

SENATE BILL No. 377

By Committee on Assessment and Taxation

1-22

1 AN ACT concerning taxation; relating to property tax; increasing extent of
2 exemption for residential property from statewide school levy; relating
3 to privilege tax; decreasing the normal tax rates on banks, trust
4 companies and savings and loan associations; relating to income tax;
5 increasing the tax credit amount for household and dependent care
6 expenses; eliminating the income limit to qualify for the subtraction
7 modification for social security income; increasing the Kansas standard
8 deduction; relating to sales and compensating use tax; providing a sales
9 tax exemption for certain sales of school supplies, computers and
10 clothing during an annual sales tax holiday; providing sales tax
11 exemptions for children's diapers and feminine hygiene products;
12 reducing the state rate of tax on sales of food and food ingredients;
13 amending K.S.A. 79-1107, 79-1108 and 79-32,111c and K.S.A. 2023
14 Supp. 79-201x, 79-32,117, 79-32,119, 79-3603, 79-3603d, 79-3606,
15 79-3620, 79-3703 and 79-3710 and repealing the existing sections.

16

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

18 New Section 1. (a) (1) On and after July 1, 2024, during the four-day
19 period beginning at 12:01 a.m. on the first Thursday in August and ending
20 at midnight on the Sunday following, all back-to-school-related sales of
21 the following items shall be exempt from the tax imposed by the Kansas
22 retailers' sales tax act:

23 (A) Clothing or clothing accessories or equipment with a sales price
24 of \$300 or less per item;

25 (B) school supplies, school instructional materials or school art
26 supplies with a sales price of \$100 or less per item;

27 (C) prewritten computer software with a sales price of \$300 or less
28 per item; and

29 (D) computers or school computer supplies with a sales price of
30 \$2,000 or less per item.

31 (2) Only items priced at or below the price threshold established in
32 this subsection shall be exempt from taxation pursuant to this subsection.
33 Notwithstanding K.S.A. 79-3609, and amendments thereto, the seller of
34 items specified in this subsection is not required to obtain an exemption
35 certificate from the purchaser of such items during the period of time
36 specified in this subsection. There shall be no exemption pursuant to this

1 subsection for only a portion of the price of an individual item.

2 (b) As used in this section:

3 (1) "Clothing" means all human wearing apparel suitable for general
4 use.

5 (A) "Clothing" includes, but is not limited to:

- 6 (i) Aprons, household and shop;
 - 7 (ii) athletic supporters;
 - 8 (iii) baby receiving blankets;
 - 9 (iv) bathing suits and caps;
 - 10 (v) beach capes and coats;
 - 11 (vi) belts and suspenders;
 - 12 (vii) boots;
 - 13 (viii) coats and jackets;
 - 14 (ix) costumes;
 - 15 (x) diapers, children and adult, including disposable diapers;
 - 16 (xi) ear muffs;
 - 17 (xii) footlets;
 - 18 (xiii) formal wear;
 - 19 (xiv) garters and garter belts;
 - 20 (xv) girdles;
 - 21 (xvi) gloves and mittens for general use;
 - 22 (xvii) hats and caps;
 - 23 (xviii) hosiery;
 - 24 (xix) insoles for shoes;
 - 25 (xx) lab coats;
 - 26 (xxi) neckties;
 - 27 (xxii) overshoes;
 - 28 (xxiii) pantyhose;
 - 29 (xxiv) rainwear;
 - 30 (xxv) rubber pants;
 - 31 (xxvi) sandals;
 - 32 (xxvii) scarves;
 - 33 (xxviii) shoes and shoe laces;
 - 34 (xxix) slippers;
 - 35 (xxx) sneakers;
 - 36 (xxxi) socks and stockings;
 - 37 (xxxii) steel-toed shoes;
 - 38 (xxxiii) underwear;
 - 39 (xxxiv) uniforms, athletic and non-athletic; and
 - 40 (xxxv) wedding apparel.
- 41 (B) "Clothing" does not include:
- 42 (i) Belt buckles sold separately;
 - 43 (ii) costume masks sold separately;

- 1 (iii) patches and emblems sold separately;
- 2 (iv) sewing equipment and supplies, including, but not limited to,
- 3 knitting needles, patterns, pins, scissors, sewing machines, sewing needles,
- 4 tape measures and thimbles; and
- 5 (v) sewing materials that become part of clothing, including, but not
- 6 limited to, buttons, fabric, lace, thread, yarn and zippers.
- 7 (2) "Clothing accessories or equipment" means incidental items worn
- 8 on the person or in conjunction with clothing. "Clothing accessories or
- 9 equipment" includes, but is not limited to:
- 10 (A) Briefcases;
- 11 (B) cosmetics;
- 12 (C) hair notions, including, but not limited to, barrettes, hair bows
- 13 and hair nets;
- 14 (D) handbags;
- 15 (E) handkerchiefs;
- 16 (F) jewelry;
- 17 (G) sunglasses, nonprescription;
- 18 (H) umbrellas;
- 19 (I) wallets;
- 20 (J) watches; and
- 21 (K) wigs and hairpieces.
- 22 (3) "Computer" means a personal computer such as a laptop or
- 23 desktop computer or a tablet, but not including a phone.
- 24 (4) "Eligible property" means an item of a type, such as clothing, that
- 25 qualifies for the sales tax exemption as provided in this section.
- 26 (5) "Layaway sale" means a transaction in which property is set aside
- 27 for future delivery to a customer who makes a deposit, agrees to pay the
- 28 balance of the purchase price over a period of time and, at the end of the
- 29 payment period, receives the property. An order is accepted for layaway by
- 30 the seller when the seller removes the property from normal inventory or
- 31 clearly identifies the property as sold to the purchaser.
- 32 (6) "Prewritten computer software" means the same as defined in
- 33 K.S.A. 79-3602, and amendments thereto, except that such term only
- 34 includes software designed for a computer as defined in this section.
- 35 (7) "Rain check" means the seller allows a customer to purchase an
- 36 item at a certain price at a later time, because the particular item was out of
- 37 stock.
- 38 (8) "School art supply" means an item commonly used by a student in
- 39 a course of study for artwork. The following is an all-inclusive list:
- 40 (A) Clay and glazes;
- 41 (B) paints; acrylic, tempera and oil;
- 42 (C) paintbrushes for artwork;
- 43 (D) sketch and drawing pads; and

1 (E) watercolors.

2 (9) "School computer supply" means an item commonly used by a
3 student in a course of study in which a computer is used. The following is
4 an all-inclusive list:

5 (A) Computer storage media; diskettes, compact disks;

6 (B) handheld electronic schedulers, except devices that are cellular
7 phones;

8 (C) personal digital assistants, except devices that are cellular phones;

9 (D) computer printers; and

10 (E) printer supplies for computers; printer paper, printer ink.

11 (10) "School instructional material" means written material
12 commonly used by a student in a course of study as a reference and to
13 learn the subject being taught. The following is an all-inclusive list:

14 (A) Reference books;

15 (B) reference maps and globes;

16 (C) textbooks; and

17 (D) workbooks.

18 (11) "School supply" means an item commonly used by a student in a
19 course of study. The following is an all-inclusive list:

20 (A) Binders;

21 (B) book bags;

22 (C) calculators;

23 (D) cellophane tape;

24 (E) blackboard chalk;

25 (F) compasses;

26 (G) composition books;

27 (H) crayons;

28 (I) erasers;

29 (J) folders; expandable, pocket, plastic and manila;

30 (K) glue, paste and paste sticks;

31 (L) highlighters;

32 (M) index cards;

33 (N) index card boxes;

34 (O) legal pads;

35 (P) lunch boxes;

36 (Q) markers;

37 (R) notebooks;

38 (S) paper; loose leaf ruled notebook paper, copy paper, graph paper,
39 tracing paper, manila paper, colored paper, poster board and construction
40 paper;

41 (T) pencil boxes and other school supply boxes;

42 (U) pencil sharpeners;

43 (V) pencils;

- 1 (W) pens;
- 2 (X) protractors;
- 3 (Y) rulers;
- 4 (Z) scissors; and
- 5 (AA) writing tablets.

6 (c) The secretary of revenue shall provide notice of the exemption
7 period to retailers at least 60 days prior to the first day of the calendar
8 month in which the exemption period established in this section
9 commences.

10 (d) The following procedures are to be used in administering the
11 exemption as provided in this section:

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

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

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

19 (2) There shall be no change during the period of exemption for the
20 handling of a bundled sale as treated for sales tax purposes at times other
21 than the exemption period.

22 (3) A discount by the seller reduces the sales price of the property,
23 and the discounted sales price determines whether the sales price is within
24 the price threshold provided in subsection (a). A coupon that reduces the
25 sales price is treated as a discount if the seller is not reimbursed for the
26 coupon amount by a third party. If a discount applies to the total amount
27 paid by a purchaser rather than to the sales price of a particular item and
28 the purchaser has purchased both eligible property and taxable property,
29 the seller shall allocate the discount based on the total sales prices of the
30 taxable property compared to the total sales prices of all property sold in
31 that same transaction.

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

35 (5) Eligible property that customers purchase during the exemption
36 period with use of a rain check will qualify for the exemption regardless of
37 when the rain check was issued. Issuance of a rain check during the
38 exemption period shall not qualify eligible property for the exemption if
39 the property is actually purchased after the exemption period.

40 (6) The procedure for an exchange in regards to an exemption is as
41 follows:

42 (A) If a customer purchases an item of eligible property during the
43 exemption period but later exchanges the item for a similar eligible item,

1 even if a different size, different color or other feature, no additional tax is
2 due even if the exchange is made after the exemption period;

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

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

12 (7) For the purpose of an exemption, eligible property qualifies for
13 the exemption if:

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

16 (B) the customer orders and pays for the item and the seller accepts
17 the order during the exemption period for immediate shipment, even if
18 delivery is made after the exemption period. For purposes of this
19 subparagraph, the seller accepts an order when the seller has taken action
20 to fill the order for immediate shipment. Actions to fill an order include
21 placement of an "in date" stamp on a mail order or assignment of an order
22 number to a telephone order. For purposes of this subparagraph, an order is
23 for immediate shipment when the customer does not request delayed
24 shipment. An order is for immediate shipment notwithstanding that the
25 shipment may be delayed because of a backlog of orders or because stock
26 is currently unavailable to, or on back order by, the seller.

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

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

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

42 Sec. 2. K.S.A. 2023 Supp. 79-201x is hereby amended to read as
43 follows: 79-201x. (a) For taxable year 2022, ~~and all taxable years~~

1 thereafter, the following described property, to the extent herein specified,
 2 shall be and is hereby exempt from the property tax levied pursuant to the
 3 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
 4 residential purposes to the extent of \$40,000 of its appraised valuation.

