

**SENATE BILL No. 185**

By Committee on Assessment and Taxation

2-14

1 AN ACT concerning taxation; relating to income tax, Kansas itemized  
2 deduction, expensing deduction, credit for certain purchases of goods  
3 and services for qualified vendors; rural opportunity zones, Cowley and  
4 Crawford counties; sales and compensating use tax, authority for  
5 countywide retailers, exemptions for sales of certain coins or bullion  
6 and purchases by midland care connection, inc.; property tax, cities and  
7 counties, approval of budgets; motor-fuel law, definitions, special fuels;  
8 amending K.S.A. 74-50,222 and K.S.A. 2018 Supp. 12-187, 12-189,  
9 79-2925c, 79-32,120, 79-32,143a, 79-3401 and 79-3606 and repealing  
10 the existing sections.

11

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

13 New Section 1. (a) For tax years 2019 through 2023, a credit shall be  
14 allowed against the tax imposed by the Kansas income tax act in an  
15 amount equal to 15% of the amount for expenditures of goods and services  
16 purchased by the taxpayer from a qualified vendor on and after January 1,  
17 2019, and before January 1, 2024, as certified by the secretary of  
18 commerce as provided in subsection (c). The amount of such credit  
19 awarded for each taxpayer shall not exceed \$500,000 per qualified vendor  
20 per tax year. In no event shall the total amount of cumulative credits  
21 allowed under this section exceed \$5,000,000 for all tax years that the  
22 credit remains in effect.

23 (b) The tax credit allowed by this section shall be deducted from the  
24 taxpayer's income tax liability for the tax year in which the expenditures  
25 were made by the taxpayer. If the amount of such tax credit exceeds the  
26 taxpayer's income tax liability for such tax year, the taxpayer may carry  
27 over the amount that exceeds such tax liability for deduction from the  
28 taxpayer's liability in the next succeeding tax year or years until the total  
29 amount of the tax credit has been deducted from tax liability, except that  
30 no such tax credit shall be carried over for deduction after the fourth tax  
31 year succeeding the tax year in which the expenditures were incurred.

32 (c) The secretary of commerce shall annually certify that  
33 expenditures for goods and services purchased by a taxpayer subject to the  
34 tax credit provided in this section were made from a qualified vendor and  
35 provide such certification to the secretary of revenue. The secretary of  
36 commerce is hereby authorized to promulgate rules and regulations for

1 establishing criteria based on the provisions of K.S.A. 75-3317 et seq., and  
2 amendments thereto, for evaluating whether purchases by taxpayers from a  
3 qualified vendor should be certified as provided in this section, with the  
4 assistance and approval of the secretary of revenue.

5 (d) As used in this section:

6 (1) "Certified business" means any business certified by the  
7 department of administration that is a sole proprietorship, partnership,  
8 association or corporation domiciled in Kansas, or any corporation, even if  
9 a wholly owned subsidiary of a foreign corporation, that:

10 (A) Does business primarily in Kansas or substantially all of its  
11 production in Kansas;

12 (B) employs at least 30% of its employees who are individuals with  
13 disabilities and reside in Kansas;

14 (C) offers to contribute at least 75% of the premium cost for  
15 individual health insurance coverage for each employee. The department  
16 of administration shall require a certification of these facts; and

17 (D) does not employ individuals under a certificate issued by the  
18 United States secretary of labor under 29 U.S.C. § 214(c);

19 (2) "individuals with disabilities" or "individual with a disability"  
20 means any individual who:

21 (A) Is certified by the Kansas department for aging and disability  
22 services or by the Kansas department for children and families, which  
23 administers the rehabilitation services program as having a physical or  
24 mental impairment that constitutes a substantial barrier to employment;

25 (B) works a minimum number of hours per week for a certified  
26 business necessary to qualify for health insurance coverage offered  
27 pursuant to subsection (d)(1); and

28 (C) (i) is receiving services, has received services or is eligible to  
29 receive services under a home and community based services program, as  
30 defined by K.S.A. 39-7,100, and amendments thereto;

31 (ii) is employed by a charitable organization domiciled in the state of  
32 Kansas and exempt from federal income taxation pursuant to section  
33 501(c)(3) of the federal internal revenue code of 1986; or

34 (iii) is an individual with a disability pursuant to the disability  
35 standards established by the social security administration as determined  
36 by the Kansas disability determination services under the Kansas  
37 department for children and families; and

38 (3) "qualified vendor" means an entity that:

39 (A) Is a "qualified vendor" pursuant to K.S.A. 75-3317, and  
40 amendments thereto, or is a "certified business" that is also a nonprofit  
41 organization pursuant to K.S.A. 75-3740, and amendments thereto;

42 (B) pays minimum wage or above to all their employees in a manner  
43 that meets the definition of "competitive employment" pursuant to K.S.A.

1 44-1136, and amendments thereto;

2 (C) meets the definition of employing all of their workers in an  
3 "integrated setting" pursuant to K.S.A. 44-1136, and amendments thereto;  
4 and

5 (D) offers a qualified company-sponsored insurance plan under the  
6 affordable care act or pays the required subsidy to the internal revenue  
7 service for employees who purchase insurance through the open market, if  
8 a company-sponsored plan is not offered. If any such company is not  
9 covered under the affordable care act and does not offer a company-  
10 sponsored insurance plan, such company must offer assistance to the  
11 employee to cover at least 75% of their health insurance costs through a  
12 health savings account or other legal and appropriate methodology.

13 (e) The secretary of revenue shall report to the house committee on  
14 taxation and the senate committee on assessment and taxation on or before  
15 February 1, 2021, 2022 and 2023 concerning the implementation and  
16 effectiveness of the credit provided in this section.

17 Sec. 2. K.S.A. 2018 Supp. 12-187 is hereby amended to read as  
18 follows: 12-187. (a) No city shall impose a retailers' sales tax under the  
19 provisions of this act without the governing body of such city having first  
20 submitted such proposition to and having received the approval of a  
21 majority of the electors of the city voting thereon at an election called and  
22 held therefor. The governing body of any city may submit the question of  
23 imposing a retailers' sales tax and the governing body shall be required to  
24 submit the question upon submission of a petition signed by electors of  
25 such city equal in number to not less than 10% of the electors of such city.

26 (b) (1) The board of county commissioners of any county may submit  
27 the question of imposing a countywide retailers' sales tax to the electors at  
28 an election called and held thereon, and any such board shall be required  
29 to submit the question upon submission of a petition signed by electors of  
30 such county equal in number to not less than 10% of the electors of such  
31 county who voted at the last preceding general election for the office of  
32 secretary of state, or upon receiving resolutions requesting such an election  
33 passed by not less than  $\frac{2}{3}$  of the membership of the governing body of  
34 each of one or more cities within such county—~~which~~ *that* contains a  
35 population of not less than 25% of the entire population of the county, or  
36 upon receiving resolutions requesting such an election passed by  $\frac{2}{3}$  of the  
37 membership of the governing body of each of one or more taxing  
38 subdivisions within such county—~~which~~ *that* levy not less than 25% of the  
39 property taxes levied by all taxing subdivisions within the county.

40 (2) The board of county commissioners of Anderson, Atchison,  
41 Barton, Brown, Butler, Chase, Cowley, Cherokee, Crawford, Ford,  
42 Franklin, Jefferson, Linn, Lyon, Marion, Miami, Montgomery, Neosho,  
43 Osage, Ottawa, Reno, Riley, Saline, Seward, Sumner, Thomas,

1 Wabaunsee, Wilson and Wyandotte counties may submit the question of  
2 imposing a countywide retailers' sales tax and pledging the revenue  
3 received therefrom for the purpose of financing the construction or  
4 remodeling of a courthouse, jail, law enforcement center facility or other  
5 county administrative facility, to the electors at an election called and held  
6 thereon. The tax imposed pursuant to this paragraph shall expire when  
7 sales tax sufficient to pay all of the costs incurred in the financing of such  
8 facility has been collected by retailers as determined by the secretary of  
9 revenue. Nothing in this paragraph shall be construed to allow the rate of  
10 tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley,  
11 Sumner or Wilson county pursuant to this paragraph to exceed or be  
12 imposed at any rate other than the rates prescribed in K.S.A. 12-189, and  
13 amendments thereto.

14 (3) (A) Except as otherwise provided in this paragraph, the result of  
15 the election held on November 8, 1988, on the question submitted by the  
16 board of county commissioners of Jackson county for the purpose of  
17 increasing its countywide retailers' sales tax by 1% is hereby declared  
18 valid, and the revenue received therefrom by the county shall be expended  
19 solely for the purpose of financing the Banner Creek reservoir project. The  
20 tax imposed pursuant to this paragraph shall take effect on the effective  
21 date of this act and shall expire not later than five years after such date.

22 (B) The result of the election held on November 8, 1994, on the  
23 question submitted by the board of county commissioners of Ottawa  
24 county for the purpose of increasing its countywide retailers' sales tax by  
25 1% is hereby declared valid, and the revenue received therefrom by the  
26 county shall be expended solely for the purpose of financing the erection,  
27 construction and furnishing of a law enforcement center and jail facility.

28 (C) Except as otherwise provided in this paragraph, the result of the  
29 election held on November 2, 2004, on the question submitted by the  
30 board of county commissioners of Sedgwick county for the purpose of  
31 increasing its countywide retailers' sales tax by 1% is hereby declared  
32 valid, and the revenue received therefrom by the county shall be used only  
33 to pay the costs of: (i) Acquisition of a site and constructing and equipping  
34 thereon a new regional events center, associated parking and infrastructure  
35 improvements and related appurtenances thereto, to be located in the  
36 downtown area of the city of Wichita, Kansas, (the "downtown arena");  
37 (ii) design for the Kansas coliseum complex and construction of  
38 improvements to the pavilions; and (iii) establishing an operating and  
39 maintenance reserve for the downtown arena and the Kansas coliseum  
40 complex. The tax imposed pursuant to this paragraph shall commence on  
41 July 1, 2005, and shall terminate not later than 30 months after the  
42 commencement thereof.

43 (D) Except as otherwise provided in this paragraph, the result of the

1 election held on August 5, 2008, on the question submitted by the board of  
2 county commissioners of Lyon county for the purpose of increasing its  
3 countywide retailers' sales tax by 1% is hereby declared valid, and the  
4 revenue received therefrom by the county shall be expended for the  
5 purposes of ad valorem tax reduction and capital outlay. The tax imposed  
6 pursuant to this paragraph shall terminate not later than five years after the  
7 commencement thereof.

8 (E) Except as otherwise provided in this paragraph, the result of the  
9 election held on August 5, 2008, on the question submitted by the board of  
10 county commissioners of Rawlins county for the purpose of increasing its  
11 countywide retailers' sales tax by 0.75% is hereby declared valid, and the  
12 revenue received therefrom by the county shall be expended for the  
13 purposes of financing the costs of a swimming pool. The tax imposed  
14 pursuant to this paragraph shall terminate not later than 15 years after the  
15 commencement thereof or upon payment of all costs authorized pursuant  
16 to this paragraph in the financing of such project.

