not limited to, software, music, video, reading materials or ring tones.

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

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

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

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

(fff) "Interstate" means a telecommunications service that originates in one United States state, or a United States territory or possession, and terminates in a different United States state or a United States territory or possession.

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

(hhh) "Bottled water" means water that is placed in a safety sealed container or package for human consumption. "Bottled water" is calorie free and does not contain sweeteners or other additives, except that it may contain:

(1) Antimicrobial agents;
(2) fluoride;
(3) carbonation;
(4) vitamins, minerals and electrolytes;
(5) oxygen;
(6) preservatives; and
(7) only those flavors, extracts or essences derived from a spice or fruit.

"Bottled water" includes water that is delivered to the buyer in a reusable container that is not sold with the water.

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

(jjj) "Food sold through vending machines" means food dispensed from a machine or other mechanical device that accepts payment.

(lll) "Prepared food" means:

(1) Food sold in a heated state or heated by the seller;
(2) two or more food ingredients mixed or combined by the seller for sale as a single item; or
(3) food sold with eating utensils provided by the seller; including plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate does not include a container or packaging used to transport the food.

"Prepared food" does not include food that is only cut, repackaged or pasteurized by the seller, and eggs, fish, meat, poultry and foods containing these raw animal foods requiring cooking by the consumer as recommended by the food and drug administration in chapter 3, part 401.11 of its food code so as to prevent food borne illnesses.
"Soft drinks" means nonalcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

"Dietary supplement" shall have the same meaning ascribed to it as in K.S.A. 79-3606(jjj), and amendments thereto.

Sec. 2. K.S.A. 2016 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, which 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 public or private elementary or secondary school or public or private nonprofit educational institution and used primarily by such school or institution for nonsectarian programs and activities provided or sponsored by such school or institution or in the erection, repair or enlargement of buildings to be used for such purposes. The exemption herein provided
shall not apply to erection, construction, repair, enlargement or equipment
of buildings used primarily for human habitation;
(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,
which 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 which 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 which 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 which 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, which 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
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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 which 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 compounding 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 which 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 pharmacopoeia, 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 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. 2016 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" shall have the meaning ascribed thereto by 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 which is transported into the state from without the state for repair, service, alteration, maintenance, remanufacture or modification and which 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" shall have the meanings ascribed thereto by 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 which 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 which 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" have the meanings respectively ascribed thereto by 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, but not including K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012, and have not expired will be effective for the term of the project or two years from the effective date of the certificate, whichever occurs earlier. 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" shall have the meanings ascribed thereto by 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, which 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 on 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. 75-3307b, 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, which 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 which 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,
serve, repair or improve real property, and retail businesses that clean,
serve 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 which is organized for the purpose of stimulating public interest in the exploration of space by providing educational information, exhibits and experiences, which 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 which will admit the purchaser thereof to any annual event sponsored by a nonprofit organization which 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 which 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 which 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 which 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 which 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 which 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 which 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 which 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 which 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 which 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;

(bbb) all sales of food for human consumption by an organization
which 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 which offers such food at a price below cost in
exchange for the performance of community service by the purchaser
thereof;

(ccc) 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 which 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 which 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 which 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 which 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 which 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;

(gg) 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;

(hh) 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;

(ii) all sales of personal property and services purchased by 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 collection, storage and distribution of food products to nonprofit organizations which 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, which
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
which 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;

(jj) 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;

(ll) 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;

(mm) 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;

(nn) 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;

(ooo) 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 which 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 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 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 which 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 which 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 which 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 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 which 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, 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;

(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 which has been granted an exemption pursuant to subsection (qq), which such home or facility is located in a city which 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 which 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 which 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 which 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
which 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 which 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;

(xxx) 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, which 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 which 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 which 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 which 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
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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 which 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 which will not be so incorporated
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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

(gggg) 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 which 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 which 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., which 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 necesseties 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, which 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 which 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; and

(all sales of food and food ingredients. The provisions of this
subsection shall not apply to prepared food, unless sold without eating
utensils provided by the seller and described below:

1. Food sold by a seller whose proper primary NAICS classification
is manufacturing in section 311, except subsector 3118 (bakeries).

2. Food sold in an unheated state by weight or volume as a
single item; or

3. Bakery items including bread, rolls, buns, biscuits, bagels,
croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,
cookies and tortillas.

4. Food sold that ordinarily requires additional cooking, as opposed
to just reheating, by the consumer prior to consumption.

5. Bottled water that is not otherwise sold as prepared food.

Sec. 3. K.S.A. 2016 Supp. 79-3602 and 79-3606 are hereby repealed.
Sec. 4. This act shall take effect and be in force from and after its
publication in the statute book.