

As Amended by House Committee

Session of 2014

HOUSE BILL No. 2607

By Representatives Powell, Peck, Barker, Bridges, Finney, Goico, Jones,  
Rothlisberg and Todd

2-11

1 AN ACT concerning sales taxation; relating to exemptions; certain sales of  
2 school supplies, computers and clothing during sales tax holiday;  
3 amending K.S.A. 2013 Supp. 79-3606 and repealing the existing  
4 section.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2013 Supp. 79-3606 is hereby amended to read as  
8 follows: 79-3606. The following shall be exempt from the tax imposed by  
9 this act:

10 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
11 or excise tax has been paid, not subject to refund, under the laws of this  
12 state except cigarettes as defined by K.S.A. 79-3301, and amendments  
13 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-  
14 3817, and amendments thereto, including wort, liquid malt, malt syrup and  
15 malt extract, which is not subject to taxation under the provisions of  
16 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant  
17 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.  
18 65-3424d, and amendments thereto, drycleaning and laundry services  
19 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross  
20 receipts from regulated sports contests taxed pursuant to the Kansas  
21 professional regulated sports act, and amendments thereto;

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

1 (c) all sales of tangible personal property or services, including the  
2 renting and leasing of tangible personal property, purchased directly by a  
3 public or private elementary or secondary school or public or private  
4 nonprofit educational institution and used primarily by such school or  
5 institution for nonsectarian programs and activities provided or sponsored  
6 by such school or institution or in the erection, repair or enlargement of  
7 buildings to be used for such purposes. The exemption herein provided  
8 shall not apply to erection, construction, repair, enlargement or equipment  
9 of buildings used primarily for human habitation;

10 (d) all sales of tangible personal property or services purchased by a  
11 contractor for the purpose of constructing, equipping, reconstructing,  
12 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
13 any public or private nonprofit hospital or public hospital authority, public  
14 or private elementary or secondary school, a public or private nonprofit  
15 educational institution, state correctional institution including a privately  
16 constructed correctional institution contracted for state use and ownership,  
17 which would be exempt from taxation under the provisions of this act if  
18 purchased directly by such hospital or public hospital authority, school,  
19 educational institution or a state correctional institution; and all sales of  
20 tangible personal property or services purchased by a contractor for the  
21 purpose of constructing, equipping, reconstructing, maintaining, repairing,  
22 enlarging, furnishing or remodeling facilities for any political subdivision  
23 of the state or district described in subsection (s), the total cost of which is  
24 paid from funds of such political subdivision or district and which would  
25 be exempt from taxation under the provisions of this act if purchased  
26 directly by such political subdivision or district. Nothing in this subsection  
27 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be  
28 deemed to exempt the purchase of any construction machinery, equipment  
29 or tools used in the constructing, equipping, reconstructing, maintaining,  
30 repairing, enlarging, furnishing or remodeling facilities for any political  
31 subdivision of the state or any such district. As used in this subsection,  
32 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a  
33 political subdivision" shall mean general tax revenues, the proceeds of any  
34 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the  
35 purpose of constructing, equipping, reconstructing, repairing, enlarging,  
36 furnishing or remodeling facilities which are to be leased to the donor.  
37 When any political subdivision of the state, district described in subsection  
38 (s), public or private nonprofit hospital or public hospital authority, public  
39 or private elementary or secondary school, public or private nonprofit  
40 educational institution, state correctional institution including a privately  
41 constructed correctional institution contracted for state use and ownership  
42 shall contract for the purpose of constructing, equipping, reconstructing,  
43 maintaining, repairing, enlarging, furnishing or remodeling facilities, it

