

**HOUSE BILL No. 2287**

By Committee on Taxation

2-10

1 AN ACT concerning sales taxations; relating to exemptions; certain sales  
2 of school supplies, computers and clothing during sales tax holiday;  
3 amending K.S.A. 2010 Supp. 79-3606 and repealing the existing  
4 section.

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

7 Section 1. K.S.A. 2010 Supp. 79-3606 is hereby amended to read as  
8 follows: 79-3606. The following shall be exempt from the tax imposed by  
9 this act:

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

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

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

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

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

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

1 directly by the government of the United States, its agencies or  
2 instrumentalities. When the government of the United States, its agencies  
3 or instrumentalities shall contract for the erection, repair, or enlargement  
4 of any building or other project, it shall obtain from the state and furnish  
5 to the contractor an exemption certificate for the project involved, and the  
6 contractor may purchase materials for incorporation in such project. The  
7 contractor shall furnish the number of such certificates to all suppliers  
8 from whom such purchases are made, and such suppliers shall execute  
9 invoices covering the same bearing the number of such certificate. Upon  
10 completion of the project the contractor shall furnish to the government  
11 of the United States, its agencies or instrumentalities concerned a sworn  
12 statement, on a form to be provided by the director of taxation, that all  
13 purchases so made were entitled to exemption under this subsection. As  
14 an alternative to the foregoing procedure, any such contracting entity may  
15 apply to the secretary of revenue for agent status for the sole purpose of  
16 issuing and furnishing project exemption certificates to contractors  
17 pursuant to rules and regulations adopted by the secretary establishing  
18 conditions and standards for the granting and maintaining of such status.  
19 All invoices shall be held by the contractor for a period of five years and  
20 shall be subject to audit by the director of taxation. Any contractor or any  
21 agent, employee or subcontractor thereof, who shall use or otherwise  
22 dispose of any materials purchased under such a certificate for any  
23 purpose other than that for which such a certificate is issued without the  
24 payment of the sales or compensating tax otherwise imposed upon such  
25 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
26 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
27 79-3615, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

1 a compound, substance or preparation and any component of a  
2 compound, substance or preparation, other than food and food  
3 ingredients, dietary supplements or alcoholic beverages, recognized in the  
4 official United States pharmacopoeia, official homeopathic  
5 pharmacopoeia of the United States or official national formulary, and  
6 supplement to any of them, intended for use in the diagnosis, cure,  
7 mitigation, treatment or prevention of disease or intended to affect the  
8 structure or any function of the body;

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

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

33 (s) except as provided in K.S.A. 2010 Supp. 82a-2101, and  
34 amendments thereto, all sales of tangible personal property or services  
35 purchased directly or indirectly by a groundwater management district  
36 organized or operating under the authority of K.S.A. 82a-1020 et seq.,  
37 and amendments thereto, by a rural water district organized or operating  
38 under the authority of K.S.A. 82a-612, and amendments thereto, or by a  
39 water supply district organized or operating under the authority of K.S.A.  
40 19-3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto,  
41 which property or services are used in the construction activities,  
42 operation or maintenance of the district;

43 (t) all sales of farm machinery and equipment or aquaculture

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

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

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

42 (w) all sales of natural gas, electricity, heat and water delivered  
43 through mains, lines or pipes: (1) To residential premises for

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

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

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

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

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

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

31 (cc) all sales of tangible personal property or services purchased for  
32 the purpose of and in conjunction with constructing, reconstructing,  
33 enlarging or remodeling a business or retail business which meets the  
34 requirements established in K.S.A. 74-50,115, and amendments thereto,  
35 and the sale and installation of machinery and equipment purchased for  
36 installation at any such business or retail business. When a person shall  
37 contract for the construction, reconstruction, enlargement or remodeling  
38 of any such business or retail business, such person shall obtain from the  
39 state and furnish to the contractor an exemption certificate for the project  
40 involved, and the contractor may purchase materials, machinery and  
41 equipment for incorporation in such project. The contractor shall furnish  
42 the number of such certificates to all suppliers from whom such  
43 purchases are made, and such suppliers shall execute invoices covering