5 (b) For taxable year 2023, ~~and all taxable years thereafter, the dollar~~
 6 ~~amount of the extent of appraised valuation that is exempt pursuant to~~
 7 ~~subsection (a) shall be adjusted to reflect the average percentage change in~~
 8 ~~statewide residential valuation of all residential real property for the~~
 9 ~~preceding 10 years. Such average percentage change shall not be less than~~
 10 ~~zero. The director of property valuation shall calculate the average~~
 11 ~~percentage change for purposes of this annual adjustment and calculate the~~
 12 ~~dollar amount of the extent of appraised valuation that is exempt pursuant~~
 13 ~~to this section each year the following described property, to the extent~~
 14 ~~herein specified, shall be and is hereby exempt from the property tax levied~~
 15 ~~pursuant to the provisions of K.S.A. 72-5142, and amendments thereto:~~
 16 *Property used for residential purposes to the extent of \$42,049 of its*
 17 *appraised valuation.*

18 (c) *For taxable year 2024, and all taxable years thereafter, the*
 19 *following described property, to the extent herein specified, shall be and is*
 20 *hereby exempt from the property tax levied pursuant to the provisions of*
 21 *K.S.A. 72-5142, and amendments thereto: Property used for residential*
 22 *purposes to the extent of \$100,000 of its appraised valuation.*

23 Sec. 3. K.S.A. 79-1107 is hereby amended to read as follows: 79-
 24 1107. Every national banking association and state bank located or doing
 25 business within the state shall pay to the state for the privilege of doing
 26 business within the state a tax according to or measured by its net income
 27 for the next preceding taxable year to be computed as provided in this act.
 28 Such tax shall consist of a normal tax and a surtax and shall be computed
 29 as follows:

30 (a) (1) *For tax year 2023, the normal tax shall be an amount equal to*
 31 *2⁺/₄% 2.25% of such net income;*

32 (2) *for tax year 2024, the normal tax shall be an amount equal to*
 33 *1.94% of such net income; and*

34 (3) *for tax year 2025, and all tax years thereafter, the normal tax*
 35 *shall be an amount equal to 1.63% of such net income; and*

36 (b) the surtax shall be an amount equal to ~~2⁺/₈%~~ 2.125% of such net
 37 income in excess of \$25,000.

38 The tax levied shall be in lieu of ad valorem taxes which might
 39 otherwise be imposed by the state or political subdivisions thereof upon
 40 shares of capital stock or the intangible assets of national banking
 41 associations and state banks.

42 Sec. 4. K.S.A. 79-1108 is hereby amended to read as follows: 79-
 43 1108. Every trust company and savings and loan association located or

1 doing business within the state shall pay to the state for the privilege of
2 doing business within the state a tax according to or measured by its net
3 income for the next preceding taxable year to be computed as provided in
4 this act. Such tax shall consist of a normal tax and a surtax and shall be
5 computed as follows:

6 (a) (1) *For tax year 2023, the normal tax on every trust company and*
7 *savings and loan association shall be an amount equal to ~~2.4%~~ 2.25% of*
8 *such net income;*

9 (2) *for tax year 2024, the normal tax shall be an amount equal to*
10 *1.93% of such net income; and*

11 (3) *for tax year 2025, and all tax years thereafter, the normal tax*
12 *shall be an amount equal to 1.61% of such net income; and*

13 (b) the surtax on every trust company and savings and loan
14 association shall be an amount equal to ~~2.4%~~ 2.25% of such net income in
15 excess of \$25,000.

16 The tax levied shall be in lieu of ad valorem taxes which might
17 otherwise be imposed by the state or political subdivision thereof upon
18 shares of capital stock or other intangible assets of trust companies and
19 savings and loan associations.

20 Sec. 5. K.S.A. 79-32,111c is hereby amended to read as follows: 79-
21 32,111c. (a) There shall be allowed as a credit against the tax liability of a
22 resident individual imposed under the Kansas income tax act an amount
23 equal to 12.5% for tax year 2018; an amount equal to 18.75% for tax year
24 2019; ~~and~~ an amount equal to 25% for tax ~~year~~ years 2020 through 2023;
25 *and an amount equal to 50% for tax year 2024, and all tax years thereafter,*
26 *of the amount of the credit allowed against such taxpayer's federal income*
27 *tax liability pursuant to 26 U.S.C. § 21 for the taxable year in which such*
28 *credit was claimed against the taxpayer's federal income tax liability.*

29 (b) The credit allowed by subsection (a) shall not exceed the amount
30 of the tax imposed by K.S.A. 79-32,110, and amendments thereto, reduced
31 by the sum of any other credits allowable pursuant to law.

32 (c) No credit provided under this section shall be allowed to any
33 individual who fails to provide a valid social security number issued by the
34 social security administration, to such individual, the individual's spouse
35 and every dependent of the individual.

36 Sec. 6. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as
37 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
38 means such individual's federal adjusted gross income for the taxable year,
39 with the modifications specified in this section.

40 (b) There shall be added to federal adjusted gross income:

41 (i) Interest income less any related expenses directly incurred in the
42 purchase of state or political subdivision obligations, to the extent that the
43 same is not included in federal adjusted gross income, on obligations of

1 any state or political subdivision thereof, but to the extent that interest
2 income on obligations of this state or a political subdivision thereof issued
3 prior to January 1, 1988, is specifically exempt from income tax under the
4 laws of this state authorizing the issuance of such obligations, it shall be
5 excluded from computation of Kansas adjusted gross income whether or
6 not included in federal adjusted gross income. Interest income on
7 obligations of this state or a political subdivision thereof issued after
8 December 31, 1987, shall be excluded from computation of Kansas
9 adjusted gross income whether or not included in federal adjusted gross
10 income.

11 (ii) Taxes on or measured by income or fees or payments in lieu of
12 income taxes imposed by this state or any other taxing jurisdiction to the
13 extent deductible in determining federal adjusted gross income and not
14 credited against federal income tax. This paragraph shall not apply to taxes
15 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
16 amendments thereto, for privilege tax year 1995, and all such years
17 thereafter.

18 (iii) The federal net operating loss deduction, except that the federal
19 net operating loss deduction shall not be added to an individual's federal
20 adjusted gross income for tax years beginning after December 31, 2016.

21 (iv) Federal income tax refunds received by the taxpayer if the
22 deduction of the taxes being refunded resulted in a tax benefit for Kansas
23 income tax purposes during a prior taxable year. Such refunds shall be
24 included in income in the year actually received regardless of the method
25 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
26 be deemed to have resulted if the amount of the tax had been deducted in
27 determining income subject to a Kansas income tax for a prior year
28 regardless of the rate of taxation applied in such prior year to the Kansas
29 taxable income, but only that portion of the refund shall be included as
30 bears the same proportion to the total refund received as the federal taxes
31 deducted in the year to which such refund is attributable bears to the total
32 federal income taxes paid for such year. For purposes of the foregoing
33 sentence, federal taxes shall be considered to have been deducted only to
34 the extent such deduction does not reduce Kansas taxable income below
35 zero.

36 (v) The amount of any depreciation deduction or business expense
37 deduction claimed on the taxpayer's federal income tax return for any
38 capital expenditure in making any building or facility accessible to the
39 handicapped, for which expenditure the taxpayer claimed the credit
40 allowed by K.S.A. 79-32,177, and amendments thereto.

41 (vi) Any amount of designated employee contributions picked up by
42 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
43 and amendments thereto.

1 (vii) The amount of any charitable contribution made to the extent the
2 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
3 32,196, and amendments thereto.

4 (viii) The amount of any costs incurred for improvements to a swine
5 facility, claimed for deduction in determining federal adjusted gross
6 income, to the extent the same is claimed as the basis for any credit
7 allowed pursuant to K.S.A. 79-32,204, and amendments thereto.

8 (ix) The amount of any ad valorem taxes and assessments paid and
9 the amount of any costs incurred for habitat management or construction
10 and maintenance of improvements on real property, claimed for deduction
11 in determining federal adjusted gross income, to the extent the same is
12 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
13 and amendments thereto.

14 (x) Amounts received as nonqualified withdrawals, as defined by
15 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
16 family postsecondary education savings account, such amounts were
17 subtracted from the federal adjusted gross income pursuant to subsection
18 (c)(xv) or if such amounts are not already included in the federal adjusted
19 gross income.

20 (xi) The amount of any contribution made to the same extent the
21 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
22 50,154, and amendments thereto.

23 (xii) For taxable years commencing after December 31, 2004,
24 amounts received as withdrawals not in accordance with the provisions of
25 K.S.A. 74-50,204, and amendments thereto, if, at the time of contribution
26 to an individual development account, such amounts were subtracted from
27 the federal adjusted gross income pursuant to subsection (c)(xiii), or if
28 such amounts are not already included in the federal adjusted gross
29 income.

30 (xiii) The amount of any expenditures claimed for deduction in
31 determining federal adjusted gross income, to the extent the same is
32 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,217
33 through 79-32,220 or 79-32,222, and amendments thereto.

34 (xiv) The amount of any amortization deduction claimed in
35 determining federal adjusted gross income to the extent the same is
36 claimed for deduction pursuant to K.S.A. 79-32,221, and amendments
37 thereto.

38 (xv) The amount of any expenditures claimed for deduction in
39 determining federal adjusted gross income, to the extent the same is
40 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
41 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
42 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
43 32,251 through 79-32,254, and amendments thereto.

1 (xvi) The amount of any amortization deduction claimed in
2 determining federal adjusted gross income to the extent the same is
3 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
4 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

5 (xvii) The amount of any amortization deduction claimed in
6 determining federal adjusted gross income to the extent the same is
7 claimed for deduction pursuant to K.S.A. 79-32,256, and amendments
8 thereto.

9 (xviii) For taxable years commencing after December 31, 2006, the
10 amount of any ad valorem or property taxes and assessments paid to a state
11 other than Kansas or local government located in a state other than Kansas
12 by a taxpayer who resides in a state other than Kansas, when the law of
13 such state does not allow a resident of Kansas who earns income in such
14 other state to claim a deduction for ad valorem or property taxes or
15 assessments paid to a political subdivision of the state of Kansas in
16 determining taxable income for income tax purposes in such other state, to
17 the extent that such taxes and assessments are claimed as an itemized
18 deduction for federal income tax purposes.

19 (xix) For taxable years beginning after December 31, 2012, and
20 ending before January 1, 2017, the amount of any: (1) Loss from business
21 as determined under the federal internal revenue code and reported from
22 schedule C and on line 12 of the taxpayer's form 1040 federal individual
23 income tax return; (2) loss from rental real estate, royalties, partnerships, S
24 corporations, except those with wholly owned subsidiaries subject to the
25 Kansas privilege tax, estates, trusts, residual interest in real estate
26 mortgage investment conduits and net farm rental as determined under the
27 federal internal revenue code and reported from schedule E and on line 17
28 of the taxpayer's form 1040 federal individual income tax return; and (3)
29 farm loss as determined under the federal internal revenue code and
30 reported from schedule F and on line 18 of the taxpayer's form 1040
31 federal income tax return; all to the extent deducted or subtracted in
32 determining the taxpayer's federal adjusted gross income. For purposes of
33 this subsection, references to the federal form 1040 and federal schedule
34 C, schedule E, and schedule F, shall be to such form and schedules as they
35 existed for tax year 2011, and as revised thereafter by the internal revenue
36 service.

37 (xx) For taxable years beginning after December 31, 2012, and
38 ending before January 1, 2017, the amount of any deduction for self-
39 employment taxes under section 164(f) of the federal internal revenue
40 code as in effect on January 1, 2012, and amendments thereto, in
41 determining the federal adjusted gross income of an individual taxpayer, to
42 the extent the deduction is attributable to income reported on schedule C,
43 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income

1 tax return.