1 shall obtain from the state and furnish to the contractor an exemption  
2 certificate for the project involved, and the contractor may purchase  
3 materials for incorporation in such project. The contractor shall furnish the  
4 number of such certificate to all suppliers from whom such purchases are  
5 made, and such suppliers shall execute invoices covering the same bearing  
6 the number of such certificate. Upon completion of the project the  
7 contractor shall furnish to the political subdivision, district described in  
8 subsection (s), hospital or public hospital authority, school, educational  
9 institution or department of corrections concerned a sworn statement, on a  
10 form to be provided by the director of taxation, that all purchases so made  
11 were entitled to exemption under this subsection. As an alternative to the  
12 foregoing procedure, any such contracting entity may apply to the  
13 secretary of revenue for agent status for the sole purpose of issuing and  
14 furnishing project exemption certificates to contractors pursuant to rules  
15 and regulations adopted by the secretary establishing conditions and  
16 standards for the granting and maintaining of such status. All invoices  
17 shall be held by the contractor for a period of five years and shall be  
18 subject to audit by the director of taxation. If any materials purchased  
19 under such a certificate are found not to have been incorporated in the  
20 building or other project or not to have been returned for credit or the sales  
21 or compensating tax otherwise imposed upon such materials which will  
22 not be so incorporated in the building or other project reported and paid by  
23 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
24 month following the close of the month in which it shall be determined  
25 that such materials will not be used for the purpose for which such  
26 certificate was issued, the political subdivision, district described in  
27 subsection (s), hospital or public hospital authority, school, educational  
28 institution or the contractor contracting with the department of corrections  
29 for a correctional institution concerned shall be liable for tax on all  
30 materials purchased for the project, and upon payment thereof it may  
31 recover the same from the contractor together with reasonable attorney  
32 fees. Any contractor or any agent, employee or subcontractor thereof, who  
33 shall use or otherwise dispose of any materials purchased under such a  
34 certificate for any purpose other than that for which such a certificate is  
35 issued without the payment of the sales or compensating tax otherwise  
36 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
37 conviction therefor, shall be subject to the penalties provided for in  
38 subsection (g) of K.S.A. 79-3615, and amendments thereto;

39 (e) all sales of tangible personal property or services purchased by a  
40 contractor for the erection, repair or enlargement of buildings or other  
41 projects for the government of the United States, its agencies or  
42 instrumentalities, which would be exempt from taxation if purchased  
43 directly by the government of the United States, its agencies or

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

27 (f) tangible personal property purchased by a railroad or public utility  
28 for consumption or movement directly and immediately in interstate  
29 commerce;

30 (g) sales of aircraft including remanufactured and modified aircraft  
31 sold to persons using directly or through an authorized agent such aircraft  
32 as certified or licensed carriers of persons or property in interstate or  
33 foreign commerce under authority of the laws of the United States or any  
34 foreign government or sold to any foreign government or agency or  
35 instrumentality of such foreign government and all sales of aircraft for use  
36 outside of the United States and sales of aircraft repair, modification and  
37 replacement parts and sales of services employed in the remanufacture,  
38 modification and repair of aircraft;

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

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

43 (j) meals served without charge or food used in the preparation of

1 such meals to employees of any restaurant, eating house, dining car, hotel,  
2 drugstore or other place where meals or drinks are regularly sold to the  
3 public if such employees' duties are related to the furnishing or sale of  
4 such meals or drinks;

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

11 (l) all isolated or occasional sales of tangible personal property,  
12 services, substances or things, except isolated or occasional sale of motor  
13 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.  
14 79-3603, and amendments thereto;

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

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

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

40 (p) all sales of drugs dispensed pursuant to a prescription order by a  
41 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
42 1626, and amendments thereto. As used in this subsection, "drug" means a  
43 compound, substance or preparation and any component of a compound,

1 substance or preparation, other than food and food ingredients, dietary  
2 supplements or alcoholic beverages, recognized in the official United  
3 States pharmacopoeia, official homeopathic pharmacopoeia of the United  
4 States or official national formulary, and supplement to any of them,  
5 intended for use in the diagnosis, cure, mitigation, treatment or prevention  
6 of disease or intended to affect the structure or any function of the body,  
7 except that for taxable years commencing after December 31, 2013, this  
8 subsection shall not apply to any sales of drugs used in the performance or  
9 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
10 thereto;

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

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

35 (s) except as provided in K.S.A. 2013 Supp. 82a-2101, and  
36 amendments thereto, all sales of tangible personal property or services  
37 purchased directly or indirectly by a groundwater management district  
38 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
39 amendments thereto, by a rural water district organized or operating under  
40 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
41 supply district organized or operating under the authority of K.S.A. 19-  
42 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which  
43 property or services are used in the construction activities, operation or

1 maintenance of the district;

