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

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

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

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

(b) all sales of tangible personal property or service, including the
renting and leasing of tangible personal property, purchased directly by the
state of Kansas, a political subdivision thereof, other than a school or
educational institution, or purchased by a public or private nonprofit
hospital or public hospital authority or nonprofit blood, tissue or organ
bank and used exclusively for state, political subdivision, hospital or
public hospital authority or nonprofit blood, tissue or organ bank purposes,
except when: (1) Such state, hospital or public hospital authority is
engaged or proposes to engage in any business specifically taxable under
the provisions of this act and such items of tangible personal property or
service are used or proposed to be used in such business; or (2) such
political subdivision is engaged or proposes to engage in the business of
furnishing gas, electricity or heat to others and such items of personal
property or service are used or proposed to be used in such business;
(c) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly by a public or private elementary or secondary school or public or private nonprofit educational institution and used primarily by such school or institution for nonsectarian programs and activities provided or sponsored by such school or institution or in the erection, repair or enlargement of buildings to be used for such purposes. The exemption herein provided shall not apply to erection, construction, repair, enlargement or equipment of buildings used primarily for human habitation;

(d) all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school, a public or private nonprofit educational institution, state correctional institution including a privately constructed correctional institution contracted for state use and ownership, which would be exempt from taxation under the provisions of this act if purchased directly by such hospital or public hospital authority, school, educational institution or a state correctional institution; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or district described in subsection (s), the total cost of which is paid from funds of such political subdivision or district and which would be exempt from taxation under the provisions of this act if purchased directly by such political subdivision or district. Nothing in this subsection or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or any such district. As used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a political subdivision" shall mean general tax revenues, the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the purpose of constructing, equipping, reconstructing, repairing, enlarging, furnishing or remodeling facilities which are to be leased to the donor. When any political subdivision of the state, district described in subsection (s), public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school, public or private nonprofit educational institution, state correctional institution including a privately constructed correctional institution contracted for state use and ownership shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it
shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the political subdivision, district described in subsection (s), hospital or public hospital authority, school, educational institution or department of corrections concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. As an alternative to the foregoing procedure, any such contracting entity may apply to the secretary of revenue for agent status for the sole purpose of issuing and furnishing project exemption certificates to contractors pursuant to rules and regulations adopted by the secretary establishing conditions and standards for the granting and maintaining of such status. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the political subdivision, district described in subsection (s), hospital or public hospital authority, school, educational institution or the contractor contracting with the department of corrections for a correctional institution concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

(e) all sales of tangible personal property or services purchased by a contractor for the erection, repair or enlargement of buildings or other projects for the government of the United States, its agencies or instrumentalities, which would be exempt from taxation if purchased directly by the government of the United States, its agencies or
instrumentalities. When the government of the United States, its agencies or instrumentalities shall contract for the erection, repair, or enlargement of any building or other project, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the government of the United States, its agencies or instrumentalities concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. As an alternative to the foregoing procedure, any such contracting entity may apply to the secretary of revenue for agent status for the sole purpose of issuing and furnishing project exemption certificates to contractors pursuant to rules and regulations adopted by the secretary establishing conditions and standards for the granting and maintaining of such status. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) all sales of tangible personal property to any contractor for use in preparing meals for delivery to homebound elderly persons over 60 years of age and to homebound disabled persons or to be served at a group-sitting at a location outside of the home to otherwise homebound elderly persons over 60 years of age and to otherwise homebound disabled persons, as all or part of any food service project funded in whole or in part by government or as part of a private nonprofit food service project available to all such elderly or disabled persons residing within an area of service designated by the private nonprofit organization, and all sales of tangible personal property for use in preparing meals for consumption by indigent or homeless individuals whether or not such meals are consumed at a place designated for such purpose, and all sales of food products by or on behalf of any such contractor or organization for any such purpose;
(w) all sales of natural gas, electricity, heat and water delivered through mains, lines or pipes: (1) To residential premises for noncommercial use by the occupant of such premises; (2) for agricultural use and also, for such use, all sales of propane gas; (3) for use in the severing of oil; and (4) to any property which is exempt from property taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this paragraph, "severing" shall have the meaning ascribed thereto by subsection (k) of K.S.A. 79-4216, and amendments thereto. For all sales of natural gas, electricity and heat delivered through mains, lines or pipes pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions of this subsection shall expire on December 31, 2005;

