

SENATE BILL No. 57

By Committee on Assessment and Taxation

1-18

1 AN ACT concerning taxation; relating to sales and compensating use tax;
2 reducing the rate of tax on sales of food and food ingredients; providing
3 an exemption for sales of children's diapers and feminine hygiene
4 products; relating to STAR bonds; establishing the STAR bonds food
5 sales tax revenue replacement fund and providing certain transfers
6 thereto; altering the calculation for STAR bond districts; relating to
7 income tax; discontinuing the food sales tax credit; amending K.S.A.
8 12-17,162 and K.S.A. 2022 Supp. 79-32,271, 79-3603, 79-3603d, 79-
9 3606, 79-3620, 79-3703 and 79-3710 and repealing the existing
10 sections.
11

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

13 New Section 1. (a) Commencing on June 15, 2023, and on the 15th
14 day of each month thereafter, for each STAR bond project district
15 established prior to July 1, 2022, the secretary of revenue shall certify to
16 the director of the budget and the director of accounts and reports the
17 amount of revenue that would have been generated from sales of food and
18 food ingredients if the state rate for the Kansas retailers' sales tax provided
19 in K.S.A. 79-3603, and amendments thereto, and the Kansas compensating
20 use tax provided in K.S.A. 79-3703, and amendments thereto, on the sale
21 of food and food ingredients had been 6.5%. The secretary of revenue shall
22 certify such amounts for the entirety of the month that occurred two
23 months prior.

24 (b) Commencing on June 25, 2023, and on the 25th day of each
25 successive month, the director of accounts and reports shall certify to the
26 state treasurer the amounts certified pursuant to subsection (a) for the
27 previous month.

28 (c) Commencing on July 1, 2023, and on the 1st day of each month
29 thereafter, the state treasurer shall transfer from the state general fund to
30 the STAR bonds food sales tax revenue replacement fund the aggregate of
31 all amounts certified pursuant to subsection (b). The state treasurer shall
32 pay from the STAR bonds food sales tax revenue replacement fund to the
33 city bond finance fund the amount to account for the tax not collected as a
34 result of the decrease in retailers' sales tax and compensating use tax on the
35 sale of food and food ingredients that is certified pursuant to subsection (b)
36 for each jurisdiction.

1 (d) There is hereby created the STAR bonds food sales tax revenue
2 replacement fund. Such fund shall be administered by the state treasurer.
3 All expenditures from the STAR bonds food sales tax revenue replacement
4 fund shall be made in accordance with appropriations acts upon warrants
5 of the director of accounts and reports issued pursuant to vouchers
6 approved by the state treasurer or a person or persons designated by the
7 state treasurer.

8 (e) The provisions of this section shall be a part of and supplemental
9 to the STAR bonds financing act.

10 Sec. 2. K.S.A. 12-17,162 is hereby amended to read as follows: 12-
11 17,162. As used in the STAR bonds financing act, unless a different
12 meaning clearly appears from the context:

13 (a) "Auto race track facility" means: (1) An auto race track facility
14 and facilities directly related and necessary to the operation of an auto race
15 track facility, including, but not limited to, grandstands, suites and viewing
16 areas, concessions, souvenir facilities, catering facilities, visitor and retail
17 centers, signage and temporary hospitality facilities, but excluding (2)
18 hotels, motels, restaurants and retail facilities, not directly related to or
19 necessary to the operation of such facility.

20 (b) "Commence work" means the manifest commencement of actual
21 operations on the development site, such as, erecting a building,
22 excavating the ground to lay a foundation or a basement or work of like
23 description according to an approved plan of construction, with the
24 intention and purpose to continue work until the project is completed.

25 (c) "De minimis" means an amount less than 15% of the land area
26 within a STAR bond project district.

27 (d) "Developer" means any person, firm, corporation, partnership or
28 limited liability company other than a city and other than an agency,
29 political subdivision or instrumentality of the state. "Developer" includes
30 the names of the owners, partners, officers or principals of the developer
31 for purposes of inclusion of the name of the developer into any
32 application, document or report pursuant to this act if such application,
33 document or report is a public record.

34 (e) "Economic impact study" means a study to project the financial
35 benefit of the project to the local, regional and state economies.

36 (f) "Eligible area" means a historic theater, major tourism area, major
37 motorsports complex, auto race track facility, river walk canal facility,
38 major multi-sport athletic complex, major business facility or a major
39 commercial entertainment and tourism area as determined by the secretary.

40 (g) "Feasibility study" means a feasibility study as defined in K.S.A.
41 12-17,166(b), and amendments thereto.

42 (h) "Historic theater" means a building constructed prior to 1940 that
43 was constructed for the purpose of staging entertainment, including motion

1 pictures, vaudeville shows or operas, that is operated by a nonprofit
2 corporation and is designated by the state historic preservation officer as
3 eligible to be on the Kansas register of historic places or is a member of
4 the Kansas historic theatre association.

5 (i) "Historic theater sales tax increment" means the amount of state
6 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq., 79-
7 3601 et seq. and 79-3701 et seq., and amendments thereto, collected from
8 taxpayers doing business within the historic theater that is in excess of the
9 amount of such taxes collected prior to the designation of the building as a
10 historic theater for purposes of this act.

11 (j) "Major business facility" means a significant business
12 headquarters or office building development designed to draw a substantial
13 number of new visitors to Kansas and that has agreed to provide visitor
14 tracking data to the secretary as requested by the secretary, including, but
15 not limited to, residence zip code information, to be provided or held by
16 the secretary without personally identifiable information. A major business
17 facility shall meet sales tax increment revenue requirements that shall be
18 established by the secretary independent of any associated retail businesses
19 located in the STAR bond project district pursuant to the STAR bond
20 project plan.

21 (k) "Major commercial entertainment and tourism area" means an
22 area that may include, but not be limited to, a major multi-sport athletic
23 complex.

24 (l) "Major motorsports complex" means a complex in Shawnee
25 county that is utilized for the hosting of competitions involving motor
26 vehicles, including, but not limited to, automobiles, motorcycles or other
27 self-propelled vehicles other than a motorized bicycle or motorized
28 wheelchair. Such project may include racetracks, all facilities directly
29 related and necessary to the operation of a motorsports complex,
30 including, but not limited to, parking lots, grandstands, suites and viewing
31 areas, concessions, souvenir facilities, catering facilities, visitor and retail
32 centers, signage and temporary hospitality facilities, but excluding hotels,
33 motels, restaurants and retail facilities not directly related to or necessary
34 to the operation of such facility.

35 (m) "Major tourism area" means an area for which the secretary has
36 made a finding the capital improvements costing not less than
37 \$100,000,000 will be built in the state to construct an auto race track
38 facility.

39 (n) "Major multi-sport athletic complex" means an athletic complex
40 that is utilized for the training of athletes, the practice of athletic teams, the
41 playing of athletic games or the hosting of events. Such project may
42 include playing fields, parking lots and other developments including
43 grandstands, suites and viewing areas, concessions, souvenir facilities,

1 catering facilities, visitor centers, signage and temporary hospitality
2 facilities, but excluding hotels, motels, restaurants and retail facilities, not
3 directly related to or necessary to the operation of such facility.

4 (o) "Market study" means a study to determine the ability of the
5 project to gain market share locally, regionally and nationally and the
6 ability of the project to gain sufficient market share to:

7 (1) Remain profitable past the term of repayment; and

8 (2) maintain status as a significant factor for travel decisions.

9 (p) "Market impact study" means a study to measure the impact of the
10 proposed project on similar businesses in the project's market area.

11 (q) "Museum facility" means a separate newly-constructed museum
12 building and facilities directly related and necessary to the operation
13 thereof, including gift shops and restaurant facilities, but excluding hotels,
14 motels, restaurants and retail facilities not directly related to or necessary
15 to the operation of such facility. The museum facility shall be owned by
16 the state, a city, county, other political subdivision of the state or a non-
17 profit corporation, shall be managed by the state, a city, county, other
18 political subdivision of the state or a non-profit corporation and may not
19 be leased to any developer and shall not be located within any retail or
20 commercial building.

21 (r) "Project" means a STAR bond project.

22 (s) "Project costs" means those costs necessary to implement a STAR
23 bond project plan, including costs incurred for:

24 (1) Acquisition of real property within the STAR bond project area;

25 (2) payment of relocation assistance pursuant to a relocation
26 assistance plan as provided in K.S.A. 12-17,173, and amendments thereto;

27 (3) site preparation including utility relocations;

28 (4) sanitary and storm sewers and lift stations;

29 (5) drainage conduits, channels, levees and river walk canal facilities;

30 (6) street grading, paving, graveling, macadamizing, curbing,
31 guttering and surfacing;

32 (7) street light fixtures, connection and facilities;

33 (8) underground gas, water, heating and electrical services and
34 connections located within the public right-of-way;

35 (9) sidewalks and pedestrian underpasses or overpasses;

36 (10) drives and driveway approaches located within the public right-
37 of-way;

38 (11) water mains and extensions;

39 (12) plazas and arcades;

40 (13) parking facilities and multilevel parking structures devoted to
41 parking only;

42 (14) landscaping and plantings, fountains, shelters, benches,
43 sculptures, lighting, decorations and similar amenities;

- 1 (15) auto race track facility;
- 2 (16) major multi-sport athletic complex;
- 3 (17) museum facility;
- 4 (18) major motorsports complex;
- 5 (19) rural redevelopment project, including costs incurred in
6 connection with the construction or renovation of buildings or other
7 structures;
- 8 (20) related expenses to redevelop and finance the project, except that
9 for a STAR bond project financed with special obligation bonds payable
10 from the revenues described in K.S.A. 12-17,169(a)(1), and amendments
11 thereto, such expenses shall require prior approval by the secretary of
12 commerce; and
- 13 (21) except as specified in paragraphs (1) through (20) above,
14 "project costs" does not include:
- 15 (A) Costs incurred in connection with the construction of buildings or
16 other structures;
- 17 (B) fees and commissions paid to developers, real estate agents,
18 financial advisors or any other consultants who represent the developers or
19 any other businesses considering locating in or located in a STAR bond
20 project district;
- 21 (C) salaries for local government employees;
- 22 (D) moving expenses for employees of the businesses locating within
23 the STAR bond project district;
- 24 (E) property taxes for businesses that locate in the STAR bond project
25 district;
- 26 (F) lobbying costs;
- 27 (G) any bond origination fee charged by the city or county;
- 28 (H) any personal property as defined in K.S.A. 79-102, and
29 amendments thereto; and
- 30 (I) travel, entertainment and hospitality.
- 31 (t) "Projected market area" means any area within the state in which
32 the project is projected to have a substantial fiscal or market impact upon
33 businesses in such area.
- 34 (u) "River walk canal facilities" means a canal and related water
35 features which flow through a major commercial entertainment and
36 tourism area and facilities related or contiguous thereto, including, but not
37 limited to, pedestrian walkways and promenades, landscaping and parking
38 facilities.
- 39 (v) "Rural redevelopment project" means a project that is in an area
40 outside of a metropolitan area with a population of more than 50,000, that
41 is of regional importance, with capital investment of at least \$3,000,000
42 and that will enhance the quality of life in the community and region.
- 43 (w) "Sales tax and revenue" are those revenues available to finance

1 the issuance of special obligation bonds as identified in K.S.A. 12-17,168,
2 and amendments thereto.

3 (x) "STAR bond" means a sales tax and revenue bond.