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

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

31 (v) all sales of tangible personal property to any contractor for use in  
32 preparing meals for delivery to homebound elderly persons over 60 years  
33 of age and to homebound disabled persons or to be served at a group-  
34 sitting at a location outside of the home to otherwise homebound elderly  
35 persons over 60 years of age and to otherwise homebound disabled  
36 persons, as all or part of any food service project funded in whole or in  
37 part by government or as part of a private nonprofit food service project  
38 available to all such elderly or disabled persons residing within an area of  
39 service designated by the private nonprofit organization, and all sales of  
40 tangible personal property for use in preparing meals for consumption by  
41 indigent or homeless individuals whether or not such meals are consumed  
42 at a place designated for such purpose, and all sales of food products by or  
43 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

33 (cc) all sales of tangible personal property or services purchased prior  
34 to January 1, 2012, except as otherwise provided, for the purpose of and in  
35 conjunction with constructing, reconstructing, enlarging or remodeling a  
36 business or retail business which meets the requirements established in  
37 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
38 machinery and equipment purchased for installation at any such business  
39 or retail business, and all sales of tangible personal property or services  
40 purchased on or after January 1, 2012, for the purpose of and in  
41 conjunction with constructing, reconstructing, enlarging or remodeling a  
42 business which meets the requirements established in K.S.A. 74-50,115(e),  
43 and amendments thereto, and the sale and installation of machinery and



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

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

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

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

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

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

17 (ii) all sales of tangible personal property purchased directly by a  
18 nonprofit organization for nonsectarian comprehensive multidiscipline  
19 youth development programs and activities provided or sponsored by such  
20 organization, and all sales of tangible personal property by or on behalf of  
21 any such organization. This exemption shall not apply to tangible personal  
22 property customarily used for human habitation purposes;

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

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

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

43 (C) all sales of repair and replacement parts and accessories

1 purchased for such machinery and equipment.

2 (2) For purposes of this subsection:

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

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

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

27 (D) "manufacturing or processing business" means a business that  
28 utilizes an integrated production operation to manufacture, process,  
29 fabricate, finish, or assemble items for wholesale and retail distribution as  
30 part of what is commonly regarded by the general public as an industrial  
31 manufacturing or processing operation or an agricultural commodity  
32 processing operation. (i) Industrial manufacturing or processing operations  
33 include, by way of illustration but not of limitation, the fabrication of  
34 automobiles, airplanes, machinery or transportation equipment, the  
35 fabrication of metal, plastic, wood, or paper products, electricity power  
36 generation, water treatment, petroleum refining, chemical production,  
37 wholesale bottling, newspaper printing, ready mixed concrete production,  
38 and the remanufacturing of used parts for wholesale or retail sale. Such  
39 processing operations shall include operations at an oil well, gas well,  
40 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,  
41 sand or gravel that has been extracted from the earth is cleaned, separated,  
42 crushed, ground, milled, screened, washed, or otherwise treated or  
43 prepared before its transmission to a refinery or before any other wholesale

1 or retail distribution. (ii) Agricultural commodity processing operations  
2 include, by way of illustration but not of limitation, meat packing, poultry  
3 slaughtering and dressing, processing and packaging farm and dairy  
4 products in sealed containers for wholesale and retail distribution, feed  
5 grinding, grain milling, frozen food processing, and grain handling,  
6 cleaning, blending, fumigation, drying and aeration operations engaged in  
7 by grain elevators or other grain storage facilities. (iii) Manufacturing or  
8 processing businesses do not include, by way of illustration but not of  
9 limitation, nonindustrial businesses whose operations are primarily retail  
10 and that produce or process tangible personal property as an incidental part  
11 of conducting the retail business, such as retailers who bake, cook or  
12 prepare food products in the regular course of their retail trade, grocery  
13 stores, meat lockers and meat markets that butcher or dress livestock or  
14 poultry in the regular course of their retail trade, contractors who alter,  
15 service, repair or improve real property, and retail businesses that clean,  
16 service or refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

42 (F) to plan, manage, control or record the receipt and flow of  
43 inventories of raw materials, consumables and component parts, the flow

1 of the property undergoing manufacturing or processing and the  
2 management of inventories of the finished product;