1 the same bearing the number of such certificate. Upon completion of the  
2 project the contractor shall furnish to the owner of the business or retail  
3 business a sworn statement, on a form to be provided by the director of  
4 taxation, that all purchases so made were entitled to exemption under this  
5 subsection. All invoices shall be held by the contractor for a period of  
6 five years and shall be subject to audit by the director of taxation. Any  
7 contractor or any agent, employee or subcontractor thereof, who shall use  
8 or otherwise dispose of any materials, machinery or equipment purchased  
9 under such a certificate for any purpose other than that for which such a  
10 certificate is issued without the payment of the sales or compensating tax  
11 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon  
12 conviction therefor, shall be subject to the penalties provided for in  
13 subsection (g) of K.S.A. 79-3615, and amendments thereto. As used in  
14 this subsection, "business" and "retail business" have the meanings  
15 respectively ascribed thereto by K.S.A. 74-50,114, and amendments  
16 thereto;

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

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

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

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

30 (hh) all sales of medical supplies and equipment, including durable  
31 medical equipment, purchased directly by a nonprofit skilled nursing  
32 home or nonprofit intermediate nursing care home, as defined by K.S.A.  
33 39-923, and amendments thereto, for the purpose of providing medical  
34 services to residents thereof. This exemption shall not apply to tangible  
35 personal property customarily used for human habitation purposes. As  
36 used in this subsection, "durable medical equipment" means equipment  
37 including repair and replacement parts for such equipment, which can  
38 withstand repeated use, is primarily and customarily used to serve a  
39 medical purpose, generally is not useful to a person in the absence of  
40 illness or injury and is not worn in or on the body, but does not include  
41 mobility enhancing equipment as defined in subsection (r), oxygen  
42 delivery equipment, kidney dialysis equipment or enteral feeding  
43 systems;

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

8 (jj) all sales of tangible personal property or services, including the  
9 renting and leasing of tangible personal property, purchased directly on  
10 behalf of a community-based mental retardation facility or mental health  
11 center organized pursuant to K.S.A. 19-4001 et seq., and amendments  
12 thereto, and licensed in accordance with the provisions of K.S.A. 75-  
13 3307b, and amendments thereto, and all sales of tangible personal  
14 property or services purchased by contractors during the time period from  
15 July, 2003, through June, 2006, for the purpose of constructing,  
16 equipping, maintaining or furnishing a new facility for a community-  
17 based mental retardation facility or mental health center located in  
18 Riverton, Cherokee County, Kansas, which would have been eligible for  
19 sales tax exemption pursuant to this subsection if purchased directly by  
20 such facility or center. This exemption shall not apply to tangible personal  
21 property customarily used for human habitation purposes;

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

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

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

29 (2) For purposes of this subsection:

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

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

43 (C) "manufacturing or processing plant or facility" means a single,

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

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

1 refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

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

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

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

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

43 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,

1 oil, solvents or other substances that are used in production operations;

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

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

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

10 (4) The following machinery, equipment and materials shall be  
11 deemed to be exempt even though it may not otherwise qualify as  
12 machinery and equipment used as an integral or essential part of an  
13 integrated production operation: (A) Computers and related peripheral  
14 equipment that are utilized by a manufacturing or processing business for  
15 engineering of the finished product or for research and development or  
16 product design; (B) machinery and equipment that is utilized by a  
17 manufacturing or processing business to manufacture or rebuild tangible  
18 personal property that is used in manufacturing or processing operations,  
19 including tools, dies, molds, forms and other parts of qualifying  
20 machinery and equipment; (C) portable plants for aggregate concrete,  
21 bulk cement and asphalt including cement mixing drums to be attached to  
22 a motor vehicle; (D) industrial fixtures, devices, support facilities and  
23 special foundations necessary for manufacturing and production  
24 operations, and materials and other tangible personal property sold for the  
25 purpose of fabricating such fixtures, devices, facilities and foundations.  
26 An exemption certificate for such purchases shall be signed by the  
27 manufacturer or processor. If the fabricator purchases such material, the  
28 fabricator shall also sign the exemption certificate; and (E) a  
29 manufacturing or processing business' laboratory equipment that is not  
30 located at the plant or facility, but that would otherwise qualify for  
31 exemption under subsection (3)(E).