2 (xxi) For taxable years beginning after December 31, 2012, and
3 ending before January 1, 2017, the amount of any deduction for pension,
4 profit sharing, and annuity plans of self-employed individuals under
5 section 62(a)(6) of the federal internal revenue code as in effect on January
6 1, 2012, and amendments thereto, in determining the federal adjusted gross
7 income of an individual taxpayer.

8 (xxii) For taxable years beginning after December 31, 2012, and
9 ending before January 1, 2017, the amount of any deduction for health
10 insurance under section 162(l) of the federal internal revenue code as in
11 effect on January 1, 2012, and amendments thereto, in determining the
12 federal adjusted gross income of an individual taxpayer.

13 (xxiii) For taxable years beginning after December 31, 2012, and
14 ending before January 1, 2017, the amount of any deduction for domestic
15 production activities under section 199 of the federal internal revenue code
16 as in effect on January 1, 2012, and amendments thereto, in determining
17 the federal adjusted gross income of an individual taxpayer.

18 (xxiv) For taxable years commencing after December 31, 2013, that
19 portion of the amount of any expenditure deduction claimed in
20 determining federal adjusted gross income for expenses paid for medical
21 care of the taxpayer or the taxpayer's spouse or dependents when such
22 expenses were paid or incurred for an abortion, or for a health benefit plan,
23 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
24 an optional rider for coverage of abortion in accordance with K.S.A. 40-
25 2,190, and amendments thereto, to the extent that such taxes and
26 assessments are claimed as an itemized deduction for federal income tax
27 purposes.

28 (xxv) For taxable years commencing after December 31, 2013, that
29 portion of the amount of any expenditure deduction claimed in
30 determining federal adjusted gross income for expenses paid by a taxpayer
31 for health care when such expenses were paid or incurred for abortion
32 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
33 amendments thereto, when such expenses were paid or incurred for
34 abortion coverage or amounts contributed to health savings accounts for
35 such taxpayer's employees for the purchase of an optional rider for
36 coverage of abortion in accordance with K.S.A. 40-2,190, and
37 amendments thereto, to the extent that such taxes and assessments are
38 claimed as a deduction for federal income tax purposes.

39 (xxvi) For all taxable years beginning after December 31, 2016, the
40 amount of any charitable contribution made to the extent the same is
41 claimed as the basis for the credit allowed pursuant to K.S.A. 72-4357, and
42 amendments thereto, and is also claimed as an itemized deduction for
43 federal income tax purposes.

1 (xxvii) For all taxable years commencing after December 31, 2020,
2 the amount deducted by reason of a carryforward of disallowed business
3 interest pursuant to section 163(j) of the federal internal revenue code of
4 1986, as in effect on January 1, 2018.

5 (xxviii) For all taxable years beginning after December 31, 2021, the
6 amount of any contributions to, or earnings from, a first-time home buyer
7 savings account if distributions from the account were not used to pay for
8 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-
9 4904, and amendments thereto, or were not held for the minimum length
10 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments
11 thereto. Contributions to, or earnings from, such account shall also include
12 any amount resulting from the account holder not designating a surviving
13 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),
14 and amendments thereto.

15 (c) There shall be subtracted from federal adjusted gross income:

16 (i) Interest or dividend income on obligations or securities of any
17 authority, commission or instrumentality of the United States and its
18 possessions less any related expenses directly incurred in the purchase of
19 such obligations or securities, to the extent included in federal adjusted
20 gross income but exempt from state income taxes under the laws of the
21 United States.

22 (ii) Any amounts received which are included in federal adjusted
23 gross income but which are specifically exempt from Kansas income
24 taxation under the laws of the state of Kansas.

25 (iii) The portion of any gain or loss from the sale or other disposition
26 of property having a higher adjusted basis for Kansas income tax purposes
27 than for federal income tax purposes on the date such property was sold or
28 disposed of in a transaction in which gain or loss was recognized for
29 purposes of federal income tax that does not exceed such difference in
30 basis, but if a gain is considered a long-term capital gain for federal
31 income tax purposes, the modification shall be limited to that portion of
32 such gain which is included in federal adjusted gross income.

33 (iv) The amount necessary to prevent the taxation under this act of
34 any annuity or other amount of income or gain which was properly
35 included in income or gain and was taxed under the laws of this state for a
36 taxable year prior to the effective date of this act, as amended, to the
37 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
38 the right to receive the income or gain, or to a trust or estate from which
39 the taxpayer received the income or gain.

40 (v) The amount of any refund or credit for overpayment of taxes on
41 or measured by income or fees or payments in lieu of income taxes
42 imposed by this state, or any taxing jurisdiction, to the extent included in
43 gross income for federal income tax purposes.

1 (vi) Accumulation distributions received by a taxpayer as a
2 beneficiary of a trust to the extent that the same are included in federal
3 adjusted gross income.

4 (vii) Amounts received as annuities under the federal civil service
5 retirement system from the civil service retirement and disability fund and
6 other amounts received as retirement benefits in whatever form which
7 were earned for being employed by the federal government or for service
8 in the armed forces of the United States.

9 (viii) Amounts received by retired railroad employees as a
10 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
11 228c(a)(1) et seq.

12 (ix) Amounts received by retired employees of a city and by retired
13 employees of any board of such city as retirement allowances pursuant to
14 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
15 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
16 amendments thereto.

17 (x) For taxable years beginning after December 31, 1976, the amount
18 of the federal tentative jobs tax credit disallowance under the provisions of
19 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
20 amount of the targeted jobs tax credit and work incentive credit
21 disallowances under 26 U.S.C. § 280C.

22 (xi) For taxable years beginning after December 31, 1986, dividend
23 income on stock issued by Kansas venture capital, inc.

24 (xii) For taxable years beginning after December 31, 1989, amounts
25 received by retired employees of a board of public utilities as pension and
26 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,
27 and amendments thereto.

28 (xiii) For taxable years beginning after December 31, 2004, amounts
29 contributed to and the amount of income earned on contributions deposited
30 to an individual development account under K.S.A. 74-50,201 et seq., and
31 amendments thereto.

32 (xiv) For all taxable years commencing after December 31, 1996, that
33 portion of any income of a bank organized under the laws of this state or
34 any other state, a national banking association organized under the laws of
35 the United States, an association organized under the savings and loan
36 code of this state or any other state, or a federal savings association
37 organized under the laws of the United States, for which an election as an
38 S corporation under subchapter S of the federal internal revenue code is in
39 effect, which accrues to the taxpayer who is a stockholder of such
40 corporation and which is not distributed to the stockholders as dividends of
41 the corporation. For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of modification under this
43 subsection shall exclude the portion of income or loss reported on schedule

1 E and included on line 17 of the taxpayer's form 1040 federal individual
2 income tax return.

3 (xv) For all taxable years beginning after December 31, 2017, the
4 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
5 filing a joint return, for each designated beneficiary that are contributed to:
6 (1) A family postsecondary education savings account established under
7 the Kansas postsecondary education savings program or a qualified tuition
8 program established and maintained by another state or agency or
9 instrumentality thereof pursuant to section 529 of the internal revenue
10 code of 1986, as amended, for the purpose of paying the qualified higher
11 education expenses of a designated beneficiary; or (2) an achieving a
12 better life experience (ABLE) account established under the Kansas ABLE
13 savings program or a qualified ABLE program established and maintained
14 by another state or agency or instrumentality thereof pursuant to section
15 529A of the internal revenue code of 1986, as amended, for the purpose of
16 saving private funds to support an individual with a disability. The terms
17 and phrases used in this paragraph shall have the meaning respectively
18 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
19 amendments thereto, and the provisions of such sections are hereby
20 incorporated by reference for all purposes thereof.

21 (xvi) For all taxable years beginning after December 31, 2004,
22 amounts received by taxpayers who are or were members of the armed
23 forces of the United States, including service in the Kansas army and air
24 national guard, as a recruitment, sign up or retention bonus received by
25 such taxpayer as an incentive to join, enlist or remain in the armed services
26 of the United States, including service in the Kansas army and air national
27 guard, and amounts received for repayment of educational or student loans
28 incurred by or obligated to such taxpayer and received by such taxpayer as
29 a result of such taxpayer's service in the armed forces of the United States,
30 including service in the Kansas army and air national guard.

31 (xvii) For all taxable years beginning after December 31, 2004,
32 amounts received by taxpayers who are eligible members of the Kansas
33 army and air national guard as a reimbursement pursuant to K.S.A. 48-
34 281, and amendments thereto, and amounts received for death benefits
35 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
36 such death benefits are included in federal adjusted gross income of the
37 taxpayer.

38 ~~(xviii) For the taxable year beginning after December 31, 2006,~~
39 ~~amounts received as benefits under the federal social security act which~~
40 ~~are included in federal adjusted gross income of a taxpayer with federal~~
41 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
42 ~~status is single, head of household, married filing separate or married filing~~
43 ~~jointly; and (1) For all taxable years beginning after December 31, 2007,~~

1 *and ending before January 1, 2024, amounts received as benefits under the*
2 *federal social security act which that are included in federal adjusted gross*
3 *income of a taxpayer with federal adjusted gross income of \$75,000 or*
4 *less, whether such taxpayer's filing status is single, head of household,*
5 *married filing separate or married filing jointly.*

6 *(2) For all taxable years beginning after December 31, 2023,*
7 *amounts received as benefits under the federal social security act that are*
8 *included in federal adjusted gross income of a taxpayer.*

9 (xix) Amounts received by retired employees of Washburn university
10 as retirement and pension benefits under the university's retirement plan.

11 (xx) For taxable years beginning after December 31, 2012, and
12 ending before January 1, 2017, the amount of any: (1) Net profit from
13 business as determined under the federal internal revenue code and
14 reported from schedule C and on line 12 of the taxpayer's form 1040
15 federal individual income tax return; (2) net income, not including
16 guaranteed payments as defined in section 707(c) of the federal internal
17 revenue code and as reported to the taxpayer from federal schedule K-1,
18 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
19 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
20 partnerships, S corporations, estates, trusts, residual interest in real estate
21 mortgage investment conduits and net farm rental as determined under
22 the federal internal revenue code and reported from schedule E and on line 17
23 of the taxpayer's form 1040 federal individual income tax return; and (3)
24 net farm profit as determined under the federal internal revenue code and
25 reported from schedule F and on line 18 of the taxpayer's form 1040
26 federal income tax return; all to the extent included in the taxpayer's
27 federal adjusted gross income. For purposes of this subsection, references
28 to the federal form 1040 and federal schedule C, schedule E, and schedule
29 F, shall be to such form and schedules as they existed for tax year 2011
30 and as revised thereafter by the internal revenue service.