4 (y) "STAR bond project" means an approved project to implement a
5 project plan for the development of the established STAR bond project
6 district that:

7 (1) (A) Has at least a \$75,000,000 capital investment and
8 \$75,000,000 in projected gross annual sales; or

9 (B) for metropolitan areas with a population of between 50,000 and
10 75,000, has at least a \$40,000,000 capital investment and \$40,000,000 in
11 projected gross annual sales, if the project is deemed of high value by the
12 secretary; or

13 (2) for areas outside of metropolitan areas with a population of more
14 than 50,000, the secretary finds the project:

15 (A) Is an eligible area as defined in subsection (f); and

16 (B) would be of regional or statewide importance;

17 (3) is a major tourism area as defined in subsection (m);

18 (4) is a major motorsports complex, as defined in subsection (l); or

19 (5) is a rural redevelopment project as defined in subsection (v).

20 (z) "STAR bond project area" means the geographic area within the
21 STAR bond project district in which there may be one or more projects.

22 (aa) "STAR bond project district" means the specific area declared to
23 be an eligible area as determined by the secretary in which the city or
24 county may develop one or more STAR bond projects. A "STAR bond
25 project district" includes a redevelopment district, as defined in K.S.A. 12-
26 1770a, and amendments thereto, created prior to the effective date of this
27 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the
28 city creating such redevelopment district submits an application for
29 approval for STAR bond financing to the secretary on or before July 31,
30 2007, and receives a final letter of determination from the secretary
31 approving or disapproving the request for STAR bond financing on or
32 before November 1, 2007. No STAR bond project district shall include
33 real property which has been part of another STAR bond project district
34 unless such STAR bond project and STAR bond project district have been
35 approved by the secretary of commerce pursuant to K.S.A. 12-17,164 and
36 12-17,165, and amendments thereto, prior to March 1, 2016. A STAR bond
37 project district in a metropolitan area with a population of more than
38 50,000, shall be a contiguous parcel of real estate and shall be limited to
39 those areas being developed by the STAR bond project and any area of
40 real property reasonably anticipated to directly benefit from the
41 redevelopment project.

42 (bb) "STAR bond project district plan" means the preliminary plan
43 that identifies all of the proposed STAR bond project areas and identifies

1 in a general manner all of the buildings, facilities and improvements in
2 each that are proposed to be constructed or improved in each STAR bond
3 project area.

4 (cc) "STAR bond project plan" means the plan adopted by a city or
5 county for the development of a STAR bond project or projects in a STAR
6 bond project district.

7 (dd) "Secretary" means the secretary of commerce.

8 (ee) "Substantial change" means, as applicable, a change wherein the
9 proposed plan or plans differ substantially from the intended purpose for
10 which the STAR bond project district plan was approved.

11 (ff) (1) "Tax increment" means that portion of the revenue derived
12 from state and local sales, use and transient guest tax imposed pursuant to
13 K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et
14 seq., and amendments thereto, collected from taxpayers doing business
15 within that portion of a STAR bond project district occupied by a project
16 that is in excess of the amount of base year revenue. For purposes of this
17 subsection, the base year shall be the 12-month period immediately prior
18 to the month in which the STAR bond project district is established. The
19 department of revenue shall determine base year revenue by reference to
20 the revenue collected during the base year from taxpayers doing business
21 within the specific area in which a STAR bond project district is
22 subsequently established. The base year of a STAR bond project district,
23 following the addition of area to the STAR bond project district, shall be
24 the base year for the original area, and with respect to the additional area,
25 the base year shall be any 12-month period immediately prior to the month
26 in which additional area is added to the STAR bond project district. For
27 purposes of this subsection, revenue collected from taxpayers doing
28 business within a STAR bond project district, or within a specific area in
29 which a STAR bond project district is subsequently established shall not
30 include local sales and use tax revenue that is sourced to jurisdictions other
31 than those in which the project is located. The secretary of revenue and the
32 secretary of commerce shall certify the appropriate amount of base year
33 revenue for taxpayers relocating from within the state into a STAR bond
34 district.

35 (2) *For STAR bond project districts with a base year established*
36 *prior to July 1, 2022, there shall be added to the tax increment an amount*
37 *equal to the amount of state sales and use tax revenue that would have*
38 *been derived from the sale of food and food ingredients within the district*
39 *if the state rate of tax had been 6.5%. For STAR bond project districts*
40 *established on or after July 1, 2022, the base year revenue shall not*
41 *include revenue resulting from state sales and use tax on the sale of food*
42 *and food ingredients within the district.*

43 (gg) "Taxpayer" means a person, corporation, limited liability

1 company, S corporation, partnership, registered limited liability
2 partnership, foundation, association, nonprofit entity, sole proprietorship,
3 business trust, group or other entity that is subject to the Kansas income
4 tax act, K.S.A. 79-3201 et seq., and amendments thereto.

5 Sec. 3. K.S.A. 2022 Supp. 79-32,271 is hereby amended to read as
6 follows: 79-32,271.(a) For any taxable year commencing after December
7 31, 2014, and ending prior to January 1, ~~2025~~ 2024, a credit shall be
8 allowed against the tax imposed by the Kansas income tax act on the
9 Kansas taxable income of an individual income taxpayer who purchased
10 food in this state, had federal adjusted gross income for the tax year that
11 did not exceed \$30,615, and meets the qualifications in subsections (b) and
12 (c).

13 (b) During the entire tax year a taxpayer filing single, head of
14 household, or married filing separate, or the taxpayer and the taxpayer's
15 spouse if married filing jointly, must be domiciled in this state. For
16 purposes of this credit, "domicile" shall not include any correctional
17 facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments
18 thereto, any juvenile correctional facility, or portion thereof, as defined in
19 K.S.A. 38-2302, and amendments thereto, any correctional facility of the
20 federal bureau of prisons located in the state of Kansas, or any city or
21 county jail facility in the state of Kansas.

22 (c) During the entire tax year a taxpayer filing single, head of
23 household, or married filing separate, or the taxpayer or the taxpayer's
24 spouse if married filing jointly, must be either: (1) A person having a
25 disability, regardless of age; (2) a person without a disability who is 55
26 years of age or older; or (3) a person without a disability who is younger
27 than 55 years of age who claims an exemption for one or more dependent
28 children under 18 years of age.

29 (d) The amount of the credit shall be \$125 for every exemption
30 claimed on the taxpayer's federal income tax return, except that no
31 exemption shall be counted for a dependent unless the dependent is a child
32 under 18 years of age.

33 (e) The credit allowed under this provision shall be applied against
34 the taxpayer's income tax liability after all other credits allowed under the
35 income tax act. It shall not be refundable and may not be carried forward.

36 (f) (1) Every taxpayer claiming the credit shall supply the division in
37 support of a claim, reasonable proof of domicile, age and disability.

38 (2) A claim alleging disability shall be supported by a report of the
39 examining physician of the claimant with a statement or certificate that the
40 applicant has a disability as defined in subsection (g).

41 (g) "Disability" means: (1) Inability to engage in any substantial
42 gainful activity by reason of any medically determinable physical or
43 mental impairment which can be expected to result in death or has lasted

1 or can be expected to last for a continuous period of not less than 12
2 months, and an individual shall be determined to be under a disability only
3 if the physical or mental impairment or impairments are of such severity
4 that the individual is not only unable to do the individual's previous work
5 but cannot, considering age, education and work experience, engage in any
6 other kind of substantial gainful work which exists in the national
7 economy, regardless of whether such work exists in the immediate area in
8 which the individual lives or whether a specific job vacancy exists for the
9 individual, or whether the individual would be hired if application was
10 made for work. For purposes of this paragraph, with respect to any
11 individual, "work which exists in the national economy" means work
12 which exists in significant numbers either in the region where the
13 individual lives or in several regions of the country; and "physical or
14 mental impairment" means an impairment that results from anatomical,
15 physiological or psychological abnormalities which are demonstrable by
16 medically acceptable clinical and laboratory diagnostic techniques; or

17 (2) blindness and inability by reason of blindness to engage in
18 substantial gainful activity requiring skills or abilities comparable to those
19 of any gainful activity in which the individual has previously engaged with
20 some regularity and over a substantial period of time. For purposes of this
21 paragraph, "blindness" means central visual acuity of $^{20}/_{200}$ or less in the
22 better eye with the use of a correcting lens. An eye which is accompanied
23 by a limitation in the fields of vision such that the widest diameter of the
24 visual field subtends an angle no greater than 20 degrees shall be
25 considered for the purpose of this paragraph as having a central visual
26 acuity of $^{20}/_{200}$ or less.

27 (h) The secretary of revenue is hereby authorized to adopt such rules
28 and regulations as may be necessary for the administration of the
29 provisions of this section.

30 Sec. 4. K.S.A. 2022 Supp. 79-3603 is hereby amended to read as
31 follows: 79-3603. For the privilege of engaging in the business of selling
32 tangible personal property at retail in this state or rendering or furnishing
33 any of the services taxable under this act, there is hereby levied and there
34 shall be collected and paid a tax at the rate of 6.5%. On and after January
35 1, 2023, 17% and on and after ~~January 1, 2025~~ *April 1, 2023*, 18% of the
36 tax rate imposed pursuant to this section and the rate provided in K.S.A.
37 2022 Supp. 79-3603d, and amendments thereto, shall be levied for the
38 state highway fund, the state highway fund purposes and those purposes
39 specified in K.S.A. 68-416, and amendments thereto, and all revenue
40 collected and received from such tax levy shall be deposited in the state
41 highway fund.

42 Within a redevelopment district established pursuant to K.S.A. 74-
43 8921, and amendments thereto, there is hereby levied and there shall be

1 collected and paid an additional tax at the rate of 2% until the earlier of the
2 date the bonds issued to finance or refinance the redevelopment project
3 have been paid in full or the final scheduled maturity of the first series of
4 bonds issued to finance any part of the project.