17 (F) The result of the election held on December 1, 2009, on the  
18 question submitted by the board of county commissioners of Chautauqua  
19 county for the purpose of increasing its countywide retailers' sales tax by  
20 1% is hereby declared valid, and the revenue received from such tax by the  
21 county shall be expended for the purposes of financing the costs of  
22 constructing, furnishing and equipping a county jail and law enforcement  
23 center and necessary improvements appurtenant to such jail and law  
24 enforcement center. Any tax imposed pursuant to authority granted in this  
25 paragraph shall terminate upon payment of all costs authorized pursuant to  
26 this paragraph incurred in the financing of the project described in this  
27 paragraph.

28 (G) The result of the election held on April 7, 2015, on the question  
29 submitted by the board of county commissioners of Bourbon county for  
30 the purpose of increasing its retailers' sales tax by 0.4% is hereby declared  
31 valid, and the revenue received therefrom by the county shall be expended  
32 solely for the purpose of financing the costs of constructing, furnishing  
33 and operating a courthouse, law enforcement center or jail facility  
34 improvements. Any tax imposed pursuant to authority granted in this  
35 paragraph shall terminate upon payment of all costs authorized pursuant to  
36 this paragraph incurred in the financing of the project described in this  
37 paragraph.

38 (4) The board of county commissioners of Finney and Ford counties  
39 may submit the question of imposing a countywide retailers' sales tax at  
40 the rate of 0.25% and pledging the revenue received therefrom for the  
41 purpose of financing all or any portion of the cost to be paid by Finney or  
42 Ford county for construction of highway projects identified as system  
43 enhancements under the provisions of K.S.A. 68-2314(b)(5), and

1 amendments thereto, to the electors at an election called and held thereon.  
2 Such election shall be called and held in the manner provided by the  
3 general bond law. The tax imposed pursuant to this paragraph shall expire  
4 upon the payment of all costs authorized pursuant to this paragraph in the  
5 financing of such highway projects. Nothing in this paragraph shall be  
6 construed to allow the rate of tax imposed by Finney or Ford county  
7 pursuant to this paragraph to exceed the maximum rate prescribed in  
8 K.S.A. 12-189, and amendments thereto. If any funds remain upon the  
9 payment of all costs authorized pursuant to this paragraph in the financing  
10 of such highway projects in Finney county, the state treasurer shall remit  
11 such funds to the treasurer of Finney county and upon receipt of such  
12 moneys shall be deposited to the credit of the county road and bridge fund.  
13 If any funds remain upon the payment of all costs authorized pursuant to  
14 this paragraph in the financing of such highway projects in Ford county,  
15 the state treasurer shall remit such funds to the treasurer of Ford county  
16 and upon receipt of such moneys shall be deposited to the credit of the  
17 county road and bridge fund.

18 (5) The board of county commissioners of any county may submit the  
19 question of imposing a retailers' sales tax at the rate of 0.25%, 0.5%,  
20 0.75% or 1% and pledging the revenue received therefrom for the purpose  
21 of financing the provision of health care services, as enumerated in the  
22 question, to the electors at an election called and held thereon. Whenever  
23 any county imposes a tax pursuant to this paragraph, any tax imposed  
24 pursuant to subsection (a)(2) by any city located in such county shall  
25 expire upon the effective date of the imposition of the countywide tax, and  
26 thereafter the state treasurer shall remit to each such city that portion of the  
27 countywide tax revenue collected by retailers within such city as certified  
28 by the director of taxation. The tax imposed pursuant to this paragraph  
29 shall be deemed to be in addition to the rate limitations prescribed in  
30 K.S.A. 12-189, and amendments thereto. As used in this paragraph, health  
31 care services shall include, but not be limited to, the following: Local  
32 health departments, city or county hospitals, city or county nursing homes,  
33 preventive health care services including immunizations, prenatal care and  
34 the postponement of entry into nursing homes by home care services,  
35 mental health services, indigent health care, physician or health care  
36 worker recruitment, health education, emergency medical services, rural  
37 health clinics, integration of health care services, home health services and  
38 rural health networks.

39 (6) The board of county commissioners of Allen county may submit  
40 the question of imposing a countywide retailers' sales tax at the rate of  
41 0.5% and pledging the revenue received therefrom for the purpose of  
42 financing the costs of operation and construction of a solid waste disposal  
43 area or the modification of an existing landfill to comply with federal

1 regulations to the electors at an election called and held thereon. The tax  
2 imposed pursuant to this paragraph shall expire upon the payment of all  
3 costs incurred in the financing of the project undertaken. Nothing in this  
4 paragraph shall be construed to allow the rate of tax imposed by Allen  
5 county pursuant to this paragraph to exceed or be imposed at any rate other  
6 than the rates prescribed in K.S.A. 12-189, and amendments thereto.

7 (7) (A) The board of county commissioners of Clay, ~~Dickinson~~ and  
8 Miami county may submit the question of imposing a countywide retailers'  
9 sales tax at the rate of 0.50% in the case of Clay ~~and Dickinson~~ county and  
10 at a rate of up to 1% in the case of Miami county, and pledging the revenue  
11 received therefrom for the purpose of financing the costs of roadway  
12 construction and improvement to the electors at an election called and held  
13 thereon. Except as otherwise provided, the tax imposed pursuant to this  
14 ~~paragraph~~ subparagraph shall expire after five years from the date such  
15 tax is first collected. The result of the election held on November 2, 2004,  
16 on the question submitted by the board of county commissioners of Miami  
17 county for the purpose of extending for an additional five-year period the  
18 countywide retailers' sales tax imposed pursuant to this subsection in  
19 Miami county is hereby declared valid. The countywide retailers' sales tax  
20 imposed pursuant to this subsection in Clay and Miami county may be  
21 extended or reenacted for additional five-year periods upon the board of  
22 county commissioners of Clay and Miami county submitting such question  
23 to the electors at an election called and held thereon for each additional  
24 five-year period as provided by law.

25 (B) *The board of county commissioners of Dickinson county may*  
26 *submit the question of imposing a countywide retailers' sales tax at the*  
27 *rate of 0.5% and pledging the revenue received therefrom for the purpose*  
28 *of financing the costs of roadway construction and improvement to the*  
29 *electors at an election called and held thereon. The tax imposed pursuant*  
30 *to this subparagraph shall expire after 10 years from the date such tax is*  
31 *first collected.*

32 (8) The board of county commissioners of Sherman county may  
33 submit the question of imposing a countywide retailers' sales tax at the rate  
34 of 1% and pledging the revenue received therefrom for the purpose of  
35 financing the costs of street and roadway improvements to the electors at  
36 an election called and held thereon. The tax imposed pursuant to this  
37 paragraph shall expire upon payment of all costs authorized pursuant to  
38 this paragraph in the financing of such project.

39 (9) (A) The board of county commissioners of Cowley, Crawford,  
40 ~~Russell~~ and Woodson county may submit the question of imposing a  
41 countywide retailers' sales tax at the rate of 0.5% in the case of Crawford,  
42 ~~Russell~~ and Woodson county and at a rate of up to 0.25%, in the case of  
43 Cowley county and pledging the revenue received therefrom for the

1 purpose of financing economic development initiatives or public  
2 infrastructure projects. The tax imposed pursuant to this ~~paragraph~~  
3 *subparagraph* shall expire after five years from the date such tax is first  
4 collected.

5 *(B) The board of county commissioners of Russell county may submit*  
6 *the question of imposing a countywide retailers' sales tax at the rate of*  
7 *0.5% and pledging the revenue received therefrom for the purpose of*  
8 *financing economic development initiatives or public infrastructure*  
9 *projects. The tax imposed pursuant to this subparagraph shall expire after*  
10 *10 years from the date such tax is first collected.*

11 (10) The board of county commissioners of Franklin county may  
12 submit the question of imposing a countywide retailers' sales tax at the rate  
13 of 0.25% and pledging the revenue received therefrom for the purpose of  
14 financing recreational facilities. The tax imposed pursuant to this  
15 paragraph shall expire upon payment of all costs authorized in financing  
16 such facilities.

17 (11) The board of county commissioners of Douglas county may  
18 submit the question of imposing a countywide retailers' sales tax at the rate  
19 of 0.25% and pledging the revenue received therefrom for the purposes of  
20 conservation, access and management of open space; preservation of  
21 cultural heritage; and economic development projects and activities.

22 (12) The board of county commissioners of Shawnee county may  
23 submit the question of imposing a countywide retailers' sales tax at the rate  
24 of 0.25% and pledging the revenue received therefrom to the city of  
25 Topeka for the purpose of financing the costs of rebuilding the Topeka  
26 boulevard bridge and other public infrastructure improvements associated  
27 with such project to the electors at an election called and held thereon. The  
28 tax imposed pursuant to this paragraph shall expire upon payment of all  
29 costs authorized in financing such project.

30 ~~(13) The board of county commissioners of Jackson county may~~  
31 ~~submit the question of imposing a countywide retailers' sales tax at a rate~~  
32 ~~of 0.4% and pledging the revenue received therefrom as follows: 50% of~~  
33 ~~such revenues for the purpose of financing for economic development~~  
34 ~~initiatives; and 50% of such revenues for the purpose of financing public~~  
35 ~~infrastructure projects to the electors at an election called and held thereon.~~  
36 ~~The tax imposed pursuant to this paragraph shall expire after seven years~~  
37 ~~from the date such tax is first collected. The board of county~~  
38 ~~commissioners of Jackson county may submit the question of imposing a~~  
39 ~~countywide retailers' sales tax at a rate of 0.4% which such tax shall take~~  
40 ~~effect after the expiration of the tax imposed pursuant to this paragraph~~  
41 ~~prior to the effective date of this act, and pledging the revenue received~~  
42 ~~therefrom for the purpose of financing public infrastructure projects to the~~  
43 ~~electors at an election called and held thereon. Such tax shall expire after~~



1 seven years from the date such tax is first collected.

2 (14) The board of county commissioners of Neosho county may  
3 submit the question of imposing a countywide retailers' sales tax at the rate  
4 of 0.5% and pledging the revenue received therefrom for the purpose of  
5 financing the costs of roadway construction and improvement to the  
6 electors at an election called and held thereon. The tax imposed pursuant  
7 to this paragraph shall expire upon payment of all costs authorized  
8 pursuant to this paragraph in the financing of such project.

9 (15) The board of county commissioners of Saline county may  
10 submit the question of imposing a countywide retailers' sales tax at the rate  
11 of up to 0.5% and pledging the revenue received therefrom for the purpose  
12 of financing the costs of construction and operation of an expo center to  
13 the electors at an election called and held thereon. The tax imposed  
14 pursuant to this paragraph shall expire after five years from the date such  
15 tax is first collected.

16 (16) The board of county commissioners of Harvey county may  
17 submit the question of imposing a countywide retailers' sales tax at the rate  
18 of 1.0% and pledging the revenue received therefrom for the purpose of  
19 financing the costs of property tax relief, economic development initiatives  
20 and public infrastructure improvements to the electors at an election called  
21 and held thereon.

22 (17) The board of county commissioners of Atchison county may  
23 submit the question of imposing a countywide retailers' sales tax at the rate  
24 of 0.25% and pledging the revenue received therefrom for the purpose of  
25 financing the costs of construction and maintenance of sports and  
26 recreational facilities to the electors at an election called and held thereon.  
27 The tax imposed pursuant to this paragraph shall expire upon payment of  
28 all costs authorized in financing such facilities.