31 (xxi) For all taxable years beginning after December 31, 2013,
32 amounts equal to the unreimbursed travel, lodging and medical
33 expenditures directly incurred by a taxpayer while living, or a dependent
34 of the taxpayer while living, for the donation of one or more human organs
35 of the taxpayer, or a dependent of the taxpayer, to another person for
36 human organ transplantation. The expenses may be claimed as a
37 subtraction modification provided for in this section to the extent the
38 expenses are not already subtracted from the taxpayer's federal adjusted
39 gross income. In no circumstances shall the subtraction modification
40 provided for in this section for any individual, or a dependent, exceed
41 \$5,000. As used in this section, "human organ" means all or part of a liver,
42 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
43 paragraph shall take effect on the day the secretary of revenue certifies to

1 the director of the budget that the cost for the department of revenue of
2 modifications to the automated tax system for the purpose of
3 implementing this paragraph will not exceed \$20,000.

4 (xxii) For taxable years beginning after December 31, 2012, and
5 ending before January 1, 2017, the amount of net gain from the sale of: (1)
6 Cattle and horses, regardless of age, held by the taxpayer for draft,
7 breeding, dairy or sporting purposes, and held by such taxpayer for 24
8 months or more from the date of acquisition; and (2) other livestock,
9 regardless of age, held by the taxpayer for draft, breeding, dairy or
10 sporting purposes, and held by such taxpayer for 12 months or more from
11 the date of acquisition. The subtraction from federal adjusted gross income
12 shall be limited to the amount of the additions recognized under the
13 provisions of subsection (b)(xix) attributable to the business in which the
14 livestock sold had been used. As used in this paragraph, the term
15 "livestock" shall not include poultry.

16 (xxiii) For all taxable years beginning after December 31, 2012,
17 amounts received under either the Overland Park, Kansas police
18 department retirement plan or the Overland Park, Kansas fire department
19 retirement plan, both as established by the city of Overland Park, pursuant
20 to the city's home rule authority.

21 (xxiv) For taxable years beginning after December 31, 2013, and
22 ending before January 1, 2017, the net gain from the sale from Christmas
23 trees grown in Kansas and held by the taxpayer for six years or more.

24 (xxv) For all taxable years commencing after December 31, 2020,
25 100% of global intangible low-taxed income under section 951A of the
26 federal internal revenue code of 1986, before any deductions allowed
27 under section 250(a)(1)(B) of such code.

28 (xxvi) For all taxable years commencing after December 31, 2020,
29 the amount disallowed as a deduction pursuant to section 163(j) of the
30 federal internal revenue code of 1986, as in effect on January 1, 2018.

31 (xxvii) For taxable years commencing after December 31, 2020, the
32 amount disallowed as a deduction pursuant to section 274 of the federal
33 internal revenue code of 1986 for meal expenditures shall be allowed to
34 the extent such expense was deductible for determining federal income tax
35 and was allowed and in effect on December 31, 2017.

36 (xxviii) For all taxable years beginning after December 31, 2021: (1)
37 The amount contributed to a first-time home buyer savings account
38 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an
39 amount not to exceed \$3,000 for an individual or \$6,000 for a married
40 couple filing a joint return; or (2) amounts received as income earned from
41 assets in a first-time home buyer savings account.

42 (d) There shall be added to or subtracted from federal adjusted gross
43 income the taxpayer's share, as beneficiary of an estate or trust, of the

1 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
2 amendments thereto.

3 (e) The amount of modifications required to be made under this
4 section by a partner which relates to items of income, gain, loss, deduction
5 or credit of a partnership shall be determined under K.S.A. 79-32,131, and
6 amendments thereto, to the extent that such items affect federal adjusted
7 gross income of the partner.

8 Sec. 7. K.S.A. 2023 Supp. 79-32,119 is hereby amended to read as
9 follows: 79-32,119. (a) The Kansas standard deduction of an individual,
10 including a husband and wife who are either both residents or who file a
11 joint return as if both were residents, shall be equal to the sum of the
12 standard deduction amount allowed pursuant to this section, and the
13 additional standard deduction amount allowed pursuant to this section for
14 each such deduction allowable to such individual or to such husband and
15 wife under the federal internal revenue code.

16 (b) For tax year 1998, and all tax years thereafter, the additional
17 standard deduction amount shall be as follows: Single individual and head
18 of household filing status, \$850; and married filing status, \$700.

19 (c) (1) For tax year 2013 through tax year 2020, the standard
20 deduction amount of an individual, including husband and wife who are
21 either both residents or who file a joint return as if both were residents,
22 shall be as follows: Single individual filing status, \$3,000; married filing
23 status, \$7,500; and head of household filing status, \$5,500.

24 (2) For tax-year years 2021, ~~and all tax years thereafter~~ *through 2023*,
25 the standard deduction amount of an individual, including husband and
26 wife who are either both residents or who file a joint return as if both were
27 residents, shall be as follows: Single individual filing status, \$3,500;
28 married filing status, \$8,000; and head of household filing status, \$6,000.

29 (3) *For tax year 2024, and all tax years thereafter, the standard*
30 *deduction amount of an individual, including husband and wife who are*
31 *either both residents or who file a joint return as if both were residents,*
32 *shall be as follows: Single individual filing status, \$5,000; married filing*
33 *status, \$10,000; and head of household filing status, \$7,500.*

34 (d) For purposes of this section, the federal standard deduction
35 allowable to a husband and wife filing separate Kansas income tax returns
36 shall be determined on the basis that separate federal returns were filed,
37 and the federal standard deduction of a husband and wife filing a joint
38 Kansas income tax return shall be determined on the basis that a joint
39 federal income tax return was filed.

40 Sec. 8. K.S.A. 2023 Supp. 79-3603 is hereby amended to read as
41 follows: 79-3603. For the privilege of engaging in the business of selling
42 tangible personal property at retail in this state or rendering or furnishing
43 any of the services taxable under this act, there is hereby levied and there

1 shall be collected and paid a tax at the rate of 6.5%. On and after January
2 1, 2023, 17% and on and after ~~January 1, 2025~~ *April 1, 2024*, 18% of the
3 tax rate imposed pursuant to this section and the rate provided in K.S.A.
4 2023 Supp. 79-3603d, and amendments thereto, shall be levied for the
5 state highway fund, the state highway fund purposes and those purposes
6 specified in K.S.A. 68-416, and amendments thereto, and all revenue
7 collected and received from such tax levy shall be deposited in the state
8 highway fund.

9 Within a redevelopment district established pursuant to K.S.A. 74-
10 8921, and amendments thereto, there is hereby levied and there shall be
11 collected and paid an additional tax at the rate of 2% until the earlier of the
12 date the bonds issued to finance or refinance the redevelopment project
13 have been paid in full or the final scheduled maturity of the first series of
14 bonds issued to finance any part of the project.

15 Such tax shall be imposed upon:

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

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

31 (c) the gross receipts from the sale or furnishing of gas, water,
32 electricity and heat, which sale is not otherwise exempt from taxation
33 under the provisions of this act, and whether furnished by municipally or
34 privately owned utilities, except that, on and after January 1, 2006, for
35 sales of gas, electricity and heat delivered through mains, lines or pipes to
36 residential premises for noncommercial use by the occupant of such
37 premises, and for agricultural use and also, for such use, all sales of
38 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
39 gas, coal, wood and other fuel sources for the production of heat or
40 lighting for noncommercial use of an occupant of residential premises, the
41 state rate shall be 0%, but such tax shall not be levied and collected upon
42 the gross receipts from: (1) The sale of a rural water district benefit unit;
43 (2) a water system impact fee, system enhancement fee or similar fee

1 collected by a water supplier as a condition for establishing service; or (3)
2 connection or reconnection fees collected by a water supplier;

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

7 (e) the gross receipts from the sale of admissions to any place
8 providing amusement, entertainment or recreation services including
9 admissions to state, county, district and local fairs, but such tax shall not
10 be levied and collected upon the gross receipts received from sales of
11 admissions to any cultural and historical event which occurs triennially;

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

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

22 (h) the gross receipts from the service of renting or leasing of tangible
23 personal property except such tax shall not apply to the renting or leasing
24 of machinery, equipment or other personal property owned by a city and
25 purchased from the proceeds of industrial revenue bonds issued prior to
26 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
27 12-1749, and amendments thereto, and any city or lessee renting or leasing
28 such machinery, equipment or other personal property purchased with the
29 proceeds of such bonds who shall have paid a tax under the provisions of
30 this section upon sales made prior to July 1, 1973, shall be entitled to a
31 refund from the sales tax refund fund of all taxes paid thereon;

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

35 (j) the gross receipts from the rendering of the services of washing
36 and washing and waxing of vehicles;

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

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

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

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

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

32 (o) the gross receipts received from the isolated or occasional sale of
33 motor vehicles or trailers but not including: (1) The transfer of motor
34 vehicles or trailers by a person to a corporation or limited liability
35 company solely in exchange for stock securities or membership interest in
36 such corporation or limited liability company; (2) the transfer of motor
37 vehicles or trailers by one corporation or limited liability company to
38 another when all of the assets of such corporation or limited liability
39 company are transferred to such other corporation or limited liability
40 company; or (3) the sale of motor vehicles or trailers which are subject to
41 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
42 amendments thereto, by an immediate family member to another
43 immediate family member. For the purposes of paragraph (3), immediate

1 family member means lineal ascendants or descendants, and their spouses.
2 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
3 on the isolated or occasional sale of motor vehicles or trailers on and after
4 July 1, 2004, which the base for computing the tax was the value pursuant
5 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
6 such amount was higher than the amount of sales tax which would have
7 been paid under the law as it existed on June 30, 2004, shall be refunded to
8 the taxpayer pursuant to the procedure prescribed by this section. Such
9 refund shall be in an amount equal to the difference between the amount of
10 sales tax paid by the taxpayer and the amount of sales tax which would
11 have been paid by the taxpayer under the law as it existed on June 30,
12 2004. Each claim for a sales tax refund shall be verified and submitted not
13 later than six months from the effective date of this act to the director of
14 taxation upon forms furnished by the director and shall be accompanied by
15 any additional documentation required by the director. The director shall
16 review each claim and shall refund that amount of tax paid as provided by
17 this act. All such refunds shall be paid from the sales tax refund fund, upon
18 warrants of the director of accounts and reports pursuant to vouchers
19 approved by the director of taxation or the director's designee. No refund
20 for an amount less than \$10 shall be paid pursuant to this act. In
21 determining the base for computing the tax on such isolated or occasional
22 sale, the fair market value of any motor vehicle or trailer traded in by the
23 purchaser to the seller may be deducted from the selling price;

24 (p) the gross receipts received for the service of installing or applying
25 tangible personal property which when installed or applied is not being
26 held for sale in the regular course of business, and whether or not such
27 tangible personal property when installed or applied remains tangible
28 personal property or becomes a part of real estate, except that no tax shall
29 be imposed upon the service of installing or applying tangible personal
30 property in connection with the original construction of a building or
31 facility, the original construction, reconstruction, restoration, remodeling,
32 renovation, repair or replacement of a residence or the construction,
33 reconstruction, restoration, replacement or repair of a bridge or highway.