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

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

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

42 (C) transportation, transmission and distribution equipment not  
43 primarily used in a production, warehousing or material handling

1 operation at the plant or facility, including the means of conveyance of  
2 natural gas, electricity, oil or water, and equipment related thereto,  
3 located outside the plant or facility;

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

7 (E) furniture and other furnishings;

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

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

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

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

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

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

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

31 (ll) all sales of educational materials purchased for distribution to the  
32 public at no charge by a nonprofit corporation organized for the purpose  
33 of encouraging, fostering and conducting programs for the improvement  
34 of public health;

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

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

42 (oo) all sales of tangible personal property purchased by a  
43 community action group or agency for the exclusive purpose of repairing

- 1 or weatherizing housing occupied by low income individuals;
- 2 (pp) all sales of drill bits and explosives actually utilized in the  
3 exploration and production of oil or gas;
- 4 (qq) all sales of tangible personal property and services purchased  
5 by a nonprofit museum or historical society or any combination thereof,  
6 including a nonprofit organization which is organized for the purpose of  
7 stimulating public interest in the exploration of space by providing  
8 educational information, exhibits and experiences, which is exempt from  
9 federal income taxation pursuant to section 501(c)(3) of the federal  
10 internal revenue code of 1986;
- 11 (rr) all sales of tangible personal property which will admit the  
12 purchaser thereof to any annual event sponsored by a nonprofit  
13 organization which is exempt from federal income taxation pursuant to  
14 section 501(c)(3) of the federal internal revenue code of 1986;
- 15 (ss) all sales of tangible personal property and services purchased by  
16 a public broadcasting station licensed by the federal communications  
17 commission as a noncommercial educational television or radio station;
- 18 (tt) all sales of tangible personal property and services purchased by  
19 or on behalf of a not-for-profit corporation which is exempt from federal  
20 income taxation pursuant to section 501(c)(3) of the federal internal  
21 revenue code of 1986, for the sole purpose of constructing a Kansas  
22 Korean War memorial;
- 23 (uu) all sales of tangible personal property and services purchased  
24 by or on behalf of any rural volunteer fire-fighting organization for use  
25 exclusively in the performance of its duties and functions;
- 26 (vv) all sales of tangible personal property purchased by any of the  
27 following organizations which are exempt from federal income taxation  
28 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
29 for the following purposes, and all sales of any such property by or on  
30 behalf of any such organization for any such purpose:
- 31 (1) The American Heart Association, Kansas Affiliate, Inc. for the  
32 purposes of providing education, training, certification in emergency  
33 cardiac care, research and other related services to reduce disability and  
34 death from cardiovascular diseases and stroke;
- 35 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of  
36 advocacy for persons with mental illness and to education, research and  
37 support for their families;
- 38 (3) the Kansas Mental Illness Awareness Council for the purposes of  
39 advocacy for persons who are mentally ill and to education, research and  
40 support for them and their families;
- 41 (4) the American Diabetes Association Kansas Affiliate, Inc. for the  
42 purpose of eliminating diabetes through medical research, public  
43 education focusing on disease prevention and education, patient

1 education including information on coping with diabetes, and  
2 professional education and training;

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

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

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

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

19 (9) the heartstrings community foundation for the purpose of  
20 providing training, employment and activities for adults with  
21 developmental disabilities;

22 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for  
23 the purposes of assuring the development of the means to cure and  
24 control cystic fibrosis and improving the quality of life for those with the  
25 disease;

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

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

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

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

41 (15) the KSDS, Inc., for the purpose of promoting the independence  
42 and inclusion of people with disabilities as fully participating and  
43 contributing members of their communities and society through the



1 training and providing of guide and service dogs to people with  
2 disabilities, and providing disability education and awareness to the  
3 general public;

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

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

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

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

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

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

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

27 (23) the angel babies association, for the purpose of providing  
28 assistance, support and items of necessity to teenage mothers and their  
29 babies; and

30 (24) the Kansas fairgrounds foundation for the purpose of the  
31 preservation, renovation and beautification of the Kansas state  
32 fairgrounds;

