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

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

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

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

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

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

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

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

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

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

(3) a rain check allows a customer to purchase an item at a certain
price at a later time because the particular item was out of stock. Eligible
property that customers purchase during the exemption period with use of a rain check shall qualify for the exemption regardless of when the rain check was issued. Issuance of a rain check during the exemption period shall not qualify eligible property for the exemption if the property is actually purchased after the exemption period;

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

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

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

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

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

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

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

(6) for a 60-day period immediately after the exemption period, when a customer returns an item that would qualify for the exemption, no credit for or refund of sales tax shall be given unless the customer provides a receipt or invoice that shows tax was paid or the seller has sufficient documentation to show that tax was paid on the specific item. This 60-day period is set solely for the purpose of designating a time period during which the customer must provide documentation that shows that sales tax was paid on returned merchandise. The 60-day period is not intended to change a seller's policy on the time period during which the seller will
accept returns; and
(7) the time zone of the seller's location determines the authorized
time period with respect to the exemption of this section when the
purchaser is located in one time zone and a seller is located in another.
(e) The provisions of this section shall be a part of and supplemental
to the Kansas retailers' sales tax act.

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