34 For the purposes of this subsection:

35 (1) "Original construction" means the first or initial construction of a
36 new building or facility. The term "original construction" shall include the
37 addition of an entire room or floor to any existing building or facility, the
38 completion of any unfinished portion of any existing building or facility
39 and the restoration, reconstruction or replacement of a building, facility or
40 utility structure damaged or destroyed by fire, flood, tornado, lightning,
41 explosion, windstorm, ice loading and attendant winds, terrorism or
42 earthquake, but such term, except with regard to a residence, shall not
43 include replacement, remodeling, restoration, renovation or reconstruction

1 under any other circumstances;

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

6 (3) "facility" means a mill, plant, refinery, oil or gas well, water well,
7 feedlot or any conveyance, transmission or distribution line of any
8 cooperative, nonprofit, membership corporation organized under or subject
9 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
10 municipal or quasi-municipal corporation, including the land
11 improvements immediately surrounding such facility;

12 (4) "residence" means only those enclosures within which individuals
13 customarily live;

14 (5) "utility structure" means transmission and distribution lines
15 owned by an independent transmission company or cooperative, the
16 Kansas electric transmission authority or natural gas or electric public
17 utility; and

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

21 (q) the gross receipts received for the service of repairing, servicing,
22 altering or maintaining tangible personal property which when such
23 services are rendered is not being held for sale in the regular course of
24 business, and whether or not any tangible personal property is transferred
25 in connection therewith. The tax imposed by this subsection shall be
26 applicable to the services of repairing, servicing, altering or maintaining an
27 item of tangible personal property which has been and is fastened to,
28 connected with or built into real property;

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

32 (s) on and after January 1, 2005, the gross receipts received from the
33 sale of prewritten computer software and the sale of the services of
34 modifying, altering, updating or maintaining prewritten computer
35 software, whether the prewritten computer software is installed or
36 delivered electronically by tangible storage media physically transferred to
37 the purchaser or by load and leave;

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

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

42 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
43 licensees under K.S.A. 75-5171 et seq., and amendments thereto, shall be

1 exempt from taxes imposed pursuant to this section;

2 (w) all sales of charitable raffle tickets in accordance with K.S.A. 75-
3 5171 et seq., and amendments thereto, shall be exempt from taxes imposed
4 pursuant to this section; and

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

8 Sec. 9. K.S.A. 2023 Supp. 79-3603d is hereby amended to read as
9 follows: 79-3603d. (a) There is hereby levied and there shall be collected
10 and paid a tax upon the gross receipts from the sale of food and food
11 ingredients. The rate of tax shall be as follows:

12 (1) Commencing on January 1, 2023, at the rate of 4%;

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

14 (3) commencing on ~~January 1, 2025~~ *April 1, 2024*, and thereafter, at
15 the rate of 0%.

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

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

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

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

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

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

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

32 Sec. 10. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as
33 follows: 79-3606. The following shall be exempt from the tax imposed by
34 this act:

35 (a) All sales of motor-vehicle fuel or other articles upon which a sales
36 or excise tax has been paid, not subject to refund, under the laws of this
37 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
38 3301, and amendments thereto, including consumable material for such
39 electronic cigarettes, cereal malt beverages and malt products as defined
40 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
41 malt syrup and malt extract, that is not subject to taxation under the
42 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
43 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed

1 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
2 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
3 thereto, and gross receipts from regulated sports contests taxed pursuant to
4 the Kansas professional regulated sports act, and amendments thereto;

5 (b) all sales of tangible personal property or service, including the
6 renting and leasing of tangible personal property, purchased directly by the
7 state of Kansas, a political subdivision thereof, other than a school or
8 educational institution, or purchased by a public or private nonprofit
9 hospital, public hospital authority, nonprofit blood, tissue or organ bank or
10 nonprofit integrated community care organization and used exclusively for
11 state, political subdivision, hospital, public hospital authority, nonprofit
12 blood, tissue or organ bank or nonprofit integrated community care
13 organization purposes, except when: (1) Such state, hospital or public
14 hospital authority is engaged or proposes to engage in any business
15 specifically taxable under the provisions of this act and such items of
16 tangible personal property or service are used or proposed to be used in
17 such business; or (2) such political subdivision is engaged or proposes to
18 engage in the business of furnishing gas, electricity or heat to others and
19 such items of personal property or service are used or proposed to be used
20 in such business;

21 (c) all sales of tangible personal property or services, including the
22 renting and leasing of tangible personal property, purchased directly by a
23 public or private elementary or secondary school or public or private
24 nonprofit educational institution and used primarily by such school or
25 institution for nonsectarian programs and activities provided or sponsored
26 by such school or institution or in the erection, repair or enlargement of
27 buildings to be used for such purposes. The exemption herein provided
28 shall not apply to erection, construction, repair, enlargement or equipment
29 of buildings used primarily for human habitation, except that such
30 exemption shall apply to the erection, construction, repair, enlargement or
31 equipment of buildings used for human habitation by the cerebral palsy
32 research foundation of Kansas located in Wichita, Kansas, and multi
33 community diversified services, incorporated, located in McPherson,
34 Kansas;

35 (d) all sales of tangible personal property or services purchased by a
36 contractor for the purpose of constructing, equipping, reconstructing,
37 maintaining, repairing, enlarging, furnishing or remodeling facilities for
38 any public or private nonprofit hospital or public hospital authority, public
39 or private elementary or secondary school, a public or private nonprofit
40 educational institution, state correctional institution including a privately
41 constructed correctional institution contracted for state use and ownership,
42 that would be exempt from taxation under the provisions of this act if
43 purchased directly by such hospital or public hospital authority, school,

1 educational institution or a state correctional institution; and all sales of
2 tangible personal property or services purchased by a contractor for the
3 purpose of constructing, equipping, reconstructing, maintaining, repairing,
4 enlarging, furnishing or remodeling facilities for any political subdivision
5 of the state or district described in subsection (s), the total cost of which is
6 paid from funds of such political subdivision or district and that would be
7 exempt from taxation under the provisions of this act if purchased directly
8 by such political subdivision or district. Nothing in this subsection or in
9 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
10 deemed to exempt the purchase of any construction machinery, equipment
11 or tools used in the constructing, equipping, reconstructing, maintaining,
12 repairing, enlarging, furnishing or remodeling facilities for any political
13 subdivision of the state or any such district. As used in this subsection,
14 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
15 political subdivision" shall mean general tax revenues, the proceeds of any
16 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
17 purpose of constructing, equipping, reconstructing, repairing, enlarging,
18 furnishing or remodeling facilities that are to be leased to the donor. When
19 any political subdivision of the state, district described in subsection (s),
20 public or private nonprofit hospital or public hospital authority, public or
21 private elementary or secondary school, public or private nonprofit
22 educational institution, state correctional institution including a privately
23 constructed correctional institution contracted for state use and ownership
24 shall contract for the purpose of constructing, equipping, reconstructing,
25 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
26 shall obtain from the state and furnish to the contractor an exemption
27 certificate for the project involved, and the contractor may purchase
28 materials for incorporation in such project. The contractor shall furnish the
29 number of such certificate to all suppliers from whom such purchases are
30 made, and such suppliers shall execute invoices covering the same bearing
31 the number of such certificate. Upon completion of the project the
32 contractor shall furnish to the political subdivision, district described in
33 subsection (s), hospital or public hospital authority, school, educational
34 institution or department of corrections concerned a sworn statement, on a
35 form to be provided by the director of taxation, that all purchases so made
36 were entitled to exemption under this subsection. As an alternative to the
37 foregoing procedure, any such contracting entity may apply to the
38 secretary of revenue for agent status for the sole purpose of issuing and
39 furnishing project exemption certificates to contractors pursuant to rules
40 and regulations adopted by the secretary establishing conditions and
41 standards for the granting and maintaining of such status. All invoices
42 shall be held by the contractor for a period of five years and shall be
43 subject to audit by the director of taxation. If any materials purchased

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

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

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

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

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

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

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

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

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

40 (m) all sales of tangible personal property that become an ingredient
41 or component part of tangible personal property or services produced,
42 manufactured or compounded for ultimate sale at retail within or without
43 the state of Kansas; and any such producer, manufacturer or compounder

1 may obtain from the director of taxation and furnish to the supplier an
2 exemption certificate number for tangible personal property for use as an
3 ingredient or component part of the property or services produced,
4 manufactured or compounded;

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

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

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

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

39 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
40 enteral feeding systems, prosthetic devices and mobility enhancing
41 equipment prescribed in writing by a person licensed to practice the
42 healing arts, dentistry or optometry, and in addition to such sales, all sales
43 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,

1 and repair and replacement parts therefor, including batteries, by a person
2 licensed in the practice of dispensing and fitting hearing aids pursuant to
3 the provisions of K.S.A. 74-5808, and amendments thereto. For the
4 purposes of this subsection: (1) "Mobility enhancing equipment" means
5 equipment including repair and replacement parts to same, but does not
6 include durable medical equipment, which is primarily and customarily
7 used to provide or increase the ability to move from one place to another
8 and which is appropriate for use either in a home or a motor vehicle; is not
9 generally used by persons with normal mobility; and does not include any
10 motor vehicle or equipment on a motor vehicle normally provided by a
11 motor vehicle manufacturer; and (2) "prosthetic device" means a
12 replacement, corrective or supportive device including repair and
13 replacement parts for same worn on or in the body to artificially replace a
14 missing portion of the body, prevent or correct physical deformity or
15 malfunction or support a weak or deformed portion of the body;

16 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
17 all sales of tangible personal property or services purchased directly or
18 indirectly by a groundwater management district organized or operating
19 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
20 by a rural water district organized or operating under the authority of
21 K.S.A. 82a-612, and amendments thereto, or by a water supply district
22 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
23 3522 et seq. or 19-3545, and amendments thereto, which property or
24 services are used in the construction activities, operation or maintenance of
25 the district;

26 (t) all sales of farm machinery and equipment or aquaculture
27 machinery and equipment, repair and replacement parts therefor and
28 services performed in the repair and maintenance of such machinery and
29 equipment. For the purposes of this subsection the term "farm machinery
30 and equipment or aquaculture machinery and equipment" shall include a
31 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
32 thereto, and is equipped with a bed or cargo box for hauling materials, and
33 shall also include machinery and equipment used in the operation of
34 Christmas tree farming but shall not include any passenger vehicle, truck,
35 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
36 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
37 machinery and equipment" includes precision farming equipment that is
38 portable or is installed or purchased to be installed on farm machinery and
39 equipment. "Precision farming equipment" includes the following items
40 used only in computer-assisted farming, ranching or aquaculture
41 production operations: Soil testing sensors, yield monitors, computers,
42 monitors, software, global positioning and mapping systems, guiding
43 systems, modems, data communications equipment and any necessary

1 mounting hardware, wiring and antennas. Each purchaser of farm
2 machinery and equipment or aquaculture machinery and equipment
3 exempted herein must certify in writing on the copy of the invoice or sales
4 ticket to be retained by the seller that the farm machinery and equipment
5 or aquaculture machinery and equipment purchased will be used only in
6 farming, ranching or aquaculture production. Farming or ranching shall
7 include the operation of a feedlot and farm and ranch work for hire and the
8 operation of a nursery;