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

36 (xx) all sales of tangible personal property and services purchased  
37 by a nonprofit zoo which is exempt from federal income taxation  
38 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
39 or on behalf of such zoo by an entity itself exempt from federal income  
40 taxation pursuant to section 501(c)(3) of the federal internal revenue code  
41 of 1986 contracted with to operate such zoo and all sales of tangible  
42 personal property or services purchased by a contractor for the purpose of  
43 constructing, equipping, reconstructing, maintaining, repairing, enlarging,

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

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

42 (zz) all sales of machinery and equipment purchased by over-the-air,  
43 free access radio or television station which is used directly and primarily

1 for the purpose of producing a broadcast signal or is such that the failure  
2 of the machinery or equipment to operate would cause broadcasting to  
3 cease. For purposes of this subsection, machinery and equipment shall  
4 include, but not be limited to, that required by rules and regulations of the  
5 federal communications commission, and all sales of electricity which are  
6 essential or necessary for the purpose of producing a broadcast signal or  
7 is such that the failure of the electricity would cause broadcasting to  
8 cease;

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

1 the contractor together with reasonable attorney fees. Any contractor or  
2 any agent, employee or subcontractor thereof, who shall use or otherwise  
3 dispose of any materials purchased under such a certificate for any  
4 purpose other than that for which such a certificate is issued without the  
5 payment of the sales or compensating tax otherwise imposed upon such  
6 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
7 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
8 79-3615, and amendments thereto. Sales tax paid on and after July 1,  
9 1998, but prior to the effective date of this act upon the gross receipts  
10 received from any sale exempted by the amendatory provisions of this  
11 subsection shall be refunded. Each claim for a sales tax refund shall be  
12 verified and submitted to the director of taxation upon forms furnished by  
13 the director and shall be accompanied by any additional documentation  
14 required by the director. The director shall review each claim and shall  
15 refund that amount of sales tax paid as determined under the provisions  
16 of this subsection. All refunds shall be paid from the sales tax refund fund  
17 upon warrants of the director of accounts and reports pursuant to  
18 vouchers approved by the director or the director's designee;

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

25 (ccc) on and after July 1, 1999, all sales of tangible personal  
26 property and services purchased by a primary care clinic or health center  
27 the primary purpose of which is to provide services to medically  
28 underserved individuals and families, and which is exempt from federal  
29 income taxation pursuant to section 501(c)(3) of the federal internal  
30 revenue code, and all sales of tangible personal property or services  
31 purchased by a contractor for the purpose of constructing, equipping,  
32 reconstructing, maintaining, repairing, enlarging, furnishing or  
33 remodeling facilities for any such clinic or center which would be exempt  
34 from taxation under the provisions of this section if purchased directly by  
35 such clinic or center. Nothing in this subsection shall be deemed to  
36 exempt the purchase of any construction machinery, equipment or tools  
37 used in the constructing, equipping, reconstructing, maintaining,  
38 repairing, enlarging, furnishing or remodeling facilities for any such  
39 clinic or center. When any such clinic or center shall contract for the  
40 purpose of constructing, equipping, reconstructing, maintaining,  
41 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
42 from the state and furnish to the contractor an exemption certificate for  
43 the project involved, and the contractor may purchase materials for

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

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

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

43 (fff) all sales of material handling equipment, racking systems and

1 other related machinery and equipment that is used for the handling,  
2 movement or storage of tangible personal property in a warehouse or  
3 distribution facility in this state; all sales of installation, repair and  
4 maintenance services performed on such machinery and equipment; and  
5 all sales of repair and replacement parts for such machinery and  
6 equipment. For purposes of this subsection, a warehouse or distribution  
7 facility means a single, fixed location that consists of buildings or  
8 structures in a contiguous area where storage or distribution operations  
9 are conducted that are separate and apart from the business' retail  
10 operations, if any, and which do not otherwise qualify for exemption as  
11 occurring at a manufacturing or processing plant or facility. Material  
12 handling and storage equipment shall include aeration, dust control,  
13 cleaning, handling and other such equipment that is used in a public grain  
14 warehouse or other commercial grain storage facility, whether used for  
15 grain handling, grain storage, grain refining or processing, or other grain  
16 treatment operation;