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

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

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

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

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

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

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

25 (4) The following machinery, equipment and materials shall be  
26 deemed to be exempt even though it may not otherwise qualify as  
27 machinery and equipment used as an integral or essential part of an  
28 integrated production operation: (A) Computers and related peripheral  
29 equipment that are utilized by a manufacturing or processing business for  
30 engineering of the finished product or for research and development or  
31 product design; (B) machinery and equipment that is utilized by a  
32 manufacturing or processing business to manufacture or rebuild tangible  
33 personal property that is used in manufacturing or processing operations,  
34 including tools, dies, molds, forms and other parts of qualifying machinery  
35 and equipment; (C) portable plants for aggregate concrete, bulk cement  
36 and asphalt including cement mixing drums to be attached to a motor  
37 vehicle; (D) industrial fixtures, devices, support facilities and special  
38 foundations necessary for manufacturing and production operations, and  
39 materials and other tangible personal property sold for the purpose of  
40 fabricating such fixtures, devices, facilities and foundations. An exemption  
41 certificate for such purchases shall be signed by the manufacturer or  
42 processor. If the fabricator purchases such material, the fabricator shall  
43 also sign the exemption certificate; and (E) a manufacturing or processing

1 business' laboratory equipment that is not located at the plant or facility,  
2 but that would otherwise qualify for exemption under subsection (3)(E).

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

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

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

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

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

21 (E) furniture and other furnishings;

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

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

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

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

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

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

43 (7) The secretary of revenue shall adopt rules and regulations

1 necessary to administer the provisions of this subsection;

2 (ll) all sales of educational materials purchased for distribution to the  
3 public at no charge by a nonprofit corporation organized for the purpose of  
4 encouraging, fostering and conducting programs for the improvement of  
5 public health, except that for taxable years commencing after December  
6 31, 2013, this subsection shall not apply to any sales of such materials  
7 purchased by a nonprofit corporation which performs any abortion, as  
8 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 individuals and families, and which is exempt from federal income  
2 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
3 and all sales of tangible personal property or services purchased by a  
4 contractor for the purpose of constructing, equipping, reconstructing,  
5 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
6 any such clinic or center which would be exempt from taxation under the  
7 provisions of this section if purchased directly by such clinic or center,  
8 except that for taxable years commencing after December 31, 2013, this  
9 subsection shall not apply to any sales of such tangible personal property  
10 and services purchased by a primary care clinic or health center which  
11 performs any abortion, as defined in K.S.A. 65-6701, and amendments  
12 thereto. Nothing in this subsection shall be deemed to exempt the purchase  
13 of any construction machinery, equipment or tools used in the  
14 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
15 furnishing or remodeling facilities for any such clinic or center. When any  
16 such clinic or center shall contract for the purpose of constructing,  
17 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
18 remodeling facilities, it shall obtain from the state and furnish to the  
19 contractor an exemption certificate for the project involved, and the  
20 contractor may purchase materials for incorporation in such project. The  
21 contractor shall furnish the number of such certificate to all suppliers from  
22 whom such purchases are made, and such suppliers shall execute invoices  
23 covering the same bearing the number of such certificate. Upon  
24 completion of the project the contractor shall furnish to such clinic or  
25 center concerned a sworn statement, on a form to be provided by the  
26 director of taxation, that all purchases so made were entitled to exemption  
27 under this subsection. All invoices shall be held by the contractor for a  
28 period of five years and shall be subject to audit by the director of taxation.  
29 If any materials purchased under such a certificate are found not to have  
30 been incorporated in the building or other project or not to have been  
31 returned for credit or the sales or compensating tax otherwise imposed  
32 upon such materials which will not be so incorporated in the building or  
33 other project reported and paid by such contractor to the director of  
34 taxation not later than the 20<sup>th</sup> day of the month following the close of the  
35 month in which it shall be determined that such materials will not be used  
36 for the purpose for which such certificate was issued, such clinic or center  
37 concerned shall be liable for tax on all materials purchased for the project,  
38 and upon payment thereof it may recover the same from the contractor  
39 together with reasonable attorney fees. Any contractor or any agent,  
40 employee or subcontractor thereof, who shall use or otherwise dispose of  
41 any materials purchased under such a certificate for any purpose other than  
42 that for which such a certificate is issued without the payment of the sales  
43 or compensating tax otherwise imposed upon such materials, shall be