5 Such tax shall be imposed upon:

6 (a) The gross receipts received from the sale of tangible personal
7 property at retail within this state;

8 (b) the gross receipts from intrastate, interstate or international
9 telecommunications services and any ancillary services sourced to this
10 state in accordance with K.S.A. 79-3673, and amendments thereto, except
11 that telecommunications service does not include: (1) Any interstate or
12 international 800 or 900 service; (2) any interstate or international private
13 communications service as defined in K.S.A. 79-3673, and amendments
14 thereto; (3) any value-added nonvoice data service; (4) any
15 telecommunication service to a provider of telecommunication services
16 which will be used to render telecommunications services, including
17 carrier access services; or (5) any service or transaction defined in this
18 section among entities classified as members of an affiliated group as
19 provided by section 1504 of the federal internal revenue code of 1986, as
20 in effect on January 1, 2001;

21 (c) the gross receipts from the sale or furnishing of gas, water,
22 electricity and heat, which sale is not otherwise exempt from taxation
23 under the provisions of this act, and whether furnished by municipally or
24 privately owned utilities, except that, on and after January 1, 2006, for
25 sales of gas, electricity and heat delivered through mains, lines or pipes to
26 residential premises for noncommercial use by the occupant of such
27 premises, and for agricultural use and also, for such use, all sales of
28 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
29 gas, coal, wood and other fuel sources for the production of heat or
30 lighting for noncommercial use of an occupant of residential premises, the
31 state rate shall be 0%, but such tax shall not be levied and collected upon
32 the gross receipts from: (1) The sale of a rural water district benefit unit;
33 (2) a water system impact fee, system enhancement fee or similar fee
34 collected by a water supplier as a condition for establishing service; or (3)
35 connection or reconnection fees collected by a water supplier;

36 (d) the gross receipts from the sale of meals or drinks furnished at any
37 private club, drinking establishment, catered event, restaurant, eating
38 house, dining car, hotel, drugstore or other place where meals or drinks are
39 regularly sold to the public;

40 (e) the gross receipts from the sale of admissions to any place
41 providing amusement, entertainment or recreation services including
42 admissions to state, county, district and local fairs, but such tax shall not
43 be levied and collected upon the gross receipts received from sales of

1 admissions to any cultural and historical event which occurs triennially;

2 (f) the gross receipts from the operation of any coin-operated device
3 dispensing or providing tangible personal property, amusement or other
4 services except laundry services, whether automatic or manually operated;

5 (g) the gross receipts from the service of renting of rooms by hotels,
6 as defined by K.S.A. 36-501, and amendments thereto, or by
7 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
8 thereto, but such tax shall not be levied and collected upon the gross
9 receipts received from sales of such service to the federal government and
10 any agency, officer or employee thereof in association with the
11 performance of official government duties;

12 (h) the gross receipts from the service of renting or leasing of tangible
13 personal property except such tax shall not apply to the renting or leasing
14 of machinery, equipment or other personal property owned by a city and
15 purchased from the proceeds of industrial revenue bonds issued prior to
16 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
17 12-1749, and amendments thereto, and any city or lessee renting or leasing
18 such machinery, equipment or other personal property purchased with the
19 proceeds of such bonds who shall have paid a tax under the provisions of
20 this section upon sales made prior to July 1, 1973, shall be entitled to a
21 refund from the sales tax refund fund of all taxes paid thereon;

22 (i) the gross receipts from the rendering of dry cleaning, pressing,
23 dyeing and laundry services except laundry services rendered through a
24 coin-operated device whether automatic or manually operated;

25 (j) the gross receipts from the rendering of the services of washing
26 and washing and waxing of vehicles;

27 (k) the gross receipts from cable, community antennae and other
28 subscriber radio and television services;

29 (l) (1) except as otherwise provided by paragraph (2), the gross
30 receipts received from the sales of tangible personal property to all
31 contractors, subcontractors or repairmen for use by them in erecting
32 structures, or building on, or otherwise improving, altering, or repairing
33 real or personal property.

34 (2) Any such contractor, subcontractor or repairman who maintains
35 an inventory of such property both for sale at retail and for use by them for
36 the purposes described by paragraph (1) shall be deemed a retailer with
37 respect to purchases for and sales from such inventory, except that the
38 gross receipts received from any such sale, other than a sale at retail, shall
39 be equal to the total purchase price paid for such property and the tax
40 imposed thereon shall be paid by the deemed retailer;

41 (m) the gross receipts received from fees and charges by public and
42 private clubs, drinking establishments, organizations and businesses for
43 participation in sports, games and other recreational activities, but such tax

1 shall not be levied and collected upon the gross receipts received from: (1)
2 Fees and charges by any political subdivision, by any organization exempt
3 from property taxation pursuant to K.S.A. 79-201 *Ninth*, and amendments
4 thereto, or by any youth recreation organization exclusively providing
5 services to persons 18 years of age or younger which is exempt from
6 federal income taxation pursuant to section 501(c)(3) of the federal
7 internal revenue code of 1986, for participation in sports, games and other
8 recreational activities; and (2) entry fees and charges for participation in a
9 special event or tournament sanctioned by a national sporting association
10 to which spectators are charged an admission which is taxable pursuant to
11 subsection (e);

12 (n) the gross receipts received from dues charged by public and
13 private clubs, drinking establishments, organizations and businesses,
14 payment of which entitles a member to the use of facilities for recreation
15 or entertainment, but such tax shall not be levied and collected upon the
16 gross receipts received from: (1) Dues charged by any organization exempt
17 from property taxation pursuant to K.S.A. 79-201 *Eighth* and *Ninth*, and
18 amendments thereto; and (2) sales of memberships in a nonprofit
19 organization which is exempt from federal income taxation pursuant to
20 section 501(c)(3) of the federal internal revenue code of 1986, and whose
21 purpose is to support the operation of a nonprofit zoo;

22 (o) the gross receipts received from the isolated or occasional sale of
23 motor vehicles or trailers but not including: (1) The transfer of motor
24 vehicles or trailers by a person to a corporation or limited liability
25 company solely in exchange for stock securities or membership interest in
26 such corporation or limited liability company; (2) the transfer of motor
27 vehicles or trailers by one corporation or limited liability company to
28 another when all of the assets of such corporation or limited liability
29 company are transferred to such other corporation or limited liability
30 company; or (3) the sale of motor vehicles or trailers which are subject to
31 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
32 amendments thereto, by an immediate family member to another
33 immediate family member. For the purposes of paragraph (3), immediate
34 family member means lineal ascendants or descendants, and their spouses.
35 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
36 on the isolated or occasional sale of motor vehicles or trailers on and after
37 July 1, 2004, which the base for computing the tax was the value pursuant
38 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
39 such amount was higher than the amount of sales tax which would have
40 been paid under the law as it existed on June 30, 2004, shall be refunded to
41 the taxpayer pursuant to the procedure prescribed by this section. Such
42 refund shall be in an amount equal to the difference between the amount of
43 sales tax paid by the taxpayer and the amount of sales tax which would

1 have been paid by the taxpayer under the law as it existed on June 30,
2 2004. Each claim for a sales tax refund shall be verified and submitted not
3 later than six months from the effective date of this act to the director of
4 taxation upon forms furnished by the director and shall be accompanied by
5 any additional documentation required by the director. The director shall
6 review each claim and shall refund that amount of tax paid as provided by
7 this act. All such refunds shall be paid from the sales tax refund fund, upon
8 warrants of the director of accounts and reports pursuant to vouchers
9 approved by the director of taxation or the director's designee. No refund
10 for an amount less than \$10 shall be paid pursuant to this act. In
11 determining the base for computing the tax on such isolated or occasional
12 sale, the fair market value of any motor vehicle or trailer traded in by the
13 purchaser to the seller may be deducted from the selling price;

14 (p) the gross receipts received for the service of installing or applying
15 tangible personal property which when installed or applied is not being
16 held for sale in the regular course of business, and whether or not such
17 tangible personal property when installed or applied remains tangible
18 personal property or becomes a part of real estate, except that no tax shall
19 be imposed upon the service of installing or applying tangible personal
20 property in connection with the original construction of a building or
21 facility, the original construction, reconstruction, restoration, remodeling,
22 renovation, repair or replacement of a residence or the construction,
23 reconstruction, restoration, replacement or repair of a bridge or highway.

24 For the purposes of this subsection:

25 (1) "Original construction" means the first or initial construction of a
26 new building or facility. The term "original construction" shall include the
27 addition of an entire room or floor to any existing building or facility, the
28 completion of any unfinished portion of any existing building or facility
29 and the restoration, reconstruction or replacement of a building, facility or
30 utility structure damaged or destroyed by fire, flood, tornado, lightning,
31 explosion, windstorm, ice loading and attendant winds, terrorism or
32 earthquake, but such term, except with regard to a residence, shall not
33 include replacement, remodeling, restoration, renovation or reconstruction
34 under any other circumstances;

35 (2) "building" means only those enclosures within which individuals
36 customarily are employed, or which are customarily used to house
37 machinery, equipment or other property, and including the land
38 improvements immediately surrounding such building;

39 (3) "facility" means a mill, plant, refinery, oil or gas well, water well,
40 feedlot or any conveyance, transmission or distribution line of any
41 cooperative, nonprofit, membership corporation organized under or subject
42 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
43 municipal or quasi-municipal corporation, including the land

1 improvements immediately surrounding such facility;

2 (4) "residence" means only those enclosures within which individuals
3 customarily live;

4 (5) "utility structure" means transmission and distribution lines
5 owned by an independent transmission company or cooperative, the
6 Kansas electric transmission authority or natural gas or electric public
7 utility; and

8 (6) "windstorm" means straight line winds of at least 80 miles per
9 hour as determined by a recognized meteorological reporting agency or
10 organization;

11 (q) the gross receipts received for the service of repairing, servicing,
12 altering or maintaining tangible personal property which when such
13 services are rendered is not being held for sale in the regular course of
14 business, and whether or not any tangible personal property is transferred
15 in connection therewith. The tax imposed by this subsection shall be
16 applicable to the services of repairing, servicing, altering or maintaining an
17 item of tangible personal property which has been and is fastened to,
18 connected with or built into real property;

19 (r) the gross receipts from fees or charges made under service or
20 maintenance agreement contracts for services, charges for the providing of
21 which are taxable under the provisions of subsection (p) or (q);

22 (s) on and after January 1, 2005, the gross receipts received from the
23 sale of prewritten computer software and the sale of the services of
24 modifying, altering, updating or maintaining prewritten computer
25 software, whether the prewritten computer software is installed or
26 delivered electronically by tangible storage media physically transferred to
27 the purchaser or by load and leave;

28 (t) the gross receipts received for telephone answering services;

29 (u) the gross receipts received from the sale of prepaid calling service
30 and prepaid wireless calling service as defined in K.S.A. 79-3673, and
31 amendments thereto;

32 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
33 licensees under K.S.A. 75-5171 et seq., and amendments thereto, shall be
34 exempt from taxes imposed pursuant to this section;

35 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
36 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
37 pursuant to this section; and

38 (x) commencing on January 1, 2023, and thereafter, the state rate on
39 the gross receipts from the sale of food and food ingredients shall be as set
40 forth in K.S.A. 2022 Supp. 79-3603d, and amendments thereto.

41 Sec. 5. K.S.A. 2022 Supp. 79-3603d is hereby amended to read as
42 follows: 79-3603d. (a) There is hereby levied and there shall be collected
43 and paid a tax upon the gross receipts from the sale of food and food

1 ingredients. The rate of tax shall be as follows:

2 (1) Commencing on January 1, 2023, at the rate of 4%; *and*

3 ~~(2) commencing on January 1, 2024, at the rate of 2%; and~~

4 ~~(3) commencing on January 1, 2025~~ *April 1, 2023*, and thereafter, at
5 the rate of 0%.

6 (b) The provisions of this section shall not apply to prepared food
7 unless sold without eating utensils provided by the seller and described
8 below:

9 (1) Food sold by a seller whose proper primary NAICS classification
10 is manufacturing in sector 311, except subsector 3118 (bakeries);

11 (2) (A) food sold in an unheated state by weight or volume as a single
12 item; or

13 (B) only meat or seafood sold in an unheated state by weight or
14 volume as a single item;

15 (3) bakery items, including bread, rolls, buns, biscuits, bagels,
16 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,
17 cookies and tortillas; or

18 (4) food sold that ordinarily requires additional cooking, as opposed
19 to just reheating, by the consumer prior to consumption.