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

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

25 (iii) all sales of personal property and services purchased by an  
26 organization which is exempt from federal income taxation pursuant to  
27 section 501(c)(3) of the federal internal revenue code of 1986, and which  
28 such personal property and services are used by any such organization in  
29 the collection, storage and distribution of food products to nonprofit  
30 organizations which distribute such food products to persons pursuant to  
31 a food distribution program on a charitable basis without fee or charge,  
32 and all sales of tangible personal property or services purchased by a  
33 contractor for the purpose of constructing, equipping, reconstructing,  
34 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
35 for the collection and storage of such food products for any such  
36 organization which is exempt from federal income taxation pursuant to  
37 section 501(c)(3) of the federal internal revenue code of 1986, which  
38 would be exempt from taxation under the provisions of this section if  
39 purchased directly by such organization. Nothing in this subsection shall  
40 be deemed to exempt the purchase of any construction machinery,  
41 equipment or tools used in the constructing, equipping, reconstructing,  
42 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
43 any such organization. When any such organization shall contract for the

1 purpose of constructing, equipping, reconstructing, maintaining,  
2 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
3 from the state and furnish to the contractor an exemption certificate for  
4 the project involved, and the contractor may purchase materials for  
5 incorporation in such project. The contractor shall furnish the number of  
6 such certificate to all suppliers from whom such purchases are made, and  
7 such suppliers shall execute invoices covering the same bearing the  
8 number of such certificate. Upon completion of the project the contractor  
9 shall furnish to such organization concerned a sworn statement, on a form  
10 to be provided by the director of taxation, that all purchases so made were  
11 entitled to exemption under this subsection. All invoices shall be held by  
12 the contractor for a period of five years and shall be subject to audit by  
13 the director of taxation. If any materials purchased under such a  
14 certificate are found not to have been incorporated in such facilities or not  
15 to have been returned for credit or the sales or compensating tax  
16 otherwise imposed upon such materials which will not be so incorporated  
17 in such facilities reported and paid by such contractor to the director of  
18 taxation not later than the 20th day of the month following the close of  
19 the month in which it shall be determined that such materials will not be  
20 used for the purpose for which such certificate was issued, such  
21 organization concerned shall be liable for tax on all materials purchased  
22 for the project, and upon payment thereof it may recover the same from  
23 the contractor together with reasonable attorney fees. Any contractor or  
24 any agent, employee or subcontractor thereof, who shall use or otherwise  
25 dispose of any materials purchased under such a certificate for any  
26 purpose other than that for which such a certificate is issued without the  
27 payment of the sales or compensating tax otherwise imposed upon such  
28 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
29 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
30 79-3615, and amendments thereto. Sales tax paid on and after July 1,  
31 2005, but prior to the effective date of this act upon the gross receipts  
32 received from any sale exempted by the amendatory provisions of this  
33 subsection shall be refunded. Each claim for a sales tax refund shall be  
34 verified and submitted to the director of taxation upon forms furnished by  
35 the director and shall be accompanied by any additional documentation  
36 required by the director. The director shall review each claim and shall  
37 refund that amount of sales tax paid as determined under the provisions  
38 of this subsection. All refunds shall be paid from the sales tax refund fund  
39 upon warrants of the director of accounts and reports pursuant to  
40 vouchers approved by the director or the director's designee;

41 (jjj) all sales of dietary supplements dispensed pursuant to a  
42 prescription order by a licensed practitioner or a mid-level practitioner as  
43 defined by K.S.A. 65-1626, and amendments thereto. As used in this

1 subsection, "dietary supplement" means any product, other than tobacco,  
2 intended to supplement the diet that: (1) Contains one or more of the  
3 following dietary ingredients: A vitamin, a mineral, an herb or other  
4 botanical, an amino acid, a dietary substance for use by humans to  
5 supplement the diet by increasing the total dietary intake or a concentrate,  
6 metabolite, constituent, extract or combination of any such ingredient; (2)  
7 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or  
8 liquid form, or if not intended for ingestion, in such a form, is not  
9 represented as conventional food and is not represented for use as a sole  
10 item of a meal or of the diet; and (3) is required to be labeled as a dietary  
11 supplement, identifiable by the supplemental facts box found on the label  
12 and as required pursuant to 21 C.F.R. § 101.36;