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

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

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

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

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

(cc) all sales of tangible personal property or services purchased prior to January 1, 2012, except as otherwise provided, for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business or retail business which meets the requirements established in K.S.A. 74-50,115, and amendments thereto, and the sale and installation of machinery and equipment purchased for installation at any such business or retail business, and all sales of tangible personal property or services purchased on or after January 1, 2012, for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business which meets the requirements established in K.S.A. 74-50,115(e), and amendments thereto, and the sale and installation of machinery and
equipment purchased for installation at any such business. When a person
shall contract for the construction, reconstruction, enlargement or
remodeling of any such business or retail business, such person shall
obtain from the state and furnish to the contractor an exemption certificate
for the project involved, and the contractor may purchase materials,
machinery and equipment for incorporation in such project. The contractor
shall furnish the number of such certificates to all suppliers from whom
such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to the owner of the
business or retail business a sworn statement, on a form to be provided by
the director of taxation, that all purchases so made were entitled to
exemption under this subsection. All invoices shall be held by the
contractor for a period of five years and shall be subject to audit by the
director of taxation. Any contractor or any agent, employee or
subcontractor thereof, who shall use or otherwise dispose of any materials,
machinery or equipment purchased under such a certificate for any
purpose other than that for which such a certificate is issued without the
payment of the sales or compensating tax otherwise imposed thereon, shall
be guilty of a misdemeanor and, upon conviction therefor, shall be subject
to the penalties provided for in subsection (g) of K.S.A. 79-3615, and
amendments thereto. As used in this subsection, "business" and "retail
business" have the meanings respectively ascribed thereto by K.S.A. 74-
50,114, and amendments thereto. Project exemption certificates that have
been previously issued under this subsection by the department of revenue
pursuant to K.S.A. 74-50,115, and amendments thereto, but not including
K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,
and have not expired will be effective for the term of the project or two
years from the effective date of the certificate, whichever occurs earlier.
Project exemption certificates that are submitted to the department of
revenue prior to January 1, 2012, and are found to qualify will be issued a
project exemption certificate that will be effective for a two-year period or
for the term of the project, whichever occurs earlier;
(dd) all sales of tangible personal property purchased with food
stamps issued by the United States department of agriculture;
(ee) all sales of lottery tickets and shares made as part of a lottery
operated by the state of Kansas;
(ff) on and after July 1, 1988, all sales of new mobile homes or
manufactured homes to the extent of 40% of the gross receipts, determined
without regard to any trade-in allowance, received from such sale. As used
in this subsection, "mobile homes" and "manufactured homes" shall have
the meanings ascribed thereto by K.S.A. 58-4202, and amendments
thereto;
(gg) all sales of tangible personal property purchased in accordance with vouchers issued pursuant to the federal special supplemental food program for women, infants and children;

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

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

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

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

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

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

(2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

(F) to plan, manage, control or record the receipt and flow of inventories of raw materials, consumables and component parts, the flow
of the property undergoing manufacturing or processing and the
management of inventories of the finished product;
(G) to produce energy for, lubricate, control the operating of or
otherwise enable the functioning of other production machinery and
equipment and the continuation of production operations;
(H) to package the property being manufactured or processed in a
container or wrapping in which such property is normally sold or
transported;
(I) to transmit or transport electricity, coke, gas, water, steam or
similar substances used in production operations from the point of
generation, if produced by the manufacturer or processor at the plant site,
to that manufacturer's production operation; or, if purchased or delivered
from off-site, from the point where the substance enters the site of the
plant or facility to that manufacturer's production operations;
(J) to cool, heat, filter, refine or otherwise treat water, steam, acid, oil,
solvents or other substances that are used in production operations;
(K) to provide and control an environment required to maintain
certain levels of air quality, humidity or temperature in special and limited
areas of the plant or facility, where such regulation of temperature or
humidity is part of and essential to the production process;
(L) to treat, transport or store waste or other byproducts of production
operations at the plant or facility; or
(M) to control pollution at the plant or facility where the pollution is
produced by the manufacturing or processing operation.
(4) The following machinery, equipment and materials shall be
deemed to be exempt even though it may not otherwise qualify as
machinery and equipment used as an integral or essential part of an
integrated production operation: (A) Computers and related peripheral
equipment that are utilized by a manufacturing or processing business for
engineering of the finished product or for research and development or
product design; (B) machinery and equipment that is utilized by a
manufacturing or processing business to manufacture or rebuild tangible
personal property that is used in manufacturing or processing operations,
including tools, dies, molds, forms and other parts of qualifying machinery
and equipment; (C) portable plants for aggregate concrete, bulk cement
and asphalt including cement mixing drums to be attached to a motor
vehicle; (D) industrial fixtures, devices, support facilities and special
foundations necessary for manufacturing and production operations, and
materials and other tangible personal property sold for the purpose of
fabricating such fixtures, devices, facilities and foundations. An exemption
certificate for such purchases shall be signed by the manufacturer or
processor. If the fabricator purchases such material, the fabricator shall
also sign the exemption certificate; and (E) a manufacturing or processing
business' laboratory equipment that is not located at the plant or facility, but that would otherwise qualify for exemption under subsection (3)(E).