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

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

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

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

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

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

43 (iii) all sales of personal property and services purchased by an

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

1 certificate is issued without the payment of the sales or compensating tax  
2 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
3 and, upon conviction therefor, shall be subject to the penalties provided for  
4 in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax  
5 paid on and after July 1, 2005, but prior to the effective date of this act  
6 upon the gross receipts received from any sale exempted by the  
7 amendatory provisions of this subsection shall be refunded. Each claim for  
8 a sales tax refund shall be verified and submitted to the director of taxation  
9 upon forms furnished by the director and shall be accompanied by any  
10 additional documentation required by the director. The director shall  
11 review each claim and shall refund that amount of sales tax paid as  
12 determined under the provisions of this subsection. All refunds shall be  
13 paid from the sales tax refund fund upon warrants of the director of  
14 accounts and reports pursuant to vouchers approved by the director or the  
15 director's designee;

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

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

40 (mmm) all sales of tangible personal property purchased by or on  
41 behalf of the Marillac Center, Inc., which is exempt from federal income  
42 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
43 for the purpose of providing psycho-social-biological and special



1 education services to children, and all sales of any such property by or on  
2 behalf of such organization for such purpose;

3 (nnn) all sales of tangible personal property and services purchased  
4 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Charitable  
5 Fund for the purpose of constructing a boundless playground which is an  
6 integrated, barrier free and developmentally advantageous play  
7 environment for children of all abilities and disabilities;

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

12 (ppp) all sales of tangible personal property and services purchased  
13 by or on behalf of a homeless shelter which is exempt from federal income  
14 taxation pursuant to section 501(c)(3) of the federal income tax code of  
15 1986, and used by any such homeless shelter to provide emergency and  
16 transitional housing for individuals and families experiencing  
17 homelessness, and all sales of any such property by or on behalf of any  
18 such homeless shelter for any such purpose;

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

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

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

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

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

34 (ttt) all sales of tangible personal property or services purchased by a  
35 contractor for a project for the purpose of restoring, constructing,  
36 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
37 remodeling a home or facility owned by a nonprofit museum which has  
38 been granted an exemption pursuant to subsection (qq), which such home  
39 or facility is located in a city which has been designated as a qualified  
40 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
41 amendments thereto, and which such project is related to the purposes of  
42 K.S.A. 75-5071 et seq., and amendments thereto, and which would be  
43 exempt from taxation under the provisions of this section if purchased

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

37 (uuu) all sales of tangible personal property and services purchased  
38 by Kansas children's service league, hereinafter referred to as KCSL,  
39 which is exempt from federal income taxation pursuant to section 501(c)  
40 (3) of the federal internal revenue code of 1986, and which such property  
41 and services are used for the purpose of providing for the prevention and  
42 treatment of child abuse and maltreatment as well as meeting additional  
43 critical needs for children, juveniles and family, and all sales of any such

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

39 (vvv) all sales of tangible personal property or services, including the  
40 renting and leasing of tangible personal property or services, purchased by  
41 Jazz in the Woods, Inc., a Kansas corporation which is exempt from  
42 federal income taxation pursuant to section 501(c)(3) of the federal  
43 internal revenue code, for the purpose of providing Jazz in the Woods, an

1 event benefiting children-in-need and other nonprofit charities assisting  
2 such children, and all sales of any such property by or on behalf of such  
3 organization for such purpose;

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

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

1 will not be used for the purpose for which such certificate was issued, such  
2 organization concerned shall be liable for tax on all materials purchased  
3 for the project, and upon payment thereof it may recover the same from  
4 the contractor together with reasonable attorney fees. Any contractor or  
5 any agent, employee or subcontractor thereof, who shall use or otherwise  
6 dispose of any materials purchased under such a certificate for any purpose  
7 other than that for which such a certificate is issued without the payment  
8 of the sales or compensating tax otherwise imposed upon such materials,  
9 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
10 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,  
11 and amendments thereto. Sales tax paid on and after January 1, 2007, but  
12 prior to the effective date of this act upon the gross receipts received from  
13 any sale which would have been exempted by the provisions of this  
14 subsection had such sale occurred after the effective date of this act shall  
15 be refunded. Each claim for a sales tax refund shall be verified and  
16 submitted to the director of taxation upon forms furnished by the director  
17 and shall be accompanied by any additional documentation required by the  
18 director. The director shall review each claim and shall refund that amount  
19 of sales tax paid as determined under the provisions of this subsection. All  
20 refunds shall be paid from the sales tax refund fund upon warrants of the  
21 director of accounts and reports pursuant to vouchers approved by the  
22 director or the director's designee;