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

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

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

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

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



1 behalf of any such homeless shelter for any such purpose;  
2 (qqq) all sales of tangible personal property and services purchased  
3 by TLC for children and families, inc., hereinafter referred to as TLC,  
4 which is exempt from federal income taxation pursuant to section 501(c)  
5 (3) of the federal internal revenue code of 1986, and which such property  
6 and services are used for the purpose of providing emergency shelter and  
7 treatment for abused and neglected children as well as meeting additional  
8 critical needs for children, juveniles and family, and all sales of any such  
9 property by or on behalf of TLC for any such purpose; and all sales of  
10 tangible personal property or services purchased by a contractor for the  
11 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
12 remodeling facilities for the operation of services for TLC for any such  
13 purpose which would be exempt from taxation under the provisions of  
14 this section if purchased directly by TLC. Nothing in this subsection shall  
15 be deemed to exempt the purchase of any construction machinery,  
16 equipment or tools used in the constructing, maintaining, repairing,  
17 enlarging, furnishing or remodeling such facilities for TLC. When TLC  
18 contracts for the purpose of constructing, maintaining, repairing,  
19 enlarging, furnishing or remodeling such facilities, it shall obtain from the  
20 state and furnish to the contractor an exemption certificate for the project  
21 involved, and the contractor may purchase materials for incorporation in  
22 such project. The contractor shall furnish the number of such certificate to  
23 all suppliers from whom such purchases are made, and such suppliers  
24 shall execute invoices covering the same bearing the number of such  
25 certificate. Upon completion of the project the contractor shall furnish to  
26 TLC a sworn statement, on a form to be provided by the director of  
27 taxation, that all purchases so made were entitled to exemption under this  
28 subsection. All invoices shall be held by the contractor for a period of  
29 five years and shall be subject to audit by the director of taxation. If any  
30 materials purchased under such a certificate are found not to have been  
31 incorporated in the building or other project or not to have been returned  
32 for credit or the sales or compensating tax otherwise imposed upon such  
33 materials which will not be so incorporated in the building or other  
34 project reported and paid by such contractor to the director of taxation not  
35 later than the 20th day of the month following the close of the month in  
36 which it shall be determined that such materials will not be used for the  
37 purpose for which such certificate was issued, TLC shall be liable for tax  
38 on all materials purchased for the project, and upon payment thereof it  
39 may recover the same from the contractor together with reasonable  
40 attorney fees. Any contractor or any agent, employee or subcontractor  
41 thereof, who shall use or otherwise dispose of any materials purchased  
42 under such a certificate for any purpose other than that for which such a  
43 certificate is issued without the payment of the sales or compensating tax

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

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

12 (sss) all sales of tangible personal property and services purchased  
13 by catholic charities or youthville, hereinafter referred to as charitable  
14 family providers, which is exempt from federal income taxation pursuant  
15 to section 501(c)(3) of the federal internal revenue code of 1986, and  
16 which such property and services are used for the purpose of providing  
17 emergency shelter and treatment for abused and neglected children as  
18 well as meeting additional critical needs for children, juveniles and  
19 family, and all sales of any such property by or on behalf of charitable  
20 family providers for any such purpose; and all sales of tangible personal  
21 property or services purchased by a contractor for the purpose of  
22 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
23 facilities for the operation of services for charitable family providers for  
24 any such purpose which would be exempt from taxation under the  
25 provisions of this section if purchased directly by charitable family  
26 providers. Nothing in this subsection shall be deemed to exempt the  
27 purchase of any construction machinery, equipment or tools used in the  
28 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
29 such facilities for charitable family providers. When charitable family  
30 providers contracts for the purpose of constructing, maintaining,  
31 repairing, enlarging, furnishing or remodeling such facilities, it shall  
32 obtain from the state and furnish to the contractor an exemption  
33 certificate for the project involved, and the contractor may purchase  
34 materials for incorporation in such project. The contractor shall furnish  
35 the number of such certificate to all suppliers from whom such purchases  
36 are made, and such suppliers shall execute invoices covering the same  
37 bearing the number of such certificate. Upon completion of the project  
38 the contractor shall furnish to charitable family providers a sworn  
39 statement, on a form to be provided by the director of taxation, that all  
40 purchases so made were entitled to exemption under this subsection. All  
41 invoices shall be held by the contractor for a period of five years and  
42 shall be subject to audit by the director of taxation. If any materials  
43 purchased under such a certificate are found not to have been