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

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

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

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

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

(E) furniture and other furnishings;

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

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

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

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

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

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

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

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

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

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

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

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

(qq) all sales of tangible personal property and services purchased by a nonprofit museum or historical society or any combination thereof, including a nonprofit organization which is organized for the purpose of stimulating public interest in the exploration of space by providing educational information, exhibits and experiences, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, except that for taxable years commencing after December 31, 2013, this subsection shall not apply to any sales of such tangible personal property purchased by a nonprofit organization which performs any abortion, as defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(aaa) all sales of tangible personal property and services purchased by a religious organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, and used exclusively for religious purposes, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after July 1, 1998, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

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

(ccc) on and after July 1, 1999, all sales of tangible personal property and services purchased by a primary care clinic or health center the primary purpose of which is to provide services to medically underserved
individuals and families, and which is exempt from federal income
taxation pursuant to section 501(c)(3) of the federal internal revenue code,
and all sales of tangible personal property or services purchased by a
contractor for the purpose of constructing, equipping, reconstructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities for
any such clinic or center which would be exempt from taxation under the
provisions of this section if purchased directly by such clinic or center,
except that for taxable years commencing after December 31, 2013, this
subsection shall not apply to any sales of such tangible personal property
and services purchased by a primary care clinic or health center which
performs any abortion, as defined in K.S.A. 65-6701, and amendments
thereto. Nothing in this subsection shall be deemed to exempt the purchase
of any construction machinery, equipment or tools used in the
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
furnishing or remodeling facilities for any such clinic or center. When any
such clinic or center shall contract for the purpose of constructing,
equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities, it shall obtain from the state and furnish to the
contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to such clinic or
center concerned a sworn statement, on a form to be provided by the
director of taxation, that all purchases so made were entitled to exemption
under this subsection. All invoices shall be held by the contractor for a
period of five years and shall be subject to audit by the director of taxation.
If any materials purchased under such a certificate are found not to have
been incorporated in the building or other project or not to have been
returned for credit or the sales or compensating tax otherwise imposed
upon such materials which will not be so incorporated in the building or
other project reported and paid by such contractor to the director of
taxation not later than the 20th day of the month following the close of the
month in which it shall be determined that such materials will not be used
for the purpose for which such certificate was issued, such clinic or center
concerned shall be liable for tax on all materials purchased for the project,
and upon payment thereof it may recover the same from the contractor
together with reasonable attorney fees. Any contractor or any agent,
employee or subcontractor thereof, who shall use or otherwise dispose of
any materials purchased under such a certificate for any purpose other than
that for which such a certificate is issued without the payment of the sales
or compensating tax otherwise imposed upon such materials, shall be
guilty of a misdemeanor and, upon conviction therefor, shall be subject to
the penalties provided for in subsection (g) of K.S.A. 79-3615, and
amendments thereto;