29 (18) The board of county commissioners of Wabaunsee county may  
30 submit the question of imposing a countywide retailers' sales tax at the rate  
31 of 0.5% and pledging the revenue received therefrom for the purpose of  
32 financing the costs of bridge and roadway construction and improvement  
33 to the electors at an election called and held thereon. The tax imposed  
34 pursuant to this paragraph shall expire after 15 years from the date such  
35 tax is first collected.

36 (19) The board of county commissioners of Jefferson county may  
37 submit the question of imposing a countywide retailers' sales tax at the rate  
38 of 1% and pledging the revenue received therefrom for the purpose of  
39 financing the costs of roadway construction and improvement to the  
40 electors at an election called and held thereon. The tax imposed pursuant  
41 to this paragraph shall expire after six years from the date such tax is first  
42 collected. The countywide retailers' sales tax imposed pursuant to this  
43 paragraph may be extended or reenacted for additional six-year periods

1 upon the board of county commissioners of Jefferson county submitting  
2 such question to the electors at an election called and held thereon for each  
3 additional six-year period as provided by law.

4 (20) The board of county commissioners of Riley county may submit  
5 the question of imposing a countywide retailers' sales tax at the rate of up  
6 to 1% and pledging the revenue received therefrom for the purpose of  
7 financing the costs of bridge and roadway construction and improvement  
8 to the electors at an election called and held thereon. The tax imposed  
9 pursuant to this paragraph shall expire after five years from the date such  
10 tax is first collected.

11 (21) The board of county commissioners of Johnson county may  
12 submit the question of imposing a countywide retailers' sales tax at the rate  
13 of 0.25% and pledging the revenue received therefrom for the purpose of  
14 financing the construction and operation costs of public safety projects,  
15 including, but not limited to, a jail, detention center, sheriff's resource  
16 center, crime lab or other county administrative or operational facility  
17 dedicated to public safety, to the electors at an election called and held  
18 thereon. The tax imposed pursuant to this paragraph shall expire after 10  
19 years from the date such tax is first collected. The countywide retailers'  
20 sales tax imposed pursuant to this subsection may be extended or  
21 reenacted for additional periods not exceeding 10 years upon the board of  
22 county commissioners of Johnson county submitting such question to the  
23 electors at an election called and held thereon for each additional ten-year  
24 period as provided by law.

25 (22) The board of county commissioners of Wilson county may  
26 submit the question of imposing a countywide retailers' sales tax at the rate  
27 of up to 1% and pledging the revenue received therefrom for the purpose  
28 of financing the costs of roadway construction and improvements to  
29 federal highways, the development of a new industrial park and other  
30 public infrastructure improvements to the electors at an election called and  
31 held thereon. The tax imposed pursuant to this paragraph shall expire upon  
32 payment of all costs authorized pursuant to this paragraph in the financing  
33 of such project or projects.

34 (23) The board of county commissioners of Butler county may  
35 submit the question of imposing a countywide retailers' sales tax at the rate  
36 of either 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received  
37 therefrom for the purpose of financing the costs of public safety capital  
38 projects or bridge and roadway construction projects, or both, to the  
39 electors at an election called and held thereon. The tax imposed pursuant  
40 to this paragraph shall expire upon payment of all costs authorized in  
41 financing such projects.

42 (24) The board of county commissioners of Barton county may  
43 submit the question of imposing a countywide retailers' sales tax at the rate

1 of up to 0.5% and pledging the revenue received therefrom for the purpose  
2 of financing the costs of roadway and bridge construction and  
3 improvement and infrastructure development and improvement to the  
4 electors at an election called and held thereon. The tax imposed pursuant  
5 to this paragraph shall expire after 10 years from the date such tax is first  
6 collected.

7 (25) The board of county commissioners of Jefferson county may  
8 submit the question of imposing a countywide retailers' sales tax at the rate  
9 of 0.25% and pledging the revenue received therefrom for the purpose of  
10 financing the costs of the county's obligation as participating employer to  
11 make employer contributions and other required contributions to the  
12 Kansas public employees retirement system for eligible employees of the  
13 county who are members of the Kansas police and firemen's retirement  
14 system, to the electors at an election called and held thereon. The tax  
15 imposed pursuant to this paragraph shall expire upon payment of all costs  
16 authorized in financing such purpose.

17 (26) The board of county commissioners of Pottawatomie county  
18 may submit the question of imposing a countywide retailers' sales tax at  
19 the rate of up to 0.5% and pledging the revenue received therefrom for the  
20 purpose of financing the costs of construction or remodeling of a  
21 courthouse, jail, law enforcement center facility or other county  
22 administrative facility, or public infrastructure improvements, or both, to  
23 the electors at an election called and held thereon. The tax imposed  
24 pursuant to this paragraph shall expire upon payment of all costs  
25 authorized in financing such project or projects.

26 (27) The board of county commissioners of Kingman county may  
27 submit the question of imposing a countywide retailers' sales tax at the rate  
28 of 0.25%, 0.5%, 0.75% or 1% and pledging the revenue received  
29 therefrom for the purpose of financing the costs of constructing and  
30 furnishing a law enforcement center and jail facility and the costs of  
31 roadway and bridge improvements to the electors at an election called and  
32 held thereon. The tax imposed pursuant to this paragraph shall expire not  
33 later than 20 years from the date such tax is first collected.

34 (28) The board of county commissioners of Edwards county may  
35 submit the question of imposing a countywide retailers' sales tax at the rate  
36 of 0.375% and pledging the revenue therefrom for the purpose of  
37 financing the costs of economic development initiatives to the electors at  
38 an election called and held thereon.

39 (29) The board of county commissioners of Rooks county may  
40 submit the question of imposing a countywide retailers' sales tax at the rate  
41 of 0.5% and pledging the revenue therefrom for the purpose of financing  
42 the costs of constructing or remodeling and furnishing a jail facility to the  
43 electors at an election called and held thereon. The tax imposed pursuant

1 to this paragraph shall expire upon the payment of all costs authorized in  
2 financing such project or projects.

3 (30) The board of county commissioners of Douglas county may  
4 submit the question of imposing a countywide retailers' sales tax at the rate  
5 of 0.5% and pledging the revenue received therefrom for the purpose of  
6 financing the construction or remodeling of a courthouse, jail, law  
7 enforcement center facility, detention facility or other county  
8 administrative facility, specifically including mental health and for the  
9 operation thereof.

10 (31) The board of county commissioners of Bourbon county may  
11 submit the question of imposing a countywide retailers' sales tax at the rate  
12 of up to 1%, in increments of 0.05%, and pledging the revenue received  
13 therefrom for the purpose of financing the costs of constructing, furnishing  
14 and operating a courthouse, law enforcement center or jail facility  
15 improvements to the electors at an election called and held thereon.

16 (32) The board of county commissioners of Marion county may  
17 submit the question of imposing a countywide retailers' sales tax at the rate  
18 of 0.5% and pledging the revenue received therefrom for the purpose of  
19 financing the costs of property tax relief, economic development initiatives  
20 and the construction of public infrastructure improvements, including  
21 buildings, to the electors at an election called and held thereon.

22 (c) The boards of county commissioners of any two or more  
23 contiguous counties, upon adoption of a joint resolution by such boards,  
24 may submit the question of imposing a retailers' sales tax within such  
25 counties to the electors of such counties at an election called and held  
26 thereon and such boards of any two or more contiguous counties shall be  
27 required to submit such question upon submission of a petition in each of  
28 such counties, signed by a number of electors of each of such counties  
29 where submitted equal in number to not less than 10% of the electors of  
30 each of such counties who voted at the last preceding general election for  
31 the office of secretary of state, or upon receiving resolutions requesting  
32 such an election passed by not less than  $\frac{2}{3}$  of the membership of the  
33 governing body of each of one or more cities within each of such counties  
34 which contains a population of not less than 25% of the entire population  
35 of each of such counties, or upon receiving resolutions requesting such an  
36 election passed by  $\frac{2}{3}$  of the membership of the governing body of each of  
37 one or more taxing subdivisions within each of such counties which levy  
38 not less than 25% of the property taxes levied by all taxing subdivisions  
39 within each of such counties.

40 (d) Any city retailers' sales tax being levied by a city prior to July 1,  
41 2006, shall continue in effect until repealed in the manner provided herein  
42 for the adoption and approval of such tax or until repealed by the adoption  
43 of an ordinance for such repeal. Any countywide retailers' sales tax in the

1 amount of 0.5% or 1% in effect on July 1, 1990, shall continue in effect  
2 until repealed in the manner provided herein for the adoption and approval  
3 of such tax.

4 (e) Any city or county proposing to adopt a retailers' sales tax shall  
5 give notice of its intention to submit such proposition for approval by the  
6 electors in the manner required by K.S.A. 10-120, and amendments  
7 thereto. The notices shall state the time of the election and the rate and  
8 effective date of the proposed tax. If a majority of the electors voting  
9 thereon at such election fail to approve the proposition, such proposition  
10 may be resubmitted under the conditions and in the manner provided in  
11 this act for submission of the proposition. If a majority of the electors  
12 voting thereon at such election shall approve the levying of such tax, the  
13 governing body of any such city or county shall provide by ordinance or  
14 resolution, as the case may be, for the levy of the tax. Any repeal of such  
15 tax or any reduction or increase in the rate thereof, within the limits  
16 prescribed by K.S.A. 12-189, and amendments thereto, shall be  
17 accomplished in the manner provided herein for the adoption and approval  
18 of such tax except that the repeal of any such city retailers' sales tax may  
19 be accomplished by the adoption of an ordinance so providing.

20 (f) The sufficiency of the number of signers of any petition filed  
21 under this section shall be determined by the county election officer. Every  
22 election held under this act shall be conducted by the county election  
23 officer.

24 (g) The governing body of the city or county proposing to levy any  
25 retailers' sales tax shall specify the purpose or purposes for which the  
26 revenue would be used, and a statement generally describing such purpose  
27 or purposes shall be included as a part of the ballot proposition.