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

18 (ttt) all sales of tangible personal property or services purchased by a  
19 contractor for a project for the purpose of restoring, constructing,  
20 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
21 remodeling a home or facility owned by a nonprofit museum which has  
22 been granted an exemption pursuant to subsection (qq), which such home  
23 or facility is located in a city which has been designated as a qualified  
24 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
25 amendments thereto, and which such project is related to the purposes of  
26 K.S.A. 75-5071 et seq., and amendments thereto, and which would be  
27 exempt from taxation under the provisions of this section if purchased  
28 directly by such nonprofit museum. Nothing in this subsection shall be  
29 deemed to exempt the purchase of any construction machinery,  
30 equipment or tools used in the restoring, constructing, equipping,  
31 reconstructing, maintaining, repairing, enlarging, furnishing or  
32 remodeling a home or facility for any such nonprofit museum. When any  
33 such nonprofit museum shall contract for the purpose of restoring,  
34 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
35 furnishing or remodeling a home or facility, it shall obtain from the state  
36 and furnish to the contractor an exemption certificate for the project  
37 involved, and the contractor may purchase materials for incorporation in  
38 such project. The contractor shall furnish the number of such certificates  
39 to all suppliers from whom such purchases are made, and such suppliers  
40 shall execute invoices covering the same bearing the number of such  
41 certificate. Upon completion of the project, the contractor shall furnish to  
42 such nonprofit museum a sworn statement on a form to be provided by  
43 the director of taxation that all purchases so made were entitled to

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

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

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

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

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

37 (xxx) all sales of personal property and services purchased by the  
38 booth theatre foundation, inc., an organization which is exempt from  
39 federal income taxation pursuant to section 501(c)(3) of the federal  
40 internal revenue code of 1986, and which such personal property and  
41 services are used by any such organization in the constructing, equipping,  
42 reconstructing, maintaining, repairing, enlarging, furnishing or  
43 remodeling of the booth theatre, and all sales of tangible personal

1 property or services purchased by a contractor for the purpose of  
2 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
3 furnishing or remodeling the booth theatre for such organization, which  
4 would be exempt from taxation under the provisions of this section if  
5 purchased directly by such organization. Nothing in this subsection shall  
6 be deemed to exempt the purchase of any construction machinery,  
7 equipment or tools used in the constructing, equipping, reconstructing,  
8 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
9 any such organization. When any such organization shall contract for the  
10 purpose of constructing, equipping, reconstructing, maintaining,  
11 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
12 from the state and furnish to the contractor an exemption certificate for  
13 the project involved, and the contractor may purchase materials for  
14 incorporation in such project. The contractor shall furnish the number of  
15 such certificate to all suppliers from whom such purchases are made, and  
16 such suppliers shall execute invoices covering the same bearing the  
17 number of such certificate. Upon completion of the project the contractor  
18 shall furnish to such organization concerned a sworn statement, on a form  
19 to be provided by the director of taxation, that all purchases so made were  
20 entitled to exemption under this subsection. All invoices shall be held by  
21 the contractor for a period of five years and shall be subject to audit by  
22 the director of taxation. If any materials purchased under such a  
23 certificate are found not to have been incorporated in such facilities or not  
24 to have been returned for credit or the sales or compensating tax  
25 otherwise imposed upon such materials which will not be so incorporated  
26 in such facilities reported and paid by such contractor to the director of  
27 taxation not later than the 20th day of the month following the close of  
28 the month in which it shall be determined that such materials will not be  
29 used for the purpose for which such certificate was issued, such  
30 organization concerned shall be liable for tax on all materials purchased  
31 for the project, and upon payment thereof it may recover the same from  
32 the contractor together with reasonable attorney fees. Any contractor or  
33 any agent, employee or subcontractor thereof, who shall use or otherwise  
34 dispose of any materials purchased under such a certificate for any  
35 purpose other than that for which such a certificate is issued without the  
36 payment of the sales or compensating tax otherwise imposed upon such  
37 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
38 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
39 79-3615, and amendments thereto. Sales tax paid on and after January 1,  
40 2007, but prior to the effective date of this act upon the gross receipts  
41 received from any sale which would have been exempted by the  
42 provisions of this subsection had such sale occurred after the effective  
43 date of this act shall be refunded. Each claim for a sales tax refund shall