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

22 Sec. 6. K.S.A. 2022 Supp. 79-3606 is hereby amended to read as
23 follows: 79-3606. The following shall be exempt from the tax imposed by
24 this act:

25 (a) All sales of motor-vehicle fuel or other articles upon which a sales
26 or excise tax has been paid, not subject to refund, under the laws of this
27 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
28 3301, and amendments thereto, including consumable material for such
29 electronic cigarettes, cereal malt beverages and malt products as defined
30 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
31 malt syrup and malt extract, that is not subject to taxation under the
32 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
33 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
34 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
35 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
36 thereto, and gross receipts from regulated sports contests taxed pursuant to
37 the Kansas professional regulated sports act, and amendments thereto;

38 (b) all sales of tangible personal property or service, including the
39 renting and leasing of tangible personal property, purchased directly by the
40 state of Kansas, a political subdivision thereof, other than a school or
41 educational institution, or purchased by a public or private nonprofit
42 hospital, public hospital authority, nonprofit blood, tissue or organ bank or
43 nonprofit integrated community care organization and used exclusively for

1 state, political subdivision, hospital, public hospital authority, nonprofit
2 blood, tissue or organ bank or nonprofit integrated community care
3 organization purposes, except when: (1) Such state, hospital or public
4 hospital authority is engaged or proposes to engage in any business
5 specifically taxable under the provisions of this act and such items of
6 tangible personal property or service are used or proposed to be used in
7 such business; or (2) such political subdivision is engaged or proposes to
8 engage in the business of furnishing gas, electricity or heat to others and
9 such items of personal property or service are used or proposed to be used
10 in such business;

11 (c) all sales of tangible personal property or services, including the
12 renting and leasing of tangible personal property, purchased directly by a
13 public or private elementary or secondary school or public or private
14 nonprofit educational institution and used primarily by such school or
15 institution for nonsectarian programs and activities provided or sponsored
16 by such school or institution or in the erection, repair or enlargement of
17 buildings to be used for such purposes. The exemption herein provided
18 shall not apply to erection, construction, repair, enlargement or equipment
19 of buildings used primarily for human habitation, except that such
20 exemption shall apply to the erection, construction, repair, enlargement or
21 equipment of buildings used for human habitation by the cerebral palsy
22 research foundation of Kansas located in Wichita, Kansas, and multi
23 community diversified services, incorporated, located in McPherson,
24 Kansas;

25 (d) all sales of tangible personal property or services purchased by a
26 contractor for the purpose of constructing, equipping, reconstructing,
27 maintaining, repairing, enlarging, furnishing or remodeling facilities for
28 any public or private nonprofit hospital or public hospital authority, public
29 or private elementary or secondary school, a public or private nonprofit
30 educational institution, state correctional institution including a privately
31 constructed correctional institution contracted for state use and ownership,
32 that would be exempt from taxation under the provisions of this act if
33 purchased directly by such hospital or public hospital authority, school,
34 educational institution or a state correctional institution; and all sales of
35 tangible personal property or services purchased by a contractor for the
36 purpose of constructing, equipping, reconstructing, maintaining, repairing,
37 enlarging, furnishing or remodeling facilities for any political subdivision
38 of the state or district described in subsection (s), the total cost of which is
39 paid from funds of such political subdivision or district and that would be
40 exempt from taxation under the provisions of this act if purchased directly
41 by such political subdivision or district. Nothing in this subsection or in
42 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
43 deemed to exempt the purchase of any construction machinery, equipment

1 or tools used in the constructing, equipping, reconstructing, maintaining,
2 repairing, enlarging, furnishing or remodeling facilities for any political
3 subdivision of the state or any such district. As used in this subsection,
4 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
5 political subdivision" shall mean general tax revenues, the proceeds of any
6 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
7 purpose of constructing, equipping, reconstructing, repairing, enlarging,
8 furnishing or remodeling facilities that are to be leased to the donor. When
9 any political subdivision of the state, district described in subsection (s),
10 public or private nonprofit hospital or public hospital authority, public or
11 private elementary or secondary school, public or private nonprofit
12 educational institution, state correctional institution including a privately
13 constructed correctional institution contracted for state use and ownership
14 shall contract for the purpose of constructing, equipping, reconstructing,
15 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
16 shall obtain from the state and furnish to the contractor an exemption
17 certificate for the project involved, and the contractor may purchase
18 materials for incorporation in such project. The contractor shall furnish the
19 number of such certificate to all suppliers from whom such purchases are
20 made, and such suppliers shall execute invoices covering the same bearing
21 the number of such certificate. Upon completion of the project the
22 contractor shall furnish to the political subdivision, district described in
23 subsection (s), hospital or public hospital authority, school, educational
24 institution or department of corrections concerned a sworn statement, on a
25 form to be provided by the director of taxation, that all purchases so made
26 were entitled to exemption under this subsection. As an alternative to the
27 foregoing procedure, any such contracting entity may apply to the
28 secretary of revenue for agent status for the sole purpose of issuing and
29 furnishing project exemption certificates to contractors pursuant to rules
30 and regulations adopted by the secretary establishing conditions and
31 standards for the granting and maintaining of such status. All invoices
32 shall be held by the contractor for a period of five years and shall be
33 subject to audit by the director of taxation. If any materials purchased
34 under such a certificate are found not to have been incorporated in the
35 building or other project or not to have been returned for credit or the sales
36 or compensating tax otherwise imposed upon such materials that will not
37 be so incorporated in the building or other project reported and paid by
38 such contractor to the director of taxation not later than the 20th day of the
39 month following the close of the month in which it shall be determined
40 that such materials will not be used for the purpose for which such
41 certificate was issued, the political subdivision, district described in
42 subsection (s), hospital or public hospital authority, school, educational
43 institution or the contractor contracting with the department of corrections

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

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

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

1 commerce;

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

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

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

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

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

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

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

38 (n) all sales of tangible personal property that is consumed in the
39 production, manufacture, processing, mining, drilling, refining or
40 compounding of tangible personal property, the treating of by-products or
41 wastes derived from any such production process, the providing of
42 services or the irrigation of crops for ultimate sale at retail within or
43 without the state of Kansas; and any purchaser of such property may

1 obtain from the director of taxation and furnish to the supplier an
2 exemption certificate number for tangible personal property for
3 consumption in such production, manufacture, processing, mining,
4 drilling, refining, compounding, treating, irrigation and in providing such
5 services;

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

12 (p) all sales of drugs dispensed pursuant to a prescription order by a
13 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
14 1626, and amendments thereto. As used in this subsection, "drug" means a
15 compound, substance or preparation and any component of a compound,
16 substance or preparation, other than food and food ingredients, dietary
17 supplements or alcoholic beverages, recognized in the official United
18 States pharmacopeia, official homeopathic pharmacopoeia of the United
19 States or official national formulary, and supplement to any of them,
20 intended for use in the diagnosis, cure, mitigation, treatment or prevention
21 of disease or intended to affect the structure or any function of the body,
22 except that for taxable years commencing after December 31, 2013, this
23 subsection shall not apply to any sales of drugs used in the performance or
24 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
25 thereto;

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

29 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
30 enteral feeding systems, prosthetic devices and mobility enhancing
31 equipment prescribed in writing by a person licensed to practice the
32 healing arts, dentistry or optometry, and in addition to such sales, all sales
33 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
34 and repair and replacement parts therefor, including batteries, by a person
35 licensed in the practice of dispensing and fitting hearing aids pursuant to
36 the provisions of K.S.A. 74-5808, and amendments thereto. For the
37 purposes of this subsection: (1) "Mobility enhancing equipment" means
38 equipment including repair and replacement parts to same, but does not
39 include durable medical equipment, which is primarily and customarily
40 used to provide or increase the ability to move from one place to another
41 and which is appropriate for use either in a home or a motor vehicle; is not
42 generally used by persons with normal mobility; and does not include any
43 motor vehicle or equipment on a motor vehicle normally provided by a

1 motor vehicle manufacturer; and (2) "prosthetic device" means a
2 replacement, corrective or supportive device including repair and
3 replacement parts for same worn on or in the body to artificially replace a
4 missing portion of the body, prevent or correct physical deformity or
5 malfunction or support a weak or deformed portion of the body;

6 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
7 all sales of tangible personal property or services purchased directly or
8 indirectly by a groundwater management district organized or operating
9 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
10 by a rural water district organized or operating under the authority of
11 K.S.A. 82a-612, and amendments thereto, or by a water supply district
12 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
13 3522 et seq. or 19-3545, and amendments thereto, which property or
14 services are used in the construction activities, operation or maintenance of
15 the district;

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

42 (u) all leases or rentals of tangible personal property used as a
43 dwelling if such tangible personal property is leased or rented for a period

1 of more than 28 consecutive days;

2 (v) all sales of tangible personal property to any contractor for use in
3 preparing meals for delivery to homebound elderly persons over 60 years
4 of age and to homebound disabled persons or to be served at a group-
5 sitting at a location outside of the home to otherwise homebound elderly
6 persons over 60 years of age and to otherwise homebound disabled
7 persons, as all or part of any food service project funded in whole or in
8 part by government or as part of a private nonprofit food service project
9 available to all such elderly or disabled persons residing within an area of
10 service designated by the private nonprofit organization, and all sales of
11 tangible personal property for use in preparing meals for consumption by
12 indigent or homeless individuals whether or not such meals are consumed
13 at a place designated for such purpose, and all sales of food products by or
14 on behalf of any such contractor or organization for any such purpose;

15 (w) all sales of natural gas, electricity, heat and water delivered
16 through mains, lines or pipes: (1) To residential premises for
17 noncommercial use by the occupant of such premises; (2) for agricultural
18 use and also, for such use, all sales of propane gas; (3) for use in the
19 severing of oil; and (4) to any property which is exempt from property
20 taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this
21 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
22 and amendments thereto. For all sales of natural gas, electricity and heat
23 delivered through mains, lines or pipes pursuant to the provisions of
24 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
25 on December 31, 2005;

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

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

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

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

42 (bb) all sales of used mobile homes or manufactured homes. As used
43 in this subsection: (1) "Mobile homes" and "manufactured homes" mean

1 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)
2 "sales of used mobile homes or manufactured homes" means sales other
3 than the original retail sale thereof;

4 (cc) all sales of tangible personal property or services purchased prior
5 to January 1, 2012, except as otherwise provided, for the purpose of and in
6 conjunction with constructing, reconstructing, enlarging or remodeling a
7 business or retail business that meets the requirements established in
8 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
9 machinery and equipment purchased for installation at any such business
10 or retail business, and all sales of tangible personal property or services
11 purchased on or after January 1, 2012, for the purpose of and in
12 conjunction with constructing, reconstructing, enlarging or remodeling a
13 business that meets the requirements established in K.S.A. 74-50,115(e),
14 and amendments thereto, and the sale and installation of machinery and
15 equipment purchased for installation at any such business. When a person
16 shall contract for the construction, reconstruction, enlargement or
17 remodeling of any such business or retail business, such person shall
18 obtain from the state and furnish to the contractor an exemption certificate
19 for the project involved, and the contractor may purchase materials,
20 machinery and equipment for incorporation in such project. The contractor
21 shall furnish the number of such certificates to all suppliers from whom
22 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 the owner of the
25 business or retail business a sworn statement, on a form to be provided by
26 the director of taxation, that all purchases so made were entitled to
27 exemption under this subsection. All invoices shall be held by the
28 contractor for a period of five years and shall be subject to audit by the
29 director of taxation. Any contractor or any agent, employee or
30 subcontractor thereof, who shall use or otherwise dispose of any materials,
31 machinery or equipment purchased under such a certificate for any
32 purpose other than that for which such a certificate is issued without the
33 payment of the sales or compensating tax otherwise imposed thereon, shall
34 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
35 to the penalties provided for in K.S.A. 79-3615(h), and amendments
36 thereto. As used in this subsection, "business" and "retail business" mean
37 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
38 exemption certificates that have been previously issued under this
39 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
40 and amendments thereto, but not including K.S.A. 74-50,115(e), and
41 amendments thereto, prior to January 1, 2012, and have not expired will be
42 effective for the term of the project or two years from the effective date of
43 the certificate, whichever occurs earlier. Project exemption certificates that