28 Sec. 3. K.S.A. 2018 Supp. 12-189 is hereby amended to read as  
29 follows: 12-189. The rate of any city retailers' sales tax shall be fixed in  
30 increments of 0.05% and in an amount not to exceed 2% for general  
31 purposes and not to exceed 1% for special purposes which shall be  
32 determined by the governing body of the city. For any retailers' sales tax  
33 imposed by a city for special purposes, such city shall specify the purposes  
34 for which such tax is imposed. All such special purpose retailers' sales  
35 taxes imposed by a city shall expire after 10 years from the date such tax is  
36 first collected. The rate of any countywide retailers' sales tax shall be fixed  
37 in an amount not to exceed 1% and shall be fixed in increments of 0.25%,  
38 and which amount shall be determined by the board of county  
39 commissioners, except that:

40 (a) The board of county commissioners of Wabaunsee county, for the  
41 purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such  
42 rate at 1.25%; the board of county commissioners of Osage or Reno  
43 county, for the purposes of K.S.A. 12-187(b)(2), and amendments thereto,

1 may fix such rate at 1.25% or 1.5%; the board of county commissioners of  
2 Cherokee, Crawford, Ford, Saline, Seward, ~~Thomas~~ or Wyandotte county,  
3 for the purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix  
4 such rate at 1.5%; the board of county commissioners of Atchison *or*  
5 *Thomas* county, for the purposes of K.S.A. 12-187(b)(2), and amendments  
6 thereto, may fix such rate at 1.5% or 1.75%; the board of county  
7 commissioners of Anderson, Barton, Jefferson or Ottawa county, for the  
8 purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such  
9 rate at 2%; the board of county commissioners of Marion county, for the  
10 purposes of K.S.A. 12-187(b)(2), and amendments thereto, may fix such  
11 rate at 2.5%; the board of county commissioners of Franklin, Linn and  
12 Miami counties, for the purposes of K.S.A. 12-187(b)(2), and amendments  
13 thereto, may fix such rate at a percentage which is equal to the sum of the  
14 rate allowed to be imposed by the respective board of county  
15 commissioners on July 1, 2007, plus up to 1.0%; and the board of county  
16 commissioners of Brown county, for the purposes of K.S.A. 12-187(b)(2),  
17 and amendments thereto, may fix such rate at up to 2%;

18 (b) the board of county commissioners of Jackson county, for the  
19 purposes of K.S.A. 12-187(b)(3), and amendments thereto, may fix such  
20 rate at 2%;

21 (c) the boards of county commissioners of Finney and Ford counties,  
22 for the purposes of K.S.A. 12-187(b)(4), and amendments thereto, may fix  
23 such rate at 0.25%;

24 (d) the board of county commissioners of any county for the purposes  
25 of K.S.A. 12-187(b)(5), and amendments thereto, may fix such rate at a  
26 percentage which is equal to the sum of the rate allowed to be imposed by  
27 a board of county commissioners on the effective date of this act plus  
28 0.25%, 0.5%, 0.75% or 1%, as the case requires;

29 (e) the board of county commissioners of Dickinson county, for the  
30 purposes of K.S.A. 12-187(b)(7), and amendments thereto, may fix such  
31 rate at 1.5%, and the board of county commissioners of Miami county, for  
32 the purposes of K.S.A. 12-187(b)(7), and amendments thereto, may fix  
33 such rate at 1.25%, 1.5%, 1.75% or 2%;

34 (f) the board of county commissioners of Sherman county, for the  
35 purposes of K.S.A. 12-187(b)(8), and amendments thereto, may fix such  
36 rate at 2.25%;

37 (g) the board of county commissioners of Crawford or Russell county  
38 for the purposes of K.S.A. 12-187(b)(9), and amendments thereto, may fix  
39 such rate at 1.5%;

40 (h) the board of county commissioners of Franklin county, for the  
41 purposes of K.S.A. 12-187(b)(10), and amendments thereto, may fix such  
42 rate at 1.75%;

43 (i) the board of county commissioners of Douglas county, for the

1 purposes of K.S.A. 12-187(b)(11) and (b)(30), and amendments thereto,  
2 may fix such rate at 1.75%;

3 (j) the board of county commissioners of Jackson county, for the  
4 purposes of K.S.A. 12-187(b)(13), and amendments thereto, may fix such  
5 rate at 1.4%;

6 (k) the board of county commissioners of Sedgwick county, for the  
7 purposes of K.S.A. 12-187(b)(3)(C), and amendments thereto, may fix  
8 such rate at 2%;

9 (l) the board of county commissioners of Neosho county, for the  
10 purposes of K.S.A. 12-187(b)(14), and amendments thereto, may fix such  
11 rate at 1.0% or 1.5%;

12 (m) the board of county commissioners of Saline county, for the  
13 purposes of K.S.A. 12-187(b)(15), and amendments thereto, may fix such  
14 rate at up to 1.5%;

15 (n) the board of county commissioners of Harvey county, for the  
16 purposes of K.S.A. 12-187(b)(16), and amendments thereto, may fix such  
17 rate at 2.0%;

18 (o) the board of county commissioners of Atchison county, for the  
19 purpose of K.S.A. 12-187(b)(17), and amendments thereto, may fix such  
20 rate at a percentage which is equal to the sum of the rate allowed to be  
21 imposed by the board of county commissioners of Atchison county on the  
22 effective date of this act plus 0.25%;

23 (p) the board of county commissioners of Wabaunsee county, for the  
24 purpose of K.S.A. 12-187(b)(18), and amendments thereto, may fix such  
25 rate at a percentage which is equal to the sum of the rate allowed to be  
26 imposed by the board of county commissioners of Wabaunsee county on  
27 July 1, 2007, plus 0.5%;

28 (q) the board of county commissioners of Jefferson county, for the  
29 purpose of K.S.A. 12-187(b)(19) and (25), and amendments thereto, may  
30 fix such rate at 2.25%;

31 (r) the board of county commissioners of Riley county, for the  
32 purpose of K.S.A. 12-187(b)(20), and amendments thereto, may fix such  
33 rate at a percentage which is equal to the sum of the rate allowed to be  
34 imposed by the board of county commissioners of Riley county on July 1,  
35 2007, plus up to 1%;

36 (s) the board of county commissioners of Johnson county for the  
37 purposes of K.S.A. 12-187(b)(21), and amendments thereto, may fix such  
38 rate at a percentage which is equal to the sum of the rate allowed to be  
39 imposed by the board of county commissioners of Johnson county on July  
40 1, 2007, plus 0.25%;

41 (t) the board of county commissioners of Wilson county for the  
42 purposes of K.S.A. 12-187(b)(22), and amendments thereto, may fix such  
43 rate at up to 2%;

1 (u) the board of county commissioners of Butler county for the  
2 purposes of K.S.A. 12-187(b)(23), and amendments thereto, may fix such  
3 rate at a percentage which is equal to the sum of the rate otherwise allowed  
4 pursuant to this section, plus 0.25%, 0.5%, 0.75% or 1%;

5 (v) the board of county commissioners of Barton county, for the  
6 purposes of K.S.A. 12-187(b)(24), and amendments thereto, may fix such  
7 rate at up to 1.5%;

8 (w) the board of county commissioners of Lyon county, for the  
9 purposes of K.S.A. 12-187(b)(3)(D), and amendments thereto, may fix  
10 such rate at 1.5%;

11 (x) the board of county commissioners of Rawlins county, for the  
12 purposes of K.S.A. 12-187(b)(3)(E), and amendments thereto, may fix  
13 such rate at 1.75%;

14 (y) the board of county commissioners of Chautauqua county, for the  
15 purposes of K.S.A. 12-187(b)(3)(F), and amendments thereto, may fix  
16 such rate at 2.0%;

17 (z) the board of county commissioners of Pottawatomie county, for  
18 the purposes of K.S.A. 12-187(b)(26), and amendments thereto, may fix  
19 such rate at up to 1.5%;

20 (aa) the board of county commissioners of Kingman county, for the  
21 purposes of K.S.A. 12-187(b)(27), and amendments thereto, may fix such  
22 rate at a percentage which is equal to the sum of the rate otherwise allowed  
23 pursuant to this section, plus 0.25%, 0.5%, 0.75%, or 1%;

24 (bb) the board of county commissioners of Edwards county, for the  
25 purposes of K.S.A. 12-187(b)(28), and amendments thereto, may fix such  
26 rate at 1.375%;

27 (cc) the board of county commissioners of Rooks county, for the  
28 purposes of K.S.A. 12-187(b)(29), and amendments thereto, may fix such  
29 rate at up to 1.5%;

30 (dd) the board of county commissioners of Bourbon county, for the  
31 purposes of K.S.A. 12-187(b)(3)(G) and (b)(31), and amendments thereto,  
32 may fix such rate at up to 2.0%; and

33 (ee) the board of county commissioners of Marion county, for the  
34 purposes of K.S.A. 12-187(b)(32), and amendments thereto, may fix such  
35 rate at 2.5%.

36 Any county or city levying a retailers' sales tax is hereby prohibited  
37 from administering or collecting such tax locally, but shall utilize the  
38 services of the state department of revenue to administer, enforce and  
39 collect such tax. Except as otherwise specifically provided in K.S.A. 12-  
40 189a, and amendments thereto, such tax shall be identical in its  
41 application, and exemptions therefrom, to the Kansas retailers' sales tax act  
42 and all laws and administrative rules and regulations of the state  
43 department of revenue relating to the Kansas retailers' sales tax shall apply



1 to such local sales tax insofar as such laws and rules and regulations may  
2 be made applicable. The state director of taxation is hereby authorized to  
3 administer, enforce and collect such local sales taxes and to adopt such  
4 rules and regulations as may be necessary for the efficient and effective  
5 administration and enforcement thereof.

6 Upon receipt of a certified copy of an ordinance or resolution  
7 authorizing the levy of a local retailers' sales tax, the director of taxation  
8 shall cause such taxes to be collected within or without the boundaries of  
9 such taxing subdivision at the same time and in the same manner provided  
10 for the collection of the state retailers' sales tax. Such copy shall be  
11 submitted to the director of taxation within 30 days after adoption of any  
12 such ordinance or resolution. All moneys collected by the director of  
13 taxation under the provisions of this section shall be credited to a county  
14 and city retailers' sales tax fund which fund is hereby established in the  
15 state treasury, except that all moneys collected by the director of taxation  
16 pursuant to the authority granted in K.S.A. 12-187(b)(22), and  
17 amendments thereto, shall be credited to the Wilson county capital  
18 improvements fund. Any refund due on any county or city retailers' sales  
19 tax collected pursuant to this act shall be paid out of the sales tax refund  
20 fund and reimbursed by the director of taxation from collections of local  
21 retailers' sales tax revenue. Except for local retailers' sales tax revenue  
22 required to be deposited in the redevelopment bond fund established under  
23 K.S.A. 74-8927, and amendments thereto, all local retailers' sales tax  
24 revenue collected within any county or city pursuant to this act shall be  
25 apportioned and remitted at least quarterly by the state treasurer, on  
26 instruction from the director of taxation, to the treasurer of such county or  
27 city.

28 Revenue that is received from the imposition of a local retailers' sales  
29 tax which exceeds the amount of revenue required to pay the costs of a  
30 special project for which such revenue was pledged shall be credited to the  
31 city or county general fund, as the case requires.

32 The director of taxation shall provide, upon request by a city or county  
33 clerk or treasurer or finance officer of any city or county levying a local  
34 retailers' sales tax, monthly reports identifying each retailer doing business  
35 in such city or county or making taxable sales sourced to such city or  
36 county, setting forth the tax liability and the amount of such tax remitted  
37 by each retailer during the preceding month and identifying each business  
38 location maintained by the retailer and such retailer's sales or use tax  
39 registration or account number. Such report shall be made available to the  
40 clerk or treasurer or finance officer of such city or county within a  
41 reasonable time after it has been requested from the director of taxation.  
42 The director of taxation shall be allowed to assess a reasonable fee for the  
43 issuance of such report. Information received by any city or county

1 pursuant to this section shall be confidential, and it shall be unlawful for  
2 any officer or employee of such city or county to divulge any such  
3 information in any manner. Any violation of this paragraph by a city or  
4 county officer or employee is a class A misdemeanor, and such officer or  
5 employee shall be dismissed from office. Reports of violations of this  
6 paragraph shall be investigated by the attorney general. The district  
7 attorney or county attorney and the attorney general shall have authority to  
8 prosecute violations of this paragraph.