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

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

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

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

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

41 (cccc) all sales of tangible personal property or services purchased by  
42 or on behalf of wayside waifs, inc., which is exempt from federal income  
43 taxation pursuant to section 501(c)(3) of the federal internal revenue code,



1 for the purpose of providing such organization's annual fundraiser, an  
2 event whose purpose is to support the care of homeless and abandoned  
3 animals, animal adoption efforts, education programs for children and  
4 efforts to reduce animal over-population and animal welfare services, and  
5 all sales of any such property, including entry or participation fees or  
6 charges, by or on behalf of such organization for such purpose;

7 (dddd) all sales of tangible personal property or services purchased  
8 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,  
9 both of which are exempt from federal income taxation pursuant to section  
10 501(c)(3) of the federal internal revenue code, for the purpose of providing  
11 education, training and employment opportunities for people with  
12 disabilities and other barriers to employment;

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

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

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

23 (gggg) all sales of game birds for which the primary purpose is use in  
24 hunting; and

25 *(hhhh) on and after July 1, 2014, all sales of any article of clothing*  
26 *having a taxable value of \$300 or less, all back-to-school supplies not to*  
27 *exceed \$100 per purchase, all computer software with a taxable value of*  
28 *\$300 or less and all personal computers or computer peripheral devices*  
29 *not to exceed \$2,000, during a period beginning at 12:01 a.m. on the first*  
30 *Thursday in August and ending at midnight on the Sunday following. The*  
31 *provisions of this subsection apply to sales of items for personal use only.*  
32 *As used in this subsection: (1) "Clothing" means any article of wearing*  
33 *apparel, including footwear, intended to be worn on or about the human*  
34 *body. The term shall include, but not be limited to, cloth and other*  
35 *material used to make school uniforms or other school clothing. Items*  
36 *normally sold in pairs shall not be separated to qualify for the exemption.*  
37 *The term shall not include watches, watchbands, jewelry, handbags,*  
38 *handkerchiefs, umbrellas, scarves, headbands, or belt buckles; (2)*  
39 *"personal computers" means a laptop, desktop or tower computer system*  
40 *which consists of a central processing unit, random access memory, a*  
41 *storage drive, a display monitor and a keyboard and devices designed for*  
42 *use in conjunction with a personal computer, such as a disk drive, memory*  
43 *module, compact disk drive, daughterboard, digitalizer, microphone,*

1 ~~modem, motherboard, mouse, multimedia speaker, printer, scanner, single-~~  
2 ~~user hardware, single-user operating system, soundcard or video card;~~  
3 ~~and (3) "school supplies" means any item normally used by students in a~~  
4 ~~standard classroom for educational purposes, including, but not limited to,~~  
5 ~~textbooks, notebooks, paper, writing instruments, crayons, art supplies,~~  
6 ~~rulers, bookbags, backpacks, handheld calculators, chalk, maps and~~  
7 ~~globes. The term shall not include watches, radios, CD players,~~  
8 ~~headphones, sporting equipment, portable or desktop telephones, copiers~~  
9 ~~or other office equipment, furniture or fixtures.~~ on and after July 1,

10 **2015, all back-to-school related sales of clothing or clothing accessories**  
11 **or equipment having a taxable value of \$300 or less, school supplies,**  
12 **school instructional materials or school art supplies not to exceed \$100**  
13 **per item, prewritten computer software with a taxable value of \$300**  
14 **or less and personal computers or school computer supplies not to**  
15 **exceed \$2,000, during the period beginning at 12:01 a.m. on the first**  
16 **Thursday in August and ending at midnight on the Sunday following.**  
17 **Only items priced below the price threshold established in this**  
18 **subsection shall be exempt from taxation pursuant to this subsection.**  
19 **The seller of items specified in this subsection is not required to obtain**  
20 **an exemption certificate from the purchaser of such items as provided**  
21 **pursuant to K.S.A. 79-3692, and amendments thereto, during the**  
22 **period of time specified in this subsection. There shall be no exemption**  
23 **pursuant to this subsection for only a portion of the price of an**  
24 **individual item. The provisions of section 2, and amendments thereto,**  
25 **shall apply to the exemption contained in this subsection.**