1 are submitted to the department of revenue prior to January 1, 2012, and
2 are found to qualify will be issued a project exemption certificate that will
3 be effective for a two-year period or for the term of the project, whichever
4 occurs earlier;

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

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

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

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

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

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

36 (jj) all sales of tangible personal property or services, including the
37 renting and leasing of tangible personal property, purchased directly on
38 behalf of a community-based facility for people with intellectual disability
39 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
40 amendments thereto, and licensed in accordance with the provisions of
41 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
42 personal property or services purchased by contractors during the time
43 period from July, 2003, through June, 2006, for the purpose of

1 constructing, equipping, maintaining or furnishing a new facility for a
2 community-based facility for people with intellectual disability or mental
3 health center located in Riverton, Cherokee County, Kansas, that would
4 have been eligible for sales tax exemption pursuant to this subsection if
5 purchased directly by such facility or center. This exemption shall not
6 apply to tangible personal property customarily used for human habitation
7 purposes;

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

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

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

15 (2) For purposes of this subsection:

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

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

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

40 (D) "manufacturing or processing business" means a business that
41 utilizes an integrated production operation to manufacture, process,
42 fabricate, finish or assemble items for wholesale and retail distribution as
43 part of what is commonly regarded by the general public as an industrial

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

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

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

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

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

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

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

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

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

12 (F) plan, manage, control or record the receipt and flow of inventories
13 of raw materials, consumables and component parts, the flow of the
14 property undergoing manufacturing or processing and the management of
15 inventories of the finished product;

16 (G) produce energy for, lubricate, control the operating of or
17 otherwise enable the functioning of other production machinery and
18 equipment and the continuation of production operations;

19 (H) package the property being manufactured or processed in a
20 container or wrapping in which such property is normally sold or
21 transported;

22 (I) transmit or transport electricity, coke, gas, water, steam or similar
23 substances used in production operations from the point of generation, if
24 produced by the manufacturer or processor at the plant site, to that
25 manufacturer's production operation; or, if purchased or delivered from
26 off-site, from the point where the substance enters the site of the plant or
27 facility to that manufacturer's production operations;

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

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

34 (L) treat, transport or store waste or other byproducts of production
35 operations at the plant or facility; or

36 (M) control pollution at the plant or facility where the pollution is
37 produced by the manufacturing or processing operation.

38 (4) The following machinery, equipment and materials shall be
39 deemed to be exempt even though it may not otherwise qualify as
40 machinery and equipment used as an integral or essential part of an
41 integrated production operation: (A) Computers and related peripheral
42 equipment that are utilized by a manufacturing or processing business for
43 engineering of the finished product or for research and development or

1 product design; (B) machinery and equipment that is utilized by a
2 manufacturing or processing business to manufacture or rebuild tangible
3 personal property that is used in manufacturing or processing operations,
4 including tools, dies, molds, forms and other parts of qualifying machinery
5 and equipment; (C) portable plants for aggregate concrete, bulk cement
6 and asphalt including cement mixing drums to be attached to a motor
7 vehicle; (D) industrial fixtures, devices, support facilities and special
8 foundations necessary for manufacturing and production operations, and
9 materials and other tangible personal property sold for the purpose of
10 fabricating such fixtures, devices, facilities and foundations. An exemption
11 certificate for such purchases shall be signed by the manufacturer or
12 processor. If the fabricator purchases such material, the fabricator shall
13 also sign the exemption certificate; (E) a manufacturing or processing
14 business' laboratory equipment that is not located at the plant or facility,
15 but that would otherwise qualify for exemption under subsection (3)(E);
16 (F) all machinery and equipment used in surface mining activities as
17 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
18 from the time a reclamation plan is filed to the acceptance of the
19 completed final site reclamation.

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

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

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

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

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

38 (E) furniture and other furnishings;

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

42 (G) building fixtures that are not integral to the manufacturing
43 operation, such as utility systems for heating, ventilation, air conditioning,

1 communications, plumbing or electrical;

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

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

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

9 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings
10 of the machinery and equipment that qualify or do not qualify as an
11 integral or essential part of an integrated production operation. When
12 machinery or equipment is used as an integral or essential part of
13 production operations part of the time and for nonproduction purposes at
14 other times, the primary use of the machinery or equipment shall
15 determine whether or not such machinery or equipment qualifies for
16 exemption.

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

19 (II) all sales of educational materials purchased for distribution to the
20 public at no charge by a nonprofit corporation organized for the purpose of
21 encouraging, fostering and conducting programs for the improvement of
22 public health, except that for taxable years commencing after December
23 31, 2013, this subsection shall not apply to any sales of such materials
24 purchased by a nonprofit corporation which performs any abortion, as
25 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

38 (qq) all sales of tangible personal property and services purchased by
39 a nonprofit museum or historical society or any combination thereof,
40 including a nonprofit organization that is organized for the purpose of
41 stimulating public interest in the exploration of space by providing
42 educational information, exhibits and experiences, that is exempt from
43 federal income taxation pursuant to section 501(c)(3) of the federal

1 internal revenue code of 1986;

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

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

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

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

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

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

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

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

36 (4) the American diabetes association Kansas affiliate, inc. for the
37 purpose of eliminating diabetes through medical research, public education
38 focusing on disease prevention and education, patient education including
39 information on coping with diabetes, and professional education and
40 training;

41 (5) the American lung association of Kansas, inc. for the purpose of
42 eliminating all lung diseases through medical research, public education
43 including information on coping with lung diseases, professional education

1 and training related to lung disease and other related services to reduce the
2 incidence of disability and death due to lung disease;

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

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

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

13 (9) the heartstrings community foundation for the purpose of
14 providing training, employment and activities for adults with
15 developmental disabilities;

16 (10) the cystic fibrosis foundation, heart of America chapter, for the
17 purposes of assuring the development of the means to cure and control
18 cystic fibrosis and improving the quality of life for those with the disease;

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

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

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

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

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

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

43 (17) the dream factory, inc., for the purpose of granting the dreams of

1 children with critical and chronic illnesses;

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

6 (19) the international association of lions clubs for the purpose of
7 creating and fostering a spirit of understanding among all people for
8 humanitarian needs by providing voluntary services through community
9 involvement and international cooperation;

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

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

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

20 (23) the angel babies association, for the purpose of providing
21 assistance, support and items of necessity to teenage mothers and their
22 babies; and

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

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

28 (xx) all sales of tangible personal property and services purchased by
29 a nonprofit zoo that is exempt from federal income taxation pursuant to
30 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
31 of such zoo by an entity itself exempt from federal income taxation
32 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
33 contracted with to operate such zoo and all sales of tangible personal
34 property or services purchased by a contractor for the purpose of
35 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
36 furnishing or remodeling facilities for any nonprofit zoo that would be
37 exempt from taxation under the provisions of this section if purchased
38 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
39 this subsection shall be deemed to exempt the purchase of any construction
40 machinery, equipment or tools used in the constructing, equipping,
41 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
42 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
43 the purpose of constructing, equipping, reconstructing, maintaining,

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

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

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

42 (aaa) all sales of tangible personal property and services purchased by
43 a religious organization that is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code, and used
2 exclusively for religious purposes, and all sales of tangible personal
3 property or services purchased by a contractor for the purpose of
4 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
5 furnishing or remodeling facilities for any such organization that would be
6 exempt from taxation under the provisions of this section if purchased
7 directly by such organization. Nothing in this subsection shall be deemed
8 to exempt the purchase of any construction machinery, equipment or tools
9 used in the constructing, equipping, reconstructing, maintaining, repairing,
10 enlarging, furnishing or remodeling facilities for any such organization.
11 When any such organization shall contract for the purpose of constructing,
12 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
13 remodeling facilities, it shall obtain from the state and furnish to the
14 contractor an exemption certificate for the project involved, and the
15 contractor may purchase materials for incorporation in such project. The
16 contractor shall furnish the number of such certificate to all suppliers from
17 whom such purchases are made, and such suppliers shall execute invoices
18 covering the same bearing the number of such certificate. Upon
19 completion of the project the contractor shall furnish to such organization
20 concerned a sworn statement, on a form to be provided by the director of
21 taxation, that all purchases so made were entitled to exemption under this
22 subsection. All invoices shall be held by the contractor for a period of five
23 years and shall be subject to audit by the director of taxation. If any
24 materials purchased under such a certificate are found not to have been
25 incorporated in the building or other project or not to have been returned
26 for credit or the sales or compensating tax otherwise imposed upon such
27 materials that will not be so incorporated in the building or other project
28 reported and paid by such contractor to the director of taxation not later
29 than the 20th day of the month following the close of the month in which it
30 shall be determined that such materials will not be used for the purpose for
31 which such certificate was issued, such organization concerned shall be
32 liable for tax on all materials purchased for the project, and upon payment
33 thereof it may recover the same from the contractor together with
34 reasonable attorney fees. Any contractor or any agent, employee or
35 subcontractor thereof, who shall use or otherwise dispose of any materials
36 purchased under such a certificate for any purpose other than that for
37 which such a certificate is issued without the payment of the sales or
38 compensating tax otherwise imposed upon such materials, shall be guilty
39 of a misdemeanor and, upon conviction therefor, shall be subject to the
40 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
41 Sales tax paid on and after July 1, 1998, but prior to the effective date of
42 this act upon the gross receipts received from any sale exempted by the
43 amendatory provisions of this subsection shall be refunded. Each claim for

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

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

14 (ccc) on and after July 1, 1999, all sales of tangible personal property
15 and services purchased by a primary care clinic or health center the
16 primary purpose of which is to provide services to medically underserved
17 individuals and families, and that is exempt from federal income taxation
18 pursuant to section 501(c)(3) of the federal internal revenue code, and all
19 sales of tangible personal property or services purchased by a contractor
20 for the purpose of constructing, equipping, reconstructing, maintaining,
21 repairing, enlarging, furnishing or remodeling facilities for any such clinic
22 or center that would be exempt from taxation under the provisions of this
23 section if purchased directly by such clinic or center, except that for
24 taxable years commencing after December 31, 2013, this subsection shall
25 not apply to any sales of such tangible personal property and services
26 purchased by a primary care clinic or health center which performs any
27 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
28 in this subsection shall be deemed to exempt the purchase of any
29 construction machinery, equipment or tools used in the constructing,
30 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
31 remodeling facilities for any such clinic or center. When any such clinic or
32 center shall contract for the purpose of constructing, equipping,
33 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
34 facilities, it shall obtain from the state and furnish to the contractor an
35 exemption certificate for the project involved, and the contractor may
36 purchase materials for incorporation in such project. The contractor shall
37 furnish the number of such certificate to all suppliers from whom such
38 purchases are made, and such suppliers shall execute invoices covering the
39 same bearing the number of such certificate. Upon completion of the
40 project the contractor shall furnish to such clinic or center concerned a
41 sworn statement, on a form to be provided by the director of taxation, that
42 all purchases so made were entitled to exemption under this subsection.
43 All invoices shall be held by the contractor for a period of five years and