1 be verified and submitted to the director of taxation upon forms furnished  
2 by the director and shall be accompanied by any additional  
3 documentation required by the director. The director shall review each  
4 claim and shall refund that amount of sales tax paid as determined under  
5 the provisions of this subsection. All refunds shall be paid from the sales  
6 tax refund fund upon warrants of the director of accounts and reports  
7 pursuant to vouchers approved by the director or the director's designee;

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

1 such certificate was issued, TLC charities shall be liable for tax on all  
2 materials purchased for the project, and upon payment thereof it may  
3 recover the same from the contractor together with reasonable attorney  
4 fees. Any contractor or any agent, employee or subcontractor thereof,  
5 who shall use or otherwise dispose of any materials purchased under such  
6 a certificate for any purpose other than that for which such a certificate is  
7 issued without the payment of the sales or compensating tax otherwise  
8 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
9 conviction therefor, shall be subject to the penalties provided for in  
10 subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

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

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

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

43 (eeee) all sales of tangible personal property or services purchased



1 by or on behalf of All American Beef Battalion, Inc., which is exempt  
2 from federal income taxation pursuant to section 501(c)(3) of the federal  
3 internal revenue code, for the purpose of educating, promoting and  
4 participating as a contact group through the beef cattle industry in order  
5 to carry out such projects that provide support and morale to members of  
6 the United States armed forces and military services; ~~and~~

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

1 be liable for tax on all materials purchased for the project, and upon  
2 payment thereof it may recover the same from the contractor together  
3 with reasonable attorney fees. Any contractor or any agent, employee or  
4 subcontractor thereof, who shall use or otherwise dispose of any materials  
5 purchased under such a certificate for any purpose other than that for  
6 which such a certificate is issued without the payment of the sales or  
7 compensating tax otherwise imposed upon such materials, shall be guilty  
8 of a misdemeanor and, upon conviction therefor, shall be subject to the  
9 penalties provided for in subsection (g) of K.S.A. 79-3615, and  
10 amendments thereto; and

11 *(gggg) on and after July 1, 2011, all sales of any article of clothing*  
12 *having a taxable value of \$300 or less, all back-to-school supplies not to*  
13 *exceed \$100 per purchase, all computer software with a taxable value of*  
14 *\$300 or less and all personal computers or computer peripheral devices*  
15 *not to exceed \$2,000, during a period beginning at 12:01 a.m. on the first*  
16 *Thursday in August and ending at midnight on the Sunday following. The*  
17 *provisions of this subsection apply to sales of items for personal use only.*  
18 *As used in this subsection: (1) "Clothing" means any article of wearing*  
19 *apparel, including footwear, intended to be worn on or about the human*  
20 *body. The term shall include, but not be limited to, cloth and other*  
21 *material used to make school uniforms or other school clothing. Items*  
22 *normally sold in pairs shall not be separated to qualify for the exemption.*  
23 *The term shall not include watches, watchbands, jewelry, handbags,*  
24 *handkerchiefs, umbrellas, scarves, headbands, or belt buckles; (2)*  
25 *"personal computers" means a laptop, desktop or tower computer system*  
26 *which consists of a central processing unit, random access memory, a*  
27 *storage drive, a display monitor and a keyboard and devices designed for*  
28 *use in conjunction with a personal computer, such as a disk drive,*  
29 *memory module, compact disk drive, daughterboard, digitalizer,*  
30 *microphone, modem, motherboard, mouse, multimedia speaker, printer,*  
31 *scanner, single-user hardware, single-user operating system, soundcard*  
32 *or video card; and (3) "school supplies" means any item normally used*  
33 *by students in a standard classroom for educational purposes, including,*  
34 *but not limited to, textbooks, notebooks, paper, writing instruments,*  
35 *crayons, art supplies, rulers, bookbags, backpacks, handheld calculators,*  
36 *chalk, maps and globes. The term shall not include watches, radios, CD*  
37 *players, headphones, sporting equipment, portable or desktop*  
38 *telephones, copiers or other office equipment, furniture or fixtures.*

39 Sec. 2. K.S.A. 2010 Supp. 79-3606 is hereby repealed.

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

42