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

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

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

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

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

(iii) all sales of personal property and services purchased by an
organization which is exempt from federal income taxation pursuant to
section 501(c)(3) of the federal internal revenue code of 1986, and which
such personal property and services are used by any such organization in
the collection, storage and distribution of food products to nonprofit
organizations which distribute such food products to persons pursuant to a
food distribution program on a charitable basis without fee or charge, and
all sales of tangible personal property or services purchased by a
contractor for the purpose of constructing, equipping, reconstructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities used
for the collection and storage of such food products for any such
organization which is exempt from federal income taxation pursuant to
section 501(c)(3) of the federal internal revenue code of 1986, which
would be exempt from taxation under the provisions of this section if
purchased directly by such organization. Nothing in this subsection shall
be deemed to exempt the purchase of any construction machinery,
equipment or tools used in the constructing, equipping, reconstructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities for
any such organization. When any such organization shall contract for the
purpose of constructing, equipping, reconstructing, maintaining, repairing,
enlarging, furnishing or remodeling facilities, it shall obtain from the state
and furnish to the contractor an exemption certificate for the project
involved, and the contractor may purchase materials for incorporation in
such project. The contractor shall furnish the number of such certificate to
all suppliers from whom such purchases are made, and such suppliers shall
execute invoices covering the same bearing the number of such certificate.
Upon completion of the project the contractor shall furnish to such
organization concerned a sworn statement, on a form to be provided by the
director of taxation, that all purchases so made were entitled to exemption
under this subsection. All invoices shall be held by the contractor for a
period of five years and shall be subject to audit by the director of taxation.
If any materials purchased under such a certificate are found not to have
been incorporated in such facilities or not to have been returned for credit
or the sales or compensating tax otherwise imposed upon such materials
which will not be so incorporated in such facilities reported and paid by
such contractor to the director of taxation not later than the 20th day of the
month following the close of the month in which it shall be determined
that such materials will not be used for the purpose for which such
certificate was issued, such organization concerned shall be liable for tax
on all materials purchased for the project, and upon payment thereof it
may recover the same from the contractor together with reasonable
attorney fees. Any contractor or any agent, employee or subcontractor
thereof, who shall use or otherwise dispose of any materials purchased
under such a certificate for any purpose other than that for which such a
certificate is issued without the payment of the sales or compensating tax
and, upon conviction therefor, shall be subject to the penalties provided for
in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax
paid on and after July 1, 2005, but prior to the effective date of this act
upon the gross receipts received from any sale exempted by the
amendatory provisions of this subsection shall be refunded. Each claim for
a sales tax refund shall be verified and submitted to the director of taxation
upon forms furnished by the director and shall be accompanied by any
additional documentation required by the director. The director shall
review each claim and shall refund that amount of sales tax paid as
determined under the provisions of this subsection. All refunds shall be
paid from the sales tax refund fund upon warrants of the director of
accounts and reports pursuant to vouchers approved by the director or the
director's designee;