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

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

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

34 (fff) all sales of material handling equipment, racking systems and
35 other related machinery and equipment that is used for the handling,
36 movement or storage of tangible personal property in a warehouse or
37 distribution facility in this state; all sales of installation, repair and
38 maintenance services performed on such machinery and equipment; and
39 all sales of repair and replacement parts for such machinery and
40 equipment. For purposes of this subsection, a warehouse or distribution
41 facility means a single, fixed location that consists of buildings or
42 structures in a contiguous area where storage or distribution operations are
43 conducted that are separate and apart from the business' retail operations,

1 if any, and that do not otherwise qualify for exemption as occurring at a
2 manufacturing or processing plant or facility. Material handling and
3 storage equipment shall include aeration, dust control, cleaning, handling
4 and other such equipment that is used in a public grain warehouse or other
5 commercial grain storage facility, whether used for grain handling, grain
6 storage, grain refining or processing, or other grain treatment operation;

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

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

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

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

1 and as required pursuant to 21 C.F.R. § 101.36;

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

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

17 (nnn) all sales of tangible personal property and services purchased
18 by the west Sedgwick county-sunrise rotary club and sunrise charitable
19 fund for the purpose of constructing a boundless playground which is an
20 integrated, barrier free and developmentally advantageous play
21 environment for children of all abilities and disabilities;

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

26 (ppp) all sales of tangible personal property and services purchased
27 by or on behalf of a homeless shelter that is exempt from federal income
28 taxation pursuant to section 501(c)(3) of the federal income tax code of
29 1986, and used by any such homeless shelter to provide emergency and
30 transitional housing for individuals and families experiencing
31 homelessness, and all sales of any such property by or on behalf of any
32 such homeless shelter for any such purpose;

33 (qqq) all sales of tangible personal property and services purchased
34 by TLC for children and families, inc., hereinafter referred to as TLC,
35 which is exempt from federal income taxation pursuant to section 501(c)
36 (3) of the federal internal revenue code of 1986, and such property and
37 services are used for the purpose of providing emergency shelter and
38 treatment for abused and neglected children as well as meeting additional
39 critical needs for children, juveniles and family, and all sales of any such
40 property by or on behalf of TLC for any such purpose; and all sales of
41 tangible personal property or services purchased by a contractor for the
42 purpose of constructing, maintaining, repairing, enlarging, furnishing or
43 remodeling facilities for the operation of services for TLC for any such

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

35 (rrr) all sales of tangible personal property and services purchased by
36 any county law library maintained pursuant to law and sales of tangible
37 personal property and services purchased by an organization that would
38 have been exempt from taxation under the provisions of this subsection if
39 purchased directly by the county law library for the purpose of providing
40 legal resources to attorneys, judges, students and the general public, and
41 all sales of any such property by or on behalf of any such county law
42 library;

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

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

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

4 (ttt) all sales of tangible personal property or services purchased by a
5 contractor for a project for the purpose of restoring, constructing,
6 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
7 remodeling a home or facility owned by a nonprofit museum that has been
8 granted an exemption pursuant to subsection (qq), which such home or
9 facility is located in a city that has been designated as a qualified
10 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
11 amendments thereto, and which such project is related to the purposes of
12 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
13 exempt from taxation under the provisions of this section if purchased
14 directly by such nonprofit museum. Nothing in this subsection shall be
15 deemed to exempt the purchase of any construction machinery, equipment
16 or tools used in the restoring, constructing, equipping, reconstructing,
17 maintaining, repairing, enlarging, furnishing or remodeling a home or
18 facility for any such nonprofit museum. When any such nonprofit museum
19 shall contract for the purpose of restoring, constructing, equipping,
20 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
21 a home or facility, it shall obtain from the state and furnish to the
22 contractor an exemption certificate for the project involved, and the
23 contractor may purchase materials for incorporation in such project. The
24 contractor shall furnish the number of such certificates to all suppliers
25 from whom such purchases are made, and such suppliers shall execute
26 invoices covering the same bearing the number of such certificate. Upon
27 completion of the project, the contractor shall furnish to such nonprofit
28 museum a sworn statement on a form to be provided by the director of
29 taxation that all purchases so made were entitled to exemption under this
30 subsection. All invoices shall be held by the contractor for a period of five
31 years and shall be subject to audit by the director of taxation. If any
32 materials purchased under such a certificate are found not to have been
33 incorporated in the building or other project or not to have been returned
34 for credit or the sales or compensating tax otherwise imposed upon such
35 materials that will not be so incorporated in a home or facility or other
36 project reported and paid by such contractor to the director of taxation not
37 later than the 20th day of the month following the close of the month in
38 which it shall be determined that such materials will not be used for the
39 purpose for which such certificate was issued, such nonprofit museum
40 shall be liable for tax on all materials purchased for the project, and upon
41 payment thereof it may recover the same from the contractor together with
42 reasonable attorney fees. Any contractor or any agent, employee or
43 subcontractor thereof, who shall use or otherwise dispose of any materials

1 purchased under such a certificate for any purpose other than that for
2 which such a certificate is issued without the payment of the sales or
3 compensating tax otherwise imposed upon such materials, shall be guilty
4 of a misdemeanor and, upon conviction therefor, shall be subject to the
5 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

6 (uuu) all sales of tangible personal property and services purchased
7 by Kansas children's service league, hereinafter referred to as KCSL,
8 which is exempt from federal income taxation pursuant to section 501(c)
9 (3) of the federal internal revenue code of 1986, and which such property
10 and services are used for the purpose of providing for the prevention and
11 treatment of child abuse and maltreatment as well as meeting additional
12 critical needs for children, juveniles and family, and all sales of any such
13 property by or on behalf of KCSL for any such purpose; and all sales of
14 tangible personal property or services purchased by a contractor for the
15 purpose of constructing, maintaining, repairing, enlarging, furnishing or
16 remodeling facilities for the operation of services for KCSL for any such
17 purpose that would be exempt from taxation under the provisions of this
18 section if purchased directly by KCSL. Nothing in this subsection shall be
19 deemed to exempt the purchase of any construction machinery, equipment
20 or tools used in the constructing, maintaining, repairing, enlarging,
21 furnishing or remodeling such facilities for KCSL. When KCSL contracts
22 for the purpose of constructing, maintaining, repairing, enlarging,
23 furnishing or remodeling such facilities, it shall obtain from the state and
24 furnish to the contractor an exemption certificate for the project involved,
25 and the contractor may purchase materials for incorporation in such
26 project. The contractor shall furnish the number of such certificate to all
27 suppliers from whom such purchases are made, and such suppliers shall
28 execute invoices covering the same bearing the number of such certificate.
29 Upon completion of the project the contractor shall furnish to KCSL a
30 sworn statement, on a form to be provided by the director of taxation, that
31 all purchases so made were entitled to exemption under this subsection.
32 All invoices shall be held by the contractor for a period of five years and
33 shall be subject to audit by the director of taxation. If any materials
34 purchased under such a certificate are found not to have been incorporated
35 in the building or other project or not to have been returned for credit or
36 the sales or compensating tax otherwise imposed upon such materials that
37 will not be so incorporated in the building or other project reported and
38 paid by such contractor to the director of taxation not later than the 20th
39 day of the month following the close of the month in which it shall be
40 determined that such materials will not be used for the purpose for which
41 such certificate was issued, KCSL shall be liable for tax on all materials
42 purchased for the project, and upon payment thereof it may recover the
43 same from the contractor together with reasonable attorney fees. Any

1 contractor or any agent, employee or subcontractor thereof, who shall use
2 or otherwise dispose of any materials purchased under such a certificate
3 for any purpose other than that for which such a certificate is issued
4 without the payment of the sales or compensating tax otherwise imposed
5 upon such materials, shall be guilty of a misdemeanor and, upon
6 conviction therefor, shall be subject to the penalties provided for in K.S.A.
7 79-3615(h), and amendments thereto;

8 (vvv) all sales of tangible personal property or services, including the
9 renting and leasing of tangible personal property or services, purchased by
10 jazz in the woods, inc., a Kansas corporation that is exempt from federal
11 income taxation pursuant to section 501(c)(3) of the federal internal
12 revenue code, for the purpose of providing jazz in the woods, an event
13 benefiting children-in-need and other nonprofit charities assisting such
14 children, and all sales of any such property by or on behalf of such
15 organization for such purpose;

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

22 (xxx) all sales of personal property and services purchased by the
23 booth theatre foundation, inc., an organization, which is exempt from
24 federal income taxation pursuant to section 501(c)(3) of the federal
25 internal revenue code of 1986, and which such personal property and
26 services are used by any such organization in the constructing, equipping,
27 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
28 of the booth theatre, and all sales of tangible personal property or services
29 purchased by a contractor for the purpose of constructing, equipping,
30 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
31 the booth theatre for such organization, that would be exempt from
32 taxation under the provisions of this section if purchased directly by such
33 organization. Nothing in this subsection shall be deemed to exempt the
34 purchase of any construction machinery, equipment or tools used in the
35 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
36 furnishing or remodeling facilities for any such organization. When any
37 such organization shall contract for the purpose of constructing, equipping,
38 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
39 facilities, it shall obtain from the state and furnish to the contractor an
40 exemption certificate for the project involved, and the contractor may
41 purchase materials for incorporation in such project. The contractor shall
42 furnish the number of such certificate to all suppliers from whom such
43 purchases are made, and such suppliers shall execute invoices covering the

1 same bearing the number of such certificate. Upon completion of the
2 project the contractor shall furnish to such organization concerned a sworn
3 statement, on a form to be provided by the director of taxation, that all
4 purchases so made were entitled to exemption under this subsection. All
5 invoices shall be held by the contractor for a period of five years and shall
6 be subject to audit by the director of taxation. If any materials purchased
7 under such a certificate are found not to have been incorporated in such
8 facilities or not to have been returned for credit or the sales or
9 compensating tax otherwise imposed upon such materials that will not be
10 so incorporated in such facilities reported and paid by such contractor to
11 the director of taxation not later than the 20th day of the month following
12 the close of the month in which it shall be determined that such materials
13 will not be used for the purpose for which such certificate was issued, such
14 organization concerned shall be liable for tax on all materials purchased
15 for the project, and upon payment thereof it may recover the same from
16 the contractor together with reasonable attorney fees. Any contractor or
17 any agent, employee or subcontractor thereof, who shall use or otherwise
18 dispose of any materials purchased under such a certificate for any purpose
19 other than that for which such a certificate is issued without the payment
20 of the sales or compensating tax otherwise imposed upon such materials,
21 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
22 subject to the penalties provided for in K.S.A. 79-3615(h), and
23 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
24 to the effective date of this act upon the gross receipts received from any
25 sale which would have been exempted by the provisions of this subsection
26 had such sale occurred after the effective date of this act shall be refunded.
27 Each claim for a sales tax refund shall be verified and submitted to the
28 director of taxation upon forms furnished by the director and shall be
29 accompanied by any additional documentation required by the director.
30 The director shall review each claim and shall refund that amount of sales
31 tax paid as determined under the provisions of this subsection. All refunds
32 shall be paid from the sales tax refund fund upon warrants of the director
33 of accounts and reports pursuant to vouchers approved by the director or
34 the director's designee;