9 Sec. 4. K.S.A. 74-50,222 is hereby amended to read as follows: 74-  
10 50,222. As used in K.S.A. 74-50,222; and 74-50,223 and *K.S.A. 2018*  
11 *Supp. 79-32,267*, and amendments thereto:

12 (a) "Institution of higher education" means a public or private  
13 nonprofit educational institution that meets the requirements of  
14 participation in programs under the higher education act of 1965, as  
15 amended, 34 C.F.R. § 600;

16 (b) "rural opportunity zone" means Allen, Anderson, Barber,  
17 Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,  
18 Cloud, Coffey, Comanche, *Cowley*, *Crawford*, Decatur, Doniphan,  
19 Edwards, Elk, Ellsworth, Gove, Graham, Grant, Gray, Greeley,  
20 Greenwood, Hamilton, Harper, Haskell, Hodgeman, Jackson, Jewell,  
21 Kearny, Kingman, Kiowa, Labette, Lane, Lincoln, Linn, Logan, Marion,  
22 Marshall, Meade, Mitchell, Montgomery, Morris, Morton, Nemaha,  
23 Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins,  
24 Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith,  
25 Stafford, Stanton, Stevens, Sumner, Trego, Thomas, Wabaunsee, Wallace,  
26 Washington, Wichita, Wilson or Woodson counties;

27 (c) "secretary" means the secretary of commerce; and

28 (d) "student loan" means a federal student loan program supported by  
29 the federal government and a nonfederal loan issued by a lender such as a  
30 bank, savings and loan or credit union to help students and parents pay  
31 school expenses for attendance at an institution of higher education.

32 Sec. 5. K.S.A. 2018 Supp. 79-2925c is hereby amended to read as  
33 follows: 79-2925c. (a) (1) On and after January 1, 2017, the governing  
34 body of any city or county shall not approve any appropriation or budget  
35 which provides for funding by property tax revenues in an amount  
36 exceeding that of the next preceding year as adjusted to reflect the average  
37 changes in the consumer price index for all urban consumers as published  
38 by the United States department of labor for the preceding five calendar  
39 years, which shall not be less than zero, unless the city or county approves  
40 the appropriation or budget with the adoption of a resolution and such  
41 resolution has been submitted to and approved by a majority of the  
42 qualified electors of the city or county voting at an election called and held  
43 thereon, except as otherwise provided.

1 (2) The election shall be called and held in the manner provided by  
2 K.S.A. 10-120, and amendments thereto, and may be:

3 (A) Held at the next regularly scheduled election to be held in August  
4 or November;

5 (B) may be a mail ballot election, conducted in accordance with  
6 K.S.A. 25-431 et seq., and amendments thereto; or

7 (C) may be a special election called by the city or county. Nothing in  
8 this subsection shall prevent any city or county from holding more than  
9 one election in any year. The city or county requesting the election shall be  
10 responsible for paying all costs associated with conducting the election.

11 (b) A resolution by the governing body of a city or county otherwise  
12 required by the provisions of this section shall not be required to be  
13 approved by an election required by subsection (a) under the following  
14 circumstances:

15 (1) Increased property tax revenues that, in the current year, are  
16 produced and attributable to the taxation of:

17 (A) The construction of any new structures or improvements or the  
18 remodeling or renovation of any existing structures or improvements on  
19 real property, which shall not include any ordinary maintenance or repair  
20 of any existing structures or improvements on the property;

21 (B) increased personal property valuation;

22 (C) real property located within added jurisdictional territory;

23 (D) real property which has changed in use;

24 (E) expiration of any abatement of property from property tax; or

25 (F) expiration of a tax increment financing district, rural housing  
26 incentive district, neighborhood revitalization area or any other similar  
27 property tax rebate or redirection program.

28 (2) Increased property tax revenues that will be spent on:

29 (A) Bond, temporary notes, no fund warrants, state infrastructure  
30 loans and interest payments not exceeding the amount of ad valorem  
31 property taxes levied in support of such payments, and payments made to a  
32 public building commission and lease payments but only to the extent such  
33 payments were obligations that existed prior to July 1, 2016;

34 (B) payment of special assessments not exceeding the amount of ad  
35 valorem property taxes levied in support of such payments;

36 (C) court judgments or settlements of legal actions against the city or  
37 county and legal costs directly related to such judgments or settlements;

38 (D) expenditures of city or county funds that are specifically  
39 mandated by federal or state law with such mandates becoming effective  
40 on or after July 1, 2015, and loss of funds from federal sources after  
41 January 1, 2017, where the city or county is contractually obligated to  
42 provide a service;

43 (E) expenses relating to a federal, state or local disaster or federal,

1 state or local emergency, including, but not limited to, a financial  
2 emergency, declared by a federal or state official. The board of county  
3 commissioners may request the governor to declare such disaster or  
4 emergency; or

5 (F) increased costs above the consumer price index for law  
6 enforcement, fire protection or emergency medical services.

7 (3) Any increased property tax revenues generated for law  
8 enforcement, fire protection or emergency medical services shall be  
9 expended exclusively for these purposes but shall not be used for the  
10 construction or remodeling of buildings.

11 (4) The property tax revenues levied by the city or county have  
12 declined:

13 (A) In one or more of the next preceding three calendar years and the  
14 increase in the amount of funding for the budget or appropriation from  
15 revenue produced from property taxes does not exceed the average amount  
16 of funding from such revenue of the next preceding three calendar years,  
17 adjusted to reflect changes in the consumer price index for all urban  
18 consumers as published by the United States department of labor for the  
19 preceding calendar year; or

20 (B) the increase in the amount of ad valorem tax to be levied is less  
21 than the change in the consumer price index plus the loss of assessed  
22 property valuation that has occurred as the result of legislative action,  
23 judicial action or a ruling by the board of tax appeals.

24 (5) Whenever a city or county is required by law to levy taxes for the  
25 financing of the budget of any political or governmental subdivision of this  
26 state that is not authorized by law to levy taxes on its own behalf, and the  
27 governing body of such city or county is not authorized or empowered to  
28 modify or reduce the amount of taxes levied therefore, the tax levies of the  
29 political or governmental subdivision shall not be included in or  
30 considered in computing the aggregate limitation upon the property tax  
31 levies of the city or county.

32 (6) *Any tax levy increase as a result of another taxing entity being  
33 dissolved and all powers, responsibilities, duties and liabilities of the  
34 taxing entity have been transferred to a city located in the county in which  
35 the taxing entity is located, or to the county in which the taxing entity is  
36 located, to carry on the function and responsibilities of the dissolved  
37 taxing entity, so long as the levy increase does not exceed the levy of the  
38 dissolved taxing entity.*

39 Sec. 6. K.S.A. 2018 Supp. 79-32,120 is hereby amended to read as  
40 follows: 79-32,120. (a) (1) *For all tax years prior to tax year 2018, if  
41 federal taxable income of an individual is determined by itemizing  
42 deductions from such individual's federal adjusted gross income, such  
43 individual may elect to deduct the Kansas itemized deduction in lieu of the*

1 Kansas standard deduction. *For tax year 2018, and all tax years thereafter,*  
2 *an individual may elect to deduct the Kansas itemized deduction in lieu of*  
3 *the Kansas standard deduction regardless of whether or not such*  
4 *individual's federal taxable income is determined by itemizing deductions*  
5 *from such individual's federal adjusted gross income.*

6 ~~(2) For the tax year commencing on January 1, 2013, the Kansas~~  
7 ~~itemized deduction of an individual means 70% of the total amount of~~  
8 ~~deductions from federal adjusted gross income, other than federal~~  
9 ~~deductions for personal exemptions, as provided in the federal internal~~  
10 ~~revenue code with the modifications specified in this section.~~

11 ~~(3) For the tax year commencing on January 1, 2014, the Kansas~~  
12 ~~itemized deduction of an individual means 65% of the total amount of~~  
13 ~~deductions from federal adjusted gross income, other than federal~~  
14 ~~deductions for personal exemptions, as provided in the federal internal~~  
15 ~~revenue code with the modifications specified in this section.~~

16 ~~(4)~~ For the tax years commencing on and after January 1, 2015, and  
17 ending before January 1, 2018, the Kansas itemized deduction of an  
18 individual means the following deductions from federal adjusted gross  
19 income, other than federal deductions for personal exemptions, as  
20 provided in the federal internal revenue code with the modifications  
21 specified in this section: (A) 100% of charitable contributions that qualify  
22 as charitable contributions allowable as deductions in section 170 of the  
23 federal internal revenue code; (B) 50% of the amount of qualified  
24 residence interest as provided in section 163(h) of the federal internal  
25 revenue code; and (C) 50% of the amount of taxes on real and personal  
26 property as provided in section 164(a) of the federal internal revenue code.

27 ~~(5)~~(3) For the tax year commencing on and after January 1, 2018, and  
28 ending before January 1, 2019, the Kansas itemized deduction of an  
29 individual means the following deductions from federal adjusted gross  
30 income, other than federal deductions for personal exemptions, as  
31 provided in the federal internal revenue code with the modifications  
32 specified in this section: (A) 100% of charitable contributions that qualify  
33 as charitable contributions allowable as deductions in section 170 of the  
34 federal internal revenue code; (B) 50% of expenses for medical care  
35 allowable as deductions in section 213 of the federal internal revenue  
36 code; (C) 50% of the amount of qualified residence interest as provided in  
37 section 163(h) of the federal internal revenue code; and (D) 50% of the  
38 amount of taxes on real and personal property as provided in section  
39 164(a) of the federal internal revenue code.

40 ~~(6)~~ For the tax year commencing on and after January 1, 2019, and  
41 ending before January 1, 2020, the Kansas itemized deduction of an  
42 individual means the following deductions from federal adjusted gross  
43 income, other than federal deductions for personal exemptions, as

1 provided in the federal internal revenue code with the modifications  
 2 specified in this section: (A) 100% of charitable contributions that qualify  
 3 as charitable contributions allowable as deductions in section 170 of the  
 4 federal internal revenue code; (B) 75% of expenses for medical care  
 5 allowable as deductions in section 213 of the federal internal revenue  
 6 code; (C) 75% of the amount of qualified residence interest as provided in  
 7 section 163(h) of the federal internal revenue code; and (D) 75% of the  
 8 amount of taxes on real and personal property as provided in section  
 9 164(a) of the federal internal revenue code.

10 ~~(7)(4)~~ For the tax years commencing on and after January 1, ~~2020~~  
 11 ~~2019~~, the Kansas itemized deduction of an individual means the following  
 12 deductions from federal adjusted gross income, other than federal  
 13 deductions for personal exemptions, as provided in the federal internal  
 14 revenue code with the modifications specified in this section: (A) 100% of  
 15 charitable contributions that qualify as charitable contributions allowable  
 16 as deductions in section 170 of the federal internal revenue code; (B)  
 17 100% of expenses for medical care allowable as deductions in section 213  
 18 of the federal internal revenue code; (C) 100% of the amount of qualified  
 19 residence interest as provided in section 163(h) of the federal internal  
 20 revenue code; and (D) 100% of the amount of taxes on real and personal  
 21 property as provided in section 164(a) of the federal internal revenue code.