26 **New Sec. 2. (a) As used in this section and subsection (hhhh) of**  
27 **K.S.A. 79-3606, and amendments thereto:**

28 **(1) "Clothing" means all human wearing apparel suitable for**  
29 **general use. Clothing includes, but is not limited to: Aprons,**  
30 **household and shop; athletic supporters; baby receiving blankets;**  
31 **bathing suits and caps; beach capes and coats; belts and suspenders;**  
32 **boots; coats and jackets; costumes; diapers, children and adult,**  
33 **including disposable diapers; ear muffs; footlets; formal wear; garters**  
34 **and garter belts; girdles; gloves and mittens for general use; hats and**  
35 **caps; hosiery; insoles for shoes; lab coats; neckties; overshoes;**  
36 **pantyhose; rainwear; rubber pants; sandals; scarves; shoes and shoe**  
37 **laces; slippers; sneakers; socks and stockings; steel-toed shoes;**  
38 **underwear; uniforms, athletic and non-athletic; and wedding apparel.**  
39 **Clothing shall not include: Belt buckles sold separately; costume**  
40 **masks sold separately; patches and emblems sold separately; sewing**  
41 **equipment and supplies including, but not limited to, knitting needles,**  
42 **patterns, pins, scissors, sewing machines, sewing needles, tape**  
43 **measures and thimbles; and sewing materials that become part of**

1 clothing including, but not limited to, buttons, fabric, lace, thread,  
2 yarn and zippers;

3 (2) "clothing accessories or equipment" means incidental items  
4 worn on the person or in conjunction with clothing. Clothing  
5 accessories or equipment includes, but is not limited to: Briefcases;  
6 cosmetics; hair notions, including, but not limited to, barrettes, hair  
7 bows, and hair nets; handbags; handkerchiefs; jewelry; sunglasses,  
8 non-prescription; umbrellas; wallets; watches and wigs and hair  
9 pieces;

10 (3) "eligible property" means an item of a type, such as clothing,  
11 that qualifies for the sales tax exemption as provided in subsection  
12 (hhh) of K.S.A. 79-3606, and amendments thereto;

13 (4) "layaway sale" means a transaction in which property is set  
14 aside for future delivery to a customer who makes a deposit, agrees to  
15 pay the balance of the purchase over a period of time and, at the end  
16 of the payment period, receives the property. An order is accepted for  
17 layaway by the seller, when the seller removes the property from  
18 normal inventory or clearly identifies the property as sold to the  
19 purchaser;

20 (5) "rain check" means the seller allows a customer to purchase  
21 an item at a certain price at a later time because the particular item  
22 was out of stock;

23 (6) "school art supply" means an item commonly used by a  
24 student in a course of study for artwork. The following is an all-  
25 inclusive list: Clay and glazes; paints, acrylic, tempera and oil;  
26 paintbrushes for artwork; sketch and drawing pads; and watercolors;

27 (7) "school computer supply" means an item commonly used by a  
28 student in a course of study in which a computer is used. The  
29 following is an all-inclusive list: Computer storage media, diskettes,  
30 compact disks; handheld electronic schedulers, except devices that are  
31 cellular phones; personal digital assistants, except devices that are  
32 cellular phones; computer printers; and printer supplies for  
33 computers, printer paper and printer ink;

34 (8) "school instructional material" means written material  
35 commonly used by a student in a course of study as a reference and to  
36 learn the subject being taught. The following is an all-inclusive list:  
37 Reference books; reference maps and globes; textbooks; and  
38 workbooks; and

39 (9) "school supply" means an item commonly used by a student  
40 in a course of study. The following is an all-inclusive list: Binders;  
41 book bags; calculators; cellophane tape; blackboard chalk;  
42 compasses; composition books; crayons; erasers; folders, expandable,  
43 pocket, plastic and manila; glue, paste and paste sticks; highlighters;

1 index cards; index card boxes; legal pads; lunch boxes; markers;  
2 notebooks; paper; loose leaf ruled notebook paper, copy paper, graph  
3 paper, tracing paper, manila paper, colored paper, poster board, and  
4 construction paper; pencil boxes and other school supply boxes; pencil  
5 sharpeners; pencils; pens; protractors; rulers; scissors; and writing  
6 tablets.