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

12 (v) all sales of tangible personal property to any contractor for use in
13 preparing meals for delivery to homebound elderly persons over 60 years
14 of age and to homebound disabled persons or to be served at a group-
15 sitting at a location outside of the home to otherwise homebound elderly
16 persons over 60 years of age and to otherwise homebound disabled
17 persons, as all or part of any food service project funded in whole or in
18 part by government or as part of a private nonprofit food service project
19 available to all such elderly or disabled persons residing within an area of
20 service designated by the private nonprofit organization, and all sales of
21 tangible personal property for use in preparing meals for consumption by
22 indigent or homeless individuals whether or not such meals are consumed
23 at a place designated for such purpose, and all sales of food products by or
24 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

1 directly by a port authority or by a contractor therefor as provided by the
2 provisions of K.S.A. 12-3418, and amendments thereto;

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

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

14 (cc) all sales of tangible personal property or services purchased prior
15 to January 1, 2012, except as otherwise provided, for the purpose of and in
16 conjunction with constructing, reconstructing, enlarging or remodeling a
17 business or retail business that meets the requirements established in
18 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
19 machinery and equipment purchased for installation at any such business
20 or retail business, and all sales of tangible personal property or services
21 purchased on or after January 1, 2012, for the purpose of and in
22 conjunction with constructing, reconstructing, enlarging or remodeling a
23 business that meets the requirements established in K.S.A. 74-50,115(e),
24 and amendments thereto, and the sale and installation of machinery and
25 equipment purchased for installation at any such business. When a person
26 shall contract for the construction, reconstruction, enlargement or
27 remodeling of any such business or retail business, such person shall
28 obtain from the state and furnish to the contractor an exemption certificate
29 for the project involved, and the contractor may purchase materials,
30 machinery and equipment for incorporation in such project. The contractor
31 shall furnish the number of such certificates to all suppliers from whom
32 such purchases are made, and such suppliers shall execute invoices
33 covering the same bearing the number of such certificate. Upon
34 completion of the project the contractor shall furnish to the owner of the
35 business or retail business a sworn statement, on a form to be provided by
36 the director of taxation, that all purchases so made were entitled to
37 exemption under this subsection. All invoices shall be held by the
38 contractor for a period of five years and shall be subject to audit by the
39 director of taxation. Any contractor or any agent, employee or
40 subcontractor thereof, who shall use or otherwise dispose of any materials,
41 machinery or equipment purchased under such a certificate for any
42 purpose other than that for which such a certificate is issued without the
43 payment of the sales or compensating tax otherwise imposed thereon, shall

1 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
2 to the penalties provided for in K.S.A. 79-3615(h), and amendments
3 thereto. As used in this subsection, "business" and "retail business" mean
4 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
5 exemption certificates that have been previously issued under this
6 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
7 and amendments thereto, but not including K.S.A. 74-50,115(e), and
8 amendments thereto, prior to January 1, 2012, and have not expired will be
9 effective for the term of the project or two years from the effective date of
10 the certificate, whichever occurs earlier. Project exemption certificates that
11 are submitted to the department of revenue prior to January 1, 2012, and
12 are found to qualify will be issued a project exemption certificate that will
13 be effective for a two-year period or for the term of the project, whichever
14 occurs earlier;

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

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

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

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

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

40 (ii) all sales of tangible personal property purchased directly by a
41 nonprofit organization for nonsectarian comprehensive multidiscipline
42 youth development programs and activities provided or sponsored by such
43 organization, and all sales of tangible personal property by or on behalf of

1 any such organization. This exemption shall not apply to tangible personal
2 property customarily used for human habitation purposes;

3 (jj) all sales of tangible personal property or services, including the
4 renting and leasing of tangible personal property, purchased directly on
5 behalf of a community-based facility for people with intellectual disability
6 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
7 amendments thereto, and licensed in accordance with the provisions of
8 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
9 personal property or services purchased by contractors during the time
10 period from July, 2003, through June, 2006, for the purpose of
11 constructing, equipping, maintaining or furnishing a new facility for a
12 community-based facility for people with intellectual disability or mental
13 health center located in Riverton, Cherokee County, Kansas, that would
14 have been eligible for sales tax exemption pursuant to this subsection if
15 purchased directly by such facility or center. This exemption shall not
16 apply to tangible personal property customarily used for human habitation
17 purposes;

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

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

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

25 (2) For purposes of this subsection:

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

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

39 (C) "manufacturing or processing plant or facility" means a single,
40 fixed location owned or controlled by a manufacturing or processing
41 business that consists of one or more structures or buildings in a
42 contiguous area where integrated production operations are conducted to
43 manufacture or process tangible personal property to be ultimately sold at

1 retail. Such term shall not include any facility primarily operated for the
2 purpose of conveying or assisting in the conveyance of natural gas,
3 electricity, oil or water. A business may operate one or more manufacturing
4 or processing plants or facilities at different locations to manufacture or
5 process a single product of tangible personal property to be ultimately sold
6 at retail;

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

40 (E) "repair and replacement parts and accessories" means all parts
41 and accessories for exempt machinery and equipment, including, but not
42 limited to, dies, jigs, molds, patterns and safety devices that are attached to
43 exempt machinery or that are otherwise used in production, and parts and

1 accessories that require periodic replacement such as belts, drill bits,
2 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
3 other refractory items for exempt kiln equipment used in production
4 operations;

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

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

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

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

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

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

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

22 (F) plan, manage, control or record the receipt and flow of inventories
23 of raw materials, consumables and component parts, the flow of the
24 property undergoing manufacturing or processing and the management of
25 inventories of the finished product;

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

29 (H) package the property being manufactured or processed in a
30 container or wrapping in which such property is normally sold or
31 transported;

32 (I) transmit or transport electricity, coke, gas, water, steam or similar
33 substances used in production operations from the point of generation, if
34 produced by the manufacturer or processor at the plant site, to that
35 manufacturer's production operation; or, if purchased or delivered from
36 off-site, from the point where the substance enters the site of the plant or
37 facility to that manufacturer's production operations;

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

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

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

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

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

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

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

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

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

1 outside the plant or facility;

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

5 (E) furniture and other furnishings;

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

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

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

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

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

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

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

29 (ll) all sales of educational materials purchased for distribution to the
30 public at no charge by a nonprofit corporation organized for the purpose of
31 encouraging, fostering and conducting programs for the improvement of
32 public health, except that for taxable years commencing after December
33 31, 2013, this subsection shall not apply to any sales of such materials
34 purchased by a nonprofit corporation which performs any abortion, as
35 defined in K.S.A. 65-6701, and amendments thereto;

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

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

43 (oo) all sales of tangible personal property purchased by a community

1 action group or agency for the exclusive purpose of repairing or
2 weatherizing housing occupied by low-income individuals;

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

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

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

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

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

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

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

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

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

43 (3) the Kansas mental illness awareness council for the purposes of

1 advocacy for persons who are mentally ill and for education, research and
2 support for them and their families;

3 (4) the American diabetes association Kansas affiliate, inc. for the
4 purpose of eliminating diabetes through medical research, public education
5 focusing on disease prevention and education, patient education including
6 information on coping with diabetes, and professional education and
7 training;

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

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

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

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

23 (9) the heartstrings community foundation for the purpose of
24 providing training, employment and activities for adults with
25 developmental disabilities;

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (23) the angel babies association, for the purpose of providing
31 assistance, support and items of necessity to teenage mothers and their
32 babies; and

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

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

38 (xx) all sales of tangible personal property and services purchased by
39 a nonprofit zoo that is exempt from federal income taxation pursuant to
40 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
41 of such zoo by an entity itself exempt from federal income taxation
42 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
43 contracted with to operate such zoo and all sales of tangible personal

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

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

43 (zz) all sales of machinery and equipment purchased by over-the-air,

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

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

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

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

24 (ccc) on and after July 1, 1999, all sales of tangible personal property
25 and services purchased by a primary care clinic or health center the
26 primary purpose of which is to provide services to medically underserved
27 individuals and families, and that is exempt from federal income taxation
28 pursuant to section 501(c)(3) of the federal internal revenue code, and all
29 sales of tangible personal property or services purchased by a contractor
30 for the purpose of constructing, equipping, reconstructing, maintaining,
31 repairing, enlarging, furnishing or remodeling facilities for any such clinic
32 or center that would be exempt from taxation under the provisions of this
33 section if purchased directly by such clinic or center, except that for
34 taxable years commencing after December 31, 2013, this subsection shall
35 not apply to any sales of such tangible personal property and services
36 purchased by a primary care clinic or health center which performs any
37 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
38 in this subsection shall be deemed to exempt the purchase of any
39 construction machinery, equipment or tools used in the constructing,
40 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
41 remodeling facilities for any such clinic or center. When any such clinic or
42 center shall contract for the purpose of constructing, equipping,
43 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 79-3615(h), and amendments thereto;

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

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

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

14 (ttt) all sales of tangible personal property or services purchased by a
15 contractor for a project for the purpose of restoring, constructing,
16 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
17 remodeling a home or facility owned by a nonprofit museum that has been
18 granted an exemption pursuant to subsection (qq), which such home or
19 facility is located in a city that has been designated as a qualified
20 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
21 amendments thereto, and which such project is related to the purposes of
22 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
23 exempt from taxation under the provisions of this section if purchased
24 directly by such nonprofit museum. Nothing in this subsection shall be
25 deemed to exempt the purchase of any construction machinery, equipment
26 or tools used in the restoring, constructing, equipping, reconstructing,
27 maintaining, repairing, enlarging, furnishing or remodeling a home or
28 facility for any such nonprofit museum. When any such nonprofit museum
29 shall contract for the purpose of restoring, constructing, equipping,
30 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
31 a home or facility, it shall obtain from the state and furnish to the
32 contractor an exemption certificate for the project involved, and the
33 contractor may purchase materials for incorporation in such project. The
34 contractor shall furnish the number of such certificates to all suppliers
35 from whom such purchases are made, and such suppliers shall execute
36 invoices covering the same bearing the number of such certificate. Upon
37 completion of the project, the contractor shall furnish to such nonprofit
38 museum a sworn statement on a form to be provided by the director of
39 taxation that all purchases so made were entitled to exemption under this
40 subsection. All invoices shall be held by the contractor for a period of five
41 years and shall be subject to audit by the director of taxation. If any
42 materials purchased under such a certificate are found not to have been
43 incorporated in the building or other project or not to have been returned

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

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

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

18 (vvv) all sales of tangible personal property or services, including the
19 renting and leasing of tangible personal property or services, purchased by
20 jazz in the woods, inc., a Kansas corporation that is exempt from federal
21 income taxation pursuant to section 501(c)(3) of the federal internal
22 revenue code, for the purpose of providing jazz in the woods, an event
23 benefiting children-in-need and other nonprofit charities assisting such
24 children, and all sales of any such property by or on behalf of such
25 organization for such purpose;

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

32 (xxx) all sales of personal property and services purchased by the
33 booth theatre foundation, inc., an organization, which is exempt from
34 federal income taxation pursuant to section 501(c)(3) of the federal
35 internal revenue code of 1986, and which such personal property and
36 services are used by any such organization in the constructing, equipping,
37 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
38 of the booth theatre, and all sales of tangible personal property or services
39 purchased by a contractor for the purpose of constructing, equipping,
40 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
41 the booth theatre for such organization, that would be exempt from
42 taxation under the provisions of this section if purchased directly by such
43 organization. Nothing in this subsection shall be deemed to exempt the