22 (b) The total amount of deductions from federal adjusted gross  
 23 income shall be reduced by the total amount of income taxes imposed by  
 24 or paid to this state or any other taxing jurisdiction to the extent that the  
 25 same are deducted in determining the federal itemized deductions and by  
 26 the amount of all depreciation deductions claimed for any real or tangible  
 27 personal property upon which the deduction allowed by K.S.A. 2018  
 28 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,  
 29 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

30 (c) *A taxpayer may file an amended return on or before December*  
 31 *31, 2019, in order to elect to deduct the Kansas itemized deduction in lieu*  
 32 *of the Kansas standard deduction pursuant to subsection (a)(1) for tax*  
 33 *year 2018.*

34 Sec. 7. K.S.A. 2018 Supp. 79-32,143a is hereby amended to read as  
 35 follows: 79-32,143a. (a) For taxable years beginning after December 31,  
 36 ~~2011~~ 2018, a taxpayer may elect to take an expense deduction from  
 37 Kansas net income before expensing or recapture allocated or apportioned  
 38 to this state for the cost of the following property placed in service in this  
 39 state during the taxable year: (1) Tangible property eligible for  
 40 depreciation under the modified accelerated cost recovery system in  
 41 section 168 of the internal revenue code, as amended, but not including  
 42 residential rental property, nonresidential real property, any railroad  
 43 grading or tunnel bore or any other property with an applicable recovery

1 period in excess of 25 years as defined under section 168(c) or (g) of the  
2 internal revenue code, as amended; and (2) computer software as defined  
3 in section 197(e)(3)(B) of the internal revenue code, as amended, and as  
4 described in section 197(e)(3)(A)(i) of the internal revenue code, as  
5 amended, to which section 167 of the internal revenue code, as amended,  
6 applies. If such election is made, the amount of expense deduction for such  
7 cost shall equal the difference between the depreciable cost of such  
8 property for federal income tax purposes and the *sum of the* amount of  
9 bonus depreciation being claimed for such property pursuant to section  
10 168(k) *and the amount of expensing deduction being claimed for such*  
11 *property pursuant to section 179* of the internal revenue code, as amended,  
12 for federal income tax purposes in such tax year, ~~but without regard to any~~  
13 ~~expense deduction being claimed for such property under section 179 of~~  
14 ~~the internal revenue code, as amended,~~ multiplied by the applicable factor,  
15 determined by using, the table provided in subsection (f), based on the  
16 method of depreciation selected pursuant to section 168(b)(1), (2), or (3)  
17 or (g) of the internal revenue code, as amended, and the applicable  
18 recovery period for such property as defined under section 168(c) or (g) of  
19 the internal revenue code, as amended. This election shall be made by the  
20 due date of the original return, including any extensions, and may be made  
21 only for the taxable year in which the property is placed in service, and  
22 once made, shall be irrevocable. ~~If the section 179 expense deduction~~  
23 ~~election has been made for federal income tax purposes for any asset, the~~  
24 ~~applicable factor to be utilized is in the IRC § 168 (b)(1) column of the~~  
25 ~~table provided in subsection (f) for the applicable recovery period of the~~  
26 ~~respective assets.~~

27 (b) If the amount of expense deduction calculated pursuant to  
28 subsection (a) exceeds the taxpayer's Kansas net income before expensing  
29 or recapture allocated or apportioned to this state, such excess amount  
30 shall be treated as a Kansas net operating loss as provided in K.S.A. 79-  
31 32,143, and amendments thereto.

32 (c) If the property for which an expense deduction is taken pursuant  
33 to subsection (a) is subsequently sold during the applicable recovery  
34 period for such property as defined under section 168(c) of the internal  
35 revenue code, as amended, and in a manner that would cause recapture of  
36 any previously taken expense or depreciation deductions for federal  
37 income tax purposes, or if the situs of such property is otherwise changed  
38 such that the property is relocated outside the state of Kansas during such  
39 applicable recovery period, then the expense deduction determined  
40 pursuant to subsection (a) shall be subject to recapture and treated as  
41 Kansas taxable income allocated to this state. The amount of recapture  
42 shall be the Kansas expense deduction determined pursuant to subsection  
43 (a) multiplied by a fraction, the numerator of which is the number of years

1 remaining in the applicable recovery period for such property as defined  
 2 under section 168(c) or (g) of the internal revenue code, as amended, after  
 3 such property is sold or removed from the state including the year of such  
 4 disposition, and the denominator of which is the total number of years in  
 5 such applicable recovery period.

6 (d) The situs of tangible property for purposes of claiming and  
 7 recapture of the expense deduction shall be the physical location of such  
 8 property. If such property is mobile, the situs shall be the physical location  
 9 of the business operations from where such property is used or based. The  
 10 situs of computer software shall be apportioned to Kansas based on the  
 11 fraction, the numerator of which is the number of the taxpayer's users  
 12 located in Kansas of licenses for such computer software used in the active  
 13 conduct of the taxpayer's business operations, and the denominator of  
 14 which is the total number of the taxpayer's users of the licenses for such  
 15 computer software used in the active conduct of the taxpayer's business  
 16 operations everywhere.

17 (e) Any member of a unitary group filing a combined report may  
 18 elect to take an expense deduction pursuant to subsection (a) for an  
 19 investment in property made by any member of the combined group,  
 20 provided that the amount calculated pursuant to subsection (a) may only be  
 21 deducted from the Kansas net income before expensing or recapture  
 22 allocated to or apportioned to this state by such member making the  
 23 election.

24 (f) The following table shall be used in determining the expense  
 25 deduction calculated pursuant to subsection (a):

Factors				
IRC§168 Recover Period (year)	IRC§168(b)(1) Depreciation Method	IRC§168(b)(2) Depreciation Method	IRC§168(b)(3) or (g) Depreciation Method	
2.5	*	.077	.092	
3	.075	.091	.106	
3.5	*	.102	.116	
4	*	.114	.129	
5	.116	.135	.150	
6	*	.154	.170	
6.5	*	.163	.179	
7	.151	.173	.190	
7.5	*	.181	.199	
8	*	.191	.208	
8.5	*	.199	.217	
9	*	.208	.226	
9.5	*	.216	.235	
10	.198	.224	.244	
10.5	*	.232	.252	



1	11	*	.240	.261
2	11.5	*	.248	.269
3	12	*	.256	.277
4	12.5	*	.263	.285
5	13	*	.271	.293
6	13.5	*	.278	.300
7	14	*	.285	.308
8	15	*	.299	.323
9	16	*	.313	.337
10	16.5	*	.319	.344
11	17	*	.326	.351
12	18	*	.339	.365
13	19	*	.351	.378
14	20	*	.363	.391
15	22	*	.386	.415
16	24	*	.408	.438
17	25	*	.419	.449

18 \*Not Applicable

19 (g) If a taxpayer elects to expense any investment pursuant to  
 20 subsection (a), such taxpayer shall not be eligible for any tax credit,  
 21 accelerated depreciation, or deduction for such investment allowed  
 22 pursuant to K.S.A. 2018 Supp. 79-32,160a(e), 79-32,182b, 79-32,201, 79-  
 23 32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-  
 24 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-  
 25 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and  
 26 amendments thereto.

27 (h) (1) For tax year 2013, the deduction allowed by this section shall  
 28 only be available to taxpayers subject to the income tax on corporations  
 29 imposed pursuant to ~~subsection (e) of K.S.A. 79-32,110(c)~~, and  
 30 amendments thereto, and used only to determine such taxpayer's corporate  
 31 income tax liability.

32 (2) For tax ~~year~~ *years* 2014, ~~and all tax years thereafter~~ 2015, 2016,  
 33 2017 and 2018, the deduction allowed by this section shall only be  
 34 available to taxpayers subject to the income tax on corporations imposed  
 35 pursuant to ~~subsection (e) of K.S.A. 79-32,110(c)~~, and amendments  
 36 thereto, or the privilege tax imposed upon any national banking  
 37 association, state bank, savings bank, trust company or savings and loan  
 38 association pursuant to article 11 of chapter 79 of the Kansas Statutes  
 39 Annotated, and amendments thereto, and used only to determine such  
 40 taxpayer's corporate income or privilege tax liability.

41 (i) *For tax year 2019, and all tax years thereafter, the deduction*  
 42 *allowed by this section shall be available to all taxpayers subject to the*  
 43 *income tax imposed pursuant to K.S.A. 79-32,110, and amendments*

1 *thereto, or the privilege tax imposed upon any national banking*  
2 *association, state bank, savings bank, trust company or savings and loan*  
3 *association pursuant to article 11 of chapter 79 of the Kansas Statutes*  
4 *Annotated, and amendments thereto, and used only to determine such*  
5 *taxpayer's income or privilege tax liability.*

6 Sec. 8. K.S.A. 2018 Supp. 79-3401 is hereby amended to read as  
7 follows: 79-3401. This act, and amendments thereto, shall be known and  
8 may be cited as the "motor-fuel tax law," and as so constituted is  
9 hereinafter referred to as "this act." The following words, terms and  
10 phrases, when used in this act, shall have the meanings ascribed to them in  
11 this section, except in those instances clearly indicating a different  
12 meaning:

13 (a) "Aviation fuel" means motor fuels for use as fuel for aircraft;

14 (b) "agricultural ethyl alcohol" means a motor-vehicle fuel  
15 component with a purity of at least 99%, exclusive of any added  
16 denaturants, denatured in conformity with one of the methods approved by  
17 the United States department of the treasury, bureau of alcohol, tobacco  
18 and firearms, and distilled in the United States of America from grain  
19 produced in the United States of America;

20 (c) "bulk plant" means a motor fuels storage facility, other than a  
21 terminal, that is primarily used to redistribute motor fuels;

22 (d) "dealer" means any person engaged in the retail sale of motor-  
23 vehicle fuels or special fuels;

24 (e) "director" means the director of taxation, a duly authorized  
25 deputy, agent or representative;

26 (f) "distributor" means any person, who:

27 (1) Imports or causes to be imported from any other state or territory  
28 of the United States motor-vehicle fuels or special fuels for such person's  
29 own use in the state of Kansas, or for sale and delivery therein, after the  
30 same shall have come to rest or storage therein, whether or not in the  
31 original package, receptacle or container; or

32 (2) imports or causes to be imported, from a foreign country, motor-  
33 vehicle fuels or special fuels for such person's own use in the state of  
34 Kansas, or for sale and delivery therein, after the same shall have come to  
35 rest or storage, whether or not in the original package, receptacle or  
36 container;

37 (3) purchases or receives motor-vehicle fuels or special fuels in the  
38 original package, receptacle or container in the state of Kansas for such  
39 person's own use therein, or for sale and delivery therein, from any person  
40 who has imported the same from any other state or territory of the United  
41 States, or any other nation, in case such motor-vehicle fuels or special  
42 fuels have not, prior to such purchase or receipt, come to rest or storage in  
43 the state of Kansas; or

1 (4) received and, in any manner, uses, sells or delivers motor-vehicle  
2 fuels or special fuels in the state of Kansas on which the tax provided for  
3 in this act has not been previously paid;

4 (g) "exporter" means any person who exports or causes to be  
5 exported motor vehicle fuels or special fuels from Kansas to any other  
6 state or territory of the United States or to a foreign country, for such  
7 person's own use or for sale or delivery therein, whether or not in the  
8 original package, receptacle or container;

9 (h) "importer" means any person who imports or causes to be  
10 imported motor-vehicle fuels or special fuels from any other state or  
11 territory of the United States or from a foreign country, for such person's  
12 own use in the state of Kansas or for sale or delivery therein, whether or  
13 not in the original package, receptacle or container;

14 (i) "liquid fuels" or "motor fuels" means any inflammable liquid by  
15 whatever name such liquid shall be known or sold, which is used, or  
16 practically or commercially usable, either alone or when mixed or  
17 combined in an internal-combustion engine for the generation of power;