7 (b) The secretary of revenue shall provide notice of the exemption  
8 period to retailers at least 60 days prior to the first day of the calendar  
9 quarter in which the exemption period established in subsection  
10 (hhh) of K.S.A. 79-3606, and amendments thereto, commences.

11 (c) The following procedures are to be used in administering the  
12 exemption as provided in subsection (hhh) of K.S.A. 79-3606, and  
13 amendments thereto:

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

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

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

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

25 (3) a discount by the seller reduces the sales price of the property  
26 and the discounted sales price determines whether the sales price is  
27 within the price threshold provided in subsection (hhh) of K.S.A. 79-  
28 3606, and amendments thereto. A coupon that reduces the sales price  
29 is treated as a discount if the seller is not reimbursed for the coupon  
30 amount by a third party. If a discount applies to the total amount paid  
31 by a purchaser rather than to the sales price of a particular item and  
32 the purchaser has purchased both eligible property and taxable  
33 property, the seller should allocate the discount based on the total  
34 sales prices of the taxable property compared to the total sales prices  
35 of all property sold in that same transaction;

36 (4) articles that are normally sold as a single unit must continue  
37 to be sold in that manner. Such articles cannot be priced separately  
38 and sold as individual items in order to obtain the exemption;

39 (5) a rain check allows a customer to purchase an item at a  
40 certain price at a later time because the particular item was out of  
41 stock. Eligible property that customers purchase during the  
42 exemption period with use of a rain check will qualify for the  
43 exemption regardless of when the rain check was issued. Issuance of a

1 rain check during the exemption period shall not qualify eligible  
2 property for the exemption if the property is actually purchased after  
3 the exemption period;

4 (6) the procedure for an exchange in regards to an exemption is  
5 as follows:

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

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

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

21 (7) delivery charges, including shipping, handling and service  
22 charges, are part of the sales price of eligible property. For the  
23 purpose of determining the price threshold, if all the property in a  
24 shipment qualifies as eligible property and the sales price for each  
25 item in the shipment is within the price threshold, then the seller does  
26 not have to allocate the delivery, handling or service charge to  
27 determine if the price threshold is exceeded. The shipment will be  
28 considered a sale of eligible products. If the shipment includes eligible  
29 property and taxable property, including an eligible item with a sales  
30 price in excess of the price threshold, the seller should allocate the  
31 delivery charge by using:

32 (A) A percentage based on the total sales prices of the taxable  
33 property compared to the total sales prices of all property in the  
34 shipment; or

35 (B) a percentage based on the total weight of the taxable property  
36 compared to the total weight of all property in the shipment; and

37 (C) the seller must tax the percentage of the delivery charge  
38 allocated to the taxable property but does not have to tax the  
39 percentage allocated to the eligible property;

40 (8) for the purpose of an exemption, eligible property qualifies for  
41 the exemption if:

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

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

12       **(9) for a 60-day period immediately after the exemption period,**  
13 **when a customer returns an item that would qualify for the**  
14 **exemption, no credit for or refund of sales tax shall be given unless the**  
15 **customer provides a receipt or invoice that shows tax was paid, or the**  
16 **seller has sufficient documentation to show that tax was paid on the**  
17 **specific item. This 60-day period is set solely for the purpose of**  
18 **designating a time period during which the customer must provide**  
19 **documentation that shows that sales tax was paid on returned**  
20 **merchandise. The 60-day period is not intended to change a seller's**  
21 **policy on the time period during which the seller will accept returns;**  
22 **and**

23       **(10) the time zone of the seller's location determines the**  
24 **authorized time period for a sales tax holiday when the purchaser is**  
25 **located in one time zone and a seller is located in another.**

26       **(d) The provisions of this section shall be a part of and**  
27 **supplemental to the Kansas retailers' sales and compensating tax act.**

28       ~~Sec. 2.~~ **3.** K.S.A. 2013 Supp. 79-3606 is hereby repealed.

29       ~~Sec. 3.~~ **4.** This act shall take effect and be in force from and after its  
30 publication in the statute book.