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

1 the director's designee;

2 (yyy) all sales of tangible personal property and services purchased
3 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
4 which is exempt from federal income taxation pursuant to section 501(c)
5 (3) of the federal internal revenue code of 1986, and which such property
6 and services are used for the purpose of encouraging private philanthropy
7 to further the vision, values, and goals of TLC for children and families,
8 inc.; and all sales of such property and services by or on behalf of TLC
9 charities for any such purpose and all sales of tangible personal property or
10 services purchased by a contractor for the purpose of constructing,
11 maintaining, repairing, enlarging, furnishing or remodeling facilities for
12 the operation of services for TLC charities for any such purpose that would
13 be exempt from taxation under the provisions of this section if purchased
14 directly by TLC charities. Nothing in this subsection shall be deemed to
15 exempt the purchase of any construction machinery, equipment or tools
16 used in the constructing, maintaining, repairing, enlarging, furnishing or
17 remodeling such facilities for TLC charities. When TLC charities contracts
18 for the purpose of constructing, maintaining, repairing, enlarging,
19 furnishing or remodeling such facilities, it shall obtain from the state and
20 furnish to the contractor an exemption certificate for the project involved,
21 and the contractor may purchase materials for incorporation in such
22 project. The contractor shall furnish the number of such certificate to all
23 suppliers from whom such purchases are made, and such suppliers shall
24 execute invoices covering the same bearing the number of such certificate.
25 Upon completion of the project the contractor shall furnish to TLC
26 charities 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 incorporated into 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, TLC charities shall be liable for tax on
38 all materials purchased for the project, and upon payment thereof it may
39 recover the same from the contractor together with reasonable attorney
40 fees. Any contractor or any agent, employee or subcontractor thereof, who
41 shall use or otherwise dispose of any materials purchased under such a
42 certificate for any purpose other than that for which such a certificate is
43 issued without the payment of the sales or compensating tax otherwise

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

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

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

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

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

29 (dddd) all sales of tangible personal property or services purchased
30 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
31 of which are exempt from federal income taxation pursuant to section
32 501(c)(3) of the federal internal revenue code, for the purpose of providing
33 education, training and employment opportunities for people with
34 disabilities and other barriers to employment;

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

42 (ffff) all sales of tangible personal property and services purchased by
43 sheltered living, inc., which is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
2 and which such property and services are used for the purpose of
3 providing residential and day services for people with developmental
4 disabilities or intellectual disability, or both, and all sales of any such
5 property by or on behalf of sheltered living, inc., for any such purpose; and
6 all sales of tangible personal property or services purchased by a
7 contractor for the purpose of rehabilitating, constructing, maintaining,
8 repairing, enlarging, furnishing or remodeling homes and facilities for
9 sheltered living, inc., for any such purpose that would be exempt from
10 taxation under the provisions of this section if purchased directly by
11 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
12 the purchase of any construction machinery, equipment or tools used in the
13 constructing, maintaining, repairing, enlarging, furnishing or remodeling
14 such homes and facilities for sheltered living, inc. When sheltered living,
15 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
16 repairing, enlarging, furnishing or remodeling such homes and facilities, it
17 shall obtain from the state and furnish to the contractor an exemption
18 certificate for the project involved, and the contractor may purchase
19 materials for incorporation in such project. The contractor shall furnish the
20 number of such certificate to all suppliers from whom such purchases are
21 made, and such suppliers shall execute invoices covering the same bearing
22 the number of such certificate. Upon completion of the project the
23 contractor shall furnish to sheltered living, inc., a sworn statement, on a
24 form to be provided by the director of taxation, that all purchases so made
25 were entitled to exemption under this subsection. All invoices shall be held
26 by the contractor for a period of five years and shall be subject to audit by
27 the director of taxation. If any materials purchased under such a certificate
28 are found not to have been incorporated in the building or other project or
29 not to have been returned for credit or the sales or compensating tax
30 otherwise imposed upon such materials that will not be so incorporated in
31 the building or other project reported and paid by such contractor to the
32 director of taxation not later than the 20th day of the month following the
33 close of the month in which it shall be determined that such materials will
34 not be used for the purpose for which such certificate was issued, sheltered
35 living, inc., shall be liable for tax on all materials purchased for the
36 project, and upon payment thereof it may recover the same from the
37 contractor together with reasonable attorney fees. Any contractor or any
38 agent, employee or subcontractor thereof, who shall use or otherwise
39 dispose of any materials purchased under such a certificate for any purpose
40 other than that for which such a certificate is issued without the payment
41 of the sales or compensating tax otherwise imposed upon such materials,
42 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
43 subject to the penalties provided for in K.S.A. 79-3615(h), and

1 amendments thereto;

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

4 (hhhh) all sales of tangible personal property or services purchased
5 on or after July 1, 2014, for the purpose of and in conjunction with
6 constructing, reconstructing, enlarging or remodeling a business identified
7 under the North American industry classification system (NAICS)
8 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
9 installation of machinery and equipment purchased for installation at any
10 such business. The exemption provided in this subsection shall not apply
11 to projects that have actual total costs less than \$50,000. When a person
12 contracts for the construction, reconstruction, enlargement or remodeling
13 of any such business, such person shall obtain from the state and furnish to
14 the contractor an exemption certificate for the project involved, and the
15 contractor may purchase materials, machinery and equipment for
16 incorporation in such project. The contractor shall furnish the number of
17 such certificates to all suppliers from whom such purchases are made, and
18 such suppliers shall execute invoices covering the same bearing the
19 number of such certificate. Upon completion of the project, the contractor
20 shall furnish to the owner of the business a sworn statement, on a form to
21 be provided by the director of taxation, that all purchases so made were
22 entitled to exemption under this subsection. All invoices shall be held by
23 the contractor for a period of five years and shall be subject to audit by the
24 director of taxation. Any contractor or any agent, employee or
25 subcontractor of the contractor, who shall use or otherwise dispose of any
26 materials, machinery or equipment purchased under such a certificate for
27 any purpose other than that for which such a certificate is issued without
28 the payment of the sales or compensating tax otherwise imposed thereon,
29 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
30 subject to the penalties provided for in K.S.A. 79-3615(h), and
31 amendments thereto;

32 (iiii) all sales of tangible personal property or services purchased by a
33 contractor for the purpose of constructing, maintaining, repairing,
34 enlarging, furnishing or remodeling facilities for the operation of services
35 for Wichita children's home for any such purpose that would be exempt
36 from taxation under the provisions of this section if purchased directly by
37 Wichita children's home. Nothing in this subsection shall be deemed to
38 exempt the purchase of any construction machinery, equipment or tools
39 used in the constructing, maintaining, repairing, enlarging, furnishing or
40 remodeling such facilities for Wichita children's home. When Wichita
41 children's home contracts for the purpose of constructing, maintaining,
42 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
43 from the state and furnish to the contractor an exemption certificate for the

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

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

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

39 (llll) all sales of tangible personal property and services purchased by
40 Gove county healthcare endowment foundation, inc., which is exempt
41 from federal income taxation pursuant to section 501(c)(3) of the federal
42 internal revenue code of 1986, and which such property and services are
43 used for the purpose of constructing and equipping an airport in Quinter,

1 Kansas, and all sales of tangible personal property or services purchased
2 by a contractor for the purpose of constructing and equipping an airport in
3 Quinter, Kansas, for such organization, that would be exempt from
4 taxation under the provisions of this section if purchased directly by such
5 organization. Nothing in this subsection shall be deemed to exempt the
6 purchase of any construction machinery, equipment or tools used in the
7 constructing or equipping of facilities for such organization. When such
8 organization shall contract for the purpose of constructing or equipping an
9 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
10 contractor an exemption certificate for the project involved, and the
11 contractor may purchase materials for incorporation in such project. The
12 contractor shall furnish the number of such certificate to all suppliers from
13 whom such purchases are made, and such suppliers shall execute invoices
14 covering the same bearing the number of such certificate. Upon
15 completion of the project, the contractor shall furnish to such organization
16 concerned 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 such facilities or not to have been returned for credit or the
22 sales or compensating tax otherwise imposed upon such materials that will
23 not be so incorporated in such facilities reported and paid by such
24 contractor to the director of taxation no later than the 20th day of the month
25 following the close of the month in which it shall be determined that such
26 materials will not be used for the purpose for which such certificate was
27 issued, such organization concerned shall be liable for tax on all materials
28 purchased for the project, and upon payment thereof it may recover the
29 same from the contractor together with reasonable attorney fees. Any
30 contractor or any agent, employee or subcontractor thereof, who purchased
31 under such a certificate for any purpose other than that for which such a
32 certificate is issued without the payment of the sales or compensating tax
33 otherwise imposed upon such materials, shall be guilty of a misdemeanor
34 and, upon conviction therefor, shall be subject to the penalties provided for
35 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
36 subsection shall expire and have no effect on and after July 1, 2019;

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

42 (nnnn) all sales of tangible personal property or services purchased
43 by friends of hospice of Jefferson county, an organization that is exempt

1 from federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code of 1986, for the purpose of providing support to the
3 Jefferson county hospice agency in end-of-life care of Jefferson county
4 families, friends and neighbors, and all sales of entry or participation fees,
5 charges or tickets by friends of hospice of Jefferson county for such
6 organization's fundraising event for such purpose;

7 (oooo) all sales of tangible personal property or services purchased
8 for the purpose of and in conjunction with constructing, reconstructing,
9 enlarging or remodeling a qualified business facility by a qualified firm or
10 qualified supplier that meets the requirements established in K.S.A. 2023
11 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
12 been approved for a project exemption certificate by the secretary of
13 commerce, and the sale and installation of machinery and equipment
14 purchased by such qualified firm or qualified supplier for installation at
15 any such qualified business facility. When a person shall contract for the
16 construction, reconstruction, enlargement or remodeling of any such
17 qualified business facility, such person shall obtain from the state and
18 furnish to the contractor an exemption certificate for the project involved,
19 and the contractor may purchase materials, machinery and equipment for
20 incorporation in such project. The contractor shall furnish the number of
21 such certificates to all suppliers from whom such purchases are made, and
22 such suppliers shall execute invoices covering the same bearing the
23 number of such certificate. Upon completion of the project, the contractor
24 shall furnish to the owner of the qualified firm or qualified supplier a
25 sworn statement, on a form to be provided by the director of taxation, that
26 all purchases so made were entitled to exemption under this subsection.
27 All invoices shall be held by the contractor for a period of five years and
28 shall be subject to audit by the director of taxation. Any contractor or any
29 agent, employee or subcontractor thereof who shall use or otherwise
30 dispose of any materials, machinery or equipment purchased under such a
31 certificate for any purpose other than that for which such a certificate is
32 issued without the payment of the sales or compensating tax otherwise
33 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
34 therefor, shall be subject to the penalties provided for in K.S.A. 79-
35 3615(h), and amendments thereto. As used in this subsection, "qualified
36 business facility," "qualified firm" and "qualified supplier" mean the same
37 as defined in K.S.A. 2023 Supp. 74-50,311, and amendments thereto;