18 (j) "manufacturer" or "refiner" means any person who or which  
19 produces, refines, prepares, blends, distills, manufactures or compounds  
20 motor-vehicle fuels or special fuels in the state of Kansas for such person's  
21 own use therein, or for sale or delivery therein. The term "manufacturer"  
22 shall not include any person who or which mechanically separates liquids  
23 from natural gas at production facilities or gathering system pipelines on  
24 the lease. No person who produces, refines, prepares, blends, distills,  
25 manufactures, or compounds motor-vehicle fuels or special fuels shall be  
26 required to render a distributor's (manufacturer's) report as to any  
27 particular lot or lots of motor-vehicle fuels or special fuels until such  
28 motor-vehicle fuels or special fuels have been loaded at a refinery or other  
29 place of production into tank cars, or placed in any tank at such refinery or  
30 other place of production from which any withdrawals are made direct into  
31 tanks, tank wagons or other types of transportation equipment, containers  
32 or facilities;

33 (k) "motor vehicle" means a motor vehicle as defined by K.S.A. 8-  
34 126, and amendments thereto, and which is required to be registered  
35 pursuant to K.S.A. 8-126 et seq., and amendments thereto;

36 (l) "motor-vehicle fuels" means gasoline, casinghead gasoline, natural  
37 gasoline, drip gasoline, aviation gasoline, gasohol, gasoline-oxygenate  
38 blend and any other spark-ignition motor fuel as defined by the 1995  
39 United States department of commerce, national institute of standards and  
40 technology handbook 130 issued December of 1994, and as may  
41 subsequently be defined in rules and regulations which the director may  
42 adopt pursuant to K.S.A. 79-3419, and amendments thereto;

43 (m) "oil inspector" means the director of taxation, a duly authorized

1 deputy, agent or representative;

2 (n) "person" means every natural person, association, partnership,  
3 limited partnership, limited liability company or corporation. When used  
4 in any statute, prescribing and imposing a fine or imprisonment, or both,  
5 the term "person" as applied to firms and associations means the partners  
6 or members thereof and, as applied to corporations, the corporation and the  
7 officers thereof;

8 (o) "public highways" means and includes every way or place, of  
9 whatever nature, generally open to the use of the public as a matter of  
10 right, for the purposes of vehicular travel and notwithstanding that the  
11 same shall have been temporarily closed for the purpose of construction,  
12 reconstruction or repair;

13 (p) "received" means motor-vehicle fuel or special fuel produced,  
14 refined, prepared, distilled, manufactured, blended or compounded at any  
15 refinery or other place, in the state of Kansas by any person, or imported  
16 into this state from any other state, territory, or foreign country by pipeline  
17 or connecting pipeline at a pipeline terminal or pipeline tank farm for  
18 storage, shall be deemed to be "received" by such person thereat when the  
19 same shall have been loaded at such refinery, pipeline terminal, pipeline  
20 tank farm or other place, into tank cars, tank trucks or other container, or  
21 placed in any tank from which any withdrawals are made direct into tank  
22 cars, tank trucks or other types of transportation equipment, containers or  
23 facilities;

24 (q) "retailer" means a person that engages in the business of selling or  
25 distributing motor fuels to the end user;

26 (r) "school bus" means every bus, as defined by K.S.A. 8-1406, and  
27 amendments thereto, which is: (1) Privately owned and contracted for,  
28 leased or hired by a school district or nonpublic school for the  
29 transportation of pupils, students or school personnel to or from school or  
30 to or from school-related functions or activities; or (2) owned and operated  
31 by a school district or nonpublic school which is registered under the  
32 provisions of K.S.A. 8-126 et seq., and amendments thereto, used for the  
33 transportation of pupils, students or school personnel to or from school or  
34 to or from school-related functions or activities;

35 (s) "special fuels" means all combustible liquids suitable for the  
36 generation of power for the propulsion of motor vehicles including, but not  
37 limited to, diesel fuel, ~~alcohol~~ and such fuels not defined under the motor-  
38 vehicle fuels definition, hereinafter referred to as motor-vehicle fuel;

39 (t) "terminal" means a fuel storage and distribution facility that is  
40 supplied by motor vehicle, pipeline or marine vessel, and from which  
41 motor fuels may be removed at a rack. "Terminal" does not include any  
42 facility at which motor fuel blend stocks and additives are used in the  
43 manufacture of products other than motor fuels and from which no motor

1 fuels are removed;

2 (u) "terminal operator" means the person who by ownership or  
3 contractual agreement is charged with the responsibility for, or physical  
4 control over, and operation of a terminal;

5 (v) "transporter" means a person who has been issued a liquid-fuels  
6 carrier's license pursuant to K.S.A. 55-506 et seq., and amendments  
7 thereto; and

8 (w) "E85 fuels" means an alternative fuel that is a blend of denatured  
9 ethanol and hydrocarbon that typically contains 85% ethanol by volume,  
10 but at a minimum must contain 70% ethanol by volume, and complies with  
11 ASTM specification D5798-99.

12 Sec. 9. K.S.A. 2018 Supp. 79-3606 is hereby amended to read as  
13 follows: 79-3606. The following shall be exempt from the tax imposed by  
14 this act:

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

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

42 (c) all sales of tangible personal property or services, including the  
43 renting and leasing of tangible personal property, purchased directly by a

1 public or private elementary or secondary school or public or private  
2 nonprofit educational institution and used primarily by such school or  
3 institution for nonsectarian programs and activities provided or sponsored  
4 by such school or institution or in the erection, repair or enlargement of  
5 buildings to be used for such purposes. The exemption herein provided  
6 shall not apply to erection, construction, repair, enlargement or equipment  
7 of buildings used primarily for human habitation;

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

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

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

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

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

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

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

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

41 (j) meals served without charge or food used in the preparation of  
42 such meals to employees of any restaurant, eating house, dining car, hotel,  
43 drugstore or other place where meals or drinks are regularly sold to the



1 public if such employees' duties are related to the furnishing or sale of  
2 such meals or drinks;

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

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

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

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

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

38 (p) all sales of drugs dispensed pursuant to a prescription order by a  
39 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
40 1626, and amendments thereto. As used in this subsection, "drug" means a  
41 compound, substance or preparation and any component of a compound,  
42 substance or preparation, other than food and food ingredients, dietary  
43 supplements or alcoholic beverages, recognized in the official United

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

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 state board of healing arts;

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

32 (s) except as provided in K.S.A. 2018 Supp. 82a-2101, and  
33 amendments thereto, all sales of tangible personal property or services  
34 purchased directly or indirectly by a groundwater management district  
35 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
36 amendments thereto, by a rural water district organized or operating under  
37 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
38 supply district organized or operating under the authority of K.S.A. 19-  
39 3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which  
40 property or services are used in the construction activities, operation or  
41 maintenance of the district;

42 (t) all sales of farm machinery and equipment or aquaculture  
43 machinery and equipment, repair and replacement parts therefor and

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

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

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

41 (w) all sales of natural gas, electricity, heat and water delivered  
42 through mains, lines or pipes: (1) To residential premises for  
43 noncommercial use by the occupant of such premises; (2) for agricultural

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

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

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

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

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

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

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

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

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

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

35 (ff) on and after July 1, 1988, all sales of new mobile homes or  
36 manufactured homes to the extent of 40% of the gross receipts, determined  
37 without regard to any trade-in allowance, received from such sale. As used  
38 in this subsection, "mobile homes" and "manufactured homes" mean the  
39 same as defined in K.S.A. 58-4202, and amendments thereto;

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

43 (hh) all sales of medical supplies and equipment, including durable

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

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

19 (jj) all sales of tangible personal property or services, including the  
20 renting and leasing of tangible personal property, purchased directly on  
21 behalf of a community-based facility for people with intellectual disability  
22 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
23 amendments thereto, and licensed in accordance with the provisions of  
24 K.S.A. 2018 Supp. 39-2001 et seq., and amendments thereto, and all sales  
25 of tangible personal property or services purchased by contractors during  
26 the time period from July, 2003, through June, 2006, for the purpose of  
27 constructing, equipping, maintaining or furnishing a new facility for a  
28 community-based facility for people with intellectual disability or mental  
29 health center located in Riverton, Cherokee County, Kansas, that would  
30 have been eligible for sales tax exemption pursuant to this subsection if  
31 purchased directly by such facility or center. This exemption shall not  
32 apply to tangible personal property customarily used for human habitation  
33 purposes;

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

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

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

41 (2) For purposes of this subsection:

42 (A) "Integrated production operation" means an integrated series of  
43 operations engaged in at a manufacturing or processing plant or facility to

1 process, transform or convert tangible personal property by physical,  
2 chemical or other means into a different form, composition or character  
3 from that in which it originally existed. Integrated production operations  
4 shall include: (i) Production line operations, including packaging  
5 operations; (ii) preproduction operations to handle, store and treat raw  
6 materials; (iii) post production handling, storage, warehousing and  
7 distribution operations; and (iv) waste, pollution and environmental  
8 control operations, if any;

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

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

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

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

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

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

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

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

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

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

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

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

38 (F) to plan, manage, control or record the receipt and flow of  
39 inventories of raw materials, consumables and component parts, the flow  
40 of the property undergoing manufacturing or processing and the  
41 management of inventories of the finished product;

42 (G) to produce energy for, lubricate, control the operating of or  
43 otherwise enable the functioning of other production machinery and



1 equipment and the continuation of production operations;

2 (H) to package the property being manufactured or processed in a  
3 container or wrapping in which such property is normally sold or  
4 transported;

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

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

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

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

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

21 (4) The following machinery, equipment and materials shall be  
22 deemed to be exempt even though it may not otherwise qualify as  
23 machinery and equipment used as an integral or essential part of an  
24 integrated production operation: (A) Computers and related peripheral  
25 equipment that are utilized by a manufacturing or processing business for  
26 engineering of the finished product or for research and development or  
27 product design; (B) machinery and equipment that is utilized by a  
28 manufacturing or processing business to manufacture or rebuild tangible  
29 personal property that is used in manufacturing or processing operations,  
30 including tools, dies, molds, forms and other parts of qualifying machinery  
31 and equipment; (C) portable plants for aggregate concrete, bulk cement  
32 and asphalt including cement mixing drums to be attached to a motor  
33 vehicle; (D) industrial fixtures, devices, support facilities and special  
34 foundations necessary for manufacturing and production operations, and  
35 materials and other tangible personal property sold for the purpose of  
36 fabricating such fixtures, devices, facilities and foundations. An exemption  
37 certificate for such purchases shall be signed by the manufacturer or  
38 processor. If the fabricator purchases such material, the fabricator shall  
39 also sign the exemption certificate; (E) a manufacturing or processing  
40 business' laboratory equipment that is not located at the plant or facility,  
41 but that would otherwise qualify for exemption under subsection (3)(E);  
42 (F) all machinery and equipment used in surface mining activities as  
43 described in K.S.A. 49-601 et seq., and amendments thereto, beginning

1 from the time a reclamation plan is filed to the acceptance of the  
2 completed final site reclamation.