35 (yyy) all sales of tangible personal property and services purchased
36 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
37 which is exempt from federal income taxation pursuant to section 501(c)
38 (3) of the federal internal revenue code of 1986, and which such property
39 and services are used for the purpose of encouraging private philanthropy
40 to further the vision, values, and goals of TLC for children and families,
41 inc.; and all sales of such property and services by or on behalf of TLC
42 charities for any such purpose and all sales of tangible personal property or
43 services purchased by a contractor for the purpose of constructing,

1 maintaining, repairing, enlarging, furnishing or remodeling facilities for
2 the operation of services for TLC charities for any such purpose that would
3 be exempt from taxation under the provisions of this section if purchased
4 directly by TLC charities. Nothing in this subsection shall be deemed to
5 exempt the purchase of any construction machinery, equipment or tools
6 used in the constructing, maintaining, repairing, enlarging, furnishing or
7 remodeling such facilities for TLC charities. When TLC charities contracts
8 for the purpose of constructing, maintaining, repairing, enlarging,
9 furnishing or remodeling such facilities, it shall obtain from the state and
10 furnish to the contractor an exemption certificate for the project involved,
11 and the contractor may purchase materials for incorporation in such
12 project. The contractor shall furnish the number of such certificate to all
13 suppliers from whom such purchases are made, and such suppliers shall
14 execute invoices covering the same bearing the number of such certificate.
15 Upon completion of the project the contractor shall furnish to TLC
16 charities a sworn statement, on a form to be provided by the director of
17 taxation, that all purchases so made were entitled to exemption under this
18 subsection. All invoices shall be held by the contractor for a period of five
19 years and shall be subject to audit by the director of taxation. If any
20 materials purchased under such a certificate are found not to have been
21 incorporated in the building or other project or not to have been returned
22 for credit or the sales or compensating tax otherwise imposed upon such
23 materials that will not be incorporated into the building or other project
24 reported and paid by such contractor to the director of taxation not later
25 than the 20th day of the month following the close of the month in which it
26 shall be determined that such materials will not be used for the purpose for
27 which such certificate was issued, TLC charities shall be liable for tax on
28 all 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 (zzz) all sales of tangible personal property purchased by the rotary
38 club of shawnee foundation, which is exempt from federal income taxation
39 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
40 as amended, used for the purpose of providing contributions to community
41 service organizations and scholarships;

42 (aaaa) all sales of personal property and services purchased by or on
43 behalf of victory in the valley, inc., which is exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
2 for the purpose of providing a cancer support group and services for
3 persons with cancer, and all sales of any such property by or on behalf of
4 any such organization for any such purpose;

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

10 (cccc) all sales of tangible personal property or services purchased by
11 or on behalf of wayside waifs, inc., which is exempt from federal income
12 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
13 for the purpose of providing such organization's annual fundraiser, an
14 event whose purpose is to support the care of homeless and abandoned
15 animals, animal adoption efforts, education programs for children and
16 efforts to reduce animal over-population and animal welfare services, and
17 all sales of any such property, including entry or participation fees or
18 charges, by or on behalf of such organization for such purpose;

19 (dddd) all sales of tangible personal property or services purchased
20 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
21 of which are exempt from federal income taxation pursuant to section
22 501(c)(3) of the federal internal revenue code, for the purpose of providing
23 education, training and employment opportunities for people with
24 disabilities and other barriers to employment;

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

32 (ffff) all sales of tangible personal property and services purchased by
33 sheltered living, inc., which is exempt from federal income taxation
34 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
35 and which such property and services are used for the purpose of
36 providing residential and day services for people with developmental
37 disabilities or intellectual disability, or both, and all sales of any such
38 property by or on behalf of sheltered living, inc., for any such purpose; and
39 all sales of tangible personal property or services purchased by a
40 contractor for the purpose of rehabilitating, constructing, maintaining,
41 repairing, enlarging, furnishing or remodeling homes and facilities for
42 sheltered living, inc., for any such purpose that would be exempt from
43 taxation under the provisions of this section if purchased directly by

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

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

37 (hhhh) all sales of tangible personal property or services purchased
38 on or after July 1, 2014, for the purpose of and in conjunction with
39 constructing, reconstructing, enlarging or remodeling a business identified
40 under the North American industry classification system (NAICS)
41 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
42 installation of machinery and equipment purchased for installation at any
43 such business. The exemption provided in this subsection shall not apply

1 to projects that have actual total costs less than \$50,000. When a person
2 contracts for the construction, reconstruction, enlargement or remodeling
3 of any such business, such person shall obtain from the state and furnish to
4 the contractor an exemption certificate for the project involved, and the
5 contractor may purchase materials, machinery and equipment for
6 incorporation in such project. The contractor shall furnish the number of
7 such certificates to all suppliers from whom such purchases are made, and
8 such suppliers shall execute invoices covering the same bearing the
9 number of such certificate. Upon completion of the project, the contractor
10 shall furnish to the owner of the business a sworn statement, on a form to
11 be provided by the director of taxation, that all purchases so made were
12 entitled to exemption under this subsection. All invoices shall be held by
13 the contractor for a period of five years and shall be subject to audit by the
14 director of taxation. Any contractor or any agent, employee or
15 subcontractor of the contractor, who shall use or otherwise dispose of any
16 materials, machinery or equipment purchased under such a certificate for
17 any purpose other than that for which such a certificate is issued without
18 the payment of the sales or compensating tax otherwise imposed thereon,
19 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
20 subject to the penalties provided for in K.S.A. 79-3615(h), and
21 amendments thereto;

22 (iii) all sales of tangible personal property or services purchased by a
23 contractor for the purpose of constructing, maintaining, repairing,
24 enlarging, furnishing or remodeling facilities for the operation of services
25 for Wichita children's home for any such purpose that would be exempt
26 from taxation under the provisions of this section if purchased directly by
27 Wichita children's home. Nothing in this subsection shall be deemed to
28 exempt the purchase of any construction machinery, equipment or tools
29 used in the constructing, maintaining, repairing, enlarging, furnishing or
30 remodeling such facilities for Wichita children's home. When Wichita
31 children's home contracts for the purpose of constructing, maintaining,
32 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
33 from the state and furnish to the contractor an exemption certificate for the
34 project involved, and the contractor may purchase materials for
35 incorporation in such project. The contractor shall furnish the number of
36 such certificate to all suppliers from whom such purchases are made, and
37 such suppliers shall execute invoices covering the same bearing the
38 number of such certificate. Upon completion of the project, the contractor
39 shall furnish to Wichita children's home a sworn statement, on a form to be
40 provided by the director of taxation, that all purchases so made were
41 entitled to exemption under this subsection. All invoices shall be held by
42 the contractor for a period of five years and shall be subject to audit by the
43 director of taxation. If any materials purchased under such a certificate are

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

17 (jjjj) all sales of tangible personal property or services purchased by
18 or on behalf of the beacon, inc., that is exempt from federal income
19 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
20 for the purpose of providing those desiring help with food, shelter, clothing
21 and other necessities of life during times of special need;

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

29 (llll) all sales of tangible personal property and services purchased by
30 Gove county healthcare endowment foundation, inc., which is exempt
31 from federal income taxation pursuant to section 501(c)(3) of the federal
32 internal revenue code of 1986, and which such property and services are
33 used for the purpose of constructing and equipping an airport in Quinter,
34 Kansas, and all sales of tangible personal property or services purchased
35 by a contractor for the purpose of constructing and equipping an airport in
36 Quinter, Kansas, for such organization, that would be exempt from
37 taxation under the provisions of this section if purchased directly by such
38 organization. Nothing in this subsection shall be deemed to exempt the
39 purchase of any construction machinery, equipment or tools used in the
40 constructing or equipping of facilities for such organization. When such
41 organization shall contract for the purpose of constructing or equipping an
42 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
43 contractor an exemption certificate for the project involved, and the

1 contractor may purchase materials for incorporation in such project. The
2 contractor shall furnish the number of such certificate to all suppliers from
3 whom such purchases are made, and such suppliers shall execute invoices
4 covering the same bearing the number of such certificate. Upon
5 completion of the project, the contractor shall furnish to such organization
6 concerned a sworn statement, on a form to be provided by the director of
7 taxation, that all purchases so made were entitled to exemption under this
8 subsection. All invoices shall be held by the contractor for a period of five
9 years and shall be subject to audit by the director of taxation. If any
10 materials purchased under such a certificate are found not to have been
11 incorporated in such facilities or not to have been returned for credit or the
12 sales or compensating tax otherwise imposed upon such materials that will
13 not be so incorporated in such facilities reported and paid by such
14 contractor to the director of taxation no later than the 20th day of the month
15 following the close of the month in which it shall be determined that such
16 materials will not be used for the purpose for which such certificate was
17 issued, such organization concerned shall be liable for tax on all materials
18 purchased for the project, and upon payment thereof it may recover the
19 same from the contractor together with reasonable attorney fees. Any
20 contractor or any agent, employee or subcontractor thereof, who purchased
21 under such a certificate for any purpose other than that for which such a
22 certificate is issued without the payment of the sales or compensating tax
23 otherwise imposed upon such materials, shall be guilty of a misdemeanor
24 and, upon conviction therefor, shall be subject to the penalties provided for
25 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
26 subsection shall expire and have no effect on and after July 1, 2019;

27 (mmmm) all sales of gold or silver coins; and palladium, platinum,
28 gold or silver bullion. For the purposes of this subsection, "bullion" means
29 bars, ingots or commemorative medallions of gold, silver, platinum,
30 palladium, or a combination thereof, for which the value of the metal
31 depends on its content and not the form;

32 (nnnn) all sales of tangible personal property or services purchased
33 by friends of hospice of Jefferson county, an organization that is exempt
34 from federal income taxation pursuant to section 501(c)(3) of the federal
35 internal revenue code of 1986, for the purpose of providing support to the
36 Jefferson county hospice agency in end-of-life care of Jefferson county
37 families, friends and neighbors, and all sales of entry or participation fees,
38 charges or tickets by friends of hospice of Jefferson county for such
39 organization's fundraising event for such purpose; ~~and~~

40 (oooo) all sales of tangible personal property or services purchased
41 for the purpose of and in conjunction with constructing, reconstructing,
42 enlarging or remodeling a qualified business facility by a qualified firm or
43 qualified supplier that meets the requirements established in K.S.A. 2022

1 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
2 been approved for a project exemption certificate by the secretary of
3 commerce, and the sale and installation of machinery and equipment
4 purchased by such qualified firm or qualified supplier for installation at
5 any such qualified business facility. When a person shall contract for the
6 construction, reconstruction, enlargement or remodeling of any such
7 qualified business facility, such person shall obtain from the state and
8 furnish to the contractor an exemption certificate for the project involved,
9 and the contractor may purchase materials, machinery and equipment for
10 incorporation in such project. The contractor shall furnish the number of
11 such certificates to all suppliers from whom such purchases are made, and
12 such suppliers shall execute invoices covering the same bearing the
13 number of such certificate. Upon completion of the project, the contractor
14 shall furnish to the owner of the qualified firm or qualified supplier a
15 sworn statement, on a form to be provided by the director of taxation, that
16 all purchases so made were entitled to exemption under this subsection.
17 All invoices shall be held by the contractor for a period of five years and
18 shall be subject to audit by the director of taxation. Any contractor or any
19 agent, employee or subcontractor thereof who shall use or otherwise
20 dispose of any materials, machinery or equipment purchased under such a
21 certificate for any purpose other than that for which such a certificate is
22 issued without the payment of the sales or compensating tax otherwise
23 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
24 therefor, shall be subject to the penalties provided for in K.S.A. 79-
25 3615(h), and amendments thereto. As used in this subsection, "qualified
26 business facility," "qualified firm" and "qualified supplier" mean the same
27 as defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto;

28 *(pppp) all sales of children's diapers. As used in this subsection:*

29 *(1) "Children's diapers" means diapers marketed to be worn by*
30 *children; and*

31 *(2) "diaper" means an absorbent garment worn by humans who are*
32 *incapable of, or have difficulty, controlling their bladder or bowel*
33 *movements; and*

34 *(qqqq) all sales of feminine hygiene products. For purposes of this*
35 *subsection, "feminine hygiene products" means tampons, panty liners,*
36 *menstrual cups, sanitary napkins and other similar tangible personal*
37 *property designed for feminine hygiene in connection with the human*
38 *menstrual cycle.*

39 Sec. 7. K.S.A. 2022 Supp. 79-3620 is hereby amended to read as
40 follows: 79-3620. (a) All revenue collected or received by the director of
41 taxation from the taxes imposed by this act shall be remitted to the state
42 treasurer in accordance with the provisions of K.S.A. 75-4215, and
43 amendments thereto. Upon receipt of each such remittance, the state

1 treasurer shall deposit the entire amount in the state treasury, less amounts
2 withheld as provided in subsection (b) and amounts credited as provided in
3 subsections (c), (d) and (e), to the credit of the state general fund.