38 (pppp) (1) all sales of tangible personal property or services
39 purchased by a not-for-profit corporation that is designated as an area
40 agency on aging by the secretary for aging and disabilities services and is
41 exempt from federal income taxation pursuant to section 501(c)(3) of the
42 federal internal revenue code for the purpose of coordinating and
43 providing seniors and those living with disabilities with services that

1 promote person-centered care, including home-delivered meals,
2 congregate meal settings, long-term case management, transportation,
3 information, assistance and other preventative and intervention services to
4 help service recipients remain in their homes and communities or for the
5 purpose of constructing, equipping, reconstructing, maintaining, repairing,
6 enlarging, furnishing or remodeling facilities for such area agency on
7 aging; and

8 (2) all sales of tangible personal property or services purchased by a
9 contractor for the purpose of constructing, equipping, reconstructing,
10 maintaining, repairing, enlarging, furnishing or remodeling facilities for an
11 area agency on aging that would be exempt from taxation under the
12 provisions of this section if purchased directly by such area agency on
13 aging. Nothing in this paragraph shall be deemed to exempt the purchase
14 of any construction machinery, equipment or tools used in the
15 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
16 furnishing or remodeling facilities for an area agency on aging. When an
17 area agency on aging contracts for the purpose of constructing, equipping,
18 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
19 facilities, it shall obtain from the state and furnish to the contractor an
20 exemption certificate for the project involved, and such contractor may
21 purchase materials for incorporation in such project. The contractor shall
22 furnish the number of such certificate to all suppliers from whom such
23 purchases are made, and such suppliers shall execute invoices covering the
24 same bearing the number of such certificate. Upon completion of the
25 project, the contractor shall furnish to such area agency on aging 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. All
28 invoices shall be held by the contractor for a period of five years and shall
29 be subject to audit by the director of taxation. If any materials purchased
30 under such a certificate are found not to have been incorporated in the
31 building or other project or not to have been returned for credit or the sales
32 or compensating tax otherwise imposed upon such materials that will not
33 be so incorporated in the building or other project reported and paid by
34 such contractor to the director of taxation not later than the 20th day of the
35 month following the close of the month in which it shall be determined
36 that such materials will not be used for the purpose for which such
37 certificate was issued, the area agency on aging concerned shall be liable
38 for tax on all materials purchased for the project, and upon payment
39 thereof, the area agency on aging may recover the same from the
40 contractor together with reasonable attorney fees. Any contractor or any
41 agent, employee or subcontractor thereof who shall use or otherwise
42 dispose of any materials purchased under such a certificate for any purpose
43 other than that for which such a certificate is issued without the payment

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

5 (qqqq) all sales of tangible personal property or services purchased
6 by Kansas suicide prevention HQ, inc., an organization that is exempt
7 from federal income taxation pursuant to section 501(c)(3) of the federal
8 internal revenue code of 1986, for the purpose of bringing suicide
9 prevention training and awareness to communities across the state;

10 (rrrr) *on and after April 1, 2024, all sales of children's diapers. For*
11 *purposes of this subsection:*

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

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

17 (ssss) *on and after April 1, 2024, all sales of feminine hygiene*
18 *products. For purposes of this subsection, "feminine hygiene products"*
19 *means tampons, panty liners, menstrual cups, sanitary napkins and other*
20 *similar tangible personal property designed for feminine hygiene in*
21 *connection with the human menstrual cycle.*

22 Sec. 11. K.S.A. 2023 Supp. 79-3620 is hereby amended to read as
23 follows: 79-3620. (a) All revenue collected or received by the director of
24 taxation from the taxes imposed by this act shall be remitted to the state
25 treasurer in accordance with the provisions of K.S.A. 75-4215, and
26 amendments thereto. Upon receipt of each such remittance, the state
27 treasurer shall deposit the entire amount in the state treasury, less amounts
28 withheld as provided in subsection (b) and amounts credited as provided in
29 subsections (c), (d) and (e), to the credit of the state general fund.

30 (b) A refund fund, designated as "sales tax refund fund" not to exceed
31 \$100,000 shall be set apart and maintained by the director from sales tax
32 collections and estimated tax collections and held by the state treasurer for
33 prompt payment of all sales tax refunds. Such fund shall be in such
34 amount, within the limit set by this section, as the director shall determine
35 is necessary to meet current refunding requirements under this act. In the
36 event such fund as established by this section is, at any time, insufficient to
37 provide for the payment of refunds due claimants thereof, the director shall
38 certify the amount of additional funds required to the director of accounts
39 and reports who shall promptly transfer the required amount from the state
40 general fund to the sales tax refund fund, and notify the state treasurer,
41 who shall make proper entry in the records.

42 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the
43 revenue collected and received from the tax imposed by K.S.A. 79-3603,

1 and amendments thereto, at the rates provided in K.S.A. 79-3603, and
2 amendments thereto, and K.S.A. 2023 Supp. 79-3603d, and amendments
3 thereto, and deposited as provided by subsection (a), exclusive of amounts
4 credited pursuant to subsection (d), in the state highway fund.

5 (2) On ~~January 1, 2025~~ *April 1, 2024*, and thereafter, the state
6 treasurer shall credit 18% of the revenue collected and received from the
7 tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates
8 provided in K.S.A. 79-3603, and amendments thereto, and K.S.A. 2023
9 Supp. 79-3603d, and amendments thereto, and deposited as provided by
10 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
11 the state highway fund.

12 (d) The state treasurer shall credit all revenue collected or received
13 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
14 certified by the director, from taxpayers doing business within that portion
15 of a STAR bond project district occupied by a STAR bond project or
16 taxpayers doing business with such entity financed by a STAR bond
17 project as defined in K.S.A. 12-17,162, and amendments thereto, that was
18 determined by the secretary of commerce to be of statewide as well as
19 local importance or will create a major tourism area for the state or the
20 project was designated as a STAR bond project as defined in K.S.A. 12-
21 17,162, and amendments thereto, to the city bond finance fund, which fund
22 is hereby created. The provisions of this subsection shall expire when the
23 total of all amounts credited hereunder and under K.S.A. 79-3710(d), and
24 amendments thereto, is sufficient to retire the special obligation bonds
25 issued for the purpose of financing all or a portion of the costs of such
26 STAR bond project.

27 (e) All revenue certified by the director of taxation as having been
28 collected or received from the tax imposed by K.S.A. 79-3603(c), and
29 amendments thereto, on the sale or furnishing of gas, water, electricity and
30 heat for use or consumption within the intermodal facility district
31 described in this subsection, shall be credited by the state treasurer to the
32 state highway fund. Such revenue may be transferred by the secretary of
33 transportation to the rail service improvement fund pursuant to law. The
34 provisions of this subsection shall take effect upon certification by the
35 secretary of transportation that a notice to proceed has been received for
36 the construction of the improvements within the intermodal facility
37 district, but not later than December 31, 2010, and shall expire when the
38 secretary of revenue determines that the total of all amounts credited
39 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is
40 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
41 revenues shall be collected and distributed in accordance with applicable
42 law. For all tax reporting periods during which the provisions of this
43 subsection are in effect, none of the exemptions contained in K.S.A. 79-

1 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
2 of any gas, water, electricity and heat for use or consumption within the
3 intermodal facility district. As used in this subsection, "intermodal facility
4 district" shall consist of an intermodal transportation area as defined by
5 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
6 within the polygonal-shaped area having Waverly Road as the eastern
7 boundary, 191st Street as the southern boundary, Four Corners Road as the
8 western boundary, and Highway 56 as the northern boundary, and the
9 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
10 Street as the southern boundary, Waverly Road as the western boundary,
11 and the BNSF mainline track as the northern boundary, that includes
12 capital investment in an amount exceeding \$150 million for the
13 construction of an intermodal facility to handle the transfer, storage and
14 distribution of freight through railway and trucking operations.

15 Sec. 12. K.S.A. 2023 Supp. 79-3703 is hereby amended to read as
16 follows: 79-3703. (a) There is hereby levied and there shall be collected
17 from every person in this state a tax or excise for the privilege of using,
18 storing, or consuming within this state any article of tangible personal
19 property. Such tax shall be levied and collected in an amount equal to the
20 consideration paid by the taxpayer multiplied by the rate of 6.5%.

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

26 (c) On and after January 1, 2023, 17% and on and after ~~January 1,~~
27 ~~2025 April 1, 2024~~, 18% of the tax rate imposed pursuant to this section
28 and the rate provided in K.S.A. 2023 Supp. 79-3603d, and amendments
29 thereto, shall be levied for the state highway fund, the state highway fund
30 purposes and those purposes specified in K.S.A. 68-416, and amendments
31 thereto, and all revenue collected and received from such tax levy shall be
32 deposited in the state highway fund.

33 (d) Within a redevelopment district established pursuant to K.S.A.
34 74-8921, and amendments thereto, there is hereby levied and there shall be
35 collected and paid an additional tax of 2% until the earlier of: (1) The date
36 the bonds issued to finance or refinance the redevelopment project
37 undertaken in the district have been paid in full; or (2) the final scheduled
38 maturity of the first series of bonds issued to finance the redevelopment
39 project.

40 (e) All property purchased or leased within or without this state and
41 subsequently used, stored or consumed in this state shall be subject to the
42 compensating tax if the same property or transaction would have been
43 subject to the Kansas retailers' sales tax had the transaction been wholly

1 within this state.

2 Sec. 13. K.S.A. 2023 Supp. 79-3710 is hereby amended to read as
3 follows: 79-3710. (a) All revenue collected or received by the director
4 under the provisions of this act shall be remitted to the state treasurer in
5 accordance with the provisions of K.S.A. 75-4215, and amendments
6 thereto. Upon receipt of each such remittance, the state treasurer shall
7 deposit the entire amount in the state treasury, less amounts set apart as
8 provided in subsection (b) and amounts credited as provided in subsection
9 (c), (d) and (e), to the credit of the state general fund.

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

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

23 (2) On ~~January 1, 2025~~ *April 1, 2024*, and thereafter, the state
24 treasurer shall credit 18% of the revenue collected and received from the
25 tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates
26 provided in K.S.A. 79-3703, and amendments thereto, and K.S.A. 2023
27 Supp. 79-3603d, and amendments thereto, and deposited as provided by
28 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
29 the state highway fund.

30 (d) The state treasurer shall credit all revenue collected or received
31 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
32 certified by the director, from taxpayers doing business within that portion
33 of a redevelopment district occupied by a redevelopment project that was
34 determined by the secretary of commerce to be of statewide as well as
35 local importance or will create a major tourism area for the state as defined
36 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
37 fund created by K.S.A. 79-3620(d), and amendments thereto. The
38 provisions of this subsection shall expire when the total of all amounts
39 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,
40 is sufficient to retire the special obligation bonds issued for the purpose of
41 financing all or a portion of the costs of such redevelopment project.

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

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. 79-3620(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. 14. K.S.A. 79-1107, 79-1108 and 79-32,111c and K.S.A. 2023
33 Supp. 79-201x, 79-32,117, 79-32,119, 79-3603, 79-3603d, 79-3606, 79-
34 3620, 79-3703 and 79-3710 are hereby repealed.

35 Sec. 15. This act shall take effect and be in force from and after its
36 publication in the Kansas register.