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

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

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

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

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

21 (E) furniture and other furnishings;

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

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

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

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

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

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

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

1 necessary to administer the provisions of this subsection;

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

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

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

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

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

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

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

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

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

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

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

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

13 (2) the Kansas alliance for the mentally ill, inc. for the purpose of  
14 advocacy for persons with mental illness and to education, research and  
15 support for their families;

16 (3) the Kansas mental illness awareness council for the purposes of  
17 advocacy for persons who are mentally ill and for education, research and  
18 support for them and their families;

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

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

29 (6) the Kansas chapters of the Alzheimer's disease and related  
30 disorders association, inc. for the purpose of providing assistance and  
31 support to persons in Kansas with Alzheimer's disease, and their families  
32 and caregivers;

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

36 (8) the national kidney foundation of Kansas and western Missouri  
37 for the purpose of eliminating kidney disease through medical research  
38 and public and private education related to such disease;

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

42 (10) the cystic fibrosis foundation, heart of America chapter, for the  
43 purposes of assuring the development of the means to cure and control

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

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

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

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

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

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

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

26 (17) the dream factory, inc., for the purpose of granting the dreams of  
27 children with critical and chronic illnesses;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

1 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;  
2 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
3 sales of materials and services purchased by any class II or III railroad as  
4 classified by the federal surface transportation board for the construction,  
5 renovation, repair or replacement of class II or III railroad track and  
6 facilities used directly in interstate commerce. In the event any such track  
7 or facility for which materials and services were purchased sales tax  
8 exempt is not operational for five years succeeding the allowance of such  
9 exemption, the total amount of sales tax that would have been payable  
10 except for the operation of this subsection shall be recouped in accordance  
11 with rules and regulations adopted for such purpose by the secretary of  
12 revenue;

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

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

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

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

41 (iii) all sales of personal property and services purchased by an  
42 organization that is exempt from federal income taxation pursuant to  
43 section 501(c)(3) of the federal internal revenue code of 1986, and such

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

1 and, upon conviction therefor, shall be subject to the penalties provided for  
2 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
3 July 1, 2005, but prior to the effective date of this act upon the gross  
4 receipts received from any sale exempted by the amendatory provisions of  
5 this subsection shall be refunded. Each claim for a sales tax refund shall be  
6 verified and submitted to the director of taxation upon forms furnished by  
7 the director and shall be accompanied by any additional documentation  
8 required by the director. The director shall review each claim and shall  
9 refund that amount of sales tax paid as determined under the provisions of  
10 this subsection. All refunds shall be paid from the sales tax refund fund  
11 upon warrants of the director of accounts and reports pursuant to vouchers  
12 approved by the director or the director's designee;

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

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

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

43 (nnn) all sales of tangible personal property and services purchased

1 by the west Sedgwick county-sunrise rotary club and sunrise charitable  
2 fund for the purpose of constructing a boundless playground which is an  
3 integrated, barrier free and developmentally advantageous play  
4 environment for children of all abilities and disabilities;

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

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

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

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

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

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

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

30 (ttt) all sales of tangible personal property or services purchased by a  
31 contractor for a project for the purpose of restoring, constructing,  
32 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
33 remodeling a home or facility owned by a nonprofit museum that has been  
34 granted an exemption pursuant to subsection (qq), which such home or  
35 facility is located in a city that has been designated as a qualified  
36 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
37 amendments thereto, and which such project is related to the purposes of  
38 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
39 exempt from taxation under the provisions of this section if purchased  
40 directly by such nonprofit museum. Nothing in this subsection shall be  
41 deemed to exempt the purchase of any construction machinery, equipment  
42 or tools used in the restoring, constructing, equipping, reconstructing,  
43 maintaining, repairing, enlarging, furnishing or remodeling a home or

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

32 (uuu) all sales of tangible personal property and services purchased  
33 by Kansas children's service league, hereinafter referred to as KCSL,  
34 which is exempt from federal income taxation pursuant to section 501(c)  
35 (3) of the federal internal revenue code of 1986, and which such property  
36 and services are used for the purpose of providing for the prevention and  
37 treatment of child abuse and maltreatment as well as meeting additional  
38 critical needs for children, juveniles and family, and all sales of any such  
39 property by or on behalf of KCSL for any such purpose; and all sales of  
40 tangible personal property or services purchased by a contractor for the  
41 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
42 remodeling facilities for the operation of services for KCSL for any such  
43 purpose that would be exempt from taxation under the provisions of this



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

34 (vvv) all sales of tangible personal property or services, including the  
35 renting and leasing of tangible personal property or services, purchased by  
36 jazz in the woods, inc., a Kansas corporation that is exempt from federal  
37 income taxation pursuant to section 501(c)(3) of the federal internal  
38 revenue code, for the purpose of providing jazz in the woods, an event  
39 benefiting children-in-need and other nonprofit charities assisting such  
40 children, and all sales of any such property by or on behalf of such  
41 organization for such purpose;

42 (www) all sales of tangible personal property purchased by or on  
43 behalf of the Frontenac education foundation, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal  
2 internal revenue code, for the purpose of providing education support for  
3 students, and all sales of any such property by or on behalf of such  
4 organization for such purpose;

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

1 dispose of any materials purchased under such a certificate for any purpose  
2 other than that for which such a certificate is issued without the payment  
3 of the sales or compensating tax otherwise imposed upon such materials,  
4 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
5 subject to the penalties provided for in K.S.A. 79-3615(h), and  
6 amendments thereto. Sales tax paid on and after January 1, 2007, but prior  
7 to the effective date of this act upon the gross receipts received from any  
8 sale which would have been exempted by the provisions of this subsection  
9 had such sale occurred after the effective date of this act shall be refunded.  
10 Each claim for a sales tax refund shall be verified and submitted to the  
11 director of taxation upon forms furnished by the director and shall be  
12 accompanied by any additional documentation required by the director.  
13 The director shall review each claim and shall refund that amount of sales  
14 tax paid as determined under the provisions of this subsection. All refunds  
15 shall be paid from the sales tax refund fund upon warrants of the director  
16 of accounts and reports pursuant to vouchers approved by the director or  
17 the director's designee;

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

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

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

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

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

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

1 charges, by or on behalf of such organization for such purpose;

2 (dddd) all sales of tangible personal property or services purchased  
3 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
4 of which are exempt from federal income taxation pursuant to section  
5 501(c)(3) of the federal internal revenue code, for the purpose of providing  
6 education, training and employment opportunities for people with  
7 disabilities and other barriers to employment;

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

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

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

18 (gggg) all sales of game birds for which the primary purpose is use in  
19 hunting;

20 (hhhh) all sales of tangible personal property or services purchased  
21 on or after July 1, 2014, for the purpose of and in conjunction with  
22 constructing, reconstructing, enlarging or remodeling a business identified  
23 under the North American industry classification system (NAICS)  
24 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
25 installation of machinery and equipment purchased for installation at any  
26 such business. The exemption provided in this subsection shall not apply  
27 to projects that have actual total costs less than \$50,000. When a person  
28 contracts for the construction, reconstruction, enlargement or remodeling  
29 of any such business, such person shall obtain from the state and furnish to  
30 the contractor an exemption certificate for the project involved, and the  
31 contractor may purchase materials, machinery and equipment for  
32 incorporation in such project. The contractor shall furnish the number of  
33 such certificates to all suppliers from whom such purchases are made, and  
34 such suppliers shall execute invoices covering the same bearing the  
35 number of such certificate. Upon completion of the project, the contractor  
36 shall furnish to the owner of the business a sworn statement, on a form to  
37 be provided by the director of taxation, that all purchases so made were  
38 entitled to exemption under this subsection. All invoices shall be held by  
39 the contractor for a period of five years and shall be subject to audit by the  
40 director of taxation. Any contractor or any agent, employee or  
41 subcontractor of the contractor, who shall use or otherwise dispose of any  
42 materials, machinery or equipment purchased under such a certificate for  
43 any purpose other than that for which such a certificate is issued without

1 the payment of the sales or compensating tax otherwise imposed thereon,  
2 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
3 subject to the penalties provided for in K.S.A. 79-3615(h), and  
4 amendments thereto;

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

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

1 or on behalf of the beacon, inc., that is exempt from federal income  
2 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
3 for the purpose of providing those desiring help with food, shelter, clothing  
4 and other necessities of life during times of special need;

5 (kkkk) all sales of tangible personal property and services purchased  
6 by or on behalf of reaching out from within, inc., which is exempt from  
7 federal income taxation pursuant to section 501(c)(3) of the federal  
8 internal revenue code, for the purpose of sponsoring self-help programs for  
9 incarcerated persons that will enable such incarcerated persons to become  
10 role models for non-violence while in correctional facilities and productive  
11 family members and citizens upon return to the community; ~~and~~

12 (llll) all sales of tangible personal property and services purchased by  
13 Gove county healthcare endowment foundation, inc., which is exempt  
14 from federal income taxation pursuant to section 501(c)(3) of the federal  
15 internal revenue code of 1986, and which such property and services are  
16 used for the purpose of constructing and equipping an airport in Quinter,  
17 Kansas, and all sales of tangible personal property or services purchased  
18 by a contractor for the purpose of constructing and equipping an airport in  
19 Quinter, Kansas, for such organization, that would be exempt from  
20 taxation under the provisions of this section if purchased directly by such  
21 organization. Nothing in this subsection shall be deemed to exempt the  
22 purchase of any construction machinery, equipment or tools used in the  
23 constructing or equipping of facilities for such organization. When such  
24 organization shall contract for the purpose of constructing or equipping an  
25 airport in Quinter, Kansas, 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 from  
29 whom such purchases are made, and such suppliers shall execute invoices  
30 covering the same bearing the number of such certificate. Upon  
31 completion of the project, the contractor shall furnish to such organization  
32 concerned 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 five  
35 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 such facilities or not to have been returned for credit or the  
38 sales or compensating tax otherwise imposed upon such materials that will  
39 not be so incorporated in such facilities reported and paid by such  
40 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
41 following the close of the month in which it shall be determined that such  
42 materials will not be used for the purpose for which such certificate was  
43 issued, such organization concerned shall be liable for tax on all materials



1 purchased for the project, and upon payment thereof it may recover the  
2 same from the contractor together with reasonable attorney fees. Any  
3 contractor or any agent, employee or subcontractor thereof, who purchased  
4 under such a certificate for any purpose other than that for which such a  
5 certificate is issued without the payment of the sales or compensating tax  
6 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
7 and, upon conviction therefor, shall be subject to the penalties provided for  
8 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
9 subsection shall expire and have no effect on and after July 1, 2019;

10 *(mmmm) all sales of gold or silver coins; and palladium, platinum,*  
11 *gold or silver bullion. For the purposes of this subsection, "bullion" means*  
12 *bars, ingots, or commemorative medallions of gold, silver, platinum,*  
13 *palladium, or a combination thereof, for which the value of the metal*  
14 *depends on its content and not the form; and*

15 *(nnnn) all sales of tangible personal property and services purchased*  
16 *by midland care connection, inc., that is exempt from federal income*  
17 *taxation pursuant to section 501(c)(3) of the federal internal revenue code*  
18 *of 1986, and such property and services are used for the purpose of*  
19 *providing healthcare services to persons in the community.*

20 Sec. 10. K.S.A. 74-50,222 and K.S.A. 2018 Supp. 12-187, 12-189,  
21 79-2925c, 79-32,120, 79-32,143a, 79-3401 and 79-3606 are hereby  
22 repealed.

23 Sec. 11. This act shall take effect and be in force from and after its  
24 publication in the statute book.