4 (b) A refund fund, designated as "sales tax refund fund" not to exceed
5 \$100,000 shall be set apart and maintained by the director from sales tax
6 collections and estimated tax collections and held by the state treasurer for
7 prompt payment of all sales tax refunds. Such fund shall be in such
8 amount, within the limit set by this section, as the director shall determine
9 is necessary to meet current refunding requirements under this act. In the
10 event such fund as established by this section is, at any time, insufficient to
11 provide for the payment of refunds due claimants thereof, the director shall
12 certify the amount of additional funds required to the director of accounts
13 and reports who shall promptly transfer the required amount from the state
14 general fund to the sales tax refund fund, and notify the state treasurer,
15 who shall make proper entry in the records.

16 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the
17 revenue collected and received from the tax imposed by K.S.A. 79-3603,
18 and amendments thereto, at the rates provided in K.S.A. 79-3603, and
19 amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments
20 thereto, and deposited as provided by subsection (a), exclusive of amounts
21 credited pursuant to subsection (d), in the state highway fund.

22 (2) ~~On January 1, 2025~~ *April 1, 2023*, and thereafter, the state
23 treasurer shall credit 18% of the revenue collected and received from the
24 tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates
25 provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2022
26 Supp. 79-3603d, and amendments thereto, and deposited as provided by
27 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
28 the state highway fund.

29 (d) The state treasurer shall credit all revenue collected or received
30 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
31 certified by the director, from taxpayers doing business within that portion
32 of a STAR bond project district occupied by a STAR bond project or
33 taxpayers doing business with such entity financed by a STAR bond
34 project as defined in K.S.A. 12-17,162, and amendments thereto, that was
35 determined by the secretary of commerce to be of statewide as well as
36 local importance or will create a major tourism area for the state or the
37 project was designated as a STAR bond project as defined in K.S.A. 12-
38 17,162, and amendments thereto, to the city bond finance fund, which fund
39 is hereby created. The provisions of this subsection shall expire when the
40 total of all amounts credited hereunder and under K.S.A. 79-3710(d), and
41 amendments thereto, is sufficient to retire the special obligation bonds
42 issued for the purpose of financing all or a portion of the costs of such
43 STAR bond project.

1 (e) All revenue certified by the director of taxation as having been
2 collected or received from the tax imposed by K.S.A. 79-3603(c), and
3 amendments thereto, on the sale or furnishing of gas, water, electricity and
4 heat for use or consumption within the intermodal facility district
5 described in this subsection, shall be credited by the state treasurer to the
6 state highway fund. Such revenue may be transferred by the secretary of
7 transportation to the rail service improvement fund pursuant to law. The
8 provisions of this subsection shall take effect upon certification by the
9 secretary of transportation that a notice to proceed has been received for
10 the construction of the improvements within the intermodal facility
11 district, but not later than December 31, 2010, and shall expire when the
12 secretary of revenue determines that the total of all amounts credited
13 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is
14 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
15 revenues shall be collected and distributed in accordance with applicable
16 law. For all tax reporting periods during which the provisions of this
17 subsection are in effect, none of the exemptions contained in K.S.A. 79-
18 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
19 of any gas, water, electricity and heat for use or consumption within the
20 intermodal facility district. As used in this subsection, "intermodal facility
21 district" shall consist of an intermodal transportation area as defined by
22 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
23 within the polygonal-shaped area having Waverly Road as the eastern
24 boundary, 191st Street as the southern boundary, Four Corners Road as the
25 western boundary, and Highway 56 as the northern boundary, and the
26 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
27 Street as the southern boundary, Waverly Road as the western boundary,
28 and the BNSF mainline track as the northern boundary, that includes
29 capital investment in an amount exceeding \$150 million for the
30 construction of an intermodal facility to handle the transfer, storage and
31 distribution of freight through railway and trucking operations.

32 Sec. 8. K.S.A. 2022 Supp. 79-3703 is hereby amended to read as
33 follows: 79-3703. (a) There is hereby levied and there shall be collected
34 from every person in this state a tax or excise for the privilege of using,
35 storing, or consuming within this state any article of tangible personal
36 property. Such tax shall be levied and collected in an amount equal to the
37 consideration paid by the taxpayer multiplied by the rate of 6.5%.

38 (b) Commencing on January 1, 2023, and thereafter, the state rate on
39 the amount equal to the consideration paid by the taxpayer from the sale of
40 food and food ingredients as provided in K.S.A. 79-3603, and amendments
41 thereto, shall be as set forth in K.S.A. 2022 Supp. 79-3603d, and
42 amendments thereto.

43 (c) On and after January 1, 2023, 17% and on and after ~~January 1,~~

1 2025 *April 1, 2023*, 18% of the tax rate imposed pursuant to this section
2 and the rate provided in K.S.A. 2022 Supp. 79-3603d, and amendments
3 thereto, shall be levied for the state highway fund, the state highway fund
4 purposes and those purposes specified in K.S.A. 68-416, and amendments
5 thereto, and all revenue collected and received from such tax levy shall be
6 deposited in the state highway fund.

7 (d) Within a redevelopment district established pursuant to K.S.A.
8 74-8921, and amendments thereto, there is hereby levied and there shall be
9 collected and paid an additional tax of 2% until the earlier of: (1) The date
10 the bonds issued to finance or refinance the redevelopment project
11 undertaken in the district have been paid in full; or (2) the final scheduled
12 maturity of the first series of bonds issued to finance the redevelopment
13 project.

14 (e) All property purchased or leased within or without this state and
15 subsequently used, stored or consumed in this state shall be subject to the
16 compensating tax if the same property or transaction would have been
17 subject to the Kansas retailers' sales tax had the transaction been wholly
18 within this state.

19 Sec. 9. K.S.A. 2022 Supp. 79-3710 is hereby amended to read as
20 follows: 79-3710. (a) All revenue collected or received by the director
21 under the provisions of this act shall be remitted to the state treasurer in
22 accordance with the provisions of K.S.A. 75-4215, and amendments
23 thereto. Upon receipt of each such remittance, the state treasurer shall
24 deposit the entire amount in the state treasury, less amounts set apart as
25 provided in subsection (b) and amounts credited as provided in subsection
26 (c), (d) and (e), to the credit of the state general fund.

27 (b) A revolving fund, designated as "compensating tax refund fund"
28 not to exceed \$10,000 shall be set apart and maintained by the director
29 from compensating tax collections and estimated tax collections and held
30 by the state treasurer for prompt payment of all compensating tax refunds.
31 Such fund shall be in such amount, within the limit set by this section, as
32 the director shall determine is necessary to meet current refunding
33 requirements under this act.

34 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the
35 revenue collected and received from the tax imposed by K.S.A. 79-3703,
36 and amendments thereto, at the rates provided in K.S.A. 79-3703, and
37 amendments thereto, and K.S.A. 2022 Supp. 79-3603d, and amendments
38 thereto, and deposited as provided by subsection (a), exclusive of amounts
39 credited pursuant to subsection (d), in the state highway fund.

40 (2) On ~~January 1, 2025~~ *April 1, 2023*, and thereafter, the state
41 treasurer shall credit 18% of the revenue collected and received from the
42 tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates
43 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2022

1 Supp. 79-3603d, and amendments thereto, and deposited as provided by
2 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
3 the state highway fund.

4 (d) The state treasurer shall credit all revenue collected or received
5 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
6 certified by the director, from taxpayers doing business within that portion
7 of a redevelopment district occupied by a redevelopment project that was
8 determined by the secretary of commerce to be of statewide as well as
9 local importance or will create a major tourism area for the state as defined
10 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
11 fund created by K.S.A. 79-3620(d), and amendments thereto. The
12 provisions of this subsection shall expire when the total of all amounts
13 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,
14 is sufficient to retire the special obligation bonds issued for the purpose of
15 financing all or a portion of the costs of such redevelopment project.

16 This subsection shall not apply to a project designated as a special bond
17 project as defined in K.S.A. 12-1770a(z), and amendments thereto.

18 (e) All revenue certified by the director of taxation as having been
19 collected or received from the tax imposed by K.S.A. 79-3603(c), and
20 amendments thereto, on the sale or furnishing of gas, water, electricity and
21 heat for use or consumption within the intermodal facility district
22 described in this subsection, shall be credited by the state treasurer to the
23 state highway fund. Such revenue may be transferred by the secretary of
24 transportation to the rail service improvement fund pursuant to law. The
25 provisions of this subsection shall take effect upon certification by the
26 secretary of transportation that a notice to proceed has been received for
27 the construction of the improvements within the intermodal facility
28 district, but not later than December 31, 2010, and shall expire when the
29 secretary of revenue determines that the total of all amounts credited
30 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
31 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
32 revenues shall be collected and distributed in accordance with applicable
33 law. For all tax reporting periods during which the provisions of this
34 subsection are in effect, none of the exemptions contained in K.S.A. 79-
35 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
36 of any gas, water, electricity and heat for use or consumption within the
37 intermodal facility district. As used in this subsection, "intermodal facility
38 district" shall consist of an intermodal transportation area as defined by
39 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
40 within the polygonal-shaped area having Waverly Road as the eastern
41 boundary, 191st Street as the southern boundary, Four Corners Road as the
42 western boundary, and Highway 56 as the northern boundary, and the
43 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd

1 Street as the southern boundary, Waverly Road as the western boundary,
2 and the BNSF mainline track as the northern boundary, that includes
3 capital investment in an amount exceeding \$150 million for the
4 construction of an intermodal facility to handle the transfer, storage and
5 distribution of freight through railway and trucking operations.

6 Sec. 10. K.S.A. 12-17,162 and K.S.A. 2022 Supp. 79-32,271, 79-
7 3603, 79-3603d, 79-3606, 79-3620, 79-3703 and 79-3710 are hereby
8 repealed.

9 Sec. 11. This act shall take effect and be in force from and after its
10 publication in the Kansas register.