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

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

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

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

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

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

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

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

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

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

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

(xxx) all sales of personal property and services purchased by the booth theatre foundation, inc., an organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such personal property and services are used by any such organization in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling of the booth theatre, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling the booth theatre for such organization, which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials
will not be used for the purpose for which such certificate was issued, such
organization concerned shall be liable for tax on all materials purchased
for the project, and upon payment thereof it may recover the same from
the contractor together with reasonable attorney fees. Any contractor or
any agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,
and amendments thereto. Sales tax paid on and after January 1, 2007, but
prior to the effective date of this act upon the gross receipts received from
any sale which would have been exempted by the provisions of this
subsection had such sale occurred after the effective date of this act shall
be refunded. Each claim for a sales tax refund shall be verified and
submitted to the director of taxation upon forms furnished by the director
and shall be accompanied by any additional documentation required by the
director. The director shall review each claim and shall refund that amount
of sales tax paid as determined under the provisions of this subsection. All
refunds shall be paid from the sales tax refund fund upon warrants of the
director of accounts and reports pursuant to vouchers approved by the
director or the director's designee;
(yyy) all sales of tangible personal property and services purchased
by TLC charities foundation, inc., hereinafter referred to as TLC charities,
which is exempt from federal income taxation pursuant to section 501(c)
(3) of the federal internal revenue code of 1986, and which such property
and services are used for the purpose of encouraging private philanthropy
to further the vision, values, and goals of TLC for children and families,
inc.; and all sales of such property and services by or on behalf of TLC
charities for any such purpose and all sales of tangible personal property or
services purchased by a contractor for the purpose of constructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities for
the operation of services for TLC charities for any such purpose which
would be exempt from taxation under the provisions of this section if
purchased directly by TLC charities. Nothing in this subsection shall be
deemed to exempt the purchase of any construction machinery, equipment
or tools used in the constructing, maintaining, repairing, enlarging,
furnishing or remodeling such facilities for TLC charities. When TLC
charities contracts for the purpose of constructing, maintaining, repairing,
enlarging, furnishing or remodeling such facilities, it shall obtain from the
state and furnish to the contractor an exemption certificate for the project
involved, and the contractor may purchase materials for incorporation in
such project. The contractor shall furnish the number of such certificate to
all suppliers from whom such purchases are made, and such suppliers shall
execute invoices covering the same bearing the number of such certificate.
Upon completion of the project the contractor shall furnish to TLC
charities a sworn statement, on a form to be provided by the director of
taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of five
years and shall be subject to audit by the director of taxation. If any
materials purchased under such a certificate are found not to have been
incorporated in the building or other project or not to have been returned
for credit or the sales or compensating tax otherwise imposed upon such
materials which will not be incorporated into the building or other project
reported and paid by such contractor to the director of taxation not later
than the 20th day of the month following the close of the month in which it
shall be determined that such materials will not be used for the purpose for
which such certificate was issued, TLC charities shall be liable for tax on
all materials purchased for the project, and upon payment thereof it may
recover the same from the contractor together with reasonable attorney
fees. Any contractor or any agent, employee or subcontractor thereof, who
shall use or otherwise dispose of any materials purchased under such a
certificate for any purpose other than that for which such a certificate is
issued without the payment of the sales or compensating tax otherwise
imposed upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in
subsection (g) of K.S.A. 79-3615, and amendments thereto;
(zzz) all sales of tangible personal property purchased by the rotary
club of shawnee foundation which is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
as amended, used for the purpose of providing contributions to community
service organizations and scholarships;
(aa) all sales of personal property and services purchased by or on
behalf of victory in the valley, inc., which is exempt from federal income
taxation pursuant to section 501(c)(3) of the federal internal revenue code,
for the purpose of providing a cancer support group and services for
persons with cancer, and all sales of any such property by or on behalf of
any such organization for any such purpose;
(bb) all sales of entry or participation fees, charges or tickets by
Guadalupe health foundation, which is exempt from federal income
taxation pursuant to section 501(c)(3) of the federal internal revenue code,
for such organization's annual fundraising event which purpose is to
provide health care services for uninsured workers;
(cc) all sales of tangible personal property or services purchased by
or on behalf of wayside waifs, inc., which is exempt from federal income
taxation pursuant to section 501(c)(3) of the federal internal revenue code,
for the purpose of providing such organization's annual fundraiser, an
event whose purpose is to support the care of homeless and abandoned
animals, animal adoption efforts, education programs for children and
efforts to reduce animal over-population and animal welfare services, and
all sales of any such property, including entry or participation fees or
charges, by or on behalf of such organization for such purpose;
(dddd) all sales of tangible personal property or services purchased
by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,
both of which are exempt from federal income taxation pursuant to section
501(c)(3) of the federal internal revenue code, for the purpose of providing
education, training and employment opportunities for people with
disabilities and other barriers to employment;
(eeee) all sales of tangible personal property or services purchased by
or on behalf of All American Beef Battalion, Inc., which is exempt from
federal income taxation pursuant to section 501(c)(3) of the federal
internal revenue code, for the purpose of educating, promoting and
participating as a contact group through the beef cattle industry in order to
carry out such projects that provide support and morale to members of the
United States armed forces and military services;
(ffff) all sales of tangible personal property and services purchased by
sheltered living, inc., which is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
and which such property and services are used for the purpose of
providing residential and day services for people with developmental
disabilities or intellectual disability, or both, and all sales of any such
property by or on behalf of sheltered living, inc., for any such purpose; and
all sales of tangible personal property or services purchased by a
contractor for the purpose of rehabilitating, constructing, maintaining,
repairing, enlarging, furnishing or remodeling homes and facilities for
sheltered living, inc., for any such purpose which would be exempt from
taxation under the provisions of this section if purchased directly by
sheltered living, inc. Nothing in this subsection shall be deemed to exempt
the purchase of any construction machinery, equipment or tools used in the
constructing, maintaining, repairing, enlarging, furnishing or remodeling
such homes and facilities for sheltered living, inc. When sheltered living,
inc., contracts for the purpose of rehabilitating, constructing, maintaining,
repairing, enlarging, furnishing or remodeling such homes and facilities, it
shall obtain from the state and furnish to the contractor an exemption
certificate for the project involved, and the contractor may purchase
materials for incorporation in such project. The contractor shall furnish the
number of such certificate to all suppliers from whom such purchases are
made, and such suppliers shall execute invoices covering the same bearing
the number of such certificate. Upon completion of the project the
contractor shall furnish to sheltered living, inc., a sworn statement, on a
form to be provided by the director of taxation, that all purchases so made
were entitled to exemption under this subsection. All invoices shall be held
by the contractor for a period of five years and shall be subject to audit by
the director of taxation. If any materials purchased under such a certificate
are found not to have been incorporated in the building or other project or
not to have been returned for credit or the sales or compensating tax
otherwise imposed upon such materials which will not be so incorporated
in the building or other project reported and paid by such contractor to the
director of taxation not later than the 20th day of the month following the
close of the month in which it shall be determined that such materials will
not be used for the purpose for which such certificate was issued, sheltered
living, inc., shall be liable for tax on all materials purchased for the
project, and upon payment thereof it may recover the same from the
contractor together with reasonable attorney fees. Any contractor or any
agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,
and amendments thereto; and
                              (gggg) all sales of game birds for which the primary purpose is use in
hunting; and
                              (hhhh) on and after July 1, 2014, all sales of any article of clothing
having a taxable value of $300 or less, all back-to-school supplies not to
exceed $100 per purchase, all computer software with a taxable value of
$300 or less and all personal computers or computer peripheral devices
not to exceed $2,000, during a period beginning at 12:01 a.m. on the first
Thursday in August and ending at midnight on the Sunday following. The
provisions of this subsection apply to sales of items for personal use only.
As used in this subsection: (1) "Clothing" means any article of wearing
apparel, including footwear, intended to be worn on or about the human
body. The term shall include, but not be limited to, cloth and other-
material used to make school uniforms or other school clothing. Items
normally sold in pairs shall not be separated to qualify for the exemption.
The term shall not include watches, watchbands, jewelry, handbags,
handkerchiefs, umbrellas, scarves, headbands, or belt buckles. (2) "personal computers" means a laptop, desktop or tower computer system
which consists of a central processing unit, random access memory, a
storage drive, a display monitor and a keyboard and devices designed for
use in conjunction with a personal computer, such as a disk drive, memory
module, compact disk drive, daughterboard, digitalizer, microphone,
modem, motherboard, mouse, multimedia speaker, printer, scanner, single-user hardware, single-user operating system, soundcard or video card; and (3) "school supplies" means any item normally used by students in a standard classroom for educational purposes, including, but not limited to, textbooks, notebooks, paper, writing instruments, crayons, art supplies, rulers, bookbags, backpacks, handheld calculators, chalk, maps and globes. The term shall not include watches, radios, CD players, headphones, sporting equipment, portable or desktop telephones, copiers or other office equipment, furniture or fixtures.

On and after July 1, 2015, all back-to-school related sales of clothing or clothing accessories or equipment having a taxable value of $300 or less, school supplies, school instructional materials or school art supplies not to exceed $100 per item, prewritten computer software with a taxable value of $300 or less and personal computers or school computer supplies not to exceed $2,000, during the period beginning at 12:01 a.m. on the first Thursday in August and ending at midnight on the Sunday following. Only items priced below the price threshold established in this subsection shall be exempt from taxation pursuant to this subsection. The seller of items specified in this subsection is not required to obtain an exemption certificate from the purchaser of such items as provided pursuant to K.S.A. 79-3692, and amendments thereto, during the period of time specified in this subsection. There shall be no exemption pursuant to this subsection for only a portion of the price of an individual item. The provisions of section 2, and amendments thereto, shall apply to the exemption contained in this subsection.

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

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

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

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

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

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

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

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

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

(9) "school supply" means an item commonly used by a student in a course of study. The following is an all-inclusive list: Binders; book bags; calculators; cellophane tape; blackboard chalk; compasses; composition books; crayons; erasers; folders, expandable, pocket, plastic and manila; glue, paste and paste sticks; highlighters;
(b) The secretary of revenue shall provide notice of the exemption period to retailers at least 60 days prior to the first day of the calendar quarter in which the exemption period established in subsection (hhhh) of K.S.A. 79-3606, and amendments thereto, commences.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 2. K.S.A. 2013 Supp. 79-3606 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.